

**FOR IMMEDIATE RELEASE**

**May 28, 2009**

**Novell Reports Financial Results for Second Fiscal Quarter 2009**

- *Operating margin improves year-over-year*
- *Linux Platform Products revenue increases 25% year-over-year*

**WALTHAM, Mass. – May 28, 2009** - Novell, Inc. (NASDAQ: NOVL) today announced financial results for its second fiscal quarter ended April 30, 2009. For the quarter, Novell reported net revenue of \$216 million. This compares to net revenue of \$236 million for the second fiscal quarter of 2008. Income from operations for the second fiscal quarter of 2009 was \$18 million, compared to income from operations of \$2 million for the second fiscal quarter of 2008. Net income in the second fiscal quarter of 2009 was \$16 million, or \$0.05 per share. This compares to net income of \$6 million, or \$0.02 per share, for the second fiscal quarter of 2008. In the second fiscal quarter of 2009, foreign currency exchange rates negatively impacted net revenue by \$6 million and favorably impacted operating expenses by \$13 million and income from operations by \$7 million compared to the same period last year.

On a non-GAAP basis, income from operations for the second fiscal quarter of 2009 was \$35 million. This compares to non-GAAP income from operations of \$16 million in the year-ago quarter. Non-GAAP net income for the second fiscal quarter of 2009 was \$29 million, or \$0.08 per share. This compares to non-GAAP net income of \$21 million, or \$0.06 per share, for the second fiscal quarter of 2008. A reconciliation of GAAP to non-GAAP results is provided in the financial schedules as part of this press release. An explanation of these measures is also included below under the heading “Non-GAAP Financial Measures.”

Novell reported \$39 million of product revenue from Open Platform Solutions, of which \$37 million was from Linux Platform Products, up 25% compared to the product revenue from Linux Platform Products from the same period last year. Product revenue from Identity and Security Management was \$30 million, of which Identity, Access and Compliance Management was \$28 million, up 2% compared to the product revenue from Identity, Access and Compliance Management from the same period last year. Product revenue from Systems and Resource Management was \$40 million, down 2% compared to the same period last year. Workgroup product revenue of \$79 million decreased 14% compared to the same period last year.

“While total invoicing declined, in line with global economic trends, I am pleased with the continued expansion of our operating margin. Within our portfolio, our growth businesses – Linux, Identity and Systems and Resource Management – have strong prospects and continue to show promise,” said Ron

Hovsepien, President and CEO of Novell. “Our Linux and Identity businesses have the greatest potential to continue to expand operating margins, and we plan to attain profitability within these businesses no later than 12-18 months from today, barring unforeseen circumstances.”

Cash, cash equivalents and short-term investments were \$1 billion at April 30, 2009, consistent with last quarter. Days sales outstanding in accounts receivable was 55 days at the end of the second fiscal quarter of 2009, improved from 66 days at the end of the year-ago quarter. Total deferred revenue was \$659 million at the end of the second fiscal quarter of 2009, down from \$702 million at the end of the year-ago quarter. For the second fiscal quarter of 2009, cash flow from operations was negative \$26 million, in line with seasonal trends. This compares to cash flow from operations of negative \$19 million in the second fiscal quarter of 2008.

Further details on Novell's reported results are included in the financial schedules that are a part of this release.

### **Financial Outlook**

Novell management remains committed to long-term sustainable profitability. Novell management expects to maintain double-digit non-GAAP operating margins in the full fiscal year 2009, barring unforeseen circumstances.

### **Conference Call Notification and Web Access Detail**

A one-hour conference call with Novell management to discuss the quarter will be broadcast at 5:00 PM ET on May 28, 2009. The conference call will be available live as a listen-only webcast from Novell's Investor Relations web page at: [www.novell.com/company/ir/qresults](http://www.novell.com/company/ir/qresults). The domestic toll-free dial-in number is 866-335-5255, password “Novell.” The international dial-in number is +1-706-679-2263, password “Novell.”

Following the live event, an archived version of the webcast will be available for twelve months on the Novell Investor Relations web page at: [www.novell.com/company/ir/qresults](http://www.novell.com/company/ir/qresults).

A copy of this press release is posted on the Novell Investor Relations web page at: [www.novell.com/company/ir/qresults](http://www.novell.com/company/ir/qresults).

