

As filed with the Securities and Exchange Commission on March 28, 2005
Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
Under the
Securities Act of 1933

FRANKLIN COVEY CO.

(Exact name of registrant as specified in its charter)

Utah
(State or other jurisdiction of incorporation or organization)

87-0401551
(I.R.S. Employer Identification No.)

2200 West Parkway Boulevard
Salt Lake City, Utah 84119-2331
(Address of Principal Executive Offices) (Zip Code)

FRANKLIN COVEY CO. 2004 EMPLOYEE STOCK PURCHASE PLAN
FRANKLIN COVEY CO. 2004 NON-EMPLOYEE DIRECTORS' STOCK INCENTIVE PLAN
(Full Title of the Plans)

Stephen D. Young
Chief Financial Officer
Franklin Covey Co.
2200 West Parkway Boulevard
Salt Lake City, Utah 84119-2331
(801) 817-7171
(Name, address and telephone number, including area code, of agent for service)

Copy to:
Nolan S. Taylor
Dorsey & Whitney LLP
170 South Main Street, Suite 900
Salt Lake City, Utah 84101-1655

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, \$.05 par value per share, available for issuance under the Franklin Covey Co. 2004 Employee Stock Purchase Plan	1,000,000 shares	\$2.30	\$2,300,000	\$270.71
Common Stock, \$.05 par value per share, available for issuance under the Franklin Covey Co. 2004 Non-Employee Directors' Stock Incentive Plan	300,000 shares	\$2.30	\$690,000	\$81.21

Total	1,300,000 shares	\$2,990,000	\$351.92
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(1) This Registration Statement shall also cover any additional shares of Common Stock which become issuable under the Franklin Covey Co. 2004 Employee Stock Purchase Plan or the Franklin Covey Co. 2004 Non-Employee Directors' Stock Incentive Plan by reason of any stock dividend, stock split, recapitalization or other similar transaction, or as otherwise provided for in the plans, effected without the receipt of consideration which results in an increase in the number of outstanding shares of Common Stock of Franklin Covey Co.

(2) Calculated pursuant to Rule 457(c) and (h) under the Securities Act of 1933, as amended solely for the purpose of determining the registration fee. The offering price per share and aggregate offering price are computed on the basis of the average of the high and low prices for the Registrant's Common Stock as reported by the New York Stock Exchange as of March 21, 2005.

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

Item 1. PLAN INFORMATION.

Information required by Item 1 to be contained in the Section 10(a) prospectus is omitted from this Registration Statement in accordance with Rule 428 under the Securities Act of 1933, as amended (the "Securities Act"), and the Note to Part I of Form S-8.

Item 2. REGISTRANT INFORMATION.

Information required by Item 2 to be contained in the Section 10(a) prospectus is omitted from this Registration Statement in accordance with Rule 428 under the Securities Act, and the Note to Part I of Form S-8.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE.

The following documents filed by Franklin Covey Co. (the "Registrant") with the Securities and Exchange Commission (the "SEC") are hereby incorporated by reference in this Registration Statement:

- (1) The Registrant's Annual Report on Form 10-K for the year ended August 31, 2004, filed with the SEC on November 29, 2004, and amended on December 29, 2004;
- (2) The Registrant's Quarterly Report on Form 10-Q for the Quarter ended November 27, 2004, filed with the SEC on January 11, 2005;
- (3) The Registrant's Current Reports on Form 8-K filed with the SEC on November 18, 2004, November 19, 2004, December 3, 2004, December 14, 2004, January 11, 2005 (this Current Report on Form 8-K is deemed incorporated by reference only in relation to Item 8.01 that was deemed to be filed and not in relation to Items 2.02 and 9.01 which were deemed to be furnished), February 23, 2005, March 10, 2005 and March 25, 2005; and
- (4) The description of the Registrant's Common Stock contained in the Registrant's Registration Statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including any amendment or report filed under the Exchange Act for the purpose of updating such description.

In addition, all documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of filing of such documents.

Item 4. DESCRIPTION OF SECURITIES.

Not applicable.

Item 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Not applicable.

Item 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 16-10a-902 of the Utah Revised Business Corporation Act (the "Revised Act") provides that a corporation may indemnify any individual made a party to a proceeding because he is or was a director, against liability incurred in the proceeding, if: (a) his conduct was in good faith, (b) he reasonably believed that his conduct was in, or not opposed to, the corporation's best interests; and (c) in the case of any criminal proceeding, he had no reasonable cause to believe such conduct was unlawful; provided, however, that a corporation may not indemnify a director under Section 16-10a-902 if (i) in connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation, or (ii) in connection with any other proceeding charging that the director derived an improper personal benefit, whether or not involving action in his or her official capacity, in which proceeding he was adjudged liable on the basis that he derived an improper benefit.

Section 16-10a-903 of the Revised Act provides that, unless limited by its articles of incorporation, a corporation shall indemnify a director who was successful, on the merits or otherwise, in the defense of any proceeding, or in the defense of any claim, issue or matter in the proceeding, to which he was a party because he is or was a director of the corporation, against reasonable expenses incurred in connection with the proceeding or claim with respect to which he has been successful.

In addition to the indemnification provided by Sections 902 and 903, Section 16-10a-905 of the Revised Act provides that, unless otherwise limited by a corporation's articles of incorporation, a director may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction.

Section 16-10a-904 of the Revised Act provides that a corporation may pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding in advance of the final disposition of the proceeding upon the satisfaction of certain conditions.

Section 16-10a-907 of the Revised Act provides that, unless a corporation's articles of incorporation provide otherwise, (i) an officer of the corporation is entitled to mandatory indemnification under Section 903 and is entitled to apply for court-ordered indemnification under Section 905, in each case to the same extent as a director, (ii) the corporation may indemnify and advance expenses to an officer, employee, fiduciary or agent of the corporation to the same extent as a director, and (iii) a corporation may also indemnify and advance expenses to an officer, employee, fiduciary or agent who is not a director to a greater extent, if not inconsistent with public policy, and if provided for by its articles of incorporation, bylaws, general or specific action of its board of directors or contract.

Section 16-10a-908 of the Revised Act provides that a corporation may purchase and maintain liability insurance on behalf of a person who is or was a director, officer, employee, fiduciary, or agent of the corporation or who, while serving as a director, officer, employee, fiduciary, or agent of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, fiduciary, or agent of another foreign or domestic corporation or other person, or of an employee benefit plan against liability asserted against or incurred by the individual in that capacity or arising from his status as such, whether or not the corporation would have the power to indemnify him against the same liability under Section 902, 903, or 907 of the Revised Act.

Section 16-10a-909 of the Revised Act provides that a provision treating a corporation's indemnification of or advance for expenses to, directors that is contained in its articles of incorporation or bylaws, in a resolution of its stockholders or board of directors or in a contract, (except an insurance policy), or otherwise, is valid only if and to the extent the provision is not inconsistent with Sections 901 through 909 of the Revised Act. If the articles of incorporation limit indemnification or advancement of expenses, indemnification and advancement of expenses are valid only to the extent not inconsistent with the articles.

