

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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

Objection Deadline: January 22, 2009 at 4:00 p.m.
Hearing Date: January 29, 2009 at 2:00 p.m.
(Prevailing Eastern Time)

**FIFTH QUARTERLY APPLICATION FOR COMPENSATION AND
REIMBURSEMENT OF EXPENSES OF TANNER LC, AS ACCOUNTANTS
TO THE DEBTORS IN POSSESSION FOR THE PERIOD FROM
OCTOBER 1, 2008 THROUGH DECEMBER 31, 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:	October 1, 2008 through December 31, 2008
Amount of Compensation Sought as Actual, Reasonable and Necessary:	\$118,065.70
Amount of Expense Reimbursement Sought as Actual, Reasonable and Necessary:	\$3,046.08

This is a: ___ monthly X interim ___ final application.

The total time expended for fee application preparation 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.

PRIOR APPLICATIONS FILED

Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
12/21/07	10/05/07 – 11/05/07	\$28,499.00	\$ 450.00	\$28,499.00	\$450.00
12/21/07	11/06/07 – 12/05/07	\$19,001.00	\$1,534.00	\$19,001.00	\$1,534.00
01/08/08	12/06/07 – 01/04/08	\$65,955.00	\$1,523.00	\$65,955.00	\$1,523.00
02/04/08	01/05/08 – 02/01/08	\$98,095.00	\$437.00	\$98,095.00	\$437.00
03/04/08	02/02/08 – 03/03/08	\$32,868.00	\$1,484.00	\$32,868.00	\$1,484.00
04/01/08	03/04/08 – 03/31/08	\$28,441.00	\$283.00	\$28,441.00	\$283.00
05/02/08	04/01/08 – 04/30/08	\$8,574.00	\$71.28	\$8,574.00	\$71.28
06/03/08	05/01/08 – 05/31/08	\$16,459.00	\$326.32	\$16,459.00	\$326.32
07/02/08	06/01/08 – 06/30/08	\$53,613.00	\$439.68	\$53,613.00	\$439.68
08/07/08	07/01/08 – 07/31/08	\$14,450.00	\$58.50	\$14,450.00	\$58.50
09/02/08	08/01/08- 08/31/08	\$14,730.25	\$423.09	\$14,730.25	\$423.09
10/07/08	09/01/08- 09/30/08	\$17,263.23	\$58.77	\$13,810.58	\$58.77
11/11/08	10/01/08- 10/31/08	\$23,480.00	\$776.87	\$18,784.00	\$776.87
12/01/08	11/01/08- 11/30/08	\$12,138.55	\$78.46	\$9,710.84	\$78.46
01/05/09	12/01/08- 12/31/08	\$82,447.15	\$2,190.75	\$65,957.92 ^A	\$2190.75 ^A

^AAssumes that no objections are filed prior to January 25, 2009.

SUMMARY OF PROFESSIONAL AND PARAPROFESSIONAL TIME

PROFESSIONALS:

Name	Position of Applicant, Number of Years in Position	Total Hours	Hourly Rate	Total Fee
Jill Allred	Staff, .5	3.50	\$105.00	\$367.50
Jeremy Barton	Staff, .5	.10	\$105.00	\$10.50
Jeff Bickel	Partner, 2	9.90	\$324.09	\$3,208.50
Kent Bowman	Partner, 15	14.00	\$320.71	\$4,490.00
Tim Brinton	Manager, .1	13.40	\$195.11	\$2,614.50
David George	Senior, 1.5	194.25	\$153.07	\$29,733.00
Hal Johnson	Senior, .1	.10	\$135.00	\$13.50
Joleen Kremin	Staff, 1.5	40.00	\$110.00	\$4,400.00
Nick Madsen	Staff, .5	6.75	\$105.00	\$708.75
Caleb Miller	Staff, 1.75	179.25	\$117.02	\$20,975.00
Paul Otterstrom	Staff, .5	157.09	\$105.00	\$16,494.45
Brian Prete	Staff, .5	.25	\$125.00	\$31.25
Quade Reynolds	Senior, 1	3.50	\$160.00	\$560.00
Scott Robinson	Manager, 5	142.00	\$234.11	\$33,243.75
Christine Sparks	Senior, 2	8.10	\$150.00	\$1,215.00
Subtotals		772.19		\$118,065.70

TOTAL HOURS BY PROFESSIONAL: **772.19**
 "BLENDED" HOURLY RATE: **\$152.90**
 TOTAL PROFESSIONAL FEES: **\$118,065.70**

COMPENSATION BY CATEGORY

Project Categories	Total Hours	Total Fees
Audit	749.14	\$114,275.95
Tax	23.05	\$3,789.75
TOTAL	772.19	\$118,065.70

EXPENSE SUMMARY

<u>Category</u>	<u>Sub/Cat</u>	<u>Service</u>	<u>Amount</u>
Exp	Exp	Telephone	\$ 335.00
Exp	Exp	Mileage	2,419.01
Exp	Exp	Postage	1.50
Exp	Exp	Meals	<u>290.57</u>
		Total	\$3,046.08

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TO THE DEBTORS IN POSSESSION FOR THE PERIOD FROM
OCTOBER 1, 2008 THROUGH DECEMBER 31, 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” or the “Firm”), as accountants to the Debtors in Possession (“Debtors”), hereby submits its Fifth Quarterly Application for Compensation for Services and Reimbursement of Expenses for the Period from October 1, 2008 through December 31, 2008 (the “Application”).

