

## OPTION AGREEMENT

THIS OPTION AGREEMENT (the "Agreement") is made and entered into this 29<sup>th</sup> day of February, 2000, by and between THE CANOPY GROUP, INC., a Utah corporation (the "Corporation"), and RALPH J. YARRO III ("Yarro").

### RECITALS:

A. The Corporation is in the business of purchasing ownership interests in other companies and entities which offer new and emerging technologies, funding the development of those technologies, and taking those companies and entities public through public offerings.

B. The Board of Directors of the Corporation have determined that the recent growth in the value of the Corporation has been due, in significant part, to the efforts and expertise of Yarro, and the Board of Directors of the Corporation desire to encourage Yarro to continue in the employ of the Corporation and to continue his actions to increase the value of the Corporation by giving him an incentive to assist the Corporation in selecting appropriate technologies in which to invest, in developing those technologies and in achieving profits as public offerings thereof are made.

C. The Board of Directors of the Corporation desire to grant to Yarro the right to purchase from the Corporation (i) a fifty percent (50%) interest in certain of the Holdings (as defined hereinafter) presently owned by the Corporation, and (ii) a fifty percent (50%) interest in each Holding purchased hereafter by the Corporation while Yarro is employed by the Corporation.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein, the Corporation and Yarro hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

For purposes of this Agreement, the following terms are defined as set forth below in this Article I:

(a) "Board" means the Board of Directors of the Corporation.

(b) "Cause" means (i) an act or acts of dishonesty by Yarro constituting a felony under applicable law and resulting or intending to result directly or indirectly in gain to or personal enrichment of Yarro at the Corporation's expense, or (ii) a material act of nonfeasance, malfeasance or misfeasance by Yarro or the failure or refusal by Yarro to

perform his essential duties as the president of the Corporation; provided, however, that the Board may not claim that Cause exists for termination of Yarro's employment if the failure or refusal to act by Yarro relates to any course of action approved or imposed by the Board which is outside of the normal duties of Yarro as those normal duties exist as of the date of this Agreement. Notwithstanding the foregoing, however, Yarro shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to him a copy of a resolution, duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board at a meeting of the Board called and held for that purpose (after reasonable notice to him has been given or has been made and an opportunity for him, together with his counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, Yarro was guilty of conduct set forth above in the first sentence of this subsection (b) and specifying the particulars thereof in detail.

(c) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

(d) "Commission" means the Securities and Exchange Commission or any successor agency.

(e) "Corporation" means The Canopy Group, Inc.

(f) "Disability" means permanent and total disability as determined under procedures established by the Board for employees of the Corporation.

(g) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

(h) "Future Holding" means a Holding in which the Corporation acquires Stock after the date of this Agreement and during the period of time that Yarro is employed by the Corporation.

(i) "Holding" means a corporation or other entity in which the Corporation has invested and in which the Corporation owns stock, including both each Present Holding which is listed on Exhibit "A" attached to this Agreement and each Future Holding; provided, however, that the Holdings as to which this Agreement shall apply shall not include any shares of Stock which are presently owned by the Corporation but which are not listed on Exhibit "A," and nothing in this Agreement shall be deemed to grant to Yarro a right or option to purchase the shares of Stock in any corporation which are presently owned by the Corporation but are not listed on Exhibit "A."

(j) "Option" means the right and option granted herein to Yarro to purchase up to fifty percent (50%) of the Stock held by the Corporation in any one or more

of the Present Holdings and up to fifty percent (50%) of the Stock hereafter purchased by the Corporation in any one or more of the Future Holdings.

(k) "Option Term" means the period of time in which an Option may be exercised, as described in Section 2.2(d) of this Agreement.

(l) "Present Holding" means, but is limited to, the Holdings listed on Exhibit "A" which is attached to this Agreement.

(m) "Retirement" means retirement by Yarro from active employment with the Corporation on or after attainment of age 60.

(n) "Rule 16b-3" means Rule 16b-3, as promulgated by the Commission under Section 16(b) of the Exchange Act, as amended from time to time.

(o) "Stock" means and includes all classes of shares of stock owned or acquired by the Corporation in a Holding.

