

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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

Objection Deadline: October 4, 2010 at 4:00 p.m.
Hearing Date: TBD

**TWENTY-THIRD MONTHLY APPLICATION OF TANNER LC FOR
COMPENSATION FOR SERVICES AND REIMBURSEMENT OF EXPENSES,
AS ACCOUNTANTS TO THE DEBTORS FOR
THE PERIOD FROM JULY 1, 2010 THROUGH JULY 31, 2010**

Name of Applicant:	Tanner LC
Authorized to Provide Professional Services to:	Debtors in Possession / Chapter 11 Trustee
Date of Retention:	Effective October 2, 2007 by Order Entered December 5, 2007 for audit and quarterly review services; expanded effective October 3, 2008 by Order Entered November 20, 2008 for audit and quarterly review services; expanded effective January 10, 2008 by Order Entered February 5, 2008 for the preparation of federal and state income tax returns; expanded effective December 29, 2008 by Order Entered January 28, 2009 for the preparation of federal and state income tax returns; expanded effective September 14, 2009 by Order Entered October 23, 2009 for audit of 401(k) plan; expanded effective March 31, 2010 by Order Entered September 8, 2010 for audit of 401(k) plan
Period for which Compensation and	July 1, 2010 through July 31, 2010 ²

¹The 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.

²This Application reserves the right to include any fees expended in the time period indicated above in future application(s) if it is not included herein.

Reimbursement is Sought:	
Amount of Compensation Sought as Actual, Reasonable and Necessary:	\$6,000.00
Amount of Expense Reimbursement Sought as Actual, Reasonable and Necessary:	\$226.00

This is a: interim ___ final application.

The time expended for reviewing and revising the fee application is approximately 3 hours and the corresponding compensation will be requested in a subsequent interim application.

PRIOR APPLICATIONS FILED

Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
December 21, 2007	10/5/2007 – 11/5/2007	\$ 28,499	\$450	\$28,499	\$450
December 21, 2007	11/6/2007 – 12/5/2007	\$19,001	\$1,534	\$19,001	\$1,534
January 8, 2008	12/6/07 – 1/4/08	\$65,955	\$1,523	\$65,955	\$1,523
February 4, 2008	1/5/08 – 2/1/08	\$98,095	\$437	\$98,095	\$437
March 4, 2008	2/2/08 – 3/3/08	\$32,868	\$1,484	\$32,868	\$1,484
April 1, 2008	3/4/08 – 3/31/08	\$28,441	\$283	\$28,441	\$283
May 2, 2008	4/1/08 – 4/30/08	\$8,574	\$71	\$8,574	\$71
June 3, 2008	5/1/08-5/31/08	\$16,459	\$326	\$16,459	\$326
July 2, 2008	6/1/08-6/30/08	\$53,613	\$440	\$53,613	\$440
August 7, 2008	7/1/08-7/31/08	\$14,450	\$59	\$14,450	\$59
September 2, 2008	8/1/08-8/31/08	\$14,730	\$423	\$14,730	\$423
October 7, 2008	9/1/08-9/30/08	\$17,263	\$59	\$17,263	\$59
November 11, 2008	10/1/08-10/31/08	\$23,480	\$777	\$23,480	\$777

Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
December 1, 2008	11/1/08-11/30/08	\$12,139	\$78	\$12,139	\$78
January 5, 2009	12/1/08-12/31/08	\$82,447	\$2,191	\$82,447	\$2,191
February 3, 2009	1/1/09-1/31/09	\$96,507	\$3,506	\$96,507	\$3,506
March 5, 2009	2/1/09-3/4/09	\$17,938	\$154	\$17,938	\$154
April 1, 2009	3/5/09-3/31/09	\$19,569	\$48	\$19,569	\$48
July 1, 2009	6/1/09-6/30/09	\$4,126	\$0	\$3,300	\$0
August 31, 2009	8/1/09-8/31/09	\$685	\$0	\$548	\$0
October 7, 2009	9/1/09-9/30/09	\$8,600	\$576	\$6,880	\$576

