UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE COBALT INTERNATIONAL ENERGY, INC. SECURITIES LITIGATION	Lead Case No. 4:14-cv-3428 (NFA)

JOINT DECLARATION OF ANDREW J. ENTWISTLE AND DAVID R. STICKNEY IN SUPPORT OF (I) LEAD PLAINTIFFS' MOTION FOR FINAL APPROVAL OF CLASS ACTION SETTLEMENTS AND PLAN OF ALLOCATION AND (II) LEAD COUNSEL'S MOTION FOR AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

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We, ANDREW J. ENTWISTLE and DAVID R. STICKNEY, declare pursuant to 28 U.S.C. § 1746 as follows:

1. I, Andrew J. Entwistle, am a partner of the law firm of Entwistle & Cappucci LLP ("E&C"), counsel for Lead Plaintiffs and Class Representatives GAMCO Global Gold, Natural Resources & Income Trust, GAMCO Natural Resources, Gold & Income Trust (the "GAMCO Funds") and Court-appointed Lead Counsel for the certified Class in this class action (the "Action").[1] I have personal knowledge of the matters set forth herein based upon my close supervision of and active participation in the Action.

2. I, David R. Stickney, am a partner at the law firm of Bernstein Litowitz Berger & Grossmann LLP ("BLB&G"), counsel for Class Representatives St. Lucie County Fire District Firefighters' Pension Trust Fund ("St. Lucie") and Fire and Police Retiree Health Care Fund, San Antonio ("San Antonio") and Court-appointed Lead Counsel for the certified Class in this class action. I have personal knowledge of the matters set forth herein based upon my close supervision of and active participation in the Action.

[1] Unless otherwise defined, all capitalized terms herein have the same meaning set forth in the (i) Stipulation and Agreement of Settlement with the Sponsor Defendants, the Sponsor Designee Defendants and Goldman Sachs & Co. LLC, dated October 9, 2018 (the "Sponsor/GS&Co. Stipulation") (ECF No. 334-1); (ii) Stipulation and Agreement of Settlement Among the Plaintiffs, Cobalt Individual Defendants, and Nader Tavakoli, Solely Acting as Plan Administrator on Behalf of the Cobalt Debtors, dated October 11, 2018 (the "Cobalt Stipulation") (ECF No. 337-1); and/or (iii) Stipulation and Agreement of Settlement Between Plaintiffs and Underwriter Defendants Other Than Goldman Sachs & Co. LLC, dated November 28, 2018 (the "Underwriter Stipulation") (ECF No. 352-1) (collectively, the "Stipulations"). Citations to "Ex.__" herein refer to exhibits to this declaration.

3. We respectfully submit this Joint Declaration in support of (i) Lead Plaintiffs' Motion for Final Approval of Class Action Settlements and Plan of Allocation ("Final Approval Motion"), and (ii) Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses (the "Fee and Expense Motion").

4. This Court, having overseen this proceeding for four years, is familiar with the underlying claims and defenses in the Action and the factual and legal issues surrounding the collapse of Cobalt. Accordingly, this declaration does not seek to detail each and every event that occurred during the litigation. Rather, it provides highlights of the events leading to the Settlements and the basis upon which Lead Plaintiffs and Lead Counsel recommend its approval.

5. This Joint Declaration sets forth: (i) the nature of the claims asserted against the defendants; (ii) the procedural background of the Action; (iii) the negotiations that led to the respective Settlements with the Cobalt Defendants,[2] Sponsor Defendants,[3] and the Underwriter Defendants[4] (collectively, "Defendants" and together with Plaintiffs, the

[2] The Cobalt Defendants are defined as (i) Cobalt International Energy, Inc. ("Cobalt" or "Company") and its Debtor Affiliates; and (ii) individual defendants Joseph Bryant, James W. Farnsworth, John P. Wilkirson, Jack E. Golden, Jon A. Marshall, Myles W. Scoggins, William P. Utt, and Martin H. Young, Jr. (the "Cobalt Individual Defendants").

[3] The Sponsor Defendants are defined as (i) The Goldman Sachs Group, Inc., Riverstone Holdings LLC, FRC Founders Corporation, ACM Ltd., and The Carlyle Group, L.P.; and (ii) Peter R. Coneway, Henry Cornell, Michael G. France, N. John Lancaster, Scott L. Lebovitz, Kenneth W. Moore, J. Hardy Murchison, Kenneth A. Pontarelli, and D. Jeff van Steenbergen ("Sponsor Designee Defendants").

[4] The Underwriter Defendants are defined as Goldman Sachs & Co. ("GS&Co."), Morgan Stanley & Co. LLC, Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Tudor, Pickering, Holt & Co. Securities, Inc., Deutsche Bank Securities Inc., RBC Capital Markets, LLC, UBS Securities LLC, Howard Weil Incorporated, Stifel, Nicolaus & Company, Incorporated, Capital One Southcoast, Inc., and Lazard Capital Markets LLC.

"Parties"); (iv) the mechanics of the proposed Plan of Allocation for distribution of the Net Settlement Fund to Settlement Class Members; and (v) the basis for Lead Counsel's request for attorneys' fees and expenses. This Joint Declaration demonstrates that the Settlements, Plan of Allocation, and application for attorneys' fees and expenses are fair, reasonable, and adequate and should be approved by the Court.

6. The Settlements will resolve all claims asserted in the Action against Defendants on behalf of the Class previously certified by the Court. The certified Class is:

> All persons and entities who purchased or otherwise acquired Cobalt securities between March 1, 2011 and November 3, 2014, inclusive, and were damaged thereby. Included within the Class are all persons and entities who purchased shares of Cobalt common stock on the open market and/or pursuant or traceable to the registered public offerings on or about (i) February 23, 2012; (ii) January 16, 2013; and (iii) May 8, 2013. Also included within the Class are all persons and entities who purchased Cobalt convertible senior notes on the open market and/or pursuant or traceable to registered public offerings on or about (i) December 12, 2012; and (ii) May 8, 2014.[5]

ECF No. 244. For purposes of the Settlements, Defendants have agreed to certification of a Settlement Class that is identical in scope to the certified Class. The Court preliminarily approved the Settlements by Orders entered on November 2, 2018 (ECF Nos. 346, 347) and November 29, 2018 (ECF No. 354).

[5] Excluded from the Class are Defendants, the officers and directors of the Defendants during the Class Period (the "Excluded Officers and Directors"); members of the immediate families of the individual Defendants and of the Excluded Officers and Directors; any entity in which any Defendant, any Excluded Officer or Director, or any of their respective immediate family members has, and/or had during the Class Period, a controlling interest; Defendants' liability insurance carriers; any affiliates, parents, or subsidiaries of the corporate Defendants; all corporate Defendants' plans that are covered by ERISA; and the legal representatives, heirs, agents, affiliates, successors-in-interest or assigns of any excluded person or entity, in their respective capacity as such.

I. INTRODUCTION

7. Plaintiffs have succeeded in obtaining a significant recovery for the Class after four years of vigorously contested litigation. The Settlements provide for a guaranteed $173.8 million in cash, with a potential additional recovery of up to $161.5 million from ongoing litigation by the Cobalt Defendants against their insurance carriers (collectively, the "Settlement Amount"). The $173.8 million recovered to date in the Settlements consists of the following amounts from the respective Defendant groups: (i) $146.8 million from the Sponsor Defendants, Sponsor Designee Defendants, and GS&Co.; (ii) $22.75 million from the Underwriter Defendants other than GS&Co.; and (iii) $4.2 million from the Cobalt Defendants.

8. The monies have been deposited for the benefit of the Class and are earning interest. The Settlements benefit each member of the Class by conferring a guaranteed and immediate benefit while avoiding the substantial risks and expense of continued litigation, including the risk of recovering less than the settlement amounts after substantial delay or of no recovery at all.

9. The Settlements were reached only after extensive litigation efforts by Plaintiffs and comprehensive negotiations between Lead Counsel and counsel for Defendants with the assistance of former United States District Court Judge Layn R. Phillips, a well-respected and experienced mediator.

10. At the time the Settlements were reached, Plaintiffs had a clear understanding of the strengths and weaknesses of the asserted claims given the thorough prosecution of the case by Plaintiffs' Counsel. Plaintiffs' Counsel conducted extensive fact and expert

discovery in support of their claims. As detailed below, this discovery included, among other things: (i) the review and analysis of more than 1.3 million pages of documents produced by Plaintiffs, Defendants and non-parties; (ii) depositions of 31 witnesses, including Cobalt's CEO and additional executives, due diligence providers, investment bankers at the Underwriter Defendants, the Sponsor Defendants' board designees and Defendants' proffered expert on market efficiency and price impact; (iii) review and analysis of documents obtained from 31 subpoenas to non-parties; and (iv) written discovery, including interrogatories and requests for admission.

11. In addition, Plaintiffs consulted extensively with experts concerning the oil and gas industry, the Foreign Corrupt Practices Act ("FCPA"), and the issues of market efficiency and Class-wide damages for Cobalt Securities sold during the Class Period. The Parties also exchanged detailed expert reports on issues pertaining to class certification. Additionally, Plaintiffs' experts worked on reports addressing the materiality of Defendants' alleged misstatements, the oil content of certain Cobalt wells in Angola, and the Underwriter Defendants' due diligence for the registered Cobalt stock and note offerings during the Class Period (the "Cobalt Securities Offerings").

12. While Plaintiffs and Plaintiffs' Counsel were confident in the strength of the asserted claims, the Class faced the possibility of a much smaller recovery or no recovery at all had the Action proceeded to summary judgment or trial. As discussed more fully below, the substantial litigation risks included challenges to (i) establishing Defendants' liability under the federal securities laws for their alleged misstatements and insider trading; (ii) proving loss causation, Class-wide reliance on the alleged misstatements, and

the Class-wide measure of damages; (iii) overcoming Defendants' separate appeals disputing the Court's certification of the Class; and (iv) recovering on any favorable judgment in light of Cobalt's bankruptcy. The Settlements represent an outstanding recovery for the Class considering these risks and Plaintiffs' thorough appreciation of the strengths and weaknesses of the asserted claims.

13. For these reasons, and for the additional reasons set forth below, we respectfully submit that the Settlements and Plan of Allocation are fair, reasonable, and adequate and warrant final approval under Federal Rule of Civil Procedure 23(e). Moreover, for the reasons detailed below, we respectfully submit that Plaintiffs' Counsel's request for attorneys' fees and reimbursement of litigation expenses is also fair and reasonable and should be approved.

II. HISTORY OF THE ACTION

A. Commencement of the Action and the Appointment of Lead Plaintiffs and Lead Counsel

14. Plaintiffs St. Lucie and San Antonio filed the initial complaint in the Action on November 30, 2014. A related action was filed in this Court on December 5, 2014.

15. On February 2, 2015, four applicants, including the GAMCO Funds, moved to be appointed as lead plaintiffs and their counsel be appointed as lead counsel in the consolidated action. ECF Nos. 18, 22, 25, 29. These movants further requested that the two related actions be consolidated.

16. On February 19, 2015, the GAMCO Funds filed a Stipulation and Proposed Order notifying the Court that the competing lead plaintiff movants had agreed to withdraw

their applications in support of the GAMCO Funds' motion. ECF No. 53. The Stipulation requested appointment of the GAMCO Funds as Lead Plaintiffs and approval of their selection of E&C and BLB&G as Lead Counsel.