### **Non-GAAP Financial Measures**

We supplement our consolidated unaudited condensed financial statements presented in accordance with GAAP with certain non-GAAP financial measures. These non-GAAP measures include adjusted income

from operations, adjusted operating margin, adjusted income from continuing operations, adjusted net income, adjusted income per share from continuing operations and adjusted net income per share. We provide non-GAAP financial measures to enhance an overall understanding of our current financial performance and prospects for the future and to enable investors to evaluate our performance in the same way that management does. Management uses these same non-GAAP financial measures to evaluate performance, allocate resources, and determine compensation. The non-GAAP financial measures do not replace the presentation of our GAAP financial results, but they eliminate expenses and gains that are excluded from most analysts' consensus estimates, that are unusual, and/or that arise outside of the ordinary course of business, such as, but not limited to, those related to stock-based compensation, acquisition-related intangible asset amortization, restructuring, asset impairments, litigation judgments and settlements, purchased in-process research and development, and the sale of business operations, long-term investments, and property, plant and equipment.

We also present a projection of our non-GAAP operating margin. This projection is a forward-looking, non-GAAP financial measure. The corresponding GAAP financial measure of operating margin is not available and cannot be provided without undue effort because we are unable to accurately forecast information regarding expenses or gains such as, but not limited to, those listed above. We believe that the corresponding GAAP financial measure is not likely to be significant to an understanding of our business because there is likely to be substantial variability between projected and actual realization of the expenses and gains described above and/or that such expenses or gains are likely to arise outside of the ordinary course of business.

#### **Legal Notice Regarding Forward-Looking Statements**

This press release includes statements that are not historical in nature and that may be characterized as “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act, including those related to future financial and operating results, targets, and prospects; future opportunities; expansion of operating margins; progress of growth businesses; profitability; the macroeconomic environment; customer priorities; timing of realization of projections; functionality, characteristics, quality and performance capabilities of Novell's products and technology; and results achievable and benefits attainable through deployment of Novell's products and provision of services. Actual results may differ materially from the results discussed in or implied by such forward-looking statements, which are based upon information that is currently available to us and/or management's current expectations, speak only as of the date hereof, and are subject to a number of factors, including, but not limited to: difficulties, delays or unexpected costs in completing our cost reduction and sales growth strategic initiatives; our ability to attract and retain new customers through our indirect sales strategy; our reliance on an indirect sales channel for the distribution of products; our

ability to renew SLES subscriptions with those customers who have received SLES certificates from Microsoft; an accelerated decline in our OES and NetWare-related revenue stream; the ability of our Open Platform Solutions, Identity and Security Management, and Systems and Resource Management business unit segments to grow at expected rates; our ability to successfully integrate acquired companies; our ability to compete in markets for infrastructure software services; our ability to meet customer demand for technical support services; our ability to maintain a strong brand; delays in the introduction of new products; increased foreign research and development operations; reliance on software licensed from third parties; our ability to attract and retain talented employees; claims that we have infringed the intellectual property rights of others; adverse results in legal disputes; our ability to protect our confidential information; impairment of goodwill or amortizable intangible assets causing a charge to earnings; exposure to increased economic and regulatory uncertainties from operating a global business; cancellations or reductions in the scope of our engagements with professional services clients; and uncertain economic conditions and reductions in IT spending.

A detailed discussion of these and other factors that could affect our results is included in our SEC filings, including, but not limited to, our Annual Report on Form 10-K for the Fiscal Year Ended October 31, 2008 filed with the SEC on December 23, 2008, which may be obtained by calling (800) 317- 3195, or at our Investor Relations web site at <http://www.novell.com/company/ir>.

We expressly disclaim any obligation, except as required by law, or undertaking to update or revise any forward-looking statements contained in this press release to reflect any change of expectations with regard thereto or to reflect any change in events, conditions, or circumstances on which any such forward-looking statement is based, in whole or in part.

#### **About Novell**

Novell, Inc. (NASDAQ: NOVL) delivers an interoperable Linux\* platform and a portfolio of integrated IT management software designed to help customers around the world reduce cost, complexity and risk. With our infrastructure software and ecosystem of partnerships, Novell harmoniously integrates mixed IT environments, allowing people and technology to work as one. For more information, visit [www.novell.com](http://www.novell.com).

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**Novell, Inc.**  
**Consolidated Unaudited Condensed Statements of Operations**  
(In thousands, except per share data)

