

**EXHIBIT A**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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

**DEBTORS' MOTION FOR AN ORDER (I) AUTHORIZING THE DEBTORS TO  
(A) PAY PREPETITION WAGES, SALARIES, COMMISSIONS, EMPLOYEE  
BENEFITS AND OTHER COMPENSATION; (B) REMIT WITHHOLDING  
OBLIGATIONS; (C) MAINTAIN EMPLOYEE BENEFITS PROGRAMS AND PAY  
RELATED ADMINISTRATIVE OBLIGATIONS; AND (II) AUTHORIZING  
APPLICABLE BANKS AND OTHER FINANCIAL INSTITUTIONS TO RECEIVE,  
PROCESS, HONOR AND PAY CERTAIN CHECKS PRESENTED FOR  
PAYMENT AND TO HONOR CERTAIN FUND TRANSFER REQUESTS**

The SCO Group, Inc. and SCO Operations, Inc. (collectively, the "Debtors")  
move for the entry of an order, pursuant to sections 105(a), 363, and 507(a) of the Bankruptcy  
Code, (A) authorizing the Debtors to: (i) pay prepetition wages, salaries, commissions,  
employee benefits and other compensation; (ii) remit withholding obligations; (iii) maintain  
employee benefits programs and pay related administrative obligations; and (B) authorizing the  
Debtors' banks and other financial institutions to receive, process, honor and pay certain checks  
presented for payment and to honor certain fund transfer requests related to the foregoing, as  
authorized by this Motion. In support of this motion (the "Motion"), the Debtors respectfully  
state as follows:

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<sup>1</sup> The Debtors and the last four digits of each of the Debtors' federal tax identification numbers are as follows:  
(a) The SCO Group, Inc., a Delaware corporation, Fed. Tax Id. #2823; and (b) SCO Operations, Inc., a Delaware  
corporation, Fed. Tax ID. #7393. The address for both Debtors is 355 South 520 West, Lindon, UT 84042.

## **Jurisdiction and Venue**

1. This Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2) (A) and (M).

2. The statutory bases for the relief requested herein are sections 105(a), 363(b), 363(c), 507(a)(4), and 507(a)(5) of the United States Code, 11 U.S.C. §§ 101-1532.

## **Background**

3. On the date hereof (the “Petition Date”), the Debtors commenced these cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

4. The Debtors are in possession of their property and continue to operate and manage their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. The Debtors are a leading provider of software technology for distributed, embedded, network-based, and mobile systems, offering SCO OpenServer for small to medium business, UnixWare, and SCO Mobile Server for enterprise applications and digital network services.

6. The SCO Group, Inc. (“SCO Group”) is a Delaware corporation traded on the NASDAQ stock exchange under the ticker symbol “SCOX.”

7. SCO Operations, Inc. (“Operations”) is a Delaware corporation that is wholly owned by SCO Group and operates the research, development, sales and implementation of technology owned by SCO Group.

8. For a more detailed description of the Debtors' background and operations, the Debtors respectfully refer the Court and parties in interest to the *Declaration of Darl C. McBride, Chief Executive Officer, in Support of First Day Pleadings* (the "McBride Declaration").

9. Operations currently employs approximately 83 full and part-time U.S. employees ("U.S. Employees"). The U.S. and Canadian employees are paid on a bi-weekly basis, one week in arrears.

10. There are approximately 40 foreign employees ("Foreign Employees") employed by the Debtors' foreign affiliates/subsidiaries. The Foreign Employees are paid on a monthly basis on the 25<sup>th</sup> of each month. The Debtors' foreign affiliates/subsidiaries are the sales and marketing arm of SCO Group. The foreign affiliates/subsidiaries' operations are funded by Operations from revenues derived from contracts generated by the foreign affiliates/subsidiaries for SCO Group.

11. The U.S. Employees and the Foreign Employees (collectively the "Employees") are employed in hourly, salaried, supervisory, management and administrative positions to perform the functions necessary to effectively and efficiently operate the Debtors' domestic and international business.