17. On March 3, 2015, the Court consolidated the two putative class actions into the above-captioned Action, appointed the GAMCO Funds as Lead Plaintiffs, and appointed E&C and BLB&G as Lead Counsel for the putative class and Ajamie LLP as liaison counsel. ECF Nos. 67-68.

B. The Investigation and Filing of the Complaint

18. After appointment as Lead Counsel, E&C and BLB&G, with the assistance of other Plaintiffs' Counsel, conducted a thorough pre-complaint investigation and analysis of the facts supporting the claims asserted against Defendants. This investigation included a review and analysis of: (i) Cobalt's public filings with the Securities and Exchange Commission (the "SEC"); (ii) research reports by securities and financial analysts; (iii) transcripts of Cobalt's conference calls with analysts and investors; (iv) presentations, press releases, and reports; (v) news and media reports concerning the Company and other facts related to the Action; (vi) data reflecting the pricing of Cobalt securities; and (vii) additional material from the public domain concerning the Company. In addition, Lead Counsel identified, located, and interviewed dozens of former Cobalt employees and other witnesses around the globe – some of whom were interviewed in Portuguese – concerning the claims asserted and consulted extensively with experts concerning the oil and gas industry and the FCPA.

19. On May 1, 2015, Plaintiffs filed the 132-page Consolidated Amended Class Action Complaint against Defendants ("Amended Complaint"). ECF No. 72. The Amended Complaint asserted claims under (i) Section 11 of the Securities Act of 1933 (the "Securities Act") against Cobalt, the Underwriter Defendants, the Sponsor Designee Defendants, and certain of the Cobalt Individual Defendants; (ii) Section 12(a)(2) of the Securities Act against the Underwriter Defendants; (iii) Section 15 of the Securities Act against the Sponsor Defendants, GS&Co., the Sponsor Designee Defendants, and the Cobalt Individual Defendants; (iv) Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") against Cobalt and certain of the Cobalt Individual Defendants; and (v) Section 20(a) of the Exchange Act against certain of the Cobalt Individual Defendants.

20. The Amended Complaint sought damages on behalf of a putative class of investors in Cobalt Securities during the period from March 1, 2011 through November 3, 2014, inclusive (the "Class Period").

21. The Amended Complaint alleged that Cobalt and certain of the Cobalt Individual Defendants made material misrepresentations and omissions during the Class Period concerning the Company's business operations in Angola. These alleged misstatements were made in Cobalt's SEC filings and its executives' other public statements during the Class Period. Plaintiffs allege that these Defendants misrepresented that Cobalt's Angolan business partners, Nazaki Oil & Gáz, S.A. ("Nazaki") and Alper Oil Ltd. ("Alper"), were not owned by Angolan government officials when they had evidence to the contrary. Plaintiffs also assert that these Defendants made material misstatements and omissions concerning the oil content of Cobalt's Lontra and Loengo wells in Angola.

22. In addition, Plaintiffs alleged that the Sponsor Defendants violated federal securities law as control persons of Cobalt when the Company made the alleged materially false and misleading statements regarding its Angolan partners and oil wells during the Class Period.

23. Plaintiffs further alleged that Cobalt and the Underwriter Defendants sold Cobalt stock and notes in the Cobalt Securities Offerings through offering materials containing material misstatements and omissions about the ownership of Nazaki and Alper, as well as the oil content of the Company's Lontra and Loengo wells.

24. The Amended Complaint alleged that the truth about Cobalt's Angolan partnerships and the oil content of its Lontra and Loengo wells was revealed in a series of partial disclosures that corrected the alleged Class Period misrepresentations and omissions. Specifically, on April 15, 2012, the *Financial Times* revealed that certain high-ranking Angolan government officials admitted they were the true owners of Nazaki. On December 1, 2013, Cobalt disclosed that its Lontra well contained significant amounts of natural gas, to which Cobalt had no rights.

25. In addition, the Amended Complaint alleged that on August 5, 2014, a *Bloomberg* report disclosed that (i) the SEC had issued a Wells Notice concerning Cobalt's Angolan operations, and (ii) an Angolan research center for which Cobalt paid millions in purported "social payments" did not exist. Finally, on November 4, 2014, Cobalt issued a press release announcing that its Loengo well was a "dry hole" that needed to be "plugged and abandoned." All of these corrective disclosures are alleged to have caused a substantial portion of Cobalt's stock price decline during the Class Period.

C. Defendants' Motions to Dismiss

26. On June 30, 2015, the Cobalt Defendants, Sponsor Defendants, and Underwriter Defendants each moved to dismiss the Amended Complaint. ECF Nos. 81-83. Their motions totaled 116 pages, including 81 exhibits and appendices. In their motion, the Cobalt Defendants argued that Plaintiffs failed to plead facts demonstrating the falsity of the alleged misstatements regarding Cobalt's Angolan partners and oil wells, the scienter of certain Cobalt Individual Defendants, and loss causation for the alleged misstatements and omissions. The Cobalt Defendants also argued that Plaintiffs failed to plead any actionable misstatements under the Securities Act in connection with the Cobalt Securities Offerings.

27. In their motion, the Underwriter Defendants argued that Plaintiffs failed to plead actionable misstatements under the Securities Act, that the statute of repose barred Securities Act claims based on Cobalt's February 2012 common stock offering, that the statute of limitations barred Securities Act claims based on the Nazaki allegations, and that Plaintiffs lacked standing to assert claims under Section 12(a)(2) of the Securities Act. The Sponsor Defendants additionally argued in their motion that Plaintiffs failed to plead a control person claim under the Securities Act given the purported absence of facts demonstrating the Sponsor Defendants' day-to-day control over Cobalt's business operations.

28. Plaintiffs opposed each of these motions to dismiss on August 31, 2015 (ECF Nos. 88-90), and Defendants replied in further support of their respective motions to dismiss on September 29, 2015 (ECF Nos. 95-98).

29. On January 19, 2016, the Court largely denied Defendants' multiple motions to dismiss the Amended Complaint (the "Motion to Dismiss Order"). ECF No. 108. The Court found, among other things, that Plaintiffs adequately pled claims for relief under the Exchange Act and Securities Act, that Plaintiffs had standing to assert Securities Act claims on all five Cobalt Securities Offerings at issue, and that the Securities Act claims were not time-barred under the relevant statutes of limitation or repose.

D. Defendants' Motion to Certify Motion to Dismiss Order for Interlocutory Appeal

30. On February 3, 2016, the Cobalt Defendants, Sponsor Designee Defendants and Underwriter Defendants filed separate motions seeking interlocutory appeal of the Motion to Dismiss Order pursuant to 28 U.S.C. § 1292(b). ECF Nos. 117-120. In their motion, the Cobalt Defendants argued for appellate review on grounds that the Court should have assessed whether the witnesses cited in the Amended Complaint had personal knowledge of their allegations concerning Cobalt. Meanwhile, in their motion seeking interlocutory appeal, the Sponsor Defendants argued for appellate review on grounds that the Amended Complaint did not adequately allege a control person claim under the Securities Act. The Underwriter Defendants also sought interlocutory appellate review, arguing that the statute of repose barred a Securities Act claim based on the February 2012 Cobalt common stock offering because no Plaintiff had standing to assert such a claim.

31. Plaintiffs opposed these interlocutory appeal motions on February 24, 2016 (ECF No. 121), and Defendants replied on March 2, 2016 (ECF Nos. 122-124).

32. The Court denied the interlocutory appeal motions on March 14, 2016. (ECF No. 125). In so doing, the Court adopted Plaintiffs' argument that there was no basis for an interlocutory appeal of the Motion to Dismiss Order under the requirements of 28 U.S.C. § 1292(b).

33. Defendants answered the Amended Complaint on March 25, 2016. ECF Nos. 126-129. Defendants denied liability and every one of the essential factual allegations in this case.

E. Plaintiffs Conduct Extensive Discovery

34. After Defendants answered the Amended Complaint, Plaintiffs engaged in extensive discovery under the schedule set by the Court. As discussed more fully below, this discovery included (i) document discovery; (ii) written interrogatories and requests for admission; (iii) depositions of Parties and non-parties; and (iv) discovery disputes presented to the Court for resolution.

35. The Court held a pretrial conference on April 12, 2016, during which a discovery schedule was set. On March 25, 2016, Defendants made their initial disclosures under Rule 26 of the Federal Rules of Civil Procedure. These initial disclosures identified, among other things, individuals likely to have discoverable information, documents that might be used to support Defendants' claims or defenses, and applicable insurance agreements that might be used to satisfy any judgment against Defendants.

1. Document Discovery

a. Defendant Document Discovery

36. Document discovery in this Action commenced in February 2016 when Plaintiffs prepared and served their first set of document requests on the Cobalt Defendants and Sponsor Designee Defendants. These requests sought documents concerning a comprehensive range of issues, including information on Cobalt's Angolan partners, communications with relevant Angolan government officials, Cobalt Board minutes, and reports on the Lontra and Loengo wells.

37. Following Plaintiffs' review of these initial document productions, Plaintiffs served a second set of targeted document requests on the Cobalt Defendants (and the Sponsor Designee Defendants) on June 13, 2016. These requests sought additional documents concerning the ownership of Cobalt's Angolan partners, Cobalt's due diligence relating to its Angolan business activities, and the Lontra and Loengo wells, among other subjects.

38. Plaintiffs also served separate sets of document requests on the Sponsor Defendants and Sponsor Designee Defendants on February 26, 2016 and May 20, 2016, respectively. Among other subjects, these requests sought documents concerning Defendants' exercise of control over Cobalt and their receipt of confidential, non-public information on Cobalt's business activities in Angola.

39. In addition, Plaintiffs served document requests on the Underwriter Defendants on March 1, 2016. These requests sought documents on, among other subjects, the Underwriter Defendants' due diligence for the Cobalt Securities Offerings, their analyst

and research reports on Cobalt, and their communications and solicitations with investors concerning the Cobalt Securities Offerings.

40. Defendants' objections, responses, and answers to Plaintiffs' document requests gave rise to numerous discovery disputes and meet-and-confer sessions. Following these meet-and-confers, Lead Counsel and counsel for Defendants engaged in numerous written and telephonic communications addressing a wide range of discovery disputes and issues, including the appropriate scope of the document productions, the relevance of the requested materials, and privilege assertions over numerous withheld documents. Through their extensive meet-and-confers, counsel successfully resolved many discovery disputes, including the relevant time periods for the respective productions, the appropriate custodians and search terms for each Defendant group, and the production of documents from the related SEC investigation of Cobalt. While the Parties did reach an impasse on several discovery-related issues that had to be raised with the Court (*see infra* Section II.E.4), their negotiated compromises eliminated the need to do so for most discovery disputes.

