

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

In re FIRST BANCORP SECURITIES) Civil Action No. 3:05-cv-02148-GAG
LITIGATION)
_____) CLASS ACTION
)
This Document Relates To:)
)
ALL ACTIONS.)
_____)

[PROPOSED] ORDER PRELIMINARILY APPROVING SETTLEMENT AND PROVIDING
FOR NOTICE

WHEREAS, a consolidated class action is pending in the Court entitled *In re First BanCorp Securities Litigation*, Civil Action No. 3:05-cv-02148-GAG;

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

WHEREAS, the Settling Parties having made an application, pursuant to Rule 23 of the Federal Rules of Civil Procedure, for an order preliminarily approving the Settlement, in accordance with a Stipulation of Settlement dated June 27, 2007 (the "Stipulation"), which, together with the Exhibits annexed thereto sets forth the terms and conditions for the Settlement and dismissal of the Litigation with prejudice as against the Settling Parties upon the terms and conditions set forth therein; and the Court having read and considered the Stipulation and the Exhibits annexed thereto;

NOW THEREFORE, IT IS HEREBY ORDERED:

1. The Court does hereby preliminarily approve the Stipulation and the Settlement as being fair, reasonable and adequate as to the Class Members, subject to further consideration at the Settlement Hearing described below.

2. A hearing (the "Settlement Hearing") shall be held before this Court on _____, 2007, at ___:___ __.m., at the United States District Court for the District of Puerto Rico, Clemente Ruiz-Nazario U.S. Courthouse & Federico Degetau Federal Building, 150 Carlos Chardon Street, Hato Rey, Puerto Rico, to determine whether the Settlement is fair, reasonable and adequate as to the Class and should be approved by the Court; whether a Judgment as provided in 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 Plaintiffs' Counsel.

3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Court preliminarily certifies, for purposes of effectuating this Settlement, a Class of all Persons who purchased or otherwise acquired First BanCorp common or preferred stock at any time between April 16, 2001

and December 13, 2005, inclusive. Excluded from the Class are the Defendants, the officers and directors of any Defendant, members of the Individual Defendants' immediate families, and their heirs, successors and assigns, and any entity in which any Defendant has or had a controlling interest. Also excluded from the Class are Doral Financial Corp. and R&G Financial Corp., and their officers and directors, and those 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 Class Members pursuant to this Order.

4. With respect to the Class, this Court preliminarily finds 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 that predominate over any individual questions; (c) the claims of the Lead Plaintiffs are typical of the claims of the Class; (d) Lead Plaintiffs and their counsel have fairly and adequately represented and protected the interests of all of the 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 the 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 continuing the litigation of these claims in this particular forum; and (iv) the difficulties likely to be encountered in the management of the class action.

5. 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 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 ¶¶6-7 of this Order meet the requirements of Rule 23 of the Federal

Rules of Civil Procedure and due process, and is the best notice practicable under the circumstances and shall constitute due and sufficient notice to all Persons entitled thereto.

6. The Court appoints the firm of Gilardi & Co. LLC, 3301 Kerner Boulevard, San Rafael, CA 94901 (“Claims Administrator”) to supervise and administer the notice procedure as well as the processing of claims as more fully set forth below:

(a) Not later than ____, 2007 (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 and to be posted on its website at www.gilardi.com;

(b) Not later than ____, 2007, the Claims Administrator shall cause the Summary Notice to be published once in the national edition of *Investor’s Business Daily*; and

(c) Not later than ____, 2007, Co-Lead Counsel shall serve on Defendants’ counsel and file with the Court proof, by affidavit or declaration, of such mailing and publishing.

7. Nominees who purchased or otherwise acquired First BanCorp common or preferred stock for the benefit of another Person at any time during the period between April 16, 2001 and December 13, 2005, inclusive, shall be requested to send the Notice and the Proof of Claim to all such beneficial owners of First BanCorp common or preferred stock within ten (10) days after receipt thereof, or to 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.

8. Any Person falling within the definition of the Class who desires to request exclusion from the Class shall do so within the time set forth and in the manner described in the Notice. Unless the Court orders otherwise, no request for exclusion shall be valid unless it is made within the time set forth and in the manner described in the Notice.

9. All Members of the Class shall be bound by all determinations and judgments in the Litigation concerning the Settlement, including, but not limited to, the releases provided for therein, whether favorable or unfavorable to the Class.

10. Class Members who wish to participate in the Settlement shall complete and submit Proof of Claim forms in accordance with the instructions contained therein. Unless the Court orders otherwise, all Proof of Claim forms must be submitted no later than ninety (90) 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. Notwithstanding the foregoing, Co-Lead Counsel may, in their discretion, accept for processing late claims so long as the distribution of the Net Settlement Fund to Authorized Claimants is not materially delayed.

11. 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 Co-Lead Counsel.

12. All proceedings in the Litigation are stayed until further order of the Court, except as may be necessary to implement the Settlement or comply with the terms of the Stipulation. Pending final determination of whether the Settlement should be approved, neither the Lead Plaintiffs nor any Class Member, either directly, representatively, or in any other capacity, shall commence or prosecute against any of the Released Persons, any action or proceeding in any court or tribunal asserting any of the Released Claims.

13. 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, 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 counsel for the

Lead Plaintiffs or the expenses (including lost wages) of the Lead Plaintiffs incurred in prosecuting the Litigation; 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 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 Plaintiffs' Counsel or the Lead Plaintiffs, unless written objections and copies of any papers and briefs are received by Ellen Gusikoff Stewart, Lerach Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, California 92101; Richard A. Speirs, Zwerling, Schachter & Zwerling, LLP, 41 Madison Avenue, New York, New York 10010; and Joseph Allerhand, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, on or before _____, 2007; and said objections, papers and briefs are filed with the Clerk of the United States District Court for the District of Puerto Rico, Clemente Ruiz-Nazario U.S. Courthouse & Federico Degetau Federal Building, 150 Carlos Chardon Street, Hato Rey, Puerto Rico, on or before _____, 2007. Any Member of the Class who does not make an 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, reasonableness or adequacy of the Settlement, to the Plan of Allocation, and to the award of attorneys' fees and expenses to Plaintiffs' Counsel or the Lead Plaintiffs, unless otherwise ordered by the Court.

14. 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 who is not a Class Member or Co-Lead Counsel 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.

15. 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.

16. All motions and papers in support of the Settlement, the Plan of Allocation, and any application by counsel for the Lead Plaintiffs for attorneys' fees or expenses shall be filed and served no later than seven (7) calendar days prior to the Settlement Hearing.

17. All reasonable costs incurred in identifying and notifying Class Members, as well as in 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 Lead Plaintiffs nor Co-Lead Counsel shall have any obligation to repay to Defendants the reasonable and actual costs of class notice and administration.

18. 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 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.

DATED: _____

THE HONORABLE GUSTAVO A. GELPI
UNITED STATES DISTRICT JUDGE