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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

In re THE PMI GROUP, INC. SECURITIES)
LITIGATION)

Master File No. 3:08-cv-01405-SI

CLASS ACTION

This Document Relates To:)
ALL ACTIONS.)
_____)

[PROPOSED] ORDER PRELIMINARILY
APPROVING SETTLEMENT AND
PROVIDING FOR NOTICE

1 WHEREAS, a consolidated action is pending before this Court styled *In re The PMI Group,*
2 *Inc. Securities Litigation*, Master File No. 3:C-08-cv-01405-SI (the “Action”);

3 WHEREAS, the parties having made application, pursuant to Federal Rule of Civil
4 Procedure 23(e), for an order approving the settlement of this Action, in accordance with a
5 Stipulation of Settlement dated as of August 30, 2010 (the “Stipulation”), which, together with the
6 exhibits annexed thereto, set forth the terms and conditions for a proposed settlement of the Action
7 and for dismissal of the Action with prejudice upon the terms and conditions set forth therein; and
8 the Court having read and considered the Stipulation and the exhibits annexed thereto; and

9 WHEREAS, all defined terms herein have the same meanings as set forth in the Stipulation.

10 NOW, THEREFORE, IT IS HEREBY ORDERED:

11 1. The Court does hereby preliminarily approve the Stipulation and the settlement set
12 forth therein, subject to further consideration at the Final Approval Hearing described below.

13 2. The Court hereby certifies a Class, for settlement purposes only, defined as: “All
14 Persons (other than those Persons who timely and validly request exclusion from the Class) who
15 purchased or otherwise acquired the common stock of The PMI Group, Inc. during the period from
16 November 2, 2006 to March 3, 2008, inclusive, excluding the Defendants herein, members of the
17 immediate family of the Defendants, the directors, officers, subsidiaries and affiliates of The PMI
18 Group, Inc., any person, firm, trust, corporation, officer, director or other individual or entity in
19 which any Defendant has a controlling interest, and the legal representatives, affiliates, heirs,
20 successors-in-interest or assigns of any such excluded party.”

21 3. A hearing (the “Final Approval Hearing”) shall be held before this Court on
22 December 16, 2010, at 9:00 a.m., at the United States District Court for the Northern District of
23 California, Phillip Burton United States Courthouse, 450 Golden Gate Avenue, San Francisco, CA
24 94102, to determine whether the proposed settlement of the Action on the terms and conditions
25 provided for in the Stipulation is fair, reasonable, and adequate to the Class and should be approved
26 by the Court; whether a Judgment as provided in ¶1.11 of the Stipulation should be entered; whether
27 the proposed Plan of Allocation should be approved; and to determine the amount of fees and
28 expenses that should be awarded to Lead Counsel and reimbursement of expenses to Lead Plaintiff.

1 The Court may adjourn the Final Approval Hearing without further notice to the Members of the
2 Class.

3 4. The Court approves, as to form and content, the Notice of Pendency and Proposed
4 Settlement of Class Action (the “Notice”), the Proof of Claim and Release form (the “Proof of
5 Claim”), and Summary Notice annexed as Exhibits A-1, A-2, and A-3 hereto and finds that the
6 mailing and distribution of the Notice and publishing of the Summary Notice substantially in the
7 manner and form set forth in ¶¶5-6 of this Order meet the requirements of Federal Rule of Civil
8 Procedure 23 and due process, and is the best notice practicable under the circumstances and shall
9 constitute due and sufficient notice to all Persons entitled thereto.

10 5. The firm of Gilardi & Co. LLC (“Claims Administrator”) is hereby appointed to
11 supervise and administer the notice procedure as well as the processing of claims as more fully set
12 forth below:

13 (a) Lead Counsel shall make reasonable efforts to identify all Persons who are
14 Members of the Class and not later than September 21, 2010 (the “Notice Date”), Lead Counsel shall
15 cause a copy of the Notice and the Proof of Claim, substantially in the forms annexed as Exhibits A-
16 1 and A-2 hereto, to be mailed by first class mail to all Class Members who can be identified with
17 reasonable effort;

18 (b) Not later than September 28, 2010, Lead Counsel shall cause the Summary
19 Notice to be published once in *Investor’s Business Daily*; and

20 (c) At least seven (7) calendar days prior to the Final Approval Hearing, Lead
21 Counsel shall cause to be served on Defendants’ counsel and filed with the Court proof, by affidavit
22 or declaration, of such mailing and publishing.

23 6. Nominees who purchased the common stock of PMI for the beneficial ownership of
24 Class Members during the Class Period shall send the Notice and the Proof of Claim to all beneficial
25 owners of such PMI common stock within ten (10) days after receipt thereof, or send a list of the
26 names and addresses of such beneficial owners to the Claims Administrator within ten (10) days of
27 receipt thereof, in which event the Claims Administrator shall promptly mail the Notice and Proof of
28 Claim to such beneficial owners. Lead Counsel shall, if requested, reimburse banks, brokerage

1 houses or other nominees solely for their reasonable out-of-pocket expenses incurred in providing
2 notice to beneficial owners who are Class Members out of the Settlement Fund, which expenses
3 would not have been incurred except for the sending of such Notice, subject to further order of this
4 Court with respect to any dispute concerning such compensation.

