Exhibit 2

Liquidation Analysis

<u>Notes to Liquidation Analysis</u>

<u>Note 1 – Cash and Cash Equivalents - Domestic</u>

At October 31, 2008, the Debtors had Cash and Cash Equivalents on hand of $670,000. SCO considers all investments purchased with original maturities of three or fewer months to be cash equivalents. The Debtors have $250,000 of cash that is federally insured. All remaining amounts of cash and cash equivalents exceed federally insured limits. The Debtors expect a 100% recovery in both the low and high scenarios.

<u>Note 2 – Cash and Cash Equivalents - Foreign</u>

At October 31, 2008, the Debtors had Cash and Cash Equivalents in foreign subsidiaries of $603,000. These funds are subject to repatriation taxes as well as costs to wind down and liquidate the foreign subsidiaries. As a result, the Debtors expect no recovery in the low scenario and 50% recovery in the high scenario.

<u>Note 3 – Restricted Cash</u>

At October 31, 2008, the Debtors had *Restricted Cash* of $2,271,000. Pursuant to the 1995 Asset Purchase Agreement and the Debtor's acquisition of assets and operations of The Santa Cruz Operation, SCO Group acts as an administrative agent in the collection of royalty payments from a limited number of pre-existing Novell customers who continue to deploy certain SVRx technology. Under the agency agreement, SCO Group collects payments from such customers, receives 5% as an administrative fee and remits the remaining 95% to Novell on a routine basis.

The balance as of October 31, 2008 includes $585,000 amounts collected related to this agency agreement, but not yet remitted to Novell and $133,000 for customer related refunds. The remaining balance of $1,553,000 is to be used for litigation costs according to the private placement as SCO Group pursues its legal claims against Novell/IBM and others. The Debtors expect $718,000 recovery on restricted cash in both the low and high scenarios to satisfy the associated royalties' liabilities.

<u>Note 4 – Accounts Receivable</u>

At October 31, 2008, the Debtors had $2,801,000 in *Accounts Receivable.* The Debtors offer credit terms on the sale of the Debtors' products to a majority of the Debtors' customers and requires no collateral from these customers. The Debtors perform ongoing credit evaluations of their customers' financial condition and maintain an allowance for doubtful accounts receivable based upon the Debtors' historical experience and a specific review of accounts receivable at the end of each year. The Debtors expect 70% recovery for the low scenario based upon the ability to sell the receivables to a collecting party and 90% high scenario based upon the Debtors' historical experience with collection and bad debt expense.

Note 5 – Inventories

At October 31, 2008, the Debtors had $147,000 in *Inventory.* Inventory consists of completed software products and supplies. Inventories are stated at the lower of cost (using the first-in, first-out method) or market value. The Debtors expect 5% recovery in the low scenario and 10% recovery in the high scenario.

Note 6 – Prepaid Expenses and Other Current Assets

At October 31, 2008, the Debtors had $1,125,000 in *Prepaid Expenses and Other Current Assets.* Prepaid expenses and other current assets include prepaid insurance, prepaid software maintenance and support, prepaid professional fees associated with its bankruptcy and rental deposits. Based upon the nature of the prepaid expenses, the insurance policy year and other considerations, the Debtors do not expect to recover any of these expenses in either the low scenario or the high scenario.

Note 7 – Net Property and Equipment

At October 31, 2008, the Debtors had $276,000 in *Net Property and Equipment.* Property and equipment consists of office equipment, leasehold improvements, and vehicles, net of depreciation.

Property and equipment are stated at cost, less accumulated depreciation and amortization. Computer equipment is depreciated using the straight-line method over the estimated useful life of the asset, which is typically three years. Furniture and fixtures and office equipment are depreciated using the straight-line method over the estimated useful life of the asset, typically three to five years. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the improvement or the remaining term of the applicable lease.

The Debtors expect 15% recovery in the low scenario and 25% recovery in the high scenario.

Note 8 – Legal Causes of Action

Refer to "Pending Litigation" in Article III, Section (B), above.

The Debtor expects no recovery in both low and high scenarios.

Note 9– Other Assets

At October 31, 2008, the Debtors have other assets of $365,000. Other assets represent the SCO Group's investment in a joint venture in China to market and distribute Unix based products. The Debtors expect 100% recovery in both low and high scenarios.

