

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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

Objection Deadline: December 3, 2008 at 4:00 p.m.
Hearing Date: Only If Objections Are Timely Filed

**TWELFTH MONTHLY APPLICATION FOR COMPENSATION
AND REIMBURSEMENT OF EXPENSES OF
PACHULSKI STANG ZIEHL & JONES LLP, AS CO-COUNSEL
TO THE DEBTORS AND DEBTORS IN POSSESSION, FOR
THE PERIOD FROM AUGUST 1, 2008 THROUGH AUGUST 31, 2008**

Name of Applicant:	Pachulski Stang Ziehl & Jones LLP
Authorized to Provide Professional Services to:	Debtors and Debtors in Possession
Date of Retention:	<i>Nunc Pro Tunc</i> to September 14, 2007 by order signed October 4, 2007
Period for which Compensation and Reimbursement is Sought:	August 1, 2008 through August 31, 2008 ²
Amount of Compensation Sought as Actual, Reasonable and Necessary:	\$6,100.50
Amount of Expense Reimbursement Sought as Actual, Reasonable and Necessary:	\$1,414.20

This is a: monthly interim final application.

The total time expended for fee application preparation is approximately 2.0 hours
and the corresponding compensation requested is approximately \$800.00.

¹ 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.

² This Application may include time expended before the time period indicated above that has not been included in any prior application. The applicant reserves the right to include any time expended in the time period indicated above in future application(s) if it is not included herein.

PRIOR APPLICATIONS FILED

Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
12/10/07	09/14/07 – 09/30-07	\$29,983.00	\$5,696.83	\$29,983.00	\$5,696.83
01/07/08	10/01/07 – 10/31/07	\$66,340.00	\$7,833.30	\$66,340.00	\$7,833.30
01/14/08	11/01/07 – 11/30/07	\$50,118.00	\$6,577.01	\$50,118.00	\$6,577.01
02/04/08	12/01/07 – 12/31/07	\$17,362.00	\$2,851.33	\$17,362.00	\$2,851.33
04/04/08	01/01/08 – 01/31/08	\$16,574.50	\$3,260.40	\$16,574.50	\$3,260.40
04/14/08	02/01/08 – 02/29/08	\$26,009.00	\$3,660.46	\$26,009.00	\$3,660.46
05/22/08	03/01/08 – 03/31/08	\$19,555.50	\$2,922.93	\$19,555.50	\$2,922.93
06/13/08	04/01/08 – 04/30/08	\$12,000.50	\$1,366.60	\$ 9,600.40	\$1,366.60
07/28/08	05/01/08 – 05/31/08	\$ 8,166.50	\$2,725.10	\$ 6,533.20	\$2,725.10
09/08/08	06/01/08 – 06/30/08	\$10,193.00	\$1,169.22	\$ 8,154.40	\$1,169.22
10/28/08	07/01/08 – 07/31/08	\$ 4,483.00	\$ 552.05	Pending	Pending

PSZ&J PROFESSIONALS

Name of Professional Individual	Position of the Applicant, Number of Years in that Position, Prior Relevant Experience, Year of Obtaining License to Practice, Area of Expertise	Hourly Billing Rate (including Changes)	Total Hours Billed	Total Compensation
James E. O'Neill	Partner 2005; Member of PA Bar since 1985; Member of DE Bar since 2001	\$515.00	1.10	\$ 566.50
William L. Ramseyer	Of Counsel 1989; Member of CA Bar since 1980	\$450.00	0.40	\$ 180.00
Kathleen P. Makowski	Associate 2008; Member of PA Bar since 1996; Member of DE Bar since 1997	\$395.00	5.20	\$2,054.00
Karina K. Yee	Paralegal 2000	\$195.00	1.00	\$ 195.00
Margaret L. Oberholzer	Paralegal 2007	\$190.00	12.60	\$2,394.00
Sheryle L. Pitman	Case Management Assistant 2001	\$105.00	4.60	\$ 483.00
Charles J. Bouzoukis	Case Management Assistant 2001	\$ 95.00	2.40	\$ 228.00