The Registrant's Bylaws, as amended and restated, provide that the Registrant shall, to the fullest extent permitted, and in the manner required by the laws of the State of Utah, indemnify an individual made, or threatened to be made a party to a proceeding because he is or was a director, officer, employee or agent of the Registrant or of another enterprise at the request of the Registrant.

The Registrant's Amended and Restated Articles of Incorporation provide that to the fullest extent permitted by the Revised Act, no director shall be liable to the Registrant or its shareholders for monetary damages. In addition, the Registrant is authorized to indemnify directors and officers of the Registrant to the fullest extent permitted under applicable law.

Indemnification may be granted pursuant to any other agreement, bylaw, or vote of shareholders or directors. In addition to the foregoing, the Registrant maintains insurance from commercial carriers against certain liabilities which may be incurred by its directors and officers.

The foregoing description is necessarily general and does not describe all details regarding the indemnification of officers, directors or controlling persons of the Registrant.

Item 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

Item 8. EXHIBITS.

EXHIBIT INDEX

Exhibit No.	Description
4.1	Amended and Restated Articles of Incorporation of the Registrant (Incorporated by reference to Exhibit 99.6 of the Registrant's Current Report on Form 8-K filed with the SEC on March 10, 2005, File No. 001-11107).
4.2	Amended and Restated Bylaws of the Registrant (Incorporated by reference to Exhibit 3.2 of the Registrant's Registration Statement on Form S-1 filed with the SEC on April 17, 1992, Registration No. 33-47283).
4.3	Franklin Covey Co. 2004 Employee Stock Purchase Plan.
4.4	Franklin Covey Co. 2004 Non-Employee Directors' Stock Incentive Plan.
5.1	Opinion of Dorsey & Whitney LLP.
23.1	Consent of KPMG LLP, an independent registered public accounting firm.
23.2	Consent of Dorsey & Whitney LLP (contained in Exhibit 5.1).
24.1	Powers of Attorney (included in signature page).

Item 9. UNDERTAKINGS

(1) The undersigned registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

- (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a) (1) (i) and (a) (1) (ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

- (b) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (d) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (e) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Salt Lake City, State of Utah, on March 25, 2005.

FRANKLIN COVEY CO.

By: /s/ ROBERT A. WHITMAN
Robert A. Whitman, Chairman of the
Board of Directors, President and
Chief Executive Officer

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated. Each person whose signature to this Registration Statement appears below hereby constitutes and appoints Robert A. Whitman and Stephen D. Young, and each of them, as his true and lawful attorney-in-fact and agent, with full power of substitution, to sign on his behalf individually and in the capacity stated below and to perform any acts necessary to be done in order to file all amendments and post-effective amendments to this Registration Statement, and any and all instruments or documents filed as part of or in connection with this Registration Statement or the amendments thereto and each of the undersigned does hereby ratify and confirm all that said attorney-in-fact and agent, or his substitutes, shall do or cause to be done by virtue hereof.

Signature	Title	Date
<u>/s/ ROBERT A. WHITMAN</u> Robert A. Whitman	Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)	March 25, 2005
<u>/s/ STEPHEN D. YOUNG</u> Stephen D. Young	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 25, 2005
<u>/s/ CLAYTON M. CHRISTENSEN</u> Clayton M. Christensen	Director	March 25, 2005
<u>/s/ STEPHEN R. COVEY</u> Stephen R. Covey	Director	March 25, 2005
<u>/s/ ROBERT H. DAINES</u> Robert H. Daines	Director	March 25, 2005
<u>/s/ E. J. "JAKE" GARN</u> E. J. "Jake" Garn	Director	March 25, 2005
<u>/s/ DENNIS G. HEINER</u> Dennis G. Heiner	Director	March 25, 2005
<u>/s/ BRIAN A. KRISAK</u> Brian A. Krisak	Director	March 25, 2005
<u>/s/ DONALD J. MCNAMARA</u> Donald J. McNamara	Director	March 25, 2005
<u>/s/ JOEL C. PETERSON</u> Joel C. Peterson	Director	March 25, 2005
<u>/s/ E. KAY STEPP</u> E. Kay Stepp	Director	March 25, 2005

FRANKLIN COVEY CO.

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**FRANKLIN COVEY CO.
2004 EMPLOYEE STOCK PURCHASE PLAN**

Franklin Covey Co. (the “Company”) hereby adopts the Franklin Covey Co. 2004 Employee Stock Purchase Plan (the “Plan”) effective as of September 1, 2004, to read as follows:

1. **Purpose.** The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company. Subject to Shareholder approval of the Plan within twelve (12) months after its date of adoption, the Company intends that the Plan qualify as an “Employee Stock Purchase Plan” under Section 423 of the Code. The provisions of the Plan shall, accordingly, be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code.

2. **Definitions.**

(a) **“Board”** means the Board of Directors of the Company.

(b) **“Code”** means the Internal Revenue Code of 1986, as amended.

(c) **“Committee”** means a committee of the Board designated pursuant to Section 12 below.

(d) **“Common Stock”** means the \$0.05 par value common stock of the Company.

(e) **“Company”** means Franklin Covey Co., a Delaware corporation.

(f) **“Compensation”** means total base cash compensation received by an Employee from the Company or a Designated Subsidiary. By way of illustration, but not limitation, Compensation includes regular base salary, wages, overtime, bonuses, commissions and incentive compensation. Compensation does not include profit sharing, deferred compensation, relocation allowances, expense reimbursements, tuition or other reimbursements, contributions or imputed income under any 401(k) plan, insurance plan, or other employee benefit plan, and income realized as a result of participation in any stock option, stock purchase, or similar plan of the Company or any Designated Subsidiary.

(g) **“Continuous Employment”** means uninterrupted employment with the Company or a Designated Subsidiary as an Employee. Employment shall not be considered interrupted in the case of (i) sick leave; (ii) military leave; (iii) any other leave of absence approved by the Administrator, provided that such leave is for a period of not more than ninety (90) days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to Company policy adopted from time to time; or (iv) in the case of transfers between locations of the Company or between the Company and its Designated Subsidiaries.

(h) **“Contributions”** means all amounts credited to the account of a Participant pursuant to the Plan.

(i) **“Corporate Transaction”** means a sale of all or substantially all of the Company’s assets, or a merger, consolidation or other capital reorganization of the Company with or into another corporation, or any other transaction or series of related transactions in which the Company’s stockholders immediately prior thereto own less than fifty percent (50%) of the voting stock of the Company (or its successor or parent) immediately thereafter.

