

Exhibit C

EXHIBIT "C"

BIDDING PROCEDURES

By motion dated February 4, 2009 (the "Motion"), The SCO Group, Inc. and SCO Operations, Inc. (collectively, the "Debtors"), sought, among other things, approval of the procedures by which the Debtors will seek proposals for a transaction or transactions that alone or in combination will allow the Debtors to maximize the value of their estates. On _____, 2009, the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") entered its order (the "Bidding Procedures Order"), which, among other things, authorized and directed the Debtors to market their assets to persons that may be interested in acquiring a portion of or substantially all of their mobility business or OpenServer business (the "Offered Assets"), including, without limitation the Debtors' interest in certain intellectual property and other personal property, pursuant to the procedures described below (the "Bidding Procedures").

Important Dates

The Debtors shall:

- Assist Potential Bidders in concluding their respective due diligence investigations and accept Bids and Adequate Assurance Packages (as defined herein) from Potential Bidders until 4:00 p.m. (Prevailing Eastern Time) on April ____, 2009;
- Negotiate first with Potential Bidders and then with Qualified Bidders in preparation for an auction (the "Auction") to be held on April ____, 2009, commencing at 10:00 a.m.; and
- Select the Successful Bidder(s) (as defined herein), with the consent of the Lenders and after consultation with the Committee, at the conclusion of the Auction and seek authority to sell assets to such Successful Bidder(s) at a hearing (the "Sale Hearing") to be held by the Bankruptcy Court on April ____, 2009, commencing at 10:00 a.m.
- Close and consummate the transaction with the Successful Bidder by the close of business on April 30, 2009.

Bid Requirements

Delivery of Bids. No later than 4:00 p.m. (Prevailing Eastern Time) on April ____, 2009 ("Bid Deadline"), each Potential Bidder interested in maintaining its participation in the bidding process must deliver copies of the Bid and supporting materials described herein to: (i) The SCO Group, Inc., 355 South 520 West, Suite 100, Lindon, Utah 84042 (Attn: Darl McBride and Ryan Tibbitts, Esq.); and (ii) attorneys for the Debtors, Berger Singerman P.A., 350 East Las Olas Boulevard, 10th Floor, Fort Lauderdale, Florida 33301 (Attn: Arthur J. Spector, Esq. and Douglas A. Bates, Esq.

Form and Content of Bid. A Bid is a signed letter from a Qualified Bidder stating that:

- a. The Qualified Bidder offers to purchase all or any portion of the Offered Assets for the following minimum price:
 - (i) All Assets: at least \$6,000,000
 - (ii) Mobility Business: at least \$2,000,000 or individually as follows:
 - (a) FCMobilelife: at least \$1,000,000
 - (b) HipCheck: at least \$500,000
 - (c) Shout: at least \$250,000
 - (d) Cloud Server: at least \$1,000,000
 - (iii) OpenServer Business: at least \$5,000,000; and
- b. The Qualified Bidder's offer is irrevocable until two business days after the earlier of: (i) the closing of the sale of the applicable Offered Assets, whether or not to such Qualified Bidder; or (ii) 45 days after the Sale Hearing.

Required Supporting Materials. A Qualified Bidder shall accompany (or precede) its Bid with:

- a. a signed "clean" version of the asset purchase agreement, substantially in the form attached to the Motion as Exhibit A not later than **April __, 2009** (which will supersede the form filed as Exhibit A to the Motion) (the "**Form APA**"), together with a marked version to reflect any proposed changes to the Form APA detailing all of the terms and conditions of the proposed transaction;¹
- b. written evidence of available cash, a commitment for financing or ability to obtain a satisfactory commitment if selected as the Successful Bidder (as defined below), and such other evidence of ability to consummate the transaction as the Debtors may reasonably request;
- c. a copy of a board resolution or similar document demonstrating the authority of the Qualified Bidder to make a binding and irrevocable Bid on the terms proposed; and
- d. to the extent that the Qualified Bidder proposes to include in its Bid the assumption and assignment of executory contracts or unexpired leases, a schedule showing such contracts and/or leases to be assumed and assigned together with evidence of the Qualified Bidder's ability to provide adequate assurance of future performance of such contracts and/or leases, such as audited financial statements of the Qualified Bidder, information regarding the capitalization of the Qualified Bidder, information allowing the Debtors to evaluate the value of any guaranties

¹ All asset purchase agreements that provide for the purchase of the Debtors' books and records must contain provisions allowing the Debtors reasonable access to these books records for purpose of administering their bankruptcy cases.

being provided by affiliates of a Qualified Bidder of its obligations under any assumed and assigned executory.

