STIPULATION OF SETTLEMENT

This Stipulation of Settlement, dated December 21, 2015 (the “Stipulation”), is made and entered into by and among the following Settling Parties,¹ by and through their respective counsel of record: (i) Plaintiffs Drew Bagot (“Bagot”) and Chaile Steinberg (“Steinberg”), individually and derivatively on behalf of nominal defendant HCA Holdings, Inc. (“HCA” or the “Company”) (collectively, “Plaintiffs”); (ii) Richard M. Bracken, R. Milton Johnson, Christopher J. Birosak, John P. Connaughton, James D. Forbes, Kenneth W. Freeman, Thomas F. Frist, III, William R. Frist, Christopher R. Gordon, Michael W. Michelson, James C. Momtazee, Stephen G. Pagliuca, Nathan C. Thorne, Jay O. Light, and Geoffrey G. Meyers (collectively, the “Individual Defendants”); and (iii) nominal defendant HCA Holdings, Inc. (collectively, with the Individual Defendants, “Defendants”). The Stipulation is intended by the Settling Parties to

¹ All capitalized terms not otherwise defined are defined in section IV.1., infra.
fully, finally, and forever resolve, discharge, and settle the Released Claims, subject to the terms and conditions set forth herein.

I. BACKGROUND

A. Litigation History

On December 20, 2011, Bagot filed a shareholder derivative complaint in the Circuit Court for Davidson County, Nashville Division, Tennessee (the “Court”) on behalf of HCA and against the Individual Defendants styled Bagot v. Bracken, et al., Case No. 11C5133. On January 13, 2012, the Court entered an Agreed Order to stay the action pending a final determination on a motion to dismiss the consolidated complaint in a related federal securities class action pending in the United States District Court for the Middle District of Tennessee styled Schuh v. HCA Holdings, Inc., et al., Case No. 3:11-cv-1033 (the “Securities Class Action”). On May 28, 2013, the federal court issued an order in the Securities Class Action granting in part and denying in part the motion to dismiss.

Bagot took the position that this order automatically lifted the stay of his action and put the parties back in an active litigation posture. Accordingly, on June 19, 2013, Bagot served discovery in the form of Requests for Production of Documents, Interrogatories, and Requests for Admission. Defendants took the position that an affirmative order of the Court was required to lift the stay and objected to Bagot’s discovery requests on those grounds. At an August 1, 2013 case management conference, the Court tentatively ordered all discovery stayed pending the filing of an amended complaint and any responsive motions. By Order dated September 10, 2013, the Court set a briefing schedule for the filing of an amended complaint and Defendants’ motion to stay the action. Defendants were not required to respond to discovery until after the Court ruled on Defendants’ motion to stay. On September 10, 2013, Bagot filed his First Amended Shareholder Derivative Complaint.

On September 21, 2013, Steinberg filed a related shareholder derivative complaint in this Court styled Steinberg v. Bracken, et al., Case No. 13C3815. Pursuant to an Agreed Order
entered October 29, 2013, this Court consolidated the Steinberg action into the Bagot action and appointed Johnson & Weaver, LLP as Lead Counsel and Davies, Humphreys, Horton & Reese PLC as Liaison Counsel for Plaintiffs.

On December 4, 2013, Plaintiffs filed a Verified Consolidated Shareholder Derivative Complaint (“Consolidated Complaint”). On December 20, 2013, Defendants filed a Motion to Stay, which Plaintiffs opposed. Defendants’ Motion to Stay was fully briefed as of January 22, 2014, after which time Plaintiffs continued their factual investigation in support of the Action while awaiting a ruling from the Court. On September 4, 2015, Plaintiffs filed a Motion to Set Hearing Date on Defendants’ Motion to Stay. That Motion was scheduled to be heard on November 20, 2015.

B. The Federal Derivative Action

A similar derivative action was filed in the United States District Court for the Middle District of Tennessee styled Sutton v. Bracken, et al., Case No. 3:11-cv-1163 (filed December 8, 2011) (the “Federal Derivative Action”). By order dated September 17, 2012, the federal court granted the parties’ joint motion for stay until the resolution of the motion to dismiss in the Securities Class Action. The stay in the Federal Derivative Action was never lifted, and neither discovery nor any other litigation efforts took place.

C. Settlement Efforts

On December 9, 2014, Plaintiffs sent Defendants a 15-page settlement demand (1) itemizing how HCA had been damaged but conceding that without discovery Plaintiffs could not make a specific monetary demand; (2) requesting all applicable insurance policies; and (3) setting forth specific corporate governance reforms specifically tailored to the allegations in the Consolidated Complaint. Between December 9, 2014 and April 13, 2015, the parties exchanged numerous letters concerning Plaintiffs’ settlement demands and Defendants’ responses.

Following on Plaintiffs’ settlement demands, on Sunday, October 4, 2015, the Settling Parties participated in an in-person mediation session with The Hon. Layn R. Phillips (Ret.)
(“Mediator”) in San Diego, California. The Mediator was also attempting to mediate a resolution among the parties to the Securities Class Action during the same mediation. The parties conferred at length regarding, *inter alia*, a monetary payment to compensate HCA for damages suffered and a proposed set of corporate governance reforms that would be in the best interests of the Company and could serve as the basis for settlement. Despite good faith, arm’s-length negotiations with the assistance and involvement of the Mediator, the Settling Parties were unable to reach an agreement to resolve the Action or the Securities Class Action at that mediation. The Settling Parties and the parties in the Securities Class Action continued arm’s-length discussions after the mediation, facilitated in large part by the Mediator, but were unable to reach an agreement.

On Saturday, October 31, 2015, the Settling Parties scheduled another all-day, in-person mediation session with the Mediator, this time in New York City, New York. In advance of the second mediation, Defendants and Plaintiffs exchanged additional correspondence outlining proposed frameworks for settlement. As with the prior mediation, the Mediator was also attempting to mediate a resolution between the parties to the Securities Class Action. Once it became clear that the Company would be asked to contribute money to a settlement of the Securities Class Action above the available insurance limits, Plaintiffs insisted upon and obtained agreement from Defendants that the Company would not pay any amount to settle the Securities Class Action unless the terms of any settlement of the Securities Class Action shall have been approved by the Board of HCA as in the best interests of HCA, and that such Board approval would be conditioned on the affirmative vote of a majority of the independent directors of HCA, after having consulted with outside counsel (other than Defendants’ Counsel). Plaintiffs also requested any settlement of the Action include a significant monetary payment to the Company to compensate HCA for alleged damages caused to it as a result of the alleged breaches of fiduciary duty and to offset a portion of the settlement of the Securities Class Action funded by the Company.
After extensive, arm’s-length negotiations with the assistance and involvement of the Mediator, the Settling Parties made significant further progress. The parties in the Securities Class Action reached an agreement-in-principle to create a settlement fund of $215 million for the benefit of the class. The plaintiffs in the Securities Class Action did not obtain any corporate governance reforms for the benefit of HCA. While the Settling Parties in this Action accomplished a great deal by way of corporate governance reforms, they were unable to resolve the few remaining disagreements by the conclusion of the mediation on that Saturday.

The Settling Parties resumed their dialogue the following day, Sunday, November 1, 2015, in the hope that they could reach a global resolution of both the Securities Class Action and the Action. On Monday, November 2, 2015, the Settling Parties mutually agreed to reengage the Mediator to facilitate further discussions. Given his extensive involvement in the matter, the Mediator made a confidential mediator’s proposal that, in his opinion, reflected an appropriate compromise between the parties’ respective positions, and balanced the relative strength of Plaintiffs’ allegations, the inherent risks of complex litigation, and the potential benefits to the Company of a settlement. So that Defendants could obtain global relief if the Settling Parties accepted, the Mediator also reached out to Federal Plaintiffs’ Counsel in the Federal Derivative Action, discussed the settlement discussions, and included them in the confidential mediator’s proposal. On Tuesday, November 3, 2015, after careful consideration and further discussions among the Settling Parties, the Settling Parties and Federal Plaintiffs’ Counsel accepted the mediator’s proposal and thus reached an agreement-in-principle to settle the Action on the terms set forth in this Settlement.

II. PLAINTIFFS’ CLAIMS AND THE BENEFITS OF SETTLEMENT

Plaintiffs believe that the Action has substantial merit, and Plaintiffs’ entry into this Stipulation is not intended to be and shall not be construed as an admission or concession concerning the relative strength or merit of the claims alleged in the Action. However, Plaintiffs and Plaintiffs’ Counsel recognize and acknowledge the significant risk, expense, and length of continued proceedings necessary to prosecute the Action against the Individual Defendants
through trial and through possible appeals. Plaintiffs’ Counsel also have taken into account, *inter alia*, the Company’s current financial position and the uncertain outcome and the risk of any litigation, especially in complex cases such as the Action, as well as the difficulties and delays inherent in such litigation. Plaintiffs’ Counsel are also mindful of the inherent problems of establishing demand futility at trial, and the possible defenses to the claims alleged in the Action.

Plaintiffs’ Counsel has conducted extensive investigation, including, *inter alia*: (i) reviewing HCA’s press releases, public statements, SEC filings, and securities analysts’ reports and advisories about the Company; (ii) reviewing media reports about the Company; (iii) researching the applicable law with respect to the claims alleged in the Action and the potential defenses thereto; (iv) preparing and filing derivative complaints, including the First Amended Shareholder Derivative Complaint and the Consolidated Complaint; (v) reviewing and analyzing relevant pleadings in the Securities Class Action – including the operative complaint, the federal court’s order granting in part and denying in part defendants' motion to dismiss, and the motion for summary judgment briefing—and evaluating the merits of, and Defendants' liability in connection with, the Securities Class Action and this Action; (vi) reviewing and analyzing deposition transcripts from more than 40 depositions taken in the Securities Class Action, as well as millions of pages of internal HCA documents produced in the Securities Class Action; (vii) reviewing HCA’s existing corporate governance policies and submitting multiple settlement demand corporate governance term sheets reflecting proposed reforms to improve the Company; (viii) participating in extensive settlement discussions including two separate mediations in San Diego, California and New York, New York; and (ix) negotiating this Settlement with Defendants.

Based on Plaintiffs’ Counsel’s thorough review and analysis of the relevant facts, allegations, defenses, and controlling legal principles, Plaintiffs and Plaintiffs’ Counsel believe that the Settlement set forth in this Stipulation is fair, reasonable, and adequate, and confers substantial benefits upon HCA and its shareholders. Based upon Plaintiffs’ Counsel's evaluation,
Plaintiffs have determined that the Settlement is in the best interests of HCA and its shareholders and have agreed to settle the Action upon the terms and subject to the conditions set forth herein.