### **Relief Requested**

12. To minimize the personal hardship the Employees may suffer if prepetition employee-related obligations are not paid when due or honored as expected, and to maintain the morale of the Employees during this critical time, the Debtors seek authority, in

their discretion, to pay and/or honor, as the case may be: (i) certain prepetition claims for, among other items, wages, salaries, commissions, incentive bonus programs, and other compensation (collectively, the "Employee Wages"), as well as (ii) vacation, paid time off, fixed holidays, medical benefits, contributions to employee benefit plans and all other employee benefits (collectively, "Employee Benefits") that the Debtors historically have paid in the ordinary course of their business; (ii) to reimburse certain reimbursable unpaid employee Reimbursement Obligations (defined below), and (iv) all costs incident to the foregoing (collectively, and as more fully described below, the "Employee Wages and Benefits"). The Employee Wages and Benefits for which this relief is sought are set forth in detail below.

### **Employee Compensation**

#### **Wages, Salaries and Other Compensation**

13. The Debtors' salaried U.S. Employees have been paid their salaries current through September 13, 2007. However, neither the U.S. nor Foreign Employees have been paid pre-petition quarterly bonuses totaling \$30,000 under an incentive plan for eligible officers, vice presidents, corporate employees, and senior and key managers for the period of November 1, 2006 through October 31, 2007 (the "Incentive Plan"). The Incentive Plan provided eligible Employees with bonuses to the extent that certain revenue and net operating income as well as personal performance objectives were achieved (the "Performance Metrics"). An eligible Employee was eligible to receive a certain percentage of his or her salary as an incentive bonus ranging from 4% up to 70% (4% employee, 8% manager, 12% director, 20% VP, 40% SVP and 70% CEO) with the revenue objective accounting for 40%, the net income

objective accounting for 40% and the personal objective for 20% of the eligible incentive bonus) if the Employee achieved or exceeded the Performance Metrics established under the Plan (the "Incentive Bonus"). The potential Incentive Bonus is typically paid 45 days after the end each quarter (if achieving the Performance Metrics). During the quarter ending July 31, 2007 the Debtors' achieved the required Performance Metrics established pursuant to the Incentive Plan.

14. In addition, the Debtors regularly use independent contractors to support the Debtors' professional services, product development, sales and marketing organizations. As set forth in the McBride Declaration, in the Debtors' best knowledge and belief, the independent contractors utilized by the Debtors earned at least 75% of their total earnings for the 12 months preceding the Petition Date from the Debtors. The independent contractors fulfill an important role in the Debtors' operations. Therefore, the Debtors seek to pay the independent contractors the approximately \$50,000 representing amounts earned prior to the Petition Date.

15. The Debtors' monthly payroll for Foreign Employees is approximately \$173,000 and is due to be paid on September 25, 2007. In addition, Incentive Bonuses to the Foreign Employees total \$2,015 and are also due to be paid on September 25, 2007. The Debtors' last monthly prepetition pay period and the date on which the Foreign Employees were last paid was August 25, 2007 for the month of August 2007.

16. As of the Petition Date, no single Employee is owed wages or bonuses exceeding the \$10,950 in priority limit set forth in section 507(a)(4) of the Bankruptcy Code.

### **Withholding Obligations**

17. In the ordinary course of business, the Debtors routinely and ordinarily make deductions from Employees' paychecks relating to foreign, federal, state and local tax withholdings, child support orders or garnishments, and the like. The Debtors request authority to pay over to the appropriate parties all such funds in accordance with existing company policies and practices. As described below, the Debtors believe that funds withheld on behalf of their Employees that remain in the Debtors' possession are not property of the Debtors' estate.