(j) **“Designated Subsidiaries”** means the Subsidiaries that have been designated by the Board from time to time in its sole discretion as eligible to participate in the Plan; provided however that the Board shall only have the discretion to designate Subsidiaries if the issuance of options to such Subsidiary’s Employees pursuant to the Plan would not cause the Company to incur adverse accounting charges. As of the date hereof, the Designated Subsidiaries are Franklin Covey Printing Inc. and Franklin Covey Canada, Ltd. The Board may revoke the designation of a Subsidiary at any time and any previously Designated Subsidiary shall automatically cease to be a Designated Subsidiary on the date it ceases to be a Subsidiary. If any Subsidiary ceases to be Designated Subsidiary, all employees of that entity shall be deemed to have terminated employment for purposes of this Plan on the date Designated Subsidiary status ceases.

(k) **“Employee”** means any person, including an Officer, who is an employee of the Company or a Designated Subsidiary for federal withholding tax purposes.

(l) **“Eligible Employee”** means an Employee who is in a position requiring the Employee to work at least twenty (20) hours per week for the Company or one of its Designated Subsidiaries.

(m) **“Exchange Act”** means the Securities Exchange Act of 1934, as amended.

(n) **“Fair Market Value”** means as of any given date the average between the highest and lowest sale prices per share of Common Stock on the NYSE (or, if the Common Shares cease to be traded on the NYSE, on such other securities exchange or market system on which the Common Stock is then listed or quoted) as reported in the Wall Street Journal or such other source as the Board deems reliable. If no shares of Common Stock are traded on such an exchange or market quotation system on the date in question, Fair Market Value shall be the average between the highest and lowest sale prices per share of Common Stock on the nearest prior business day on which shares of Common Stock are so traded. In the event Common Shares cease to be traded on any securities exchange or market system the Board shall determine the Fair Market Value of Common Stock in good faith.

- (o) “**NYSE**” means the New York Stock Exchange.
- (p) “**Offering**” means the grant of Purchase Rights to purchase Common Stock to Eligible Employees under the Plan.
- (q) “**Offering Date**” means the first business day of each Offering Period of the Plan.
- (r) “**Offering Period**” means a period of three (3) months commencing on September 1, December 1, March 1 and June 1 of each year.
- (s) “**Officer**” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.
- (t) “**Participant**” means with respect to any Offering any Eligible Employee who has elected to participate in the Offering.
- (u) “**Plan**” means this 2004 Employee Stock Purchase Plan.
- (v) “**Purchase Date**” means as to any Offering, the last day of the applicable Offering Period.
- (w) “**Purchase Price**” means with respect to each Offering, an amount equal to eighty-five percent (85%) of the Fair Market Value of a Share of Common Stock on the Purchase Date, rounded up to the nearest whole cent per share.
- (x) “**Purchase Rights**” means options to purchase Shares under the Plan.
- (y) “**Share**” means a share of Common Stock, as adjusted in accordance with Section 19 of the Plan.
- (z) “**Subsidiary**” means any corporation, domestic or foreign, which is a “subsidiary of the Company within the meaning of Section 424(f) of the Code, whether or not such corporation now exists or is hereafter organized or acquired by the Company or a Subsidiary.

3. **Offerings.** The Plan shall be generally implemented by a series of Offerings conducted over Offering Periods of three calendar months’ duration, with new Offerings and related Offering Periods commencing on or about September 1, December 1, March 1, and June 1 of each year. The first Offering Period under the Plan shall commence on September 1, 2004. The Plan shall continue until terminated in accordance with Section 18 below. The Committee may limit the aggregate number of Shares available for purchase in each Offering by written notice to all Participants given with sixty (60) days after the commencement of such Offering.

4. **Eligibility and Participation.**

(a) Any person who is an Eligible Employee as of the Offering Date of a given Offering shall be eligible to participate in the Offering commencing on that date, subject to the requirements of Section 5(a) below and the limitations imposed by Section 423(b) of the Code. Persons who are not Eligible Employees on the Offering Date with respect to a given Offering may not participate in that Offering.

(b) Any provisions of the Plan to the contrary notwithstanding, no Employee shall be granted Purchase Rights under the Plan or be eligible to participate in an Offering if, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company and/or hold outstanding options or rights to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any subsidiary of the Company. For purposes of this limitation, the rules of Section 424(d) of the Code shall apply in determining the stock ownership of any person.

(c) An Eligible Employee may become a Participant in the Plan by completing a subscription agreement on the form provided by the Company and filing it with the Company’s Human Resources Department. The subscription agreement shall set forth the percentage of the Participant’s Compensation (subject to Section 5(a) below) to be paid as Contributions pursuant to the Plan.

(d) With respect to each Offering, payroll deductions shall commence on the first full payroll following the Offering Date and shall end on the last payroll paid on or prior to the end of the Offering Period to which the subscription agreement is applicable, unless sooner terminated by the Participant as provided in Section 9 below.

(e) Any provisions of the Plan to the contrary notwithstanding, and in accordance with Section 423(b)(8) of the Code, all Purchase Rights granted to any Eligible Employee hereunder shall be limited so that for any calendar year in which such Purchase Rights are outstanding at any time, such Purchase Rights and all other options and rights to purchase stock under all employee stock purchase plans (described in Section 423 of the Code) of the Company and its Subsidiaries, do not permit the Eligible Employee to purchase or otherwise accrue the right to acquire Shares having a Fair Market Value in excess of \$25,000, with all such Share values to be determined at the time of grant of the Purchase Rights or other options and rights in question.

5. **Method of Payment of Contributions.**

(a) A Participant in any Offering shall elect to have payroll deductions made on each payday during the applicable Offering Period in an amount not less than one percent (1%) and not more than fifteen percent (15%) (or such other percentage as the Committee may establish from time to time before an Offering Date) of such Participant’s Compensation on each payday during the Offering Period. All payroll deductions made by a Participant shall be credited to his or her account under the Plan. A Participant may not make any additional payments into such account without the written consent of the Committee.

(b) A Participant may discontinue his or her participation in any Offering as provided in Section 9 below.

(c) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 4(e) above, a Participant's payroll deductions may be decreased during any Offering Period scheduled to end during the current calendar year to zero percent (0%). Payroll deductions shall re-commence at the rate provided in such Participant's subscription agreement at the beginning of the first Offering Period that is scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 9 below.

6. **Grant of Purchase Rights.** On the Offering Date of each Offering, each Participant in such Offering shall be granted the right to purchase on the Purchase Date at the conclusion of that Offering a number of Shares of the Company's Common Stock determined by dividing (a) the Participant's Contributions prior to the Purchase Date and retained in the Participant's account as of the Purchase Date, by (b) the applicable Purchase Price; provided however that (i) the maximum number of Shares an Employee may purchase during each Offering Period shall be twenty thousand (20,000) Shares (subject to any adjustment pursuant to Section 17(a) below); (ii) such purchase shall be subject to the limitations set forth in Sections 4(e) above and 11 below; (iii) in no event shall the Purchase Price be less than the lesser of eighty-five percent (85%) of the Fair Market Value per share at the time the Option is granted or eighty-five percent (85%) of the Fair Market Value per Share at the time of exercise; and (iv) in the case of the Offering commencing prior to shareholder approval of the Plan, the limitations and special rules of Sections 8 and 21 below shall apply.