(p) "Termination of Employment" means the termination of Yarro's employment with the Corporation.

In addition, certain other terms used herein have definitions assigned to them in the first place in which they are used.

## ARTICLE II

### GRANT OF PURCHASE RIGHTS

2.1 Grant of Option. Subject to the terms and conditions set forth in this Agreement, the Corporation hereby grants and awards to Yarro the following Options:

(a) Option in Present Holdings. The right and option to purchase up to fifty percent (50%) of the shares of Stock held by the Corporation in any one or more of the Present Holdings; and

(b) Option in Future Holdings. The right and option to purchase up to fifty percent (50%) of the shares of Stock purchased hereafter by the Corporation, during the period of time in which Yarro is employed by the Corporation, in any one or more of the Future Holdings.

Yarro shall have a separate Option for each Holding, and may exercise an Option for all or any part of the fifty percent (50%) portion of the shares of Stock in each Holding as to which the Option applies. In addition, until the Option Term for a particular Option expires, Yarro may exercise said Option in one or more separate transactions from time to time until all of the shares of Stock which are subject to said Option have been purchased by Yarro. Yarro may exercise an Option with respect to the shares of Stock in one or more of the Holdings without obligation to exercise an Option with respect to the shares of Stock in any other of the Holdings. The terms for the exercise of such Options are set forth below in this Agreement.

2.2 Terms and Conditions. The Options granted pursuant to this Agreement shall be subject to the following terms and conditions:

(a) Applicable Stock. Options may be exercised only as to the shares of Stock owned by the Corporation in Present Holdings and the shares of Stock acquired by the Corporation in those Future Holdings that are acquired by the Corporation during the period of time in which Yarro is employed by the Corporation.

(b) Option Price. The option price per share of Stock purchasable under the terms of this Agreement shall be as follows:

(1) For the Stock in the Present Holdings, the option price per Share shall be as set forth as "Yarro's Exercise Price per Share" on Exhibit "A" which is attached to this Agreement.

(2) For the Stock in each Future Holding, the option price per Share of Stock purchasable under the terms of this Agreement shall be equal to the amount paid by the Corporation for each such share of Stock.

(c) Maximum Number of Shares. The maximum number of shares of Stock in any Holding as to which the Option may be exercised is fifty percent (50%) of the total number of shares of Stock held by the Corporation in that Holding as of the time of the exercise of the Option with respect thereto.

(d) Option Term. The period of time during which each Option may be exercised (the "Option Term") shall be as set forth below:

(1) With respect to each Present Holding, the Option may be exercised at any time during the period which commences on the date of this Agreement and which ends at the earlier to occur of (A) the sale or other disposition by the Corporation of the Stock in that Present Holding to someone other than Yarro, or (B) the expiration of a specified period of time after the termination of Yarro's employment with the Corporation as set forth in Section 3.2 of this Agreement.

(2) With respect to each Future Holding, the Option may be exercised at any time during the period which commences on the date on which the Corporation acquires Stock in that Future Holding and which ends at the earlier to occur of (A) the sale or other disposition by the Corporation of the Stock in that Future Holding to someone other than Yarro, or (B) the expiration of a specified period of time after the termination of Yarro's employment with the Corporation as set forth in Section 3.2 of this Agreement.

Notwithstanding any other provision of this Agreement to the contrary, the Corporation hereby agrees that it will not sell or otherwise dispose of any share of Stock in a Holding unless and until the Corporation has given to Yarro not less than thirty (30) days written notice of the Corporation's intention to sell or dispose of the Stock. For purposes of this provision, a "sale or other disposition" shall include any transaction in which the Corporation divests itself of ownership in the shares of Stock of the particular Holding to someone other than Yarro; provided, however, that if the Corporation exchanges any share of Stock in a Holding for any other share of Stock of any class in that Holding or in a subsidiary or parent of that Holding, no "sale or other disposition" shall be deemed to have occurred and the Option shall thereafter apply to the shares of Stock acquired by the Corporation as a result of such exchange.