III. DEFENDANTS’ DENIALS OF WRONGDOING AND LIABILITY

The Individual Defendants have denied and continue to deny that they have committed, threatened, or attempted to commit, any violations of law, or breached any duty owed to Plaintiffs, HCA, or its shareholders. Without admitting the validity of any allegations made in the Action, or any liability with respect thereto, the Individual Defendants have concluded that it is desirable that the claims against them be settled on the terms reflected in this Stipulation. The Individual Defendants and HCA are entering into this Settlement because it will eliminate the uncertainty, distraction, disruption, burden, risk, and expense of further litigation. Further, the Individual Defendants and HCA acknowledge that the Settlement confers substantial benefits on HCA and is fair, reasonable, adequate, and in the best interests of HCA and its shareholders.

Neither this Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor any document or exhibit referred or attached to this Stipulation, nor any action taken to carry out this Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the Released Claims or an admission by or against the Individual Defendants of any fault, wrongdoing, or concession of liability.

IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the undersigned counsel for the Settling Parties herein, in consideration of the benefits flowing to the parties from the Settlement, and subject to the approval of the Court pursuant to Tenn. R. Civ. P. 23.06, that the claims asserted in the Action shall be finally and fully compromised, settled, and released, and the Action shall be dismissed with prejudice, upon and subject to the terms and conditions of the Stipulation, as set forth below.

1. Definitions

As used in the Stipulation, the following terms have the meanings specified below:
1.1. “Action” means, the consolidated shareholder derivative actions, filed in the Court, styled Bagot v. Bracken, et al., Case No. 11C5133 (filed Dec. 20, 2011).

1.2. “Court” means the Eighth Circuit Court for Davidson County, Nashville Division, Tennessee.

1.3. “Current HCA Shareholders” means any Person who owned HCA common stock as of the date of the execution of the Stipulation and who continues to hold such HCA common stock as of the date of the Settlement Hearing, excluding the Individual Defendants, the officers and directors of HCA, members of their immediate families, and their legal representatives, heirs, successors, or assigns, and any entity in which the Individual Defendants have or had a controlling interest.

1.4. “Defendants” mean, collectively, nominal defendant HCA and the Individual Defendants.

1.5. “Defendants’ Counsel” means Latham & Watkins LLP and Riley Warnock & Jacobson, PLC.

1.6. “Effective Date” means the date by which the events and conditions specified in paragraph 6.1 of the Stipulation have been met and have occurred.

1.7. “Fee and Expense Amount” is the amount recommended by the Mediator and accepted by the Settling Parties, and shall constitute final and complete payment for Plaintiffs’ attorneys' fees and for the reimbursement of expenses that have been incurred or will be incurred in connection with the Action.


1.10. “Federal Plaintiffs' Counsel” means Vianale & Vianale LLP, and Harwood Feffer LLP.
1.11. “Final” means the date upon which the last of the following shall occur with respect to the Judgment approving the Stipulation, substantially in the form of Exhibit D attached hereto: (1) the expiration of the time to file a notice of appeal from the Judgment; or (2) if an appeal has been filed, the court of appeals has either affirmed the Judgment or dismissed that appeal and the time for any reconsideration or further appellate review has passed; or (3) if a higher court has granted further appellate review, that court has either affirmed the underlying Judgment or affirmed the court of appeal’s decision affirming the Judgment or dismissing the appeal. For purposes of this paragraph, an “appeal” shall not include any appeal challenging the award of attorneys’ fees and expenses or the payment of incentive awards. Any proceeding or order, or any appeal or complaint for a writ of certiorari pertaining solely to the application for attorneys’ fees, costs, or expenses shall not in any way delay or preclude the Judgment from becoming Final.

1.12. “HCA” or the “Company” means nominal defendant HCA Holdings, Inc., a Delaware corporation, and its affiliates, subsidiaries, predecessors, successors, and assigns.


1.14. “Judgment” means the Order and Final Judgment to be rendered by the Court, substantially in the form attached hereto as Exhibit D.

1.15. “Notice” means the Notice of Pendency and Proposed Settlement of Shareholder Derivative Action, substantially in the form attached hereto as Exhibit C.

1.16. “Person” means an individual, corporation, limited liability corporation, professional corporation, partnership, limited partnership, limited liability partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government, or any political subdivision or agency thereof and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.
1.17. “Plaintiffs” mean Drew Bagot (“Bagot”) and Chaile Steinberg (“Steinberg”).

1.18. “Plaintiffs’ Counsel” means Johnson & Weaver, LLP, Robbins Arroyo LLP, Morgan & Morgan, P.C., and Davies, Humphreys, Horton & Reese PLC.

1.19. “Related Persons” means each of the Defendants and their past or present agents, officers, directors, attorneys, accountants, auditors, advisors, insurers, co-insurers, re-insurers, spouses, immediate family members, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns or other individual or entity in which any Defendant has a controlling interest, and each and all of their respective past and present officers, directors, employees, agents, affiliates, parents, subsidiaries, divisions, attorneys, accountants, auditors, advisors, insurers, co-insurers, re-insurers, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns.

1.20. “Released Claims” shall collectively mean, to the fullest extent allowed by law, any and all claims, rights, causes of action, and potential or actual liabilities of every nature and description, whether known or unknown, whether arising under federal, state, local, statutory, foreign, or common law or any other law, rule, or regulation, including Unknown Claims (as defined in ¶1.27 below), for compensatory damages, punitive damages, restitution, disgorgement or any other legal or equitable relief that could be sought under any legal theory, (a) that have been asserted by Plaintiffs derivatively on behalf of HCA against the Released Persons in the complaints filed in the Action, or (b) that Plaintiffs, HCA, or any Current HCA Shareholder has or could have asserted in any forum that arise out of, relate to or are based upon the allegations, transactions, facts, matters or occurrences, representations, misrepresentations, or omissions involved, set forth, or referred to in any of the complaints filed in this Action, including without limitation allegations relating to transactions in HCA securities, the Individual Defendants’ performance of their duties as officers and/or directors of HCA, or any other action taken or alleged to have been taken by the Individual Defendants as identified in the complaints in the Action, except for claims relating to the enforcement of the Settlement. Excluded from the term
“Released Claims” are all claims alleged in the Securities Class Action (which are being resolved in the settlement of the Securities Class Action).

1.21. “Released Persons” means, collectively, each of the Individual Defendants and each and all of their Related Parties. “Released Person” means, individually, any of the Released Persons.

1.22. “Releasing Parties” means HCA, Plaintiffs (both individually and derivatively on behalf of HCA), any other HCA shareholder on behalf of HCA, and Plaintiffs’ Counsel. “Releasing Party” means, individually, any of the Releasing Parties.

1.23. “Securities Class Action” means the securities fraud class action pending in the United States District Court for the Middle District of Tennessee styled Schuh v. HCA Holdings, Inc., et al., Case No. 3-11-cv-1033.

1.24. “Settlement” means the settlement and compromise of the Action as provided for herein.

1.25. “Settlement Hearing” means the hearing or hearings at which the Court will review the adequacy, fairness, and reasonableness of the Settlement.

1.26. “Settling Parties” means, collectively, each and all of the Plaintiffs (on behalf of themselves and derivatively on behalf of HCA), and Defendants. “Settling Party” means, individually, any of the Settling Parties.

1.27. “Unknown Claims” means any Released Claim(s) which Plaintiffs or Defendants do not know of or suspect to exist in his, her, or its favor at the time of the release of the Released Persons. With respect to any and all Released Claims, the Settling Parties agree that upon the Effective Date, the Settling Parties expressly waive the provisions, rights and benefits conferred by or under California Civil Code section 1542, or any other law of the United States or any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to section 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER
FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Settling Parties acknowledge that they may hereafter discover facts in addition to or different from those now known or believed to be true by them, with respect to the subject matter of the Released Claims, but it is the intention of the Settling Parties to completely, fully, finally, and forever compromise, settle, release, discharge, and extinguish any and all Released Claims, known or unknown, suspect or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which do now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. The Settling Parties acknowledge that the foregoing waiver was separately bargained for and is a key element of the Stipulation of which this release is a part.

2. Terms of the Settlement

2.1 Settlement of the Securities Class Action. HCA maintains directors and officers liability insurance (“D&O Insurance”) for the benefit of directors and officers of the Company as indemnification for losses or advancement of defense costs in the event an insured suffers such a loss as a result of a legal action brought for alleged wrongful acts in their capacity as directors and officers. As a material term of this Settlement, Defendants have agreed to use D&O Insurance proceeds as the primary source to fund the settlement of the Securities Class Action and that to the extent any proposed settlement of the Securities Class Action involves expenditure of HCA funds, approval of such settlement by the Board of HCA shall require, in addition to any vote required by law, the affirmative vote of a majority of the independent directors of HCA then-in-office. Prior to any vote to approve a proposed settlement that includes a payment by HCA, the Board of HCA will consult with separate counsel (other than Defendants’ Counsel). HCA and the Individual Defendants acknowledge that Plaintiffs’ efforts in the prosecution and settlement of the Action were the sole factors in the decision to agree to these approval procedures and conditions.
2.2 **Monetary Component.** The Individual Defendants agree to cause their D&O Insurance carriers to pay $19 million to HCA within five (5) business days of the approval of the settlement of the Securities Class Action by the United States District Court for the Middle District of Tennessee. The Company faced potential exposure in excess of $1 billion in the Securities Class Action and ultimately agreed to settle the Securities Class Action for $215 million, a portion of which will be paid by the Company’s D&O Insurance and a portion of which may be paid by the Company after approval in accordance with §2.1 above. Certain of HCA’s insurance carriers refused to participate in a settlement of the Securities Class Action, asserting coverage defenses to the claims asserted in that action. However, those insurance carriers acknowledged that certain of their coverage defenses would not apply to a settlement of the Action, and therefore agreed to fund a settlement of the Action where otherwise such funds would not be available for the Securities Class Action. As a direct result of Plaintiffs’ efforts in the prosecution and settlement of the Action, Plaintiffs caused certain insurance carriers to agree to pay to the Company $19 million, which funds will be used to offset a portion of any payment made by HCA in connection with the Securities Class Action settlement. This money would not have been obtained for the Company but for Plaintiffs’ efforts in the Action and those efforts were a material factor in the Company’s ability to extinguish a potential $1 billion exposure.