41. In response to Plaintiffs' requests for production, Defendants collectively produced approximately 1.2 million pages of documents. Plaintiffs' Counsel dedicated extensive resources and technology to organize, review, and analyze the materials produced by Defendants. All documents produced in the Action, including documents produced by non-parties (*see infra* Section II.E.1.b) were placed in an electronic database known as Documatrix to facilitate a review process that was cost and time-efficient. This database allowed Plaintiffs' Counsel to search for documents through Boolean-type

searches, as well as conduct searches by author and/or recipient, type of document, date, and Bates number. The database gave Plaintiffs' Counsel the ability to efficiently search, cull and organize "hot" documents for use in relevant proof outlines and witness-specific folders to prepare for depositions and trial.

b. Non-Party Document Discovery

42. Plaintiffs also served document subpoenas on relevant non-parties that possessed key information concerning Cobalt's Angolan partners and oil wells. These non-parties included (i) Cobalt's outside counsel at Vinson & Elkins LLP ("V&E"), and O'Melveny & Myers LLP ("O'Melveny") that participated in Cobalt's due diligence efforts in Angola; (ii) the investigatory firms Control Risks Group ("CRG"), Navigant Consulting ("Navigant"), and the Risk Advisory Group ("Risk Advisory") that were hired by Cobalt to conduct due diligence on its Angolan partners; (iii) Cobalt's consultant on Angolan operations, John Kennedy; (iv) Cobalt's public relations firm Edelman; (v) former Cobalt executives Samuel Gillespie, Van Whitfield, and Michael Drennon; and (vi) Schlumberger Limited, which conducted seismic data analysis on Cobalt's Angolan wells.

43. These discovery requests were also subject to multiple meet-and-confers between Lead Counsel and counsel for the non-parties. Following these meet-and-confers, the non-parties collectively produced 127,800 pages of responsive documents that were reviewed and analyzed by Lead Counsel. The documents obtained through Plaintiffs' subpoenas to these non-parties were critical to the successful prosecution of the case and Plaintiffs' significant recovery for the Settlement Class.

44. As noted above, in order to effectively and efficiently review and analyze the voluminous documents from multiple sources, Lead Counsel used a sophisticated electronic database to host and manage their document productions. Lead Counsel, with the assistance of Plaintiffs' Counsel, reviewed and analyzed the documents with the aim of preparing for fact witness depositions, expert discovery, summary judgment motions and trial.

2. Interrogatories and Requests for Admission

45. Plaintiffs further supported their claims by serving and insisting upon Defendants' meaningful responses to written interrogatories and requests for admissions. On May 27, 2016, Plaintiffs served the Cobalt Defendants with a set of interrogatories seeking detailed information concerning their due diligence on Nazaki and Alper, including any meetings with these entities or payments to or from their representatives. The interrogatories also requested the identification of any oil and gas tests performed on Cobalt's Lontra and Loengo wells in Angola, among other subjects. The Cobalt Defendants' responses to these interrogatories helped Plaintiffs' Counsel identify documents and other information that supported Plaintiffs' claims.

46. In October and November 2017, Plaintiffs also served interrogatories and requests for admission on the Sponsor Defendants and Underwriter Defendants. The Underwriter Defendants' responses to the interrogatories and requests for admission assisted Plaintiffs and their counsel in identifying the asserted bases for their affirmative defenses to the Securities Act claims, including their "due diligence" defense for the Cobalt Securities Offerings.

47. In September 2018, Plaintiffs responded to myriad contention interrogatories and requests for admission by the Underwriter Defendants. These detailed responses required Plaintiffs to identify all facts elicited during discovery demonstrating the falsity of the alleged misstatements and omissions made in connection with the Cobalt Securities Offerings. Plaintiffs prepared similarly detailed responses to contention interrogatories served by the Sponsor Defendants, although the claims against these Defendants settled before Plaintiffs' responses were due. The process of responding to these comprehensive written discovery requests helped Plaintiffs and Lead Counsel assess the overall strengths and weaknesses of their claims.

3. Deposition Discovery

48. In addition to written and document discovery, Plaintiffs deposed a total of 19 fact witnesses involved in Cobalt's Angolan partnerships and oil wells. These included depositions of the Cobalt Executive Defendants Joseph Bryant (former CEO), John Wilkirson (former CFO), and James Farnsworth (former Chief Exploration Officer), each of whom had substantial involvement in the matters at issue in the Action. Plaintiffs also deposed non-party former Cobalt executives Samuel Gillespie (former General Counsel), Van Whitfield (former Chief Operating Officer), and Michael Drennon (former Angola manager).

49. Lead Counsel also deposed numerous current and former Cobalt Board members who were involved in the Company's core business operations and decision-making. Among other Cobalt witnesses, Lead Counsel deposed Board member Defendants N. John Lancaster, Kenneth Moore, J. Hardy Murchison, and William Utt.

50. Lead Counsel also took the depositions of representatives of Cobalt's outside law firms and investigative firms that were retained to conduct due diligence on the Company's Angolan partners. This included deposing three representatives from V&E and O'Melveny, as well as representatives from each of Cobalt's due diligence firms CRG, Navigant, and Risk Advisory.

51. Plaintiffs' Counsel also deposed representatives from each of the lead Underwriters on the Cobalt Securities Offerings, including Underwriter Defendants (i) Citigroup Global Markets Inc., (ii) Morgan Stanley & Co. LLC, and (iii) RBC Capital Markets, LLC. These depositions were conducted pursuant to Rule 30(b)(6) deposition notices, which contained detailed notices aimed at obtaining testimony to support Plaintiffs' claims.

52. Each of these depositions required extensive preparation by Plaintiffs' Counsel, including a thorough review and analysis of relevant witness-specific documents, drafting detailed deposition outlines, and compiling comprehensive exhibit binders. The testimony obtained through these depositions was valuable in enabling Plaintiffs and counsel to develop the evidentiary record and understand the strengths and weaknesses of Plaintiffs' claims.

4. Discovery Disputes

53. Although Plaintiffs' Counsel made significant efforts to reduce discovery disputes, the Parties reached several impasses during the course of fact discovery that necessitated the Court's intervention. Plaintiffs presented four such discovery-related disputes to the Court, as summarized below.

54. On August 10, 2016, Plaintiffs filed a letter with the Court concerning a discovery dispute with the Cobalt Defendants. The letter sought a ruling on the Cobalt Defendants' refusal to produce crucial documents from V&E, O'Melveny, Navigant, and CRG (the "Due Diligence Providers") concerning their investigations into Cobalt's Angolan partners (*i.e.*, Nazaki and Alper). The Cobalt Defendants withheld production of such documents on grounds that they were duplicative of prior productions, were not in their custody and control, and/or were purportedly privileged. Plaintiffs' detailed discovery letter brief demonstrated that such materials were in fact within Cobalt's control and were neither duplicative nor privileged.

55. After considerable back-and-forth, the Parties were ultimately able to reach a compromise prior to the August 2016 Court hearing on this discovery dispute. The Cobalt Defendants agreed to produce previously-gathered responsive documents from Navigant and CRG, and to conduct a narrowed search of the central files of V&E and O'Melveny for responsive materials. The documents produced as a result of Lead Counsel's efforts were critical to Plaintiffs' successful prosecution of their claims and significant recovery.

56. On October 24, 2016, Plaintiffs filed a letter with the Court to raise another discovery dispute for which the Parties could not reach agreement. Specifically, Plaintiffs contested the Cobalt Defendants' continued assertion of privilege over numerous additional documents concerning the purported due diligence on Nazaki and Alper conducted by Cobalt's outside counsel. Plaintiffs argued that documents concerning Cobalt's factual investigation into the ownership of Nazaki and Alper were not protected

by the attorney-client or work product privilege. Plaintiffs also asserted that any such privilege had been waived because the Cobalt Defendants had already produced similar materials, and had put such investigatory information at issue through their public statements and their *de facto* assertion of an "advice of counsel" defense.

57. On November 16, 2016, Plaintiffs filed another letter with the Court to address a separate discovery dispute. This dispute concerned the scope of the Cobalt Defendants' searches of the Due Diligence Providers' files that had been agreed upon in August 2016 (*i.e.*, the appropriate date restrictions and search terms to apply). Plaintiffs and the Cobalt Defendants requested that the Court address this dispute at a discovery hearing, as well as the dispute set forth in Plaintiffs' October 24, 2016 letter.

58. The Court held a discovery hearing on these issues on December 2, 2016. After the Parties' extensive presentation of the above discovery disputes, the Court concluded the hearing by ordering the production of, among other things, all advice of counsel documents concerning (i) the ownership of Nazaki and Alper, (ii) Cobalt's compliance with the FCPA given its partnership with these entities, and (iii) the misrepresentations alleged in the Amended Complaint.

59. On April 13, 2017, Plaintiffs filed a letter with the Court to address another critical discovery dispute for Court resolution. The dispute concerned the Cobalt Defendants' production of heavily redacted documents crucial to Plaintiffs' claims, including important minutes and materials from Cobalt Board of Director meetings during the Class Period. After the exchange of detailed letters between Lead Counsel and counsel for the Cobalt Defendants, the Court held a discovery hearing on April 26, 2017. At this

hearing, the Court ordered the production of unredacted Board minutes and materials concerning many of the subjects at issue in the Action.

60. Taken together, the discovery disputes presented to the Court resulted in the production of documents that further supported Plaintiffs' claims. Each of these disputes was presented through detailed letter briefs citing to specific materials in the record and relevant legal authority on the issues. This process helped to advance the Action by providing Plaintiffs access to discovery material that supported the asserted claims.

F. Plaintiffs' Motion to Amend the Complaint to Add a Section 20A Claim Based on the Discovery Record

61. On January 30, 2017, Plaintiffs sought leave to file an amended complaint adding a new claim against the Sponsor Defendants based on factual discovery obtained in the Action to that date. ECF No. 191. Specifically, Plaintiffs obtained information in discovery that supported allegations that the Sponsor Defendants sold significant quantities of Cobalt securities during the Class Period while in possession of material, non-public information concerning (i) the ownership of Nazaki by Angolan government officials and (ii) the lack of oil in Cobalt's Loengo well.

62. On March 10, 2017, the Court entered an Order granting Plaintiffs leave to amend after considering briefing on the issue by Plaintiffs and the Sponsor Defendants. ECF No. 199. Then, on March 15, 2017, Plaintiffs filed the Second Consolidated Amended Class Action Complaint ("Second Amended Complaint" or "Operative Complaint"). ECF No. 200. The Second Amended Complaint added an insider trading claim under Section 20A of the Exchange Act (15 U.S.C. § 78t-1(a)) against the Sponsor Defendants.

G. The Sponsor Defendants' Motion to Dismiss the Section 20A Insider Trading Claim

63. The Sponsor Defendants moved to dismiss the Section 20A claim on April 14, 2017. ECF No. 216. Among other arguments, the Sponsor Defendants asserted that the Second Amended Complaint failed to plead facts demonstrating a violation of Section 10(b) of the Exchange Act. They contended that a violation of Section 10(b) was a necessary predicate to the Section 20A insider trading claim, and that Plaintiffs had failed to allege facts establishing the Sponsor Defendants' scienter. They further asserted that Plaintiffs engaged in impermissible group pleading because the Second Amended Complaint did not contain individualized allegations for each Sponsor Defendant. In addition, the Sponsor Defendants argued that Plaintiffs did not allege contemporaneous purchases with Goldman Sachs' alleged insider sales as is required under Section 20A.

