

UNITED STATES BANKRUPTCY COURT

DISTRICT OF DELAWARE

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

DEBTORS' JOINT PLAN OF REORGANIZATION

Dated: February 29, 2008

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¹ The 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.

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INTRODUCTION

The SCO Group, Inc. ("SCO Group") and SCO Operations, Inc. ("Operations") jointly propose the following plan of reorganization (as amended from time to time, and including all addenda, exhibits, schedules and other attachments hereto, as any of the same may be amended from time to time, all of which are incorporated herein by reference, the "Plan"), pursuant to the provisions of chapter 11 of the Bankruptcy Code (defined in Section 1.2 below).

For a discussion of the Debtors' history, business, operations, assets and liabilities and for a summary and analysis of the Plan, reference should be made to the *Disclosure Statement in Connection with the Debtors' Joint Plan of Reorganization* (the "Disclosure Statement"). All Creditors and Holders of Equity Interests are encouraged to read the Disclosure Statement and the Plan carefully.

ARTICLE 1

DEFINITIONS, INTERPRETATION AND EXHIBITS

1.1 *Scope of Definitions.* For purposes of the Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings assigned to them in this Article 1 of the Plan. Any term used in the Plan that is not defined herein, but that is used in the Bankruptcy Code or the Bankruptcy Rules (as defined below), shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be. Whenever the context requires, such terms shall include the plural as well as the singular number, and reference to any gender shall include the masculine, feminine and neuter genders.

1.2 *Definitions.*

"Administrative Expense Claim" means a Claim for costs and expenses of administration allowed under section 503(b) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the Estates of any of the Debtors, any actual and necessary expenses of operating the business of either of the Debtors, but exclusive of Professional Fee Claims.

"Administrative Expense Claim Bar Date" means the date fixed in Section 2.1(b) of this Plan as the last date for filing proofs of Administrative Expense Claims.

"Affiliate" means any Person that is an "affiliate" of any of the Debtors within the meaning of section 101(2) of the Bankruptcy Code.

"Allowed" when used with respect to a Claim, means a Claim: (a) which has been listed on the Schedules of any of the Debtors as other than disputed, contingent or unliquidated and as to which no proof of Claim or objection has been timely filed; (b) as to which a proof of Claim has been timely filed and either: (i) no objection thereto has been timely filed or (ii) the Claim has been allowed (but only to the extent allowed) by a Final Order of the Bankruptcy Court; (c) which has been allowed under the provisions of this Plan; (d) which is a Professional Claim for which a fee award amount has been approved by Final Order of the Bankruptcy Court; or

(e) which is allowed pursuant to any stipulation of amount and nature of Claim executed by the applicable Debtor and Holder of the Claim on or after the Effective Date.

“Autozone Litigation” means the case styled *The SCO Group, Inc. v. Autozone, Inc.*, pending in the United States District Court for the District of Nevada, Case No. CV-S-04-0237-RCJ-LRL.

“Available Cash” means: (i) with respect to the payments to Holders of Allowed Claims to be made on the Effective Date, the amount of Cash determined by the Debtors, in the exercise of their reasonable business judgment after accounting for the Disputed Claims Reserve, and the availability under the Debt Financing, to be available for distribution to such Holders of Allowed Claims under this Plan; and (ii) with respect to each subsequent distribution to any Holder of an Allowed Claim, the amount of Cash available (including availability under the Debt Financing) to make payments or distributions pursuant to this Plan at the time of such distribution.

“Avoidance Action” means a Cause of Action which either of the Debtors may assert under sections 541, 542, 543, 544, 545, 547, 548, 549, 550 or 553 of the Bankruptcy Code.

“Ballot” means the ballot, the form of which has been approved by the Bankruptcy Court, accompanying the Disclosure Statement provided to each Holder of an Interest entitled to vote to accept or reject this Plan.

“Bankruptcy Code” means title 11 of the United States Code, sections 101 *et seq.*, as now in effect or as hereafter amended.

“Bankruptcy Court” means the United States Bankruptcy Court for the District of Delaware, or such other court having jurisdiction over the Chapter 11 Cases.

“Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure, as amended and the local bankruptcy rules for the Bankruptcy Court as now in effect or as the same may from time to time hereafter be amended.

“Bar Date” means the date(s) established by the Bankruptcy Court as the last date for filing proofs of Claim against the Debtors.

“Business Day” means any day that is not a Saturday, a Sunday or “legal holiday” as such term is defined in Bankruptcy Rule 9006(a).

“Cash” means cash or cash equivalents, including but not limited to, wire transfers, checks and other readily marketable direct obligations of the United States of America and certificates of deposit issued by banks.

“Causes of Action” means, except as provided otherwise in the Plan, the Confirmation Order or any document, instrument, release or other agreement entered into in connection with the Plan, all Claims, actions, choses in action, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, controversies, variances, trespasses, damages, judgments, third-party claims, counterclaims and cross claims (including, but not limited to, any Avoidance Actions, the IBM Litigation, Novell Litigation, Autozone Litigation

and the Red Hat Litigation) that are or may be pending on the Effective Date or instituted by the Debtor(s) after the Effective Date against any Person based on law or equity, including, but not limited to, under the Bankruptcy Code, whether direct, indirect, derivative, or otherwise and whether asserted or unasserted, known or unknown.

“Chapter 11 Cases” means, collectively, the chapter 11 cases pending for the Debtors in the Bankruptcy Court and jointly administered under case number 07-11337 (KG).

“Claim” has the same meaning ascribed in section 101(5) of the Bankruptcy Code.

“Class” means a category of Holders of Claims or Equity Interests as set forth in Article 3 of the Plan.

“Confirmation Date” means the date on which the Bankruptcy Court enters the Confirmation Order on its docket.

“Confirmation Hearing” means the hearing before the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code to consider confirmation of this Plan.

“Confirmation Order” means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code, as such order may be amended, modified or supplemented.

“Creditor” has the same meaning ascribed in section 101(10) of the Bankruptcy Code and shall refer to any Holder of a Claim against any Debtor or Holder of any Claim against property of any Debtor as defined in section 102(2) of the Bankruptcy Code.

“Debt Financing” means the five year non-revolving credit line in amounts up to US \$95 million to be made available to the Debtors pursuant to the Loan Agreement included in the Definitive Agreements (as defined in the MOU).

“Debtors” means, collectively, The SCO Group, Inc. and SCO Operations, Inc.

“Debtors in Possession” means the Debtors in the capacity, and with the status and rights, conferred by sections 1107 and 1108 of the Bankruptcy Code.

“Disallowed,” when used with respect to a Claim, means a Claim: (a) which has been listed on the Schedules of any of the Debtors as disputed, contingent or unliquidated and as to which no proof of Claim has been timely filed; (b) as to which a proof of Claim has been timely filed and either: (i) an objection thereto has been timely filed, or (ii) the Claim has been disallowed (but only to the extent disallowed) by a Final Order of the Bankruptcy Court; (c) with respect to any Claim held by Novell or IBM, when Final Order is entered against Novell or IBM in the Novell Litigation or the IBM Litigation, as applicable; or (d) which has been disallowed under the provisions of this Plan.

“Disbursing Agent” means Reorganized Operations, or such other person or entity designated or retained by the Debtors to make distributions to Holders of Allowed Claims and maintain the Disputed Claims Reserve under this Plan.

“Disclosure Statement” means the disclosure statement for the Plan approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code (including all schedules and exhibits thereto), as such disclosure statement may be amended or modified from time to time.

“Disputed Claim” means any Claim against a Debtor or property of a Debtor to the extent that the Allowance of such Claim is the subject of an objection, appeal or motion to estimate that has been timely filed by a party in interest and which objection, appeal or motion has not been determined by a Final Order. In the event that any part of a Claim is disputed, such Claim in its entirety shall be deemed to constitute a Disputed Claim for purposes of distribution under this Plan unless the Debtors and the Holder thereof agree otherwise.

