STANLEY J. PRESTON (4119)
MICHAEL R. CARLSTON (0577)
MARALYN M. REGER (8468)
SNOW, CHRISTENSEN & MARTINEAU
Attorneys for Plaintiffs
10 Exchange Place, Eleventh Floor
Post Office Box 45000
Salt Lake City, Utah 84145
Telephone: (801) 521-9000

## IN THE FOURTH JUDICIAL DISTRICT COURT UTAH COUNTY, STATE OF UTAH

RALPH J. YARRO III, an individual, DARCY G. MOTT, an individual, and BRENT D. CHRISTENSEN, an individual,

Plaintiffs.

## AFFIDAVIT OF JOYCE WILEY

VS.

VAL NOORDA KREIDEL, an individual, TERRY PETERSON, an individual, WILLIAM MUSTARD, an individual, THE NOORDA FAMILY TRUST, a Trust, RAYMOND J. NOORDA, an individual and a trustee of the Noorda Family Trust, LEWENA NOORDA, an individual and a trustee of the Noorda Family Trust, and JOHN DOES 1 THROUGH 10,

Civil No. 050400205

Honorable Anthony W. Schofield, Div. 8

Defendants.

	_8 8 <del>. 110</del>		 = (150 - <del>150</del>	 N	<del></del>	
STATE OF UTAH	)					
	: ss.					
COUNTY OF UTAH	)	12				

JOYCE WILEY, being first duly sworn, upon oath, deposes and says:

I. I am over twenty-one years of age and have personal knowledge of the facts stated below.

- 2. I have been a Certified Public Accountant since 1979.
- 3. In April 1996, I was hired as the Accounting Manager and was later named Controller for The Canopy Group, Inc. ("Canopy"). As Controller, my duties included, among other things, accounting, payroll, financial statements and budgeting. I was also the 401(k) Administrator, the Cafeteria Plan Administrator, and the Benefits Plan Administrator for Canopy and certain Canopy portfolio companies. I was also the Corporate Secretary for Canopy. I maintained the records and documents relating to Canopy's investments in Canopy's portfolio companies. I also prepared accounting data necessary for the preparation of Canopy's annual income tax returns. While employed at Canopy, I also handled the accounting for Angel Partners, a support organization of The Church of Jesus Christ of Latter Day Saints formed with donations of Novell stock from the Noorda Family Trust.
- 4. I became acquainted with Raymond J. Noorda ("Mr. Noorda") and Lewena Noorda ("Mrs. Noorda") when I started working at Canopy in 1996. I enjoyed working with Mr. Noorda and visiting with him. When Mr. Noorda was working full-time, most days he was at work before I arrived and was still working at the time I left for the day.
- 5. I have never heard Mr. or Mrs. Noorda criticize Ralph J. Yarro, III ("Mr. Yarro"), Canopy's President and Chief Executive Officer, Darcy Mott ("Mr. Mott"), Canopy's Vice President, Chief Financial Officer and Treasurer, nor Brent Christensen ("Mr. Christensen"), Canopy's Vice President, Corporate Counsel and Assistant Secretary. In fact, Mrs. Noorda told me in approximately 2000 that they needed to take care of Mr. Yarro because they needed Mr. Yarro to run Canopy and they wanted to make certain that Mr. Yarro stayed with Canopy.
  - 6. The last time I saw Mr. Noorda was at the March 2004 Canopy Board of Directors

meeting. At that meeting, Mr. Noorda had difficulty following the documents that were being discussed. To assist Mr. Noorda, Mr. Yarro patiently explained the background of each document, including Canopy's budget, not only to Mr. Noorda but to Mrs. Noorda as well. Mr. Yarro assisted Mr. Noorda in locating the documents as they were being discussed. Mr. Noorda made few comments during the meeting and after awhile it seemed he was not engaged in the discussions at hand.