	<b>Fiscal Quarter Ended</b>		<b>Fiscal Year-to-Date</b>	
	<b>Apr 30, 2009</b>	<b>Apr 30, 2008</b>	<b>Apr 30, 2009</b>	<b>Apr 30, 2008</b>
Net revenue:				
Software licenses	\$ 30,250	\$ 44,416	\$ 58,517	\$ 84,618
Maintenance and subscriptions	158,329	150,872	317,144	300,939
Services (1)	27,016	40,378	54,805	81,035
<b>Total net revenue</b>	<b>215,595</b>	<b>235,666</b>	<b>430,466</b>	<b>466,592</b>
Cost of revenue:				
Software licenses	2,380	4,028	4,906	7,127
Maintenance and subscriptions	12,345	12,007	25,244	22,948
Services	30,557	44,432	62,029	88,333
Total cost of revenue	45,282	60,467	92,179	118,408
<b>Gross profit</b>	<b>170,313</b>	<b>175,199</b>	<b>338,287</b>	<b>348,184</b>
Operating expenses:				
Sales and marketing	75,697	93,906	152,591	181,911
Product development	44,552	46,275	89,944	91,010
General and administrative	25,032	28,849	49,227	56,246
Other operating expenses (2)	7,408	4,502	15,257	8,869
Total operating expenses	152,689	173,532	307,019	338,036
<b>Income from operations</b>	<b>17,624</b>	<b>1,667</b>	<b>31,268</b>	<b>10,148</b>
<i>Operating margin %</i>	<i>8.2%</i>	<i>0.7%</i>	<i>7.3%</i>	<i>2.2%</i>
Other income, net:				
Interest income, net	3,333	9,974	9,123	26,423
Other	(3,129)	7,878	(6,555)	8,585
Total other income, net	204	17,852	2,568	35,008
Income from continuing operations before taxes	17,828	19,519	33,836	45,156
Income tax expense	2,777	13,653	9,144	24,606
<b>Income from continuing operations</b>	<b>15,051</b>	<b>5,866</b>	<b>24,692</b>	<b>20,550</b>
Income from discontinued operations before taxes	566	-	1,602	1,285
Income tax benefit on discontinued operations	-	-	-	(836)
Income from discontinued operations	566	-	1,602	2,121
<b>Net income</b>	<b>\$ 15,617</b>	<b>\$ 5,866</b>	<b>\$ 26,294</b>	<b>\$ 22,671</b>
<b>Diluted earnings per share:</b>				
<b>Continuing operations</b>	<b>\$ 0.04</b>	<b>\$ 0.02</b>	<b>\$ 0.07</b>	<b>\$ 0.06</b>
<b>Net income</b>	<b>\$ 0.05</b>	<b>\$ 0.02</b>	<b>\$ 0.08</b>	<b>\$ 0.06</b>
<b>Weighted average shares</b>	<b>345,839</b>	<b>354,287</b>	<b>345,543</b>	<b>353,660</b>

(1) Services includes professional services, technical support and training services.

(2) See Page 8 of 11 for a detail of other operating expenses.

Revisions were made to prior period amounts in order to conform to the current period's presentation.

**Novell, Inc.**  
**Consolidated Unaudited Condensed Balance Sheets**  
(In thousands)

	<b>Apr 30, 2009</b>	<b>Oct 31, 2008</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 619,948	\$ 680,034
Short-term investments	384,818	387,813
Restricted cash	52,961	52,701
Receivables, net	136,190	193,088
Prepaid expenses	32,363	34,365
Current deferred tax assets	4,662	5,685
Other current assets	24,423	32,006
Total current assets	1,255,365	1,385,692
Property, plant and equipment, net	164,852	174,978
Long-term investments	10,140	14,972
Goodwill	619,744	582,117
Intangible assets, net	54,392	53,320
Deferred income taxes	30,073	36,244
Other assets	20,892	22,026
<b>Total assets</b>	<b>\$ 2,155,458</b>	<b>\$ 2,269,349</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 25,588	\$ 36,982
Accrued compensation	77,619	102,317
Other accrued liabilities	88,879	108,929
Income taxes payable	3,317	22,563
Senior convertible debentures	121,668	125,668
Deferred revenue	449,275	503,174
Total current liabilities	766,346	899,633
Deferred income taxes	13,515	11,725
Other long-term liabilities	39,787	43,587
Long-term deferred revenue	210,140	226,876
Total liabilities	1,029,788	1,181,821
Stockholders' equity	1,125,670	1,087,528
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,155,458</b>	<b>\$ 2,269,349</b>