2.3 Exercise of Options. Subject to the provisions of this Agreement, Options may be exercised, in whole or in part, at any time during the Option Term by Yarro giving to the Corporation written notice of exercise of the Option, which written notice shall specify the number of shares of Stock and the Holding as to which the exercise relates. Such notice shall be accompanied by payment in full of the option price for the shares of Stock being purchased, and no shares of Stock in any Holding shall be transferred to Yarro until full payment therefor has been made. If, at the time of the exercise, Yarro is actually or potentially subject to Section 16(b) of the Exchange Act with respect to the shares of Stock as to which the exercise relates, the shares of Stock transferred to Yarro pursuant to said exercise shall be subject to the restrictions imposed by Rule 16b-3. If Yarro fails to exercise the Option with respect to all of the shares of Stock in a particular Holding prior to the expiration of the Option Term for such Stock, the Option shall lapse as of the expiration of said Option Term with respect to those shares of Stock in that Holding as to which Yarro has not previously exercised the Option.

### ARTICLE III

#### NON-TRANSFERABILITY AND EFFECT OF TERMINATION OF EMPLOYMENT

3.1 Non-Transferability of Options. No Option granted under this Agreement shall be transferable by Yarro otherwise than by will or the laws of descent and distribution or

pursuant to a qualified domestic relations order as defined by the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder. Each Option shall be exercisable, during the lifetime of Yarro, only by Yarro or by his guardian or legal representative (it being understood that the guardian or other legal representative of Yarro may exercise the Option during Yarro's lifetime, but prior to the expiration of the applicable Option Term, if Yarro has been declared to be legally incapacitated). After the death of Yarro, an Option may be exercised, prior to the expiration of the applicable Option Term, by any person to whom the Option is transferred by will or by the laws of descent and distribution.

3.2 Effect of Termination of Employment. The termination of Yarro's employment with the Corporation shall have the following effects on all unexercised Options:

(a) By Reason of Death. If Yarro's employment terminates by reason of death, any Option held by Yarro as of the date of his death may thereafter be exercised, to the extent then exercisable, for a period of five (5) years from the date of his death or until the expiration of the Option Term for the shares of Stock in the Holdings which are owned by the Corporation as of the date of Yarro's death, whichever is shorter.

(b) By Reason of Disability. If Yarro's employment terminates by reason of Disability, any Option held by Yarro may thereafter be exercised by Yarro, to the extent it was exercisable at the time of termination, for a period of six (6) years from the date of such termination of employment or until the expiration of the Option Term for the shares of Stock in the Holdings which are owned by the Corporation as of the date of such termination of employment, whichever is shorter; provided, however, that if Yarro dies within such six (6) year period, any unexercised Option held by Yarro as of the date of his death shall, notwithstanding the expiration of such six (6) year period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of twelve (12) months from the date of death or until the expiration of the Option Term with respect thereto, whichever period is shorter.

(c) By Reason of Retirement. If Yarro's employment terminates by reason of Retirement, any Option held by Yarro may thereafter be exercised by Yarro, to the extent it was exercisable at the time of such Retirement, for a period of six (6) years from the date of such termination of employment or until the expiration of the Option Term for the shares of Stock in the Holdings which are owned by the Corporation as of the date of such termination of employment, whichever is shorter; provided, however, that if Yarro dies within such six (6) year period, any unexercised Option held by Yarro as of the date of his death shall, notwithstanding the expiration of such six (6) year period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of twelve (12) months from the date of death or until the expiration of the Option Term with respect thereto, whichever period is shorter.

(d) Other Termination. If Yarro incurs a Termination of Employment for any reason other than death, Disability or Retirement, any Option then held by Yarro shall thereupon terminate, except that each Option, to the extent then exercisable, may be exercised for the lesser of three (3) months from the date of such Termination of Employment or the balance of the Option Term with respect to that Option if such Termination of Employment is involuntary and without Cause; provided, however, that if such Termination of Employment occurs within one year of the date of this Agreement, each Option then held by Yarro shall immediately terminate and Yarro shall no longer have the right to exercise said Options.