7. **Exercise of Option.** Unless a Participant withdraws from an Offering as provided in Section 9 below, his or her right to purchase Shares in that Offering will be exercised automatically on the Purchase Date at the conclusion of the applicable Offering Period, and the maximum number of full Shares subject to the Purchase Right will be purchased at the applicable Purchase Price with the accumulated Contributions in his or her account. No fractional Shares shall be issued. Any payroll deductions accumulated in a Participant's account that are not sufficient to purchase a full Share shall be retained in the Participant's account for the subsequent Offering Period, subject to earlier withdrawal by the Participant as provided in Section 9 below. Any other amounts left over in a Participant's account after a Purchase Date shall be returned to the Participant. Except as provided in Sections 8 and 21 below, the Shares purchased upon exercise of Purchase Rights hereunder shall be deemed to be transferred to the Participant on the Purchase Date. During his or her lifetime, a Participant's right to purchase Shares hereunder is exercisable only by him or her.

8. **Delivery.** As promptly as practicable after the Purchase Date at the conclusion of an Offering Period, the number of Shares purchased by each Participant upon exercise of his or her Purchase Rights shall be deposited into an account established in the Participant's name with the Designated Broker. Notwithstanding the foregoing, no certificates for Shares purchased in any Offering shall be issued unless and until the shareholders of the Company have approved the Plan as provided in Section 21 below.

9. **Voluntary Withdrawal; Termination of Employment.**

(a) A Participant may withdraw all but not less than all the Contributions credited to his or her account under the Plan during an Offering Period at any time prior to the Purchase Date at the conclusion of that offering Period by giving written notice to the Company's Human Resources Department. All of the Participant's Contributions credited to his or her account will be paid to him or her promptly after receipt of his or her notice of withdrawal and his or her Purchase Rights for the current Offering will be automatically terminated, and no further Contributions for the purchase of Shares will be made during the Offering Period in question.

(b) If an Eligible Employee elects to participate in an Offering and his or her Continuous Employment with the Company or a Designated Subsidiary subsequently terminates for any reason, including retirement or death, during the applicable Offering Period (but prior to the Purchase Date at the conclusion of that Offering), the Contributions credited to his or her account during the Offering Period will be returned to him or her or, in the case of his or her death, to the person or persons entitled thereto under Section 13 below, and his or her Purchase Rights with respect to that Offering will automatically terminate.

(c) A Participant's withdrawal from an Offering will not have any effect upon his or her eligibility to participate in a succeeding Offering or in any similar plan that may hereafter be adopted by the Company.

10. **Interest.** No interest shall accrue on the Contributions of a Participant in the Plan.

11. **Stock.**

(a) Subject to adjustment as provided in Section 17(a) below, the maximum number of Shares which shall be made available for sale under the Plan shall be one million (1,000,000) Shares. If the Committee determines that, on a given Purchase Date, the number of Shares with respect to which Purchase Rights are to be exercised may exceed the number of Shares available for sale under the Plan on such Purchase Date, the Committee may in its sole discretion provide that the Company shall make a pro rata allocation of the Shares of Common Stock available for purchase on such Purchase Date in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants exercising rights to purchase Common Stock on such Purchase Date. The Company may make pro rata allocation of the Shares available pursuant to the preceding sentence, notwithstanding any authorization of additional Shares for issuance under the Plan by the Company's stockholders subsequent to such Offering Date.

(b) No Participant shall have any interest or voting rights in Shares covered by his or her Purchase Rights until such rights have been exercised and the Shares have been issued.

(c) Shares to be delivered to a Participant under the Plan will be registered in the name of the Participant or in the name of the Participant and his or her spouse.

12. **Administration.** The Board, or a Committee of the Board named by the Board, shall supervise and administer the Plan and shall have full power to adopt, amend and rescind any rules deemed desirable and appropriate for the administration of the Plan and not inconsistent with the Plan, to construe and interpret the Plan, and to make all other determinations necessary or advisable for the administration of the Plan. To the extent the Board has delegated authority to a Committee, the Board may revoke that delegation at any time. Unless the context otherwise requires, if the Board has delegated authority to a Committee, all references in this Plan to the Board shall be deemed to include the Committee.

13. **Designation of Beneficiary.**

(a) A Participant may designate a beneficiary who is to receive any Shares and cash, if any, from the Participant's account under the Plan in the event of such Participant's death on or subsequent to the close of an Offering Period but prior to delivery to the Participant of such Shares and cash. In addition, a Participant may designate a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to the Purchase Date of an Offering. Beneficiary designations under this Section 13(a) shall be made in writing as directed by the Company's Human Resources Department, and shall not be effective unless delivered to the Company's Human Resources Department within ten (10) days of the Participant's date of death.

(b) Such Beneficiary designations may be changed by the Participant at any time by written notice delivered to the Company's Human Resources Department within ten (10) days after the Participant's date of death.

(c) In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such Shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such Shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

(d) No beneficiary shall, prior to the death of the Participant by whom such beneficiary has been designated, acquire any interest in the Shares or cash credited to the Participant under the Plan.

14. **Transferability.** Neither Contributions credited to a Participant's account nor any Purchase Rights or other rights to receive Shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution, or as provided in Section 13 above) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds in accordance with Section 9 above.

15. **Use of Funds.** All Contributions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such Contributions.

16. **Account Maintenance and Reports.** For administrative convenience, the Company will establish non-interest bearing, individual accounts for each Participant in the Plan with one or more brokerage firms designated by the Company (the "Designated Broker"). All Shares purchased by a Participant under the Plan and all earnings from or with respect to those Shares will be credited to the Participant's account under the Plan. Each Participant's account will be reduced by all distributions and expenditures from the account and any account-related expenses not paid by the Company. Unless and until the Board otherwise determines, the Company will pay all annual fees and other costs of maintaining such accounts ("Account Fees") on behalf of each Participant while they remain an Employee, excluding commissions on sales of Shares from the account which shall be the sole responsibility of the selling Participant. Upon termination of a Participant's Continuous Employment with the Company or a Designated Subsidiary, the Company shall no longer pay any Account Fees, transfer costs or other fees and costs with respect to such Participant's account and the Participant may either (a) continue the account in his or her own name and at his or her sole expense (including the liability for all Account Fees); or (b) at his or her sole expense transfer the cash and whole Shares held in such account to an account at another brokerage firm or financial institution designated by the Participant. To consummate such a transfer, a former Employee must submit a transfer request to the Designated Broker in accordance with such transfer procedures as are established by that Designated Broker from time to time. If a former Employee requests a transfer of the assets from his or her account to another brokerage firm or financial institution, any fractional shares held in the account shall if requested by the Company be sold to or otherwise cashed out by the Company for their Fair Market Value as soon as reasonably practicable following receipt of the transfer request, such that only whole Shares and cash may be transferred. Statements of account will be provided to Participants by the Company or the Designated Broker at least annually, which statements will set forth the amounts of Contributions, the number of Shares purchased and the remaining cash balance, if any. The Company has no fiduciary or other obligations with respect to the investment or custody of the accounts.