**Novell, Inc.**  
**Consolidated Unaudited Condensed Statements of Cash Flows**  
(In thousands)

	<b>Fiscal Quarter Ended</b>		<b>Fiscal Year-to-Date</b>	
	<u>Apr 30, 2009</u>	<u>Apr 30, 2008</u>	<u>Apr 30, 2009</u>	<u>Apr 30, 2008</u>
<b>Cash flows from operating activities</b>				
Net income	\$ 15,617	\$ 5,866	\$ 26,294	\$ 22,671
Adjustments to reconcile net income to net cash used in operating activities:				
Stock-based compensation expense	5,691	7,010	13,722	17,777
Depreciation and amortization	10,452	9,847	21,473	18,847
Change in accounts receivable allowances	125	1,034	341	671
Utilization of previously reserved acquired net operating losses	(1,102)	23	-	5,025
Purchased in-process research and development	-	2,700	-	2,700
Gain on debenture repurchases	-	(405)	(68)	(405)
Gain on discontinued operations, before taxes	(566)	-	(1,602)	(1,180)
Impairment of investments	1,419	-	3,096	-
Gain on sale of previously impaired long-term investments	-	(250)	-	(250)
Loss (gain) on sale of subsidiaries	184	-	(16)	-
Changes in current assets and liabilities, excluding the effect of acquisitions and dispositions	<u>(57,927)</u>	<u>(45,232)</u>	<u>(76,695)</u>	<u>(113,297)</u>
<b>Net cash used in operating activities</b>	<b><u>(26,107)</u></b>	<b><u>(19,407)</u></b>	<b><u>(13,455)</u></b>	<b><u>(47,441)</u></b>
<b>Cash flows from investing activities</b>				
Purchases of property, plant and equipment	(3,070)	(10,463)	(6,582)	(16,322)
Short-term investment activity	3,877	290,922	10,420	325,440
Long-term investment activity	1,201	14,523	1,736	14,523
Cash restricted due to litigation	(82)	(629)	(260)	(52,124)
Net cash proceeds (distributions) from sale of discontinued operations	-	2,508	1,036	(909)
Cash paid for acquisitions, net of cash acquired	(5,522)	(220,473)	(48,472)	(220,473)
Other	4,389	3,148	1,374	2,227
<b>Net cash provided by (used in) investing activities</b>	<b><u>793</u></b>	<b><u>79,536</u></b>	<b><u>(40,748)</u></b>	<b><u>52,362</u></b>
<b>Cash flows from financing activities</b>				
Issuance of common stock	169	5,922	1,152	10,252
Excess tax benefits from stock-based compensation	(2,814)	14,315	(2,788)	23,995
Debt repayment	(186)	-	(378)	-
Debenture repurchases	-	(115,589)	(3,869)	(115,589)
<b>Net cash used in financing activities</b>	<b><u>(2,831)</u></b>	<b><u>(95,352)</u></b>	<b><u>(5,883)</u></b>	<b><u>(81,342)</u></b>
<b>Decrease in cash and cash equivalents</b>	<b><u>(28,145)</u></b>	<b><u>(35,223)</u></b>	<b><u>(60,086)</u></b>	<b><u>(76,421)</u></b>
Cash and cash equivalents - beginning of period	<u>648,093</u>	<u>1,038,621</u>	<u>680,034</u>	<u>1,079,819</u>
<b>Cash and cash equivalents - end of period</b>	<b><u>\$ 619,948</u></b>	<b><u>\$ 1,003,398</u></b>	<b><u>\$ 619,948</u></b>	<b><u>\$ 1,003,398</u></b>

Revisions were made to prior period amounts in order to conform to the current period's presentation.

**Novell, Inc.**  
**Unaudited Non-GAAP Adjusted Income From Operations**  
(In thousands, except per share data)

	Fiscal Quarter Ended		Fiscal Year-to-Date	
	Apr 30, 2009	Apr 30, 2008	Apr 30, 2009	Apr 30, 2008
<b>GAAP income from operations</b>	<b>\$ 17,624</b>	<b>\$ 1,667</b>	<b>\$ 31,268</b>	<b>\$ 10,148</b>
Adjustments:				
<i>Stock-based compensation expense:</i>				
Cost of revenue	671	527	1,583	1,824
Sales and marketing	1,550	2,030	4,113	5,447
Product development	2,289	2,353	4,794	5,357
General and administrative	1,181	2,100	3,232	5,149
Sub-total	<u>5,691</u>	<u>7,010</u>	<u>13,722</u>	<u>17,777</u>
<i>Acquisition-related intangible asset amortization:</i>				
Cost of revenue	2,735	1,659	5,488	2,851
Sales and marketing	1,562	738	3,112	1,088
Sub-total	<u>4,297</u>	<u>2,397</u>	<u>8,600</u>	<u>3,939</u>
<i>Other operating expenses (income):</i>				
Restructuring expenses	7,224	392	15,273	4,759
Purchased in-process research and development	-	2,700	-	2,700
Acquisition integration costs	-	1,410	-	1,410
Loss (gain) on sale of subsidiaries	184	-	(16)	-
Sub-total	<u>7,408</u>	<u>4,502</u>	<u>15,257</u>	<u>8,869</u>
Total operating adjustments	17,396	13,909	37,579	30,585
<b>Non-GAAP income from operations</b>	<b>\$ 35,020</b>	<b>\$ 15,576</b>	<b>\$ 68,847</b>	<b>\$ 40,733</b>
Operating margin %	16.2%	6.6%	16.0%	8.7%