Note 10 - Allocation of Net Liquidation Value to Secured, Administrative, Priority and Unsecured Claims and Equity Interests

For purposes of the Liquidation Analysis, it is assumed that the Estates will not incur any tax liability since the Debtors have net operating loss carry forwards of $180 million. The *Net Liquidation Value After Taxes* is allocated in accordance with the priorities set forth in the Bankruptcy Code.

Miscellaneous Secured Claims (Class 2), if any, are assumed to be satisfied from the proceeds resulting from the liquidation of the underlying collateral. The net liquidation proceeds available to satisfy the Allowed Secured Claims (if any) are assumed to be distributed to the holders thereof immediately upon the liquidation of the underlying collateral, which shall occur as soon as practicable after the Hypothetical Conversion Date but in no event later than the Distribution Date. The Debtors are not aware of any Secured Claims.

Chapter 11 Professional Fees and Expenses incurred from the commencement of the Chapter 11 Case through the Hypothetical Conversion Date are projected to total approximately $3.0 million. Any amounts that are unpaid and outstanding as of the Hypothetical Conversion Date will be paid as soon as practicable after such amounts become Allowed Administrative Expense Claims. Such outstanding Allowed *Chapter 11 Professional Fees and Expenses* will be satisfied from proceeds of the liquidation. Unpaid *Chapter 11 Professional Fees and Expenses* at October 31, 2008 are $456,000.

Chapter 7 Professional Fees and Expenses incurred during the period from the Hypothetical Conversion Date through the Distribution Date are estimated to total $250,000. It is assumed that such amounts will be approved by the Bankruptcy Court and paid on or about the Distribution Date.

Chapter 7 Trustee Fees are estimated in accordance with the upper limit established under section 326 of the Bankruptcy Code. *Chapter 7 Trustee Fees* incurred during the period from the Hypothetical Conversion Date through the Distribution Date are estimated to total $140,646 in the low scenario and $163,023 in the high scenario. Accordingly, for the purposes of the Liquidation Analysis, the *Chapter 7 Trustee Fees* are computed to equal: 25% of the first $5,000 disbursed or turned over by the Chapter 7 trustee to parties-in-interest; 10% on any amount disbursed or turned over in excess of $5,000, but not in excess of $50,000; 5% on any amount disbursed or turned over in excess of $50,000, but not in excess of $1 million; and, 3% on any amount disbursed or turned over in excess of $1 million.

Wind-Down Fees and Expenses incurred during the period from the Hypothetical Conversion Date through the Distribution Date are estimated to total $1,418,000 in the low scenario and $859,700 in the high scenario.

Under the low scenario, the Debtors assume that the wind down will last six months to fulfill obligations under service support agreements, which are generally one year in length. SCO Group intends to continue to employ certain key management through this process (e.g. Human Resources Director, CFO, as well as certain support personnel). The Debtors intend to pay certain non-management employees an incentive bonus to complete the wind-down. These bonuses aggregate an estimated to be $121,667.

Under the high scenario, the Debtors assume that the wind down will last three months and the Debtors will not fulfill obligations under service support agreements after that time period. The Debtors also assumes no penalties or miscellaneous fees associated with terminating the service support agreements. SCO Group intends to continue to employ certain key management through this process (e.g. Human Resources Director, CFO, as well as certain support personnel). The Debtors intend to pay certain non-management employees an incentive bonus. These bonuses aggregate to an estimated to be $121,667.

Administrative Expense Claims (Novell) represent unpaid post-petition royalties collected in the ordinary course of business for Novell. The Debtor estimates that these royalties claims outstanding as of the Conversion Date will total approximately $594,000.