17. **Adjustments Upon Changes in Capitalization; Corporate Transactions.**

(a) **Adjustment.** Subject to any required action by the stockholders of the Company, the number of Shares covered by each Purchase Right under the Plan that has not yet been exercised and the number of Shares that have been authorized for issuance under the Plan but have not yet been placed under Purchase Rights (collectively, the "Reserves"), as well as the maximum number of Shares of Common Stock that may be purchased by a Participant in an Offering Period, the number of shares of Common Stock set forth in Section 11(a) above, and the price per Share of Common Stock covered by each Purchase Right under the Plan that has not yet been exercised, shall be proportionately adjusted for any increase or decrease in the number of issued Shares during an Offering Period resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock (including any such change in the number of Shares of Common Stock effected in connection with a change in domicile of the Company), or any other increase or decrease in the number of Shares effected without receipt of consideration by the Company; provided however that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to Purchase Rights.

(b) **Corporate Transactions.** In the event of a dissolution or liquidation of the Company, the Offering and Offering Period then in progress will terminate immediately prior to the consummation of such action, unless otherwise provided by the Board. In the event of a Corporate Transaction, each Purchase Right outstanding under the Plan shall be assumed or an equivalent option shall be substituted by the successor corporation or a parent or Subsidiary of such successor corporation. In the event that the successor corporation refuses to assume or substitute for outstanding options, the Offering and Offering Period then in progress shall be shortened and a new Purchase Date shall be set (the "New Purchase Date"), as of which date the Offering and Offering Period then in progress will terminate. The New Purchase Date shall be on or before the date of consummation of the transaction and the Board shall notify each Participant in writing, at least ten (10) days prior to the New Purchase Date, that the Purchase Date for his or her Purchase Right has been changed to the New Purchase Date and that his or her Purchase Right will be exercised automatically on the New Purchase Date, unless prior to such date he or she has withdrawn from the Offering as provided in Section 9 above. For purposes of this Section 17, Purchase Rights granted under the Plan shall be deemed to be assumed, without limitation, if, at the time of issuance of the stock or other consideration upon a Corporate Transaction, each holder of Purchase Rights under the Plan would be entitled to receive upon exercise of those rights the same number and kind of shares of stock or the same amount of property, cash or securities as such holder would have been entitled to receive upon the occurrence of the transaction if the holder had been, immediately prior to the transaction, the holder of the number of Shares of Common Stock covered by the Purchase Rights at such time (after giving effect to any adjustments in the number of Shares covered by the rights as provided for in this Section 17); provided however that if the

consideration received in the transaction is not solely common stock of the successor corporation or its parent (as defined in Section 424(e) of the Code), the Board may, with the consent of the successor corporation, provide for the consideration to be received upon exercise of Purchase Rights to be solely common stock of the successor corporation or its parent equal in Fair Market Value to the per Share consideration received by holders of Common Stock in the transaction.

(c) The Board may, if it so determines in the exercise of its sole discretion, also make provision for adjusting the Reserves, as well as the Purchase Price per Share of Common Stock covered by each outstanding Purchase Right, in the event that the Company effects one or more reorganizations, recapitalizations, rights offerings or other increases or reductions of Shares of its outstanding Common Stock, and in the event of the Company's being consolidated with or merged into any other corporation.

18. **Amendment or Termination.**

(a) The Board may at any time and for any reason terminate or amend the Plan. Except as provided in Sections 17 and 21, no such termination of the Plan may affect Purchase Rights previously granted, provided that the Plan or an Offering may be terminated by the Board on a Purchase Date or by the Board's setting a new Purchase Date with respect to an Offering then in progress if the Board determines that termination of the Plan and/or the Offering is in the best interests of the Company and the stockholders or if continuation of the Plan and/or the Offering would cause the Company to incur adverse accounting charges as a result of a change after the effective date of the Plan in the generally accepted accounting rules applicable to the Plan. Except as provided in Section 17 above and in this Section 18, no amendment to the Plan shall make any change in any Purchase Right previously granted that adversely affects the rights of any Participant. In addition, to the extent necessary to comply with the rules of the NYSE or any other securities exchange or market system on which Shares are listed or quoted, or under Section 423 of the Code (or any successor rule or provision or any applicable law or regulation), the Company shall obtain stockholder approval in such a manner and to such a degree as so required.

(b) Without stockholder consent and without regard to whether any Participant rights may be considered to have been adversely affected, the Board (or its committee) shall be entitled to change the Offering Periods, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Board (or its Committee) determines in its sole discretion advisable that are consistent with the Plan.

19. **Notices.** All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

20. **Conditions Upon Issuance of Shares.** Shares shall not be issued under the Plan with respect to any Purchase Rights unless the exercise of such rights and the issuance and delivery of such Shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, applicable state securities laws and the requirements of the NYSE and any stock exchange upon which the Shares may then be listed or quoted, and shall be further subject to the approval of counsel for the Company with respect to such compliance. As a condition to the exercise of rights and issuance of Shares, the Company may require the person exercising such rights to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law. Any provision herein to the contrary notwithstanding, no Shares shall be issued upon exercise of Purchase Rights at the conclusion of an Offering unless and until the Shareholders of the Company have approved the Plan as provided in Section 21 below.

21. **Term of Plan; Shareholder Approval.** The Plan commenced as of the date first above written and shall continue in effect for a term of ten (10) years from that date unless sooner terminated under Section 18 above; provided, however, that notwithstanding any provision of this Plan to the contrary, in the event the shareholders of the Company fail to approve the Plan by March 31, 2005 in a manner that satisfies the requirements of Section 423(b) of the Code, the Plan shall terminate on March 31, 2005, no Shares shall be issued under the Plan and all account balances shall be returned to the Plan Participants without interest.

22. **Additional Restrictions of Rule 16b-3.** The terms and conditions of Purchase Rights granted hereunder to, and the purchase of Shares by, persons subject to Section 16 of the Exchange Act shall comply with the applicable provisions of Rule 16b-3. This Plan shall be deemed to contain, and such rights shall contain, and the Shares issued upon exercise thereof shall be subject to, such additional conditions and restrictions as may be required by Rule 16b-3 to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

23. **Governing Law and Choice of Law.** This Plan and all Purchase Rights hereunder shall be interpreted and construed according to the laws of the State of Utah, without giving effect to any conflict of laws provisions. In the event any person initiates legal action based upon a dispute or claim arising out of this Plan or any Award Agreement, such action shall be exclusively brought before and decided by a state court or U.S. District Court in the State of Utah.