“Disputed Claims Reserve” means a reserve established to receive and hold, in a segregated account, to be established by the Disbursing Agent, Cash in an amount equal to the aggregate of amounts thereof or such other amounts as the parties may agree or the Bankruptcy Court may order, that would have been distributed on the Effective Date on account of such Disputed Claims (excluding, however, all Claims asserted in the Pending Litigation), against the Debtors or their property (had they been Allowed at that time).

“Effective Date” means the Business Day designated by the Debtors which is at least ten days after the date on which all of the conditions specified in Section 9.1 of this Plan are first satisfied or waived.

“Entity” has the meaning ascribed in section 101(15) of the Bankruptcy Code.

“Equity Financing” means the US \$5 million to be paid by SNCP pursuant to the Stock Purchase Agreement included in the Definitive Agreements (as defined in the MOU) to fund, among other things, the distributions in respect of the holders of Allowed Claims and Equity Interests to be made on the Effective Date under Article 4 of the Plan.

“Equity Interest” means any ownership interest or stock in SCO Group or Operations including, without limitation all rights (under outstanding stock option agreements, warrant agreements, and otherwise) to obtain such an interest or stock in any of the Debtors.

“Estate” means the estate created in the Chapter 11 Cases for each Debtor pursuant to section 541 of the Bankruptcy Code.

“File, Filed or Filing” means file, filed or filing with the Bankruptcy Court or its authorized designee in the Chapter 11 Cases.

“Final Order” means an order entered by a court of competent jurisdiction (other than an interim order that is not appealable) that is not subject to any further appeal.

“General Unsecured Claim” means a Claim that is not an Administrative Expense, a Secured Claim, a Lien Claim, a Miscellaneous Secured Claim, a Priority Claim or a Subordinated Claim.

“Holder” means an Entity holding a Claim or Equity Interest.

“IBM Litigation” means the case styled *The SCO Group, Inc. v. International Business Machines Corporation*, Case No. 2:03CV0294, pending in the United States District Court for the District of Utah.

“Impaired” means impaired within the definition of section 1124 of the Bankruptcy Code.

“Insider” has the meaning ascribed in section 101(31) of the Bankruptcy Code.

“Intercompany Claim” means any Claim by a Debtor against another Debtor.

“Lien” has the same meaning ascribed in section 101(37) of the Bankruptcy Code.

“MOU” means that certain Memorandum of Understanding dated February 13, 2008 by and between the Debtors and SNCP, as it may be amended from time to time. A copy of the MOU is attached as **Exhibit A**.

“New Common Stock” means Reorganized SCO’s authorized and issued common stock outstanding immediately after the Effective Date, including the shares of common stock to be issued to the Trust.

“Notice Agent” means Epiq Bankruptcy Solution, LLC, or such other firm retained pursuant to 28 U.S.C. § 156(c) in connection with the Chapter 11 Cases.

“Novell Litigation” means that case styled *The SCO Group, Inc. v. Novell, Inc.*, Case No. 2:04CV00139 pending in the United States District Court for the District of Utah.

“Novell/IBM Litigation” means both the Novell Litigation and the IBM Litigation.

“Old Common Stock” means SCO Group’s authorized and issued common stock outstanding immediately prior to the Effective Date.

“Pending Litigation” means collectively, the Autozone Litigation, the IBM Litigation, the Novell Litigation, and the Red Hat Litigation, and any other cause of action, counterclaim or cross claim that is pending against either of the Debtors as of the Effective Date.

“Person” means an individual, corporation, limited partnership, general partnership, association, limited liability company, estate, trust, joint venture, unincorporated organization, any governmental unit, other entity or group.

“Petition Date” means September 14, 2007, the date on which the Debtors commenced their Chapter 11 Cases by filing petitions for relief under chapter 11 of the Bankruptcy Code.

“Plan” means this chapter 11 plan, either in its present form or as it may be altered, amended, or modified from time to time in accordance with the provisions of the Bankruptcy Code and the Bankruptcy Rules.

“Priority Claim” means a Claim to the extent that it is of the kind described in, and entitled to priority under, sections 507(a)(3), (a)(4), (a)(5), (a)(6), (a)(7), (a)(8) or (a)(9) of the Bankruptcy Code.

“Priority Non-tax Claim” means a Claim to the extent that it is of the kind described in, and entitled to priority under sections 507(a)(3), (a)(4), (a)(5), (a)(6), (a)(7) or (a)(9) of the Bankruptcy Code, that is not a Priority Tax Claim.

“Priority Tax Claim” means a Claim of a governmental unit of the kind specified in subsection 507(a)(8) of the Bankruptcy Code.

“Professional” means any professional employed or to be compensated pursuant to sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code.

“Professional Fee Claim Bar Date” means the date fixed in Section 2.2(b) of this Plan as the last date for filing proofs of Professional Fee Claims.

“Professional Fee Claim” means a Claim by a Professional for compensation and/or reimbursement of expenses, to the extent allowed pursuant to Sections 330 or 503 of the Bankruptcy Code.

“Property” means “property of the estate” as set forth in section 541 of the Bankruptcy Code.

“Proponents” means the Debtors as proponents of the Plan.

“Red Hat Litigation” means the action pending in the United States District Court for the District of Delaware under the case caption, *Red Hat, Inc. v. The SCO Group, Inc.*, Civil No. 03-772.

“Redemption Price” has the meaning ascribed in Section 5.6 of this Plan.

“Remaining Assets” means any and all real and personal property of the applicable Debtors, including Cash, assets, or other property of the Debtor’s Estate of every kind and character including, without limitation, the Disputed Claims Reserves, and Causes of Action, including Avoidance Actions that are property of the Debtors.

“Reorganized Debtors” means the Debtors in their post-confirmation status.

“Reorganized Operations” means SCO Operations, Inc. in its post-confirmation status.

“Reorganized SCO” means The SCO Group, Inc. in its post-confirmation status.

“Schedules” means each Debtors’ schedules of assets and liabilities filed with the clerk of the Bankruptcy Court pursuant to Bankruptcy Rule 1007, as they have been or may be amended or supplemented from time to time in accordance with Bankruptcy Rule 1009.

“Secured Claim” means a Claim that is secured by a Lien on, or security interest in, property of any of the Debtors, or that has the benefit of rights of setoff under section 553 of the Bankruptcy Code, but only to the extent of the value of the creditor’s interest in the Debtor’s interest in such property, or to the extent of the amount subject to setoff, which value shall be determined as provided in section 506 of the Bankruptcy Code.

“Series A Preferred Stock” means the Series A Preferred Stock of Reorganized SCO, including the shares to be issued to SNCP pursuant to the Stock Purchase Agreement.

“SNCP” means Stephen Norris Capital Partners, LLC or a special purpose entity organized for the purpose of consummating the transactions contemplated by the Stock Purchase Agreement and the Debt Financing, in which Stephen L. Norris is a manager or executive officer, and to which Stephen Norris Capital Partners, LLC assigns and delegates its rights and obligations under the MOU and the Stock Purchase Agreement.

“Statutory Fees” means any fees or charges assessed against the Estates of either of the Debtors under section 1930, chapter 123 of title 28 of the United States Code.

“Stockholders’ Agreement” means that certain agreement referenced in Section 4.4 of the Plan to be entered into by and among the Trust, Reorganized SCO and the holders of Series A Preferred Stock.

“Stock Purchase Agreement” means that certain stock purchase agreement entered into or to be entered into by and among the Debtors and SNCP, the terms and conditions of which shall govern SNCP’s acquisition of Series A Preferred Stock.

“Subordinated Claim” means, in accordance with section 510(b) of the Bankruptcy Code, any Claim arising from rescission of a purchase or sale of a security of the Debtors, for damages arising from the purchase or sale of such a security or for reimbursement of contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim or for any fine or penalty.

“Trust” means that The SCO Group Irrevocable Grantor Trust between Reorganized SCO and the Trustee to be executed on the Effective Date of the Plan.

