

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re SCO Operations, Inc.⁽¹⁾
Debtor

Case No. 07-11338 (KG)
Reporting Period: as of 01/31/08

AMENDED MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month

Submit copy of report to any official committee appointed in the case.

| REQUIRED DOCUMENTS | Form No. | Document Attached | Explanation Attached |
|--|----------|-------------------|----------------------|
| Schedule of Cash Receipts and Disbursements | MOR-1 | Yes | |
| Bank Reconciliation (or copies of debtor's bank reconciliations) | MOR-1a | Yes | |
| Schedule of Professional Fees Paid | MOR-1b | Yes | |
| Copies of bank statements | | N/A | |
| Cash disbursements journals | | N/A | |
| Statement of Operations | MOR-2 | Yes | |
| Balance Sheet | MOR-3 | Yes | |
| Status of Postpetition Taxes | MOR-4 | Yes | |
| Copies of IRS Form 6123 or payment receipt | | N/A | |
| Copies of tax returns filed during reporting period | | N/A | |
| Summary of Unpaid Postpetition Debts | MOR-4 | Yes | |
| Listing of aged accounts payable | MOR-4 | Yes | |
| Accounts Receivable Reconciliation and Aging | MOR-5 | Yes | |
| Debtor Questionnaire | MOR-5 | Yes | |

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date

Ken R. Nielsen
Signature of Authorized Individual*

2/21/08
Date

Ken R. Nielsen
Printed Name of Authorized Individual

CFO
Title of Authorized Individual

⁽¹⁾The Debtors and the last four digits of each of the Debtors' federal tax identification number are as follows:

(a) The SCO Group, Inc., a Delaware corporation, Fed. Tax Id. #2823; and (b) SCO Operations, Inc.,

The Debtors are jointly administered under the caption The SCO Group, Inc., et al., Case No. 07-11337 (KG).

a Delaware corporation, Fed. Tax Id. #7393. The address for both Debtors is 355 South 520 West, Lindon, UT 84042.

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

FORM MOR
(04/07)

DISCLAIMER

The Monthly Operating Reports are limited in scope, cover a limited time period, and have been prepared solely for the purpose of complying with the monthly reporting requirements of the Bankruptcy Court and the United States Trustee. Furthermore, the Monthly Operating Reports contain information that has not been audited or reviewed by the Company's independent registered public accounting firm, has not been presented in accordance with U.S. generally accepted accounting principles ("GAAP"), and may be subject to future reconciliation and adjustments. Without limiting the foregoing, the financial information in the Monthly Operating Reports is unaudited and does not purport to present the financial statements of any of the Debtors in accordance with GAAP, and therefore may exclude items required by GAAP, such as certain reclassifications, eliminations, accruals, impairments and disclosure items. For example, among other matters, the value of (including without limitation the actual or likely sales prices for) many of the assets shown on the balance sheets included in the Monthly Operating Reports will be substantially less than what is shown in such information. The Company cautions readers not to place undue reliance upon the Monthly Operating Reports. There can be no assurance that the information in the Monthly Operating Reports is complete. The Monthly Operating Reports are in a format required by the United States Trustee and should not be used for investment purposes. The information in the Monthly Operating Reports should not be viewed as indicative of future results. This Disclaimer applies to all information contained herein.

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1a]