### **Business Expense Reimbursements**

18. The Debtors customarily reimburse Employees who incur business expenses in the ordinary course of performing their duties on behalf of the Debtors. Such expenses typically include, but are not limited to, business-related travel expenses, including hotel and meal charges, relocation expenses, and business telephone calls, including cell phone charges and per diem payments to certain individuals (the "Reimbursement Obligations"). It is difficult for the Debtors to determine the exact amounts of Reimbursement Obligations that are due and owing for any particular time period since the expenses incurred by Employees on behalf of the Debtors throughout the year vary on a monthly basis and because there may be some delay between when an Employee incurs an expense and submits the corresponding expense report for processing. Based on historical experience, the Debtors anticipate that, as of the Petition Date, they owe approximately \$15,000 of Reimbursement Obligations for all Employees. The Debtors seek authority to pay any prepetition Reimbursement Obligations which are estimated at \$15,000.

## **Employee Benefit Plans**

19. The Debtors provide medical, dental, vision, prescription drug, life insurance and disability benefits to their U.S. Employees (collectively, the “Medical and Insurance Benefits”).

20. U.S. Employees each receive a medical and prescription drug care plan sponsored by United Healthcare (the “Medical Plan”). Employees may choose from various plan options that provide medical and prescription drug coverage that varies based upon employee monthly contributions and have different limitations on total out of pocket expenses paid by Employees. Each pay period, Employees make contributions for their health for themselves and/or their dependents depending on which plan option they select. The Debtors incur average monthly costs of \$93,000 per month with respect to claims and administrative payments made under the Medical Plan.

21. The Debtors provide one dental plan to U.S. Employees sponsored by Metropolitan Life (the “Dental Plan”). The Debtors incur average monthly costs of \$9,000 per month with respect to claims and administrative payments made under the Dental Plan.

22. The Debtors offer U.S. Employees short and long term disability insurance (“Disability Insurance”) through The Hartford. The Debtors provide the U.S. Employees with income protection through short term disability protection in the event of non-work related injury or illness. The Debtors also provide certain Employees with long-term disability benefits in the event that an employee cannot return to work after 120 days of disability. The Debtors incur average monthly costs of \$7,700.00 per month with respect to the Disability Insurance.

23. The Debtors believe it is critical that they be authorized to continue making these payments on medical and dental plans on a regular basis as and when they come due. The Debtors must pay the insurance premiums to retain the Employees and minimize disruption of Debtors' business. If the Debtors fail to pay these insurance premiums, the health care service providers will seek payment directly from the Debtors' employees and might refuse to provide continuing medical services or treatment to them. Employees and their dependents who have sought health care services in reliance on their insurance will be dismayed, frightened and financially devastated if their medical services are affected by the bankruptcy.

24. The Debtors also carry Workers' Compensation Insurance, through Travelers, at the annual premium rate of \$32,709 per year. There remains due and owing to Travelers on the Workers' Compensation Insurance premium the amount of \$9,777.60, which the Debtors pay monthly at the rate of \$1,906.80.

25. Permission to pay the Employee Medical and Insurance Benefits is particularly necessary for those Employees who are currently receiving services or who are recuperating from recent medical treatment. In addition, these Employees might not receive disability income replacement payments. The morale of the Debtors' employees would be seriously undermined if medical or insurance benefits were interrupted. More importantly, however, the Debtors desire to avoid the risk that their employees will not be given needed treatment because health care providers have not been paid for pre-petition services rendered to them and their families.

### **Paid Time Off**

26. Based on their tenure, employees accrue up to 5.54 hours per pay period (“PTO”) up to a maximum of 120 hours. During periods of unpaid leave of absence or while in unpaid status, PTO does not accrue. Employees accrue their allotted vacation time effective January 1<sup>st</sup> of the applicable calendar year. The Debtors offer fixed holidays to qualifying full and part-time Employees. The Debtors seek authority to honor their existing PTO policies solely to permit continuing Employees to use their prepetition accrued PTO in the ordinary course of business. However, the Debtors do not, at this time, seek authority to pay any claims for accrued PTO. As of the Petition Date, Debtors estimate a total of accrued PTO for U.S. Employees to be \$351,000 and Foreign Employees to be \$111,420.

