

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: January 28, 2008 at 4:00 p.m.
Hearing Date: Scheduled only if Necessary

**THIRD INTERIM APPLICATION OF TANNER LC FOR COMPENSATION FOR
SERVICES AND REIMBURSEMENT OF EXPENSES,
AS ACCOUNTANTS TO THE DEBTORS FOR
THE PERIOD FROM DECEMBER 6, 2007 THROUGH JANUARY 4, 2008**

Name of Applicant:	Tanner LC
Authorized to Provide Professional Services to:	Debtors in Possession
Date of Retention:	Effective October 2, 2007 by Order Entered December 5, 2007
Period for which Compensation and Reimbursement is Sought:	December 6, 2007 through January 4, 2008 ²
Amount of Compensation Sought as Actual, Reasonable and Necessary:	\$65,955
Amount of Expense Reimbursement Sought as Actual, Reasonable and Necessary:	\$1,523

This is a: X interim ___ final application.

The time expended for reviewing and revising the fee application is approximately 5 hours and the corresponding compensation will be requested in a subsequent interim application.

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.

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	Pending	Pending
December 21, 2007	11/6/2007 – 12/5/2007	\$19,001	\$1,534	Pending	Pending

SUMMARY OF PROFESSIONAL TIME

PROFESSIONALS:

Name	Year Licensed	Total Hours	Hourly Rate	Total Fee
Kent Bowman		24.0	320	\$ 7,680
David George		122.3	140	17,115
Staci Gertsch		66.5	135	8,978
Caleb Miller		105.0	102	10,710
Scott Robinson		102.3	210	21,472
SUBTOTALS		420.0		\$ 65,955

TOTAL HOURS BY PROFESSIONALS: **420**
 "BLENDED" HOURLY RATE: **\$157.04**
 TOTAL PROFESSIONAL FEES: **\$65,955**

COMPENSATION BY CATEGORY

Project Categories	Total Hours	Total Fees
Audit	420.0	\$65,955
Tracing Analysis	-	-
TOTAL	420.0	\$65,955