2.3 **Corporate Governance Improvements.** As a result of the filing, prosecution, and settlement of the Action, HCA shall, within six (6) months after Court approval of the Settlement, formally express and/or implement and maintain in substance the corporate governance reforms, additions, amendments, or formalizations identified in Exhibit A attached hereto. The corporate governance improvements, additions, amendments, or formalizations in Exhibit A (the “Improvements”) shall be maintained for a period of no less than five (5) years. HCA and the Individual Defendants acknowledge and agree that the Improvements confer a benefit upon HCA and its shareholders. HCA and the Individual Defendants also acknowledge and agree that Plaintiffs’ efforts in the prosecution and settlement of the Action were a material factor in the Company’s decision to adopt and/or implement the Improvements. HCA and the
Individual Defendants further acknowledge and agree that HCA implemented the corporate governance reforms, additions, amendments, or formalizations identified in Exhibit A-1 after the filing of the Action but before entering into this Settlement and will not dispute Plaintiffs’ contention that their efforts in the prosecution of the Action were a material factor in the Company’s decision to adopt and/or implement the improvements identified in Exhibit A-1.

3. Approval and Notice

3.1 Promptly after execution of the Stipulation, Plaintiffs shall submit the Stipulation together with its exhibits to the Court and shall apply for entry of an order (the “Preliminary Approval Order”), substantially in the form of Exhibit B attached hereto, requesting: (i) preliminary approval of the Settlement set forth in the Stipulation; (ii) approval of the form and manner of providing notice of the Settlement to Current HCA Shareholders; and (iii) a date for the Settlement Hearing.

3.2 Notice to Current HCA Shareholders shall consist of a Notice of Pendency and Proposed Settlement of Shareholder Derivative Action, which includes the general terms of the Settlement set forth in the Stipulation and the date of the Settlement Hearing, substantially in the form attached hereto as Exhibit C.

3.3 HCA shall undertake the administrative responsibility for giving notice to Current HCA Shareholders and shall be responsible for paying the costs and expenses related to providing such notice to its shareholders. Within ten (10) calendar days after the entry of the Preliminary Approval Order, HCA shall post a copy of the Notice and Stipulation on the Company website, shall file a Form 8-K with the SEC that includes the Notice, and shall refer shareholders to the websites of HCA and Johnson & Weaver, LLP, to view the detailed Notice and Stipulation. If additional notice is required by the Court, then the cost and administration of such additional notice will be borne by HCA. The Settling Parties believe the content and manner of the Notice, as set forth in this paragraph, constitutes adequate and reasonable notice to Current HCA Shareholders pursuant to applicable law and due process.
3.4 Within ten (10) calendar days after entry of the Preliminary Approval Order, Johnson & Weaver, LLP shall post copies of the Notice and Stipulation on its website. Prior to the Settlement Hearing, Johnson & Weaver, LLP shall file with the Court an appropriate affidavit or declaration with respect to posting copies of the Notice and Stipulation on its website.

3.5 Pending the Court’s determination as to final approval of the Settlement, Plaintiffs are barred and enjoined from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action asserting any Released Claim against any of the Released Persons.

4. Attorneys’ Fees and Reimbursement of Expenses

4.1 In recognition of the substantial benefits conferred upon HCA as a direct result of the prosecution and Settlement of the Action (including the $19 million insurance contribution attributed to the Action and the Improvements, both for the benefit of HCA), the Company will pay Plaintiffs’ Counsel an attorneys’ Fee and Expense Amount in the agreed-to amount of $5,500,000 for the benefit of Plaintiffs' Counsel and Federal Plaintiffs’ Counsel.

4.2 The Fee and Expense Amount shall be paid to Johnson & Weaver, LLP, as the receiving agent for Plaintiffs’ Counsel and Federal Plaintiffs' Counsel within five (5) business days of the latter of (1) approval of the settlement of the Securities Class Action by the United States District Court for the Middle District of Tennessee and (2) receipt by HCA of $19 million from the insurance carriers, and shall be immediately releasable upon the entry of the Judgment.

4.3 The Settling Parties further stipulate that Plaintiffs’ Counsel may apply to the Court for an incentive award of up to $2,000 for each of the Plaintiffs, to be paid upon Court approval, in recognition of Plaintiffs’ participation and effort in the prosecution of the Action (the “Incentive Award”). The Incentive Award, if approved by the Court, shall be paid to Plaintiffs from the Fee and Expense Amount. Defendants shall not be liable for any portion of any Incentive Award.

5. Releases
5.1 Upon the Effective Date, the Releasing Parties shall be deemed to have fully, finally, and forever released, relinquished, and discharged the Released Claims (including Unknown Claims) against the Released Persons and any and all claims arising out of, relating to, or in connection with the defense, settlement, or resolution of the Action against the Released Persons. Nothing herein shall in any way impair or restrict the rights of any Settling Party to enforce the terms of the Stipulation.

5.2 Upon the Effective Date, each of the Defendants shall be deemed to have fully, finally, and forever released, relinquished, and discharged Plaintiffs and Plaintiffs’ Counsel from all claims (including Unknown Claims), arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Action or the Released Claims. Nothing herein shall in any way impair or restrict the rights of any Settling Party to enforce the terms of the Stipulation.

6. Conditions of Settlement; Effect of Disapproval, Cancellation, or Termination

6.1 The Effective Date of this Stipulation shall be conditioned on the occurrence of all of the following events:

a. approval of the Settlement and approval of the method or providing Notice of Pendency and Proposed Settlement of Shareholder Derivative Action to Current HCA Shareholders by the Court, following notice to HCA shareholders, as set forth in paragraph 3.3;

b. receipt by HCA of $19 million from the Individual Defendants’ D&O Insurance carriers;

c. completion of confirmatory discovery by Plaintiffs’ Counsel and confirmation by Plaintiffs’ Counsel no later than January 31, 2016, that the Settlement is fair, reasonable, adequate, and in the best interests of HCA and its shareholders.;

d. entry of the Judgment, in all material respects in the form set forth as Exhibit D annexed hereto, approving the Settlement without awarding costs to any party, except as provided herein;
e. the payment of the Fee and Expense Amount in accordance with paragraphs 4.1-4.3; and

f. the passing of the date upon which the Judgment becomes Final.

6.2 If any of the conditions specified above in paragraph 6.1 are not met, then the Stipulation shall be canceled and terminated subject to paragraph 6.3, unless counsel for the Settling Parties mutually agree in writing to proceed with the Stipulation.

6.3 If for any reason the Effective Date of the Stipulation does not occur, or if the Stipulation is in any way canceled, terminated, or fails to become Final in accordance with its terms: (a) all Settling Parties and Released Persons shall be restored to their respective positions in the Action as of November 2, 2015; (b) all releases delivered in connection with the Stipulation shall be null and void, except as otherwise provided for in the Stipulation; (c) the Fee and Expense Amount paid to Plaintiffs’ Counsel for the benefits of Plaintiffs’ Counsel and Federal Plaintiffs' Counsel shall be refunded and returned within fifteen (15) business days; and (d) all negotiations, proceedings, documents prepared, and statements made in connection herewith shall be without prejudice to the Settling Parties, shall not be deemed or construed to be an admission by a Settling Party of any act, matter, or proposition, and shall not be used in any manner for any purpose in any subsequent proceeding in any other action or proceeding. In such event, the terms and provisions of the Stipulation shall have no further force and effect with respect to the Settling Parties and shall not be used in the Action or in any other proceeding for any purpose.

7. Bankruptcy

7.1 In the event any proceedings by or on behalf of HCA, whether voluntary or involuntary, are initiated under any chapter of the United States Bankruptcy Code, including any act of receivership, asset seizure, or similar federal or state law action (“Bankruptcy Proceedings”), the Settling Parties agree to use their reasonable best efforts to obtain all necessary orders, consents, releases, and approvals for effectuation of the Stipulation and Court approval of the Settlement in a timely and expeditious manner. By way of example only, the
Settling Parties agree to cooperate in making applications and motions to the bankruptcy court for relief from any stay, approval of the Settlement, authority to release funds, authority for the Individual Defendants’ insurer(s) to disburse insurance proceeds consistent with the Stipulation, authority to release claims and indemnify officers and directors, and authority for the Court to enter all necessary orders and judgments, and any other actions reasonably necessary to effectuate the terms of the Settlement.

7.2 If any Bankruptcy Proceedings by or on behalf of HCA are initiated prior to the payment of the Fee and Expense Amount, the Settling Parties shall agree to seek an order from the bankruptcy court presiding over such Bankruptcy Proceedings: (i) either lifting the automatic stay for the limited purpose of authorizing such payment, or finding that the payment of the Fee and Expense Amount by Defendants and/or their insurers under their respective policies or related compromise of coverage does not violate the automatic stay; and (ii) finding that the payment of the Fee and Expense Amount by Defendants and/or their insurers under their respective policies or related compromise of coverage does not constitute a preference, voidable transfer, fraudulent transfer, or similar transaction. In addition, in the event of any Bankruptcy Proceedings by or on behalf of HCA, the Settling Parties agree that all dates and deadlines in the Action, if any, or any dates and deadlines associated with the appeal of the Action, if any, will be extended for such periods of time as are necessary to obtain necessary orders, consents, releases, and approvals from the bankruptcy court to carry out the terms and conditions of the Settlement.


8.1 The Settling Parties: (a) acknowledge that it is their intent to consummate this Stipulation; and (b) agree to act in good faith and cooperate to take all reasonable and necessary steps to expeditiously implement the terms and conditions of the Stipulation.

8.2 In the event that any part of the Settlement is found to be unlawful, void, unconscionable, or against public policy by a court of competent jurisdiction, the remaining terms and conditions of the Settlement shall remain intact.
8.3 The Settling Parties intend this Settlement to be a final and complete resolution of all disputes between them with respect to the Action. The Settlement comprises claims that are contested and shall not be deemed an admission by any Settling Party as to the merits of any claim, allegation, or defense. The Settling Parties and their respective counsel agree that at all times during the course of the litigation, each has complied with the requirements of the applicable laws and rules of the Court.

8.4 The Settling Parties agree that if any disputes arise related to the implementation and enforcement of the terms of the Stipulation, said disputes are to be resolved by the Mediator first by way of mediation, and if mediation is unsuccessful then by way of binding non-appealable arbitration. If for any reason the Mediator is unavailable or has a conflict, the Settling Parties shall agree on a substitute neutral so that this clause may be enforced without returning to Court. If the Settling Parties cannot agree upon a substitute neutral they will jointly petition the Mediator to select a neutral for them to enforce this clause.

8.5 The Stipulation may be modified or amended only by a writing signed by the signatories hereto.

8.6 The Stipulation shall be deemed drafted equally by all parties hereto.

8.7 No representations, warranties, or inducements have been made to any of the parties concerning the Stipulation or its exhibits other than the representations, warranties, and covenants contained and memorialized in such documents.

8.8 Each counsel or other Person executing the Stipulation or its exhibits on behalf of any of the Settling Parties hereby warrants that such Person has the full authority to do so.