“Trustee” means the trustee under the Trust, which initially shall be a national bank or trust company chosen by the Debtors.

“Unimpaired” means any Claim that is not Impaired within the meaning of section 1124 of the Bankruptcy Code.

“Voting Deadline” means the date set in an order of the Bankruptcy Court as the deadline for the return of Ballots accepting or rejecting the Plan.

1.3 Interpretation. For purposes of the Plan, (a) any reference in the Plan to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (b) any reference in the Plan to an existing document or exhibit filed or to be filed means such document or exhibit, as it may have

been or may be amended, modified or supplemented; (c) unless otherwise specified, all references in the Plan to Articles, Sections, Schedules and Exhibits are references to Articles, Sections, Schedules and Exhibits of or to the Plan; (d) the words "herein" and "hereto" refer to the Plan in their entirety rather than to a particular portion of the Plan; (e) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; and (f) the rules of construction set forth in section 102 of the Bankruptcy Code and in the Bankruptcy Rules shall apply.

1.4 *Computation of Time.* In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006 shall apply.

ARTICLE 2

PROVISION FOR PAYMENT OF ALLOWED ADMINISTRATIVE EXPENSE CLAIMS, PRIORITY TAX CLAIMS AND STATUTORY FEES

2.1 *Administrative Expense Claims.* All Administrative Expense Claims shall be treated as follows:

(a) Each Holder of an Allowed Administrative Expense Claim shall receive the full amount thereof, without interest, in Cash (except to the extent that any Holder of an Allowed Administrative Expense Claim agrees to less favorable treatment thereof) as soon as practicable after the later of (i) the Effective Date or as soon as practicable thereafter, (ii) the date that is 11 days after an order of the Bankruptcy Court allowing such Administrative Expense Claim becomes a Final Order, or (iii) as mutually agreed by the Disbursing Agent and the Holder of such Allowed Administrative Expense Claim.

(b) All applications for payment of Administrative Expense Claims (or any other means of preserving and obtaining payment of Administrative Expense Claims found to be effective by the Bankruptcy Court) shall be filed no later than the 30th day after the Confirmation Date (the "Administrative Expense Claim Bar Date"); and if such requests for payment of Administrative Expense Claims are not so filed, the Holders of such Claims shall be forever barred and shall not be able to assert such Claims in any manner against the Debtors, the Disbursing Agent, the assets of the Debtors, or the Reorganized Debtors.

2.2 *Professional Fee Claims.* All Professional Fee Claims shall be treated as follows:

(a) Each Holder of an Allowed Professional Fee Claim shall receive the full amount thereof, without interest, in Cash (except to the extent that any Holder of an Allowed Professional Fee Claim agrees to less favorable treatment thereof) as soon as practicable after the later of (i) the Effective Date or as soon as practicable thereafter, (ii) the date that is 11 days after an order of the Bankruptcy Court allowing such Professional Fee Claim becomes a Final Order, or (iii) as mutually agreed by the Disbursing Agent and the Holder of such Allowed Professional Fee Claim.

(b) All applications for payment of Professional Fee Claims (or any other means of preserving and obtaining payment of Professional Fee Claims found to be effective by

the Bankruptcy Court) for services rendered and/or expenses incurred prior to the Confirmation Date shall be filed no later than the 60th day after the Confirmation Date (the "Professional Fee Claim Bar Date"); and if such requests for payment of Professional Fee Claims are not so filed, the Holders of such Claims shall be forever barred and shall not be able to assert such Claims in any manner against the Debtors or their assets.

(c) All reasonable costs and expenses of the Reorganized Debtors, including, without limitation, fees and expenses (including, without limitation, attorneys' fees and expenses through all levels of appeal) for services rendered in connection with the Chapter 11 Cases and the Plan after the Confirmation Date, including, without limitation, those relating to the resolution of pending Claims and prosecution of Causes of Action, shall be paid promptly by the Reorganized Debtors, without the need for Bankruptcy Court approval, and may be paid as they come due.

2.3 Priority Claims. Each Holder of an Allowed Priority Claim shall receive, on account of such Claim, Cash equal to the amount of such Allowed Priority Claim, without post-petition interest or penalty, on the later of: (i) the Effective Date or as soon as practicable thereafter, or (ii) the date that is 11 days after an order of the Bankruptcy Court allowing such Priority Claim becomes a Final Order.

2.4 Statutory Fees. On or before the Effective Date, the Debtors shall pay or have paid in full in Cash all Allowed Statutory Fees payable pursuant to 28 U.S.C. § 1930 and any fees payable to the Bankruptcy Court which are due and payable on or before the Effective Date. All fees payable pursuant to 28 U.S.C. § 1930 after the Effective Date will be paid by the Disbursing Agent.

ARTICLE 3

CLASSIFICATION, IMPAIRMENT AND TREATMENT OF CLAIMS AGAINST AND EQUITY INTERESTS IN DEBTORS

3.1 Classification and Treatment. All Claims and Equity Interests, except Administrative Expense Claims, Priority Claims and Statutory Fees, are placed in Classes as set forth below. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and is classified in other Classes to the extent that any remainder of the Claim or Equity Interest qualifies within the description of such other Classes. A Claim also is classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class, and such Claim has not been disallowed, paid or released prior to the Effective Date.

<u>Class</u>	<u>Type of Claim</u>	<u>Treatment</u>	<u>Voting Rights</u>
1	Priority Claims against SCO Group	Unimpaired. Paid in full on the Effective Date or as soon thereafter as practicable.	Not entitled to vote

1A	Priority Claims against Operations	Unimpaired. Paid in full on the Effective Date or as soon thereafter as practicable.	Not entitled to vote
2	Miscellaneous Secured Claims against SCO Group	Unimpaired. On the Effective Date, each Holder of an Allowed Secured Claim shall, at the election of SCO Group, either: (a) receive the collateral securing such Claim in full satisfaction, release and discharge of such Claim; or (b) (i) retain the Liens securing such Claim to the extent of its Allowed Claim, and (ii) receive deferred Cash payments totaling the Allowed amount of its Claim as of the Effective Date, or, if any such Claim becomes Allowed after the Effective Date, as soon as practicable after such Claim becomes Allowed; or (c) receive such other treatment as the Debtors and the Holder of such Claim shall agree upon in writing.	Not entitled to vote
2A	Miscellaneous Secured Claims against Operations	Unimpaired. On the Effective Date, each Holder of an Allowed Secured Claim shall, at the election of Operations, either (a) receive the collateral securing such Claim in full satisfaction, release and discharge of such Claim; or (b) (i) retain the Liens securing such Claim to the extent of its Allowed Claim, and (ii) receive deferred Cash payments totaling the Allowed amount of its Claim as of the Effective Date, or, if any such Claim becomes Allowed after the Effective Date, as soon as practicable after such Claim becomes Allowed; or (c) receive such other treatment as the Debtors and the Holder of such Claim shall agree upon in writing.	Not entitled to vote
3	General Unsecured Claims against SCO Group Other than Novell and IBM	Unimpaired. On the Effective Date or as soon thereafter as is practicable, the Disbursing Agent shall disburse to each Holder of an Allowed Class 3 Claim 100% of the principal amount of such Allowed Claim, plus (if applicable) interest at the contract rate from the Petition Date to the date of the Confirmation Hearing.	Not entitled to vote

