

Exhibit 3
Asset Sale Projections

Notes to Asset Sale Projections

The following notes describe the significant assumptions utilized in arriving at the estimated liquidation values and the estimated amounts of Allowed Claims and Allowed Equity Interests reflected at the various captions within the Asset Sale Projections . The Asset Sale Projections assume a range between a possible “Low” outcome and possible “High” outcome.

Note 1 – Cash and Cash Equivalents - Domestic

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.

Note 2 – Cash and Cash Equivalents - Foreign

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 a recovery 75% recovery.

Note 3 – Restricted Cash

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.

Note 4 – Accounts Receivable

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 90% recovery 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 no additional recovery on this asset as it will be included in the total selling pricing of the underlying business assets.

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 expect to recover \$110,000 for rent deposits associated with its New Jersey facility where key UNIX engineering efforts are made.

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 no additional recovery on this asset as it will be included in the total selling pricing of the underlying business assets.

Note 8 – Legal Causes of Action

Refer to “Pending Litigation” in Article III, Section (B) of the Disclosure Statement.

For purposes of the Disclosure Statement, the Debtors estimate no recovery in both low and high scenarios.

Note 9– Other Assets

At October 31, 2008, the Debtors have other assets having a value totaling \$365,000. Other assets represent the SCO Group’s equity interest in a joint venture in China to market and distribute Unix-based products. The Debtors expect 100% recovery of this asset.

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

For purposes of these projections, 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. Certain of the Debtors' professionals may hold retainers from which some or all of any unpaid Allowed Administrative Expenses may be satisfied. 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.

Wind-Down Fees and Expenses incurred during the period from the Hypothetical Sales Date through the Distribution Date are estimated to total \$1,418,000 in the low scenario and \$859,700 in the high scenario. These expenses are for collection of existing receivables, payment of creditors and winding down costs to ensure a smooth hand over of the Mobility and OpenServer business assets to the buyer as well as regulatory filings required with the SEC, tax authorities etc. 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).

These projections assume that obligations under service support agreements, which are generally one year in length, will be assumed by the Buyer. The Debtors also assume no penalties or miscellaneous fees associated with terminating or transferring 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).

Administrative Claims (Novell) represent unpaid post-petition royalties collected in the ordinary course of business for Novell. The Debtors estimate 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/U.S. 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 Expense Claims in full, the Administrative Expense Claims (Excluding Professional/U.S. 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. General Unsecured Claims include unsecured trade payables.

General Unsecured Claims – Foreign Subsidiaries 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. The Debtors estimate that the General Unsecured Claims total approximately \$1,196,000. General Unsecured Claims include unsecured trade payables.

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 363 SALE (UNAUDITED AS OF 10/31/08) ^(1,2)

(dollar amounts in thousands)

I. STATEMENT OF ASSETS

	Note Reference	Book Value	Distribution Estimated Value	% Recovery
Cash and Cash Equivalents - Domestic	1	\$ 670	\$ 670	100%
Cash and Cash Equivalents - Foreign	2	603	452	75%
Restricted Cash - Royalties	3	718	718	100%
Restricted Cash - legal	3	1,553	-	0%
Accounts Receivable	4	2,801	2,521	90%
Inventories	5	147	-	0%
Prepaid Expenses and Other Current Assets	6	1,125	113	10%
Net Property & Equipment	7	276	-	0%
Legal Causes of Action	8	-	-	0%
Other Assets	9	365	365	100%
Estimated Value		\$ 8,258	\$ 4,839	59%

Notes:

[1] This schedule should be read in conjunction with Notes to Asset Sale Projections

[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 WITH 363 SALE (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