8.9 The exhibits to this Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

8.10 This Stipulation and the exhibits attached hereto constitute the entire agreement among the Settling Parties with respect to the subject matter hereof and supersede all prior and contemporaneous oral and written agreements and discussions.
8.11 In the event that there exists a conflict or inconsistency between the terms of this Stipulation and the terms of any exhibit hereto, the terms of this Stipulation shall prevail.

8.12 The Stipulation may be executed in one or more counterparts, including by signature transmitted by facsimile or e-mailed PDF files. Each counterpart, when so executed, shall be deemed to be an original, and all such counterparts together shall constitute the same instrument.

8.13 The Stipulation shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the State of Tennessee, and the rights and obligations of the parties to the Stipulation shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of Tennessee without giving effect to that State's choice of law principles.

8.14 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of the Stipulation, and the Settling Parties and their counsel submit to the jurisdiction of the Court solely for purposes of implementing and enforcing the Settlement embodied in the Stipulation.

IN WITNESS WHEREOF, the Settling Parties have caused the Stipulation to be executed by their duly authorized attorneys.
Dated: 12/3/15

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Counsel for Defendants
EXHIBIT A
NEW CORPORATE GOVERNANCE IMPROVEMENTS

Plaintiffs proposed adoption of the following new corporate governance reforms (“Improvements”) to improve the process and procedures regarding the disclosure controls and board governance at HCA Holdings, Inc. (“HCA” or the “Company”) for the benefit of the Company and its shareholders. Plaintiffs designed the Improvements to strengthen the Board of Directors’ (the “Board”) oversight of HCA’s operations, compliance, enterprise risks, and disclosures.

I. Overview of the Improvements

The Improvements are designed to improve and enhance two fundamental areas: (1) the Board and its committees; and (2) shareholder access and involvement.

1. The Board and its committees

   • Independence of the Board: The Improvements require the Company to appoint an additional independent director. Additionally, the Improvements limit the number of other public company boards upon which an HCA director may sit and the number of committees for which an HCA director may sit as the chair.

   • Board Committees: The Improvements revise the Charters for both the Disclosure Committee and the Audit Committee to set a minimum number of meetings each year and to formalize procedures designed to ensure the Audit Committee has the requisite level of involvement with and oversight of the Disclosure Committee’s actions. In addition, the Improvements formalize and require a certain level of financial expertise among members of the Audit Committee.

2. Shareholder access and involvement

   • Shareholder Proposals: The Improvements amend the Nominating and Corporate Governance Committee Charter to provide for the review and consideration of shareholder proposals.

   • Public Access: The Improvements require HCA to publish all of its corporate governance policies, including ones that had not previously been made publicly available.

II. Board Level Improvements

A. Addition of an Independent Director
• **Size and Composition of the Board:** The Board currently consists of 11 members, 7 of whom meet the independence requirements (an “Independent Director”) of the applicable rules of the New York Stock Exchange (the “NYSE”). Within eighteen (18) months, HCA shall add an additional Board member that is an Independent Director.

• **Selection Process:** The Nominating and Corporate Governance Committee shall identify and nominate an appropriate candidate following the procedures outlined in HCA’s Nominating and Corporate Governance Committee Charter and the Corporate Governance Guidelines.

B. **Limited Director Engagements**

• HCA’s Corporate Governance Guidelines shall be amended to limit the number of other public company boards an HCA director may sit upon to five.

C. **Committee Chair Limit**

• HCA’s Corporate Governance Guidelines shall be amended to limit each director to serve as the chair of one of the HCA Board’s standing committees at any time.

D. **Amendments to the Disclosure Committee Charter**

• **Purpose:** The Disclosure Committee Charter currently states that the purpose of the Disclosure Committee is to assist the Company’s principal executive and financial officers (“Senior Officers”) in their review to enable their certifications of the Company’s annual and quarterly filings with the Securities and Exchange Commission (“SEC”), as required by the Act. The Disclosure Committee Charter shall be amended to recognize that one of the Disclosure Committee’s purposes is also to advise the Audit and Compliance Committee on matters related to the Disclosure Committee’s responsibilities.

• **Responsibilities:** The Disclosure Committee Charter currently states that the Disclosure Committee’s responsibilities are to assist the Senior Officers in fulfilling their responsibility for oversight of the accuracy and timeliness of the disclosures made by the Company in its periodic reports by being responsible for specific tasks, in each case subject to the supervision and oversight of the Senior Officers. The Disclosure Committee Charter shall be amended to state that the Disclosure Committee is also subject to the supervision and oversight of the Audit and Compliance Committee.
Other Responsibilities: In addition to having discussions with the Senior Officers, the Disclosure Committee Charter shall be amended to require the Disclosure Committee Chair to discuss with the Audit and Compliance Committee Chair all relevant information known to the Disclosure Committee with respect to the Disclosure Committee’s responsibilities. In addition, the Disclosure Committee from time to time may perform other duties reasonably requested of them by the Chair of the Audit and Compliance Committee.

Meetings and Procedures: The Disclosure Committee Charter shall be amended to require the Disclosure Committee to hold regular meetings prior to each annual and quarterly SEC filing. In addition, the Disclosure Committee Chair shall report to the Audit Committee Chair following each meeting.

E. Amendments to the Audit and Compliance Committee Charter

Membership: The Audit and Compliance Committee charter shall be amended to require at least one member of the Audit and Compliance Committee who is an “audit committee financial expert” as defined by the rules and regulations of the Securities and Exchange Commission (the “SEC Rules”). In addition, the Board will use its best efforts to maintain two “audit committee financial experts” as members of the Audit and Compliance Committee.

Meetings and Procedures: The Audit and Compliance Committee charter will be amended to require the Audit and Compliance Committee to meet no fewer than six times annually, including prior to each annual and quarterly SEC filing.

Duties and Responsibilities: The Audit and Compliance Committee Charter shall be amended to make clear that its duties also include supervision and oversight of the Disclosure Committee. In addition, the Audit and Compliance Committee Chair shall discuss with the Disclosure Committee Chair all relevant information known to the Disclosure Committee with respect to the Disclosure Committee’s responsibilities. Finally, the Audit and Compliance Committee Chair shall meet with the Disclosure Committee Chair following each meeting of the Disclosure Committee.

III. Improvements for the Benefit of Shareholders

A. Shareholder Proposals
• **Purpose:** The Nominating and Corporate Governance Committee Charter shall be amended to state that one of the Committee’s purposes is to evaluate all properly submitted shareholder proposals.

• **Powers and Duties:** The Nominating and Corporate Governance Committee Charter shall be amended to broaden its powers and duties to include a process to determine whether each properly submitted shareholder proposal is in the Company's best interests and, if so, to recommend to the Board whether to support or oppose each shareholder proposal. The Committee shall provide the reasons for its recommendation.

B. **Publication of Corporate Governance Policies**

• HCA does not currently publish its Insider Trading Policy or its Disclosure Committee Charter. It is Plaintiffs’ intention to increase transparency with regard to all of the Company’s corporate governance policies, guidelines, and committee charters. As soon as reasonably practicable after Court approval of the Settlement, the Company shall make available on its website the Company’s material corporate governance policies, guidelines, and committee charters including its Insider Trading Policy and its Disclosure Committee Charter. These documents shall remain accessible on the Company’s website for public access and review, including the changes outlined herein, for a period of not less than 5 years, and, subject to Board review and determination, may continue to be accessed in that or similar format thereafter.

IV. **Duration of the Improvements**

The following Improvements shall be implemented within six (6) months of final approval of the Settlement of the Action, with the exception of the appointment of an Independent Director which shall occur within eighteen (18) months and shall remain in place for a minimum of five (5) years thereafter.
EXHIBIT A-1
PREVIOUSLY IMPLEMENTED CORPORATE GOVERNANCE REFORMS

Following the initiation and prosecution of Plaintiffs’ Action, the Board of Directors (the “Board”) caused HCA Holdings, Inc. (“HCA” or the “Company”) to implement certain corporate governance reforms (“Implemented Reforms”) to improve the process and procedures regarding disclosure controls and board governance at HCA. These Implemented Reforms materially enhanced the functioning of the Company, and Plaintiffs’ initiation and prosecution of the Action was a material contributing factor in the Company’s decision to enact the Implemented Reforms.

I. Creation of Patient Safety and Quality of Care Committee and Charter

Following the initiation and prosecution of Plaintiffs’ Action, HCA created the Board-level Patient Safety and Quality of Care Committee, and approved the Patient Safety and Quality of Care Committee Charter on January 31, 2014. The Charter states as follows:

Purpose

The purpose of the Patient Safety and Quality of Care Committee (the “Committee”) of the Board of Directors (the “Board”) of HCA Holdings, Inc. (the “Company”) is to assist the Board of Directors in fulfilling its oversight responsibilities relating to the review of the Company’s policies and procedures relating to the delivery of quality medical care to patients. The Committee shall maintain communication between the Board and the senior officer (the “Chief Medical Officer”) with management responsibility for the Clinical Services Group (CSG). The Committee shall review matters concerning or relating to the quality of medical care delivered to patients, efforts to advance the quality of health care provided and patient safety. The Committee shall make regular reports to the Board and shall review and assess the adequacy of this Charter periodically and recommend any proposed changes to the Board.

Powers and Duties

The powers and duties of the Committee are as follows:

1. Review the annual plans for the Quality, Safety, Risk, and Clinical Services Improvement Strategies.

2. Review the policies and procedures developed by the Chief Medical Officer, the Clinical Services Group, and other Company departments to promote quality patient care and patient safety.

3. To the extent it may deem necessary or appropriate, retain, or approve the recommendation of the Chief Medical Officer or the Clinical Services Group for the retention of, consultants or other advisors from time to time concerning quality of patient care and patient safety matters.

4. Review, in conjunction with the relevant Company departments and the Chief Medical Officer, the development of internal systems and controls
to carry out the Company’s standards, policies and procedures relating to quality of patient care and patient safety, including, without limitation, controls designed to facilitate communication across the organization regarding patient care and safety improvement opportunities and activities and the evaluation thereof.

5. Review, as appropriate, information relating to Company quality, clinical risk, patient safety and performance improvement.

6. Take such other actions and perform such services as may be referred to it from time to time by the Board, including the conduct of special reviews as it may deem necessary or appropriate to fulfill its responsibilities.

Meetings

The Committee shall meet at least two times annually and more frequently as necessary or appropriate. Special meetings of the Committee may be called on two hours notice by the Chairman of the Board or the Committee Chairman. The Committee shall maintain minutes of all meetings documenting its activities and recommendations to the Board.

At all duly called meetings of the Committee, a majority of the total number of Committee members shall constitute a quorum for the transaction of business. If a quorum shall not be present at any meeting of the Committee, the Committee members present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. No action may be taken by the Committee without the consent of a majority of the Committee members.