| | BANK ACCOUNTS | | | | 1/1/2008 through 1/31/2008 | | CUMULATIVE FILING TO DATE | |
|--|---------------|---------|-----|-------|----------------------------|--------------------|---------------------------|----------------------|
| | OPER. | PAYROLL | TAX | OTHER | ACTUAL | PROJECTED | ACTUAL | PROJECTED |
| CASH BEGINNING OF MONTH | | | | | \$6,080,941 | \$4,705,932 | \$5,914,445 | \$6,134,160 |
| RECEIPTS | | | | | | | | |
| CASH SALES | | | | | | | | |
| ACCOUNTS RECEIVABLE | N/A | | | | 1,375,025 | 1,066,750 | 6,365,893 | 6,318,007 |
| LOANS AND ADVANCES | | | | | | | | |
| SALE OF ASSETS | | | | | | | | |
| OTHER (ATTACH LIST) | | | | | 35,425 | 19,781 | 743,579 | 91,246 |
| TRANSFERS (FROM DIP ACCTS) | | | | | | | | |
| TOTAL RECEIPTS | | | | | \$1,410,450 | \$1,086,531 | \$7,109,472 | \$6,409,253 |
| DISBURSEMENTS | | | | | | | | |
| NET PAYROLL | | | | | 360,376 | 354,350 | 1,984,132 | 2,815,350 |
| PAYROLL TAXES | | | | | 195,922 | 54,522 | 981,591 | 256,832 |
| SALES, USE, & OTHER TAXES | | | | | 10,780 | 7,500 | 15,675 | 30,000 |
| INVENTORY PURCHASES | | | | | 26,091 | 12,000 | 68,458 | 169,000 |
| SECURED/ RENTAL/ LEASES | | | | | | 38,744 | 339,896 | 324,853 |
| INSURANCE | | | | | 94,453 | 106,730 | 434,922 | 480,285 |
| ADMINISTRATIVE & SELLING | | | | | 412,597 | 134,958 | 1,231,448 | 976,086 |
| NON-BANKRUPTCY PROFESSIONAL FEES | | | | | 150,408 | 160,000 | 305,130 | 827,000 |
| OTHER (ATTACH LIST) | | | | | 17,186 | 24,503 | 49,223 | 209,926 |
| OWNER DRAW * | | | | | | | | |
| TRANSFERS (TO DIP ACCTS) | | | | | | | | |
| FUNDING OF SUBSIDIARIES | | | | | \$42,648 | 262,773 | 1,714,206 | 1,066,199 |
| PROFESSIONAL FEES | | | | | 282,589 | 235,000 | 499,395 | 985,250 |
| U.S. TRUSTEE QUARTERLY FEES | | | | | 13,325 | 10,000 | 14,825 | 11,250 |
| COURT COSTS | | | | | | | | |
| TOTAL DISBURSEMENTS | | | | | \$2,106,376 | \$1,401,080 | \$7,638,902 | \$8,152,030 |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | | | | | \$(695,926) | \$(314,549) | \$(529,430) | \$(1,742,777) |
| CASH - END OF MONTH (SEE BANK ACCOUNTS LIST) | | | | | \$5,385,016 | \$4,391,382 | \$5,385,016 | \$4,391,382 |

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

| | | |
|--|----|------------------|
| TOTAL DISBURSEMENTS | | \$2,106,376 |
| LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS | \$ | - |
| PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts) | \$ | - |
| TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES | \$ | 2,106,376 |

FORM MOR-1
(4/07)

Notes:

(1) The initial MOR incorrectly included consolidated cash balances from subsidiaries. This amount reflects cash only held in SCO Operations, Inc. bank accounts.

Other Receipts/Disbursements Attachment

| | | 1/1/2008 through 1/31/2008 | CUMULATIVE FILING TO DATE |
|----------------------------------|--|----------------------------|---------------------------|
| Other Receipts | | | |
| Interest | | \$18,495 | \$136,501 |
| Sale Of Asset | | - | 509,500 |
| Employee Reimbursement & Refunds | | 13,033 | 25,389 |
| Restricted Cash - Novell SVRx | | - | 8,371 |
| NJ Tax Refund | | - | 127 |
| Cobra Refund | | - | 731 |
| Refund from Vendor | | 3,744 | 41,244 |
| FX | | 153 | 21,716 |
| Total | | <u>\$35,425</u> | <u>\$743,579</u> |
| Other Disbursements | | | |
| Novell SVRx Fee | | - | 24,320 |
| Bank Fees | | 1,843 | 7,686 |
| FX | | <u>15,343</u> | <u>17,217</u> |
| Total | | <u>\$17,186</u> | <u>\$49,223</u> |

In re SCO Operations, Inc.
Debtor

Case No. 07-11338 (KG)
Reporting Period: as of 01/31/2008

BANK RECONCILIATIONS

Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.

| | Operating | Payroll | Tax | Other |
|---|-----------|---------|-----|-------|
| # | # | # | # | |

BALANCE PER BOOKS

BANK BALANCE

(+) DEPOSITS IN TRANSIT (ATTACH LIST)