3A	General Unsecured Claims against Operations	Unimpaired. On the Effective Date or as soon thereafter as is practicable, the Disbursing Agent shall disburse to each Holder of an Allowed Class 3A Claim 100% of the principal amount of such Allowed Claim, plus (if applicable) interest at the contract rate from the Petition Date to the date of the Confirmation Hearing.	Not entitled to vote
4	General Unsecured Claims against SCO Group in respect of Pending Litigation	Unimpaired. On the later of the Effective Date or the dates the claims asserted against the Debtors in any Pending Litigation become Allowed Claims, the Disbursing Agent shall disburse to each holder of an Allowed Class 4 Claim 100% of the principal amount of such Allowed Claim, plus (if applicable) interest at the contract or judgment rate, whichever is appropriate.	Not entitled to vote
5	Equity Interests in SCO Group	<p>Impaired. On the Effective Date, Equity Interests in SCO Group shall be cancelled and extinguished and Reorganized SCO will issue to the Trust shares of its New Common Stock, and options and warrants to purchase shares of its New Common Stock. On the Effective Date, Holders of Equity Interests in SCO Group shall receive a <i>pro-rata</i> beneficial interest in the Trust based upon their ownership of SCO Group's outstanding Old Common Stock and Old Common Stock equivalents immediately prior to cancellation of the Equity Interests.</p> <p>On the Effective Date or as soon after as practicable, Holders of Equity Interests consisting of shares of Old Common Stock (excluding Old Common Stock equivalents) shall receive an initial distribution from the Trust of \$2 million, less amounts reserved for fees and expenses of the Trust, which amount shall be funded by Reorganized SCO and shall be distributed by the Trust pro rata to such Holders based on their beneficial interests in the Trust.</p> <p>Further, within one year after the pending litigation claims in the Novell/IBM</p>	Entitled to vote

		<p>Litigation are finally resolved (by final judgment or order, not subject to further appeal, or settlement), Reorganized SCO will redeem all shares of New Common Stock held by the Trust (including shares of New Common Stock issued or issuable in respect of options and warrants to purchase shares of New Common Stock held by the Trust) for the Redemption Price. The Trust will distribute the proceeds of the Redemption Price to the beneficial owners of the Trust, <i>pro rata</i> based on their former interests in the Old Common Stock and Old Common Stock equivalents.</p> <p>Further, the Trust shall provide for liquidating distributions to all beneficiaries of the Trust if the following events occur before the New Common Stock held by the Trust is redeemed under the foregoing provisions, as follows: (i) if Reorganized SCO makes an initial public offering of its securities, the shares of New Common Stock held by the Trust will be distributed to the beneficiaries (in compliance with applicable securities laws and regulations); (ii) if all or substantially all of the assets of Reorganized SCO are sold (or any series of related transactions results in the sale or other transfer of all or substantially all of the assets of Reorganized SCO) or a merger, reorganization or other transaction in which holders of a majority of the outstanding voting control of Reorganized SCO immediately prior to the transaction do not own a majority of the outstanding voting shares of the surviving corporation occurs, the proceeds of such sale or other transaction which are payable to the Trust will be distributed to the beneficiaries of the Trust; and (iii) if Reorganized SCO voluntarily or involuntarily liquidates, dissolves or winds up, the proceeds payable to the Trustee in connection therewith shall be distributed to the beneficiaries of the Trust. In the event of a sale, merger or equivalent transaction, the minimum amount that will be distributed to</p>	
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		the Trust will be equal to the Redemption Price. The final distribution to the Trust beneficiaries will be allocated between beneficiaries who are former Holders of Old Common Stock and those that are former Holders of Old Common Stock equivalents, based on the amount of proceeds available for distribution (expressed as a price per share of New Common Stock) and the exercise price of the options and warrants held by the Trust.	
5A	Equity Interests in Operations	Unimpaired. Equity Interests in Operations shall be retained by Reorganized SCO.	Not entitled to vote

3.2 *Separate Classes and Treatment.* No Class, member of any Class or Holder of any Claim against or Equity Interest in the Debtors shall be entitled to or receive Cash or other property allocated for distribution to any other Class or to a Holder of a Claim, except as expressly specified in the Plan. The Disbursing Agent shall not disburse any Cash or other property allocated to a Class, member of any Class or a Holder of a Claim or Equity Interest to any other Class or member thereof or Holder of a Claim or Equity Interest, except as expressly specified in the Plan or the Confirmation Order.

3.3 *Claims May Be in More Than One Class.* A Claim is part of a particular Class only to the extent that the Claim qualifies within the definition of that Class and such Claim is part of a different Class to the extent that the remainder of the Claim qualifies within the description of a different Class.

ARTICLE 4

MEANS OF IMPLEMENTING THE PLAN

4.1 *Funding of Plan.* SCO Group will fund the Plan from Available Cash, Debt Financing, Equity Financing, or a combination thereof. The Debtors anticipate that the Available Cash, Debt Financing and Equity Financing will be sufficient to pay all Allowed Administrative Claims, Professional Fee Claims, Statutory Fees, Priority Tax Claims, Priority Non-Tax Claims and Secured Claims, in full, and Allowed General Unsecured Claims plus (if applicable) interest, on the Effective Date and thereafter when Claims become Allowed Claims.

4.2 *Extinguishment of Existing Common Stock and Common Stock Equivalents of SCO Group.* On the Effective Date, the existing common stock and common stock equivalents of SCO Group shall be cancelled and extinguished.

4.3 *Retention by Reorganized SCO of Stock of Operations.* Reorganized SCO shall continue to own the existing common stock of Operations after Confirmation.

4.4 Issuance of New Common Stock and New Common Stock Equivalents of SCO Group. On the Effective Date, the Trust will receive shares of newly issued New Common Stock and options and warrants to purchase shares of New Common Stock of Reorganized SCO, initially representing 49% of Reorganized SCO's fully diluted equity after conversion of the Series A Preferred Stock, and thereafter representing between 49% and 15% of Reorganized SCO's fully diluted equity after conversion of the Series A Preferred Stock, the precise conversion percentage of which shall be determined based upon the conversion rights of the Series A Preferred Stock as set forth in the Stock Purchase Agreement and the Statement of Rights and Preferences for the Series A Preferred Stock. On the Effective Date, Holders of Equity Interests (including options and warrants) in SCO Group will receive a *pro-rata* beneficial interest in the Trust. On the Effective Date, the Trust will enter into a Stockholders' Agreement with Reorganized SCO and the holders of the Series A Preferred Stock, pursuant to which, among other things, (i) the Trust will agree not to sell or transfer any of its shares of New Common Stock or options or warrants to purchase shares of New Common Stock, except as provided therein or in the Trust, or the documents governing the options and warrants, and (ii) the holders of Reorganized SCO's outstanding equity securities will have rights and obligations (commonly referred to as "tag along" and "drag along" rights) to participate in a sale of all or substantially all of Reorganized SCO's outstanding equity securities (or a merger or other corporate reorganization of SCO that has the same effect as a sale of all or substantially all of its outstanding equity securities); provided that any such sale or merger or other corporate reorganization shall yield cash proceeds to the Trust in an amount at least equal to the Redemption Price. The issuance to the Trust and terms of the options to purchase shares of New Common Stock will be governed by a stock option agreement between Reorganized SCO and the Trust that will provide, among other things, for (a) an exercise price per share equal to \$.02 in excess of the current market value of the shares of Old Common Stock as of the Effective Date, as determined by Reorganized SCO's Board of Directors in good faith, (b) an exercise term of ten years from the Effective Date, and (c) cashless exercise of the options. The number of shares of New Common Stock into which the options issued to the Trust on the Effective Date will be convertible will correspond to the number of shares of Old Common Stock issuable upon exercise of the outstanding options issued prior to the Effective Date. The warrants issued to the Trust will be governed by essentially the same terms and conditions as SCO Group's existing warrants with the warrant holder, and will cover the same number of shares of New Common Stock as the number of shares of Old Common Stock which the warrant holder could receive upon the exercise of its warrants on the Effective Date. Immediately prior to Reorganized SCO's payment of the Redemption Price (or other event requiring a final distribution to the Trust in respect of the beneficial interests therein), the Trustee will cashlessly exercise all of its options and warrants to purchase shares of New Common Stock, so that such final distribution will be made after giving effect thereto.

4.5 Issuance of New Preferred Stock of Reorganized SCO. On the Effective Date, Reorganized SCO will issue shares of a newly created Series A Preferred Stock in accordance with the terms of the Stock Purchase Agreement and the Statement of Rights and Preferences for the Series A Preferred Stock. The Series A Preferred Stock will be convertible into shares of New Common Stock of Reorganized SCO at a conversion rate that will be determined based on the amount drawn by Reorganized SCO under the Debt Financing to pay and satisfy non-appealable judgments in the Novell Litigation and/or the IBM Litigation or to settle the Novell/IBM Litigation in a settlement transaction that requires a net payment to Novell and/or

IBM (a net payment made to Novell and/or IBM in connection with the resolution of the Novell/IBM Litigation is called a "Novell/IBM Payment"). If no amounts are drawn under the Debt Financing to effect a Novell/IBM Payment, the Series A Preferred Stock will convert into 51% of the then outstanding shares of New Common Stock. If the amount drawn under the Debt Financing to effect a Novell/IBM Payment is \$30 million or more, the Series A Preferred Stock will convert into 85% of the then outstanding shares of New Common Stock. If the amount drawn under the Debt Financing to effect a Novell/IBM Payment is more than \$0 but less than \$30 million, the Series A Preferred Stock will convert proportionately (e.g., if Reorganized SCO drew \$15 million under the Debt Financing to effect a Novell/IBM Payment, the Series A Preferred Stock would convert into 68% of the then outstanding shares of New Common Stock). The conversion rate of the Series A Preferred Stock will not adjust by reason of any draws under the Debt Financing other than draws to effect a Novell/IBM Payment; without limiting the generality of the foregoing, the conversion rate of the Series A Preferred Stock will not adjust by reason of draws under the Debt Financing to fund litigation costs or working capital requirements of Reorganized SCO or to provide letters of credit or other credit support (including cash payments) in connection with any appeals (including to post bonds to stay judgments or rulings pending appeal) of judgments or rulings in the Novell/IBM Litigation. The Series A Preferred Stock has certain preferential rights, privileges and powers, including (i) to elect a majority of Reorganized SCO's Board of Directors, (ii) to receive cumulative dividends at the rate of 10% per annum, (iii) liquidation preferences in the event of liquidation, dissolution or winding up of Reorganized SCO, or the sale of all or substantially all of its assets, or a merger, reorganization or similar transaction, and (iv) to require Reorganized SCO to redeem the shares of Series A Preferred Stock after the fifth anniversary of the Effective Date (to the extent the shares were not previously converted). In addition, the holders of Series A Preferred Stock have certain anti-dilution protections, preemptive rights, registration rights, and inspection and information rights.

4.6 *Vesting and Non-Vesting of Property of the Estates.* Pursuant to section 1141(b) and (c) of the Bankruptcy Code, all of the Property of the Estate of Operations shall vest in the Reorganized Operations free and clear of all Claims and interests of Creditors, and of Holders of Equity Interests. Property of the Estate of SCO Group, including Pending Litigation, shall not vest in Reorganized SCO until Reorganized SCO files a notice of vesting, but in no event later than the date that all Disputed Claims and, in particular, any claims held by Novell, IBM, Red Hat or Autozone, are finally Allowed or Disallowed pursuant to Final Orders. Thereafter, the Property of the Estate of SCO Group shall vest in Reorganized SCO free and clear of all Claims and interests of Creditors, and of Holders of Equity Interests.

4.7 *Creation and Initial Funding of Grantor Trust.* On the Effective Date, Reorganized SCO shall transfer, assign and convey to the Trust, free and clear of all Liens, Claims and Equity Interests, shares of newly issued New Common Stock and New Common Stock equivalents of Reorganized SCO, initially representing 49% of Reorganized SCO's fully diluted equity after conversion of the Series A Preferred Stock (and subsequently representing between 49% and 15% of Reorganized SCO's fully diluted equity after conversion of the Series A Preferred Stock, depending on the conversion rate in effect, as determined in accordance with the provisions of the Stock Purchase Agreement and the Statement of Rights and Preferences for the Series A Preferred Stock). The Trust shall be known as "The SCO Group, Inc. Irrevocable Grantor Trust." To facilitate the implementation of this Plan, the Trustee shall have all of the

powers, duties and authority set forth in the Trust, and those powers granted by law or conferred by any other provisions of this Plan. On the Effective Date, Reorganized SCO shall pay \$2 million to the Trust, a portion of which will be used to fund the Trust's initial distribution to Trust beneficiaries that were former holders of Old Common Stock (but not Old Common Stock equivalents), after reserving for Trust fees and expenses.

4.8 *Appointment of Trustee.* On the Effective Date, Reorganized SCO will execute the Trust and appoint the Trustee. The Trustee shall be a national bank or trust company selected by SCO Group.

4.9 *Compensation to Trustee.* The Trustee shall be compensated as provided in the Trust or by separate agreement between Reorganized SCO and the Trustee.

4.10 *Corporate Action.* Upon entry of the Confirmation Order, the transactions contemplated by this Plan shall be deemed authorized and approved in all respects. On the Effective Date, the matters provided under the Plan involving the corporate structure of the Debtors shall be deemed to have occurred and shall be in effect from and after the Effective Date pursuant to applicable state laws without any requirement of further action by any director or stockholder of the Debtors. On the Effective Date, the Reorganized Debtors shall be authorized and directed to take all necessary and appropriate actions to effectuate the transactions contemplated by the Plan.

4.11 *Continued Corporate Existence.* Except as otherwise provided in the Plan, the Debtors will continue to exist after the Effective Date as separate corporate entities, with all of the powers of a corporation under applicable law in the jurisdiction in which each particular Debtor is incorporated or otherwise formed and pursuant to its certificate of incorporation and bylaws or other organizational documents in effect before the Effective Date, as such documents are amended by or pursuant to the Plan or pursuant to any amended certificates of incorporation, amended bylaws and/or the Statement of Rights and Preferences for the Series A Preferred Stock. Notwithstanding the foregoing, the Debtors may change their status of incorporation or formation or alter their corporate structure (either through mergers, consolidations, restructurings, conversions, dispositions, liquidations, dissolutions, or otherwise) after the Effective Date as may be determined by the Debtors to be appropriate. In each case in which the surviving, resulting, or acquiring company in any such transaction is a successor to a Debtor, such successor company shall perform the obligations of the applicable Debtor under the Plan to pay or otherwise satisfy the Allowed Claims and Allowed Equity Interests against such Debtor.

4.12 *Corporate Governance.* Upon the occurrence of the Effective Date, Reorganized SCO's Board of Directors will consist of seven members, four of whom will be elected by the holders of the Series A Preferred Stock. The remaining three directors (one of whom will be the Chief Executive Officer and one of whom will be an outside executive with suitable industry experience who is designated by a majority of the Board) will be elected by the holders of the Reorganized SCO's common stock and Series A Preferred Stock, voting together as a single group. Initially, the Trustee of the Trust, as the sole holder of all of the shares of New Common Stock issued by Reorganized SCO, will have the right to vote all of the shares of New Common Stock of Reorganized SCO. The Series A Preferred Stock will hold at least 51% of Reorganized SCO's voting power, and so will be able to elect all of the members of the Board of Directors.

Upon the occurrence of the Effective Date, Darl McBride, SCO Group's incumbent Chief Executive Officer, will not serve as Reorganized SCO's CEO and a new CEO will be named by the Board of Reorganized SCO on the Effective Date.

On the Effective Date, the Reorganized SCO's certificate of incorporation will be amended (including, without limitation, by a Statement of Rights and Preferences of Series A Preferred Stock) to the extent necessary to implement the Plan, including to authorize the Series A Preferred Stock, to create the rights, powers, and preferences pertaining to it and to preclude certain actions of the Company without the vote or consent of the holders of at least 66-2/3% of the issued and outstanding shares of Series A Preferred Stock.