Grand Total: \$ 6,100.50
Total Hours: 27.30
Blended Rate: \$ 223.46

COMPENSATION BY CATEGORY

Project Categories	Total Hours	Total Fees
Bankruptcy Litigation	2.10	\$ 688.00
Case Administration	10.70	\$1,496.00
Compensation of Professional	1.00	\$ 314.50
Compensation Professionals/Others	8.70	\$1,981.00
Employee Benefit/Pension	2.10	\$ 629.50
Financial Filings	0.40	\$ 158.00
Plan & Disclosure Statement	2.00	\$ 715.00
Stay Litigation	0.30	\$ 118.50

EXPENSE SUMMARY

Expense Category	Service Provider³ (if applicable)	Total Expenses
Delivery/Courier Service	Tristate	\$334.86
Express Mail	DHL	\$ 25.81
Fax Transmittal		\$196.00
Postage	US Mail	\$291.33
Reproduction Expense		\$566.20

³ PSZ&J may use one or more service providers. The service providers identified herein below are the primary service providers for the categories described.

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

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

**Objection Deadline: December 3, 2008 at 4:00 p.m.
Hearing Date: Only If Objections Are Timely Filed**

**TWELFTH MONTHLY APPLICATION FOR COMPENSATION
AND REIMBURSEMENT OF EXPENSES OF
PACHULSKI STANG ZIEHL & JONES LLP, AS CO-COUNSEL
TO THE DEBTORS AND DEBTORS IN POSSESSION, FOR
THE PERIOD FROM AUGUST 1, 2008 THROUGH AUGUST 31, 2008**

Pursuant to sections 330 and 331 of Title 11 of the United States Code (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (collectively, the “Bankruptcy Rules”), and the Court’s “Administrative Order Establishing Procedures for Interim Monthly Compensation of Professionals,” signed on or about October 4, 2007 (the “Administrative Order”), Pachulski Stang Ziehl & Jones LLP (“PSZ&J” or the “Firm”), co-counsel to the Debtors and Debtors in Possession (“Debtor”), hereby submits its Twelfth Monthly Application for Compensation and for Reimbursement of Expenses for the Period from August 1, 2008 through August 31, 2008 (the “Application”).

¹ 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.

By this Application PSZ&J seeks a monthly interim allowance of compensation in the amount of \$6,100.50 and actual and necessary expenses in the amount of \$1,414.20 for a total allowance of \$7,514.70 and payment of \$4,880.40 (80% of the allowed fees) and reimbursement of \$1,414.20 (100% of the allowed expenses) for a total payment of \$6,294.60 for the period August 1, 2008 through August 31, 2008 (the "Interim Period"). In support of this Application, PSZ&J respectfully represents as follows:

Background

1. On September 14, 2007 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors continue in possession of their properties and continue to operate and manage their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Debtors' chapter 11 cases.

2. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

3. On or about October 4, 2007, the Court signed the Administrative Order, authorizing certain professionals ("Professionals") to submit monthly applications for interim compensation and reimbursement for expenses, pursuant to the procedures specified therein. The Administrative Order provides, among other things, that a Professional may submit monthly fee applications. If no objections are made within twenty (20) days after service of the monthly fee application the Debtors are authorized to pay the Professional eighty percent (80%) of the requested fees and one hundred percent (100%) of the requested expenses. Beginning with the period ending December 31, 2007, and continuing at three-month intervals or such other

intervals convenient to the Court, each Professional shall file and serve an interim application for allowance of the amounts sought in its monthly fee applications for that period. All fees and expenses paid are on an interim basis until final allowance by the Court.