**Novell, Inc.**  
**Unaudited Non-GAAP Adjusted Net Income**  
(In thousands, except per share data)

	Fiscal Quarter Ended		Fiscal Year-to-Date	
	Apr 30, 2009	Apr 30, 2008	Apr 30, 2009	Apr 30, 2008
<b>GAAP net income</b>	<b>\$ 15,617</b>	<b>\$ 5,866</b>	<b>\$ 26,294</b>	<b>\$ 22,671</b>
Operating adjustments (detailed above)	17,396	13,909	37,579	30,585
Non-operating expenses (income) adjustments:				
Gain on debenture repurchases	-	(405)	(68)	(405)
Impairment of investments	1,419	-	3,096	-
Gain on sale of previously impaired long-term investments	-	(250)	-	(250)
Sub-total	<u>1,419</u>	<u>(655)</u>	<u>3,028</u>	<u>(655)</u>
Total pre-tax adjustments	18,815	13,254	40,607	29,930
Income tax adjustments	(4,517)	1,948	(11,540)	796
Income from discontinued operations, net of taxes	(566)	-	(1,602)	(2,121)
Total net adjustments	13,732	15,202	27,465	28,605
<b>Non-GAAP net income and non-GAAP income from continuing operations</b>	<b>\$ 29,349</b>	<b>\$ 21,068</b>	<b>\$ 53,759</b>	<b>\$ 51,276</b>
<b>GAAP net income per share</b>	<b>\$ 0.05</b>	<b>\$ 0.02</b>	<b>\$ 0.08</b>	<b>\$ 0.06</b>
Total adjustments detailed above	0.03	0.04	0.08	0.08
<b>Non-GAAP net income per share and non-GAAP income from continuing operations per share</b>	<b>\$ 0.08</b>	<b>\$ 0.06</b>	<b>\$ 0.16</b>	<b>\$ 0.14</b>
<b>Non-GAAP weighted average shares</b>	<b>345,839</b>	<b>354,287</b>	<b>345,543</b>	<b>353,660</b>

Revisions were made to prior period amounts in order to conform to the current period's presentation.

**Novell, Inc.**  
**Consolidated Unaudited Condensed Segment Results**  
(in thousands, except per share data)

**Fiscal Quarter Ended April 30, 2009**

	Open Platform		Identity and Security		Systems and Resource		Workgroup		Common		Total	%
	Solutions	%	Management	%	Management	%	%	%	Unallocated			
Net revenue:												
Software licenses	\$ 31	0.1	\$ 9,191	23.7	\$ 8,520	18.8	\$ 12,508	14.3	\$ -		\$ 30,250	14.0
Maintenance and subscriptions	38,785	87.9	21,135	54.4	31,566	69.6	66,843	76.6	-		158,329	73.4
Services	5,296	12.0	8,520	21.9	5,268	11.6	7,932	9.1	-		27,016	12.5
<b>Total net revenue</b>	<b>44,112</b>	<b>100.0</b>	<b>38,846</b>	<b>100.0</b>	<b>45,354</b>	<b>100.0</b>	<b>87,283</b>	<b>100.0</b>	<b>-</b>		<b>215,595</b>	<b>100.0</b>
Cost of revenue:												
Software licenses	2	0.0	636	1.6	713	1.6	518	0.6	511		2,380	1.1
Maintenance and subscriptions	2,802	6.4	1,463	3.8	2,642	5.8	2,762	3.2	2,676		12,345	5.7
Services	6,552	14.9	9,188	23.7	4,477	9.9	10,121	11.6	219		30,557	14.2
<b>Total cost of revenue</b>	<b>9,356</b>	<b>21.2</b>	<b>11,287</b>	<b>29.1</b>	<b>7,832</b>	<b>17.3</b>	<b>13,401</b>	<b>15.4</b>	<b>3,406</b>		<b>45,282</b>	<b>21.0</b>
<b>Gross profit</b>	<b>34,756</b>	<b>78.8</b>	<b>27,559</b>	<b>70.9</b>	<b>37,522</b>	<b>82.7</b>	<b>73,882</b>	<b>84.6</b>	<b>(3,406)</b>		<b>170,313</b>	<b>79.0</b>
Operating expenses:												
Sales and marketing	-	-	-	-	-	-	-	-	75,697		75,697	35.1
Product development	13,305	30.2	9,253	23.8	10,960	24.2	8,745	10.0	2,289		44,552	20.7
General and administrative	-	-	-	-	-	-	-	-	25,032		25,032	11.6
Other operating expenses	-	-	-	-	-	-	-	-	7,408		7,408	3.4
Total operating expenses	13,305	30.2	9,253	23.8	10,960	24.2	8,745	10.0	110,426		152,689	70.8
<b>Income (loss) from operations</b>	<b>\$ 21,451</b>	<b>48.6</b>	<b>\$ 18,306</b>	<b>47.1</b>	<b>\$ 26,562</b>	<b>58.6</b>	<b>\$ 65,137</b>	<b>74.6</b>	<b>\$ (113,832)</b>		<b>\$ 17,624</b>	<b>8.2</b>

