

FOR IMMEDIATE RELEASE**Contact:**

Blake Stowell
The SCO Group
bstowell@sco.com
Tel: (801) 932-5703
www.sco.com

Laura Sexton/David Close
Schwartz Communications
sco@schwartz-pr.com
Tel: (781) 684-0770

SCO ESTABLISHES SCOsource TO LICENSE UNIX INTELLECTUAL PROPERTY AND PROTECT LINUX

SCO, the majority owner of UNIX intellectual property, creates licensing programs to assure UNIX IP protection for Linux environments, introduces SCO System V for Linux and retains David Boies to investigate and advise SCO on IP issues.

LINDON, Utah—Dec. 11, 2002— The SCO Group (Nasdaq: SCOX), a leading provider of Linux and UNIX business software solutions, today announced that it has created a new business division to manage the licensing of its UNIX intellectual property and protect Linux from UNIX IP issues that are associated with the popular open source operating system. The new division, called *SCOsource*, will manage the substantial UNIX intellectual property assets owned by SCO, and will operate an array of licensing programs.

Key components of today's announcement include:

- The creation of *SCOsource*, a division of SCO that will expand the licensing of the company's core intellectual property, including the core UNIX source code.
- The first offering from *SCOsource* will be SCO System V for Linux—an end-user licensed product for use on Linux systems. SCO System V for Linux has two key components that protect and expand the use of Linux as a business server platform. First, SCO System V for Linux provides unbundled licensing of SCO UNIX System shared libraries for use with UNIX applications running on Linux. Second, users of SCO IP Pack licensed systems are protected from future claims based on unlicensed use of SCO UNIX intellectual property in Linux.
- The appointment of David Boies and the law firm of Boies, Schiller and Flexner to help research and advise SCO on the company's intellectual property.

—more—

NOV-EX-163

SCO1270160

SCOsource

SCO's patents, copyrights and core technology date back to 1969 when Bell Laboratories created the original UNIX source code. *SCOsource*, a new division within SCO, will manage the licensing of this software technology to customers and vendors.

"SCO is the developer and owner of SCO UnixWare and SCO OpenServer, both based on UNIX System V technology," said Darl McBride, president and CEO, The SCO Group. "SCO owns much of the core UNIX intellectual property, and has full rights to license this technology and enforce the associated patents and copyrights. SCO is frequently approached by software and hardware vendors and customers who want to gain access to key pieces of UNIX technology. *SCOsource* has established a formal licensing program which will make these technologies available to our partners and customers."

SCO System V for Linux

Customers frequently cite intellectual property concerns as a barrier to their adoption and use of Linux. To alleviate this uncertainty, SCO today is announcing a program that protects customers from any claims to SCO UNIX source code as it pertains to Linux. Customers who purchase a one-time SCO System V for Linux license will be protected and can be assured that the SCO UNIX source code in Linux is authentic and safe from IP patent issues.

"Certain companies in the IT industry would like to see Linux fail and have been spreading fear, uncertainty and doubt about Linux and intellectual property," said Chris Sontag, senior vice president for SCO's operating systems division. "Linux came from UNIX and SCO is the core holder of patents, copyrights and source code for UNIX. We are a Linux vendor and want to see Linux succeed in the market, and as a result, we are implementing a program to protect Linux customers from UNIX IP claims."

Licensing of UNIX System Shared Libraries

In addition to IP protection, the SCO System V for Linux license will provide access to SCO's UNIX System Shared Libraries for use with Linux. Customers frequently use SCO's shared libraries to allow UNIX applications to run on Linux. In the past, SCO's UnixWare and OpenServer license agreements did not allow these UNIX libraries to be used outside of SCO's operating systems. With this announcement, customers can now legitimately license these libraries from SCO for use with Linux without having to license the entire SCO operating system. This will enable customers to now run thousands of UNIX applications on Linux.

"The most substantial intellectual property in UNIX comes from SCO," said Sontag. "While Linux is an Open Source product, it shares philosophy, architecture and APIs with UNIX. Starting today, SCO's libraries will be available to third-party application developers, OS vendors, hardware providers, services vendors, and end-users. SCO will help customers legitimately combine Linux and UNIX technology to run thousands of UNIX applications. SCOsource plans to create other new licensing programs to make our rich inventory of UNIX System technology available to the market."

Appointment of Boies, Schiller and Flexner

As part of SCO's plans to protect its intellectual property, the company has retained David Boies of the law firm Boies, Schiller and Flexner for research and protection of SCO's patents, copyrights and other intellectual property.

99-Day Amnesty Period and Pricing

Beginning today, for customers currently making use of SCO's UNIX System Shared Libraries outside of SCO's operating systems or those who wish to gain SCO UNIX IP protection for Linux, SCO is establishing a 99-day amnesty period for customers to gain a SCO System V for Linux software license. During this 99-day period, SCO System V for Linux is available at a discounted price of \$99 per CPU. Following the amnesty period, SCO will offer SCO System V for Linux for \$149 per CPU. Volume licensing discounts will also be available to enterprise customers and OEMs.

Beginning in January, SCO is offering customers of SCO Linux Server 4.0 a license to SCO System V for Linux as a free value-add to their use of SCO Linux. Future updates to SCO Linux Server will include a license to SCO System V for Linux.

Parties interested in purchasing the SCO IP Pack license should e-mail SCO at sales@sco.com or call 1-888-465-4689 in the U.S. or contact their local SCO office found at <http://www.sco.com/worldwide>. For more information about SCOsource, visit www.sco.com/scosource or e-mail SCO at scosource@sco.com.

About SCO

The SCO Group (Nasdaq: SCOX), formerly called Caldera International, provides "Powerful Choices" for businesses through its UNIX, Linux and Volution product lines and services. Based in Lindon, UT, SCO has representation in 82 countries and 16,000+ resellers worldwide. SCO Global Services provides reliable localized support and services to partners and customers. For more information on SCO products and services, visit <http://www.sco.com>.

SCO, SCOsource and the associated SCO logo are trademarks or registered trademarks of Caldera International, Inc. in the U.S. and other countries. UNIX and UnixWare, used under an exclusive license, are registered trademarks of The Open Group in the United States and other countries. Linux is a registered trademark of Linus Torvalds. All other brand or product names are or may be trademarks of, and are used to identify products or services of, their respective owners.

###