Administrative Expense Claims (Excluding Professional/Trustee Fees and Expenses) include unpaid post-petition liabilities incurred in the ordinary course of business. The Debtor estimates that the Administrative Expense Claims (Excluding Professional/Trustee Fees and Expenses) outstanding as of the Conversion Date will total approximately $1,869,000. Post-petition liabilities consist of trade payable, royalties payable, wages payable, and certain accrued expenses. Because liquidation proceeds are projected to be sufficient to satisfy all such Allowed administrative claims in full, the Administrative Expense Claims (Excluding Professional/Trustee Fees and Expenses) have not been segregated and prioritized. If the Net Liquidation Value After Secured Claims is not sufficient to satisfy all Allowed Administrative Expense Claims, the outstanding Allowed Administrative Expense Claims arising during the Chapter 7 case would be paid in full prior to any distributions being made in respect of any outstanding Allowed Administrative Expense Claims arising during the Chapter 11 Case that are not Allowed Chapter 11 Fees.

Certain Claims against the Debtors are entitled to priority under the Bankruptcy Code. Such Claims consist of Priority Non-Tax Claims (Class 1). The Debtors are unaware of any Priority Non-Tax Claims (Class 1). Priority Tax Claims consist of Allowed Claims entitled to priority of payment under Section 507(a) of the Bankruptcy Code. The Claims will be paid in full on the Effective Date or as soon thereafter as practicable. The Debtors are not aware of any Priority Non-Tax Claims.

General Unsecured Claims Other Than Novell/IBM and Red Hat (Class 3) consist of all General Unsecured Claims against the Debtors other than those in Class 4. The Debtors estimate that the General Unsecured Claims total approximately $2,373,300 in the low scenario and high scenario. General Unsecured Claims include unsecured trade payables.

General Unsecured Claims – Foreign Subsidiaries and Operating Accruals (Class 3) consist of all General Unsecured Claims against the Debtors foreign subsidiaries principally legal and foreign withholding tax claims other than those in Class 4. In addition, General Unsecured Claims include estimated refunds and claims associated with early termination of service and support contracts. In the low scenario, these refunds and claims are estimated to be $698,000 assuming a six month wind down. In the high scenario, these refunds and claims are estimated to be $897,000 assuming a three month wind down. The Debtors estimate that the General Unsecured Claims – Foreign Subsidiaries and Operating Accruals to total approximately $1,387,000 in the low scenario and $1,586,000 in the high scenario.

General Unsecured Claims of Novell, IBM and Red Hat (Class 4) consists of all Claims pending in Novell/IBM Litigation and the Red Hat Litigation as well as the Novell Judgment of $2,548,000 and related interest of $970,000 (totaling $3,518,000).

Equity Interests (Class 5) consists of holders of equity securities in SCO Group. The number of shares outstanding as of October 31, 2008 was 21,886,288.

SCHEDULE A

THE SCO GROUP, INC.

DISTRIBUTION IN CONNECTION WITH PROPOSED PLAN OF REORGANIZATION (UNAUDITED AS OF 10/31/08) [1,2]

(dollar amounts in thousands)

I. STATEMENT OF ASSETS	Note Reference	Book Value	Estimated Low Value	% Recovery	Estimated High Value	% Recovery
Cash and Cash Equivalents - Domestic	1	$ 670	$ 670	100%	$ 670	100%
Cash and Cash Equivalents - Foreign	2	603	151	25%	302	50%
Restricted Cash - Royalties	3	718	718	100%	718	100%
Restricted Cash - Legal	3	1,553	-	0%	-	0%
Accounts Receivable	4	2,801	1,961	70%	2,521	90%
Inventories	5	147	7	5%	15	10%
Prepaid Expenses and Other Current Assets	6	1,125	-	0%	-	0%
Net Property & Equipment	7	276	41	15%	69	25%
Legal Causes of Action	8	-	-	0%	-	0%
Other Assets	9	365	365	100%	365	100%
Estimated Value		**$ 8,258**	**$ 3,913**	**47%**	**$ 4,659**	**56%**

Notes:

[1] This schedule should be read in conjunction with " Liquidation Analysis".

[2] Discrepancies may exist relative to figures elsewhere in the Plan and Disclosure Statement due to rounding of numbers.

SCHEDULE B

THE SCO GROUP, INC.