(-) OUTSTANDING CHECKS (ATTACH LIST)

OTHER (ATTACH EXPLANATION)

ADJUSTED BANK BALANCE *

* Adjusted bank balance must equal
balance per books

DEPOSITS IN TRANSIT

See attestation letter

CHECKS OUTSTANDING

OTHER

February 21, 2008

Re: The SCO Group, Inc., et al.
Del. Bankr. No. 07-11337
Attestation Regarding Bank Account Reconciliation

Office of the United States Trustee

The above-captioned debtors (the "Debtors") hereby submit this attestation regarding bank account reconciliations in lieu of providing copies of bank statements and copies of all account reconciliations.

The Debtors have, on a timely basis, performed all bank account reconciliations in the ordinary course of its business. Copies of bank account statements and reconciliations are available for inspection upon request by the United States Trustee's Office.

Dated: 02/21/2008

THE SCO GROUP, INC. and SCO
OPERATIONS, INC.

By: 
Ken Nielsen
Chief Financial Officer

Case No. 07-11338 (KG)
Reporting Period: as of 01/31/2008

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID
(This schedule is to include all retained professional payments from case inception to current month)

| Payee | Period Covered | Amount Approved | Payor | Check | | Amount Paid | | Amount Applied | |
|------------------------|---------------------|-----------------|-------|---------|----------|-------------|-----------|----------------|----------|
| | | | | Number | Date | Fees | Expenses | Fees | Expenses |
| Tanner | As of 9/25/07 | | | 601595 | 10/19/07 | \$9,100 | | | |
| Jackson Hole Advisors | 10/1/07 to 10/31/07 | | | 601588 | 10/19/07 | 2,650 | | | |
| Madsen | As of 9/24/07 | | | 601590 | 10/19/07 | 235 | | | |
| Kim & Cho | As of 11/7/07 | | | Wire | 10/30/07 | 1,282 | | | |
| Other Contractors | fr per-9/14 | | | Various | October | 90,000 | | | |
| Berger Singerman | As of 9/30 | | | 601710 | 11/26/07 | 54,791 | | | |
| Berger Singerman | As of 9/30 | | | 601660 | 11/9/07 | | 5,990.00 | | |
| Kevin McBride | 9/15/07 to 9/30/07 | | | 015131 | 11/5/07 | 3,860 | | | |
| Epiq | September, 2007 | | | 601816 | 12/21/07 | 6,293 | | | |
| Berger Singerman | October, 2007 | | | 000008 | 12/18/07 | 144,555 | 5,177.33 | | |
| Boetticher Hasse | October, 2007 | | | 003034 | 12/11/07 | 632 | 21.98 | | |
| Kevin McBride | October, 2007 | | | 015132 | 12/3/07 | 30,750 | | | |
| Madson & Austin | October, 2007 | | | 601804 | 12/18/07 | 646 | | | |
| Madson & Austin | November, 2007 | | | 000005 | 12/7/07 | 6,715 | | | |
| Madson & Austin | November, 2007 | | | 000004 | 12/5/07 | 8,650 | | | |
| J. Harrison Coulter | Oct - Nov, 2007 | | | 601779 | 12/14/07 | 180 | | | |
| Jackson Hole Advisors | Nov 07 - Jan 08 | | | 40012 | 1/25/08 | 7,950 | | | |
| Tanner | Oct - Dec, 2007 | | | 601900 | 1/15/08 | 37,787 | 2,198.00 | | |
| Boetticher Hasse | Sept - Dec 2007 | | | A33036 | 1/14/08 | 18,961 | 20.31 | | |
| Kevin McBride | November, 2007 | | | 15133 | 1/10/08 | 20,000 | | | |
| Madson & Austin | November, 2007 | | | 601850 | 1/4/08 | 2,076 | 604.08 | | |
| Coltrin & Associates | Oct - Jan, 2007 | | | 601895 | 1/11/08 | 33,300 | 583.59 | | |
| Coltrin & Associates | December, 2007 | | | 601907 | 1/18/08 | | 550.13 | | |
| Donchue Advisory Assoc | Oct - Dec, 2007 | | | 40008 | 1/25/08 | 26,378 | | | |
| Epiq | November, 2007 | | | 601868 | 8/6/07 | 1,763 | 1,011.76 | | |
| Berger Singerman | November, 2007 | | | 40032 | 1/25/08 | 237,059 | 13,072.33 | | |
| Pachulski | 9/15 - 9/30/07 | | | 601874 | 1/11/08 | 23,986 | 5,696.82 | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| Total | | | | | | \$769,599 | \$34,976 | | |