4. The retention of PSZ&J, as co-counsel to the Debtors, was approved effective as of the Petition Date by this Court's "Order Under Section 327(a) of the Bankruptcy Code and Rule 2014 of the Federal Rules of Bankruptcy Procedure and Local Rule 2014-1 Authorizing the Employment and Retention of Pachulski Stang Ziehl & Jones LLP as Bankruptcy Co-Counsel for the Debtors and Debtors in Possession *Nunc Pro Tunc* to the Petition Date," signed on or about October 4, 2007 (the "Retention Order"). The Retention Order authorized PSZ&J to be compensated on an hourly basis and to be reimbursed for actual and necessary out-of-pocket expenses.

**PSZ&J's APPLICATION FOR COMPENSATION AND
FOR REIMBURSEMENT OF EXPENSES**

Compensation Paid and Its Source

5. All services for which PSZ&J requests compensation were performed for or on behalf of the Debtors.

6. PSZ&J has received no payment and no promises for payment from any source other than the Debtors for services rendered or to be rendered in any capacity whatsoever in connection with the matters covered by this Application. There is no agreement or understanding between PSZ&J and any other person other than the partners of PSZ&J for the sharing of compensation to be received for services rendered in this case. PSZ&J has received payments from the Debtors during the year prior to the Petition Date in the amount of \$79,922.00

plus the Debtors' aggregate filing fees of \$2,078.00 in connection with preparation of initial documents and the prepetition representation of the Debtors. PSZ&J was current as of the Petition Date. Upon final reconciliation of the amount actually expended prepetition, any balance remaining from the payments to PSZ&J was credited to the Debtors and utilized as PSZ&J's retainer to apply to postpetition fees and expenses pursuant to the compensation procedures approved by this Court and the Bankruptcy Code.

Fee Statements

7. The fee statements for the Interim Period are attached hereto as Exhibit A. These statements contain daily time logs describing the time spent by each attorney and paraprofessional during the Interim Period. To the best of PSZ&J's knowledge, this Application complies with sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules and the Administrative Order. PSZ&J's time reports are initially handwritten by the attorney or paralegal performing the described services. The time reports are organized on a daily basis. PSZ&J is particularly sensitive to issues of "lumping" and, unless time was spent in one time frame on a variety of different matters for a particular client, separate time entries are set forth in the time reports. PSZ&J's charges for its professional services are based upon the time, nature, extent and value of such services and the cost of comparable services other than in a case under the Bankruptcy Code. PSZ&J has reduced its charges related to any non-working "travel time" to fifty percent (50%) of PSZ&J's standard hourly rate. To the extent it is feasible, PSZ&J professionals attempt to work during travel.

Actual and Necessary Expenses

8. A summary of actual and necessary expenses incurred by PSZ&J for the Interim Period is attached hereto as part of Exhibit A. PSZ&J customarily charges \$0.10 per page for photocopying expenses related to cases, such as this one, arising in Delaware. PSZ&J's photocopying machines automatically record the number of copies made when the person that is doing the copying enters the client's account number into a device attached to the photocopier. PSZ&J summarizes each client's photocopying charges on a daily basis.

9. PSZ&J charges \$1.00 per page for out-going facsimile transmissions. There is no additional charge for long distance telephone calls on faxes. The charge for outgoing facsimile transmissions reflects PSZ&J's calculation of the actual costs incurred by PSZ&J for the machines, supplies and extra labor expenses associated with sending telecopies and is reasonable in relation to the amount charged by outside vendors who provide similar services. PSZ&J does not charge the Debtors for the receipt of faxes in this case.

10. With respect to providers of on-line legal research services (e.g., LEXIS and WESTLAW), PSZ&J charges the standard usage rates these providers charge for computerized legal research. PSZ&J bills its clients the actual amounts charged by such services, with no premium. Any volume discount received by PSZ&J is passed on to the client.

11. PSZ&J believes the foregoing rates are the market rates that the majority of law firms charge clients for such services. In addition, PSZ&J believes that such charges are in accordance with the American Bar Association's ("ABA") guidelines, as set forth in the ABA's Statement of Principles, dated January 12, 1995, regarding billing for disbursements and other charges.