24. **Non-U.S. Participants.** Subject to the limitations contained in this Plan document, the Committee may establish additional or different terms and conditions for the grant of Purchase Rights to persons who are residents or citizens of countries other than the United States to comply with the local laws, tax policies and customs of such other countries, and may adopt sub-plans or supplements under this Plan to implement those different terms and conditions. To the extent required by, or deemed advisable by the Company under, Canadian federal or provincial law, such additional terms and conditions include a require that no Canadian resident employee shall participate in the Plan absent a written acknowledgement that he or she has not been induced to purchase shares by expectation of employment or continued employment.

IN WITNESS WHEREOF, the Company has caused this Plan document to be executed by its duly authorized officer this 12th day of November, 2004.

FRANKLIN COVEY CO.

By: /s/ VAL J. CHRISTENSEN
Name: Val J. Christensen

Title:

Executive Vice President

Franklin Covey Co.
2004 Non-Employee Directors' Stock Incentive Plan

1. **Establishment and Purpose of the Plan.** Franklin Covey Co. 2004 Non-Employee Directors' Stock Incentive Plan (the "Plan") is established upon the following terms and conditions. The purposes of the Plan are to advance the interests of Franklin Covey Co. (the "Company") through the attraction, motivation and retention of qualified non-employee Directors. The Plan will provide a means for non-employee Directors to increase their equity ownership of the Company consistent with the Company's guidelines for stock ownership by non-employee Directors. By increasing their ownership interest in the Company, the economic interests of the non-employee Directors will more closely align with those of all other stockholders of the Company.
2. **Definitions.**
 - 2.01 **Award:** A grant of Options, Restricted Stock, and/or Deferred Stock to an Awardee.
 - 2.02 **Awardee:** An Eligible Director to whom an Award is made.
 - 2.03 **Award Agreement:** Each Award of Options, Restricted Stock or Deferred Stock shall be evidenced by an Option Agreement, a Restricted Stock Agreement or a Deferred Stock Agreement. Such Award Agreement shall conform to the provisions of the Plan and shall specify the Date of Grant, the Option Price for grants of Options, vesting provisions, restrictions for grants of Restricted Stock or Deferred Stock, and such other terms and conditions as the Organization and Compensation Committee ("Committee") deems appropriate.
 - 2.04 **Basic Annual Award:** An Award granted to each Eligible Director once each year based upon the formulas described in Section 13.
 - 2.05 **Board:** The Board of Directors of the Company.
 - 2.06 **Change of Control:** A Change of Control of the Company of a nature that would be required to be reported in response to Item 403(c) of Regulation S-K whether or not the Company is then subject to such reporting requirement; provided that, without limitation, a Change of Control shall be deemed to have occurred if (a) any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity, or any syndicate or group deemed to be a person under Section 14(d)(2) of the Securities Exchange Act of 1934 ("Exchange Act"), is or becomes the "beneficial owner" (as defined in Rule 13d-3 of the General Rules and Regulations under the Exchange Act), directly or indirectly, of securities of the Company representing 20 percent or more of the combined voting power of the Company's then outstanding securities entitled to vote in an election of Directors of the Company; or (b) during any period of two (2) consecutive years (not including any period prior to the adoption of this Plan), individuals who at the beginning of such period constitute the Board of Directors and any new Directors, whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least three quarters (3/4) of the Directors then still in office who either were Directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof.
 - 2.07 **Common Stock:** The Common Stock of the Company, par value \$0.05 per share, or such other class or kind of share or other securities as may be applicable under Section 6.
 - 2.08 **Company:** Franklin Covey Co., a Utah corporation, or any successor to substantially all its business.
 - 2.09 **Date of Grant:** The date an Award is granted to an Eligible Director. The Date of Grant with respect to Basic Annual Awards will be March 31 of each year during the life of the Plan and the Date of Grant for any Supplemental Grant, shall be a date determined by the Board. If the New York Stock Exchange ("NYSE") is not open on such date, the Date of Grant will be the next subsequent day on which the NYSE is open.
 - 2.10 **Deferred Stock:** Deferred Stock is Common Stock of the Company to vest and be issued to an Awardee under the Plan in one or more installments beginning at such time in the future as the Committee shall determine. Prior to the vesting and issuance of Deferred Stock, the Company shall pay to or accrue on behalf of the Awardee an amount equivalent to the dividends that would have been paid on that Deferred Stock had it been issued on the Date of Grant. Awards of Deferred Stock shall be made pursuant to a Deferred Stock Agreement between the Company and each Awardee that may contain additional terms specified by the Committee.
 - 2.11 **Deferred Stock Agreement:** The written agreement between the Company and the Awardee for a grant of Deferred Stock.
 - 2.12 **Eligible Director:** Any person who on the Date of Grant is a member of the Board of Directors of the Company and is not an employee of the Company or of any Subsidiary as defined in Section 2.20. An individual shall be treated as an employee of the Company or a Subsidiary only if he is on the payroll of the Company or a Subsidiary and treated as an employee under the Company's or a Subsidiary's system of personnel classification.
 - 2.13 **Fair Market Value:** As applied to a specific date, the average of the highest and lowest market prices of Common Stock, as reported on the consolidated transaction reporting system for the NYSE on such date, or, if the Common Stock was not traded on the NYSE such date, on the next preceding day on which the Common Stock was traded. In the event shares of Common Stock cease to be traded on the NYSE, but are traded or listed on another securities exchange or market quotation system, the Fair Market Value of shares of Common Stock on a specified date shall be the average of the highest and lowest market prices of Common Stock, as reported on that exchange or market system on such date, or, if the Common Stock was not traded on that date, on the next preceding day on which the Common Stock was traded. If the Common Stock ceases to be traded on any exchange or market quotation system, Fair Market Value shall be determined in good faith by the Board.
 - 2.14 **Option:** Any option or options providing for the purchase of a stated number of whole, not fractional, shares of Common Stock pursuant to Section 5.
 - 2.15 **Option Agreement:** The written agreement between the Company and Awardee for the grant of an Option.
 - 2.16 **Option Price:** The price at which Common Stock of the Company may be purchased upon the exercise of an Option which price shall be the Fair