SUMMARY OF PROFESSIONAL TIME

PROFESSIONALS:

Name	Position of Applicant, Number of Years in Position	Total Hours	Hourly Rate	Total Fee
Joe Hadley	Staff, 2.5	1.50	\$105.00	\$157.50
Jeff Hansen	Senior, 1	6.25	\$158.00	\$987.50
Nick Madsen	Staff, 2	13.58	\$110.01	\$1,494.00
Todd McKinnon	Partner, 2	0.50	\$330.00	\$165.00
Brad Olsen	Manager, 3.5	2.80	\$220.00	\$616.00
Tyler Peterson	Senior, 1.5	0.25	\$110.00	\$27.50
Edwin Van Stam	Senior, 2	11.25	\$158.00	\$1,777.50
Jonathan Whipple	Staff, .25	7.75	\$100.00	\$775.00
Subtotals		43.88		\$6,000.00

TOTAL HOURS BY PROFESSIONALS: **43.88**
 "BLENDED" HOURLY RATE: **\$136.74**
 TOTAL PROFESSIONAL FEES: **\$6,000.00**

COMPENSATION BY CATEGORY

Project Categories	Total Hours	Total Fees
401(k) Audit	43.88	\$6,000.00
TOTAL	43.88	\$6,000.00

EXPENSE SUMMARY

Category	Service Desc	Last Name	Date	Exp
Exp	Telephone	Hansen	06/22/2010	5.00
Exp	Mileage	Madsen	Various	71.00
Exp	Mileage	Olsen	07/14/2010	36.00
Exp	Meals client	Olsen	07/14/2010	34.50
Exp	Postage	Arave	Various	79.50
				<u>226.00</u>

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**TWENTY-THIRD MONTHLY APPLICATION OF TANNER LC FOR
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF
EXPENSES AS ACCOUNTANTS TO THE DEBTORS IN POSSESSION FOR
THE PERIOD FROM JULY 1, 2010 THROUGH JULY 31, 2010**

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*, entered on or about October 4, 2007 (the “Administrative Order”) (Docket No. 95), Tanner LC (“Tanner”), accountants to the Debtors in Possession (“Debtors”), submits its twenty-third monthly application (the “Application”) seeking compensation and reimbursement of expenses for the period of July 1, 2010 through July 31, 2010 (the “Application Period”).

By this Application, Tanner requests an interim award of compensation in the amount of \$6,000.00 and reimbursement of actual and necessary expenses in the amount of \$226.00 for a total allowance of \$6,226.00 and payment of \$4,800.00 (80% of the allowed fees) and reimbursement of \$226.00 (100% of the allowed expenses) for a total payment of \$5,026.00 for the Application Period. In support of this Application, Tanner respectfully represents as follows:

¹The 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.

BACKGROUND

1. On September 14, 2007 (the "Petition Date"), the Debtors commenced these cases (the "Chapter 11 Cases") by filing voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.

2. On or about October 4, 2007, the Court entered the Administrative Order, authorizing estate 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 20 days after service of the monthly fee application the Professional may file a certificate of no objection, after which the Debtors are authorized to pay the Professional 80% of the requested fees and 100% of the requested expenses. Beginning with the period ended on December 31, 2007 and at three-month intervals, or such other intervals convenient to the Court, the 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 allowed on an interim basis until finally allowed by the Court.

3. The retention of Tanner, as accountants to the Debtors was approved effective as of October 2, 2007 by the *Order Authorizing the Employment and Retention of Tanner LC as Accountants to the Debtors*, entered on December 5, 2007 (the "Retention Order") (Docket No. 259). The Retention Order authorized Tanner to be compensated on an hourly basis for audit and other accounting services, as well as authorized Tanner to be compensated a fixed fee of \$22,500 for reviews of three Form 10-Qs to be filed by The SCO Group, Inc. for the fiscal quarters ended January 31, 2008, April 30, 2008 and July 31, 2008. The Retention Order also authorized Tanner to be reimbursed for actual and necessary out-of-pocket expenses.

