

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11 Cases
)	
The SCO GROUP, INC. <u>et al.</u> , ¹)	Case No. 07-11337 (KG)
)	(Jointly Administered)
Debtors.)	Related Docket No. 116

**ORDER AUTHORIZING THE DEBTORS TO
(I) PAY SEVERANCE AND ACCRUED BENEFITS TO TERMINATED
EMPLOYEES AND (II) CONTINUE SEVERANCE POLICY**

Upon the Motion² of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an order pursuant to sections 105, 503(c)(2) and 507(a)(4) of the Bankruptcy Code, authorizing them to: (i) pay severance to employees terminated post-petition, (ii) continue the Severance Policy for employees terminated after the date of the Motion and (iii) pay pre-petition accrued benefits to the terminated employees; the Court having reviewed the Motion and objections thereto; the Court finding that (a) the Court has jurisdiction over these cases pursuant to 28 U.S.C. §§ 157 and 1334, (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (M), and (c) notice of the Motion was sufficient under the circumstances; the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors and other parties in interest;

¹ The last four digits of the taxpayer identification number for The SCO Group, Inc. is 2823. The last four digits of the taxpayer identification number for SCO Operations, Inc. is 7393. The address for both Debtors is 355 South 520 West, London, Utah 84042.

² Capitalized terms used herein and not otherwise defined shall have the same meaning as in the Motion.

IT IS HEREBY FOUND, ORDERED AND ADJUDGED THAT:

1. The Motion is GRANTED with the modifications reflected herein.

2. The Debtors have represented that part of the severance for the Terminated Employees that is the subject of the Motion is attributable to pre-petition length of service. Accordingly, the Debtors are authorized to pay severance to the Terminated Employees, other than their former Chief Financial Officer and former Vice President, Finance, in accordance with their Severance Policy as modified by this Order and its attachment, amounts consistent with the limitations reflected in the "Summary of Severance Policy" grid on Exhibit A (attached to this Order). Within fifteen days after the date of entry of this Order, the Debtors shall file an Amended Schedule F which lists the Terminated Employees (other than the Debtors' former Chief Financial Officer and former Vice President, Finance) as having general unsecured claims that are non-contingent, liquidated and undisputed in an amount equal to the pre-petition length- of-service portion of their benefits under the Severance Policy consistent with the limitations reflected on the "Length of Service Grid" on Exhibit A (to the extent that Grid is applicable to such Employees).

3. The Debtors may seek further authority to pay severance amounts pursuant to the Severance Policy subject to the following limitations and procedures:

i. If the Debtors seek to pay severance amounts under the Severance Policy to employees who may be terminated in the future (the "Going-Forward Terminated Employees"), the Debtors shall file with the Court and serve upon the Rule 2002 list a notice which contains the following information: the name of the employee, the employee's title, the

employee's length of employment with the Debtors, and the termination date. The notice shall also contain the following representations by the Debtors: (i) a representation as to whether the Going-Forward Terminated Employee was appointed an officer or director under either of the Debtors' bylaws, (ii) a representation confirming that the Going-Forward Terminated Employee was terminated without cause, and (iii) a representation as to the proposed amount of the Going-Forward Terminated Employee's general unsecured claim for the pre-petition length-of-service portion of the Employee's benefits (to the extent applicable). All amounts proposed to be paid/allowed as severance to Going-Forward Terminated Employees shall be consistent with and subject to the limitations described in Exhibit A (attached to this Order).

ii. Upon the filing of the Notice, the Debtors shall make available to the U.S. Trustee (a) the Going-Forward Terminated Employee's annual salary, (b) the amount proposed to be paid as severance to the Employee and (c) a document detailing amounts previously paid to nonmanagement employees during the calendar year in which the Notice was filed; said document shall list the name of each terminated employee, the title of the employee, the termination date and the amount paid. Parties in interest (including the U.S. Trustee) shall have fifteen days (or such longer period that the Debtors may consent to) to object to the Notice on any grounds. In the event that there are no objections to the Notice, the Debtors shall be authorized to pay the requested severance to the Going-Forward Terminated Employee. If an objection is filed, the dispute will be adjudicated on a date agreeable to the Court and the Parties.

iii. Within fifteen days after (a) the expiration of the objection period relating to the Notice or (b) entry of an order resolving the severance claim in the Employee's

favor, the Debtors shall file an Amended Schedule F which lists the Employee as having a general unsecured claim that is non-contingent, liquidated and undisputed in an amount equal to the pre-petition length-of-service portion of the Employee's benefits under the Severance Policy consistent with the limitations reflected on the "Length of Service Grid" on Exhibit A (to the extent that Grid is applicable to such Employee).

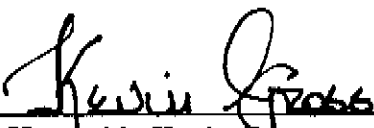
4. The Debtors shall file a separate motion, on at least 15 days' notice with an opportunity to object, to the extent they seek authority to pay severance in amounts which exceed the amounts reflected in the "Summary of Severance Policy" grid on Exhibit A.

5. The Debtors are further authorized to pay pre-petition PTO to the Terminated Employees in the aggregate amount of \$50,628.49, which amounts, combined with the severance approved herein shall be subject to the limits set forth in 11 U.S.C. §§ 507(a)(4) and (a)(5) (inclusive of amounts previously paid pursuant to orders of this Court) for each Terminated Employee.

6. This Court retains jurisdiction to hear and determine all matters arising from or related to the implementation of this Order.

Dated: OCTOBER 25, 2007

Wilmington, DE



The Honorable Kevin Cross
United States Bankruptcy Judge