Reorganized SCO shall have full control and authority over the Property of the Estate of SCO Group (which shall continue in existence following the Effective Date for some period of time pursuant to Section 4.6 of the Plan), without the need for Bankruptcy Court approval pursuant to Section 363 or 330 of the Bankruptcy Code, or any other provision of court or United States trustee control or oversight during a chapter 11 case, including but not limited to policy making, day-to-day operations, financing, transactional, corporate governance, and any and all other corporate activity, and all corporate activity. Notwithstanding the foregoing, and despite that Reorganized Operations may no longer be subject to paying Statutory Fees, such Statutory Fees owed by SCO Group shall be paid by the Estate of SCO Group or by the Reorganized SCO (the payor to be decided by Reorganized SCO), until such time as such Statutory Fees are no longer lawfully owed.

4.13 SEC Reporting. Following the effectiveness of the Plan, Reorganized SCO will not be a public company and will not be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended. Reorganized SCO's securities will not trade on any securities exchange or be quoted on any interdealer quotation system or on the "pink sheets." Accordingly, there will be no market for Reorganized SCO's securities immediately following the Effective Date.

ARTICLE 5

PROVISIONS GOVERNING DISTRIBUTION

5.1 Distributions. Any payment or distribution pursuant to this Plan, to the extent posted in the United States Mail, shall be deemed made when deposited by the Disbursing Agent, or an agent authorized by the Disbursing Agent, into the United States Mail. Payments of Cash shall be made by check drawn on a domestic bank or by wire transfer from a domestic bank.

5.2 Delivery of Distributions. Distributions and deliveries to Holders of Allowed Claims shall be made at the addresses set forth on the proofs of Claim or proofs filed by such Holders (or at the last known addresses of such Holders if no proof of Claim is filed; or if the Debtors or the applicable Disbursing Agent have been notified of a change of address, at the address set forth in such notice).

5.3 Unclaimed Property. If any distribution remains unclaimed for a period of 90 days after it has been delivered (or attempted to be delivered) in accordance with the Plan to the

Holder entitled thereto, such unclaimed property shall be forfeited by such Holder, whereupon all right, title and interest in and to the unclaimed property shall be held in reserve by the Disbursing Agent to be distributed to other Creditors in accordance with this Plan. The Disbursing Agent shall not be required to attempt to make further distribution to the Holders of such unclaimed property. Distributions unclaimed for a period of 90 days after they have been delivered (or attempted to be delivered) in accordance with the Plan to the Holders entitled thereto that: (i) are intended to be final distributions; and (ii) do not exceed \$10,000 in the aggregate, shall, as soon thereafter as practicable, be donated to an organization selected by the Reorganized Debtors and officially recognized by the Internal Revenue Service as a charitable organization, a contribution to which would be deductible for federal income tax purposes.

5.4 Manner of Payment. At the option of the Disbursing Agent, any Cash payment to be made to any Person pursuant to the Plan may be made by a check or wire transfer or as otherwise required or provided in applicable agreements.

5.5 Timing of Distributions to Creditors Holding Allowed Claims. Distributions to Creditors holding Allowed Claims shall be made on the later of the Effective Date or the date the Claim becomes Allowed in accordance with the provisions of Articles 2 through 6 of the Plan.

5.6 Timing of Distributions to Holders of Equity Interests in SCO Group. On the Effective Date or as soon thereafter as practicable, Holders of Equity Interests (excluding Old Common Stock equivalents) will receive a *pro rata* portion of an initial distribution from the Trust of approximately \$1.5 million, which amount, together with amounts reserved for fees and expenses of the Trust (in the aggregate amount of \$2 million) will be funded by Reorganized SCO to the Trust. Within one year after the claims in the Novell/IBM Litigation are finally resolved (by final judgment or order, not subject to further appeal, or settlement), Reorganized SCO will redeem all shares of New Common Stock held by the Trust in an amount (the "Redemption Price") equal to the sum of (a) a percentage of any net recovery that Reorganized SCO realizes from the final resolution of the Novell/IBM Litigation (net of any recovery on or settlement of counterclaims and cross claims against Reorganized SCO, including a Novell/IBM Payment, if any, and net of all taxes, and Ongoing Legal Fees and Costs (as defined in the MOU) incurred by SCO or Reorganized SCO in connection therewith), such percentage to vary between 15% and 49% depending on the conversion rate of the Series A Preferred Stock, and subject to the anti-dilution protections benefitting the Series A Preferred Stock, and (b) the product obtained by multiplying (i) the earnings of SCO and Reorganized SCO (excluding any earnings arising from a Novell/IBM Litigation recovery) before interest, taxes, depreciation and amortization, over the four full fiscal quarters immediately preceding the resolution of the Novell/IBM Litigation, by (ii) the product of four times the percentage (between 15% (as may be reduced by the anti-dilution adjustment rights of the Series A Preferred) and 49%) determined under (a) above. The Trust shall also provide for liquidating distributions to all beneficiaries of the Trust if any of the following events occur before Reorganized SCO's redemption of the New Common Stock held by the Trust, as follows: (i) if Reorganized SCO makes an initial public offering of its securities, the shares of New Common Stock held by the Trust shall be distributed to the beneficiaries (in compliance with applicable securities laws and regulations); (ii) if all or substantially all of the assets of Reorganized SCO are sold (or any series of related transactions results in the sale or other transfer of all or substantially all of the assets of Reorganized SCO) or a merger, reorganization or other transaction in which holders of a majority of the outstanding

voting control of Reorganized SCO immediately prior to the transaction do not own a majority of the outstanding voting shares of the surviving corporation occurs, the proceeds of such sale or other transaction which are payable to the Trust will be distributed to the beneficiaries of the Trust; and (iii) if Reorganized SCO voluntarily or involuntarily liquidates, dissolves or winds up, the proceeds payable to the Trustee in connection therewith will be distributed to the beneficiaries of the Trust.

5.7 Fractional Cents. When any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole cent (rounding down in the case of \$.50 or less and rounding up in the case of more than \$.50).

ARTICLE 6

PROCEDURES FOR RESOLVING AND TREATING DISPUTED AND CONTINGENT CLAIMS

6.1 Objections to Claims and Interests. An Objection to the allowance of a Claim or Interest shall be in writing and shall be filed with the Bankruptcy Court by the Debtors or Reorganized Debtors at any time before the entry of final decrees, unless another date is established by the Bankruptcy Court or the Plan, as amended. The Reorganized Debtors shall have the right to request that the Bankruptcy Court extend such dates. The objecting party shall serve a copy of each such Objection upon the Holder of the Claim or Interest to which it pertains. The Debtors or the Reorganized Debtors, as the case may be, will prosecute each Objection to a Claim or Interest until determined by a Final Order unless the Debtors or the Reorganized Debtors (i) compromise and settle an Objection to a Claim or Interest by written stipulation, subject to Bankruptcy Court approval, if necessary, or (ii) withdraws an Objection to a Claim or Interest. The failure by the Debtors or the Reorganized Debtors to object to any Claim or Interest for voting purposes shall not be deemed a waiver of the rights to object to, or re-examine, any such Claim or Interest, as applicable, in whole or in part.

6.2 No Distribution Pending Allowance. Notwithstanding any other provision of the Plan, no payment or distribution shall be made with respect to any Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim.

6.3 Disputed Claims Reserve for Claims Other than Under Pending Litigation. In determining the amount of distributions to be made under the Plan to Holders of Allowed Claims, the appropriate distributions required by the Plan shall be made according to estimates and subject to the provisions of the Plan. To protect the interests of Holders of Disputed Claims, the Disbursing Agent shall establish a Disputed Claims Reserve for each Disputed Claim. The Disbursing Agent shall fund the Disputed Claims Reserve with Cash in an amount that represents the Cash that would otherwise be disbursed to the Holders of each Disputed Claim if such Claim was Allowed in the amount set forth on the Holder's proof of Claim or as estimated by the Bankruptcy Court.