27. The Debtors seek authority to honor their respective PTO and other leave obligations to the Employees in the ordinary course of Debtors’ business. The Debtors also request authority to permit their Employees to use accrued vacation and sick leave and other leave.

### **Severance Benefits**

28. Prior to the Petition Date, salaried, full-time and active Employees (including nonmanagement employees) were eligible to receive severance benefits under the Debtors’ prepetition severance pay plan (the “Severance Plan”). The Debtors seek authority to continue the Severance Plan postpetition and to pay any outstanding prepetition severance claims of former Employees. The Debtors do not seek to pay any prepetition amounts under the Severance Plan that would exceed the \$10,950 priority cap and do not believe any such payment

is greater than ten times the amount of the mean severance pay given to nonmanagement employees in 2007. The Debtors reserve the right to terminate the Severance Plan at a later date, or to implement a modified severance program and would seek Court authorization to approve any payments thereunder.

### **Retirement Savings Plans**

29. The Debtors offer a 401(k) retirement plan (the “401(k) Plan”) administered by New York Life for Employees. The Debtors make deductions from an employee’s payroll check and pay those funds, along with any required employer contributions, to New York Life, 2% of employee contributions with a match of \$1,500 per employee per year. The contributions to the 401(k) Plan, including matching contributions is approximately \$41,500 per month.

30. The Debtors request authority, in their discretion, to both continue its existing 401(k) Plan, including the ability, in their sole discretion, to continue to make matching contributions under the 401(k) Plan in the ordinary course of business.

31. The Debtors request authority to forward all employee wage deductions for 401(k) to the appropriate program administrator.

### **Employee Commissions**

32. Some of Debtors’ Employees are paid in the form of commissions, based on the level of sales made by these Employees (the “Commissioned Employees”). The Commissioned Employees do not receive any salaries except for any commissions they may earn. The total commissions for the Commissioned Employees averages approximately

\$101,000 for U.S. Employees and \$193,160 for Foreign Employees per month. As of the Petition Date, the Debtors believe they are current on payment of the commissions of the Commissioned Employees, but seek authority to pay any unpaid commissions up to, but not exceeding, \$10,950 per Commissioned Employee and to continue to pay commissions earned postpetition by the Commissioned Employees in the ordinary course of the Debtors' business.

33. The Debtors also seek authority to continue to pay commissions to Commissioned Foreign Employees earned postpetition in the ordinary course of the Debtors' business.

34. The Debtors' revenue depends greatly on the sales generated by Commissioned Employees, both foreign and domestic. Accordingly, the Debtors submit that cause exists to grant the relief sought herein.

### **Requested Relief**

35. Pursuant to sections 105(a), and 363(b)(1) and (c)(1) of the Bankruptcy Code and the "necessity of payment" doctrine, the Debtors seek authority<sup>2</sup> to:

- a. pay or honor, in their sole discretion:
  - the outstanding wages, commissions and Incentive Bonuses accrued prior to the Petition Date as they become payable including associated payroll processing obligations, and any uncashed checks that were issued prior to the Petition Date with respect thereto;
  - the Withholding Obligations attributable to the period prior to the Petition Date and to remit the same to applicable taxing authorities or other appropriate third-parties;

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<sup>2</sup> Nothing in this Motion is intended to or shall convert any prepetition claim into an administrative claim.

- the Reimbursement Obligations that were incurred by Employees prior to the Petition Date and to continue such payments on a postpetition basis;
- the obligations under the Medical, Dental and Insurance Benefits that accrued but remain unpaid as of the Petition Date, including associated administrative processing fees and premiums;
- the outstanding maintenance fees that are required to continue to operate the 401(k) Plan;
- to honor (but not pay) accrued and unused PTO for continuing Employees as authorized by the Debtors' prepetition policies and in the Debtors' sole discretion and to the extent as may be legally required under non-bankruptcy law, and to pay the Prepetition Wage and PTO Claim; and
- Pay prepetition severance in amounts not exceeding \$10,950 and within the parameters of section 503(c)(3).