64. Plaintiffs filed a detailed opposition brief and supporting declaration on May 15, 2017. ECF No. 238. In response to the Sponsor Defendants' arguments, Plaintiffs asserted that a distinct violation of Section 10(b) of the Exchange Act was not a necessary predicate to pleading a viable insider trading claim under Section 20A. Plaintiffs also pointed to specific facts in the discovery record establishing that each Sponsor Defendant had received material, nonpublic information concerning Nazaki and the Loengo well through their Cobalt Board designees (*i.e.*, the Sponsor Designee Defendants), thereby pleading scienter. Moreover, Plaintiffs demonstrated that the Second Amended Complaint did not rely on group pleading, as it specified (i) each insider sale by entity name and shares sold, (ii) each Sponsor Designee Defendant who received material inside information, and

(iii) the exact nonpublic material and information received. The opposition brief also argued that purchases of Cobalt stock by Plaintiff Universal Investment Gesellschaft mbH ("Universal") were contemporaneous with The Goldman Sachs Group, Inc.'s insider sales.

65. On June 15, 2017, the Court entered an Order denying the motion to dismiss of all Sponsor Defendants, with the exception of The Carlyle Group, L.P. ECF No. 243. The Carlyle Group, L.P. remained, however, as a Defendant on the control person claim brought under Section 15 of the Securities Act.

66. On July 17, 2017, the Sponsor Defendants, except for The Carlyle Group, L.P., answered the Second Amended Complaint, denying liability and the essential factual allegations therein. ECF No. 255.

H. Plaintiffs' Motion for Class Certification

67. On November 2, 2016, Plaintiffs moved to certify this case as a class action pursuant to Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure. ECF Nos. 163-166. Defendants filed an opposition to class certification on March 22, 2017 (ECF Nos. 205-207), and Plaintiffs replied on May 26, 2017 (ECF No. 239).

68. As part of this briefing, the Parties each submitted detailed expert reports in support of their respective positions on class certification. Plaintiffs designated and served expert reports from Dr. Michael Hartzmark on the issues of (i) market efficiency for the Cobalt stock and notes traded during the Class Period, (ii) the common methodology for calculating Class-wide damages for all Class Members, and (iii) the price impact on Cobalt stock and notes in response to the alleged corrective disclosures. Dr. Hartzmark's opinions

on market efficiency were based on a detailed event study concerning the movement of Cobalt's stock and note prices in response to new market information.

69. Defendants served an expert report by Lucy Allen that responded to Dr. Hartzmark's report. Ms. Allen did not contest that Cobalt's stock traded in an efficient market, but contended that Dr. Hartzmark had not demonstrated market efficiency for the Cobalt notes. She also found no "price impact" for Cobalt's stock and bonds in response to the alleged corrective disclosures. Dr. Hartzmark submitted a detailed rebuttal report on these points that was filed as an exhibit to Plaintiffs' class certification reply brief.

70. Both Dr. Hartzmark and Ms. Allen were deposed following the submission of their expert reports. These depositions required significant preparation by Lead Counsel to address the technical methodologies and findings of both experts.

71. Defendants also propounded significant discovery on Plaintiffs in connection with class certification. This included detailed document requests served on each Plaintiff and their outside investment managers concerning their Class Period investments in Cobalt securities. In total, Plaintiffs produced 131,900 pages of documents in response to Defendants' class certification document requests.

72. Additionally, Defendants served deposition notices and subpoenas on Plaintiffs and their outside investment managers to address class certification issues. In total, Defendants took ten Rule 30(b)(6) depositions of Plaintiffs' representatives and investment managers. The representative from Universal traveled from Frankfurt, Germany to New York City to attend his deposition. In addition, the representative from

Plaintiff Sjunde AP-Fonden ("AP7") traveled from Stockholm, Sweden to New York City for his deposition.

73. In opposition to class certification, Defendants argued that certification was not warranted because, among other things, (i) Defendants had rebutted the Class-wide presumption of reliance for the Section 10(b) claim by demonstrating a lack of price impact when the corrective disclosures were made; (ii) Plaintiffs were not entitled to a Class-wide presumption of reliance for the Section 10(b) claim based on the Cobalt note offerings because the notes did not trade in an efficient market; (iii) individualized issues concerning each Class Member's tracing of Cobalt stock purchases to the allegedly false offering materials and the location of their Cobalt note purchases (*i.e.*, foreign or domestic) predominated over common issues; (iv) the statute of repose barred most of the Securities Act claims; and (v) there was no typical or adequate class representative for purchasers of the Cobalt notes.

74. After considering the voluminous briefing submitted by the Parties, the Court granted Plaintiffs' class certification motion on June 15, 2017 (the "Class Certification Order"). ECF No. 244. The Court found the standards under Rules 23(a) and 23(b)(3) were satisfied and certified the Class of Cobalt investors in common stock and notes, appointed Plaintiffs as Class Representatives, and appointed Lead Counsel as Class Counsel.

I. Defendants' Petition for Interlocutory Appeal of the Class Certification Order

75. On June 30, 2017, Defendants filed a petition in the United States Court of Appeals for the Fifth Circuit pursuant to Federal Rule of Civil Procedure 23(f), seeking an interlocutory appeal of the Court's Class Certification Order. In seeking an interlocutory appeal, Defendants argued that the Court erred in granting class certification because it purportedly failed to consider (i) whether the alleged corrective disclosures actually corrected Defendants' alleged misstatements, and (ii) whether the need for Class Members to trace their Cobalt stock purchases to the challenged registration statements defeats the "predominance" requirement of Rule 23.

76. Plaintiff filed a response to the Rule 23(f) petition on July 10, 2017, arguing that the Court had fully addressed and rejected Defendants' assertions in its Class Certification Order. The Court of Appeals ultimately granted Defendants' petition on August 4, 2017.

J. Defendants' Motion for Reconsideration of Class Certification Order

77. While the Rule 23(f) petition was pending, Defendants filed a motion to reconsider the Court's Class Certification Order on July 13, 2017. ECF No. 251. The reconsideration motion argued that no class could be certified for Securities Act claims brought on the February 2012 Cobalt common stock offering because the statute of repose barred such claims. Defendants also asserted that no Securities Act class could be certified because the statute of repose expired before the Court issued its Class Certification Order. In support of this argument, Defendants cited a recent Supreme Court decision, *California*

Public Employees' Retirement System v. ANZ Securities, Inc., 137 S. Ct. 2042 (2017) ("*CalPERS*") holding that the Securities Act statute of repose is not subject to *American Pipe* tolling. In addition, Defendants argued that individualized issues on the location of Class Members' transactions in Cobalt notes (*i.e.*, foreign vs. domestic) predominated over any common questions.

78. Plaintiffs filed an opposition to the reconsideration motion on August 3, 2017. ECF No. 256. Plaintiffs argued there was no basis for reconsideration because (i) the Court already found that the Securities Act claim on the February 2012 common stock offering was timely, (ii) the *CalPERS* decision did not bar the certification of timely filed class actions (as opposed to untimely opt-out claims), and (iii) the Court already considered and rejected the assertion that individual inquiries on the location of Class Members' note purchases would predominate over common issues for the Class.

79. On August 23, 2017, the Court denied Defendants' reconsideration motion. ECF No. 273. The Court found that reconsideration was unwarranted because (i) the *CalPERS* decision did not bar certification of the timely filed Action on statute of repose grounds, and (ii) individualized issues concerning the location of Class Members' Cobalt note purchases did predominate over common Class-wide issues.

K. Defendants' Motions to Stay the Proceedings

80. Defendants made two separate motions to stay the proceedings in this Action. First, Defendants moved before this Court on July 13, 2017 to stay discovery pending the Fifth Circuit's ruling on the Rule 23(f) petition. ECF No. 252. After full briefing on this motion, the Court denied the request to stay discovery on August 23, 2017. ECF No. 273.

81. Following the Fifth Circuit's grant of the Rule 23(f) petition, Defendants again sought to stay the Action pending resolution of their appeal on the Class Certification Order. This motion was fully briefed before the Fifth Circuit on September 12, 2017. After extensive briefing, on September 15, 2017, the Fifth Circuit denied Defendants' motion to stay the Action in this Court.

L. Defendants' Interlocutory Appeal of Class Certification

82. Defendants additionally filed two separate briefs appealing the Class Certification Order. On October 10, 2017, the Cobalt Defendants and Sponsor Defendants filed a joint opening brief in the Fifth Circuit. The Underwriter Defendants also filed a separate brief appealing class certification on the same date. These appeals asserted many of the same arguments raised in Defendants' Rule 23(f) petition and reconsideration motion.

83. The appeal by the Cobalt Defendants and Sponsor Defendants focused on the issue of Rule 23 predominance for the Section 10(b) claim. Specifically, they challenged the Court's determination that Defendants had failed to rebut the Section 10(b) Class-wide presumption of reliance through evidence demonstrating an absence of price impact in response to the alleged corrective disclosures. These Defendants argued that the Court erred in refusing to consider whether these disclosures actually corrected the alleged misstatements when it assessed price impact and Rule 23 predominance.

84. The Underwriter Defendants appealed the Class Certification Order on separate grounds. They argued that the Court erred in certifying a class for Securities Act claims because the predominance of Class-wide issues had not been established on these

claims as required under Rule 23. The Underwriter Defendants contended that predominance was defeated given individualized inquiries into (i) the tracing of each Class Member's stock purchases to the challenged Cobalt registration statements, and (ii) the location of Cobalt note transactions (*i.e.*, foreign vs. domestic). The Underwriter Defendants also asserted that the Court erred in certifying the Securities Act class because the statute of repose had expired for all unnamed Class Members under the *CalPERS* decision.

85. Plaintiffs filed two opposition briefs on November 9, 2017. In response to the Cobalt/Sponsor Defendants' appeal, Plaintiffs argued that the Court was not required to assess the "correctiveness" of the alleged disclosures to determine price impact. On the Underwriter Defendants' appeal, Plaintiffs argued that the Court properly determined that (i) tracing of common stock purchases was a merits issue not to be decided at class certification, (ii) any inquiries on the location of Class Members' note purchases did not predominate over common issues, and (iii) the *CalPERS* decision did not bar certification of the timely filed class Action.

86. The Appeals were fully briefed on December 1, 2017. Plaintiffs reached settlements with the Cobalt and Sponsor Defendants while their appeals were pending. *See infra* Section II.P. Because Plaintiffs had not yet reached a settlement with the Underwriter Defendants, oral argument was held on their appeal on October 1, 2018.

M. Defendant Cobalt's Bankruptcy and the Bankruptcy Proceedings

87. On December 14, 2017, Cobalt filed a voluntary petition for relief under Chapter 11 of the United States Code, 11 U.S.C. §§ 101-1532, in the United States

Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). *See In re Cobalt International Energy, Inc.*, Case No. 4:17-bk-36709 (Bankr. S.D. Tex.).

88. Cobalt also filed an adversary complaint in the Bankruptcy Court on December 14, 2017, seeking to extend the automatic stay of proceedings under 11 U.S.C. § 362(a) to Plaintiffs' claims against the Cobalt Individual Defendants, Sponsor Defendants, Sponsor Designee Defendants, and Underwriter Defendants.

89. Pursuant to the bankruptcy, the Court stayed all claims against Cobalt, as well as all case deadlines in the Action on December 15, 2017. On December 18, 2017, the Fifth Circuit Court of Appeals also stayed Defendants' appeals of the Class Certification Order pending disposition of Cobalt's bankruptcy proceedings. Then, given Cobalt's bankruptcy, the Parties agreed on January 4, 2018, to a temporary stay of proceedings in the Action until April 21, 2018, and an order to that effect was entered in the Bankruptcy Court.