6.4 Distribution After Allowance on Claims Other than in Respect of Pending Litigation. As soon as practicable after a Disputed Claim becomes an Allowed Claim, the Holder of such Allowed Claim shall receive from the Disputed Claims Reserve a distribution in an amount equal to the distribution that such Holder would have received had such Disputed

Claim been an Allowed Claim on the Effective Date. Distributions to each Holder of a Disputed Claim, to the extent that such Claim becomes an Allowed Claim, shall be made, plus (if applicable) interest, in accordance with the Class of Claims to which such Claim belongs.

6.5 *Retention of Availability on Credit Line to Pay Allowed Claims in Respect of Pending Litigation.* Until the later of the entry of a final judgment or settlement of the Pending Litigation, Reorganized SCO shall retain sufficient availability on its credit line under the Debt Financing to satisfy the Claims asserted in respect of the Pending Litigation, up to the maximum amount of the Debt Financing.

6.6 *Distribution if Claims in Respect of Pending Litigation are Allowed.* If the Claims asserted in respect of the Pending Litigation become Allowed, Reorganized SCO shall, as soon as practicable, make a distribution to the Holder of such Allowed Claim, as applicable, in an amount equal to the distribution such Holder would have received on the Effective Date had such Claim been an Allowed Claim, plus (if applicable) interest.

6.7 *Disallowance of Claims.* Under section 502(d) of the Bankruptcy Code, any Claim asserted by a Creditor shall be disallowed in its entirety if such Creditor has received a transfer that is voidable under the Bankruptcy Code and has failed to surrender such transfer. If and when the Claims asserted in respect of the Pending Litigation become Disallowed, Reorganized SCO shall be able to use the remaining availability on its credit line in accordance with the terms of the Debt Financing.

ARTICLE 7

AMENDMENTS TO CLAIMS AND ADMINISTRATIVE EXPENSE

CLAIMS AFTER APPLICABLE BAR DATES

7.1 *Amendments to Claims and Administrative Expense Claims.* Unless otherwise provided in a Final Order: (a) after the Bar Date, a Claim on account of which a Proof of Claim is not timely filed in accordance with the Plan, the Bankruptcy Code, the Bankruptcy Rules or an Order of the Bankruptcy Court, may not be filed or amended without the authorization of the Bankruptcy Court and, even with such Bankruptcy Court authorization, may be amended by the Holder of such Claim solely to decrease, but not to increase, the face amount or priority; and (b) after the Administrative Expense Claim Bar Date, a Claim on account of which a request for payment of Administrative Expense Claim is not timely filed, may not be filed or amended without the authorization of the Bankruptcy Court and, even with such Bankruptcy Court authorization, may be amended by the Holder of such Claim solely to decrease, but not to increase, the face amount or priority.

7.2 *Claims Filed After Bar Dates.* Any new or amended Claim filed after the Bar Date or the Administrative Expense Claims Bar Date (as applicable) shall be deemed Disallowed in full and expunged without any action by the Debtors or Reorganized Debtors, unless the Holder of such Claim has obtained prior Bankruptcy Court authorization for the Filing. The Holder of a Claim which is Disallowed shall not receive any distribution on account of such Claim.

ARTICLE 8
EXECUTORY CONTRACTS AND UNEXPIRED LEASES

8.1 General Treatment: Assumed if not Previously Rejected. All executory contracts and unexpired leases, except for those executory contracts and unexpired leases that are (a) the subject of prior orders of the Bankruptcy Court approving their assumption or rejection; or (b) the subject of a motion pending as of the Confirmation Date, are assumed as of the Confirmation Date, but subject to the occurrence of the Effective Date.

8.2 Bar to Cure Amounts. If the assumption of an executory contract or an unexpired lease by the Debtors requires an amount to “cure” any default existing as of the Confirmation Date (the “Cure Amount”), a request for payment of such Cure Amount shall be forever barred and shall not be enforceable against the Debtors or any of them or their properties or agents, successors, or assigns, unless an application for allowance of such Cure Amount is filed with the Bankruptcy Court and served upon the Debtors by the earlier of: (a) 30 days after notice of the Confirmation Date or (b) such other deadline as the Court has or may set for requesting payment of such Cure Amount.

ARTICLE 9
CONDITIONS PRECEDENT TO EFFECTIVENESS OF PLAN

9.1 Conditions to Effectiveness of Plan. The Effective Date of the Plan shall not occur unless and until the following conditions shall have been satisfied or waived by the Debtors, as determined in their sole discretion: (a) 10 days shall have passed from the Confirmation Date; (b) the Bankruptcy Court shall have entered the Confirmation Order in form and substance acceptable to the Debtors; (c) all documents, instruments and agreements provided for under this Plan or necessary to implement this Plan (including, without limitation, the loan documents contemplated by the Debt Financing, the Stockholders’ Agreement, the instrument creating the Trust, and the stock option agreement and warrant agreement relating to the new options and warrants being issued to the Trust) shall have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the parties benefited thereby, in form and substance satisfactory to the Debtors; (d) there is sufficient Available Cash of the Debtors to pay all Allowed Administrative Claims, Allowed Professional Claims and Allowed Priority Tax Claims; and (e) no order of a court restraining the Debtors from consummating the Plan shall have been entered and shall remain in effect. In addition, the MOU and the Stock Purchase Agreement contain conditions precedent to SNCP’s obligation to close its acquisition of the Series A Preferred Stock, and circumstances which permit the parties to terminate their respective obligations under the MOU, the Stock Purchase Agreement and Debt Financing (in which case the Plan will not be consummated and the Effective Date will not occur).

9.2 Notice of Confirmation of the Plan. Notice of entry of the Confirmation Order shall be provided by the Debtors as required by Bankruptcy Rule 3020(c)(2).

9.3 Notice of Effective Date of the Plan. Notice of the Effective Date shall be provided by the Debtors in the same manner provided with respect to notice of entry of the Confirmation Order.

ARTICLE 10
LIMITATION OF LIABILITY, RELEASES AND INJUNCTION

10.1 *Exculpation and Limitation of Liability.* Except as otherwise provided in this Plan or the Confirmation Order, on the Effective Date, the Debtors and their respective officers, directors, members, employees, representatives, counsel, financial advisors or other agents, and their respective successors and assigns (the "Released Parties"), shall be deemed released by each of them against the other, and by all Holders of Claims or Equity Interests, of and from any Claims, obligations, rights, causes of action and liabilities for any act or omission in connection with, in preparation for, or arising out of, the Chapter 11 Cases, including, without limiting the generality of the foregoing, all sales of assets of the Debtors' Estates, the negotiation of the terms of the Plan, the Disclosure Statement, the pursuit of approval of the Disclosure Statement, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the Property to be distributed under the Plan, except for acts or omissions which constitute bad faith, willful misconduct or gross negligence, and all such Persons, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and under the Bankruptcy Code.

10.2 *Injunction.* As of the Confirmation Date, except as otherwise provided in the Plan or the Confirmation Order, all Persons that have held, currently hold or may hold a Claim, Equity Interest or other debt or liability that is treated pursuant to the terms of the Plan are enjoined from taking any of the following actions on account of any such Claims, Equity Interests, debts or liabilities, other than actions brought to enforce any rights or obligations under the Plan, against the Debtors, the Debtors' Estates, the Trustee, the Trust or Property of the Estates: (i) commencing or continuing in any manner any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or encumbrance; (iv) asserting a setoff or right of recoupment of any kind against any debt, liability or obligation; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. This injunction shall remain in full force and effect until final distributions to Creditors are made under this Plan.