FORM MOR-1b
(04/07)

**FOREIGN
SUBSIDIARY BANK
ACCOUNTS**

[illegible]

STATEMENT OF OPERATIONS
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

| | 9/1/2008 through 9/30/2008 | 12/1/2007 through 12/31/2007 | 11/1/2007 through 11/30/2007 | 10/1/2007 through 10/31/2007 | 9/1/2007 through 9/30/2007 | Cumulative Filing to Date |
|--|-------------------------------|---------------------------------|---------------------------------|---------------------------------|-------------------------------|------------------------------|
| REVENUES | | | | | | |
| Gross Revenues | \$1,859,012 | \$1,463,878 | \$1,549,159 | \$2,369,582 | \$610,605 | \$7,752,237 |
| Less: Returns and Allowances | 7,438 | 10,871 | 3,867 | 30,725 | 9,923 | \$62,824 |
| Net Revenue | \$1,851,574 | \$1,453,007 | \$1,545,293 | \$2,338,857 | \$600,682 | \$7,689,412 |
| COST OF GOODS SOLD | | | | | | |
| Beginning Inventory | 152,348 | 154,469 | 157,597 | 159,570 | 160,178 | 160,178 |
| Add: Purchases | 5,977 | 5,246 | 5,904 | 5,321 | 4,267 | 26,715 |
| Add: Cost of Labor | 426,239 | - | 397,370 | - | - | 823,609 |
| Add: Other Costs (attach schedule) | 493,453 | 1,784 | 392 | 875,703 | - | 1,371,332 |
| Less: Ending Inventory | 166,837 | 152,348 | 154,469 | 157,597 | 159,570 | 790,821 |
| Cost of Goods Sold | 911,180 | 915,157 | 942,424 | 1,280,367 | 4,873 | 2,214,996 |
| Gross Profit | \$940,394 | \$537,850 | \$602,869 | \$1,058,490 | \$595,809 | \$5,474,416 |
| OPERATING EXPENSES | | | | | | |
| Advertising | 43,572 | 33,537 | 29,633 | (70,697) | 10,239 | 46,284 |
| Auto and Truck Expense | - | - | - | - | - | - |
| Bail Debt | 68,746 | - | - | (1,554) | - | 67,192 |
| Contributions | - | - | - | - | - | - |
| Employee Benefits Programs | 36,060 | 261,683 | 203,181 | 58,408 | 99,478 | 658,811 |
| Insider Compensation* | - | - | - | - | - | - |
| Insurance | 70,841 | 49,947 | 60,394 | 84,548 | 26,039 | 292,369 |
| Management Fees/Bonuses | - | - | - | - | - | - |
| Office Expense | 52,528 | 50,313 | 77,886 | 143,908 | 53,628 | 378,263 |
| Pension & Profit-Sharing Plans | - | - | - | - | - | - |
| Professional Fees (Non-Bankruptcy) ⁽¹⁾ | 230,629 | 102,338 | (168,422) | (462,252) | 141,938 | (155,749) |
| Repairs and Maintenance | 10,108 | - | 42 | - | 106 | 10,256 |
| Rent and Lease Expense | 44,030 | 137,608 | 94,283 | 67,996 | 51,536 | 385,453 |
| Salaries/Commissions/Fees | 1,539,240 | 866,009 | 1,452,550 | 1,429,374 | 330,360 | 4,310,733 |
| Supplies | 5,815 | 1,150 | 1,651 | 7,474 | 422 | 16,512 |
| Taxes - Payroll | - | - | - | - | - | - |
| Taxes - Real Estate | 1,295 | 1,327 | 1,539 | 3,338 | 707 | 8,226 |
| Taxes - Other | - | - | - | - | - | - |
| Travel and Entertainment | 33,982 | 25,953 | 32,652 | 143,995 | 17,687 | 254,268 |
| Utilities | 19,710 | 2,417 | 10,439 | 11,480 | 5,541 | 49,587 |
| Other ⁽²⁾ (attach schedule) | (733,433) | - | - | (1,125,939) | - | (1,859,392) |
| Total Operating Expenses Before Depreciation | 1,423,131 | 1,532,280 | 488,547 | 290,059 | 738,801 | 4,472,812 |
| Depreciation/Depletion/Amortization | 17,268 | 16,372 | 16,818 | - | 10,386 | 78,693 |
| Net Profit (Loss) Before Other Income & Expenses | \$(499,999) | \$(204,995) | \$1,050,303 | \$750,782 | \$(133,390) | \$922,911 |
| OTHER INCOME AND EXPENSES | | | | | | |
| Other Income (attach schedule) | (4,642) | 27,549 | 56,400 | 114,418 | - | 193,725 |
| Interest Expense | - | - | - | - | - | - |
| Other Expense (attach schedule) | - | - | - | - | - | - |
| Intercompany Transfers | 116,080 | (506,102) | 1,106 | 505,976 | 3,751 | 120,808 |
| Net Profit (Loss) Before Reorganization Items | 990,378 | 25,375 | 364,326 | 341,206 | 480,952 | 2,211,436 |
| REORGANIZATION ITEMS | | | | | | |
| Professional Fees ⁽³⁾ | 1,149,861 | 29,614 | (335,185) | 699,371 | 88,000 | 1,628,461 |
| U. S. Trustee Quarterly Fees ⁽⁴⁾ | - | - | - | - | - | - |
| Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet) | 5,202 | 5,202 | 5,202 | 4,162 | 925 | 20,694 |
| Gain (Loss) from Sale of Equipment | (25,000) | (20,000) | - | - | - | (45,000) |
| Other Reorganization Expenses (attach schedule) | - | - | - | - | - | - |
| Total Reorganization Expenses | - | - | - | - | - | - |
| Income Taxes | 37,000 | - | - | (24,149) | - | 12,851 |
| Net Profit (Loss) | \$(2,817,756) | \$258,876 | \$1,061,858 | \$(653,042) | \$(731,158) | \$(2,881,223) |