5 7. All Members of the Class shall be bound by all determinations and judgments in the
6 Litigation concerning the settlement, whether favorable or unfavorable to the Class.

7 8. Class Members who wish to participate in the settlement shall complete and submit
8 Proof of Claim forms in accordance with the instructions contained therein. Unless the Court orders
9 otherwise, all Proof of Claim forms must be postmarked no later than ninety (90) days from the
10 Notice Date. Any Class Member who does not timely submit a Proof of Claim within the time
11 provided for, shall be barred from sharing in the distribution of the proceeds of the Settlement Fund,
12 unless otherwise ordered by the Court. Notwithstanding the foregoing, Lead Counsel may, in their
13 discretion, accept late-submitted claims for processing by the Claims Administrator so long as
14 distribution of the Net Settlement Fund is not materially delayed thereby.

15 9. Any Member of the Class may enter an appearance in the Litigation, at their own
16 expense, individually or through counsel of their own choice. If they do not enter an appearance,
17 they will be represented by Lead Counsel.

18 10. Any Person falling within the definition of the Class may, upon request, be excluded
19 from the Class. Any such Person must submit to the Claims Administrator a request for exclusion
20 (“Request for Exclusion”), postmarked no later than November 5, 2010. A Request for Exclusion
21 must state: (a) the name, address, and telephone number of the Person requesting exclusion; (b) each
22 of the Person’s purchases, acquisitions and sales of PMI common stock made during the Class
23 Period, including the dates of purchase, acquisition or sale, the number of shares purchased, acquired
24 and/or sold, and the price paid or received per share for each such purchase, acquisition or sale; and
25 (c) that the Person wishes to be excluded from the Class. All Persons who submit valid and timely
26 Requests for Exclusion in the manner set forth in this paragraph shall have no rights under the
27 Stipulation, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by
28 the Stipulation or the Judgment entered in the Litigation.

1 11. Any Member of the Class may appear and show cause, if he, she or it has any, why
2 the proposed settlement of the Litigation should or should not be approved as fair, reasonable, and
3 adequate, why a judgment should or should not be entered thereon, why the Plan of Allocation
4 should or should not be approved, why attorneys' fees and expenses should or should not be awarded
5 to counsel for the plaintiffs, or why the expenses of the Lead Plaintiff should or should not be
6 awarded; provided, however, that no Class Member or any other Person shall be heard or entitled to
7 contest such matters, unless that Person has delivered by hand or sent by first class mail written
8 objections and copies of any papers and briefs such that they are received on or before November 5,
9 2010, by Robbins Geller Rudman & Dowd LLP, Keith F. Park, 655 W. Broadway, Suite 1900, San
10 Diego, CA 92101; O'Melveny & Myers LLP, Meredith N. Landy, 2765 Sand Hill Road, Menlo
11 Park, CA 94025, and filed said objections, papers, and briefs with the Clerk of the United States
12 District Court for the Northern District of California, San Francisco Division, on or before
13 November 5, 2010. Any Member of the Class who does not make his, her or its objection in the
14 manner provided shall be deemed to have waived such objection and shall forever be foreclosed
15 from making any objection to the fairness or adequacy of the proposed settlement as set forth in the
16 Stipulation, to the Plan of Allocation, or to the award of attorneys' fees and expenses to counsel for
17 the plaintiffs or expenses of the Lead Plaintiff, unless otherwise ordered by the Court.

18 12. All funds held by the Escrow Agent shall be deemed and considered to be in custodia
19 legis of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such
20 funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

21 13. All opening briefs and supporting documents in support of the settlement, the Plan of
22 Allocation, and any application by counsel for the plaintiffs for attorneys' fees and expenses or by
23 Lead Plaintiff for reimbursement of its expenses shall be filed and served by October 8, 2010.
24 Replies to any objections shall be filed and served by November 15, 2010.

25 14. Neither the Defendants and their Related Parties nor the Defendants' counsel shall
26 have any responsibility for the Plan of Allocation or any application for attorneys' fees or expenses
27 submitted by plaintiffs' counsel or the Lead Plaintiff, and such matters will be considered separately
28 from the fairness, reasonableness, and adequacy of the settlement.

1 Submitted by:

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5 DANIEL S. DROSMAN

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21 Lead Counsel for Plaintiffs

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1 CERTIFICATE OF SERVICE

2 I hereby certify that on September 7, 2010, I authorized the electronic filing of the foregoing
3 with the Clerk of the Court using the CM/ECF system which will send notification of such filing to
4 the e-mail addresses denoted on the attached Electronic Mail Notice List, and I hereby certify that I
5 caused to be mailed the foregoing document or paper via the United States Postal Service to the non-
6 CM/ECF participants indicated on the attached Manual Notice List.

7 I further certify that I caused this document to be forwarded to the following Designated
8 Internet Site at: <http://securities.stanford.edu>.

9 I certify under penalty of perjury under the laws of the United States of America that the
10 foregoing is true and correct. Executed on September 7, 2010.

11 s/ Keith F. Park
12 KEITH F. PARK

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