

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re : **Chapter 11**
:
TSG Group, Inc. (f/k/a The SCO Group, : **Case No. 07-11337 (KG)**
Inc.), et al.,¹ :
: **(Jointly Administered)**
Debtors. :
: **Objection Deadline: August 12, 2011 @ 4:00 p.m.**
: **Hearing Date: August 15, 2011 @ 11:00 a.m.**

**TRUSTEE’S NOTICE OF INTENTION TO ABANDON
PROPERTY AND SETTING TIME FOR OBJECTION**

Edward N. Cahn, Chapter 11 Trustee for the above-captioned debtors (the “Trustee”), TSG Group, Inc. and TSG Operations, Inc. (the “Debtors”), in accordance with 11 U.S.C. §554(a) proposes to abandon certain property of those estates as having inconsequential value and providing no benefit to those estates for the reasons set forth herein.

A. Relevant Background

1. On September 14, 2007, the Debtors commenced their bankruptcy cases by filing voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. The Debtors continued in the management and operation of their businesses and property until August 25, 2009 when this Court appointed the Trustee.

2. As of April 11, 2011, the Trustee sold and conveyed (the “Sale”) to UnXis, Inc. (the “Buyer”), the UNIX® System Software Product and Related Services Business (the “Business”) in accordance with the terms and conditions of that certain Asset Purchase Agreement dated July 19, 2011 and ancillary documents (the “APA”) and pursuant to an Order

¹ The Debtors and the last four digits of each of the Debtors’ federal tax identification numbers are as follows: (a) TSG Group, Inc. [f/k/a The SCO Group, Inc.], a Delaware corporation, Fed. Tax Id. #2823; and (b) TSG Operations, Inc. [f/k/a SCO Operations, Inc.], a Delaware corporation, Fed. Tax Id. #7393.

of the Bankruptcy Court entered on March 7, 2011 [Dkt. No. 1253] approving the Sale to the Buyer (the “Sale Order”).

3. Prior to the Sale, the Debtors, and subsequently the Trustee, operated the Business, which included, in part, collecting certain royalties from SVRX software licensees (“Licensees”) and remitting the royalties to Novell, Inc. (“Novell”) and in return, the Debtors were entitled to payment of an administrative fee from the royalties. Substantially all of the SVRX royalties were paid into the account of a foreign subsidiary, SCO Japan, Ltd. (“SCO Japan”).

4. In accordance with the Sale Order and the terms and conditions of the APA, the Debtors sold, transferred and assigned to the Buyer substantially all of the Debtors’ software product business assets (excluding the Excluded Assets as defined in the APA) and the Buyer extended offers of employment to substantially all of the Debtors’ employees.

5. The Buyer did not assume the obligation to collect on behalf of Novell the SVRX royalties or to receive the administrative fee associated with such collection.

B. Abandonment of *De Minimis* Assets

6. As a result of the sale of the Business, the transfer of the foreign subsidiaries, including SCO Japan Ltd., to the Buyer, and the termination of all of the employees from the Debtors’ estates, the Trustee is no longer in a position to continue to collect the SVRX royalties nor the administrative fee associated with such collection.. The collection of the SVRX royalties results in a *de minimis* benefit to the estate (approximately \$30,000 in gross administrative fees were earned in the first quarter of 2011 and the fully-loaded cost of collecting these royalties might be greater than these fees). Accordingly, the Trustee has concluded that it is in the best interest of the Debtors’ estates to abandon its interest in the administrative fee associated with

collection of the SVRX royalties as such amount has inconsequential value, the royalties are burdensome and costly to collect and there is no benefit to the Debtors' estates.

7. Instructions have been provided to the Licensees that SCO Japan is no longer collecting SVRX royalties and to the extent any amounts are received, the Buyer, which now owns the SCO Japan bank accounts, has been instructed to return royalty payments to the Licensees.

8. In accordance with Rule 6007 of the Federal Rules of Bankruptcy Procedure, any party in interest that objects to the abandonment of the administrative fee generated from the collection of the SVRX royalties is required to file an objection and serve it upon: (i) the Chapter 11 Trustee, (ii) counsel to the Chapter 11 Trustee and (iii) the Office of the U.S. Trustee no later than fourteen (14) days from the date of this Notice of Intention to Abandon (the "Notice"). If any objections are timely filed and served in accordance with this Notice, a hearing will be held before the Honorable Kevin Gross at the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 6th Floor, Courtroom #3, Wilmington, Delaware 19801 on **August 15, 2011 at 11:00 a.m. (ET)**.

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Dated: July 29, 2011
Wilmington, Delaware

Respectfully submitted,

EDWARD N. CAHN, solely in his capacity as
Trustee of the Chapter 11 Estates of TSG Group,
Inc. and TSG Operations Inc., both Delaware
corporations

/s/ Bonnie Glantz Fatell

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