Composition of the Committee

The Committee shall be comprised of not less than three Board members. Each member of the Committee shall be appointed by and serve at the pleasure of the Board. The members of the Committee may be removed, with or without cause, by a majority vote of the Board.

II. Creation of Compensation Committee “162(m) Subcommittee” and Charter

Following the initiation and prosecution of Plaintiffs’ Action, HCA created the Board-level 162(m) Subcommittee of the Compensation Committee, and approved the 162(m) Subcommittee Charter on February 21, 2013. The Charter states as follows:

Purpose

The purpose of the 162(m) Subcommittee (the “Subcommittee”) of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of HCA Holdings, Inc. (the “Company”) is to review and approve (i) awards under equity compensation plans of the Company for purposes of compliance with Section 16 of the Securities Exchange Act of 1934, as amended
(“Section 16”) and (ii) performance-based compensation to ensure compliance as and when required with Section 162(m) of the Internal Revenue Code of 1986, as amended (“Section 162(m)”).

**Composition of the Subcommittee**

The Subcommittee consists of at least two members of the Committee, each of whom, in addition to meeting the independence requirements set forth in the Committee Charter, shall be an “outside director” as defined in the regulations promulgated under Section 162(m) and a “non-employee director” for purposes of Section 16 and the rules thereunder. The members of the Subcommittee serve until their successors are appointed and qualify. The Board and the Committee have the power at any time to change the membership of the Subcommittee and to fill vacancies in it, subject to such new member(s) satisfying the requirements described herein.

**Powers and Duties**

The Subcommittee shall have the following specific authority and responsibilities (in addition to any others that the Board or the Committee may from time to time delegate to the Subcommittee):

1. The Subcommittee shall establish performance goals with respect to performance-based or incentive compensation plans and individual awards for executive officers and certify that such performance goals and any other material terms have been obtained to the extent such plans and awards are subject to the requirements of Section 162(m).

2. The Subcommittee shall review and approve individual awards with respect to performance-based compensation for executive officers under the Company’s incentive compensation plans.

3. The Subcommittee shall review and approve individual equity awards for executive officers pursuant to the Company’s equity compensation plans.

4. The Subcommittee shall have the authority to retain and terminate any compensation consultant and shall have authority to approve the consultant’s fees and other retention terms.

5. The Subcommittee shall have the authority, without having to seek Board approval, to obtain, at the expense of the Company, advice and assistance from internal and external legal, accounting or other advisors it deems advisable.

6. The Subcommittee shall have the authority to conduct or authorize investigations into or studies of any matters within the Subcommittee’s scope of responsibilities.
Structure and Operations

The Board, the Committee or the Subcommittee shall designate one member of the Subcommittee to act as its Chairman. The Subcommittee shall hold meetings each year as often as the Subcommittee deems appropriate.

The Subcommittee may request that any directors, officers or other employees, or any other persons whose advice and counsel are sought by the Subcommittee, attend any meeting of the Subcommittee to provide such pertinent information as the Subcommittee requests. The Subcommittee may exclude from its meetings any persons it deems appropriate.

The Subcommittee shall maintain minutes or other records of its meetings and shall give regular reports to the Committee and the Board on these meetings and such other matters as required by this Charter or as the Board or the Committee shall from time to time specify.

Except as expressly provided in this Charter, the Company’s Amended and Restated Bylaws or the Company’s Corporate Governance Guidelines, or as required by law, regulation or NYSE listing standards, the Subcommittee shall set its own rules of procedure.

III. Changes to the Audit and Compliance Committee

Following the initiation and prosecution of Plaintiffs’ Action, HCA amended its Board-level Audit and Compliance Committee Charter on February 1, 2013, and again on January 29, 2015. The changes to the Charter are as follows:

A. Membership and Independence

- The independence standard for an Audit and Compliance Committee member was amended to preclude any member from accepting “directly or indirectly any consulting, advisory or other compensatory fee from the Company or any subsidiary thereof . . . .” Previously, no committee member was precluded from receiving remuneration from any of HCA’s dozens of subsidiary hospitals or treatment centers.

B. Meeting and Reporting Requirements

- The Audit and Compliance Committee Charter was amended to mandate that, “The Committee shall discuss, separately and periodically, with management, the senior internal audit executive officer and the independent auditor the Company’s contingent liabilities and major enterprise risk exposures and its policies with respect to risk assessment and risk management.” Previously, the committee was neither required to meet separately in executive sessions with the Company’s officers and auditors nor was it required to do so periodically.
C. Powers and Duties

- The Audit and Compliance Committee Charter was amended to require the committee to review and approve any Company decision to enter into “swaps” as defined under the Commodity Exchange Act: “The Committee shall review and approve the decision by the Company and its subsidiaries to enter into swaps, as defined in Section 1a(47) of the Commodity Exchange Act and applicable regulations and rules (“Swaps”). The Committee shall review and approve the decision by the Company and its subsidiaries to enter into Swaps that are exempt from the requirements of Sections 2(h)(1) and 2(h)(8) of the Commodity Exchange Act (“Exempt Swaps”), pursuant to Sections 2(h)(7) and 2(j) of the Commodity Exchange Act and applicable regulations and rules. The Committee shall set appropriate policies governing use of Swaps, Exempt Swaps, and the End-User Exemption by the Company and its subsidiaries. The Committee shall review and approve the decision to use Exempt Swaps, and the policies governing the use of Exempt Swaps, at least annually or more often upon a triggering event, including but not limited to a change in the Company’s hedging policy.”

- The Audit and Compliance Committee Charter was amended to require the committee to review and approve any material related party transactions: “The Committee shall review and approve material related party transactions, as defined in applicable NYSE and SEC rules. Prior to its approval of any such material related party transaction, the Committee shall discuss the proposed transaction with management and the independent auditor.”

- The Audit and Compliance Committee Charter was amended to require the committee to periodically review HCA’s data security programs: “The Committee shall periodically review the Company’s data security programs, including cyber security and procedures regarding disaster recovery and critical business continuity, and review the Company’s programs and plans that management has established to monitor compliance with data security compliance programs and test preparedness.”

IV. Changes to the Compensation Committee

Following the initiation and prosecution of Plaintiffs’ Action, HCA amended its Board-level Compensation Committee Charter on June 28, 2013, and again on January 29, 2015. The changes to the Charter are as follows:

A. Membership and Independence

- The Compensation Committee Charter was amended to require that the committee be comprised of not less than three Board members. Previously, the Charter allowed the Board to change the size of the committee “in accordance with any stockholders agreements.”
• The Compensation Committee Charter was amended to require that “the Committee shall be comprised solely of directors who are determined by the Board to be ‘independent’ in accordance with the rules of the NYSE, including the additional independence requirements specific to compensation committee membership set forth in Section 303A.02(a)(ii) of the NYSE Listed Company Manual.” Previously, the Charter stated that “the Board may elect not to comply with this independence requirement.”

• The Compensation Committee Charter was amended to require that “the Committee shall be comprised solely of directors who qualify as ‘non-employee’ directors as defined in Rule 16-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and ‘outside’ directors as defined under Section 162(m) to the extent each is applicable.” Previously, the Charter only required “at least two members of the Committee” to qualify as “non-employee” and “outside” directors.

B. Powers and Duties

• The Compensation Committee Charter was amended to require the committee to review and approve the evaluation process and compensation structure for executive officers: “Review and approve the evaluation process and compensation structure for the Company’s other executive officers. The Committee shall oversee the performance evaluation process for the Company’s executive officers and approve the compensation for such executive officers.”

• The Compensation Committee Charter was amended to authorize the committee to retain advisers and to require the committee to be responsible for appointing, compensating, and overseeing any adviser retained by the Committee: “The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any adviser retained by the Committee, and shall have sole authority to approve the adviser’s fees and the other terms and conditions of the adviser’s retention. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any adviser retained by the Committee.”

V. Changes to the Nominating and Corporate Governance Committee

Following the initiation and prosecution of Plaintiffs’ Action, HCA amended its Board-level Nominating and Corporate Governance Charter on January 29, 2015. The changes to the Charter are as follows:

A. Reporting Requirement

• The Nominating and Corporate Governance Committee Charter was amended
to require the committee to “make regular reports to the Board of Directors.” Previously, no such reporting requirement to the full Board existed.

B. Powers and Duties

- The Nominating and Corporate Governance Committee Charter was amended to authorize the committee to retain a search firm to identify director candidates: “At its sole discretion and authority, retain or terminate any search firm used to identify director candidates. The Committee shall have sole authority to approve the search firm’s fees or other retention terms.”

VI. Changes to HCA’s Code of Conduct

Following the initiation and prosecution of Plaintiffs’ Action, HCA amended its Code of Conduct (“Code”) on March 1, 2012 and again on September 1, 2013. The changes to the Code are as follows:

A. Financial Reporting and Records

- The Code was revised to clarify and strengthen the Company’s financial reporting principles: “We have established and maintain a high standard of accuracy and completeness in documenting, maintaining, and reporting financial information. This information serves as a basis for managing our business and is important in meeting our obligations to patients, colleagues, shareholders, suppliers, and others. It is also necessary for compliance with tax and financial reporting requirements. We are required to maintain books and records of our activities consistent with applicable legal requirements, which in reasonable detail accurately and fairly reflect our transactions and dispositions of assets. HCA maintains a system of internal controls designed to provide reasonable assurance that all transactions are executed in accordance with management's authorization and are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Our consolidated financial statements are certified by our officers as fairly presenting in all material respects our financial condition, results of operations and cash flows in accordance with GAAP and Securities and Exchange Commission rules and regulations. Financial information used for general business purposes, including estimates, projections, or general financial reports, must be sufficiently reliable and complete to fairly and reasonably serve the purposes for which the information is compiled and presented. We diligently seek to comply with all applicable auditing, accounting and financial disclosure laws, including but not limited to the Securities Exchange Act of 1934 and the Sarbanes-Oxley Act of 2002 and certain requirements imposed by the New York Stock Exchange. Senior financial officers receive training and guidance regarding auditing, accounting and financial disclosure relevant to their job responsibilities. They are also provided the opportunity to discuss issues of concern with the Board of Directors’ Audit and Compliance Committee.
Anyone having concerns regarding questionable accounting or auditing matters should report such matters to the Board of Directors’ Audit and Compliance Committee by calling the HCA Ethics Line (1-800-455-1996).”