(1) Reclassification of September Accord Professional Fees associated with the Bankruptcy that have been reclassified to Reorganization Items - Professional Fees.

(2) Adjustment to allocate legal expenses surrounding the IBM and Novell litigation to Cost of Goods Sold at Fiscal Quarter Closes (October, January, April & July).

(3) U.S. Trustee Quarterly Fees, due no later than one month following the end of each quarter, are estimated to be \$1,250 for September and at maximum for each quarter thereafter.

*"Insider" is defined in 11 U.S.C. Section 101(31).

STATEMENT OF OPERATIONS - continuation sheet

| BREAKDOWN OF "OTHER" CATEGORY | 1/1/2008 through 1/31/2008 | Cumulative Filing to Date |
|--|-------------------------------|------------------------------|
| Other Costs of Goods Sold | | |
| Cost Overhead | 74,514 | 170,377 |
| Cost Royalty | 153,247 | 256,941 |
| Cost Technology | 30,592 | 72,928 |
| Cost Other | 235,099 | 871,085 |
| TOTAL OTHER COST OF GOODS SOLD | \$493,453 | \$1,371,332 |
| Other Operational Expenses | | |
| Cost of Goods Sold Reclassification ⁽¹⁾ | \$(733,433) | \$(1,859,392) |
| Other Income | | |
| Foreign Exchange Gain | (17,934) | 83,022 |
| Interest Income | 13,293 | 110,704 |
| TOTAL OTHER INCOME | \$(4,642) | \$193,725 |
| Other Expenses | | |
| Miscellaneous Financial Costs | - | - |
| Foreign Exchange Loss | - | 2,913 |
| Bank Charges | 2,563 | 13,096 |
| Equity in Affiliates | 113,517 | 614,960 |
| Miscellaneous Expense | - | (510,163) |
| TOTAL OTHER EXPENSES | \$116,080 | \$120,806 |
| Other Reorganization Expenses | | |

(1) Adjustment to allocate legal expenses surrounding the IBM and Novell litigation to Cost of Goods Sold at Fiscal Quarter Closes (October, January, April & July).

