

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS**

DALLAS DIVISION

In re SOURCECORP SECURITIES LITIGATION	§	Master File No. Case 3:04-cv-02351-N
_____	§	
	§	
This Document Relates To:	§	<u>CLASS ACTION</u>
	§	
ALL ACTIONS.	§	
_____	§	

**ORDER PRELIMINARILY APPROVING SETTLEMENT AND PROVIDING
FOR NOTICE**

WHEREAS, a consolidated class action is pending before the Court entitled *In re SOURCECORP, Inc. Securities Litigation*, Master File No. 3:04-cv-02351-N (the “Litigation”);

WHEREAS, the Court has received the Stipulation of Settlement dated as of January 30, 2009 (the “Stipulation”), that has been entered into by the Named Plaintiff and Defendant, and the Court has reviewed the Stipulation and its attached Exhibits;

WHEREAS, the parties having made application, pursuant to Federal Rule of Civil Procedure 23(e), for an order preliminarily approving the settlement of this Litigation, in accordance with the Stipulation that together with the Exhibits annexed thereto, sets forth the terms and conditions for a proposed settlement of the Litigation and for dismissal of the Litigation with prejudice upon the terms and conditions set forth therein; and the Court having read and considered the Stipulation and the Exhibits annexed thereto;

WHEREAS, the Stipulation provides for the conditional certification of a Class for the purposes of the settlement; and

WHEREAS, all defined terms contained herein shall have the same meanings as set forth in the Stipulation;

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Court hereby certifies, for purposes of effectuating this settlement, a Class consisting of all Persons who purchased or acquired SOURCECORP common stock from May 3, 2001 to October 27, 2004, inclusive, and whose transactions in SOURCECORP common stock during the Class Period resulted in a loss, excluding Defendant and any formerly named defendant, members of their immediate families, Persons or entities in which any of them has a controlling interest or which are related to or affiliated with any such Person, and the legal representatives, agents, affiliates,

heirs, successors-in-interest or assigns of any such excluded party. Also excluded are all officers and directors during the Class Period of any previously-named defendant in this action and their immediate families. Lastly, all Persons who timely and validly request exclusion from the Class pursuant to the Notice of Pendency and Proposed Settlement of Class Action to be sent to the Class are excluded from the Class.

2. For purposes of settlement only, Named Plaintiff George Reichl is: (a) appointed Lead Plaintiff pursuant to §21D(a)(3) of the Exchange Act; and (b) certified as a Class Representative pursuant to Rule 23 of the Federal Rules of Civil Procedure.

3. With respect to the Class, this Court finds and concludes that: (a) the Members of the Class are so numerous that joinder of all Class Members in the Litigation is impracticable; (b) there are questions of law and fact common to the Class which predominate over any individual questions; (c) the claims or defenses of the Named Plaintiff are typical of the claims or defenses of the Class; (d) the Named Plaintiff and his counsel have fairly and adequately represented and protected the interests of all Class Members; and (e) a class action is superior to other available methods for the fair and efficient adjudication of the controversy, considering: (i) the interests of the Members of the Class in individually controlling the prosecution of separate actions, (ii) the extent and nature of any litigation concerning the controversy already commenced by Members of the Class, (iii) the desirability or undesirability of concentrating the litigation of these claims in this particular forum, and (iv) the difficulties likely to be encountered in the management of the class action.

4. The Court hereby preliminarily approves the Stipulation and the settlement set forth therein, subject to further consideration at the Settlement Hearing described below.

5. A hearing (the “Settlement Hearing”) shall be held before this Court on July 23, 2009, at 9:00 a.m., at the United States Courthouse, 1100 Commerce Street, Dallas, Texas 75242-1003, to determine whether the proposed settlement of the Litigation on the terms and conditions provided for in the Stipulation would be fair, just, reasonable and adequate to the Class and should be approved by the Court; whether a Judgment as provided in ¶1.11 of the Stipulation should be entered herein; whether the proposed Plan of Allocation should be approved; and to determine the amount of fees and expenses that should be awarded to Lead Counsel. The Court may adjourn the Settlement Hearing without further notice to Members of the Class.

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

7. The certification of the Class shall be binding only with respect to the settlement of the Litigation. If, for any reason, the Stipulation is terminated, or the Effective Date for any reason does not occur, the certification of the Class shall automatically be vacated; the Litigation shall proceed as though the Class has never been certified; Defendant may assert all objections to class certification; and neither Named Plaintiff nor any member of the putative Class may or will

use the fact of Defendant's consent to certification of a class for settlement purposes as a basis to argue that Defendant has in any way circumscribed or compromised his ability to oppose, for any reason, certification of a class other than for purposes of this settlement.