B. Whistleblower Reporting Requirements

- The Code was revised to require anyone aware of violations or suspected violations of truthful and factual representations and responses to survey agencies to report them immediately through the chain of command or to the facility’s Ethics and Compliance Officer.
EXHIBIT B
ORDER PRELIMINARILY APPROVING SETTLEMENT AND PROVIDING FOR NOTICE

WHEREAS, a consolidated shareholder derivative action is pending before this Court styled Bagot v. Bracken, et al., Case No. 11C5133 (filed Dec. 20, 2011) (the “Action”);

WHEREAS, Plaintiffs, on behalf of all Settling Parties, have made an application for an order: (i) preliminarily approving the proposed settlement (the “Settlement”) of the Action in accordance with the Stipulation of Settlement dated December 21, 2015 (the “Stipulation”), which, together with the Exhibits annexed thereto, sets forth the terms and conditions for a proposed settlement of the Action and for dismissal of the Action with prejudice upon the terms and conditions set forth therein, (ii) approving for distribution of the Notice of Pendency of Proposed Settlement of Shareholder Derivative Action (the “Notice”), and (iii) setting a date for the Settlement Hearing;
WHEREAS, the Court has read and considered the Stipulation and the Exhibits annexed thereto; and

WHEREAS, unless otherwise noted, all capitalized and defined terms herein have the same meanings as set forth in the Stipulation.

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Settlement appears to be the product of serious, informed, arms-length negotiations, has no obvious deficiencies, provides substantial value to the Company, and falls within the range of possible approval and, therefore, merits further consideration.

2. The Court does hereby preliminarily approve the Settlement set forth in the Stipulation, subject to further consideration at the Settlement Hearing described below.

3. A hearing (the “Settlement Hearing”) shall be held before this Court on April 12, 2016, at 4:00 p.m., at the Sixth Circuit Court for Davidson County, Nashville Division, Tennessee, 1 Public Square, Suite 302, Room 404, Nashville, Tennessee 37201, to determine whether the proposed Settlement of the Action on the terms and conditions provided for in the Stipulation is fair, reasonable, and adequate to Current HCA Shareholders and HCA and should be approved by the Court; whether the Final Order and Judgment as provided in Exhibit D of the Stipulation should be entered; and to determine whether the Fee and Expense Amount agreed to by the Settling Parties should be awarded to Plaintiffs’ Counsel for the benefit of Plaintiffs' Counsel and Federal Plaintiffs’ Counsel, and Incentive Awards awarded to Plaintiffs. The Court may adjourn the Settlement Hearing without further notice to current or former HCA stockholders.

4. The Court approves, as to form and content, the Notice annexed as Exhibit C to the Stipulation and finds that the distribution of the Notice substantially in the manner and form set forth in this Order meets the requirements of due process and applicable law, is the best notice practicable under the circumstances, and shall constitute due and sufficient notice to all Persons entitled thereto. All reasonable expenses incurred in providing the Notice set forth herein shall be paid as set forth in the Stipulation.
5. HCA shall undertake the administrative responsibility for giving notice to Current HCA Shareholders and shall be responsible for paying the costs and expenses related to providing such notice to its shareholders. Within ten (10) calendar days after the entry of the Preliminary Approval Order, HCA shall place a copy of the Notice in Investor’s Business Daily, shall post a copy of the Notice and Stipulation on the Company website, shall file a Form 8-K with the SEC that includes the Notice, and shall refer shareholders to the websites of HCA and Johnson & Weaver, LLP to view the detailed Notice and Stipulation.

6. Within ten (10) calendar days after entry of the Preliminary Approval Order, Johnson & Weaver, LLP shall post a copy of the Notice and Stipulation on its website.

7. At least seven (7) calendar days prior to the Settlement Hearing, Defense Counsel and Johnson & Weaver, LLP shall file with the Court an appropriate affidavit or declaration with respect to providing the notice in compliance with paragraphs 5 and 6 of this Order.

8. All Current HCA Shareholders shall be subject to and bound by the provisions of the Stipulation, the releases contained therein, and by all orders, determinations and judgments, including the Final Order and Judgment, in the Action concerning the Settlement.

9. Any Current HCA Shareholder may enter an appearance in the Action, at their own expense, individually or through counsel of their own choice. If they do not enter an appearance, they will be represented by Plaintiffs’ Counsel.

10. Any Current HCA Shareholder who wishes to object to the Settlement and/or show cause why it should not be approved, why the Judgment should or should not be entered thereon, or why the Fee and Expense Amount or the Incentive Awards should not be awarded shall state all reasons for the objection and shall also: (a) state the case name and number, Bagot v. Bracken, et al., Case No. 11C5133; (b) provide proof of current ownership of HCA stock as well as documentary evidence of when such stock ownership was acquired; (c) clearly identify any and all evidence that would be presented at the Settlement Hearing in connection with such objection(s); (d) identify any case, by name, court, and docket number, in which the objector or
his attorney, if any, has objected to a settlement in the last three years; and (e) include a proof of service signed under penalty of perjury.

11. All objections and accompanying materials shall be filed and served at least fourteen (14) calendar days prior to the Settlement Hearing as follows: (a) personally filed with the Clerk of the Court, Sixth Circuit Court for Davidson County, Nashville Division, Tennessee, 1 Public Square, Suite 302, Room 404, Nashville, Tennessee 37201, and (b) served by first class U.S. Mail on counsel for the Settling Parties. Any Current HCA Shareholder wishing to be heard at the Settlement Hearing is required to include a notice of intention to appear at the Settlement Hearing together with his, her, or its written objection. Only shareholders who have filed with the Court and served on the Settling Parties' counsel valid and timely written notices of objection and accompanying materials will be entitled to be heard at the hearing, unless the Court orders otherwise.

12. Any Current HCA Shareholder who does not make his, her, or its objection in the manner provided in this Order 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 proposed Settlement as set forth in the Stipulation, to the award of attorneys’ fees and expenses to Plaintiffs’ Counsel, and Incentive Awards to Plaintiffs.

13. All papers in support of the Settlement and the Settling Parties' responses to objections by Current HCA Shareholders, if any, shall be filed with the Court and served at least seven (7) calendar days prior to the Settlement Hearing.

14. The Court retains jurisdiction over all proceedings arising out of or relating to the Stipulation and/or the Settlement.

15. If the Settlement is not approved by the Court, is terminated, or shall not become effective for any reason, the Action shall proceed, completely without prejudice to any party as to any matter of law or fact, as if the Stipulation had not been made and had not been submitted to the Court, and neither the Stipulation, any provision contained in the Stipulation, any action undertaken pursuant thereto, nor the negotiation thereof by any party shall be deemed an
admission or offered or received in evidence at any proceeding in the Action or any other action or proceeding.

16. Without further order of the Court, the Settling Parties may agree to reasonable extensions of time to carry out any of the provisions of this Order or the Stipulation.

17. Pending final determination as to whether the Settlement as set forth in the Stipulation should be approved, no Current HCA Shareholder shall commence, prosecute, pursue, or litigate any Released Claim against any Released Persons.

IT IS SO ORDERED.

___________________________________
JUDGE THOMAS W. BROTHERS

Agreed to and submitted by:

______________________________
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Attorneys for Defendants
IN THE SIXTH CIRCUIT COURT FOR DAVIDSON COUNTY, TENNESSEE
NASHVILLE DIVISION

DREW BAGOT and CHAILE STEINBERG,
Derivatively on behalf of Nominal Defendant
HCA HOLDINGS, INC.,

Plaintiffs,

v.

RICHARD M. BRACKEN, et al.,

Defendants,

and

HCA HOLDINGS, INC., a Delaware Corporation,

Nominal Defendant.

Case No. 11C5133
Consolidated with
Case No. 13C3815

Judge Thomas W. Brothers

NOTICE OF PENDENCY OF PROPOSED SETTLEMENT OF SHAREHOLDER DERIVATIVE ACTION

EXHIBIT C

TO: ALL CURRENT RECORD HOLDERS AND BENEFICIAL OWNERS OF COMMON STOCK OF HCA HOLDINGS, INC. (“HCA”)

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY AS YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THE LITIGATION.

YOU ARE HEREBY NOTIFIED that the above-captioned consolidated shareholder derivative action (the “Action”) is being settled on the terms set forth in the Stipulation of Settlement dated as of December 21, 2015 (the “Stipulation”). This Notice is provided by Order of the Eighth Circuit Court for Davidson County, Nashville Division, Tennessee (the “Court”). It is not an expression of any opinion by the Court with respect to the truth of the allegations in the litigation or the merits of the claims or defenses asserted by or against any party. It is solely
to notify you of the terms of the proposed Settlement, and your rights related thereto. The Court has made no findings or determinations concerning the merits of the Action. Capitalized terms not otherwise defined shall have the definitions set forth in the Stipulation.

I. WHY THE COURT HAS ISSUED THIS NOTICE

Your rights may be affected by the settlement of the Action. The parties to the Action have agreed upon terms to settle the Action and have signed the Stipulation setting forth those settlement terms.

II. SUMMARY OF THE ACTION

A. Litigation History

On December 20, 2011, Bagot filed a shareholder derivative complaint in the Circuit Court for Davidson County, Nashville Division, Tennessee (the “Court”) on behalf of HCA and against the Individual Defendants styled Bagot v. Bracken, et al., Case No. 11C5133. On January 13, 2012, the Court entered an Agreed Order to stay the action pending a final determination on a motion to dismiss the consolidated complaint in a related federal securities class action pending in the United States District Court for the Middle District of Tennessee styled Schuh v. HCA Holdings, Inc., et al., Case No. 3:11-cv-1033 (the “Securities Class Action”). On May 28, 2013, the federal court issued an order in the Securities Class Action granting in part and denying in part the motion to dismiss.

Bagot took the position that this order automatically lifted the stay of his action and put the parties back in an active litigation posture. Accordingly, on June 19, 2013, Bagot served discovery in the form of Requests for Production of Documents, Interrogatories, and Requests for Admission. Defendants took the position that an affirmative order of the Court was required to lift the stay and objected to Bagot’s discovery requests on those grounds. At an August 1, 2013 case management conference, the Court tentatively ordered all discovery stayed pending the filing of an amended complaint and any responsive motions. By Order dated September 10, 2013, the Court set a briefing schedule for the filing of an amended complaint and Defendants’
motion to stay the action. Defendants were not required to respond to discovery until after the Court ruled on Defendants’ motion to stay. On September 10, 2013, Bagot filed his First Amended Shareholder Derivative Complaint.

On September 21, 2013, Steinberg filed a related shareholder derivative complaint in this Court styled Steinberg v. Bracken, et al., Case No. 13C3815. Pursuant to an Agreed Order entered October 29, 2013, this Court consolidated the Steinberg action into the Bagot action and appointed Johnson & Weaver, LLP as Lead Counsel and Davies, Humphreys, Horton & Reese PLC as Liaison Counsel for Plaintiffs.