4. On January 15, 2008, the Debtors filed the *Debtors' Motion To Approve The Expansion Of The Scope Of Retention Of Tanner LC To Prepare Tax Returns For The Debtors Nunc Pro Tunc To January 10, 2008* (Docket No. 311) seeking to expand the scope of Tanner's retention to include the preparation of the Debtors' consolidated federal and state income tax returns for their fiscal year ended October 31, 2007. No objection to the expanded retention was filed and on February 5, 2008, the Court entered the *Order Approving Expansion of the Scope of Employment of Tanner LC as Accountants to the Debtors Nunc Pro Tunc to January 10, 2008* (Docket No. 330) (the "Expansion Order"). The Expansion Order authorized Tanner to be compensated on an hourly basis for tax services.

5. On April 30, 2008, the Debtors filed the *Debtors' Motion To Approve The Expansion Of The Scope Of Retention Of Tanner LC To Audit the Debtors' 401(k) Plan for the Year Ended December 31, 2007 Nunc Pro Tunc To April 2, 2008* (Docket No. 461) seeking to expand the scope of Tanner's retention to include the audit of the Debtors' 401(k) plan for the year ended December 31, 2007. No objection to the expanded retention was filed and on June 8, 2008, the Court entered the *Order Approving Expansion of the Scope of Employment of Tanner LC as Accountants to the Debtors nunc pro tunc to April 2, 2008* (Docket No. 488) (the "Second Expansion Order"). The Second Expansion Order authorized Tanner to be compensated a fixed fee of \$17,000 for 401(k) audit services. The Second Expansion Order also authorized Tanner to be reimbursed for actual and necessary out-of-pocket expenses.

6. On October 11, 2008, the Debtors filed a motion to approve the expansion of the scope of retention of Tanner LC to perform the audit of the Debtors' consolidated financial statements for the fiscal year ended October 31, 2008 and to perform quarterly reviews during the fiscal year ending October 31, 2009, *nunc pro tunc* to October 3, 2008. No objection to the

expanded retention was filed and on November 20, 2008, the Court entered the *Order Approving Expansion of the Scope of Employment of Tanner LC as Accountants to the Debtors Nunc Pro Tunc to October 3, 2008* (Docket No. 577) (the “Third Expansion Order”). The Third Expansion Order authorized Tanner to be compensated \$198,000 for the audit of the Debtors’ consolidated financial statements for the fiscal year ended October 31, 2008 and \$23,500 for each quarterly review of the Debtor’s interim consolidated financial statements for the quarters ending January 31, 2009, April 30, 2009 and July 31, 2009. The Third Expansion Order also authorized Tanner to be reimbursed for actual and necessary out-of-pocket expenses.

7. On December 29, 2008, the Debtors filed a motion to approve the expansion of the scope of retention of Tanner LC to prepare consolidated federal income and state income tax returns for The SCO Group, Inc. and to prepare the stand-alone state income tax return of SCO Operations, Inc. for the fiscal year ended October 31, 2008 *nunc pro tunc* to December 3, 2008. No objection to the expanded retention was filed and on January 28, 2009, the Court entered the *Order Approving Expansion of the Scope of Employment of Tanner LC as Accountants to the Debtors Nunc Pro Tunc to October 3, 2008* (Docket No. 645) (the “Fourth Expansion Motion”). The Fourth Expansion Order authorized Tanner to be compensated on an hourly basis plus reimbursement of actual and necessary out-of-pocket expenses.