- 7. I have known Mr. Yarro for approximately nine years. Mr. Yarro has treated me with respect as an employee of Canopy. Mr. Yarro is a skilled businessman and has provided a tremendous amount of support and advice to Canopy employees and to the Canopy portfolio companies. From the time of his appointment as Chief Executive Officer until December 17, 2004, Mr. Yarro directed Canopy in the same manner that Mr. Noorda had in the past.
- 8. On December 17, 2004, Canopy employees were instructed to report to a conference room for a meeting.
- 9. At the meeting on December 17, 2004, William Mustard ("Mr. Mustard"), a man I had never met, informed Canopy's employees that Mr. Yarro, Mr. Mott and Mr. Christensen were no longer employees of Canopy as a result of an action of Canopy's Board of Directors, and that Mr. Mustard was now the President and Chief Executive Officer of Canopy.
  - 10. After the meeting, I tried to do my job and assist Mr. Mustard with the transition.
- 11. On December 22, 2004, I was told that Mr. Mustard wanted to have a meeting with all Canopy employees. At that meeting, Mr. Mustard gave each Canopy employee a document and told us to read and sign it. He hurried us through the process not giving us an opportunity to re-read it. The document I was given to sign was dated December 17, 2004. Mr.

Mustard then became extremely contentious with Dan Baker ("Mr. Baker"). Apparently, Mr. Baker had crossed off the date of December 17, 2004 on the document. Mr. Mustard repeatedly asked Mr. Baker, in an angry voice, whether Mr. Baker had spoken to others about what had occurred on December 17, 2004. When Mr. Baker tried to answer, Mr. Mustard interrupted him and repeatedly told him, with a raised voice, that he wanted a "yes" or "no" answer. Mr. Baker finally replied "no." I found Mr. Mustard's conduct towards Mr. Baker to be rude, intimidating and threatening. Other employees were also visibly upset by Mr. Mustard's conduct. The employees did not say anything to Mr. Mustard after that heated exchange. After the meeting, I cleaned off my desk, as Mr. Mustard had instructed, and left for the Canopy Christmas luncheon.

- 12. Mr. Mustard did not attend the Canopy Christmas luncheon. At the Canopy Christmas funcheon, the employees discussed how upset they were with the recent events and by what had occurred during the meeting with Mr. Mustard. Rob Penrose, in particular, was very distraught. He kept repeating that he should not have signed the document. We tried to reassure Rob Penrose that we all knew that each of us had felt coerced into signing the document.
- 13. After the Christmas luncheon, Canopy's offices were scheduled to be closed until January 3, 2005.
- 14. Two days after the Christmas luncheon, I was told that Rob Penrose had committed suicide. I was very upset by this news.
- 15. On Monday, January 3, 2005, the first day Canopy's offices were open after the Christmas break, Mr. Mustard did not speak to Canopy's employees about the death of Rob Penrose.
  - 16. Mr. Mustard continued to treat me and other Canopy employees in a hostile

manner. On one occasion, we exchanged pleasant good morning greetings. Then just a few minutes later, he came into my office and talked to me in a stern and demeaning manner about an issue that had been discussed and resolved previously. It was at this time that I made my decision to resign.

I noticed that Mr. Mustard was slow to take action on issues I brought before him, 17. but yet very quick to criticize and condemn without adequate reasons or knowledge. For example, Mr. Mustard criticized Mr. Yarro, Mr. Mott and Mr. Christensen and the methods he claimed they used for making decisions regarding the portfolio companies. Mr. Mustard made comments asserting that Mr. Yarro, Mr. Mott and Mr. Christensen did not review or have access to important financial information, such as financial statements and budgets, when Mr. Yarro, Mr. Mott and Mr. Christensen made decisions regarding the portfolio companies. In a meeting, Mr. Mustard challenged those present at the meeting to disagree with his assertion, promising that he would follow up with a supplemental question if anyone indicated their disagreement. I was too intimidated by Mr. Mustard to state my disagreement to him, even though I knew that what he had said about Mr. Yarro, Mr. Mott and Mr. Christensen was untrue. In fact, I knew that Mr. Yarro, Mr. Mott, and Mr. Christensen met regularly with the portfolio companies, reviewed financial information regarding the portfolio companies, served on the boards of some of the portfolio companies, and were informed about the financial status and financial needs of the portfolio companies. This has always been the case. Mr. Yarro, Mr. Mott and Mr. Christensen also reviewed the financial information of the portfolio companies when they re-evaluated Canopy's investment for tax planning purposes, as many of the portfolio companies have been or are at this time part of Canopy's consolidated tax return.