EXPENSE SUMMARY

<u>Eng</u>	<u>Category</u>	<u>Sub/Cat</u>	<u>Service</u>	<u>Last Name</u>	<u>Date</u>	<u>Expenses</u>
Audit	Exp	Exp	Mileage	George	12/6/2007	\$31.04
Audit	Exp	Exp	Mileage	Gertsch	12/6/2007	\$12.61
Audit	Exp	Exp	Mileage	Miller	12/6/2007	\$33.95
Audit	Exp	Exp	Meals-Client	Robinson	12/6/2007	\$35.52
Audit	Exp	Exp	Mileage	Robinson	12/6/2007	\$16.96
Audit	Exp	Exp	Mileage	George	12/6/2007	\$31.04
Audit	Exp	Exp	Meals-Overtime	George	12/6/2007	\$38.29
Audit	Exp	Exp	Mileage	Gertsch	12/6/2007	\$12.61
Audit	Exp	Exp	Mileage	Miller	12/6/2007	\$33.95
Audit	Exp	Exp	Mileage	George	12/7/2007	\$31.04
Audit	Exp	Exp	Mileage	Gertsch	12/7/2007	\$12.61
Audit	Exp	Exp	Mileage	Miller	12/7/2007	\$33.95
Audit	Exp	Exp	Mileage	Robinson	12/7/2007	\$16.96
Audit	Exp	Exp	Meals-Client	Robinson	12/7/2007	\$109.36
Audit	Exp	Exp	Mileage	George	12/10/2007	\$31.04
Audit	Exp	Exp	Mileage	Gertsch	12/10/2007	\$12.61
Audit	Exp	Exp	Mileage	Miller	12/10/2007	\$33.95
Audit	Exp	Exp	Mileage	Robinson	12/10/2007	\$16.96
Audit	Exp	Exp	Meals-Overtime	Robinson	12/10/2007	\$28.03
Audit	Exp	Exp	Postage	Sims	12/10/2007	\$0.75
Audit	Exp	Exp	Mileage	George	12/11/2007	\$31.04
Audit	Exp	Exp	Telephone	Gertsch	12/11/2007	\$25.00
Audit	Exp	Exp	Mileage	Gertsch	12/11/2007	\$12.61
Audit	Exp	Exp	Mileage	Miller	12/11/2007	\$33.95
Audit	Exp	Exp	Mileage	George	12/12/2007	\$31.04
Audit	Exp	Exp	Mileage	Gertsch	12/12/2007	\$12.61
Audit	Exp	Exp	Mileage	Miller	12/12/2007	\$33.95
Audit	Exp	Exp	Mileage	Robinson	12/12/2007	\$16.96
Audit	Exp	Exp	Meals-Overtime	Robinson	12/12/2007	\$26.58
Audit	Exp	Exp	Mileage	George	12/13/2007	\$31.04
Audit	Exp	Exp	Mileage	Gertsch	12/13/2007	\$12.61
Audit	Exp	Exp	Mileage	Miller	12/13/2007	\$33.95
Audit	Exp	Exp	Mileage	George	12/14/2007	\$31.04
Audit	Exp	Exp	Mileage	Gertsch	12/14/2007	\$12.61
Audit	Exp	Exp	Mileage	Miller	12/14/2007	\$33.95
Audit	Exp	Exp	Meals-Overtime	Robinson	12/14/2007	\$84.25
Audit	Exp	Exp	Mileage	Robinson	12/14/2007	\$16.96
Audit	Exp	Exp	Mileage	George	12/17/2007	\$31.04
Audit	Exp	Exp	Meals-Overtime	George	12/17/2007	\$12.64
Audit	Exp	Exp	Mileage	Miller	12/17/2007	\$33.95
Audit	Exp	Exp	Mileage	George	12/18/2007	\$31.04
Audit	Exp	Exp	Mileage	Miller	12/18/2007	\$33.95
Audit	Exp	Exp	Mileage	Robinson	12/18/2007	\$16.96
Audit	Exp	Exp	Meals-Overtime	Robinson	12/18/2007	\$7.09
Audit	Exp	Exp	Postage	Sims	12/18/2007	\$1.50
Audit	Exp	Exp	Mileage	George	12/19/2007	\$31.04
Audit	Exp	Exp	Meals-Client	George	12/20/2007	\$15.47
Audit	Exp	Exp	Mileage	George	12/20/2007	\$31.04
Audit	Exp	Exp	Mileage	Miller	12/20/2007	\$33.95

Audit	Exp	Exp	Meals-Overtime	Robinson	12/20/2007	\$22.98
Audit	Exp	Exp	Mileage	George	12/21/2007	\$31.04
			Miscellaneous			
Audit	Exp	Exp	Expenses	George	12/21/2007	\$23.57
Audit	Exp	Exp	Meals-Client	George	12/21/2007	\$12.12
Audit	Exp	Exp	Mileage	Miller	12/21/2007	\$33.95
Audit	Exp	Exp	Mileage	Robinson	12/21/2007	\$16.96
Audit	Exp	Exp	Meals-Client	Bowman	12/26/2007	\$12.90
Audit	Exp	Exp	Telephone	Robinson	12/31/2007	\$35.80
						<u>\$1,522.37</u>
Total						

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Objection Deadline: January 28, 2008 at 4:00 p.m.
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**THIRD INTERIM APPLICATION OF TANNER LC FOR COMPENSATION FOR
SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES AS
ACCOUNTANTS TO THE DEBTORS IN POSSESSION FOR
THE PERIOD FROM DECEMBER 6, 2007 THROUGH JANUARY 4, 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*, 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 third monthly application (the “Application”) seeking compensation and reimbursement of expenses for the period of December 6, 2007 through January 4, 2008 (the “Application Period”).