DISTRIBUTION IN CONNECTION WITH PROPOSED PLAN OF REORGANIZATION (UNAUDITED AS OF 1/31/08) [1,2]

(dollar and share amounts in thousands)

II. ALLOCATION OF NET PLAN DISTRIBUTION PROCEEDS TO SECURED, ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS AND EQUITY INTERESTS - Note 10	Estimated Allowed Claims ($)	Estimated Low Value	% Recovery		Estimated Allowed Claims ($)	Estimated High Value	% Recovery
Net Plan Distribution Value		$ 3,913.2				$ 4,659.1	
Estimated Tax Liability of the Estate[3]		$ -				$ -	
Net Plan Distribution Value After Taxes		$ 3,913.2				$ 4,659.1	
Class 2 - Miscellaneous Secured Claims	$ -	$ -	100.0%		$ -	$ -	100.0%
Net Plan Distribution Value After Distribution to Secured Claims		$ 3,913.2				$ 4,659.1	
Chapter 11 Professional Fees and Expenses	$ 456.0	$ (296.3)	65.0%		$ 456.0	$ (456.0)	100.0%
Chapter 7 Professional/Trustee Fees and Expenses (See Schedule C)	$ 390.6	$ (390.6)	100.0%		$ 413.0	$ (413.0)	100.0%
Wind-Down Fees and Expenses (See Schedule D)	$ 1,418.0	$ (1,418.0)	100.0%	x	$ 859.7	$ (859.7)	100.0%
Administrative Claims (Novell royalties in restricted cash)	$ 594.0	$ (594.0)	100.0%	x	$ 594.0	$ (594.0)	100.0%
Administrative Claims (Excluding Professional/Trustee Fees and Expenses)	$ 1,869.0	$ (1,214.3)	65.0%	x	$ 1,869.0	$ (1,869.0)	100.0%
Net Plan Distribution Value After Distribution to Chapter 11 Administrative Claims		$ -				$ 467.4	
Priority Claims							
Priority Tax Claims							
Class 1 - Priority Non-tax Claims	$ -	$ -	0.0%		$ -	$ -	100.0%
Net Plan Distribution Value After Distribution to Priority Claims		$ -				$ 467.4	
Unsecured Claims							
Class 3 - General Unsecured Claims other than Novell / IBM	$ 2,373.3	$ -	0.0%		$ 2,373.3	$ (148.4)	6.3%
Class 3 - General Unsecured Claims - Foreign subsidiaries and on going operations accruals	$ 1,387.0	$ -	0.0%		$ 1,586.0	$ (99.1)	6.3%
Class 4 - General Unsecured Claims of Novell / IBM	$ 3,518.0	$ -	0.0%		$ 3,518.0	$ (219.9)	6.3%
Net Plan Distribution Value After Distribution to Unsecured Claims		$ -				$ -	
Estimated Shortfall on Unsecured Claims		$ (8,092.7)				$ (7,009.9)	
Net Plan Distribution Value Available After Allowed Claims		$ -				$ -	
Net Plan Distribution Value Available to Equity		$ -				$ -	
	Estimated Allowed Shares of Equity Securities						
Equity Interests							
Class 5 - Remaining Equity Interests	21,886.3	$ -	N/A			$ -	N/A
Net Plan Distribution Value Available After Distribution To Equity		$ -				$ -	

Notes:

[1] This schedule should be read in conjunction with Section VI (C) (viii) " Liquidation Analysis".

[2] Discrepancies may exist relative to figures elsewhere in the Plan and Disclosure Statement due to rounding of numbers.

[3] The Debtor has NOL carryforwards of $180 million which is expected to eliminate any tax liability.

SUPPORT FOR SCHEDULE B

Adminstrative calculation	Prepetition (10/31/2008)	Post - Petition (10/31/2008)	Total (10/31/2008)
Trade payables		617	617
Prepetition claims from summary	2,373	-	2,373
Less: Professional fees C11 in Trade AP			-
Dorsey Whitney			-
Pachulski			-
Berger Singerman			-
Mesirow Financial			-
Tanner			-
Accrued payroll and benefits		914	914
Accrued unvouchered payables		63	63
Royalties payable		145	145
India rental accrual		-	-
G&A accruals		27	27
Sales accruals		76	76
R&D accruals		27	27
	2,373	1,869	4,242
Royalties payable to Novell*	-	594	594

*Note these are excluded for purpose of the liabilities as they will be paid by funds in restricted cash

Accrued professional fees and expenses	
Amounts included in AP	-
Accrued legal	49
Accrued professional fees	71
Accrued Chapter 11 fees	336
	456