On December 4, 2013, Plaintiffs filed a Verified Consolidated Shareholder Derivative Complaint (“Consolidated Complaint”). On December 20, 2013, Defendants filed a Motion to Stay, which Plaintiffs opposed. Defendants’ Motion to Stay was fully briefed as of January 22, 2014, after which time Plaintiffs continued their factual investigation in support of the Action while awaiting a ruling from the Court. On September 4, 2015, Plaintiffs filed a Motion to Set Hearing Date on Defendants’ Motion to Stay. That Motion was scheduled to be heard on November 20, 2015.

B. The Federal Derivative Action

A similar derivative action was filed in the United States District Court for the Middle District of Tennessee styled Sutton v. Bracken, et al., Case No. 3:11-cv-1163 (filed December 8, 2011) (the “Federal Derivative Action”). By order dated September 17, 2012, the federal court granted the parties’ joint motion for stay until the resolution of the motion to dismiss in the Securities Class Action. The stay in the Federal Derivative Action was never lifted, and neither discovery nor any other litigation efforts took place.

C. Settlement Efforts

On December 9, 2014, Plaintiffs sent Defendants a 15-page settlement demand (1) itemizing how HCA had been damaged but conceding that without discovery Plaintiffs could not make a specific monetary demand; (2) requesting all applicable insurance policies; and (3) setting forth specific corporate governance reforms specifically tailored to the allegations in the
Consolidated Complaint. Between December 9, 2014 and April 13, 2015, the parties exchanged numerous letters concerning Plaintiffs’ settlement demands and Defendants’ responses.

Following on Plaintiffs’ settlement demands, on Sunday, October 4, 2015, the Settling Parties participated in an in-person mediation session with The Hon. Layn R. Phillips (Ret.) (“Mediator”) in San Diego, California. The Mediator was also attempting to mediate a resolution among the parties to the Securities Class Action during the same mediation. The parties conferred at length regarding, *inter alia*, a monetary payment to compensate HCA for damages suffered and a proposed set of corporate governance reforms that would be in the best interests of the Company and could serve as the basis for settlement. Despite good faith, arm’s-length negotiations with the assistance and involvement of the Mediator, the Settling Parties were unable to reach an agreement to resolve the Action or the Securities Class Action at that mediation. The Settling Parties and the parties in the Securities Class Action continued arm’s-length discussions after the mediation, facilitated in large part by the Mediator, but were unable to reach an agreement.

On Saturday, October 31, 2015, the Settling Parties scheduled another all-day, in-person mediation session with the Mediator, this time in New York City, New York. In advance of the second mediation, Defendants and Plaintiffs exchanged additional correspondence outlining proposed frameworks for settlement. As with the prior mediation, the Mediator was also attempting to mediate a resolution between the parties to the Securities Class Action. Once it became clear that the Company would be asked to contribute money to a settlement of the Securities Class Action above the available insurance limits, Plaintiffs insisted upon and obtained agreement from Defendants that the Company would not pay any amount to settle the Securities Class Action unless the terms of any settlement of the Securities Class Action shall have been approved by the Board of HCA as in the best interests of HCA, and that such Board approval would be conditioned on the affirmative vote of a majority of the independent directors of HCA, after having consulted with outside counsel (other than Defendants’ Counsel). Plaintiffs also requested any settlement of the Action include a significant monetary payment to
the Company to compensate HCA for alleged damages caused to it as a result of the alleged breaches of fiduciary duty and to offset a portion of the settlement of the Securities Class Action funded by the Company.

After extensive, arm’s-length negotiations with the assistance and involvement of the Mediator, the Settling Parties made significant further progress. The parties in the Securities Class Action reached an agreement-in-principle to create a settlement fund of $215 million for the benefit of the class. The plaintiffs in the Securities Class Action did not obtain any corporate governance reforms for the benefit of HCA. While the Settling Parties in the Action accomplished a great deal by way of corporate governance reforms, they were unable to resolve the few remaining disagreements by the conclusion of the mediation on that Saturday.

The Settling Parties resumed their dialogue the following day, Sunday, November 1, 2015, in the hope that they could reach a global resolution of both the Securities Class Action and the Action. On Monday, November 2, 2015, the Settling Parties mutually agreed to reengage the Mediator to facilitate further discussions. Given his extensive involvement in the matter, the Mediator made a confidential mediator’s proposal that, in his opinion, reflected an appropriate compromise between the parties’ respective positions, and balanced the relative strength of Plaintiffs’ allegations, the inherent risks of complex litigation, and the potential benefits to the Company of a settlement. So that Defendants could obtain global relief if the Settling Parties accepted, the Mediator also reached out to Federal Plaintiffs’ Counsel in the Federal Derivative Action, discussed the settlement discussions, and included them in the confidential mediator’s proposal. On Tuesday, November 3, 2015, after careful consideration and further discussions among the Settling Parties, the Settling Parties and Federal Plaintiffs’ Counsel accepted the mediator’s proposal and thus reached an agreement-in-principle to settle the Action on the terms set forth in the Settlement.

III. TERMS OF THE PROPOSED DERIVATIVE SETTLEMENT

As a result of the filing, prosecution, and settlement of the Action, Plaintiffs obtained relief for HCA in three primary areas: (1) Plaintiffs caused certain insurance carriers to pay to the
Company $19 million which would not have been obtained for the Company but for Plaintiffs’ efforts in the Action, and those efforts were a material factor in the Company’s ability to extinguish a potential $1 billion exposure in the Securities Class Action; (2) Plaintiffs demanded and Defendants agreed the Company would not pay any amount to settle the Securities Class Action unless the terms of any settlement of the Securities Class Action shall have been approved by the Board of HCA as in the best interests of HCA, and that such Board approval would be conditioned on the affirmative vote of a majority of the independent directors of HCA, after having consulted with outside counsel (other than Defendants’ Counsel); and (3) Plaintiffs demanded and Defendants agreed, within six (6) months after Court approval of the Settlement, to cause HCA to formally implement and maintain for five (5) years material corporate governance improvements (the “Improvements”).

HCA and the Individual Defendants acknowledge and agree that the monetary recovery for the Company and the Improvements would not have been implemented but for Plaintiffs and Plaintiffs’ Counsel's filing and prosecution of the Action. HCA and the Individual Defendants also acknowledge and agree that the Improvements confer a material benefit upon HCA and its shareholders. The Improvements include (i) appointing a new Independent Director; (ii) amending the Nominating and Corporate Governance Committee Charter to require the Committee to evaluate all shareholder proposals, to determine whether each proposal is in the Company's best interests, to recommend to the Board whether to support or oppose each proposal, and to provide the reasons for its recommendation; (iii) amending HCA's Corporate Governance Guidelines to limit the number of other public company boards an HCA director may sit upon to five; (iv) amending HCA's Corporate Governance Guidelines to limit each director to serve as the chair of one of the HCA Board’s standing committee at any time; (v) amending HCA’s Disclosure Committee Charter to require the Disclosure Committee to meet prior to each annual and quarterly SEC filing, and to require the Disclosure Committee chair to report to the Audit Committee chair following each meeting; (vi) amending HCA’s Audit and Compliance Committee Charter to require the Audit and Compliance Committee to meet no
fewer than six times annually, including prior to each annual and quarterly SEC filing, and to require the Audit and Compliance Committee chair to meet with the Disclosure Committee chair following each meeting of the Disclosure Committee; (vii) requiring the Audit and Compliance Committee to have at least one member at all times who meets the Securities and Exchange Commission definition of “audit committee financial expert,” and requiring HCA to strive to have two such audit committee financial experts as members of the Audit and Compliance Committee; (viii) requiring HCA to publish its material Corporate Governance Guidelines, including Insider Trading Policies, Board of Directors Committees' and Disclosure Committee Charters, on its website; and (ix) requiring HCA to maintain these Improvements for a minimum of five (5) years thereafter. The full text of the Improvements are set forth in Exhibit A to the Stipulation, which may be found at http://investor.hcahealthcare.com/legalnotices and http://johnsonandweaver.com/investor-services/legal-notices.

The Settlement also provides for the entry of judgment dismissing the Action on the merits with prejudice, and certain releases of Released Claims as detailed in the Stipulation.

IV. REASONS FOR THE SETTLEMENT

The Settling Parties have determined that it is desirable and beneficial that the Action, and all of the disputes related thereto, be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation.

A. Why Did Plaintiffs Agree to Settle?

Plaintiffs’ Counsel conducted an extensive investigation relating to the claims and the underlying events and transactions alleged in the Action. Plaintiffs believe that the Action has substantial merit, and Plaintiffs’ entry into the Stipulation is not intended to be and shall not be construed as an admission or concession concerning the relative strength or merit of the claims alleged in the Action. However, Plaintiffs and Plaintiffs’ Counsel recognize and acknowledge the significant risk, expense, and length of continued proceedings necessary to prosecute the Action against the Individual Defendants through trial and through possible appeals. Plaintiffs’ Counsel also have taken into account the uncertain outcome and the risk of any litigation,
especially in complex cases such as the Action, as well as the difficulties and delays inherent in such litigation. Plaintiffs’ Counsel are also mindful of the inherent problems of establishing demand futility, and the possible defenses to the claims alleged in the Action.

Based on Plaintiffs’ Counsel's thorough review and analysis of the relevant facts, allegations, defenses, and controlling legal principles, Plaintiffs’ Counsel believe that the Settlement set forth in the Stipulation is fair, reasonable, and adequate, and confers substantial benefits upon HCA and its shareholders. Based upon Plaintiffs’ Counsel's evaluation, Plaintiffs have determined that the Settlement is in the best interests of HCA and Current HCA Shareholders and have agreed to settle the Action upon the terms and subject to the conditions set forth in the Stipulation.

B. Why Did the Individual Defendants Agree to Settle?

Defendants have denied and continue to deny each and all of the claims and allegations of wrongdoing made by Plaintiffs in the Action and maintain furthermore that they have meritorious defenses. Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Action, and Defendants contend that many of the allegations in the Consolidated Complaint are materially inaccurate. The Individual Defendants also have denied and continue to deny, among other allegations, the allegations that Plaintiffs, HCA or its stockholders have suffered damage or that Plaintiffs, HCA or its stockholders were harmed in any way by the conduct alleged in the Action or otherwise. The Individual Defendants have further asserted that at all times they acted in good faith and in a manner they reasonably believed to be and that was in the best interests of HCA and its stockholders. Nonetheless, Defendants have concluded that further conduct of the Action would be protracted and expensive, and that it is desirable that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Action. Further, the Individual Defendants and HCA acknowledge that the
Settlement confers substantial benefits on HCA and is fair, reasonable, adequate, and in the best interests of HCA and its shareholders.

V. PLAINTIFFS’ COUNSEL’S FEE AND EXPENSE AMOUNT AND PLAINTIFFS’ INCENTIVE AWARDS

Plaintiffs’ Counsel have not received any payment for their work in connection with the Action, nor have they been reimbursed for out-of-pocket expenses. After negotiating the substantive terms of the Settlement, the Parties discussed a fair and reasonable sum to be paid to Plaintiffs' Counsel and Federal Plaintiffs’ Counsel for attorneys' fees and expenses. The Fee and Expense Amount ultimately agreed to by the parties was recommended by the Mediator who presided over a number of full-day mediation sessions in both the Action and the Securities Class Action. He considered (1) the substantial benefits conferred upon HCA through the Settlement; (2) Plaintiffs’ efforts and role in securing these benefits; (3) the parties’ and Mediator’s respective valuations of the Action and the Settlement; (4) the contingent nature of the Action; and (5) the amount of fees approved by courts throughout the country under similar circumstances. The Fee and Expense Amount recommended by the Mediator and agreed to by the Settling Parties is $5,500,000. Any fee awarded by the Court is designed to compensate Plaintiffs’ Counsel for the results achieved in the Action and the risks of undertaking the prosecution of the Action on a contingent basis.

In addition, Plaintiffs’ Counsel may apply to the Court for an incentive award of up to $2,000 for each of the Plaintiffs, only to be paid upon Court approval, in recognition of Plaintiffs' participation and effort in the prosecution of the Action (the "Incentive Awards"). The Incentive Awards, if approved by the Court, shall be paid to Plaintiffs from the Fee and Expense Amount.

VI. SETTLEMENT HEARING

Pursuant to an Order of the Eighth Circuit Court for Davidson County, Nashville Division, Tennessee, a hearing will be held on April 12, 2016, at 4:00 p.m., before Judge Thomas W. Brothers, at the Sixth Circuit Court for Davidson County, Nashville Division, Tennessee, 1 Public Square, Suite 302, Room 404, Nashville, Tennessee 37201, for the purpose
of determining: (1) whether the proposed Settlement, including the requested Fee and Expense Amount and Incentive Awards, should be approved by the Court as fair, reasonable, and adequate; and (2) whether the Action should be dismissed with prejudice. If the Settlement is approved, you will be subject to and bound by the provisions of the Stipulation, the releases contained therein, and by all orders, determinations, and judgments, including the Final Order and Judgment in the Action concerning the Settlement.

Pending final determination of whether the Settlement should be approved, no Current HCA Shareholder, either directly, representatively, derivatively, or in any other capacity, shall commence or prosecute against any of the Released Persons, any action or proceeding in any court, administrative agency, or other tribunal asserting agency any of the Released Claims.

VII. RIGHT TO ATTEND THE SETTLEMENT HEARING

You may enter an appearance in the Action, at your own expense, individually or through counsel of your choice. If you do not enter an appearance, you will be represented by Plaintiffs’ Counsel. If you want to object at the Settlement Hearing, then you must first comply with the procedures for objecting, which are set forth below. The Court has the right to change the hearing dates or times without further notice. Thus, if you are planning to attend the Settlement Hearing, you should confirm the date and time before going to the Court. If you have no objection to the Settlement, you do not need to appear at the Settlement Hearing or take any other action.

VIII. THE PROCEDURES FOR OBJECTING TO THE SETTLEMENT

Any Current HCA Shareholder who wishes to object to the Settlement and/or show cause why it should not be approved, why the Judgment should or should not be entered thereon, or why the Fee and Expense Amount or the Incentive Awards should not be awarded shall state all reasons for the objection and shall also: (a) state the case name and number, Bagot v. Bracken, et al., Case No. 11C5133; (b) provide proof of current ownership of HCA stock as well as documentary evidence of when such stock ownership was acquired; (c) clearly identify any and all evidence that would be presented at the Settlement Hearing in connection with such
objection(s); (d) identify any case, by name, court, and docket number, in which the objector or his attorney, if any, has objected to a settlement in the last three years; and (e) include a proof of service signed under penalty of perjury.

All objections and accompanying materials shall be filed and served at least fourteen (14) calendar days prior to the Settlement Hearing as follows: (a) personally filed with the Clerk of the Court, Sixth Circuit Court for Davidson County, Nashville Division, Tennessee, 1 Public Square, Suite 302, Room 404, Nashville, Tennessee 37201, and (b) served by first class U.S. Mail on counsel for the Settling Parties. Any Current HCA Shareholder wishing to be heard at the Settlement Hearing is required to include a notice of intention to appear at the Settlement Hearing together with his, her, or its written objection. Only shareholders who have filed with the Court and served on the Settling Parties’ counsel valid and timely written notices of objection and accompanying materials will be entitled to be heard at the hearing, unless the Court orders otherwise.

Any Current HCA Shareholder who does not make his, her, or its objection in the manner provided in this Order 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 proposed Settlement as set forth in the Stipulation, to the award of attorneys’ fees and expenses to Plaintiffs’ Counsel, and Incentive Awards to Plaintiffs.

IX. HOW TO OBTAIN ADDITIONAL INFORMATION

This Notice summarizes the Stipulation. It is not a complete statement of the events of the Action or the terms of the Settlement contained in the Stipulation.

You may inspect the Stipulation and other papers in the Action at the Eighth Circuit Court for Davidson County, Nashville Division, Tennessee office at any time during regular business hours of each business day. The Clerk’s office will not mail copies to you. In addition, this Notice and the Stipulation can be viewed on the Company’s website at http://investor.hcahealthcare.com/legalnotices and on the website of Plaintiffs’ Counsel at
Inquiries regarding the proposed Settlement also may be made to lead counsel for Defendants or Plaintiffs as follows:

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PLEASE DO NOT CONTACT THE COURT OR THE CLERK’S OFFICE REGARDING THIS NOTICE.

BY ORDER OF THE COURT
CIRCUIT COURT JUDGE
DAVIDSON COUNTY, TENNESSEE
EXHIBIT D
IN THE SIXTH CIRCUIT COURT FOR DAVIDSON COUNTY, TENNESSEE
NASHVILLE DIVISION

DREW BAGOT and CHAILE STEINBERG,
Derivatively on behalf of Nominal Defendant
HCA HOLDINGS, INC.,

Plaintiffs,

v.

RICHARD M. BRACKEN, et al.,

Defendants,

and

HCA HOLDINGS, INC., a Delaware Corporation,

Nominal Defendant.

Case No. 11C5133
Consolidated with
Case No. 13C3815

Judge Thomas W. Brothers

[PROPOSED] FINAL ORDER AND JUDGMENT

EXHIBIT D

This matter came before the Court for hearing pursuant to the Order of this Court dated January 28, 2016 (“Preliminary Approval Order”), on the application of the parties for approval of the settlement set forth in the Stipulation of Settlement dated as of December 21, 2015 (the “Stipulation”). Due and adequate notice having been given as required in the Preliminary Approval Order, and the Court having considered all papers filed and proceedings had herein and otherwise being fully informed in the premises and good cause appearing therefore, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

1. This Final Order and Judgment incorporates by reference the definitions in the Stipulation, and all terms used herein shall have the same meanings as set forth in the Stipulation, unless otherwise set forth herein.
2. This Court has jurisdiction over the subject matter of the Action and over all parties thereto, including Plaintiffs, Current HCA Shareholders, and Defendants.

3. The Court hereby approves the Settlement set forth in the Stipulation as fair, reasonable, and adequate to the Settling Parties in all respects, and directs that the Settlement be consummated in accordance with the terms and conditions set forth in the Stipulation.

4. The Court hereby dismisses with prejudice the Action and all Released Claims. Except as otherwise provided in the Stipulation, the Settling Parties shall bear their own costs.

5. Upon the Effective Date, Plaintiffs (individually and derivatively on behalf of HCA) and HCA shall have, and Current HCA Shareholders by operation of this Final Order and Judgment shall be deemed to have, fully, finally, and forever waived, released, relinquished, discharged, and dismissed (a) the Released Claims against the Released Persons and their Related Persons; and (b) any and all claims (including Unknown Claims) against the Released Persons and their Related Persons arising out of, relating to, or in connection with, the defense, settlement, resolution of the Action.

6. Upon the Effective Date, Plaintiffs (individually and derivatively on behalf of HCA) and HCA shall have, and Current HCA Shareholders by operation of this Final Order and Judgment shall be deemed to have, covenanted not to sue the Released Persons or their Related Persons with respect to the Released Claims, and shall be forever barred and enjoined from commencing, instituting, prosecuting or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, or administrative forum, asserting the Released Claims against any of the Released Persons or their Related Persons.

7. The Court finds that the notice given to Current HCA Shareholders of the Settlement, the Stipulation and the Settlement Hearing was the best notice practicable under the circumstances, and that said notice fully satisfied the requirements of due process and applicable law.
8. The Court hereby approves the Fee and Expense Amount in accordance with the terms of the Stipulation, finds that such fee award is fair and reasonable, and directs said amounts to be paid to Plaintiffs’ Counsel as provided in the Stipulation.

9. The Court hereby approves the Incentive Awards of $2,000 for each of the Plaintiffs to be paid from the Fee and Expense Amount in recognition of Plaintiffs’ and Federal Plaintiffs’ participation and effort in the prosecution of the Action.

10. Neither the Stipulation nor the Settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) 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 wrongdoing or liability of Defendants or their respective Related Parties, or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any liability, fault or omission of any of Defendants or their respective Related Parties in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal, or (c) is or may be deemed to be or may be used as an admission or evidence that any claims asserted by Plaintiffs were not valid or that the amount recoverable was not greater than the settlement amount, in any civil, criminal or administrative proceeding in any court, administrative agency, or other tribunal. Neither the Stipulation nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement shall be admissible in any proceeding for any purpose except that the Released Persons may file the Stipulation and/or the Final Order and/or Judgment from the Action in any other action that may be brought against them in order to support a defense or counterclaim based on principles of res judicata, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

11. Without affecting the finality of this Final Order in any way, this Court hereby retains continuing jurisdiction over the Action and the parties to the Stipulation to enter any
further orders as may be necessary to effectuate the Stipulation, the Settlement provided for therein, and the provisions of this Final Order and Judgment.

12. The Court finds that during the course of the Action, the Settling Parties and their respective counsel at all times complied with the requirements of Tenn. R. Civ. P. 11.02, and all other similar laws.

13. Judgment shall be, and hereby is, entered dismissing the Action with prejudice and on the merits. The Court finds that this Final Order and Judgment is a final, appealable judgment and should be entered in accordance with applicable law.

**IT IS SO ORDERED.**

DATED:

______________________________
JUDGE THOMAS W. BROTHERS