

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

LAWRENCE E. JAFFE PENSION PLAN, On)	Lead Case No. 02-C-5893
Behalf of Itself and All Others Similarly)	(Consolidated)
Situated,)	
) <u>CLASS ACTION</u>
Plaintiff,)	
) Honorable Jorge L. Alonso
vs.)	
)
HOUSEHOLD INTERNATIONAL, INC., et)	
al.,)	
)
Defendants.)	
)

DECLARATION OF LAYN R. PHILLIPS IN SUPPORT OF SETTLEMENT

I, LAYN R. PHILLIPS, declare as follows:

1. I am a former United States Attorney and former United States District Judge. I resigned from the federal bench in 1991. From 1991 until 2014, I was a partner in the law firm of Irell & Manella LLP, where I practiced complex civil litigation, internal investigations and presided over alternative dispute resolution matters, primarily mediations. I am the founder and lead mediator at Phillips ADR Enterprises, P.C. (“PADRE”), formed in November 2014.

2. For over 20 years, I have successfully mediated high-stakes civil disputes for Fortune 500 companies nationwide. I have mediated hundreds of disputes referred by private parties and courts, and have been appointed a Special Master by various federal courts in complex civil proceedings. I also am a Fellow in the American College of Trial Lawyers. In addition, I have been nationally recognized as a mediator by the Center for Public Resources Institute for Dispute Resolution (CPR), serving on CPR’s National Panel of Distinguished Neutrals. For each of the past several years, I have settled several billion dollars of claims annually, with these settlements primary arising out of the securities and financial industry.

3. I was selected by the parties to mediate the above-entitled action and did so as an independent mediator. My work on the case began in 2005. This lengthy, and oftentimes difficult, mediation effort ultimately resulted in the Settlement now before the Court for final approval. I make this Declaration based on personal knowledge and am competent to so testify.

4. The parties participated in three formal mediation sessions with me on May 23, 2005, May 20, 2008 and June 29, 2014. We also had telephonic follow ups that are too numerous to mention.

5. Until the weekend of June 4-5, 2016, I doubted that a settlement would be reached. Despite my efforts, the parties were so far apart in terms of settlement offers and demands that it

was a frustrating case to mediate. Although the attorneys for the parties were experienced litigators and negotiators, there was little common ground.

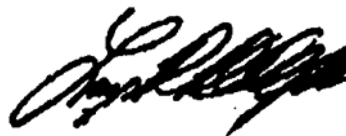
6. Nevertheless, the parties began to close the gap on June 3, which culminated in a mediator's proposal to settle the case for \$1.575 billion on June 5. My proposal was ultimately accepted by the parties on the morning of June 6.

7. After presiding over the mediation process in this case, I can attest that the parties' settlement is the product of vigorous and independent advocacy and arms-length negotiation conducted in good faith. There was no collusion between the parties.

8. Throughout the mediation process, I developed a complete understanding of the full range of the dispute, the respective positions of the parties, and the relative strengths and weaknesses of those positions, as well as the risks, rewards, and costs of continued litigation and inevitable appeal.

9. Based on my knowledge of the issues in dispute, my review of the substantial factual and legal materials presented before and during the mediation sessions, the rigor of the negotiations, the relative strengths and weaknesses of the parties' positions, and the benefits achieved by the Settlement, I believe that the Settlement represents a well-reasoned and sound resolution of highly uncertain litigation and that the result is fair, adequate, reasonable and in the best interests of the Class. The result is noteworthy in that under either damages approach (the Leakage Model approach or the Specific Disclosure approach), the class members will recover a much higher percentage of their allowed losses than that typically received in a securities class action. I respectfully endorse final approval of the Settlement by the Court.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this 26th day of August, 2016, at Newport Beach, California.



LAYN R. PHILLIPS
FORMER U.S. DISTRICT COURT JUDGE

CERTIFICATE OF SERVICE

I hereby certify that on August 29, 2016, I authorized the electronic filing of the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses for counsel of record denoted on the attached Service List.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on August 29, 2016.

s/ Spencer A. Burkholz

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