Summary of Services Rendered

12. The names of the partners and associates of PSZ&J who have rendered professional services in these cases during the Interim Period, and the paralegals and case management assistants of PSZ&J who provided services to these attorneys during the Interim Period, are set forth in the attached Exhibit A.

13. PSZ&J, by and through such persons, has prepared and assisted in the preparation of various motions and orders submitted to the Court for consideration, advised the Debtors on a regular basis with respect to various matters in connection with the Debtors' bankruptcy cases, and performed all necessary professional services which are described and narrated in detail below. PSZ&J's efforts have been extensive due to the size and complexity of the Debtors' bankruptcy cases.

Summary of Services by Project

14. The services rendered by PSZ&J during the Interim Period can be grouped into the categories set forth below. PSZ&J attempted to place the services provided in the category that best relates to such services. However, because certain services may relate to one or more categories, services pertaining to one category may in fact be included in another category. These services performed, by categories, are generally described below, with a more detailed identification of the actual services provided set forth on the attached Exhibit A. Exhibit A identifies the attorneys and paraprofessionals who rendered services relating to each category, along with the number of hours for each individual and the total compensation sought for each category.

A. Bankruptcy Litigation

15. During the Interim Period, the Firm, among other things: (1) performed work regarding Hearing Binders and Agenda Notices; and (2) attended to scheduling issues.

Fees: \$688.00; Hours: 2.10

B. Case Administration

16. During the Interim Period, the Firm, among other things: (1) maintained document control; (2) maintained a memorandum of Critical Dates; (3) reviewed documents and pleadings and distributed them to appropriate persons; (4) prepared Hearing Binders; and (5) maintained service lists.

Fees: \$1,496.00; Hours: 10.70

C. Compensation of Professionals

17. This category includes work related to the fee applications of the Firm. During the Interim Period, the Firm, among other things: (1) performed work regarding the Firm's March, April, May and June 2008 monthly and Third quarterly fee applications; and (2) monitored the status and timing of fee applications.

Fees: \$314.50; Hours: 1.00

D. Compensation of Professionals--Others

18. This category includes work related to the fee applications of professionals, other than the Firm. During the Interim Period, the Firm, among other things, performed work regarding the Tanner, Berger Singerman, Mesirov and Dorsey Whitney fee matters.

Fees: \$1,981.00; Hours: 8.70

E. Employee Benefits and Pensions

19. This category includes work related to employee benefits and pension plans. During the Interim Period, the Firm, among other things, performed work regarding stock option issues.

Fees: \$629.50; Hours: 2.10

F. Financial Filings

20. This category includes work related to compliance with reporting requirements. During the Interim Period, the Firm, among other things, performed work regarding Monthly Operating Reports.

Fees: \$158.00; Hours: 0.40

G. Plan and Disclosure Statement

21. This category includes work related to issues regarding a Plan of Reorganization (“Plan”) and Disclosure Statement. During the Interim Period, the Firm, among other things: (1) performed work regarding a motion to extend the exclusivity periods; (2) attended to notice issues; and (3) corresponded and conferred regarding Plan issues.

Fees: \$715.00; Hours: 2.00

H. Stay Litigation

22. This category includes work related to issues regarding the automatic stay and motions for relief from stay. During the Interim Period, the Firm, among other things, performed work regarding a stipulation.

Fees: \$118.50; Hours: 0.30

Valuation of Services

23. Attorneys and paraprofessionals of PSZ&J expended a total 27.30 hours in connection with their representation of the Debtors during the Interim Period, as follows:

Name of Professional Individual	Position of the Applicant, Number of Years in that Position, Prior Relevant Experience, Year of Obtaining License to Practice, Area of Expertise	Hourly Billing Rate (including Changes)	Total Hours Billed	Total Compensation
James E. O'Neill	Partner 2005; Member of PA Bar since 1985; Member of DE Bar since 2001	\$515.00	1.10	\$ 566.50
William L. Ramseyer	Of Counsel 1989; Member of CA Bar since 1980	\$450.00	0.40	\$ 180.00
Kathleen P. Makowski	Associate 2008; Member of PA Bar since 1996; Member of DE Bar since 1997	\$395.00	5.20	\$2,054.00
Karina K. Yee	Paralegal 2000	\$195.00	1.00	\$ 195.00
Margaret L. Oberholzer	Paralegal 2007	\$190.00	12.60	\$2,394.00
Sheryle L. Pitman	Case Management Assistant 2001	\$105.00	4.60	\$ 483.00
Charles J. Bouzoukis	Case Management Assistant 2001	\$ 95.00	2.40	\$ 228.00

Grand Total: \$ 6,100.50
Total Hours: 27.30
Blended Rate: \$ 223.46

24. The nature of work performed by these persons is fully set forth in Exhibit A attached hereto. These are PSZ&J's normal hourly rates for work of this character. The reasonable value of the services rendered by PSZ&J for the Debtors during the Interim Period is \$6,100.50.

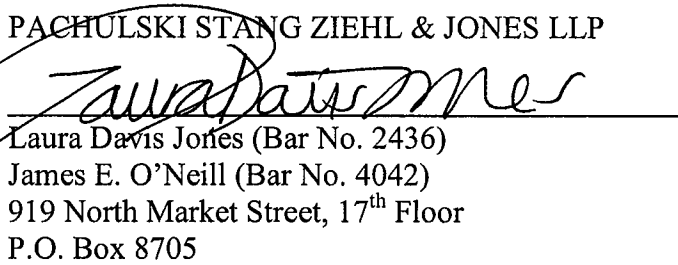
25. In accordance with the factors enumerated in section 330 of the Bankruptcy Code, it is respectfully submitted that the amount requested by PSZ&J is fair and reasonable given (a) the complexity of the case, (b) the time expended, (c) the nature and extent of the services rendered, (d) the value of such services, and (e) the costs of comparable services

other than in a case under the Bankruptcy Code. Moreover, PSZ&J has reviewed the requirements of Del. Bankr. LR 2016-2 and the Administrative Order and believes that this Application complies with such Rule and Order.

WHEREFORE, PSZ&J respectfully requests that, for the period August 1, 2008 through August 31, 2008, an interim allowance be made to PSZ&J for compensation in the amount of \$6,100.50 and actual and necessary expenses in the amount of \$1,414.20 for a total allowance of \$7,514.70, and payment of \$4,880.40 (80% of the allowed fees) and reimbursement of \$1,414.20 (100% of the allowed expenses) be authorized for a total payment of \$6,294.60 and for such other and further relief as this Court may deem just and proper.

Dated: November 12, 2008

PACHULSKI STANG ZIEHL & JONES LLP



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

Co-Counsel to the Debtors and Debtors in Possession

VERIFICATION

STATE OF DELAWARE :
:
COUNTY OF NEW CASTLE :

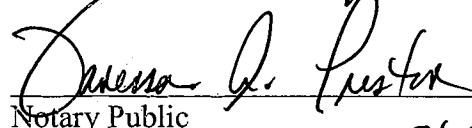
Laura Davis Jones, after being duly sworn according to law, deposes and says:

- a) I am a partner of the applicant law firm Pachulski Stang Ziehl & Jones LLP, and have been admitted to appear before this Court.
- b) I am thoroughly familiar with the work performed on behalf of the Debtors by the lawyers and paraprofessionals of PSZ&J.
- c) I have reviewed the foregoing Application and the facts set forth therein are true and correct to the best of my knowledge, information and belief. Moreover, I have reviewed Del. Bankr. LR 2016-2 and the Administrative Order signed on or about October 4, 2007, and submit that the Application substantially complies with such Rule and Order.



Laura Davis Jones

SWORN AND SUBSCRIBED
before me this 12th day of November, 2008.



Notary Public
My Commission Expires: 02-21-10 STATE OF DELAWARE
My commission expires March 21, 2010