**Fiscal Quarter Ended January 31, 2009**

	Open Platform		Identity and Security		Systems and Resource		Workgroup		Common		Total	%
	Solutions	%	Management	%	Management	%	%	%	Unallocated			
Net revenue:												
Software licenses	\$ -	-	\$ 5,967	15.7	\$ 9,136	20.1	\$ 13,164	14.6	\$ -		\$ 28,267	13.2
Maintenance and subscriptions	37,111	89.5	22,319	58.8	31,116	68.5	68,269	75.8	-		158,815	73.9
Services	4,351	10.5	9,700	25.5	5,151	11.3	8,587	9.5	-		27,789	12.9
<b>Total net revenue</b>	<b>41,462</b>	<b>100.0</b>	<b>37,986</b>	<b>100.0</b>	<b>45,403</b>	<b>100.0</b>	<b>90,020</b>	<b>100.0</b>	<b>-</b>		<b>214,871</b>	<b>100.0</b>
Cost of revenue:												
Software licenses	-	-	537	1.4	832	1.8	678	0.8	479		2,526	1.2
Maintenance and subscriptions	1,849	4.5	2,007	5.3	2,833	6.2	3,514	3.9	2,696		12,899	6.0
Services	5,844	14.1	10,050	26.5	4,471	9.8	10,617	11.8	490		31,472	14.6
<b>Total cost of revenue</b>	<b>7,693</b>	<b>18.6</b>	<b>12,594</b>	<b>33.2</b>	<b>8,136</b>	<b>17.9</b>	<b>14,809</b>	<b>16.5</b>	<b>3,665</b>		<b>46,897</b>	<b>21.8</b>
<b>Gross profit</b>	<b>33,769</b>	<b>81.4</b>	<b>25,392</b>	<b>66.8</b>	<b>37,267</b>	<b>82.1</b>	<b>75,211</b>	<b>83.5</b>	<b>(3,665)</b>		<b>167,974</b>	<b>78.2</b>
Operating expenses:												
Sales and marketing	-	-	-	-	-	-	-	-	76,894		76,894	35.8
Product development	14,299	34.5	8,336	21.9	11,339	25.0	8,913	9.9	2,505		45,392	21.1
General and administrative	-	-	-	-	-	-	-	-	24,195		24,195	11.3
Other operating expenses	-	-	-	-	-	-	-	-	7,849		7,849	3.7
Total operating expenses	14,299	34.5	8,336	21.9	11,339	25.0	8,913	9.9	111,443		154,330	71.8
<b>Income (loss) from operations</b>	<b>\$ 19,470</b>	<b>47.0</b>	<b>\$ 17,056</b>	<b>44.9</b>	<b>\$ 25,928</b>	<b>57.1</b>	<b>\$ 66,298</b>	<b>73.6</b>	<b>\$ (115,108)</b>		<b>\$ 13,644</b>	<b>6.3</b>

**Fiscal Quarter Ended April 30, 2008**

	Open Platform		Identity and Security		Systems and Resource		Workgroup		Common		Total	%
	Solutions	%	Management	%	Management	%	%	%	Unallocated			
Net revenue:												
Software licenses	\$ 164	0.4	\$ 11,388	24.6	\$ 11,092	23.7	\$ 21,772	20.7	\$ -		\$ 44,416	18.8
Maintenance and subscriptions	31,419	83.7	19,312	41.7	29,806	63.7	70,335	66.9	-		150,872	64.0
Services	5,933	15.8	15,599	33.7	5,871	12.6	12,975	12.3	-		40,378	17.1
<b>Total net revenue</b>	<b>37,516</b>	<b>100.0</b>	<b>46,299</b>	<b>100.0</b>	<b>46,769</b>	<b>100.0</b>	<b>105,082</b>	<b>100.0</b>	<b>-</b>		<b>235,666</b>	<b>100.0</b>
Cost of revenue:												
Software licenses	10	0.0	1,652	3.6	864	1.8	1,144	1.1	358		4,028	1.7
Maintenance and subscriptions	1,972	5.3	2,802	6.1	2,319	5.0	3,696	3.5	1,218		12,007	5.1
Services	8,832	23.5	17,619	38.1	4,230	9.0	13,141	12.5	610		44,432	18.9
<b>Total cost of revenue</b>	<b>10,814</b>	<b>28.8</b>	<b>22,073</b>	<b>47.7</b>	<b>7,413</b>	<b>15.9</b>	<b>17,981</b>	<b>17.1</b>	<b>2,186</b>		<b>60,467</b>	<b>25.7</b>
<b>Gross profit</b>	<b>26,702</b>	<b>71.2</b>	<b>24,226</b>	<b>52.3</b>	<b>39,356</b>	<b>84.1</b>	<b>87,101</b>	<b>82.9</b>	<b>(2,186)</b>		<b>175,199</b>	<b>74.3</b>
Operating expenses:												
Sales and marketing	-	-	-	-	-	-	-	-	93,906		93,906	39.8
Product development	14,511	38.7	11,306	24.4	8,853	18.9	9,252	8.8	2,353		46,275	19.6
General and administrative	-	-	-	-	-	-	-	-	28,849		28,849	12.2
Other operating expenses	-	-	-	-	-	-	-	-	4,502		4,502	1.9
Total operating expenses	14,511	38.7	11,306	24.4	8,853	18.9	9,252	8.8	129,610		173,532	73.6
<b>Income (loss) from operations</b>	<b>\$ 12,191</b>	<b>32.5</b>	<b>\$ 12,920</b>	<b>27.9</b>	<b>\$ 30,503</b>	<b>65.2</b>	<b>\$ 77,849</b>	<b>74.1</b>	<b>\$ (131,796)</b>		<b>\$ 1,667</b>	<b>0.7</b>