By this Application, Tanner seeks a quarterly interim allowance of compensation in the amount of **\$118,065.70** and reimbursement of actual and necessary expenses in the amount of **\$3,046.08** for a total allowance of **\$121,111.78** and payment of the unpaid portion of such fees

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.

and costs for the period of October 1, 2008 through December 31, 2008 (the "Interim Period").

In support of this Application, Tanner respectfully represents as follows:

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 twenty (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.

3. Beginning with the period ended on **September 14, 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. The retention of Tanner as accountants to the Debtors was approved effective as of the 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* (the "Expansion Order") (Docket No. 330). 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* (the "Second Expansion Order") (Docket No. 488). 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* (the "Third Expansion Order") (Docket No. 577). 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 3, 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, which motion is subject to approval during the omnibus hearing on January 29, 2009 [Docket No. 645]. Tanner's requested compensation for the services rendered to the Debtors is on an hourly basis plus reimbursement of actual and necessary out-of-pocket expenses.

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

Compensation Paid And Its Source

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

2. 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.

Monthly Fee Applications Covered Herein

3. The Interim Fee Applications for the periods October 1, 2008 through December 31, 2008 of Tanner have been filed and served pursuant to the Administrative Order.

4. On November 11, 2008, Tanner filed its *Thirteenth Interim Application for Compensation for Services and Reimbursement of Expenses as Accountants to the Debtors for the Period October 1, 2008 through October 31, 2008* ("Thirteenth Interim Application") (Docket No. 601) requesting \$23,480.00 in fees and \$776.87 in expenses. Pursuant to the Administrative Order, Tanner has been paid \$18,784.00 of the fees and \$776.87 of the requested expenses in the Thirteenth Interim Application. A copy of the Thirteenth Interim Application is attached as Exhibit A.

5. On December 1, 2008, Tanner filed its *Fourteenth Interim Application for Compensation for Services and Reimbursement of Expenses as Accountants to the Debtors for the Period from November 1, 2008 through November 30, 2008* ("Fourteenth Interim Application") (Docket No. 623) requesting \$12,138.55 in fees and \$78.48 in expenses. Pursuant

to the Administrative Order, Tanner will be paid \$9,710.84 of the fees and \$78.48 of the requested expenses in the Fourteenth Interim Application. A copy of the Fourteenth Interim Application is attached as Exhibit B.

6. On January 5, 2009, Tanner filed its *Fifteenth Interim Application for Compensation for Services and Reimbursement of Expenses as Accountants to the Debtors for the Period from December 1, 2008 through Decemeber 31, 2008* ("Fifteenth Interim Application") requesting \$82,447.15 in fees and \$2,190.75 in expenses. Pursuant to the Administrative Order, Tanner will be paid \$65,957.92 of the fees and \$2,190.75 of expenses in the Fifteenth Interim Application, assuming that no objections are filed on or before January 25, 2009. A copy of the Fifteenth Interim Application is attached as Exhibit C.

Requested Relief

7. By this Application, Tanner requests that the Court approve payment of one-hundred (100%) of the fees and expenses incurred by Tanner during the Interim Period of October 1, 2008 through December 31, 2008.

8. At all relevant times, Tanner has been a disinterested person as the term is defined in §101(14) of the Bankruptcy Code and has not represented or held an interest adverse to the interest of the Debtors.

9. The professional services and related expenses for which Tanner requests interim allowance of compensation for services and reimbursement of expenses were rendered and incurred in connection with this case. Tanner's services have been necessary and beneficial to the Debtors, the estate, and other parties in interest.

10. 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 of October 1, 2008 through December 31, 2008, an interim allowance be made to Tanner for compensation in the amount of \$118,065.70 and actual and necessary expenses in the amount of \$3,046.08 for a total allowance of \$121,111.78; that the Debtors be authorized and directed to pay to Tanner the outstanding amount of such sums; and for such other and further relief as may be just and proper.

Dated: January 5, 2009 TANNER LC



Kent M. 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 M. BOWMAN, after being duly sworn according to law, deposes and says:

a) I am a partner of the applicant accounting firm Tanner LC ("TANNER").

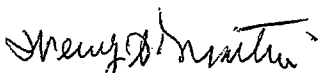
b) I am familiar with the accounting services rendered by TANNER as accountants to the Debtors and am thoroughly familiar with the other work performed on behalf of the Debtors by the accountants of TANNER.

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 M. BOWMAN

SWORN AND SUBSCRIBED
before me this 5 day of January, 2009.



Notary Public
My Commission Expires:

