

Exhibit 1

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO
Judge John L. Kane**

Master Docket No. 09-md-02063-JLK-KMT (MDL Docket No. 2063)

**IN RE: OPPENHEIMER ROCHESTER FUNDS GROUP SECURITIES
LITIGATION**

This document relates to the following Actions:

In re AMT-Free Municipals Fund

09-cv-1243-JLK (*Prince*)
09-cv-1447-JLK (*Connel*)
09-cv-1510-JLK (*Amato*)
09-cv-1619-JLK (*Furman*)

In re AMT-Free New York Municipal Fund

09-cv-1621-JLK (*Isaac*)
09-cv-1781-JLK (*Kurz*)

In re Rochester National Municipal Fund

09-cv-550-JLK (*Bock*)
09-cv-706-JLK (*Stokar*)
09-cv-927-JLK (*Tackmann*)
09-cv-1042-JLK (*Krim*)
09-cv-1060-JLK (*Truman*)
09-cv-1482-JLK (*Laufer*)
09-cv-1908-JLK (*Lariviere*)

In re Rochester Fund Municipals

09-cv-703-JLK (*Begley*)
09-cv-1479-JLK (*Bernstein*)
09-cv-1481-JLK (*Mershon*)
09-cv-1622-JLK (*Stern*)
09-cv-1478-JLK (*Vladimir*)
09-cv-1480-JLK (*Weiner*)

In re New Jersey Municipal Fund

09-cv-1406-JLK (*Unanue*)
09-cv-1617-JLK (*Baladi*)
09-cv-1618-JLK (*Seybold*)
09-cv-1620-JLK (*Trooskin*)

In re Pennsylvania Municipal Fund

09-cv-1483-JLK (*Woods*)
09-cv-1368-JLK (*Egts*)
09-cv-1765-JLK (*Wunderly*)

DECLARATION OF LAYN R. PHILLIPS

I, LAYN R. PHILLIPS, declare as follows pursuant to 28 U.S.C. § 1746:

1. I am submitting this Declaration in my capacity as the mediator who was retained by the parties in connection with the above-captioned actions consolidated into MDL Docket Number 2063 (collectively, the “Consolidated Actions”).

2. I am a partner with the law firm of Irell & Manella LLP where my practice has focused on complex civil litigation and alternative dispute resolution. For the last several years, my entire calendar has been devoted to alternative dispute resolution.

3. Before joining Irell & Manella LLP in 1991, I served as a United States District Judge for the Western District of Oklahoma from 1987 to 1991. During my tenure on the bench, I presided over more than 150 civil and criminal trials in various districts within the Tenth Circuit. I have also sat by designation on the United States Court of Appeals for the Tenth Circuit in Denver, Colorado. I am a Fellow in the American College of Trial Lawyers.

4. Because of my experience, I am often asked by litigants and their attorneys in complex civil cases to serve as a mediator, particularly in complex shareholder and securities litigation.

5. I served as the mediator for the combined settlement negotiations that were conducted in the Consolidated Actions to reach the agreement to settle all six Consolidated Actions for a total of \$89.5 million, and I was also retained by Lead Counsel to conduct a binding mediation on the allocation of the \$89.5 million between the classes in the National Fund Action and the other five consolidated actions.¹ At my request, and as is typical in mediations, the parties' negotiations were conducted in

¹ The other five consolidated actions are the actions entitled *In re AMT-Free Municipals Fund*, *In re AMT-Free New York Municipal Fund*, *In re New Jersey Municipal Fund*, *In re Pennsylvania Municipal Fund*, and *In re Rochester Fund Municipals*.

confidence and under my supervision. The parties have requested that I give this Declaration to describe my general impressions of the nature of the parties' negotiations and my opinion of the settlements that were reached. My statements and those of the parties during the alternative dispute resolution proceedings are subject to a confidentiality agreement, and I am not authorized to waive and do not intend to waive that agreement.

6. As set out below, the Consolidated Actions presented complex and novel factual and legal issues. Each of the participating parties was represented throughout the mediation process by zealous and able counsel, who had a thorough understanding of the issues involved. The settlements were negotiated aggressively and at arm's-length. I strongly believe that the settlements were reached at the end of a thorough process and represent a very favorable resolution to highly uncertain litigation. The Court will determine the fairness, reasonableness, and adequacy of the settlements, but from a mediator's perspective, I unreservedly recommend them as the result of hard-fought negotiations and as an accurate reflection of the risks and potential rewards of the settled claims.

The Parties' Settlement Negotiations

7. In the spring of 2013, Lead Plaintiffs' Counsel and Defendants' Counsel requested my assistance with their settlement efforts. The parties scheduled a mediation session in New York, New York for May 6, 2013 and May 7, 2013, if discussions were productive.