Revisions were made to prior period amounts in order to conform to the current period's presentation.

**Novell, Inc.**  
**Unaudited Trended Segment Revenue by Software Licenses and Maintenance and Services**  
(In thousands)

	Fiscal Year						Change from			
	Q2 2008	%	2008	%	Q1 2009	%	Q2 2009	%	Q1 2009 to Q2 2009	Q2 2008 to Q2 2009
<b>Open platform solutions</b>										
Linux platform products										
Software licenses	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Maintenance and subscriptions	29,306	12.4	123,386	12.9	35,230	16.4	36,681	17.0	1,451	4.1
	<u>29,306</u>	<u>12.4</u>	<u>123,386</u>	<u>12.9</u>	<u>35,230</u>	<u>16.4</u>	<u>36,681</u>	<u>17.0</u>	<u>1,451</u>	<u>4.1</u>
Other open platform products										
Software licenses	164	0.1	164	0.0	-	-	31	0.0	31	-
Maintenance and subscriptions	2,113	0.9	9,576	1.0	1,881	0.9	2,104	1.0	223	11.9
	<u>2,277</u>	<u>1.0</u>	<u>9,740</u>	<u>1.0</u>	<u>1,881</u>	<u>0.9</u>	<u>2,135</u>	<u>1.0</u>	<u>254</u>	<u>13.5</u>
<b>Total open platform solutions</b>	<b>31,583</b>	<b>13.4</b>	<b>133,126</b>	<b>13.9</b>	<b>37,111</b>	<b>17.3</b>	<b>38,816</b>	<b>18.0</b>	<b>1,705</b>	<b>4.6</b>
									<b>7,233</b>	<b>22.9</b>
<b>Identity and security management</b>										
Identity, access and compliance management										
Software licenses	10,896	4.6	53,956	5.6	5,531	2.6	8,475	3.9	2,944	53.2
Maintenance and subscriptions	16,526	7.0	70,321	7.4	20,604	9.6	19,401	9.0	(1,203)	(5.8)
	<u>27,422</u>	<u>11.6</u>	<u>124,277</u>	<u>13.0</u>	<u>26,135</u>	<u>12.2</u>	<u>27,876</u>	<u>12.9</u>	<u>1,741</u>	<u>6.7</u>
Other identity and security management										
Software licenses	492	0.2	2,667	0.3	436	0.2	716	0.3	280	64.2
Maintenance and subscriptions	2,786	1.2	10,301	1.1	1,715	0.8	1,734	0.8	19	1.1
	<u>3,278</u>	<u>1.4</u>	<u>12,968</u>	<u>1.4</u>	<u>2,151</u>	<u>1.0</u>	<u>2,450</u>	<u>1.1</u>	<u>299</u>	<u>13.9</u>
<b>Total identity and security management</b>	<b>30,700</b>	<b>13.0</b>	<b>137,245</b>	<b>14.3</b>	<b>28,286</b>	<b>13.2</b>	<b>30,326</b>	<b>14.1</b>	<b>2,040</b>	<b>7.2</b>
									<b>(374)</b>	<b>(1.2)</b>
<b>Systems and resource management</b>										
Software licenses	11,092	4.7	48,126	5.0	9,136	4.3	8,520	4.0	(616)	(6.7)
Maintenance and subscriptions	29,806	12.6	122,040	12.8	31,116	14.5	31,566	14.6	450	1.4
<b>Total systems and resource management</b>	<b>40,898</b>	<b>17.4</b>	<b>170,166</b>	<b>17.8</b>	<b>40,252</b>	<b>18.7</b>	<b>40,086</b>	<b>18.6</b>	<b>(166)</b>	<b>(0.4)</b>
									<b>(812)</b>	<b>(2.0)</b>
<b>Workgroup</b>										
OES and NetWare-related										
Software licenses	9,922	4.2	39,379	4.1	3,977	1.9	5,622	2.6	1,645	41.4
Maintenance and subscriptions	41,332	17.5	166,496	17.4	40,176	18.7	39,210	18.2	(966)	(2.4)
	<u>51,254</u>	<u>21.7</u>	<u>205,875</u>	<u>21.5</u>	<u>44,153</u>	<u>20.5</u>	<u>44,832</u>	<u>20.8</u>	<u>679</u>	<u>1.5</u>