(with each of the foregoing referred to collectively as the "Prepetition Employee Obligations").

- b. continue, in its sole discretion, on a postpetition basis:
- the Medical and Insurance Benefits and the Workers' Compensation Policy described herein as such programs were in effect immediately prior to the Petition Date;
  - the 401(k) Plan;
  - the PTO policy, except that the Debtors do not seek authority to pay any pre or postpetition PTO claims; and
  - the Debtors other benefit programs as described in this Motion.

(with each of the foregoing referred to collectively as the "Employee Programs.").

#### **Authority for the Requested Relief**

36. Pursuant to sections 363(b), 363(c) and 105(a) of the Bankruptcy Code and the "necessity of payment" doctrine (discussed below), the Debtors seek authority to pay or

honor the obligations described in this Motion. Section 363(b)(1) of the Bankruptcy Code authorizes a debtor in possession to use property of the estate other than in the ordinary course of business after notice and a hearing. Bankruptcy Code § 363(c) authorizes a debtor in possession to enter into transactions in the ordinary course of business without notice and a hearing. Further, section 105(a) of the Bankruptcy Code provides, in pertinent part, that a court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of the Bankruptcy Code.

37. The relief requested in this Motion is supported by the well-established “necessity of payment” doctrine.<sup>3</sup> The “necessity of payment” doctrine, which has been embraced by the Third Circuit, “teaches no more than, if payment of a claim that arose prior to reorganization is essential to the continued operation of the [business] during the reorganization, payment may be authorized even if it is made out of corpus.” *In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3rd Cir. 1981). *See also Pension Benefit Guarantee Corp. v. Sharon Steel Corp. (In re Sharon Steel Corp.)*, 159 B.R. 730, 736 (Bankr. W.D. Pa. 1993) (embracing “necessity of payment” doctrine and citing *Lehigh & New England Ry. Co.* with approval). Similarly, the court in *In re Ionosphere Clubs, Inc.*, 98 B.R. 174 (Bankr. S.D.N.Y. 1989), stated that the “necessity of payment” doctrine “recognizes the existence of the judicial power to authorize a debtor in a reorganization case to pay prepetition claims where such payment is essential to the continued operation of the debtor.” *Id.* at 176. In that case, the court permitted

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<sup>3</sup> The doctrine was first articulated by the Supreme Court in railroad reorganization cases, *see Miltenberger v. Logansport, C. & S.W. R. Co.*, 106 U.S. 286 (1882), and it has been held to be equally applicable to non-railroad debtor cases. *See, e.g., Dudley v. Mealey*, 147 F.2d 268, 271 (2d Cir. 1945) (hotel); *In re Gulf Air, Inc.*, 112 B.R. 152, 153 (Bankr. W.D. La. 1989) (airline).

Eastern Air Lines, Inc. to pay its current employees' prepetition wages, salaries, medical benefits and business expense claims. The court relied on its equitable powers under Bankruptcy Code §105(a) and, in particular, the "necessity of payment" doctrine, to authorize such payments, recognizing that the debtor had to make the payments in order to retain its current employees and maintain positive employee morale – two factors which the court deemed critical to the rehabilitation of an operating debtor. *Id.* (citing H.R. Rep. No. 595 95th Cong. 1st Sess. 16 (1977)). Other courts also have found that the "necessity of payment" doctrine applies to the payment of prepetition employee compensation and benefits. *See In re Chateaugay Corp.*, 80 B.R. 279, 281 (Bankr. S.D.N.Y. 1987) (under the "necessity of payment" doctrine, bankruptcy court should defer to the debtor's business judgment in permitting payment of certain workers' compensation claims); *In re R.H. Macy & Co., Inc.*, 92 B 40477 (BRL) (Bankr. S.D.N.Y. 1992); *In re McCrory Corp.*, 92 B 41133 (CB) (Bankr. S.D.N.Y. 1992).

38. This Court similarly has approved the payment of prepetition claims of employees for wages, salaries, independent contractor obligations, expenses and benefits on the grounds that the payment of such claims was necessary to effectuate a successful reorganization or liquidation. *See, e.g., In re Aegis Mortgage Corporation*, Case NO. 07-11119 (BLS) (Bankr. D. Del. August 15, 2007); *In re Mortgage Lenders Network USA, Inc.*, Case No. 07-10146 (Bankr. D. Del. Feb. 7, 2007) (PJW); *In re Global Home Products LLC, et al.*, Case No. 06-10340 (Bankr. D. Del. April 11, 2006)(KG); *In re Proxim Corporation*, Case No. 05-11639 (PJW) (Bankr. D. Del. June 15, 2005); and *In re Maxide Acquisition, Inc.*, Case No. 05-10429 (MFW) (Feb. 15, 2005).(authorizing payment of employee wage claims and benefits).

39. The “necessity of payment” doctrine supports the Debtors’ request to pay the amounts stated above because the Debtors’ Employees are critical assets necessary both to the Debtors’ operations and to the successful reorganization efforts of these chapter 11 cases. Many Employees live from paycheck to paycheck and rely exclusively on receiving their full compensation or reimbursement of their expenses to enable them to continue to pay their daily living expenses.

40. The Debtors also believe that payment of Employee commissions are authorized by the necessity of payment doctrine. As set forth above, the Debtors rely on their Commissioned Employees to market and sell the Debtors’ products to their vendors. The Commissioned Employees have established relationships with the Debtors’ customers and are the Debtors’ primary source of sales and marketing. The Debtors’ sales managers are charged with maintaining the Debtors’ long-term relationships with vendors and addressing and resolving certain issues that arise during the course of business with such vendors. Thus, both the Commissioned and Non-Commissioned Employees are an integral part of the Debtors’ ability to generate sales. Therefore, the Debtors believe that the payment of the Employee commissions are authorized by the necessity of payment doctrine.

41. In addition, the Debtors seek to continue to honor the Medical and Insurance Benefits described in this Motion and to pay all expenses incurred in connection therewith, including prepetition expenses associated with the Employee Benefits. The Debtors believe that if they are unable to honor accrued Employee Benefits, Employee morale and loyalty will be jeopardized at a time when Employee support is critical. If the Debtors are not

authorized to pay for medical benefits, then many of the Debtors' Employees may not be reimbursed or otherwise have their medical benefits claims paid. In addition, certain Employees may become primarily obligated for the payment of these claims in cases where health care providers have not been reimbursed, and may face having health services terminated. The Debtors believe such uncertainty will cause significant anxiety at precisely the time the Debtors need its Employees to perform their jobs at peak efficiency.

42. Additionally, the withholding obligations do not constitute property of the Debtors' estate and principally represent employee earnings that governments (in the case of taxes), Employees (in the case of voluntary withholding obligations), and judicial authorities (in the case of involuntary withholding obligations), have designated for deduction from Employee paychecks. The failure to transfer these withheld funds could result in hardship to certain employees. The Debtors expect inquiries from garnishors regarding the Debtors' failure to submit, among other things, child support and alimony payments, which are not the Debtors' property, but rather, have been withheld from Employee paychecks. Moreover, if the Debtors cannot remit these amounts, the Debtors' Employees may face legal action due to the Debtors' failure to submit these payments.

43. Finally, the Debtors submit that with respect to the wage related taxes that constitute "trust fund" taxes, the payment of such taxes will not prejudice other creditors of the Debtors' estate given that the relevant taxing authorities would have a priority claim under section 507(a)(8) of the Bankruptcy Code in respect of such obligations. Moreover, the monies payable for trust fund taxes, as well as the other funds that are held in trust for the benefit of third

parties, such as withheld funds with respect to 401(k) Plan are not property of the Debtors' estate.

44. The Employees have an intimate knowledge of the operation of the Debtors' business and are critical components to the success of the Debtors' chapter 11 case. Deterioration in the morale and welfare of the Employees at this critical time undoubtedly would adversely impact the Debtors and their ability to maximize the value of their assets.

**Request For Authority For Banks and Other Financial Institutions  
to Honor Checks Issued to Pay Employee Obligations, to Honor All  
Fund Transfer Requests Relating to Foregoing, and to Pay All  
Processing Fees Associated with Payment of Employee Wages and Benefits**

45. The Debtors request that all applicable banks and other financial institutions be authorized to receive, process, honor and pay all checks presented for payment and to honor all fund transfer requests made by the Debtors related to employee wages and benefits, whether such checks were presented or fund transfer requests were submitted prior to, on, or after the Petition Date. The Debtors represent that they have (or will have) sufficient unencumbered postpetition funds to promptly pay all employee wages and benefits, to the extent described herein, on an ongoing basis and in the ordinary course of business. Nothing contained in this Motion, however, shall constitute a request for authority to assume any agreements, policies or procedures relating to employee wages and benefits. Further, the Debtors seek to retain the discretion to decide which employee wages and benefits they pay and honor, and nothing in this Motion shall be deemed an admission by the Debtors that any employee wages and benefits will in fact be honored or paid.

46. No prior motion for relief requested herein has been made to this or any other court.

**Notice**

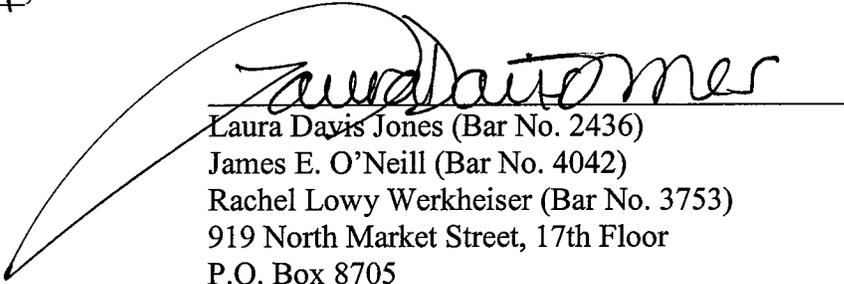
47. Notice of this Motion has been given to the Office of the U.S. Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801; and (iii) the 20 largest unsecured creditors of the Debtors. As the Motion is seeking “first day” relief, within two business days of the hearing on the Motion, the Debtors will serve copies of the Motion and any order entered respecting the Motion as required by Del. Bankr. LR 9013-2(d). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

*[Remainder of Page Intentionally Left Blank]*

WHEREFORE, the Debtors respectfully request that the Court enter an order approving the relief set forth above, and granting such other and further relief as is just and proper.

Dated: September 14, 2007

PACHULSKI STANG ZIEHL & JONES LLP



Laura Davis Jones (Bar No. 2436)  
James E. O'Neill (Bar No. 4042)  
Rachel Lowy Werkheiser (Bar No. 3753)  
919 North Market Street, 17th Floor  
P.O. Box 8705  
Wilmington, DE 19899-8705 (Courier No. 19801)  
Telephone: (302) 652-4100  
Facsimile: (302) 652-4400  
Email: ljones@pszjlaw.com  
joneill@pszjlaw.com  
rwerkheiser@pszjlaw.com

and

BERGER SINGERMAN, P.A.  
Paul Steven Singerman  
Arthur J. Spector  
Grace E. Robson  
200 South Biscayne Blvd., Suite 1000  
Miami, FL 33131  
Telephone: (305) 755-9500  
Facsimile: (305) 714-4340

and

350 E. Las Olas Boulevard, Suite 1000  
Fort Lauderdale, FL 33301  
Telephone: (954) 525-9900  
Facsimile: (954) 523-2872  
Email: singerman@bergersingerman.com  
aspector@bergersingerman.com  
grobson@bergersingerman.com