Proceeds from 363 Sale of Mobility and UNIX Business Assets

Net Plan Distribution Value of Assets

Estimated Tax Liability of the Estate⁽³⁾

Net Plan Distribution Value After Taxes

	Estimated Value	% Recovery
	\$ 6,000.0	
	\$ 4,838.7	
	\$ -	
	\$ 10,838.7	
	Estimated Allowed Claims (\$)	
	\$ -	100.0%
	\$ 10,838.7	
Class 2 - Miscellaneous Secured Claims		
<i>Net Plan Distribution Value After Distribution to Secured Claims</i>		
	\$ 456.0	100.0%
Chapter 11 Professional Fees and Expenses	\$ -	NA
Chapter 7 Professional/Trustee Fees and Expenses (See Schedule C)	\$ (264.0)	100.0%
Wind down Expenses related to Asset Sale (See Schedule D)	\$ (594.0)	100.0%
Administrative Claims (Novell royalties in restricted cash)	\$ (1,869.0)	100.0%
Administrative Claims (Excluding Professional/Trustee Fees and Expenses)	\$ 7,655.7	
<i>Net Plan Distribution Value After Distribution to Chapter 11 Administrative Claims</i>		
Priority Claims		
Priority Tax Claims	\$ -	100.0%
Class 1 - Priority Non-tax Claims	\$ 7,655.7	
<i>Net Plan Distribution Value After Distribution to Priority Claims</i>		
Unsecured Claims		
Class 3 - General Unsecured Claims other than Novell / IBM	\$ 2,373.3	100.0%
Class 3 - General Unsecured Claims - Foreign subsidiaries and on going operations accruals	\$ 1,196.0	100.0%
Class 4 - General Unsecured Claims of Novell / IBM	\$ 3,518.0	100.0%
<i>Net Plan Distribution Value After Distribution to Unsecured Claims</i>	\$ 568.4	
Estimated Shortfall on Unsecured Claims	\$ -	
<i>Net Plan Distribution Value Available After Allowed Claims</i>	\$ 568.4	
<i>Net Plan Distribution Value Available to Equity</i>	\$ 568.4	
	Estimated	
	Allowed Shares of	
	Equity Securities	
Equity Interests		
Class 5 - Remaining Equity Interests	21,886.3	N/A
<i>Net Plan Distribution Value Available After Distribution To Equity Prior to Resolution of Litigation Claims</i>	\$ (568.4)	
	\$ -	

Notes:

- [1] This schedule should be read in conjunction with "Liquidation Analysis Considering the Effect of the 363 Asset Sale".
- [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.

SCHEDULE C
THE SCO GROUP, INC.
TRUSTEE FEE CALCULATION

Low Estimated Value	Running Balance	%	Matrix	Fee Matrix Amount Charged	Fee
\$0	\$0	25%	<\$5,000	\$5,000	\$1,250.0
	-\$5,000	10%	>\$5,000, <\$50,000	\$45,000	\$4,500.0
	-\$50,000	5%	>\$50,000, <\$1 million	\$950,000	\$47,500.0
	-\$1,000,000	3%	>\$1 million	-\$1,000,000	-\$30,000.0
				Total Chapter 7 Trustee Fees	\$23,250
				Total Chapter 7 Prof Fees and Exp.	\$250,000
				Total Chapter 7 Prof./Trustee Fees and Expenses	\$273,250

High Estimated Value	Running Balance	%	Matrix	Fee Matrix Amount Charged	Fee
\$4,838,650	\$4,838,650	25%	<\$5,000	\$5,000	\$1,250.0
	\$4,833,650	10%	>\$5,000, <\$50,000	\$45,000	\$4,500.0
	\$4,788,650	5%	>\$50,000, <\$1 million	\$950,000	\$47,500.0
	\$3,838,650	3%	>\$1 million	\$3,838,650	\$115,159.5
				Total Chapter 7 Trustee Fees	\$168,410
				Total Chapter 7 Prof Fees and Exp.	\$250,000
				Total Chapter 7 Prof./Trustee Fees and Expenses	\$418,410

SUPPORT FOR SCHEDULE B

		10/31/2008		
		Prepetition	Post - Petition	Total
Administrative calculation	2373260.85		617	617
Trade payables				
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
		<u>2,373</u>	<u>1,869</u>	<u>4,242</u>
Royalties payable to Novell			594	594
Accrued professional fees and expenses				
Amounts included in AP			-	-
Accrued legal			49	49
Accrued professional fees			71	71
Accrued Chapter 11 fees			<u>336</u>	<u>456</u>
			<u>456</u>	
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			-	-
			<u>2,373</u>	<u>2,373</u>
Class 3 - General Unsecured Claims foreign subs/operating expense				
Deferred revenues - 3 mos wind down			-	507
Deferred revenues - 6 mos wind down			507	
AT&T Pension liability			-	-
Income taxes payable - India taxes under appeal			<u>689</u>	<u>689</u>
			<u>1,196</u>	<u>1,196</u>
Class 4 - General Unsecured Claims of Novell / IBM				
Novell Judgement and related interest			<u>3,518</u>	<u>3,518</u>

		Prepetition - Non Liquidate	Liquidate	Non liquidate	Total
Listing of other accrued liabilities					
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
		<u>1,196</u>	<u>649</u>	<u>192</u>	<u>2,151</u>

		3 mos wind down		6 mos wind down	
Deferred revenues liability	Total				
Services - contract	774	-	-	-	-
Minc 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	-	-	-	-
	<u>1,619</u>	<u>507</u>		<u>507</u>	

SCHEDULE D
The SCO GROUP, INC.
Proposed 363 Sale Hand off Budget
(dollar amounts in thousands)

Estimated High Value:

	Months		
	1	2	3
Salaries, Bonuses, and Benefits	\$97	\$51	\$0
Rent and Lease Expense	23	-	-
Office Expenses	3	3	-
Insurance	60	-	-
Utilities	17	-	-
Other	10	-	-

Total	\$210	\$54	\$0
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Cumulative Total \$210 \$264 \$264

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