90. In the bankruptcy proceedings, Lead Counsel, with the assistance of bankruptcy counsel engaged on behalf of the Class, successfully litigated the preservation of the claims against Cobalt to the extent of available insurance proceeds. The preservation of these claims was reflected in Cobalt's bankruptcy plan approved by the Bankruptcy Court on April 4, 2018 (the "Cobalt Bankruptcy Plan").

91. After the bankruptcy stay was lifted, the Parties filed a joint proposed docket control order with this Court on May 17, 2018, which included a revised schedule for the Action. The Court entered the revised schedule on May 22, 2018 (ECF No. 315), and the

Parties continued to conduct fact discovery and prepare for the expert discovery phase of the case.

N. Continuous Work with Experts and Consultants

92. During the course of the Action, Plaintiffs retained several experts and consultants on a range of issues relevant to the claims. These experts and consultants were engaged to address (i) technical issues concerning Cobalt's Lontra and Loengo wells, (ii) liability under the FCPA, (iii) the Underwriter Defendants' due diligence in connection with Cobalt's Securities Offerings, and (iv) issues of market efficiency, materiality, and Class-wide damages for the Cobalt Securities sold during the Class Period.

93. Plaintiffs devoted considerable time and effort working with these experts and consultants on their designated subjects, including analyzing documents produced by Defendants and testimony obtained through fact depositions. As noted above, Dr. Hartzmark submitted two detailed expert reports with voluminous supporting exhibits in support of class certification. He also worked on an expert report addressing the materiality of Defendants' alleged misstatements and the measure of Class-wide damages for the Section 10(b) claims and Securities Act claims. Plaintiffs' other experts consulted and prepared reports concerning the oil content of the Lontra and Loengo wells, and the Underwriter Defendants' due diligence for the Cobalt Securities Offerings.

O. Mediation with Phillips ADR

94. The Parties engaged in various efforts to settle the Action during the course of the case. This included a formal in-person mediation session in New York on October 3, 2017 with former United States District Judge Layn R. Phillips. In advance of this full-

day mediation, the Parties exchanged detailed mediation statements with supporting exhibits referencing key documents and information obtained during discovery.

95. Although the Parties were unable to settle the Action at this mediation session, they continued to negotiate with the assistance of Judge Phillips over the course of the next several months.

P. The Parties Reach Agreement to Resolve the Litigation

96. In June 2018, Plaintiffs and the Sponsor Defendants, Sponsor Designee Defendants, and GS&Co. reached an agreement in principle to settle the claims asserted in the Action against those Defendants for a total of $146,850,000 in cash (the "Sponsor/GS&Co. Settlement"). The Sponsor/GS&Co. Stipulation was executed by these parties on October 9, 2018.

97. On September 14, 2018, Plaintiffs and the Cobalt Defendants reached an agreement in principle to settle the claims asserted in the Action against these Defendants and executed a term sheet detailing the main components of the settlement. These claims were settled for up to $220,000,000, payable from the proceeds of Cobalt's Directors & Officers liability insurance (the "D&O Policies") preserved through the Cobalt Bankruptcy Plan (the "Cobalt Settlement"). The projected proceeds of insurance available to fund the Cobalt Settlement include (i) at least $4,200,000 existing from settlements with carriers of the D&O policies, and (ii) future recoveries of up to $161,500,000 from ongoing litigation by the Cobalt Defendants against the insurance carriers that issued the D&O Policies. The Cobalt Stipulation was executed by these parties on October 11, 2018.

98. On October 12, 2018, Plaintiffs filed motions and related submissions seeking preliminary approval of both the Sponsor/GS&Co. Settlement and the Cobalt Settlement. ECF Nos. 332-337.

99. On November 2, 2018, the Court granted preliminary approval of the Sponsor/GS&Co. Settlement and the Cobalt Settlement. ECF Nos. 346-347.

100. On October 25, 2018, shortly after the oral argument before the Fifth Circuit, Plaintiffs and the Underwriter Defendants (other than GS&Co.) reached an agreement in principle to settle the claims asserted in the Action against these Defendants for a total of $22,750,000 in cash (the "Underwriter Settlement"). The Underwriter Stipulation was executed by these parties on November 28, 2018. Plaintiffs filed a motion and related submissions seeking preliminary approval of the Underwriter Settlement on this same date.

101. On November 29, 2018, the Court granted preliminary approval of the Underwriter Settlement. ECF No. 354. The Court set a hearing for final approval of all three Settlements for February 13, 2019.

102. Each of the Plaintiffs/Class Representatives (*i.e.*, the GAMCO Funds, St. Lucie, San Antonio, Universal, and AP7) supports the Settlements as being fair, reasonable, and adequate and in the best interest of the Class. They agree that the Settlements represent a favorable recovery for the Class, particularly given the multiple risks in continuing to litigate the Action as detailed below.

III. RISKS OF CONTINUED LITIGATION

103. Based on the substantial discovery efforts outlined above, Plaintiffs' Counsel have significant evidence supporting Plaintiffs' claims and were prepared to proceed to

summary judgment and trial. However, Plaintiffs' Counsel realize that Plaintiffs face considerable risks in pursuing the Action through these stages. Certain of the most significant litigation risks are outlined below. Plaintiffs and their counsel carefully considered each of these risks in reaching the Settlements.

A. Risks Concerning Liability

104. Plaintiffs and their counsel faced significant challenges and defenses on each element of the claims asserted against Defendants. Defendants vigorously disputed their liability for the alleged fraudulent misstatements and omissions during the Class Period, their alleged trading on material nonpublic information, and the issuance of Cobalt securities pursuant to the allegedly false registration statements and prospectuses.

105. The Cobalt Defendants would undoubtedly argue at summary judgment and trial that they made no false statements or omissions in violation of Section 10(b) of the Exchange Act. They have consistently asserted that they never misrepresented or omitted information regarding the ownership of Nazaki and Alper by Angolan government officials. Moreover, they have argued that there can be no liability for these alleged misstatements because neither the SEC nor the United States Department of Justice ("DOJ") pursued claims against the Cobalt Defendants for FCPA violations premised on Nazaki's ownership.

106. The Cobalt Defendants also challenged the falsity of the alleged misstatements and omissions concerning the oil content of the Lontra and Loengo wells. They contended that these alleged misstatements are not actionable because they amount to mere puffery and are protected by the PSLRA's safe harbor for forward-looking

statements. Defendants also asserted that Cobalt fully disclosed the results of its well tests and analyses on Lontra and Loengo, and adequately informed investors of the risk that the wells may not contain oil.

107. The Underwriter Defendants and Sponsor Defendants also contested the falsity of the alleged misrepresentations concerning Cobalt's Angolan partners and oil wells. In addition, the Underwriter Defendants asserted that the declines in Cobalt's stock and note prices were not caused by the alleged misstatements (*i.e.*, the "negative causation" defense), and that they conducted adequate due diligence on Cobalt prior to each offering (*i.e.*, the "due diligence" defense). A ruling or verdict in favor of the Underwriter Defendants or Sponsor Defendants would eviscerate the Securities Act claims, and possibly the Section 20A claim given Defendants' assertion that a fraudulent statement in violation of Section 10(b) is a necessary predicate to a viable insider trading claim. In addition, a finding for Defendants on falsity would eliminate any liability for the control person claims brought under Section 20(a) of the Exchange Act and Section 15 of the Securities Act, since both require a primary violation based on false or misleading statements.

108. The Cobalt Defendants and Sponsor Defendants also contended that there is no evidence that the alleged misstatements were made with scienter. They argued that Defendants sincerely believed in the accuracy of the statements regarding the ownership of the Angolan partners and Cobalt's compliance with the FCPA given the Company's extensive due diligence and the legal advice it received from V&E and O'Melveny.

109. These Defendants have similarly argued that there is no evidence of scienter for the alleged Lontra and Loengo misstatements. The Cobalt Defendants argued that they genuinely viewed both wells to have great oil potential based on pre-drill estimates, and that they disclosed any specific well risks they were aware of. A finding for Defendants on scienter would eliminate any liability on the fraud-based Exchange Act claims (*i.e.*, Sections 10(b) and 20(a)) and possibly the insider trading claim under Section 20A.

110. Although Plaintiffs believe the evidence strongly supports both falsity and scienter, there is a risk that the Court or a jury could find otherwise for some or all of the alleged misstatements. The Settlements represent a significant recovery for the Class given the liability risks posed by continued litigation.

B. Risks Related to Loss Causation and Damages

111. Plaintiffs also recognized the risk of proving loss causation for the alleged misstatements and omissions. As previewed in their class certification opposition, Defendants would argue that Cobalt's stock price declines were caused by factors other than the corrective disclosures identified in the Second Amended Complaint.

112. Defendants' expert at class certification asserted that none of the alleged corrective disclosures had an impact on the price of Cobalt's stock or notes. Specifically, their expert opined that the April 15, 2012 *Financial Times* article revealed no new information to the market about the ownership of Nazaki by Angolan government officials. The expert also opined that the *Financial Times* article was not actually corrective of any misstatements because Defendants' alleged misstatements only concerned Cobalt's FCPA compliance, and not the ownership of Nazaki.

113. Defendants and their expert also vigorously argued that the August 5, 2014 announcement of the SEC Wells Notice did not provide any new information to the market. They asserted that the negative market reaction to this announcement was due to the revelation of a formal SEC investigation, not the disclosure of previously concealed facts about Nazaki's owners. Moreover, as Defendants repeatedly noted, the SEC and DOJ ultimately dropped their investigations without bringing charges or a lawsuit.

114. Similarly, Defendants asserted that the December 1, 2013 announcement that Lontra contained more gas than pre-drill estimates was not corrective of any prior misstatement. They argued that, because Cobalt warned of such a risk throughout the Class Period, the Lontra press release revealed no omitted facts about the well. Defendants attributed the decline in Cobalt's stock price after the Lontra announcement to a normal market reaction to negative company news. Defendants and their expert made the same argument with respect to the November 4, 2014 announcement that Loengo was a dry hole, *i.e.*, it purportedly did not correct any previously omitted fact about the well given Cobalt's ample warning of drilling risks.

115. In addition, Defendants vigorously challenged Plaintiffs and Dr. Hartzmark's theory of damages for the Section 20A insider trading claim asserted against the Sponsor Defendants. There was no guarantee that the Court or jury would adopt Plaintiffs' damages methodology for the Section 20A claim, thereby raising an additional risk to Class-wide recovery.

116. Plaintiffs and their expert, Dr. Hartzmark, had strong responses to each of Defendants' loss causation and damages arguments. Nonetheless, if the Court at summary

judgment or a jury at trial were to accept any of Defendants' loss causation or damage arguments, the Class's potential recovery would be significantly diminished.

C. Risks Related to the Bankrupt Primary Defendant

117. As the primary Defendant in the Action, Cobalt's bankruptcy posed additional risks to a meaningful recovery for the Class. Cobalt, as a bankrupt entity, had no ability to pay any significant monetary damages obtained against it at trial. Accordingly, even if Plaintiffs were successful in proving their claims against Cobalt, such claims were likely to be discharged in bankruptcy through Cobalt's Chapter 11 cases.

118. In addition, none of the Cobalt Individual Defendants has personal assets adequate to pay a judgment that is even a fraction of Class-wide damages. Their significant Cobalt stock holdings are also worthless given the Company's bankruptcy. Meanwhile, a jury may have assigned to Cobalt most or all of the fault for the alleged misrepresentations, thereby reducing or eliminating the liability of the other Defendants.