- 2.17 **Plan:** Franklin Covey Co. 2004 Non-Employee Directors' Stock Incentive Plan.
- 2.18 **Restricted Stock:** Restricted Stock under the Plan is Common Stock of the Company restricted as to sale for such time and subject to such other conditions and risks of forfeiture, as the Committee shall determine. Prior to vesting and the lifting of the restrictions, the Awardee will nevertheless be entitled to receive dividends from and to vote the shares of Restricted Stock. Awards of Restricted Stock shall be made pursuant to a Restricted Stock Agreement between the Company and each Awardee that may contain additional terms specified by the Committee.
- 2.19 **Restricted Stock Agreement:** The written agreement between the Company and the Awardee for a grant of Restricted Stock.
- 2.20 **Subsidiary:** Any business association (including a corporation or a partnership other than the Company) in an unbroken chain of such associations beginning with the Company if each of the associations other than the last association in the unbroken chain owns equity interests (including stock or partnership interests) possessing fifty (50) percent or more of the total combined voting power of all classes of equity interests in one or the other associations in such chain.
- 2.21 **Supplemental Grant:** A grant of Options, Restricted Stock, or Deferred Stock that is in addition to the Basic Annual Award and is granted to an Eligible Director as a result of that Eligible Director taking on additional responsibilities as a member of the Board of Directors of the Company. No Director shall have any entitlement to a Supplemental Grant except as approved by the Board in its sole discretion.
3. **Stock Subject to the Plan.** The total number of shares of Common Stock which may be awarded under the Plan is 300,000, subject to adjustment under Section 6 below. If any shares subject to any Award granted hereunder are forfeited or such Award otherwise terminates without the issuance of such shares or of other consideration in lieu of such shares, the shares subject to such Award, to the extent of such termination or forfeiture, shall again be available for grant under the Plan during the term of the Plan.
4. **Duration of Plan.** The Plan shall have duration of ten (10) years commencing on March 31, 2005, unless sooner terminated by the Board under Section 12 below. Notwithstanding termination of the Plan, any Award granted prior to termination of the Plan shall remain outstanding until expiration of its term as set forth in the applicable Award Agreement. No additional grants will be made after March 31, 2015 unless the Board of Directors the stockholders of the Company approve an extension.
5. **Grants of Awards.**
- 5.01 **Frequency of Grants.** Basic Annual Awards of Options and Restricted Stock shall be made on an annual basis on the Date of Grant as defined in Section 2.09. Supplemental Grants may be made by the Company at any time in the discretion of the Board of Directors.
- 5.02 **Size of Grants.** The size of each Basic Annual Award shall be calculated as described in Section 13. The size of any Supplemental Grant shall be determined by the Board in its sole discretion.
- 5.03 **Individual Limits.** An annual aggregate limit of shares (including Options, Restricted Stock, and Deferred Stock) having an aggregate fair market value of \$37,500 is set for grants during each calendar year to any individual Director, which limit shall apply to both the Basic Annual Award and any Supplemental Grant made during any given calendar year.
- 5.04 **Types of Grants.** Basic Annual Awards shall consist of Options and Restricted Stock. Supplemental Grants may consist of Options, Restricted Stock, or Deferred Stock or a combination of Options, Restricted Stock and Deferred Stock.
- 5.05 **Terms of Grants.**
- (a) Stock Options are non-qualified Options to purchase a designated number of shares of Common Stock of the Company. The term of each Option shall be ten (10) years from the Date of Grant, subject to earlier expiration as provided in the applicable Award Agreement. The per share Option Price shall be the per share Fair Market Value of Common Stock on the Date of Grant. Each Option shall be subject to the vesting schedule set forth in the applicable Award Agreement, as determined by the Committee, and may be exercised only to the extent vested on the date of exercise. Under no circumstances shall any Option vest or become exercisable in less than one year from the Date of Grant. Shares purchased upon exercise of an Option must be paid for in full at the time of exercise either in cash or with currently owned shares. Neither the Organization and Compensation Committee nor the Board of Directors may reprice any Option that is "underwater." Except as otherwise provided in the applicable Award Agreement, vesting and exercisability will be accelerated in the event of a Change of Control as defined in Section 2.06.
- (b) Restricted Stock is Common Stock of the Company restricted as to sale and subject to a risk of forfeiture in such fashion and according to such vesting schedule as the Committee shall determine and specify in the applicable Award Agreement. Prior to vesting and the lifting of the restrictions, the Awardee will be entitled to receive dividends from and to vote the shares of Restricted Stock. Except as otherwise provided in the applicable Award Agreement, vesting and lifting of restrictions will be accelerated in the event of a Change of Control as defined in Section 2.06. Share certificates evidencing Restricted Stock may be held in escrow by the Company pending vesting of such shares and shall bear such legends as the Committee deems appropriate to reflect the restrictions applicable under the Plan and Award Agreement.
- (c) Deferred Stock is Common Stock of the Company to be issued to an Awardee under the Plan in one or more installments beginning at such time in the future and on such vesting conditions as the Committee shall determine and specify in the applicable Award Agreement. Prior to vesting and the issuance of Deferred Stock, the Company shall pay to or accrue on behalf of the Awardee an amount equivalent to the dividends on that Deferred Stock from the Date of Grant. Except as otherwise provided in the applicable Award Agreement, vesting and delivery of the Deferred Stock will be accelerated in the event of a Change in Control as defined in Section 2.06.
- 5.06 **Termination of Membership on the Board of Directors.**
- (a) Notwithstanding the provisions of Section 5.05 but subject to Section 8 below, an Option whose term has not yet expired or been forfeited shall become fully vested and immediately exercisable upon the Awardee's termination of Board membership on account of death or voluntary retirement after attainment of age 59 ("Retirement"). Any such Options of a deceased or retired Director may be exercised (a) within five (5) years from such termination of Board membership or (b) within the original term of the Option, whichever time is less, or such Option shall

thereafter automatically terminate. Options held by an Awardee whose membership on the Board of Directors terminates for reasons other than death or Retirement, unless subject to the provisions of Section 8 of the Plan, shall expire six (6) months from Board termination and are exercisable only to the extent they have vested, as provided for under Section 5.05, prior to expiration.

(b) Notwithstanding the provisions of Section 5.05 but subject to Section 8 below, in the event of an Awardee's termination of Board membership on account of death or Retirement, (i) all Restricted Stock held by such Awardee shall immediately vest and cease to be subject to the restrictions of this Plan, and (ii) all Awards of Deferred Stock shall automatically vest and be issued. In such event, certificates for the Common Stock related to such Award shall be delivered to the retired Director or such Director's beneficiary as soon as administratively feasible after such event.

6. **Adjustments upon Changes in Capitalization.** In the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation or any other change in corporate structure of the Company affecting Common Stock, or a sale by the Company of all or a substantial part of its assets, or any distribution to stockholders other than a cash dividend, the Board will make appropriate adjustment in the number and kind of shares authorized for issuance under the Plan, and will make such adjustments to the number and kind of shares, and exercise prices payable under, all outstanding Awards as the Board in good faith deems appropriate to prevent inequitable increase or decreases in the rights of the Awardees. However, no fractional shares of Common Stock will be issued pursuant to any such adjustment, and the Fair Market Value of any fractional shares resulting from adjustments will be paid in cash to the Awardee.

7. **General Provisions.**

(a) Each Award shall be made pursuant to a written Award Agreement between the Company and the Awardee. Nothing contained in the Plan, or in any Award granted pursuant to the Plan, shall confer upon any Awardee any right with respect to continuance as a Director.

(b) To the extent of any conflict between the Plan and the Award Agreement, the provisions of the Plan shall control.