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:
Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

FORM MOR-2 (CONTD)
(04/07)

BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

| ASSETS | BOOK VALUE AT JANUARY 31, 2008 | BOOK VALUE ON PETITION DATE SEPTEMBER 14, 2007 |
|--|-----------------------------------|---|
| CURRENT ASSETS | | |
| Unrestricted Cash and Equivalents | \$3,484,881 | \$4,023,589 |
| Restricted Cash and Cash Equivalents (see continuation sheet) | 1,900,134 | 1,890,856 |
| Accounts Receivable (Net) | 4,041,566 | 3,092,548 |
| Notes Receivable | - | - |
| Inventories | 166,837 | 160,178 |
| Prepaid Expenses | 793,356 | 1,527,293 |
| Professional Retainers | - | - |
| Other Current Assets (attach schedule) | 2,234,421 | 2,433,409 |
| TOTAL CURRENT ASSETS | \$12,621,194 | \$13,127,873 |
| PROPERTY AND EQUIPMENT | | |
| Real Property and Improvements | - | - |
| Machinery and Equipment | - | - |
| Furniture, Fixtures and Office Equipment | 3,423,739 | 3,420,803 |
| Leasehold Improvements | 507,934 | 507,934 |
| Vehicles | 27,605 | 27,605 |
| Less Accumulated Depreciation | 3,711,665 | 3,635,938 |
| TOTAL PROPERTY & EQUIPMENT | \$247,614 | \$320,404 |
| OTHER ASSETS | | |
| Loans to Insiders* | - | - |
| Other Assets (attach schedule) | 2,044,803 | 2,044,803 |
| TOTAL OTHER ASSETS | \$2,044,803 | \$2,044,803 |
| TOTAL ASSETS | \$14,913,612 | \$15,493,080 |
| LIABILITIES AND OWNER EQUITY | | |
| LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition) | | |
| Accounts Payable | 1,043,695 | 8,259 |
| Taxes Payable (refer to FORM MOR-4) | 683,801 | 697,681 |
| Wages Payable | 1,435,164 | \$41,776 |
| Notes Payable | - | - |
| Rent / Leases - Building/Equipment | - | - |
| Secured Debt / Adequate Protection Payments | - | - |
| Professional Fees | 21,529 | 153,165 |
| Amounts Due to Insiders* | - | - |
| Other Postpetition Liabilities (attach schedule) | 4,547,114 | 4,752,821 |
| TOTAL POSTPETITION LIABILITIES | \$7,731,304 | \$6,153,702 |
| LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition) | | |
| Secured Debt | - | - |
| Priority Debt | - | - |
| Unsecured Debt | 3,032,556 | 1,078,896 |
| TOTAL PRE-PETITION LIABILITIES⁽¹⁾ | \$3,032,556 | \$1,078,896 |
| TOTAL LIABILITIES | \$10,763,860 | \$7,232,598 |
| OWNER EQUITY | | |
| Capital Stock | 21,899 | 21,783 |
| Additional Paid-In Capital | 261,510,769 | 260,873,412 |
| Partners' Capital Account | - | - |
| Owner's Equity Account | - | - |
| Retained Earnings - Pre-Petition ⁽²⁾ | (255,311,581) | (253,444,600) |
| Retained Earnings - Postpetition ⁽²⁾ | (2,881,223) | - |
| Adjustments to Owner Equity (attach schedule) | 809,887 | 809,887 |
| Postpetition Contributions (Distributions) (Draws) (attach schedule) | - | - |
| NET OWNER EQUITY | \$4,149,752 | \$8,260,482 |
| TOTAL LIABILITIES AND OWNERS' EQUITY | \$14,913,612 | \$15,493,080 |

(1) Total Pre-Petition Liabilities does not reconcile to the amount stated on the Schedules of Assets and Liabilities filed on October 15, 2007 due to timing differences and allocation of accruals.

(2) Due to the allocation of accruals and adjustments booked at month end, the net loss for the 9/15 to 9/30 period does not reconcile to the change in retained earnings. There will not be an unreconciled difference in future periods as Company reporting periods will correspond with the Monthly Operating Report periods.