Required Good Faith Deposit. By the Bid Deadline, a Qualified Bidder must provide a good faith deposit (the "Good Faith Deposit") equal to 10% of such Qualified Bidder's purchase price. The Good Faith Deposit must be made by certified check or wire transfer and will be held by the Debtors in a segregated account.

Qualified Bid. A Bid received from a Potential Bidder that meets the requirements above (as determined by the Debtors) is considered a "**Qualified Bid.**" The Debtors reserve the right, in their discretion, to waive noncompliance with any one or more of these requirements and deem an otherwise not qualified bid to be a Qualified Bid. The Debtors will advise all Qualified Bidders of any such waiver and the basis for which it was granted at the Auction.

Stalking Horse Bidder, Break Up Fee and Expense Reimbursement

Prior to or after the submission of bids, the Debtors may enter into an agreement (the "Stalking Horse Bid"), subject to higher and better offers at the Auction, providing an expense reimbursement of documented, actual out-of-pocket expenses not to exceed \$30,000 (the "Expense Reimbursement") and a breakup fee (the "Breakup Fee") of up to 3% of the total value of such bid (provided that if any such consent is not provided, the Debtors reserve the right to seek Bankruptcy Court approval of a Breakup Fee); provided, however, that the Debtors shall designate any Stalking Horse Bid(s) and file a notice of such designation(s) with the Bankruptcy Court no later than 24 hours prior to the commencement of the Auction.

Conduct and Termination of Bidding Process

The Debtors will: (a) determine whether any Potential Bidder satisfies the requirements specified above to become a Qualified Bidder; (b) coordinate the efforts of Potential Bidders in conducting their respective due diligence investigations regarding the Offered Assets; (c) determine whether to remove any of the Offered Assets from the sale process under these Bidding Procedures; (d) evaluate bids from Qualified Bidders and determine whether any such bid is a Qualified Bid; (e) negotiate any bid made to purchase some or all of the Offered Assets, and negotiate any related transaction issues; and (f) make such other determinations as are provided in these Bidding Procedures.

Auction Participation – Qualified Participants and Baseline Bid

Only a Qualified Bidder that has submitted a Qualified Bid is eligible to participate at the Auction. The Debtors will determine, based on the nature of the Qualified Bids received and in their reasonable discretion, whether to (a) conduct separate Auctions for the sale of individual assets, and/or (b) conduct a single Auction of all of the Offered Assets. Unless there is a Stalking Horse Bid for each such Auction to be conducted, the Debtors will select, in their reasonable discretion, the highest or otherwise best bid (the "Baseline Bid") to serve as the starting point for the Auction. The Baseline Bid may be comprised of a combination of Qualified Bids.

The Auction

Time and Place. The Auction will be conducted on April ____, 2009 at the offices of Pachulski Stang Ziehl & Jones, LLP, 919 North Market Street, 17th Floor, Wilmington, Delaware 19899, **commencing at 10:00 a.m. (Prevailing Eastern Time)**, at or such later time as announced in open Court or designated by the Court.

Competitive Bidding. At the Auction, participants will be permitted to increase their bids and will be permitted to bid based only upon the terms of the Baseline Bid (except to the extent otherwise authorized by the Debtors). Unless there is a Stalking Horse Bid, the bidding will start at the purchase price and terms proposed in the Baseline Bid, and continue in increments of at least \$20,000.00 in cash or cash equivalents (or such other increment announced by the Debtors, prior to the start of or during the Auction); provided, however, that if there is a stalking horse bid, Expense Reimbursement and/or Breakup Fee, the initial overbid must exceed the approved Expense Reimbursement and Breakup Fee by at least \$25,000. *The Debtors also retain discretion with respect to how to conduct the Auction if Bids are received in differing packages of Offered Assets.*

Evaluation of Qualified Bids. For the purpose of determining the Baseline Bid and whether a Qualified Bid submitted at the Auction is higher or otherwise better, the Qualified Bid will be valued based upon factors such as: (a) the purported amount of the Qualified Bid; (b) the fair value to be provided to the Debtors under the Qualified Bid; (c) the ability to consummate any proposed sale transaction; (d) whether the Qualified Bidder intends to preserve the jobs of any of the Debtors' current employees; and (e) any other factors that the Debtors may deem relevant. Upon the submission of any bid at the Auction, the Debtors shall announce to all participants whether the bid submitted is higher or otherwise better than the previously submitted bid.

