

# **Exhibit 11**

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re: Petrobras Securities Litigation

Civil Action No. 14-CV-9662 (JSR)

I, LAYN R. PHILLIPS, declare as follows:

1. I submit this Declaration in my capacity as the mediator in connection with the proposed settlement of the above-captioned securities class action. While the mediation process is confidential, the parties have authorized me to inform the Court of the procedural and substantive matters set forth herein in support of final approval of the Settlement. My statements and those of the parties during the mediation process are subject to a confidentiality agreement and Federal Rule of Evidence 408, and there is no intention on either my part or the parties' part to waive the agreement or the protections of Rule 408. I make this Declaration based on personal knowledge and am competent to so testify.

**I. BACKGROUND AND QUALIFICATIONS**

2. I am a former U.S. District Judge, a former United States Attorney, and a former litigation partner with the law firm of Irell & Manella LLP. I currently serve as a mediator and arbitrator with my own alternative dispute resolution company, Phillips ADR Enterprises ("Phillips ADR"), which is based in Corona Del Mar, California. I am a member of the bars of Oklahoma, Texas, California and the District of Columbia, as well as the U.S. Courts of Appeals for the Ninth and Tenth Circuits and the Federal Circuit.

3. I earned my Bachelor of Science in Economics as well as my J.D. from the University of Tulsa. I also completed two years of L.L.M. work at Georgetown University Law Center in the area of economic regulation of industry. After serving as an antitrust prosecutor and an Assistant United States Attorney in Los Angeles, California, I was nominated by President

Reagan to serve as a United States Attorney in Oklahoma, and did so for approximately four years.

4. I personally tried many cases and oversaw the trials of numerous other cases as a United States Attorney. While serving as a United States Attorney, I was nominated by President Reagan to serve as a United States District Judge for the Western District of Oklahoma. While on the bench, I presided over a total of more than 140 federal trials and sat by designation in the United States Court of Appeals for the Tenth Circuit. I also presided over cases in Texas, New Mexico and Colorado.

5. I left the federal bench in 1991 and joined Irell & Manella, where for 23 years I specialized in alternative dispute resolution, complex civil litigation and internal investigations. In 2014, I left Irell & Manella to found my own company, Phillips ADR Enterprises, which provides mediation and other alternative dispute resolution services.

6. Over the past 25 years, I have devoted a considerable amount of my professional life to serving as a mediator and arbitrator in connection with large, complex cases such as this one. I have successfully mediated numerous complex commercial cases, including dozens of securities class action cases.

## **II. THE ARM'S-LENGTH SETTLEMENT NEGOTIATIONS**

7. On December 10, 2015, the parties and their counsel participated in their first of five full day mediation sessions before me. The participants included Jeremy Hill, General Counsel of Universities Superannuation Scheme, Ltd. ("USS"), Juan Perez Tejedor, counsel for USS, Court-appointed Lead Plaintiff; Lead Counsel, Pomerantz LLP; Petrobras Defendants'

Counsel, Cleary Gottlieb Steen & Hamilton LLP (“Cleary Gottlieb”); and representatives from Petrobras.<sup>1</sup>

8. Prior to the mediation, the parties exchanged and submitted to me detailed mediation statements and reply mediation statements that addressed liability, damages, the ability of Petrobras to withstand an adverse judgment, and the ability of Class Plaintiffs to enforce a favorable judgment.

9. I found these mediation statements to be extremely valuable in helping me understand the relative merits of each party’s positions, and to identify the issues that were likely to serve as the primary drivers and obstacles to achieving a settlement. Counsel for both parties presented significant arguments regarding their clients’ positions, and it was apparent to me that both sides possessed strong, non-frivolous arguments, and that neither side was assured of victory. In addition to mediation statements, both sides had their damages expert or consultants make formal presentations at the mediation sessions regarding their respective views of recoverable damages in this Action.

10. Because the parties submitted their mediation statements and arguments in the context of a confidential mediation process pursuant to Federal Rule of Civil Procedure 408, I cannot reveal their content. I can say, however, that the arguments and positions asserted by all involved were the product of much hard work, and they were complex and highly adversarial. After reviewing all of the written mediation statements and exhibits, I believed that the negotiation would be a difficult and adversarial process through which all involved would hold strong to their convictions that they had the better legal and substantive arguments, and that a resolution without further litigation or trial was by no means certain.

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<sup>1</sup> Capitalized terms have the same meanings assigned to them in the Petrobras Stipulation of Settlement, dated February 1, 2018.

11. The December 10 mediation session concluded with the parties far apart in the respective negotiation positions. Over the course of the next eight months, the Petrobras Defendants and Class Representatives participated in an additional four mediation sessions. Those sessions were similarly contentious, adversarial and ended with a wide chasm between the respective parties' settlement posture. The last mediation session held between the parties was on August 1, 2016, the day before the Second Circuit Court of Appeals was scheduled to issue its ruling on the Petrobras and Underwriter Defendants' petition to stay proceedings in light of the granting of their Rule 23(f) petition. That session was similarly unsuccessful, with the parties far apart in their respective settlement positions. On August 2, 2016, the Second Circuit stayed the proceedings in this Action.

12. In the ensuing months, I engaged in further discussions with Pomerantz and Cleary Gottlieb, whereby monetary and non-monetary terms of the settlement were further discussed and vetted. Finally, on December 31, 2017, I participated in more than a dozen telephonic discussions with Pomerantz and Cleary Gottlieb in an effort to resolve this litigation. These discussions resulted in the execution of a Memorandum of Understanding a few hours before midnight, under which the Petrobras Defendants deny liability and maintain that they have meritorious defenses, including that Petrobras was a victim of the scheme alleged by the Plaintiffs in the class action. Both parties agreed that they were settling the case to avoid further costs and risks associated with the action and Plaintiffs agreed that the settlement would not constitute any admission of liability or lack of meritorious defenses by Petrobras Defendants.

13. With respect to the settlement achieved between Pricewaterhousecoopers Auditores Independentes ("PWC Brazil") and Class Plaintiffs, on July 8, 2016, the parties engaged in a full day mediation session. Prior to the mediation, the parties exchanged extensive

mediation briefs setting forth their view of the merits of the case and the evidence discovery had yielded to support their claims. At the mediation, the parties engaged in contentious negotiations, with the session ending with the parties having made significant progress, but no formal settlement documentation executed. After exchanging multiple drafts, a Term Sheet was finally executed by the parties on August 2, 2016, the day the litigation was stayed by the Second Circuit.

### **III. CONCLUSION**

14. Based on my experience as a litigator, a former U.S. District Judge and a mediator, I believe that this Settlement represents an outcome that is reasonable and fair for the Settlement Class and all parties involved. As such, I strongly support the approval of the settlement in all respects.

15. Lastly, the advocacy on both sides of the case was outstanding. I have experience with attorneys from the law firms on both sides of this case, which are nationally recognized for their work prosecuting and defending large, complex securities class actions such as this. I am familiar with the effort, creativity, and zeal they put into their work. I expected that they would represent their clients in the same manner here, as they did. All counsel displayed the highest level of professionalism in carrying out their duties on behalf of their respective clients. The settlement is the direct result of all counsel's experience, reputation, and ability in these types of complex class actions.

I declare under penalty of perjury that the foregoing facts are true and correct and that this declaration was executed this 19<sup>th</sup> day of April, 2018.

  
LAYN R. PHILLIPS