Collaboration										
Software licenses	7,187	3.0	28,320	3.0	3,136	1.5	3,391	1.6	255	8.1
Maintenance and subscriptions	21,087	8.9	85,462	8.9	21,791	10.1	20,978	9.7	(813)	(3.7)
	<u>28,274</u>	<u>12.0</u>	<u>113,782</u>	<u>11.9</u>	<u>24,927</u>	<u>11.6</u>	<u>24,369</u>	<u>11.3</u>	<u>(558)</u>	<u>(2.2)</u>
Other workgroup										
Software licenses	4,663	2.0	16,371	1.7	6,051	2.8	3,495	1.6	(2,556)	(42.2)
Maintenance and subscriptions	7,916	3.4	28,911	3.0	6,302	2.9	6,655	3.1	353	5.6
	<u>12,579</u>	<u>5.3</u>	<u>45,282</u>	<u>4.7</u>	<u>12,353</u>	<u>5.7</u>	<u>10,150</u>	<u>4.7</u>	<u>(2,203)</u>	<u>(17.8)</u>
<b>Total workgroup</b>	<b>92,107</b>	<b>39.1</b>	<b>364,939</b>	<b>38.2</b>	<b>81,433</b>	<b>37.9</b>	<b>79,351</b>	<b>36.8</b>	<b>(2,082)</b>	<b>(2.6)</b>
									<b>(12,756)</b>	<b>(13.8)</b>
<b>Total software licenses, maintenance and subscriptions</b>										
Software licenses	44,416	18.8	188,983	19.8	28,267	13.2	30,250	14.0	1,983	7.0
Maintenance and subscriptions	150,872	64.0	616,493	64.5	158,815	73.9	158,329	73.4	(486)	(0.3)
<b>Total product revenue</b>	<b>195,288</b>	<b>82.9</b>	<b>805,476</b>	<b>84.2</b>	<b>187,082</b>	<b>87.1</b>	<b>188,579</b>	<b>87.5</b>	<b>1,497</b>	<b>0.8</b>
									<b>(6,709)</b>	<b>(3.4)</b>
<b>Services</b>	<b>40,378</b>	<b>17.1</b>	<b>151,037</b>	<b>15.8</b>	<b>27,789</b>	<b>12.9</b>	<b>27,016</b>	<b>12.5</b>	<b>(773)</b>	<b>(2.8)</b>
									<b>(13,362)</b>	<b>(33.1)</b>
<b>Total net revenue</b>	<b>\$ 235,666</b>	<b>100.0</b>	<b>\$ 956,513</b>	<b>100.0</b>	<b>\$ 214,871</b>	<b>100.0</b>	<b>\$ 215,595</b>	<b>100.0</b>	<b>\$ 724</b>	<b>0.3</b>
									<b>\$ (20,071)</b>	<b>(8.5)</b>

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**Novell, Inc.**  
**Major IT Software and Solutions Included Within Reported Line Items**

**Open Platform Solutions**

**Linux Platform Products**

- > SUSE LINUX Enterprise Server
- > SUSE LINUX Enterprise Desktop

**Other Open Platform Products**

- > openSUSE
- > SUSE Engineering

**Identity and Security Management**

**Identity, Access and Compliance Management**

- > Identity Manager
- > SecureLogin
- > Access Manager
- > Sentinel

**Other Identity and Security Management**

- > eDirectory

**Systems and Resource Management**

- > ZENworks Suite
- > ZENworks Patch Management
- > ZENworks Asset Management
- > ZENworks Linux Management
- > ZENworks Configuration Management
- > PlateSpin
- > Managed Objects

**Workgroup**

**Open Enterprise Server and NetWare-Related**

- > Open Enterprise Server (OES)
- > NetWare
- > Cluster Services

**Collaboration**

- > GroupWise
- > Teaming + Conferencing

**Other Workgroup**

- > BorderManager

**Services**

- > Professional Services
- > Technical Support Services
- > Training Services