Class 3 - General Unsecured Claims other than Novell / IBM	Low	High
Prepetition administrative expenses + other accruals	2,373	2,373
Prepetition accrued legal and R&D expenses		
Other	-	
	2,373	2,373

Class 3 - General Unsecured Claims foreign subs/operating expense	Low	High
Deferred revenues - 3 mos wind down	-	897
Deferred revenues - 6 mos wind down	698	
AT&T Pension liability	-	-
Income taxes payable - India taxes under appeal and withholding taxes	689	689
	1,387	1,586

Class 4 - General Unsecured Claims of Novell / IBM	Low	High
Novell Judgement and related interest	3,518	3,518

Listing of other accrued liabilities	Prepetition - non liquidate	Liquidate	Non liquidate	Total
Co-op advertising	-		124	124
Accrued legal	-	49		49
Accrued professional fees	125	71		196
Accrued C11 fees		336		336
Accrued unvouchered payables		63		63
AT&T Pension liability	872	-		872
G&A accruals		27		27
Other accruals		76		76
R&D accruals	199	27		226
Delapidation accrual	-		68	182
	1,196	649	192	2,151

Deferred revenues liability	Total	3 mos wind down	6 mos wind down
Services - contract	774	390	191
Mtnc Fees *(non liquidate)*	212	-	-
Deferred revenue - customer specific	24	24	24
Deferred revenue - India distributor legal claim	483	483	483
General sales RMA reserve *(non liquidate)*	126	-	-
	1,619	897	698

SCHEDULE C
THE SCO GROUP, INC.
TRUSTEE FEE CALCULATION

Low Estimated Value	Running Balance	%	Matrix	Fee Matrix Amount Charged	Fee
$3,913,200	$3,913,200	25%	<$5,000	$5,000	$1,250.0
	$3,908,200	10%	>$5,000, <$50,000	$45,000	$4,500.0
	$3,863,200	5%	>$50,000, <$1 million	$950,000	$47,500.0
	$2,913,200	3%	>$1 milllion	$2,913,200	$87,396.0
				Total Chapter 7 Trustee Fees	**$140,646**
				Total Chapter 7 Prof Fees and Exp.	**$250,000**
				Total Chapter 7 Prof./Trustee Fees and Expenses	**$390,646**

High Estimated Value	Running Balance	%	Matrix	Fee Matrix Amount Charged	Fee
$4,659,100	$4,659,100	25%	<$5,000	$5,000	$1,250.0
	$4,654,100	10%	>$5,000, <$50,000	$45,000	$4,500.0
	$4,609,100	5%	>$50,000, <$1 million	$950,000	$47,500.0
	$3,659,100	3%	>$1 milllion	$3,659,100	$109,773.0
				Total Chapter 7 Trustee Fees	**$163,023**
				Total Chapter 7 Prof Fees and Exp.	**$250,000**
				Total Chapter 7 Prof./Trustee Fees and Expenses	**$413,023**

SCHEDULE D
The SCO GROUP, INC.
Proposed Wind-Down Budget
(dollar amounts in thousands)

Estimated Low Value:

	Months					
	1	2	3	4	5	6
Salaries, Bonuses, and Benefits	$118	$118	$81	$90	$45	$120
Rent and Lease Expense	41	41	41	41	41	41
Office Expenses	3	3	3	3	3	3
Insurance	60	60	60	60	60	60
Utilities	17	17	17	17	17	17
Other	20	20	20	20	20	20
Total	**$259**	**$259**	**$222**	**$231**	**$186**	**$261**
Cumulative Total	**$259**	**$518**	**$740**	**$971**	**$1,157**	**$1,418**

Wind down is expected to be 6 months to fullfill obligations under service support agreements.

Estimated High Value:

	Months		
	1	2	3
Salaries, Bonuses, and Benefits	$118	$118	$201
Rent and Lease Expense	41	41	41
Office Expenses	3	3	3
Insurance	60	60	60
Utilities	17	17	17
Other	20	20	20
Total	**$259**	**$259**	**$342**
Cumulative Total	**$259**	**$518**	**$860**

Wind down is expected to be 3 months to fullfill obligations under service support agreements.