Adoption of Auction Rules. The Debtors may adopt rules for the bidding process at the Auction that, in their discretion, will best promote the goals of the bidding process and are not inconsistent with any of the provisions of the Bidding Procedures described herein. Nothing herein will prevent the Debtors from having separate negotiations with bidders during the Auction provided that the announcement of any bids actually made will be made in one room, on an open basis.

Designation of Successful Bidder. Immediately prior to the conclusion of any Auction, the Debtors will: (a) review each bid made at the Auction on the basis of financial and contractual terms and such factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the proposed sale; (b) in their discretion, identify the highest and best bid for the applicable Offered Assets at the Auction (the "Successful Bid"); and (c) notify all Qualified Bidders participating in the Auction, prior to their adjournment, of the name or names of the Qualified Bidder(s) making the Successful Bid for the applicable Offered Assets (the "Successful Bidder"), and the amount and other material terms of the Successful Bid. The Debtors shall also have the right to seek Bankruptcy Court approval, at or after the Sale Hearing, for one or more Qualified Bids to serve as a back-up bid, to close in the event that a Successful Bid shall fail to close. At the closing of the transaction contemplated by the Successful Bid, the Successful Bidder will be entitled to a credit for the amount of its Good Faith

Deposit. Absent irregularities occurring in the course of the Auction, no further bids will be accepted after the close of the Auction.

Presentation of Successful Bids to the Bankruptcy Court. At the Sale Hearing, the Debtors will present each Successful Bid (and may in its discretion, present one or more back up bids) to the Bankruptcy Court for approval.

Acceptance of Qualified Bids

The Debtors presently intend to sell the Offered Assets to the Qualified Bidder(s) that submit(s) the highest and best bid(s). The Debtors' presentation to the Bankruptcy Court for approval of any Successful Bid does not constitute the Debtors' acceptance of such bid. The Debtors will be deemed to have accepted a bid only when it has been approved by the Bankruptcy Court at the Sale Hearing.

Return of Good Faith Deposit

The Good Faith Deposit of a Qualified Bidder shall be returned within three business days of the earlier of (a) the closing of a sale transaction on the portion of the Offered Assets on which the Qualified Bidder made a bid or (b) 45 days after the Sale Hearing. If the Successful Bidder does not close the approved sale, then (in addition to any back up bid previously approved by the Bankruptcy Court) the Debtors will have the right to present any other bid, whether made prior to or at the Auction, to the Bankruptcy Court for approval.

Reservation of Rights and Modifications

The Debtors may: (1) determine, in their business judgment, which bid or bids, if any, constitute the highest or otherwise best offer for the applicable Offered Assets; and (2) reject, at any time before entry of an order of the Bankruptcy Court approving any bid as the Successful Bid, any bid that, in the Debtors' sole discretion, is (a) inadequate or insufficient; (b) not in conformity with the requirements of the Bankruptcy Code or the Bidding Procedures; or (c) contrary to the best interests of the Debtors and their estates and creditors. The Debtors may extend or alter any deadline contained herein that will better promote the maximization of their estates.

The Sale Hearing

The Sale Hearing is scheduled to be conducted on April __, 2009, commencing at [TBD] a.m./p.m. (Prevailing Eastern Time) at the United States Bankruptcy Court, 824 North Market Street, Third Floor, Wilmington, Delaware 19801. If any Successful Bidder is selected by the Debtors, the Debtors will seek the entry of an order from the Bankruptcy Court at the Sale Hearing approving and authorizing the proposed sale to the Successful Bidder(s) on the terms and conditions of the Successful Bid.

Miscellaneous

The Debtors reserve the right to make changes in these Bidding Procedures to promote the realization of the highest and best offers for the Offered Assets.