8. On September 24, 2009, the Chapter 11 Trustee filed the *Notice Of Motion Of The Chapter 11 Trustee To Approve The Expansion Of The Scope Of Retention Of Tanner LC To Audit the Debtors’ 401(k) Plan for the Year Ended December 31, 2008 In Accordance with ERISA Rules and Regulations For The Debtors Nunc Pro Tunc To September 14, 2009* (Docket No. 917) seeking to expand the scope of Tanner’s retention to include the audit of the Debtors’ 401(k) plan for the year ended December 31, 2008. No objection to the expanded retention was

filed and on October 23, 2009, the Court entered the *Order Approving Expansion of the Scope of Employment of Tanner LC as Accountants to the Debtors Nunc Pro Tunc to September 14, 2009* (Docket No. 938) (the “Fifth Expansion Order”). The Fifth Expansion Order authorized Tanner to be compensated a fixed fee of \$17,500 for 401(k) audit services and to be reimbursed for actual and necessary out-of-pocket expenses.

9. On August 13, 2010, the Chapter 11 Trustee filed the *Motion Of The Chapter 11 Trustee To Approve The Further Expansion Of The Scope Of Retention Of Tanner LC To Audit the Debtors’ 401(k) Plan for the Year Ended December 31, 2009 In Accordance with ERISA Rules and Regulations For The Debtors Nunc Pro Tunc To March 31, 2010* (Docket No. 1149) seeking to expand the scope of Tanner’s retention to include the audit of the Debtors’ 401(k) plan for the year ended December 31, 2009. No objection to the expanded retention was filed and on September 8, 2010, the Court entered the *Order Approving Expansion of the Scope of Employment of Tanner LC as Accountants to the Debtors Nunc Pro Tunc to March 31, 2010* (Docket No. 1169) (the “Sixth Expansion Order”). The Sixth Expansion Order authorized Tanner to be compensated a fixed fee of \$12,500 for 401(k) audit services and to be reimbursed for actual and necessary out-of-pocket expenses.

TANNER’S APPLICATION FOR COMPENSATION AND FOR REIMBURSEMENT OF EXPENSES

Compensation Paid and Its Source

10. All services for which Tanner requests compensation were performed for or on behalf of the Debtors.

11. Tanner has received no payment and no promises for payment from any source 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 Tanner and any other person other than the partners of Tanner for the sharing of compensation to be received for services rendered in this case.

Fee Statements

12. The fee statements for the Application Period are attached hereto as Exhibit A. These statements contain daily time logs describing the time spent by each accountant during the Application Period. To the best of Tanner's knowledge and belief, this Application complies with sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules and the Administrative Order. Tanner's time reports are initially either handwritten or directly entered into the Tanner's timekeeping program by the accountant performing the described services. The time reports are organized on a daily basis. Tanner has separate billing numbers for the different categories of services it provides to the Debtors 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. Tanner charges its clients for professional services on an hourly or fixed fee basis, depending on the nature of the services, and its hourly and fixed rates are customary and comparable for professionals in bankruptcy and non-bankruptcy matters. In accordance with Del. Bankr. L. R. 2016-2(d)(viii), Tanner has reduced its charges related to any non-working "travel time" to 50% of Tanner's standard hourly rate. To the extent it is feasible, Tanner's professionals attempt to work during travel.

Actual and Necessary Expenses

13. A summary of actual and necessary expenses incurred by Tanner for the Application Period is attached hereto as part of Exhibit A.

14. Tanner will not charge the Debtors for in-house photocopying expenses related to these cases. Further, Tanner will not charge the Debtors for either incoming or outgoing facsimile transmissions.

15. With respect to providers of third-party services, Tanner bills its clients the actual amounts charged by such services.

16. Tanner believes the foregoing rates are at or below the market rates that the majority of accounting firms charge clients for such services.

Summary of Services by Project

17. The names of the partners and other accountants of Tanner who have rendered professional services in these cases during the Application Period are set forth in the attached Exhibit A.

18. The services rendered by Tanner during the Application Period related to 401(k) audit services as set forth below, with a more detailed identification of the actual services provided set forth on the attached Exhibit A. Exhibit A identifies the accountants who rendered services, along with the number of hours for each individual and the total compensation sought.