18. Mr. Mustard's hostility and management style is also illustrated by his conduct in response to an inquiry by an insurance broker. The insurance broker for Canopy's Directors & Officers Policy ("D&O Policy") contacted me and asked me about the purported changes in management so that he could determine whether the changes in management affected the insurance policy coverage. Consistent with instructions provided by Mr. Mustard that all Canopy employees should refer any questions about Canopy's management to him, I told the insurance broker he should speak with Mr. Mustard about the matter. I also left a message with Mr. Mustard's assistant that the insurance broker would like to speak with Mr. Mustard. Mr. Mustard later came down to my office and repeatedly questioned me, in a stern and accusing manner, as to how the insurance broker would attribute a change in management to a change in control. Mr. Mustard acted as if he suspected that I had told the insurance broker more than just what was reported in the newspapers regarding the change in management. Mr. Mustard kept hammering me with the statement that he needed to understand why the broker would think that a change in management might mean a change in control. I offered a few likely explanations that Mr. Mustard refused to accept. Mr. Mustard told me he would not return the broker's call and that it was unnecessary to do so because there had not been a change in control of the company. The broker was persistent with emails and phone calls, and finally a few days later, Mr. Mustard spoke to the insurance broker and told him that Canopy's D&O Policy should still be effective because, although there may have been a change in Canopy's management, there had not been a change in control of Canopy. Mr. Mustard's statement to the insurance broker gave me concern about Canopy's D&O coverage, as well as Canopy portfolio companies' D&O coverage under the same policy.

- 19. The working conditions at Canopy after December 17, 2004, were intolerable. It resigned my employment with Canopy on January 19, 2005.
- 20. I have not obtained other employment. To my knowledge, Canopy has not hired someone to fill my position. If Mr. Yarro, Mr. Mott and Mr. Christensen are permitted to continue as officers of Canopy, I would like to resume my employment with Canopy.
- I am concerned that my resignation from Canopy will adversely affect Canopy, 21. Canopy portfolio companies, and Angel Partners. The financial statements for 2004 need to be finalized for Canopy, Canopy Properties, and Angel Partners. In connection with closing Canopy's books for 2004, there are accounting entries that must be prepared and documentation that must be gathered to complete the process. Also, just before I resigned, Canopy received an amnesty tax letter from the State of California, that I forwarded to Canopy's tax accountants. I think there are tax decisions with respect to the State of California that may be helpful in limiting or climinating Canopy's tax liability. However, I was unable to speak to Canopy's tax accountants about the previous tax decisions before I resigned. There is also 401(k) Plan compliance testing due in February, and although I have completed much of the data and left a description of what needs to be completed, no one currently with Canopy has the necessary knowledge to complete the task. The compliance testing is necessary for the filing of the annual 5500 that is required by the Department of Labor along with the annual audit. Failure to properly complete the compliance testing could result in, among other things, disqualification of the 401(k) plan that Canopy and Canopy portfolio companies participate in, the distribution of assets to the participants for which taxes will be owed, and fines and penalties to Canopy. Additionally, if "exceptions" are discovered in the compliance testing it may result in remedies

that must be executed by the Plan before April 15, 2005. Also, Canopy's personal property taxes are due in February. No one currently with Canopy has the knowledge to properly make the calculations and ensure proper filing and payment. Finally, Canopy portfolio companies rely on me to provide them with certain financial information.

- 22. After December 17, 2004, and before I resigned from Canopy, various managers at Canopy portfolio companies expressed concern that they are not going to be able to get the funding from Canopy that they were expecting and need to continue with their business plans, or that any funding they receive will not be received by the date the funding was previously promised.
- 23. I have exercised my options for Class A Voting stocks in Canopy, to the extent they have vested. To my knowledge there have been no Canopy shareholders meetings or shareholders consent resolutions since February 2004. I am not aware of any Canopy shareholders meetings set to be held in 2005.

JOYCE/WILLY

SUBSCRIBED AND SWORN TO before me this 24 day of January, 2005.

NOTARY PUBLIC ADAM MAGALE!

10 Exchange II. Sep Ph.

10 Exchange III. Sep Ph.

11 Exchange III. Sep Ph.

12 Exchange III. Sep Ph.

13 Exchange III. Sep Ph.

14 Exchange III. Sep Ph.

15 Exchange III. Sep Ph.

16 Exchange III. Sep Ph.

16 Exchange III. Sep Ph.

16 Exchange III. Sep Ph.

17 Exchange III. Sep Ph.

18 Exchange II

Notary Public

Residing in

My Commission Expires:

estrua 12

N:\22405\1\Affidavita\loyce Wiley Affidavit.wpd