ARTICLE 11
RETENTION OF JURISDICTION

11.1 *Retention of Jurisdiction.* Notwithstanding entry of the Confirmation Order or the Effective Date having occurred, the Chapter 11 Cases having been closed, or Final Decrees having been entered, the Bankruptcy Court shall have jurisdiction of matters arising out of, and related to the Cases and the Plan under, and for the purposes of, sections 105(a), 1127, 1142, and 1144 of the Bankruptcy Code and for, among other things, the following purposes:

- (a) allow, disallow, determine, liquidate, classify, or establish the priority, or status of any Claim, including the resolution of any request for payment of any Administrative Claim, and the resolution of any and all objections to the allowance or priority of Claims;

(b) to estimate any Claim, including, without limitation, at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection;

(c) grant or deny any applications for allowance of compensation or reimbursement of expenses authorized, pursuant to the Bankruptcy Code, order of the Bankruptcy Court, or the Plan, for periods ending on or before the Effective Date;

(d) resolve any proceedings, matters or disputes regarding the compensation and reimbursement of expenses of any Person or Entity acting pursuant to this Plan, including (without limitation) compensation and reimbursement of expenses for the Disbursing Agent(s), and Professionals.

(e) resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which Debtors are parties, or with respect to which Debtors may be liable, and to hear, determine and, if necessary, liquidate, any Claims arising therefrom;

(f) ensure that Distributions to Holders of Allowed Claims and Equity Interests are accomplished pursuant to the provisions of the Plan;

(g) decide or resolve any motions, adversary proceedings, contested or litigated matters and any other proceedings and matters, and grant or deny any applications involving the Debtors, the Reorganized Debtors, U.S. Trustee, or their affiliates, directors, officers, employees, agents, members, Professionals that may be pending on or after the Effective Date;

(h) enter such orders, as may be necessary or appropriate to implement or consummate the provisions of the Plan, and all contracts, instruments, waivers, releases, indentures and other agreements or documents created, in connection with the Plan or described in the Disclosure Statement;

(i) resolve any cases, controversies, suits or disputes that may arise in connection with the Consummation, interpretation or enforcement of the Plan, or any Person's or Entity's obligations incurred, in connection with the Plan, including, among other things, any avoidance or subordination actions under sections 510, 544, 545, 547, 548, 549, 550, 551, 553(b) and/or 724(a) of the Bankruptcy Code;

(j) issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with Consummation or enforcement of the Plan, except as otherwise provided herein;

(k) resolve any cases, controversies, suits or disputes with respect to the exculpations, releases, injunction and other Plan provisions, and enter such orders as may be necessary or appropriate to implement such exculpations, releases, injunction and other provisions;

(l) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated in whole or in part;

(m) determine any other matters that may arise in connection with, or relate to, the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, waiver, release, indenture, or other agreement or document created, in connection with the Plan or the Disclosure Statement;

(n) enter an order and/or final decree concluding the Chapter 11 Cases;

(o) to protect the Property of the Estates from adverse Claims or interference inconsistent with the Plan, including to hear actions to quiet or otherwise clear title to such property based upon the terms and provisions of the Plan, or to determine a Debtors' exclusive ownership of Claims and Causes of Action retained under the Plan;

(p) to hear and determine matters pertaining to abandonment of Property of the Estates;

(q) to consider any modifications of the Plan, to interpret, clarify, remedy and/or cure any defect, error, mistake, ambiguity and/or omission, or reconcile any inconsistency in the Plan or any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(r) to interpret and enforce any orders previously entered in the Chapter 11 Cases to the extent such orders are not superseded or inconsistent with the Plan or the Confirmation Order;

(s) to recover all Assets of Debtors and property of the Estates, wherever located;

(t) to hear and determine matters concerning state, local, and federal taxes, in accordance with sections 345, 505, and 1146 of the Bankruptcy Code.

(u) to consider and act on the compromise and settlement of any litigation, Claim against or Causes of Action on behalf of the Estates;

(v) to interpret and enforce the Confirmation Order; and

(w) to hear and act on any other matter not inconsistent with the Bankruptcy Code.

11.2 *Abstention and Other Courts.* If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of or relating to the Chapter 11 Cases, this section of the Plan shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

ARTICLE 12
MISCELLANEOUS PROVISIONS

12.1 Severability. Should the Bankruptcy Court determine that any provision of the Plan is unenforceable either on its face or as applied to any Claim or Equity Interest or transaction, the Proponents may modify the Plan in accordance with sections 12.9 or 12.10 of the Plan, as applicable, so that such provision shall not be applicable to the Holder of any Claim or Equity Interest.

12.2 Setoffs and Recoupments. Either of the Debtors may, but shall not be required to, set off against or recoup from any Claim and the payments or other distributions to be made pursuant to this Plan in respect of such Claim, Claims of any nature whatsoever that the Debtors or any one of them may have against the Holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or any one of them of any such Claim that the Debtors or any one of them may have against such Holder.

12.3 Binding Effect. Upon the entry of the Confirmation Order, all provisions of the Plan shall be binding upon, and shall inure to the benefit of, the Debtors, the Disbursing Agent, the Holders of Claims and Equity Interests, and such Persons' respective successors and assigns.

12.4 Governing Law. Unless a rule of law or procedure supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) is applicable, or a specific choice of law provision is provided, the laws of the State of Delaware shall govern the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan, without regard to conflicts of law.

12.5 Timing of Distributions. Any payment or distribution required to be made hereunder on a day other than a Business Day shall be due and payable on the next succeeding Business Day.

12.6 Payment of Statutory Fees and Compliance with Reporting Requirements. All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date. All fees payable subsequent to the Effective Date under section 1930(a)(6) of title 28 of the United States Code shall be paid by the Disbursing Agent. All post-confirmation reporting requirements shall also be complied with, including the reporting of disbursement activity.

12.7 Tax Liability. The Debtors and the Disbursing Agent are authorized to request an expedited determination under section 505(b) of the Bankruptcy Code of the tax liability of any Debtor for all taxable periods ending after the Petition Date through, and including, the Effective Date.

12.8 Revocation or Withdrawal of Plan.

(a) The Proponents reserve the right, to revoke or withdraw the Plan prior to the Effective Date. If the Plan is revoked or withdrawn, then the result shall be the same as if the Confirmation Order was not entered and the Effective Date did not occur as to the affected Debtor(s). The Confirmation Order shall be null and void and of no effect if the Plan is terminated after the Confirmation Date but before the Effective Date.

(b) If the Plan is revoked or withdrawn prior to the Confirmation Date, nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against such Debtor(s) or any other Person or to prejudice in any manner the rights of such entity or any Person in any further proceedings involving such entity or Person.

12.9 Nonmaterial Modifications. The Proponents may, with the approval of the Bankruptcy Court and without notice to Holders of Claims and Equity Interests, correct any nonmaterial defect, omission, or inconsistency in the Plan in such manner and to such extent as may be necessary or desirable.

12.10 Material Modifications. Modifications of this Plan may be proposed in writing by the Proponents, at any time before Confirmation, provided that this Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtors have complied with section 1125 of the Bankruptcy Code. This Plan may be modified at any time after Confirmation and before any distributions are made pursuant to the Plan, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as modified, under section 1129 of the Bankruptcy Code and the circumstances warrant such modification.

12.11 Notices. Any notice required or permitted to be provided under the Plan shall be in writing and served by either: (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery or (c) prepaid overnight delivery service and addressed as follows:

If to Debtors:

Berger Singerman, P.A.
350 E. Las Olas Boulevard, Suite 1000
Fort Lauderdale, Florida 33301
Attention: Arthur J. Spector, Esq.
Grace E. Robson, Esq.
and

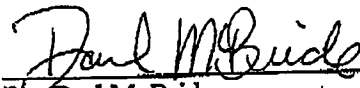
Pachulski Stang Ziehl & Jones LLP
919 Market Street, 17th Floor
P.O. Box 8705
Wilmington, DE 19899-8705
Attention: Laura Davis Jones, Esq.
James O'Neill, Esq.
Rachel Lowy Werkheiser, Esq.

12.12 *Successors and Assigns.* The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors and/or assigns of such Person.

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Dated: February 29, 2008

THE SCO GROUP, INC. &
SCO OPERATIONS, INC.

A handwritten signature in dark ink, appearing to read "Darl McBride", is written over a horizontal line.

By: Darl McBride
Their: Chief Executive Officer