A. 401(k) Audit Services

19. As set forth above, on August 13, 2010, the Chapter 11 Trustee filed the *Motion Of The Chapter 11 Trustee To Approve The Further Expansion Of The Scope Of Retention Of Tanner LC To Audit the Debtors' 401(k) Plan for the Year Ended December 31, 2009 In Accordance with ERISA Rules and Regulations For The Debtors Nunc Pro Tunc To March 31, 2010* (Docket No. 1149) seeking to expand the scope of Tanner's retention to include the audit of the Debtors' 401(k) plan for the year ended December 31, 2009. No objection to the expanded

retention was filed and on September 8, 2010, the Court entered the *Order Approving Expansion of the Scope of Employment of Tanner LC as Accountants to the Debtors Nunc Pro Tunc to March 31, 2010* (Docket No. 1169) (the “Sixth Expansion Order”). The Sixth Expansion Order authorized Tanner to be compensated a fixed fee of \$12,500 for 401(k) audit services and to be reimbursed for actual and necessary out-of-pocket expenses. Tanner has completed a significant portion of the procedures related to the 401(k) audit for the year ended December 31, 2009. Accordingly Tanner requests approval to be paid \$6,000 of the fixed fee of \$12,500 in connection therewith. The 401(k) Plan has already paid Tanner \$5,821 of the fixed fee. In this regard, the Applicant has conducted communications with the Debtor’s Chief Financial Officer, Controller, and other employees in the Debtor’s accounting department for the performance of the 401(k) audit procedures.

Fees: \$6,000.00; Hours: 43.88

Valuation of Services

20. The accountants of Tanner expended a total of 43.88 hours in connection with their representation of the Debtors during the Application Period, summarized as follows:

SUMMARY OF PROFESSIONAL TIME

PROFESSIONALS:

Name	Position of Applicant, Number of Years in Position	Total Hours	Hourly Rate	Total Fee
Joe Hadley	Staff, 2.5	1.50	\$105.00	\$157.50
Jeff Hansen	Senior, 1	6.25	\$158.00	\$987.50
Nick Madsen	Staff, 2	13.58	\$110.01	\$1,494.00
Todd McKinnon	Partner, 2	0.50	\$330.00	\$165.00

Brad Olsen	Manager, 3.5	2.80	\$220.00	\$616.00
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TOTAL HOURS BY PROFESSIONALS: 43.88
 "BLENDED" HOURLY RATE: \$136.74
 TOTAL PROFESSIONAL FEES: \$6,000.00

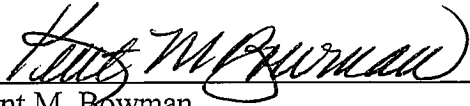
21. The nature of work performed by these persons is fully set forth in Exhibit A attached hereto. These are Tanner's normal hourly rates, and the fixed fee requested is typical of the fixed fee that Tanner would charge non-bankruptcy clients for similar work. Tanner has also charged for expenses in accordance with its ordinary practices and Del. Bankr. L. R. 2016-2 and the Administrative Order. The reasonable value of the services rendered by Tanner for the Debtors during the Application Period is \$6,000.00.

22. In accordance with the factors enumerated in section 330 of the Bankruptcy Code, it is respectfully submitted that the amount requested by Tanner 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, Tanner has reviewed the requirements of Del. Bankr. L. R. 2016-2 and the Administrative Order and believes that this Application complies with such Rule and Order.

WHEREFORE, Tanner respectfully requests that, for the period July 1, 2010 through July 31, 2010, an interim allowance be made to Tanner for compensation in the amount of \$6,000.00 and actual and necessary expenses in the amount of \$226.00 for a total allowance of \$6,226.00 and payment of \$4,800.00 (80% of the allowed fees) and reimbursement of \$226.00 (100% of the allowed expenses) be authorized for a total payment of \$5,026.00 and for such other and further relief as this Court may deem just and proper.

Dated: September 13, 2010

TANNER LC



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Accountants for the Debtors-in-Possession