*"Insider" is defined in 11 U.S.C. Section 101(31).

BALANCE SHEET - continuation sheet

| ASSETS | | BOOK VALUE AT JANUARY 31, 2008 | BOOK VALUE ON PETITION DATE SEPTEMBER 14, 2007 |
|--|--|-----------------------------------|---|
| Other Current Assets | | | |
| Accounts Receivable Credit Card Batch | | \$23,963 | \$18,583 |
| Interest Income Receivable | | - | 6,182 |
| Employee Travel Advance | | 1,805 | 14,250 |
| Other Receivables | | - | 67,060 |
| Deposits | | 94,136 | 97,836 |
| Interdivision Transfers | | - | - |
| Intercompany Receivables - SCO Group | | 1,745,258 | 1,745,258 |
| Intercompany Receivables - SCO India | | - | 127,598 |
| Intercompany Receivables - SCO Japan | | 369,259 | 356,642 |
| TOTAL OTHER CURRENT ASSETS | | \$2,234,421 | \$2,433,409 |
| Other Assets | | | |
| Goodwill | | 2,042,600 | 2,042,600 |
| Investment in Affiliates | | 2,203 | 2,203 |
| TOTAL OTHER ASSETS | | \$2,044,803 | \$2,044,803 |
| LIABILITIES AND OWNER EQUITY | | BOOK VALUE AT JANUARY 31, 2008 | BOOK VALUE ON PETITION DATE SEPTEMBER 14, 2007 |
| Other Postpetition Liabilities | | | |
| Accrued Co-op Advertising | | 181,059 | 234,720 |
| E*Trade Cash Accrual | | - | 125 |
| Accrued Expense - Research & Development | | 13,500 | 130,779 |
| Accrued Expense - Sales & Marketing | | 34,015 | 134,489 |
| Accrued Expense - General & Administrative | | 22,890 | 10,500 |
| Accrued Expense - General Legal | | 22,058 | 132,500 |
| Accrued Expense - Chapter 11 Fees | | 116,082 | - |
| Accrued Expense - Escrow Legal | | 111,468 | 425,455 |
| Accrued Expense - Other | | 64,113 | 45,262 |
| Deferred Income - Services | | 1,018,702 | 1,223,830 |
| Deferred Income -PS CONTRAT AC | | 26,634 | 9,273 |
| Deferred Income-SES | | 259,967 | 341,882 |
| Deferred Income-SES | | 126 | 722 |
| Deferred Revenue | | 24,966 | 25,616 |
| Deferred Customer Liability | | 482,653 | 482,653 |
| Deferred Revenue @ DISTRIB | | 145,403 | 176,994 |
| Royalties Payable | | 90,738 | 41,231 |
| Accrued Royalties Payable | | 89,269 | 146,405 |
| Royalties Payable to Novell | | (18,970) | 133,984 |
| Intercompany Payables - UK | | 184,536 | - |
| Intercompany Payables - SCO Germany | | 377,456 | - |
| Intercompany Payables - SCO France | | 32,034 | - |
| Intercompany Payables - SCO Canada | | 14,684 | - |
| Intercompany Payables - SCO India | | 199,658 | - |
| Dilapidation Accrual | | 182,072 | 184,401 |
| Pension Accrual | | 872,000 | 872,000 |
| TOTAL OTHER POSTPETITION LIABILITIES | | \$4,547,114 | \$4,752,821 |
| Adjustments to Owner Equity | | | |
| Warrants Outstanding | | 856,549 | 856,549 |
| Dividends Declared | | 2,399,095 | 2,399,095 |
| Treasury Stock | | (2,445,757) | (2,445,757) |
| TOTAL OTHER ADJUSTMENTS TO OWNER EQUITY | | \$809,887 | \$809,887 |
| Postpetition Contributions (Distributions) (Draws) | | | |

In re SCO Operations, Inc.
Debtor

Case No. 07-11338 (KG)
Reporting Period: as of 01/31/2008

STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.
Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.
Attach photocopies of any tax returns filed during the reporting period.