8. I presided over the May 2013 mediation sessions, which each lasted a full

day. The mediations were attended by Lead Counsel for the Lead Plaintiffs in the Consolidated Actions, Defendants' Counsel, and representatives of OppenheimerFunds, Inc.

9. Prior to the May 2013 mediation sessions, Lead Plaintiffs and Defendants exchanged and delivered to me confidential written submissions detailing their positions on the issues. Based on my review and analysis of the parties' submissions, it was clear that there was a large discrepancy in their evaluations of the claims and that achieving a settlement would be difficult. The parties' submissions and presentations before me and to each other on May 6 and 7 addressed their respective views and arguments concerning the merits of the litigation, and evidenced that both sides, through their counsel, had a thorough and extensive understanding of the claims and the defenses in the litigation, as well as the risks and the weaknesses.

10. Throughout the May 2013 mediation sessions, I met separately with Lead Plaintiffs and Lead Plaintiffs' Counsel, and Defendants and defense counsel. I engaged the parties in a series of in-depth discussions regarding the strengths and challenges of the key issues. During the negotiations, the parties exchanged their views on damages, for settlement purposes only, in an attempt to better understand their respective positions and narrow the divide between them.

11. Although the mediations in May 2013 were productive in terms of focusing the areas of dispute, the parties were not able to reach an agreement and the parties determined that the litigation should continue, but at the same time settlement negotiations should also continue.

12. Following the May 2013 mediation the parties continued to discuss the settlement prospects under my supervision. Throughout this period the parties remained far apart on issues of liability and damages. Eventually, the parties reached an agreement in principle. I then oversaw and resolved a number of disputed issues that arose in conjunction with the drafting of a memorandum of understanding (the “MOU”). The MOU was executed on August 26, 2013, which set forth, subject to the preparation of formal stipulations of settlement, the material terms and conditions of the combined \$89.5 million settlement.

The Allocation Mediation

13. In the summer of 2013, Lead Plaintiffs’ Counsel informed me that wholly-independent counsel had been retained to advocate for the allocation of the combined \$89.5 million settlement amount between the classes in the National Fund Action and the other five consolidated actions. Lead Plaintiffs’ Counsel retained the law firms of Klafter Olsen & Lesser LLP to represent the interests of the National Fund class and Barrack Rodos & Bacine to represent the interests of the other five classes. To further resolve the allocation issue, Lead Plaintiffs’ Counsel requested that I conduct a binding mediation on the proper allocation. Defendants did not participate in this process.

14. Allocation counsel submitted mediation statements to me advocating their respective positions and making a suggested allocation of the \$89.5 million settlement amount. It was clear to me from their submissions that allocation counsel had undertaken extensive efforts to understand the facts and legal issues, particularly the alleged damages, the transaction data produced by Defendants, and the factors impacting

damages. They were well-versed in the relative merits of their claims and defenses, and in the evidence that supported each side's position.

15. On September 15, 2013, I held a binding mediation solely on the issue of allocation. After considering all of the evidence and the arguments ably submitted by allocation counsel, I determined that the combined \$89.5 million settlement amount would be allocated as 30% (or \$26,850,000) for the benefit of the National Fund class and 70% (or \$62,650,000) for the benefit of the other five classes.

Conclusion

16. In sum, from my involvement as the mediator in the Consolidated Actions, I observed first-hand that these were hard-fought litigations and negotiations, which resulted in significant recoveries for the classes and fair and equitable settlements for all involved. The settlements here were the product of extensive arm's-length negotiations conducted after five years of targeted and efficient litigation. There was no collusion whatsoever in reaching the terms of the settlements. I believe it was in the best interests of all of the parties that they avoid the burdens and risks associated with taking the cases to trial, and that they agree upon the settlements now before the Court.

17. The advocacy on all sides of the Consolidated Actions was stellar. I have had experience working with the principal Lead Plaintiffs' Counsel in other cases I have mediated and am familiar with the effort and zeal they put into their work. I expected that they would represent their clients and the classes in the same manner here, as they did. Similarly, the advocacy by counsel representing the Defendants was of the highest caliber and consistent with my experience in other matters where I have worked with the

lead defense counsel. All displayed the highest level of professionalism in carrying out their duties on behalf of their respective clients. I believe the settlements are the result of all counsels' experience, reputation and ability in these types of cases.

18. Accordingly, in my view, the settlements are eminently fair, reasonable, and adequate.

Respectfully submitted on this 27th day of May, 2014.



Layn R. Phillips