8. **Forfeiture.**

Any provision herein to the contrary notwithstanding, all Options, Restricted Stock, and Deferred Stock granted to an Awardee shall automatically terminate and be null and void as of the date an Eligible Director's service on the Board of Directors terminates if the directorship is terminated as a result of any act of (a) fraud or intentional misrepresentation, or (b) embezzlement, misappropriation, or conversion of assets or opportunities of the Company or any Subsidiary.

9. **Non-Assignability.**

Awards may not be pledged, assigned, or transferred for any reason during the Awardee's lifetime, and any attempt to do so shall be void and notwithstanding any contrary provision contained herein, the relevant Award shall be immediately forfeited whether or not otherwise vested.

10. **Beneficiary upon Awardee's Death.**

Notwithstanding the provisions of Section 9, an Awardee's Award shall be transferable at his or her death to the beneficiary designated by the Awardee on forms prescribed by and filed with the Company prior to the Awardee's death. Upon the death of an Awardee, such beneficiary shall succeed to the rights of the Awardee. If no such designation of a beneficiary has been made, the Awardee's Award(s) shall succeed to his or her legal representative and shall be transferable by will or pursuant to the laws of descent and distribution.

11. **Plan Administration and Share Issuance.**

(a) Except as otherwise provided herein, the Plan shall be administered by the Committee. Subject to Section 13 below and the other express provisions of this Plan, the Committee has full authority and discretion to determine the terms and provisions of any Awards made pursuant to the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and Awards granted under it, to define terms not otherwise defined herein, and to make all other determinations that it may determine to be necessary or advisable for the administration of the Plan. All decisions, determinations and interpretations by the Board and the Committee regarding this Plan or any Award shall be final and binding on all persons.

(b) The Committee may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any Option exercises, share issuances and/or of any resales or other transfers of shares issued hereunder, including without limitation (i) restriction under an insider trading policy, (ii) restrictions as to the use of a specified brokerage firm for such resales or other transfers, (iii) restrictions during any period when the Administrator determines that the prospectus relating to such Award may not contain all required information, (iv) restrictions under any applicable federal or state securities law; and (iv) restrictions requested by an underwriter engaged in a registered offering of the Company's securities, not to exceed 180 days following the pricing of securities for sale in such offering.

(c) Shares of Common Stock shall not be issued under the Plan with respect to any Award unless the exercise of such Award, if applicable, and the issuance and delivery of such Shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, applicable state securities laws and the requirements of the NYSE and any stock exchange upon which the Shares may then be listed or quoted, and shall be further subject to the approval of counsel for the Company with respect to such compliance. As a condition to the exercise of Options and issuance of Awards or shares of Common Stock, the Company may require the Awardee or person exercising such rights to represent and warrant that any shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

12. **Amendment and Termination of the Plan.** The Board shall have the power to amend or terminate the Plan at any time without further action of the stockholders; provided, however that stockholder approval shall be required of any amendment that: (a) increases the number of shares available under the Plan (other than an increase solely to reflect a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation or any other change in corporate structure of the Company affecting the Common Stock, or a sale by the Company of all or a substantial part of its assets, or any distribution to stockholders other than a cash dividend); (b) withdraws administration of the Plan from the Committee; (c) changes the types of awards available under the Plan; (d) extends the term of the Plan; (e) constitutes a "material revision" to the Plan requiring stockholder approval pursuant to the New York Stock Exchange Corporate Governance Listing Standards; or (f) deletes or limits the scope of the Plan provision prohibiting the repricing of Options that are "underwater." The Committee may not amend, alter or discontinue the any Award Agreement under the Plan in a manner that would materially impair the rights of the holder of an Award without such holder's consent; provided that no such consent shall be required if the Committee determines in its sole discretion and prior to the date of any Change of Control that such amendment or alteration either (a) is required or advisable in

order for the Company, the Plan or the Award to satisfy any law or regulation, to meet the requirements of any accounting standard or to avoid any adverse accounting treatment, or (b) is not reasonably likely to significantly diminish the benefits provided under such Award, or that any such diminishment has been or will be adequately compensated.

13. **Annual Grant of Restricted Stock.** The Company will award to each director on March 31, of each year a number of Restricted Shares having an aggregate fair market value of \$27,500, rounded up to the nearest whole share.
14. **Governing Law and Choice of Law.** This Plan and all Award Agreements shall be deemed to have been adopted in the State of Utah, and shall be interpreted and construed according to the laws of the State of Utah, without giving effect to any conflict of laws provisions. In the event any person initiates legal action based upon a dispute or claim arising out of this Plan or any Award Agreement, such action shall be exclusively brought before and decided by a state court or U.S. District Court in the State of Utah.

March 23, 2005

Franklin Covey Co.
2200 West Parkway Boulevard
Salt Lake City, Utah 84119-2331

Re: Registration Statement on Form S-8

Ladies and Gentlemen:

We have acted as counsel to Franklin Covey Co., a Utah corporation (the "Company"), in connection with a Registration Statement on Form S-8 (the "Registration Statement") of an aggregate of 1,300,000 shares of the Company's common stock, \$0.05 par value per share (the "Shares"), 1,000,000 of which are to be offered and sold under the Franklin Covey Co. 2004 Employee Stock Purchase Plan and 300,000 of which are to be offered and sold under the Franklin Covey Co. 2004 Non-Employee Directors' Stock Incentive Plan (collectively, the "Plans").

We have examined such documents and have reviewed such questions of law as we have considered necessary and appropriate for the purposes of the opinions set forth below.

In rendering our opinions, we have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures and the conformity to authentic originals of all documents submitted to us as copies. We have also assumed the legal capacity for all purposes relevant hereto of all natural persons and, with respect to all parties to agreements or instruments relevant hereto other than the Company, that such parties had the requisite power and authority (corporate or otherwise) to execute, deliver and perform such agreements or instruments, that such agreements or instruments have been duly authorized by all requisite action (corporate or otherwise), executed and delivered by such parties and that such agreements or instruments are the valid, binding and enforceable obligations of such parties. As to questions of fact material to our opinions, we have relied upon certificates of officers of the Company and of public officials.

Based on the foregoing, we are of the opinion that the Shares have been duly authorized and, upon issuance, delivery and payment therefore in accordance with the terms of the Plans, will be validly issued, fully paid and nonassessable.

Our opinions expressed above are limited to the laws of the State of Utah.

We hereby consent to the filing of this opinion letter as an exhibit to the Registration Statement.

Very Truly Yours,

/s/ Dorsey Whitney LLP

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Franklin Covey Co.:

We consent to the use of our report dated November 16, 2004, with respect to the consolidated balance sheets of Franklin Covey Co. as of August 31, 2004 and 2003, and the related consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows for each of the years in the three-year period ended August 31, 2004, incorporated herein by reference.

/s/ KPMG LLP

Salt Lake City, Utah
March 23, 2005