

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
The SCO Group, Inc., <u>et al.</u> ,)	Case No. 07-11337 (KG)
)	(Jointly Administered)
Debtors.)	
)	Re: Docket No. 280

**NOVELL’S STATEMENT REGARDING FIRST MONTHLY FEE APPLICATION OF
MESIROW FINANCIAL CONSULTING, LLC AS FINANCIAL ADVISORS TO THE
DEBTORS FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR
THE PERIOD SEPTEMBER 14, 2007 THROUGH NOVEMBER 30, 2007**

Novell, Inc. (“Novell”) hereby submits this statement (the “Statement”) expressing its concerns with regard to the *First Monthly Fee Application of Mesirow Financial Consulting, LLC as Financial Advisors to the Debtors for Compensation and Reimbursement of Expenses for the Period September 14, 2007 Through November 30, 2007* (the “Fee Application”) of Mesirow Financial Consulting, LLC (“Mesirow”). As the Fee Application seeks only interim approval, Novell does not formally object to the fees and expenses requested at this time, but hereby reserves its rights to object to the fees and expenses for which Mesirow now seeks approval when final approval is sought.

In furtherance hereof, Novell respectfully states as follows:

Statement of Concerns Regarding the Fee Application

1. The Fee Application seeks interim approval of \$449,888.30 in fees for services rendered and \$48,702.11 in actual expenses, for a total interim application of \$498,590.41 (the Requested Amount”).¹ In accordance with the Administrative Order establishing procedures for

¹ This large figure is after a voluntary reduction by Mesirow of approximately \$49,000, or about 10%, from an even larger dollar amount. Novell appreciates Mesirow’s voluntary reduction; however, the gesture does not alter Novell’s concerns regarding the Fee Application, discussed below, as the Fee Application still seeks a hefty portion of estate assets.

interim compensation and reimbursement of expenses of professionals applicable in these cases, in the absence of any objection to the Fee Application, the Debtors are entitled to pay 80% of professional fees requested and 100% of expenses incurred.²

2. As a substantial creditor and party-in-interest, Novell is concerned by the astonishing level of fees and expenses generated at the Debtors' behest, given the lack of progress in these chapter 11 cases.³ Novell expresses its concerns on several levels. Most notably, Novell is concerned that the Fee Application reveals that Mesirow has spent more than 600 hours and in excess of \$250,000 on analysis of merger, acquisition and divestiture of assets of the estates, for which no definitive value has been realized. As the Court is aware, though the Debtors filed a motion to sell substantially all of their assets, not only was no sale consummated, but an asset purchase agreement detailing the proposed sale was not docketed at the time of the sale motion, and, the motion was subsequently withdrawn without realizing value to the estates. In light of these facts, a Requested Amount of nearly \$500,000 may well be excessive.

3. In addition to its concerns regarding the amount expended in professional fees when compared to the lack of concrete progress these cases have made, Novell also is troubled by potential issues of inefficiency and appropriateness of activity. For example, Mesirow has spent in excess of 350 hours and \$100,000 on Court filings (excluding the Merger/Acquisition Divestiture Analysis discussed above) that may be duplicative, at least in part, to the time expenditures of Debtors' counsel. In addition, it will be worth inquiring whether Mesirow should be doing certain subsets of this work at all. Further, upon a review of the time entries

² Novell does not request that the Debtors suspend payment to Mesirow or its other professionals at this juncture; rather, as stated above, it reserves the right to object to the Requested Amount, in whole or in part, and seek appropriate remedy (including disgorgement) when final approval is sought.

³ As the Court is aware, the Debtors' lead bankruptcy counsel, Berger Singerman, P.A. has already requested more than \$500,000 in fees and expenses just through November. When combined with the Requested Amount and the fees of other professionals in these cases, requested fees and expenses to the estates well exceed \$1 million.

annexed to the Fee Application, Novell is concerned that some tasks are overstaffed, which appears to be further draining the estates of valuable resources.

4. As these few examples demonstrate, moreover, it appears that a major reason for the massive accumulation in fees so quickly in the cases is that the Debtors themselves are employing their professionals on unrealistic tasks that are both inappropriate and inefficient to the estates, as well as failing to responsibly manage the professionals.

5. In sum, Novell is troubled by the lack of progress in these chapter 11 cases when compared to the remarkably high expenditure of fees and expenses by the Debtors' professionals. Given that the Debtors' financial resources are thin, at best, this issue is especially significant. Indeed, at this rate, without a miracle there will soon be nothing left for prepetition creditors.

6. Accordingly, Novell has used this occasion to state its concerns (and reserve its right to object to the Requested Amount on final application to the Court, as well as, of course, to future interim applications) with the intent of inducing the Debtors and their professionals to be more thoughtful about their activities and the attendant costs to the estates.

Dated: January 9, 2008
Wilmington, Delaware

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