

SCO® Announces Immediate Termination of IBM's Right to Use and Distribute AIX Software and Files for Permanent Injunction

SCO Terminates IBM's Right to Use or Distribute AIX Software, and Files Amended Complaint Against IBM, Including a Permanent Injunction Against IBM For Destruction or Return of All Copies of UNIX® System V Source Code And Permanent Cessation of AIX Distribution

LONDON, Utah, Jun 16, 2003 -- The SCO® Group (SCO)(Nasdaq: SCOX), a leading provider of business software solutions, today announced that it has terminated IBM's right to use or distribute any software product that is a modification of or based on UNIX® System V source code. In terminating IBM's right to use and distribute AIX, SCO is exercising the right of termination granted under the original 1985 UNIX Software and Sublicensing Agreements between IBM and AT&T. SCO notified IBM on March 6, 2003 that it intended to terminate in 100 days, as required under the Software Agreement, as modified by a side letter, if IBM did not correct certain actions that violate the agreement. As of the deadline -- 12:00 midnight, June 13, 2003 -- IBM had not complied with SCO's request, which triggered the termination. The termination is self-effectuating.

"The Software and Sublicensing Agreements and related agreements that SCO has with IBM includes clear provisions that deal with the protection of source code, derivative works and methods," said Mark J. Heise, Boies Schiller, & Flexner, LLP. "Through contributing AIX source code to Linux and using UNIX methods to accelerate and improve Linux as a free operating system, with the resulting destruction of UNIX, IBM has clearly demonstrated its misuse of UNIX source code and has violated the terms of its contract with SCO. SCO has the right to terminate IBM's right to use and distribute AIX. Today AIX is an unauthorized derivative of the UNIX System V operating system source code and its users are, as of this date, using AIX without a valid basis to do so."

SCO is also today filing an amendment to the complaint against IBM for a permanent injunction requiring IBM to cease and desist all use and distribution of AIX and to destroy or return all copies of UNIX System V source code. In the amended complaint, SCO is seeking additional damages from IBM's multi-billion dollar AIX-related businesses that began accruing Friday, June 13th at midnight. This amended complaint was filed today with the United States District Court of Utah where SCO's court case against IBM is currently pending.

"IBM has chosen to continue the actions that violate our source code and distribution agreements," said Darl McBride, President and CEO of The SCO Group. "Over the last several months, SCO has taken all of the steps outlined in the UNIX licensing agreements to protect its rights. Today SCO is requesting that the court enforce its rights with a permanent injunction. IBM no longer has the authority to sell or distribute AIX and customers no longer have the right to use AIX software."

About SCO

The SCO Group (Nasdaq: SCOX) helps millions of customers in more than 82 countries to grow their businesses everyday. Headquartered in Lindon, Utah, SCO has a worldwide network of more than 11,000 resellers and 8,000 developers. 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> .

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