Notwithstanding any other provision of this Agreement, nothing herein shall be deemed or construed to grant to Yarro or to Yarro's successor in interest the right or option to purchase any shares of Stock acquired by the Corporation after Yarro's Termination of Employment.

## ARTICLE IV

### REPURCHASE BY THE CORPORATION

4.1 Purpose for Repurchase Right. As provided in the following Sections of this Article IV, if Yarro voluntarily terminates his employment with the Corporation, or if his employment is terminated for Cause, in either event within the time periods specified herein, the Corporation shall have the right to repurchase shares of Stock which are purchased by Yarro pursuant to the exercise of an Option. This repurchase right is included in this Agreement in order to provide Yarro with an incentive to remain in the employ of the Corporation, especially while the existing shareholders of the Corporation are still living.

4.2 Trigger Event. Subject to the provisions of Section 4.4 of this Agreement, the right of the Corporation to repurchase shares of Stock which were acquired by Yarro pursuant to the exercise of an Option shall become effective if, within the ten (10) year period immediately after the date of this Agreement: (a) Yarro voluntarily terminates his employment with the Corporation for any reason other than his Disability, or (b) Yarro's employment is terminated for Cause. Each such termination of employment is referred to in this Article IV as a "trigger event." Nothing in this Agreement shall be construed to create a right in the Corporation to repurchase shares of Stock by reason of the termination of Yarro's employment by action of the Corporation without Cause or by reason of the death, Retirement or Disability of Yarro.

4.3 Repurchase Right. Subject to the provisions of Section 4.4 of this Agreement, if a trigger event occurs within the ten (10) year period commencing with the date of this Agreement, the Corporation shall have the right to repurchase from Yarro, at the price specified in Section 4.6 of this Agreement, all or a portion of the shares of Stock which were purchased by Yarro pursuant to the exercise of an Option as specified below:

(a) If a trigger event occurs within one (1) year of the date of this Agreement, the Corporation shall have the right to repurchase ninety percent (90%) of the shares of Stock which were purchased or are thereafter purchased by Yarro pursuant to the exercise of an Option.

(b) If a trigger event occurs more than one (1) year but less than two (2) years after the date of this Agreement, the Corporation shall have the right to repurchase eighty percent (80%) of the shares of Stock which were purchased or are thereafter purchased by Yarro pursuant to the exercise of an Option.

(c) If a trigger event occurs more than two (2) years but less than three (3) years after the date of this Agreement, the Corporation shall have the right to repurchase seventy (70%) of the shares of Stock which were purchased or are thereafter purchased by Yarro pursuant to the exercise of an Option.

(d) If a trigger event occurs more than three (3) years but less than five (5) years after the date of this Agreement, the Corporation shall have the right to repurchase thirty percent (30%) of the shares of Stock which were purchased or are thereafter purchased by Yarro pursuant to the exercise of an Option.

(e) If a trigger event occurs more than five (5) years but less than seven (7) years after the date of this Agreement, the Corporation shall have the right to repurchase twenty percent (20%) of the shares of Stock which were purchased or are thereafter purchased by Yarro pursuant to the exercise of an Option.

(f) If a trigger event occurs more than seven (7) years but less than ten (10) years after the date of this Agreement, the Corporation shall have the right to repurchase ten percent (10%) of the shares of Stock which were purchased or are thereafter purchased by Yarro pursuant to the exercise of an Option.

After the expiration of ten (10) years from the date of this Agreement, the Corporation shall have no further right to repurchase shares of Stock from Yarro pursuant to this Article IV.

4.4 Limitation on Repurchase Right. The right of the Corporation to repurchase shares of Stock pursuant to this Article IV by reason of a termination for Cause of Yarro's employment with the Corporation shall be exercisable only if, at the time of the termination for Cause, either RAYMOND J. NOORDA or LEWENA NOORDA are then living. If, at the time of the termination for Cause, neither RAYMOND J. NOORDA nor LEWENA NOORDA is then living, then the right of the Corporation to repurchase shares of Stock from Yarro shall lapse and be of no further effect. However, the right of the Corporation to repurchase shares of Stock pursuant to this Article IV by reason of a voluntary termination of employment by Yarro shall continue for the period of time described above in this Article IV even if both RAYMOND J. NOORDA and LEWENA NOORDA have died prior to the expiration of that period of time.