By this Application, Tanner requests an interim award of compensation in the amount of \$65,955 and reimbursement of actual and necessary expenses in the amount of \$1,523 for a total allowance of \$67,478 and payment of \$52,764 (80% of the allowed fees) and reimbursement of \$1,523 (100% of the allowed expenses) for a total payment of \$54,287 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 ending 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 ending 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.

**TANNER'S APPLICATION FOR COMPENSATION AND
FOR REIMBURSEMENT OF EXPENSES**

Compensation Paid and Its Source

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

5. 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

6. 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

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

8. 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.

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

10. 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

11. 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.

12. The services rendered by Tanner during the Application Period related solely to 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 relating to each category, along with the number of hours for each individual and the total compensation sought for each category.

A. Audit Services

13. During the Application Period, Tanner, continued performing the audit of the Debtors' consolidated financial statements as of its fiscal year ending October 31, 2007 in accordance with generally accepted accounting principles. The audit of the Debtors' financial statements includes obtaining an understanding of the Debtors' internal controls sufficient to determine the nature, timing and extent of audit procedures to be performed. In that regard, the Applicant has worked on site at the Debtors' offices in Lindon, Utah, conducted communications with the Debtors' Chief Financial Officer, Controller and other employees in the Debtors' accounting department regarding the data required for the Applicant to perform the audit.

Fees: \$65,955; Hours: 420

Valuation of Services

14. The accountants of Tanner expended a total of 420 hours in connection with their representation of the Debtors during the Application Period, summarized as follows:

SUMMARY OF PROFESSIONAL TIME

PROFESSIONALS:

Name	Year Licensed	Total Hours	Hourly Rate	Total Fee
Kent Bowman		24.0	320	\$ 7,680
David George		122.3	140	17,115
Staci Gertsch		66.5	135	8,978
Caleb Miller		105.0	102	10,710
Scott Robinson		102.3	210	21,472
SUBTOTALS		420.0		\$ 65,955

TOTAL HOURS BY PROFESSIONALS:

"BLENDED" HOURLY RATE:

\$

TOTAL PROFESSIONAL FEES:

§

15. The nature of work performed by these persons is fully set forth in Exhibit A attached hereto. These are Tanner's normal hourly rates. The reasonable value of the services rendered by Tanner for the Debtors during the Application Period is \$65,955.

16. 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 December 6, 2007 through January 4, 2008, an interim allowance be made to Tanner for compensation in the amount of \$65,955 and actual and necessary expenses in the amount of \$1,523 for a total allowance of \$67,478 and payment of \$52,764 (80% of the allowed fees) and reimbursement of \$1,523 (100% of the allowed expenses) be authorized for a total payment of \$54,287 and for such other and further relief as this Court may deem just and proper.

Dated: January 7, 2008

TANNER LC



Kent Bowman
215 South State Street
Suite 800
Salt Lake City, UT 84111
Telephone: (801) 532-7444
Facsimile: (801) 532-4911

Accountants for the Debtors-in-Possession

VERIFICATION

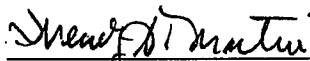
STATE OF UTAH :
 :
COUNTY OF SALT LAKE :

KENT BOWMAN, after being duly sworn according to law, deposes and says:

- a) I am a partner of the applicant accounting firm Tanner LC ("TANNER").
- b) I am familiar with the accounting services rendered by TANNER as accountants to the Debtors and am thoroughly familiar with the other work performed on behalf of the Debtors by the accountants of TANNER.
- 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 the Local Bankruptcy Rules for the District of Delaware, and while I am not an attorney, I believe that the Application substantially complies with such rules.


KENT BOWMAN

SWORN AND SUBSCRIBED
before me this 7 day of January, 2008.



Notary Public
My Commission Expires: 2/4/09