119. Particularly given the Company's illiquidity and the inability of the Cobalt Individual Defendants to make Plaintiffs and the Class whole, Plaintiffs and Lead Counsel submit that the Settlements (including an amount ranging from $4.2 million to $165.7 million from Cobalt and the Cobalt Individual Defendants) represents an outstanding recovery.

D. Risks Related to the Pending Appeal

120. As noted above, Defendants appealed the Court's Class Certification Order on a number of grounds, which posed additional risks to Class recovery. Defendants asserted that the Court erred in finding Plaintiffs are entitled to a Class-wide presumption

of reliance for the Section 10(b) claim. If Defendants prevailed on this issue before the Fifth Circuit, certification of the Class could be jeopardized.

121. Moreover, Defendants appealed the Court's Class Certification Order on the grounds that no Section 11 class can be certified because it is impossible to trace share purchases to the Cobalt common stock offerings. Defendants also contend that no Section 11 class should be certified for the Cobalt note offerings because of individualized issues concerning the location of note purchases (*i.e.*, foreign vs. domestic). In addition, Defendants asserted that the statute of repose bars Securities Act claims based on the Cobalt Securities Offerings.

122. While Plaintiffs are confident that the Class was properly certified, the Class's claims could be significantly curtailed or even foreclosed if Defendants prevailed on any of these issues on appeal.

IV. NOTICE TO THE CLASS

123. The Court's November 2 and 29, 2018 Orders Preliminarily Approving the Settlements and Providing for Notice (collectively, the "Preliminary Approval Orders") directed that the Notice and Claim Form be disseminated to the Settlement Class. The Preliminary Approval Orders also set a January 23, 2019 deadline for Settlement Class Members to request exclusion from the Settlement Class or to submit objections, if any, to the Settlements, the Plan of Allocation and/or the Fee and Expense Application.

124. Pursuant to the Preliminary Approval Orders, the Court appointed Epiq Class Action & Mass Tort Solutions, Inc. ("Epiq" or the "Claims Administrator") to supervise and administer the notice procedure in connection with the proposed Settlements and the

processing of claims. Lead Counsel instructed Epiq to begin disseminating copies of the Notice and the Claim Form by mail and to publish the Summary Notice. The Notice contains a description of the Action and the claims asserted, the Settlements, and the proposed Plan of Allocation. The Notice further describes Plaintiffs' Counsel's intent to apply for an award of attorneys' fees in an amount up to 25% of the Settlement Funds and for reimbursement of Litigation Expenses in an amount up to $5 million. The Notice additionally notifies the Settlement Class Members of their rights to participate in the Settlements, object to the Settlements, or exclude themselves from the Settlement Class.

125. To disseminate the Notice, Epiq obtained information from Cobalt and from certain banks, brokers and other nominees regarding the names and addresses of potential Settlement Class Members. *See* Declaration of Alexander Villanova Regarding (A) Mailing of the Notice and Claim Form; (B) Publication of the Summary Notice; and (C) Report on Requests for Exclusion Received to Date ("Villanova Decl."), attached hereto as Exhibit 2, at ¶¶ 3-7. On December 4, 2018, Epiq began mailing copies of the Notice and Claim Form (together, the "Notice Packet") by first-class mail to potential Settlement Class Members and nominee owners. *See* Villanova Decl. at ¶¶ 3-5. By January 7, 2019, Epiq disseminated a total of 85,122 Notice Packets by first-class mail to potential Settlement Class Members and nominees. *Id.* ¶ 8.

126. Plaintiffs' Counsel also caused Epiq to publish a Summary Notice in *The Wall Street Journal* and over the *PR Newswire* in accordance with the Preliminary Approval Orders. *Id.* ¶ 9. The Summary Notice further advised potential members of the Settlement Class of the Settlements, including their rights to participate in, exclude

themselves from, or object to the Settlements. In addition, Plaintiffs' Counsel caused Epiq to establish a dedicated settlement website, www.CobaltSecuritiesLitigation.com, which provides potential Settlement Class Members with information concerning the Settlements and access to downloadable copies of the Notice and Claim Form, as well as copies of the Stipulations, Preliminary Approval Orders and Operative Complaint. *See* Villanova Decl. ¶ 13. Finally, Lead Counsel also made copies of the Notice and Claim Form available on their own websites, www.entwistle-law.com and www.blbglaw.com.

127. The deadline for Settlement Class Members to file objections, if any, to the Settlements, the Plan of Allocation and/or the Fee and Expense Application, or to request exclusion from the Settlement Class, is January 23, 2019. To date, no objections to any of the Settlements, the Plan of Allocation, or Lead Counsel's Fee and Expense Application have been received. Nor have any requests for exclusion been received. *See* Villanova Decl. ¶ 14.[6]

V. ALLOCATION OF THE PROCEEDS OF THE SETTLEMENTS

128. The proceeds of the Settlements, after deducting of all Taxes, Tax Expenses, Notice and Administration Costs, and attorneys' fees and Litigation Expenses awarded by the Court (the "Net Settlement Fund"), will be distributed to eligible Settlement Class Members according to a plan of allocation approved by the Court.

[6] Plaintiffs' Counsel will file reply papers on or before February 6, 2019, seven calendar days before the Settlement Hearing, that will address any requests for exclusion or objections that may be received.

129. Plaintiffs' proposed plan of allocation (the "Plan of Allocation" or "Plan") is set forth in the Notice mailed to potential Settlement Class Members. Plaintiffs' Counsel developed the Plan of Allocation in consultation with Plaintiffs' damages expert, Michael L. Hartzmark. *See* Declaration of Michael L. Hartzmark, Ph.D. Regarding Plan of Allocation ("Hartzmark Decl."), attached hereto as Exhibit 3, at ¶¶ 5-7. The Plan of Allocation creates a framework for equitable distribution of the Net Settlement Fund among Settlement Class Members who suffered economic losses as a result of Defendants' alleged violations of the federal securities laws. Plaintiffs and their Counsel believe that the proposed Plan provides a fair and reasonable method to equitably distribute the Net Settlement Fund to Settlement Class Members who submit valid Claim Forms ("Authorized Claimants").

130. The Plan is consistent with allocation methods approved by courts in this Circuit, as well as Dr. Hartzmark's previously-submitted expert report in support of class certification. The Plan divides the Settlement Funds obtained in the Sponsor/GS&Co., Cobalt and Underwriter Settlements into the following three separate pools based on the nature of claims asserted:

a. The Group 1 Fund is intended to compensate Settlement Class Members who purchased Cobalt Securities during the Class Period at prices that Plaintiffs allege were artificially inflated as a result of material misstatements or omissions in violation of Section 10(b) of the Exchange Act, and who incurred losses when the alleged misstatements or omissions were revealed and the price of Cobalt Securities declined. The Settlement Funds for Group 1 total in excess of $14,200,000 and consist of: (i) 100% of

the Cobalt Settlement Fund, including the $4,200,000 in the Cobalt Settlement Existing Proceeds and any additional recoveries in the insurance coverage litigation; plus (ii) $10 million from the Sponsor/GS&Co. Settlement Amount.

b. The Group 2 Fund is intended to compensate Settlement Class Members who purchased Cobalt common stock contemporaneously with sales in Cobalt common stock by the Sponsor Defendants, who were alleged to have sold the stock while in possession of material, adverse, non-public information about Cobalt's business in violation of Section 20A of the Exchange Act. The Settlement Funds for Group 2 total $125 million and consist of funds from the Sponsor/GS&Co. Settlement.

c. The Group 3 Fund is intended to compensate Settlement Class Members who purchased Cobalt Securities in or traceable to a public offering of one of those securities during the Class Period as to which claims under Sections 11, 12(a)(2), and 15 of the Securities Act had been asserted. The Settlement Funds for Group 3 total $34.6 million and consist of: (i) $11.85 million of the Sponsor/GS&Co. Settlement Amount; and (ii) $22.75 million of the Underwriter Settlement Amount.[7]

131. Each of the Settlement Funds will be distributed *pro rata* to eligible Settlement Class Members based on their Recognized Loss Amount related to that fund. Recognized Losses will be calculated based on (i) the type and number of Cobalt Securities purchased/acquired, (ii) when the securities were purchased/acquired, (iii) whether the securities were held or sold, and (iv) if sold, the date and price at which they were sold.

[7] Court-approved attorneys' fees, Litigation Expenses, Notice and Administration Costs and Taxes will be deducted from the three funds proportionally with the size of each of the funds.

Distribution Amounts are capped by the Claimant's market loss on all of his, her or its purchases or acquisitions of Cobalt Securities during the Class Period. Thus, if the Claimant had a market gain with respect to these transactions, the Claimant is not eligible for payment. Likewise, if a Claimant suffered an overall market loss with respect to his, her or its purchases or acquisitions of Cobalt Securities during the Class Period, but that market loss was less than the Distribution Amount calculated, the Distribution Amount is limited to the amount of the actual market loss.

132. Group 1 Recognized Loss Amounts for purchases and acquisitions of Cobalt common stock, 2019 Notes and 2024 Notes during the Class Period will be calculated based on the difference between the amount of estimated alleged artificial inflation at the time of purchase and the time of sale. Dr. Hartzmark measured the amount of estimated inflation in each of the Cobalt Securities during the Class Period in accordance with a well-accepted event study methodology. *See* Hartzmark Decl. ¶¶ 13-16. In calculating the estimated artificial inflation caused by Defendants' alleged misrepresentations and omissions, Dr. Hartzmark (i) considered price changes in Cobalt Securities in reaction to the alleged corrective disclosures that revealed the previously-undisclosed information to investors about Cobalt and its Angolan partners and wells; and (ii) adjusted for changes in Cobalt securities that were attributable to market or industry forces independent of the alleged fraud. For Cobalt Securities sold before the first corrective disclosure date (or purchased *and* sold between two consecutive corrective disclosure dates), there are no Group 1 Recognized Loss Amounts because any losses on sales of these securities did not result from disclosure of the alleged fraud. *Id.* ¶ 17. Consistent with the PSLRA, the Plan

of Allocation also limits the Group 1 Recognized Loss Amount to the difference between (i) the actual purchase price of the Cobalt Security; and (ii) the sales price or, if sold during the 90-day period after the Class Period, the average closing price between November 4, 2014 and the date of sale, or if still held on January 30, 2015, the average closing price during the 90-day period after the Class Period. *Id.* ¶ 18 & n.2.

133. Group 2 Recognized Loss Amounts for purchases or acquisitions of Cobalt common stock will be calculated based on the difference in artificial inflation on the date of purchase and the artificial inflation on the date of sale. *See* Hartzmark Decl. ¶ 20. Only claimants who purchased common stock in one of the Class Period offerings in which one or more of the Sponsor Defendants were alleged to have sold common stock or in the seven-day period following one of those offerings will have a Group 2 Recognized Loss Amount, to reflect the legal requirement for the Section 20A claims that the purchases have occurred "contemporaneously" with defendants' sales. *Id.* ¶ 21.

134. Group 3 Recognized Loss Amounts for Cobalt Securities purchased in or traceable to a public offering during the Class Period will be calculated based on the statutory damage formula applicable to claims under Section 11 of the Securities Act, 15 U.S.C. § 77k. *See* Hartzmark Decl. ¶¶ 22-23.

