

APPENDIX

The following definitions shall be in effect under the Plan

- A. Board shall mean the Corporation's Board of Directors.
- B. Cashless Exercise shall mean the feature of an Option described in Article 2.I.H. under which an Optionee may elect to receive a reduced number of shares of Common Stock in lieu of paying the cash exercise price and withholding taxes.
- C. Cause shall mean any of the following: (i) Optionee's material breach of any employee, confidentiality, or other employment-related agreement with the Corporation, (ii) Optionee's violation of the Corporation's policies or procedures set forth in the Corporation's Policies and Procedure Manual, as amended from time to time, or (iii) Optionee's conviction of or entrance of a plea of nolo contendere to a felony or to any other crime punishable by incarceration.
- D. Class A Option shall mean an Option to purchase shares of the Corporation's Class A Voting Common Stock.
- E. Class A Shares shall mean shares of the Corporation's Class A Voting Common Stock.
- F. Class B Option shall mean an Option to purchase shares of the Corporation's Class B Nonvoting Common Stock.
- G. Class B Shares shall mean shares of the Corporation's Class B Nonvoting Common Stock.
- H. Code shall mean the Internal Revenue Code of 1986, as amended.
- I. Committee shall mean a committee of two (2) or more Board members appointed by the Board to exercise one or more administrative functions under the Plan.
- J. Common Stock shall mean the Corporation's common stock of any class.
- K. Corporate Transaction shall mean either of the following shareholder-approved transactions to which the Corporation is a party:
- (i) a merger or consolidation in which securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction, or
 - (ii) the sale, transfer, or other disposition of all or substantially all of the Corporation's assets, or the complete liquidation or dissolution of the Corporation.
- L. Corporation shall mean The Canopy Group, Inc., a Utah corporation.

M. Disability shall mean the inability of the Optionee to engage in the performance of his duties as an Employee for a period exceeding three (3) months by reason of any medically determinable physical or mental impairment and shall be determined by the Plan Administrator on the basis of such medical evidence as the Plan Administrator deems warranted under the circumstances.

N. Domestic Relations Order shall mean any judgment, decree or order (including approval of a property settlement agreement) which provides or otherwise conveys, pursuant to applicable State domestic relations laws (including community property laws), marital property rights to any spouse or former spouse of the Optionee.

O. Employee shall mean an individual who is in the employ of the Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

P. Exercise Date shall mean the date on which the Corporation shall have received written notice of the Option exercise.

Q. Fair Market Value per share of Common Stock (of either Class) on any relevant date shall be determined in accordance with the following provisions:

(i) If the Common Stock is at the time traded on the NASDAQ National Market, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question, as such price is reported by the National Association of Securities Dealers on the NASDAQ National Market or any successor system. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(ii) If the Common Stock is at the time listed on any Stock Exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question on the Stock Exchange determined by the Plan Administrator to be the primary market for the Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(iii) If the Common Stock is at the time neither listed on any Stock Exchange nor traded on the NASDAQ National Market, then the Fair Market Value shall be conclusively determined by the Plan Administrator after taking into account the following specific factors, and any other factors not inconsistent with the following factors, as the Plan Administrator shall deem appropriate:

(1) For purposes of Cashless Exercises, Tax Protection Payments, and Resale Rights, the Fair Market Value per share shall be determined in good faith by the Plan Administrator based upon the most recent annual appraisal immediately preceding the effective date of the relevant transaction. The Plan Administrator shall generally obtain an annual appraisal as of each

December 31, but may obtain the annual appraisal as of any other date, and may obtain appraisals more frequently, but not less frequently, than once per year. The values based on the appraisal shall be updated to the last day of the month immediately preceding the month in which the relevant transaction occurs to reflect the month-end value of all publicly traded securities held by the Corporation.

(2) For purposes of the Tax Protection Payments applicable to the Class A Shares, the Fair Market Value per share shall be equal to 105% of the Fair Market Value of the Class B Shares.

R. 1934 Act shall mean the Securities Exchange Act of 1934, as amended.

S. Non-Statutory Option shall mean an option not intended to satisfy the requirements of Code Section 422.

T. Option shall mean a Non-Statutory Option granted under the Plan to purchase shares of Common Stock.

U. Optionee shall mean any person to whom an Option is granted under the Plan.

V. Parent shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

W. Plan shall mean the Corporation's 2000 Stock Option Plan, as set forth in this document.

X. Plan Administrator shall mean either the Board or the Committee, to the extent the Committee is at the time responsible for the administration of the Plan.

Y. Resale Right shall mean the limited right, described in Article 2.II.B., of an Optionee to elect to resell to the Corporation Common Stock acquired pursuant to the exercise of Options.

Z. Service shall mean the provision of services to the Corporation (or any Parent or Subsidiary) by a person in the capacity of an Employee, a non-employee member of the board of directors or a consultant, except to the extent otherwise specifically provided in the documents evidencing the Option or stock issuance.

AA. Stock Exchange shall mean either the American Stock Exchange or the New York Stock Exchange.

BB. Subsidiary shall mean any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each corporation (other

than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

CC. Tax Protection Payment shall mean a cash bonus payable to an Optionee in connection with the exercise of a Class A Option, as described in Article 2.II.A.