4.5 Shares Which Are Subject to Repurchase Right. The shares of Stock to which the Corporation's repurchase right shall apply include the following:

(a) Shares of Stock purchased by Yarro pursuant to the exercise of an Option which are still held by Yarro as of the date that the Corporation exercises its repurchase right.

(b) Shares of Stock purchased by Yarro pursuant to the exercise of an Option that have been transferred by Yarro to any other person or entity by gift prior to the date that the Corporation exercises its repurchase rights.

Notwithstanding any other provision of this Article IV to the contrary, with respect to shares of Stock which were acquired by Yarro pursuant to his exercise of an Option prior to Yarro's Termination of Employment, the Corporation's right to repurchase shares of Stock shall relate solely to the shares of Stock which are held by Yarro (or by his donees) as of the date that the Corporation exercises its repurchase right; and if Yarro (or his donee) has sold said shares of Stock, the Corporation shall have no repurchase rights with respect to the cash or other reinvestment proceeds achieved from said sale or with respect to any other assets acquired with said cash or other reinvestment proceeds. If Yarro's employment with the Corporation is terminated voluntarily or for Cause within the ten (10) year period described in Section 4.3 of this Agreement, and if, after said termination, Yarro exercises an Option to purchase additional shares of Stock prior to the expiration of the Option Term described in Section 2.2(d) of this Agreement, then the Corporation's repurchase right shall apply both to the additional shares of Stock acquired by Yarro after said termination of employment and to the cash or other reinvestment proceeds achieved from the sale of said shares of Stock.

4.6 Exercise of Repurchase Right. If a trigger event occurs within ten (10) years of the date of this Agreement, and if the Corporation chooses to exercise its right to repurchase shares of Stock pursuant to this Article IV, the Corporation shall give written notice thereof to Yarro within thirty (30) days after the trigger event. If the Corporation exercises its right to repurchase shares of Stock, the Corporation shall pay to Yarro an amount equal to the product of (i) the price per share paid by Yarro when he exercised the Option to purchase the shares, multiplied by (ii) the number of shares of Stock being repurchased by the Corporation. For this purpose, if Yarro has sold any shares of Stock which were acquired by him after the termination of his employment with the Corporation voluntarily or for Cause, the Corporation's repurchase right, upon payment of the purchase price based upon the original price per share paid by Yarro for said shares of Stock, shall relate to an equivalent portion of the proceeds of said sale.

## ARTICLE V

### GENERAL PROVISIONS

5.1 Stock Restrictions. All shares of Stock purchased pursuant to the exercise of an Option shall be subject to such stock transfer orders and other restrictions as the Board may deem advisable under the rules, regulations and other requirements of the Commission, any stock exchange upon which the Stock is then listed (or NASDAQ) and any applicable Federal or state securities law, and the Board or the board of directors of the Holding may cause a legend or legends to be put on all certificates representing said Shares to make reference to such restrictions.

5.2 Impact on Other Employment Issues. Nothing contained in this Agreement shall impact existing or future compensation arrangements between the Corporation and Yarro. Conversely, nothing herein shall confer upon Yarro any right to continued employment nor shall it interfere in any way with the right of the Corporation to terminate the employment of Yarro at any time.

5.3 Tax Withholding. No later than the date as of which an amount first becomes includible in the gross income of Yarro for Federal income tax purposes with respect to any Option, Yarro shall pay to the Corporation, or shall make arrangements satisfactory to the Corporation regarding the payment of, any Federal, state, local or foreign taxes of any kind required by the Code or by any other law to be withheld with respect to such amount. Unless otherwise determined by the Corporation, withholding obligations may be settled with shares of Stock, including Stock that is part of the Option that gives rise to the withholding requirement. The obligations of the Corporation under this Agreement shall be conditional on such payment or arrangements, and the Corporation shall, to the extent permitted by law, have the right to deduct any such taxes from any payment or distribution otherwise due to Yarro.