135. Plaintiffs and their Counsel believe that the Plan of Allocation fairly and equitably allocates the proceeds of the Net Settlement Fund among Settlement Class Members based on the claims asserted and the losses suffered on transactions in Cobalt Securities attributable to the conduct alleged in the Action.

VI. THE APPLICATION FOR ATTORNEYS' FEES AND LITIGATION EXPENSES

136. In addition to seeking final approval of the Settlements and the Plan of Allocation, Plaintiffs' Counsel are applying to the Court for an award of attorneys' fees of 25% of the current $173.8 million amount of the Settlement Fund, including any interest earned (*i.e.*, $43.45 million), and of any further recovery from the Settlement with the Debtor and the Cobalt Defendants that may be obtained through the coverage litigation (the "Fee Application"). Plaintiffs' Counsel also request payment for expenses incurred by them in connection with the prosecution of the Action from the Settlement Funds in the amount of $1,972,357.01 and payment of an aggregate of $56,977.00 in reimbursement for costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class.

137. The legal authorities supporting the requested fee and expenses are set forth in Plaintiffs' Counsel's Fee Memorandum. The primary factual bases for the requested fee and expenses are summarized below.

A. The Fee Application

138. Plaintiffs' Counsel are applying for a fee award to be paid from the Settlement Funds on a percentage basis for their efforts on behalf of the Settlement Class. As set forth in the accompanying Fee Memorandum, the percentage method is the standard and appropriate method of fee recovery because it aligns the lawyers' interest in being paid a fair fee with the interest of the Settlement Class in achieving the maximum recovery in the shortest amount of time required under the circumstances. The percentage method has

been consistently endorsed as appropriate by the U.S. Supreme Court and the Fifth Circuit Court of Appeals for securities class actions of this nature.

139. Based on the results achieved, the extent and quality of the work performed, the significant risks of the litigation, and the fully contingent nature of the representation, Plaintiffs' Counsel have requested a fee award of 25% of the current Settlement Funds and of any further recovery from the settlement with the Debtor and the Cobalt Defendants through the coverage litigation, which Plaintiffs and their Counsel believe is fair, reasonable, and consistent with the percentages awarded in class actions in this District and Circuit for comparable settlements.

1. Plaintiffs Have Authorized and Support the Fee Application

140. The Plaintiffs are all sophisticated institutional investors that played an active role in supervising and participating in the prosecution and settlement of the Action and were approved by the Court to serve as Class Representatives. Each of the Plaintiffs has endorsed the requested attorneys' fee as fair and reasonable in light of the results achieved, the work counsel performed, and the risks of the litigation. The requested 25% fee percentage is also consistent with the 25% fee percentage negotiated and agreed to by Lead Plaintiffs.

2. The Work and Experience of Counsel

141. Attached hereto as Exhibit 4 are declarations from Plaintiffs' Counsel in support of their request for attorneys' fees and reimbursement of litigation expenses. The first page of Exhibit 4 contains a summary chart of the hours expended and lodestar amounts for Plaintiffs' Counsel, as well as a summary of the litigation expenses incurred.

Included within each supporting declaration is a schedule summarizing the hours and lodestar of each firm from the inception of the case through December 31, 2018, a summary of the principal tasks performed by each attorney at that firm, a summary of the Litigation Expenses incurred by that firm, and a firm resume. As set forth in Plaintiffs' Counsel's declarations, the information concerning each firm's lodestar was prepared from daily time records regularly prepared and maintained by each of the Plaintiffs' Counsel firms, and no time expended in preparing the application for fees and expenses has been included. For personnel who are no longer employed by Plaintiffs' Counsel, the lodestar calculation is based upon the rates for such personnel in his or her final year of employment.

142. As set forth in Exhibit 4, over the past four years of litigation, Plaintiffs' Counsel collectively expended a total of 59,831.10 hours in the investigation, prosecution and resolution of the Action. Plaintiffs' Counsel's aggregate lodestar (*i.e.*, the number of hours worked multiplied by the attorneys' hourly rates) is $36,061,893.25. The requested fee of 25% of the current Settlement Funds (*i.e.*, $43,450,000, plus interest accrued at the same rate as the Settlement Funds) represents a multiplier of approximately 1.2 of Plaintiffs' Counsel's lodestar and, even assuming resolution of the coverage dispute without any further expenditure of time by Plaintiffs' Counsel, additional fees equal to 25% of additional recoveries would bring the lodestar multiplier to between 1.2 and 2.3. As discussed in further detail in the Fee Memorandum, the requested existing multiplier and potential multiplier are well within the range of multipliers typically awarded in comparable securities class actions involving significant contingency fee risk in this Circuit and elsewhere.

143. Plaintiffs' Counsel are leaders in the specialized area of securities litigation. The attorneys who led the prosecution of this case have prosecuted securities claims throughout their careers, have overseen numerous litigations, and have recovered billions of dollars on behalf of investors over the course of decades. Informed by this experience, they developed and implemented strategies to overcome myriad obstacles raised by Defendants. We firmly believe that Plaintiffs' Counsel's depth of skill and experience, including their experience throughout the country successfully prosecuting securities class actions, allowed Plaintiffs and the Settlement Class to achieve a result that might not have been achieved by less skillful or experienced counsel.

144. As demonstrated by the firm résumés attached to Exhibits 4A and 4B, Lead Counsel are among the most experienced and skilled law firms in the securities litigation field, with a long and successful track record representing investors in cases of this kind. E&C and BLB&G possess extensive experience litigating securities class actions and have successfully prosecuted numerous securities fraud class actions on behalf of injured investors in courts across the country. They each have taken complex cases like this to trial, and are among the few firms with experience doing so on behalf of plaintiffs in securities actions. We believe that Lead Counsel's willingness and ability to take complex cases to trial added valuable leverage in the settlement negotiations.

145. The time and labor expended by Lead Counsel and the other Plaintiffs' Counsel in pursuing the Action and achieving the Settlements strongly support the reasonableness of the requested fee. The work Plaintiffs' Counsel undertook in investigating and prosecuting this case and achieving the Settlements has been time-

consuming and challenging. The time expended was necessary to achieve a successful result in the prosecution of the Action.

146. The many tasks undertaken by Lead Counsel and other Plaintiffs' Counsel in this case are detailed above (¶¶ 14-101). These tasks included, among other things:

i) conducting a comprehensive factual investigation of the claims at issue in the Action, which included, among other things, a review of all relevant public information, research of the applicable law, and identifying, locating, and interviewing dozens of witnesses around the globe, including in Angola and the United Kingdom;

ii) preparing the detailed Amended Complaint based on Plaintiffs' Counsel's factual investigation, as well as the subsequent Operative Complaint based on documents produced during fact discovery that supported a claim under Section 20A of the Exchange Act;

iii) overcoming Defendants' three motions to dismiss the Amended Complaint and, following entry of the Court's Memorandum and Order denying in part and granting in part the motions to dismiss, overcoming Defendants' motions for an interlocutory appeal;

iv) conducting extensive discovery, including preparing and serving document requests and interrogatories on Defendants and issuing numerous subpoenas to non-parties, including Cobalt's investigative firms, law firms, and former employees; participating in extensive correspondence and numerous meet-and-confers between the Parties concerning search terms, the scope of document requests and other discovery disputes; reviewing and analyzing over 1.3 million pages of documents;

preparing and arguing motions on disputed discovery issues; and conducting 20 depositions of key expert and fact witnesses, including of the Executive Defendants, Sponsor Designee Defendants and the Underwriter Defendants;

v) preparing and filing a comprehensive brief in support of Plaintiffs' motion for class certification, which included an expert report submitted by Dr. Hartzmark regarding market efficiency and Class-wide damages methodologies;

vi) defending nearly a dozen class certification depositions, including the depositions of Plaintiffs' representatives, investment advisors, and class certification expert;

vii) opposing Defendants' Rule 23(f) petition for an interlocutory appeal of the order certifying the Class and, when the petition was granted, briefing and arguing in opposition to Defendants' interlocutory appeal seeking to overturn the certification of the Class;

viii) consulting throughout the litigation with experts on the FCPA, the oil and gas industry, and damages and loss causation;

ix) litigating issues raised by Cobalt's December 2017 bankruptcy, including contested issues surrounding the duration of the stay of this Action and to preserve claims against Cobalt to the extent of available insurance proceeds; and

x) exchanging detailed mediation statements and participating in a mediation session and extensive settlement negotiations with various sets of Settling Defendants with the assistance of the mediator, retired Judge Phillips.

147. As Lead Counsel, we personally devoted substantial time to this case and oversaw the case on a daily basis. In addition, other experienced attorneys at our respective firms undertook particular tasks appropriate to their levels of expertise, skill and experience, and more junior attorneys and paralegals worked on matters appropriate to their experience levels. Throughout the litigation, Lead Counsel maintained an appropriate level of staffing that avoided unnecessary duplication of effort and ensured the efficient prosecution of this litigation.

3. The Standing and Caliber of Defendants' Counsel

148. The quality of the work performed by Plaintiffs' Counsel in attaining the Settlements may also be evaluated in light of the quality of the opposition. Here, the Sponsor Defendants were represented by Wachtell, Lipton, Rosen & Katz and Williams & Connolly LLP, two of the country's most prestigious and experienced defense firms, who vigorously represented their clients in the Action. The Cobalt Defendants were represented by Baker Botts LLP and Greenberg Traurig, LLP, two other distinguished defense firms, who vigorously defended the Action as to their clients. Finally, the Underwriter Defendants were represented by Skadden, Arps, Slate, Meagher & Flom, LLP, yet another of the country's largest corporate defense firms. In the face of this experienced, formidable, and well-financed opposition, Plaintiffs' Counsel were nonetheless able to substantially defeat Defendants' motions to dismiss, obtain certification of the Class, successfully conduct substantial discovery, and persuade Defendants to settle the case on terms favorable to the Settlement Class.

4. The Risks of Litigation and the Need to Ensure the Availability of Competent Counsel in High-Risk Contingent Cases

149. This prosecution was undertaken by Plaintiffs' Counsel entirely on a contingent-fee basis, and there was a real possibility that Plaintiffs' Counsel would have received little or no compensation for their years of work in this matter. The risks assumed by Plaintiffs' Counsel in bringing these claims to a successful resolution included, among other things: (i) risks that the Operative Complaint would have been dismissed for failure to meet the PSLRA's exacting pleading requirements for federal securities fraud actions; (ii) risks that the Court would not certify the proposed Class; (iii) risks that the Fifth Circuit would, after granting Defendants' interlocutory appeal, reverse the Court's Class Certification Order; (iv) risks that the Court would dispose some or all of Plaintiffs' claims at summary judgment; (v) risks that Plaintiffs' Counsel would be unable to obtain a unanimous jury verdict that Defendants were liable for the full extent of the claimed damages; and (vi) risks that Defendants would prevail on any post-trial appeals to the Fifth Circuit. If Plaintiffs' Counsel were unable to overcome any of these substantial hurdles to recovery for the Class, Plaintiffs' Counsel would have received little or no compensation for their four years of prosecuting the Action. Indeed, despite the most vigorous and competent of efforts, success in contingent-fee litigation like this Action is never assured.