| | Beginning Tax Liability | Amount Withheld or Accrued | Amount Paid | Date Paid | Check No. or EFT | Ending Tax Liability |
|-----------------------|-------------------------------|----------------------------------|----------------|--------------|---------------------|----------------------------|
| Federal | | | | | | |
| Withholding | | | | | | |
| FICA-Employee | | | | | | |
| FICA-Employer | | | | | | |
| Unemployment | | | | | | |
| Income | | | | | | |
| Other: _____ | | | | | | |
| Total Federal Taxes | | | | | | |
| State and Local | | | | | | |
| Withholding | | | | | | |
| Sales | | | | | | |
| Excise | | | | | | |
| Unemployment | | | | | | |
| Real Property | | | | | | |
| Personal Property | | | | | | |
| Other: _____ | | | | | | |
| Total State and Local | | | | | | |
| Total Taxes | | | | | | |

See attestation letter

See attestation letter

SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

| | Number of Days Past Due | | | | | | Total |
|---|-------------------------|-----------|----------------|-------|-----------|----|-----------|
| | Current | 0-30 | 31-60 | 61-90 | Over 90 | | |
| Accounts Payable | \$ 894,580 | \$ 76,484 | \$ (10,267.66) | \$ - | \$ 82,898 | \$ | 1,043,695 |
| Wages Payable | 1,435,164 | - | - | - | - | - | 1,435,164 |
| Taxes Payable | 683,801 | - | - | - | - | - | 683,801 |
| Rent/Leases-Building | - | - | - | - | - | - | - |
| Rent/Leases-Equipment | - | - | - | - | - | - | - |
| Secured Debt/Adequate Protection Payments | - | - | - | - | - | - | - |
| Professional Fees | 21,529 | - | - | - | - | - | 21,529 |
| Amounts Due to Insiders* | - | - | - | - | - | - | - |
| Other: Other Postpetition Liabilities | 4,547,114 | - | - | - | - | - | 4,547,114 |
| Total Postpetition Debts | \$ 7,582,189 | \$ 76,484 | \$ (10,267.66) | \$ - | \$ 82,898 | \$ | 7,731,304 |

Explain how and when the Debtor intends to pay any past-due postpetition debts.

*"Insider" is defined in 11 U.S.C. Section 101(31).

FORM MOR-4
(04/07)

February 21, 2008

Re: The SCO Group, Inc., et al.
Del. Bankr. No. 07-11337
Attestation Regarding Postpetition Taxes

Office of the United States Trustee

The above-captioned debtors (the "Debtors") hereby submit the attestation regarding postpetition taxes.

All postpetition taxes for the Debtors, which are not subject to dispute or reconciliation, are current. There are no material tax disputes or reconciliations.

Dated: 02/21/2008

THE SCO GROUP, INC. and SCO
OPERATIONS, INC.

By: 
Ken Nielsen
Chief Financial Officer

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

| Accounts Receivable Reconciliation | | Amount |
|--|--|---------------|
| Total Accounts Receivable at the beginning of the reporting period | | \$3,471,772 |
| + Amounts billed during the period | | 1,986,046 |
| - Amounts collected during the period | | 1,326,474 |
| Total Accounts Receivable at the end of the reporting period | | \$4,131,344 |

| Accounts Receivable Aging | | |
|----------------------------------|--|-------------|
| 0 - 30 days old | | 1,906,701 |
| 31 - 60 days old | | 1,093,876 |
| 61 - 90 days old | | 215,802 |
| 91+ days old | | 915,017 |
| Accounts Receivable | | 4,131,396 |
| Foreign Exchange Adjustment | | (53) |
| Total Accounts Receivable | | 4,131,344 |
| Receivables-Royalties | | 384,511 |
| Allowance for Sales Returns | | (316,119) |
| Allowance for Doubtful Accounts | | (158,169) |
| Accounts Receivable (Net) | | \$4,041,566 |

DEBTOR QUESTIONNAIRE

| Must be completed each month | Yes | No |
|---|------------|-----------|
| 1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below. | | x |
| 2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below. | | x |
| 3. Have all postpetition tax returns been timely filed? If no, provide an explanation below. | x | |
| 4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below. | x | |
| 5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3. | x | |