[Proposed] Co-Counsel for the Debtors and  
Debtors-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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

**ORDER (I) AUTHORIZING THE DEBTORS TO (A) PAY  
PREPETITION WAGES, SALARIES, COMMISSIONS, EMPLOYEE  
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PROCESS, HONOR AND PAY CERTAIN CHECKS PRESENTED FOR PAYMENT  
AND TO HONOR CERTAIN FUND TRANSFER REQUESTS**

Upon consideration of the motion seeking entry of an order: (a) authorizing, but not requiring, payment of certain prepetition (i) wages, salaries, and other compensation, (ii) employee medical, pension and similar benefits, and (iii) all costs incident to the foregoing; and (b) authorizing applicable banks and other financial institutions to receive, process and honor and pay all checks presented for payment, and to honor all fund transfer requests made by the Debtors relating to the foregoing (the “Motion”)<sup>2</sup> filed by the debtors in possession (the “Debtor”) in the above-captioned case; and it appearing that the relief requested is in the best interests of the Debtors’ estate, their creditors and other parties in interest; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it

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<sup>1</sup> The Debtors and the last four digits of each of the Debtors’ federal tax identification numbers are as follows: (a) The SCO Group, Inc., a Delaware corporation, Fed. Tax Id. #2823; and (b) SCO Operations, Inc., a Delaware corporation, Fed. Tax ID. #7393. The address for both Debtors is 355 South 520 West, Lindon, UT 84042.

<sup>2</sup> Capitalized terms not defined herein have the same meanings as defined in the Motion.

appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (M), and due and adequate notice of the Motion having been given under the circumstances; and after due deliberation and cause appearing therefore; it is hereby:

ORDERED that the Motion is granted; and it is further

ORDERED that the Debtors are authorized, but not directed, to pay and/or honor the Employee Wages and Benefits, in accordance with the Debtors' stated policies and in the ordinary course of the Debtors' businesses, including, but not limited to amounts due on account of the Unpaid Wages (including commissioned employees and independent contractors), Unpaid Incentive Bonuses, Withholding Obligations, Reimbursement Obligations and Employee Programs, and all costs associated therewith, with respect to Employees as set forth in the Motion subject to the following caps:

Prepetition U.S. Incentive Bonuses	\$30,000
Prepetition Foreign Incentive Bonuses	\$2,015
Prepetition Independent Contractors	\$50,000
Prepetition Reimbursement Obligations	\$15,000
Prepetition U.S. Commissioned Employees	\$101,000
Prepetition Foreign Commissioned Employees	\$193,160
Prepetition Foreign Employee Wages	\$173,000
Prepetition Medical Plan	\$93,000
Prepetition Dental	\$9,000
Prepetition Life, ADD and Disability Insurance Expenses	\$7,700.00
Prepetition Paid Time Off – U.S. (allow accrual, but not pay)	\$351,000
Prepetition Paid Time Off – Foreign (allow accrual, but not pay)	\$111,420
Prepetition Severance (estimated)	\$0

Retirement Savings Plan	\$41,500.00
TOTAL	\$1,177,795.00

and it is further

ORDERED that the Debtors are authorized, but not directed, to make payments to applicable third parties from Withholding Obligations and in respect of the Employee Benefits, and costs associated therewith, in accordance with the Debtors' ordinary course of business and stated policies, as set forth in the Motion; and it is further

ORDERED that in accordance with this Order and any other order of this Court, the banks and financial institutions at which the Debtors maintain their accounts are authorized to honor checks presented for payment, and to honor all fund transfer requests made by the Debtors related hereto, to the extent that sufficient funds are on deposit in such accounts; and it is further

ORDERED that the Debtors are authorized to pay all processing and administrative fees associated with payment of the Employee Wages and Benefits; Health and Welfare Plans and Employee Programs; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Dated: September \_\_\_\_\_, 2007

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United States Bankruptcy Judge