8. Lead Counsel is hereby authorized to retain the firm of Analytics, Inc. ("Claims Administrator") to supervise and administer the notice procedure as well as the processing of claims as more fully set forth below:

(a) The Claims Administrator shall make reasonable efforts to identify all Persons who are Members of the Class, including beneficial owners whose SOURCECORP shares are held by banks, brokerage firms, or other nominees;

(b) Not later than April 6, 2009 (the "Notice Date"), the Claims Administrator shall cause a copy of the Notice and the Proof of Claim, substantially in the forms annexed as Exhibits A-1 and A-2 hereto, to be mailed by first class mail to all Class Members who can be identified with reasonable effort;

(c) Not later than ten (10) days after the mailing of the Notice and the Proof of Claim, substantially in the forms annexed as Exhibit A-1 and A-2 hereto, the Claims Administrator shall cause the Summary Notice to be published once in *Investor's Business Daily*; and

(d) At least seven (7) days prior to the Settlement Hearing, Lead Counsel shall cause to be served on Defendant's counsel and filed with the Court proof, by affidavit or declaration, of such mailing and publication.

9. Nominees who purchased or acquired the common stock of SOURCECORP for the beneficial ownership of another Person during the Class Period shall send the Notice and the Proof of Claim to such beneficial owner of such SOURCECORP stock within ten (10) days after receipt thereof, or send a list of the names and addresses of such beneficial owners to the Claims Administrator within ten (10) days of receipt thereof, in which event the Claims Administrator

shall promptly mail the Notice and Proof of Claim to such beneficial owners. Lead Counsel shall, if requested, reimburse banks, brokerage houses or other nominees solely for their reasonable out-of-pocket expenses incurred in providing notice to beneficial owners who are Class Members out of the Class Notice and Administration Fund, which expenses would not have been incurred except for the sending of such notice, subject to further order of this Court with respect to any dispute concerning such compensation.

10. Any Class Member may, upon request, be excluded from the settlement. Any such Person must submit to the Claims Administrator a request for exclusion (“Request for Exclusion”), postmarked no later than June 23, 2009. A Request for Exclusion must state: (1) the caption of this Litigation, *In re SOURCECORP, Inc. Securities Litigation*, Case 3:04-cv-02351-N; (2) the name, address, and telephone number of the Person requesting exclusion; (3) the Person’s purchases, acquisitions, and sales of SOURCECORP common stock made during the Class Period, including the dates of purchase, acquisition or sale, the number of such shares, and the price paid or received per share for each such purchase, acquisition or sale; and (4) that the Person wishes to be excluded from the Class. All Persons who submit valid and timely Requests for Exclusion in the manner set forth in this paragraph shall have no rights under the Stipulation, shall not share in the distribution of the Settlement Fund, and shall not be bound by the Stipulation or the Final Judgment. A Request for Exclusion shall not be effective unless it provides the required information and is postmarked within the time stated above, or the Request for Exclusion is otherwise accepted by the Court.

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

12. Class Members who wish to participate in the settlement shall complete and submit Proof of Claim and Release forms in accordance with the instructions contained therein. Unless the Court orders otherwise, all Proof of Claim and Release forms must be submitted no later than one hundred and five (105) days from the Notice Date. Any Class Member who does not timely submit a Proof of Claim within the time provided for, shall be barred from sharing in the distribution of the proceeds of the Settlement Fund, unless otherwise ordered by the Court.

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

14. Pending resolution of these settlement proceedings, no other action now pending or hereafter filed arising out of all or any part of the subject matter of the Litigation shall be maintained as a class action or otherwise, and except as provided by this or further order of the Court, for good cause shown, all Class Members are hereby enjoined during the pendency of these settlement proceedings from filing or prosecuting any action against any Released Person with respect to any of the Released Claims.

15. Any Member of the Class may appear and show cause, why the proposed settlement of the Litigation should or should not be approved as fair, just, reasonable and adequate, why a judgment should or should not be entered thereon, why the Plan of Allocation should or should not be approved, or why attorneys' fees and expenses should or should not be awarded to Lead Counsel; provided, however, that no Class Member or any other Person shall be heard or entitled to contest the approval of the terms and conditions of the proposed settlement, or, if approved, the Judgment to be entered thereon approving the same, or the order approving

the Plan of Allocation, or the attorneys' fees and expenses to be awarded to Lead Counsel, unless that Person has delivered by hand or sent by first class mail written objections and copies of any papers and briefs in support of the written objections such that they are received on or before June 23, 2009, by Herbert E. Milstein, Cohen Milstein Sellers & Toll PLLC, 1100 New York Avenue, N.W., Suite 500, West Tower, Washington, DC 20005; and John A. Valentine, Wilmer Cutler Pickering Hale and Dorr LLP, 1875 Pennsylvania Avenue, NW, Washington, DC 20006, and filed said objections, papers and briefs with the Clerk of the United States District Court for the Northern District of Texas, Dallas Division, on or before June 23, 2009. Any Member of the Class who does not make his, her or its objection in the manner provided shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness or adequacy of the proposed settlement as set forth in the Stipulation, to the Plan of Allocation, or to the award of attorneys' fees and expenses to Lead Counsel, unless otherwise ordered by the Court. Attendance at the Settlement Hearing is not necessary; however, persons wishing to be heard orally on their objections are required to indicate in their written objection their intention to appear at the hearing. Persons who attend and desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

16. The passage of title and ownership of the Settlement Fund to the Escrow Agent in accordance with the terms and obligations of the Stipulation is approved. No Person that is not a Class Member or counsel to the Named Plaintiff shall have any right to any portion of, or in the

distribution of, the Settlement Fund unless otherwise ordered by the Court or otherwise provided in the Stipulation.