5.4 Amendments. This Agreement may be amended only by a written instrument executed by both the Corporation and Yarro.

5.5 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto and to any entities resulting from the reorganization, consolidation or merger of the Corporation.

5.6 Entire Agreement. This Agreement constitutes the entire understanding and agreement between the parties and supersedes all prior agreements, representations or understandings between the parties relating to the subject matter hereof. All prior agreements relating to the subject matter hereof, whether written or oral, are hereby merged into this Agreement.

5.7 Severability. The provisions of this Agreement are severable, and should any provision hereof be void, voidable or unenforceable, such void, voidable or unenforceable provision shall not affect the enforceability of any other provision of this Agreement.

5.8 Governing Law. This Agreement shall be interpreted, construed and enforced according to the laws of the State of Utah.

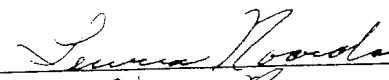
5.9 Costs. In the event any action or proceeding is brought by either party against the other party under this Agreement, the prevailing party shall be entitled to recover attorneys' fees and costs in such amount as the court may adjudge reasonable.

5.10 Indemnification and Ratification. The Corporation hereby warrants, represents and agrees that, by authorizing the execution of this Agreement, the Board and the Shareholders of the Corporation have expressly confirmed and ratified all prior actions by the Corporation with respect to the acquisition and funding of the Present Holdings, whether said acquisitions and funding were approved by specific action of the Board in each particular instance or were made pursuant to the general authority granted to the officers of the Corporation by the Board or by the Shareholders. The Corporation hereby agrees to indemnify and hold Yarro harmless with respect to actions taken by him in connection with said acquisitions and funding.

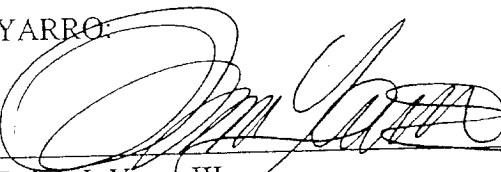
IN WITNESS WHEREOF, the Corporation and Yarro have executed this Agreement as of the date first above written.

CORPORATION:

THE CANOPY GROUP, INC.

By:   
Title: Vice President

YARRO:

  
Ralph J. Yarro III

# EXHIBIT "A"

## List of Present Holdings

<u>Name of Holding</u>	<u>Corporation's Investment</u>	<u>Number Of Shares Owned By Corporation</u>	<u>Corporation's Cost Per Share</u>	<u>Yarro's Exercise Price Per Share</u>
Altiris	\$ 848	1,248,352	\$ 0.0007	\$ 0.0007
Caldera Systems	\$ 26,202,822	21,273,974	\$ 1.23	\$ 1.23
Center 7	\$ 10,000,000	16,000,000	\$ 0.62	\$ 0.62
Coresoft	\$ 3,907,503	2,327,500	\$ 1.68	\$ 1.68
Edgix	\$ 150,000	3,000,000	\$ 0.05	\$ 0.05
EIDEA/Digital Harbor	\$ 1,032,263	115,040	\$ 8.97	\$ 8.97
Email Forms	\$ 150,000	150,000	\$ 1.00	\$ 1.00
Fat Pipe	\$ 500,000	100,000	\$ 5.00	\$ 5.00
Helius	\$ 1,321,391	2,370,000	\$ 0.56	\$ 0.56
Interworks	\$ 250,000	215,000	\$ 1.1628	\$ 1.1628
Lineo	\$ 130,039	13,777,786	\$ .009938	\$ <del>0.1379</del> .009938
Mase	\$ 1,100,000	966,667	\$ 1.1379	\$ 1.1379
mmm.com	\$ 500,000	400,000	\$ 1.25	\$ 1.25
Netschools	\$ 1,000,000	355,872	\$ 2.81	\$ 2.81
Recrutsearch	\$ 1,000,000	70,000	\$ 14.29	\$ 14.29
Troll.tech	\$ 1,000,000	398	\$ 2,512.56	\$ 2,512.56
Utah Health Informatics	\$ 250,000	461	\$ 542.53	\$ 542.53