

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

*In re* : Chapter 11  
: :  
THE SCO GROUP, INC., *et al.*, : :  
: :  
Debtors. : Case Number 07-11337 (KG)  
: (Jointly Administered)

Hearing Date: April 2, 2008 at 2:00 P.M.

**OBJECTION OF THE UNITED STATES TRUSTEE TO (A) THE DEBTORS’  
PROPOSED DISCLOSURE STATEMENT AND (B) THE DEBTORS’ MOTION FOR AN  
ORDER (I) SCHEDULING THE CONFIRMATION HEARING; (II) APPROVING  
FORM AND CONTENTS OF SOLICITATION PACKAGE; (III) APPROVING FORM  
AND NOTICE OF THE CONFIRMATION HEARING; (IV) ESTABLISHING RECORD  
DATE AND APPROVING PROCEDURES FOR DISTRIBUTION OF SOLICITATION  
PACKAGES; (V) APPROVING FORMS OF BALLOT; (VI) ESTABLISHING VOTING  
DEADLINE FOR RECEIPT OF BALLOTS; (VII) APPROVING PROCEDURES FOR  
VOTE TABULATIONS; (VIII) ESTABLISHING DEADLINE AND PROCEDURES FOR  
FILING OBJECTIONS TO CONFIRMATION OF PLAN; AND  
(IX) GRANTING RELATED RELIEF  
(DOCKET ENTRY # 369, 394)**

In support of her objection to (a) the Debtors’ proposed disclosure statement and (b) the Debtors’ motion for an order (i) scheduling the confirmation hearing; (ii) approving form and contents of solicitation package; (iii) approving form and notice of the confirmation hearing; (iv) establishing record date and approving procedures for distribution of solicitation packages; (v) approving forms of ballot; (vi) establishing voting deadline for receipt of ballots; (vii) approving procedures for vote tabulations; (viii) establishing deadline and procedures for filing objections to confirmation of plan; and (ix) granting related relief, (the “Motion”), Kelly Beaudin Stapleton, United States Trustee for Region 3 (“U.S. Trustee”), by and through her counsel, avers:

## **INTRODUCTION**

1. Under 28 U.S.C. § 157(b)(2)(L) and (an) applicable order(s) of the United States District Court for the District of Delaware, this Court has jurisdiction to hear and determine the Motion and this objection.

2. Under 28 U.S.C. § 586(a)(3)(B), the U.S. Trustee is charged with monitoring plans and disclosure statements filed under chapter 11 of title 11 and filing with the court “comments with respect to such plans and disclosure statements.”

3. Under 11 U.S.C. § 307, the U.S. Trustee has standing to be heard with regard to the Motion and this objection.

## **GROUND/BASIS FOR RELIEF**

4. The Disclosure Statement does not contain “adequate information” as required under 11 U.S.C. § 1125 for several reasons, among them the following:

- The Debtors’ disclosure statement does not describe their business plan and/or financial projections in sufficient detail. Further, the disclosure statement does not describe the impact that an adverse, final, non-appealable ruling in one or more of the significant litigation matters it is presently involved in may have on the Debtors’ ability to carry out their business plan and/or meet those projections – for example, how much of the Debtors’ business plan is predicated on the Debtors’ use of property which Novell claims to be its own? Such information enables interested parties to evaluate, among other issues, whether confirmation of the plan is or is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan. See 11 U.S.C. § 1129(a)(10).
- The Debtors’ disclosure statement does not contain adequate information about Stephen Norris Capital Partners, LLC (“SNCP”) and/or SNCP’s ability to provide – or procure – the exit funding commitment referenced in the disclosure statement.

- The Debtors' disclosure statement does not adequately describe the proposed directors/officers of the reorganized Debtors, their affiliations and the compensation proposed to be paid to such persons. See 11 U.S.C. § 1129(a)(5).

The factual and legal bases for the aforementioned concerns (and other objections) are more fully addressed in the objection of International Business Machines Corporation ("IBM") to the disclosure statement and the Debtors' proposed solicitation procedures (Docket Entry # 394). For substantially the same reasons stated in IBM's objection, the U.S. Trustee objects to the proposed disclosure statement.

5. Additionally, there are a number of exhibits to the disclosure statement that have yet to be filed. The U.S. Trustee reserves the right to be heard regarding the adequacy of the Debtors' disclosure statement after those documents have been filed with the Court.

#### **CONCLUSION**

WHEREFORE the U.S. Trustee requests that this Court issue an order/orders denying the Motion, disapproving the disclosure statement, or granting other relief consistent with this objection.

Respectfully submitted,

**KELLY BEAUDIN STAPLETON  
UNITED STATES TRUSTEE**

**BY:** /s/ Joseph J. McMahon, Jr.  
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