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

18. All papers in support of the settlement, the Plan of Allocation, and any application by Lead Counsel for attorneys' fees or expenses shall be filed and served at least ten (10) days prior to the Settlement Hearing.

19. Neither Defendant, nor any other Released Persons, nor their respective counsel shall have any responsibility for the Plan of Allocation or any application for attorneys' fees or expenses submitted by Lead Counsel, and such matters will be considered separately from the fairness, reasonableness and adequacy of the settlement. The procedure for the allowance or disallowance by the Court of any applications by any of the Lead Counsel for attorneys' fees and expenses, including fees of experts and consultants, to be paid out of the Settlement Fund are not part of the settlement as set forth in the Stipulation. Any order or proceeding relating to the fee and expense application submitted by Lead Counsel, or any appeal from or relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Stipulation, or affect or delay the finality of Judgment approving the Stipulation and the settlement of the Litigation. The procedure for approving the Plan of Allocation is also not part of the settlement as set forth in the Stipulation. Any order or proceeding relating to the Plan of Allocation, or any appeal from or relating thereto or reversal or modification thereof, shall not operate to terminate or

cancel the Stipulation, or affect or delay the finality of Judgment approving the Stipulation and the settlement of the Litigation.

20. At or after the Settlement Hearing, the Court shall determine whether the Plan of Allocation proposed by Lead Counsel, and any application for attorneys' fees or expenses shall be approved.

21. All reasonable expenses incurred in identifying and notifying Class Members, as well as administering the Settlement Fund, shall be paid as set forth in the Stipulation. In the event the settlement is not approved by the Court, or otherwise fails to become effective, neither the Plaintiffs nor any of their counsel shall have any obligation to repay any amounts actually and properly incurred or disbursed from the Class Notice and Administration Fund as provided by the Stipulation.

22. Neither the Stipulation nor the settlement contained therein, nor any act performed, statement made or document prepared, executed and/or entered pursuant to or in furtherance of the Stipulation or the settlement or the negotiation or drafting thereof: (i) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, or of any damage to Plaintiffs or the Class or any wrongdoing or liability of the Defendant or any other Released Person or the infirmity of any defense; or (ii) is, or may be deemed to be, or may be used as an admission or evidence of any fault or omission of, or damages caused by, Defendant or any other Released Persons in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal; or (iii) is admissible in any proceeding except in an action to enforce or interpret the terms of the Stipulation, the settlement (including releases of claims) contained therein, or any other

documents executed in connection with the performance of the agreements embodied therein. Defendant and/or the Released Persons may file the Stipulation, the Judgment, and/or any document prepared pursuant to or in furtherance of the Stipulation or the settlement (including this Judgment) in any action for any purpose. All agreements made and orders entered during the course of the Litigation relating to the confidentiality of information shall survive the Stipulation.

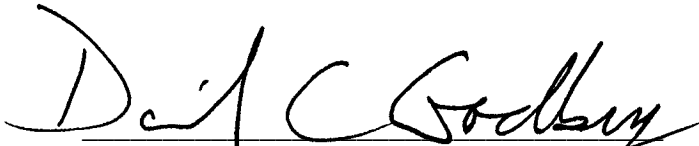
23. If the settlement is terminated pursuant to ¶2.1(b) or ¶6 of the Stipulation, then the Stipulation, including any amendment(s) thereof, and this Preliminary Order certifying the Class and the Class Representatives for purposes of the settlement shall be null and void, of no further force or effect, and without prejudice to any party, and may not be introduced as evidence or referred to in any actions or proceedings by any person or entity, and each party shall be restored to his, her or its respective position as of September 25, 2008 in accordance with ¶8.5 of the Stipulation.

24. The Final Judgment will permanently bar and enjoin the Named Plaintiff and all Members of the Class from instituting or prosecuting, in any capacity, any action or proceeding that asserts any of the Released Claims against any Released Person.

25. The Court reserves the right to adjourn the date of the Settlement Hearing without further notice to the Members of the Class, and retains jurisdiction to consider all further applications arising out of or connected with the proposed settlement. The Court may approve the settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to the Class.

IT IS SO ORDERED.

Signed March 23, 2009.


DAVID C. GODBEY
UNITED STATES DISTRICT JUDGE