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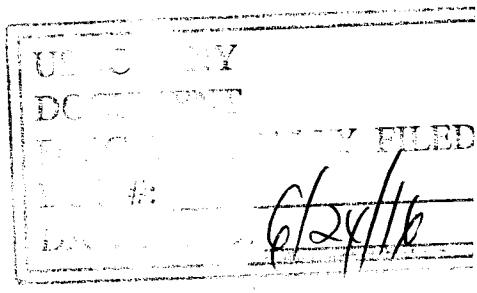
BY EMAIL

The Honorable Jed S. Rakoff
Daniel Patrick Moynihan
United States Courthouse
500 Pearl Street
New York, New York 10007-1312



Re: *In re Petrobras Securities Litigation*, No. 14-cv-9662 (JSR)

Dear Judge Rakoff,

This letter is on behalf of the Class Plaintiffs and Individual Plaintiffs (together, "Plaintiffs") in the above-referenced action. Defendants' motion to stay proceedings pending their request for interlocutory appeal seeks to stall the day of reckoning and sidestep the Court's repeated orders to prepare this case for trial on September 19. Defendants also gloss over the four factors that courts generally assess when evaluating a motion to stay, none of which are met here: (1) whether the stay applicant has made a strong showing that he is likely to succeed on the merits; (2) whether the applicant will be irreparably injured absent a stay; (3) whether issuance of the stay will substantially injure the other parties interested in the proceeding; and (4) where the public interest lies. *See Jock v. Sterling Jewelers, Inc.*, 738 F. Supp. 2d 445, 447 (S.D.N.Y. 2010) (Rakoff, J.).

First, merely referencing that the Second Circuit granted their petition falls far short of a "strong showing" of likely success. Defendants also fail to address this Court's rigorous and comprehensive order certifying the Class following full briefing, oral argument, and an evidentiary hearing during which market efficiency experts were questioned at length. Further, where, as here, the appeal challenges a grant of class certification, the Second Circuit "accord[s] the district court noticeably more deference than when [there is] a denial of class certification." *In re Salomon Analyst Metromedia Litig.*, 544 F.3d 474, 480 (2d Cir. 2008) (citation omitted) (*abrogated on other grounds by Amgen Inc. v. Connecticut Retirement Plans and Trust Funds*, 133 S.Ct. 1184 (2013). Indeed, in light of the "modest premise" articulated by *Halliburton II* in granting class certification, it is difficult to imagine that the Second Circuit would not affirm, at least in part, the certification of the Classes in this Action.

Second, Defendants have failed to show irreparable injury absent a stay. Merits and expert discovery demonstrate that Plaintiffs have suffered more than a billion dollars in losses on an individual basis. Plaintiffs have committed to proceeding to trial irrespective of the Second Circuit's ruling on class certification. Moreover, Defendants are simply incorrect that the Second Circuit's decision with respect to establishing and maintaining the fraud on the market presumption of reliance will somehow impact the scope of the trial. Appeals in *Goldman, Barclays* and this matter relate to the quantum of evidence required to rebut the presumption of reliance pursuant to FRE 301, which would then place the burden of proving price impact on plaintiffs in order to maintain class certification. *See In re Goldman Sachs Group, Inc. Sec. Litig.*, No. 16-250, Dkt.1, 80; *Stougo v.*

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Barclays PLC, No. 16-450, Dkt. 1, 55. But Plaintiffs will need to prove price impact at trial in any event by proving damages, which will necessarily address the issue of price inflation. These two elements are inextricably intertwined and will be established at trial concurrently by Plaintiffs' experts, regardless of class certification. Defendants similarly overstate the impact of *Morrison*. As the Court previously determined, Class Plaintiffs and certain Individual Plaintiffs adequately alleged domestic purchases of Petrobras notes, and thus have standing to bring claims regardless of class certification. If an adverse ruling on class certification triggers the deluge of individual claims that Defendants portend, the trial proceedings on this matter will provide a roadmap for adjudicating *Morrison* issues for any future claimants, further promoting judicial efficiency. Indeed, the Court has already set the framework for handling late opt-out filings as part of the trial schedule. *See* Order, Dkt. 315. Finally, Defendants' claim that they will be deprived of an informed settlement decision absent a stay ignores their high degree of sophistication. Defendants are represented by top-tier legal counsel and fourteen purported experts. They are more than capable of evaluating the strengths and weaknesses of the case and the likelihood that the Second Circuit will grant or deny the appeal.

Third, a stay will cause substantial injury to Plaintiffs. There is no basis to contend that any delay in the litigation will be minimal, and the Second Circuit having ordered expedited briefing provides no guarantee that it will also issue an expedited mandate. Recent experience by Class Counsel indicates that the time from expedited appeal to mandate issuance can take upwards of ten months. *See, e.g., Rosado et al. v. China North Ne. Petroleum Holdings Ltd.*, No. 11-4544, Dkt. 1, 113 (nearly ten months from notice of appeal to mandate). Further, to the extent Defendants contend that acceptance of this appeal is related to the *Barclays* appeal, that appeal will not be argued until the week of October 10, 2016, further delaying proceedings. *See Strougo v. Barclays PLC*, No. 16-1912, Dkt. 6. Moreover, Brazil is currently undergoing an unprecedented economic and political upheaval, with the viability of state-owned Petrobras at the center of the crisis. *See* Paul Kiernan, *Brazil's Economy Tanks as Political Upheaval Looms*, Wall Street Journal, Apr. 13, 2016. Delaying trial to an undetermined date in 2017, while Petrobras' viability wanes, strongly prejudices Plaintiffs.

Additionally, class notice has been issued, fact discovery ended months ago, expert discovery is all but closed, and summary judgment briefs are to be filed Monday. Plaintiffs and their counsel, experts and trial consultants have worked tirelessly and made accommodations for a trial to begin in 88 days. Just last month the Court denied a motion to amend claims against PricewaterhouseCoopers Auditores Independentes ("PwC"), observing that in light of the looming September trial date, "there would be no reasonable way to cure the unfairness to PwC without severely disrupting this schedule." *In re Petrobras Sec. Litig.*, 14-cv-9662 (JSR), 2016 WL 3144395, at *2 (S.D.N.Y. May 5, 2016). PwC and other Defendants should not use the impending trial date as both a sword and shield.

Finally, there is no public interest served by granting the stay. Given this late stage and the individual claims of Plaintiffs that will remain unaltered by the appeal, allowing this litigation to proceed hardly rises to a waste of substantial amounts of time and resources. The public interest is greater served by allowing Plaintiffs to have their day in court.

In sum, regardless of the outcome of the appeal, a trial will be held regarding falsity, materiality, scienter, loss causation, damages (including price impact) and *Morrison, i.*e., all aspects of Section 10(b) and 11 claims. It is difficult to conceive how delaying adjudication of these matters for an indeterminate amount of time would promote judicial economy.

Respectfully submitted,

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