150. From the outset, Plaintiffs' Counsel understood that they were embarking on a complex, expensive, and lengthy litigation with no guarantee of ever being compensated for the substantial investment of time and money the case would require. In undertaking that responsibility, Plaintiffs' Counsel ensured that sufficient resources were dedicated to

the prosecution of the Action, and that funds were available to compensate staff and to cover the considerable litigation costs that a case like this requires. With an average lag time of several years for these cases to conclude, the financial burden on contingent-fee counsel is far greater than on a firm that is paid on an ongoing basis. Indeed, Plaintiffs' Counsel received no compensation during the course of the Action and have collectively incurred over $1.9 million in Litigation Expenses in prosecuting the Action for the benefit of the Settlement Class.

151. As courts have recognized, it is in the public interest to have experienced and able counsel enforce the securities laws and regulations pertaining to the duties of officers and directors of public companies. Congress has likewise recognized, through the passage of the PSLRA, that vigorous private enforcement of the federal securities laws can only occur if private investors, particularly institutional investors, take an active role in securities litigations and are represented by first-rate counsel that are adequately compensated for their work and for bearing the risks of prosecuting claims on a purely contingent-fee basis.

B. The Application for Reimbursement of Plaintiffs' Counsel's Litigation Expenses

152. Plaintiffs' Counsel also seek reimbursement from the Settlement Fund of $1,972,357.01 in Litigation Expenses that were reasonably incurred by Plaintiffs' Counsel in connection with investigating, commencing, litigating, and settling the claims asserted in the Action. As discussed more fully below, these expenses consist primarily of fees paid

to experts and consultants, for document management costs, on-line research, and mediation costs.

153. From the outset of the case, Plaintiffs' Counsel were aware that they might not recover any of their expenses, and, even in the event of a recovery, would not recover any of their out-of-pocket expenditures until the Action might be successfully resolved. Plaintiffs' Counsel also understood that, even assuming that the case was ultimately successful, reimbursement for expenses would not compensate them for the lost use of the funds advanced to prosecute the Action. Plaintiffs' Counsel ensured that appropriate steps were taken to avoid incurring unnecessary expenses and to minimize costs without compromising the vigorous and efficient prosecution of the case.

154. As shown in Exhibit 4 to this Joint Declaration, Plaintiffs' Counsel have incurred a total of $1,972,357.01 in unreimbursed Litigation Expenses in prosecuting the Action. The expenses are summarized in Exhibit 5, which was prepared based on the declarations submitted by each firm and identifies each category of expense, *e.g.*, expert fees, on-line research, out-of-town travel, mediation fees, photocopying, and postage expenses, and the amount incurred for each category. These expense items are billed separately by Plaintiffs' Counsel and are not duplicated in Plaintiffs' Counsel's billing rates.

155. Of the total amount of expenses, $956,754.16, or approximately 49%, was incurred for the retention of consulting and testifying experts. Plaintiffs' Counsel consulted with experts concerning the oil and gas industry and the FCPA. These experts were integral in Plaintiffs' pre-suit investigation, review of the documentary record, and assistance in

advance of depositions. Plaintiffs' Counsel also consulted with Dr. Hartzmark, an expert in the fields of market efficiency, loss causation, and damages, in connection with Plaintiffs' class certification motion, negotiation of the Settlements, and the preparation of the Plan of Allocation for the proceeds of the Settlements.

156. The Litigation Expenses also included fees charged by third-party providers (*e.g.*, Westlaw and Lexis) for necessary on-line legal and factual research. Such resources were necessary to research the law pertaining to the claims asserted in the Action, oppose Defendants' motions to dismiss and appeals, move for class certification, and brief other motions in the case. The total charges for on-line legal and factual research amount to $266,755.07, or approximately 13.5% of the total amount of expenses.

157. Plaintiffs' Counsel also incurred expenses totaling $88,123.50 for mediation fees, or approximately 4.5% of the total expenses.

158. In addition, Plaintiffs' Counsel incurred charges of $159,170.25 for document management and litigation support costs, including the costs of their electronic-discovery vendor, which provided data-storage services for the discovery documents produced in electronic form. The electronic-discovery vendor's platform also provided tools for electronically searching, reviewing, and analyzing the documents.

159. The other expenses for which Plaintiffs' Counsel seek reimbursement are the types of expenses that are necessarily incurred in litigation and routinely charged to clients billed by the hour. These expenses include, among others, court fees, copying costs, long-distance telephone charges, and out-of-town travel costs. All of the Litigation Expenses

incurred by Plaintiffs' Counsel were reasonable and necessary to the successful litigation of the Action.

C. Application for Plaintiffs' Costs and Expenses

160. In accordance with the PSLRA, 15 U.S.C. § 78u-4(a)(4), Plaintiffs also seek reimbursement of reasonable costs and expenses incurred directly in connection with their representation of the Settlement Class. Employees of the Plaintiffs devoted time and effort to participating in and supervising the Action, including communicating with Plaintiffs' Counsel, reviewing pleadings, producing documents and reviewing discovery responses, preparing for and sitting for depositions, and overseeing settlement discussions The time dedicated to the Action by employees of Plaintiffs to supervising the Action on behalf of the Class was time that these employees could not devote to their normal duties for Plaintiffs and thus represented a reimbursable cost to these entities under the PSLRA. In total, we are requesting that Plaintiffs be reimbursed $56,977 in reasonable costs and expenses directly in connection with their representation of the Settlement Class.

161. Lead Plaintiffs the GAMCO Funds incurred time and expenses in prosecuting this case on behalf of the Class and seek reimbursement pursuant to the PSLRA, 15 U.S.C. § 78u-4(a)(4). Through the active and continuous involvement of David Goldman, General Counsel of GAMCO Asset Management, Inc., the GAMCO Funds supervised and monitored the progress of the Action and actively participated in its prosecution and settlement. Specifically, GAMCO has informed us that Mr. Goldman spent 125 hours working exclusively on this litigation for the benefit of the Class. This work included (i) consulting with counsel on the initial investigation into the allegations in

the Amended Complaint; (ii) reviewing the Amended Complaint, Operative Complaint, and significant court filings; (iii) monthly monitoring of the Action, including in-person and telephonic meetings with counsel; (iv) directing the collection of discoverable materials for production by the GAMCO Funds; (v) preparing for and providing deposition testimony in connection with class certification; and (vi) discussions with counsel on settlement negotiations. Vincent Roche, Portfolio Manager for the GAMCO Funds, spent 22 hours working exclusively on this litigation for the benefit of the Class. This work included (i) the collection of discoverable materials for production by the GAMCO Funds; and (ii) preparing for and providing deposition testimony in connection with class certification. In addition, Matthew Adelhardt, Director of Technology for GAMCO, spent 12 hours conducting searches for discoverable materials. In sum, the GAMCO Funds seek reimbursement of $25,000 for 159 hours spent working exclusively on this litigation for the benefit of the Class.

162. St. Lucie County Fire District Firefighters' Pension Trust Fund, through the active and continuous involvement of its Chairman, the Administrator, and others, supervised and monitored the progress of this litigation and actively participated in its prosecution and settlement. Fire Chief Nate Spera spent time and incurred expenses in prosecuting this case on behalf of the Class, for which St. Lucie seeks reimbursement pursuant to the PSLRA, 15 U.S.C. § 78u-4(a)(4). Specifically, St. Lucie has informed us that Mr. Spera spent 25 hours working exclusively on this litigation for the benefit of the Class. The work has included, among other things, communicating with counsel, reviewing and gathering documents in response to document requests, and preparing for

and providing deposition testimony. In sum, St. Lucie seeks reimbursement of $1,977 for 25 hours spent working exclusively on this litigation for the benefit of the Class.

163. Plaintiff AP7 likewise seeks reimbursement in connection with its representation of the Class in this Action. Through the active and continuous involvement of AP7's Chief Executive Officer, Richard A. Gröttheim, and AP7's Head of Administration at the time, Svante Linder, AP7 supervised and monitored the progress of the Action and actively participated in its prosecution and ultimate resolution. Specifically, AP7 has informed us that throughout the course of the Action, Mr. Gröttheim spent 73.5 hours and Mr. Linder spent 4 hours working exclusively on this litigation for the benefit of the Class. This work included (i) consulting with its counsel, Kessler Topaz Meltzer & Check, LLP ("KTMC"), on the initial investigation into Plaintiffs' allegations; (ii) regularly communicating with counsel by email, telephone, written communication and in-person meetings regarding the posture and progress of the case, significant developments in the Action and case strategy; (iii) reviewing, with the assistance of AP7's Swedish external counsel, the Amended Complaint, Operative Complaint, and significant court filings and orders; (iv) directing and supervising AP7's collection and production of discoverable materials and written responses to documents requests and interrogatories; and (v) consulting with counsel, KTMC, on settlement negotiations. In addition, Mr. Gröttheim devoted substantial time preparing for his deposition in connection with class certification, which was taken on January 18, 2017 in New York, New York and required his travel to and from Stockholm, Sweden and the United States. In sum, AP7 seeks

reimbursement of $15,000 for the 77.5 hours its representatives spent working exclusively on this litigation for the benefit of the Class.

164. Universal has informed us that Universal, through the active and continuous involvement of its internal legal counsel, led by Frank Schroeder and Michael Eyben, supervised and monitored the progress of this litigation and actively participated in its prosecution and settlement. Numerous Universal employees spent time and incurred expenses in prosecuting this case on behalf of the Class. Specifically, members of Universal's legal/compliance department, including Mr. Eyben, Mr. Schroeder, Janet Zirlewagen, Kristina Bailey, and Eliana Cabaco, spent 114.75 hours working exclusively on this litigation for the benefit of the Class, including reviewing and gathering documents in response to document requests, and preparing for and providing deposition testimony. In addition, employees of Universal's Executive Department, including Bernd Vorbeck, spent 4.0 hours overseeing the case; members of Universal's IT department and others spent 19.80 hours searching for and collecting electronic documents; and Universal's fund managers, Udo Kloss, Christian Burzin, Marian Sommer, and Andreas Kempter spent 18.00 hours responding to discovery requests and providing information for the deposition of Universal's corporate representative. In sum, Universal seeks reimbursement of $15,000 for 156.55 hours spent working exclusively on this litigation for the benefit of the Class.

165. Without receiving any reimbursement or other compensation, each Plaintiff has throughout the past four years of litigation been fully committed to pursuing the interests of the Settlement Class. Each Plaintiff has actively and effectively complied with

all of the many demands that arose during the litigation and settlement of this Action and provided valuable assistance to Plaintiffs' Counsel. Plaintiffs' efforts are precisely the types of activities that courts have found to support reimbursement to class representatives, and fully support Plaintiffs' request for reimbursement.

D. The Reaction of the Settlement Class to the Fee and Expense Application

166. To date, no Settlement Class Member has objected to the attorneys' fees requested or the maximum amount of expenses disclosed in the Notice. Meanwhile, the fee application does not exceed the maximum amount set forth in the Notice, and the expense application is below the $5,000,000 that Settlement Class Members were notified could be sought.

VII. CONCLUSION

167. For all the reasons discussed above, Plaintiffs and Lead Counsel respectfully submit that the Settlements and the Plan of Allocation should be approved as fair, reasonable, and adequate. Lead Counsel further submit that the requested fee in the amount of 25% of the Settlement Funds should be approved as fair and reasonable, and the request for reimbursement of Litigation Expenses in the total amount of $2,029,334.01 (including Plaintiffs' costs and expenses) should also be approved.

We declare, under penalty of perjury, that the foregoing facts are true and correct.

Executed on January 9, 2019

Andrew J. Entwistle

David R. Stickney