

UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF TENNESSEE  
(NASHVILLE DIVISION)

Master File No. 05 Civ. 00960 (WJH)

IN RE HCA INC. SECURITIES  
LITIGATION

**NOTICE OF: (1) PENDENCY OF CLASS ACTION, AND (2) HEARING ON PROPOSED SETTLEMENT  
AND ATTORNEYS' FEE PETITION AND RIGHT TO SHARE IN NET SETTLEMENT FUND**

**NOTICE OF PENDENCY OF SETTLEMENT OF CLASS ACTION:** If you purchased or otherwise acquired the common stock of HCA Inc. during the period from January 12, 2005 through and including July 12, 2005, please be advised that your rights may be affected by a class action lawsuit pending in this Court (the "Action").

*A Federal Court authorized this Notice. This is not a solicitation from a lawyer.*

**NOTICE OF SETTLEMENT:** Please also be advised that Lead Plaintiffs, the State of Louisiana Firefighters' Retirement System and the City of Sterling Heights Police & Fire Retirement System ("Lead Plaintiffs") have reached a proposed settlement of the Action that will resolve all claims of Lead Plaintiffs and the Class (as defined in ¶1 below) against all defendants (the "Settlement"). This Notice explains important rights you may have, including your possible receipt of cash from the Settlement. Your legal rights will be affected whether or not you act. Also enclosed is a proof of claim and release form (the "Claim Form") that you must complete and submit postmarked no later than November 26, 2007 to participate in the Settlement. Please read this Notice carefully!

1. **Statement of Plaintiff Recovery:** This Notice relates to a proposed settlement of a class action lawsuit filed against HCA Inc. ("HCA" or the "Company"), Jack O. Bovender, Jr.; Robert Milton Johnson; Richard M. Bracken; David G. Anderson; Charles R. Evans; James A. Fitzgerald, Jr.; Robert Samuel Hankins, Jr.; Samuel N. Hazen; Joseph N. Steakley; Beverly B. Wallace; and Noel Brown Williams (collectively, "Defendants"). Subject to Court approval, Lead Plaintiffs, on behalf of the Class, have agreed to settle all claims that were or could have been asserted in the Action in exchange for a settlement payment of \$20,000,000.00 in cash. Pending final approval of the Settlement, this amount will be contributed to a "Settlement Fund" to pay claims of investors who, during the period from January 12, 2005 through and including July 12, 2005 (the "Class Period"), purchased or otherwise acquired HCA common stock (the "Class") and were damaged as a result of such purchases or acquisitions. Such investors are referred to in this Notice as "Class Members." The Net Settlement Fund (the Settlement Fund less taxes, notice and administration costs and attorneys' fees and litigation expenses awarded to counsel representing Lead Plaintiffs ("Lead Counsel")) will be distributed in accordance with a plan of allocation (the "Plan of Allocation") that is described in this Notice. Lead Plaintiffs' damages expert estimates that approximately 126 million shares may have been affected by the conduct at issue in the Action. Thus, assuming that the owners of all affected shares elect to participate, the average per share recovery from the Settlement Fund would be approximately \$0.16 per affected share, before the deduction of attorneys' fees, costs and expenses, as approved by the Court.

2. **Reasons for the Settlement:** In light of the amount of the Settlement and the immediacy of recovery to the Class, Lead Plaintiffs believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Class. Lead Plaintiffs believe that the Settlement provides a substantial benefit now, namely \$20,000,000.00 in cash less the various deductions described in this Notice, as compared to the risk that all or some of the claims in the Action could have been dismissed in response to Defendants' motions to dismiss, or that a similar, smaller, or no recovery would be achieved after motions for summary judgment, a trial and/or appeals, possibly years in the future, in which Defendants would have the opportunity to assert substantial defenses to the claims asserted against them. Defendants deny the claims asserted against them in the Action or that they have engaged in any wrongdoing, violation of law or breach of duty, and the Settlement may not be construed as an admission of wrongdoing by any of the Defendants. Defendants have agreed to the Settlement in order to eliminate the burden and expense of continued litigation.

3. **Statement of Average Amount of Damages Per Share:** The parties do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiffs were to prevail on the claims asserted against Defendants. Defendants deny that any shares were damaged as Lead Plaintiffs have alleged. In addition, Defendants were prepared to establish that the price of HCA's common stock was not inflated as the result of any allegedly false or misleading public statement by any Defendant, and that the decline in the price of HCA's common stock alleged in the Action was not the result of the disclosure of information that allegedly had been wrongfully withheld by any Defendant.

4. **Statement of Attorneys' Fees and Expenses Sought:** Lead Counsel (as defined in paragraph 7) intends to apply for an award of attorneys' fees in an amount not to exceed 20% of the Settlement Fund net of Court-approved litigation expenses. In addition, Lead Counsel also intends to apply for reimbursement of litigation expenses paid or incurred in connection with the prosecution and resolution of the claims against Defendants, in an amount not to exceed \$200,000. If the Court (as defined in paragraph 8) approves Lead Counsel's fee and expense application, the average cost per affected share will be approximately \$0.03.

5. **Identification of Attorneys' Representatives:** Any questions regarding the Settlement should be directed to Lead Counsel: Blair A. Nicholas, Bernstein Litowitz Berger & Grossmann LLP, 12481 High Bluff Drive, Suite 300, San Diego, CA 92130, 888-924-1888, [www.blbglaw.com](http://www.blbglaw.com) and Tor Gronborg, Lerach Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, 800-449-4900, [www.lerachlaw.com](http://www.lerachlaw.com).

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:</b>	
<b>SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN NOVEMBER 26, 2007</b>	The only way to get a payment.
<b>EXCLUDE YOURSELF FROM THE CLASS POSTMARKED NO LATER THAN SEPTEMBER 28, 2007</b>	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against Defendants with respect to the claims in this case.
<b>OBJECT NO LATER THAN SEPTEMBER 28, 2007</b>	Write to the Court and explain why you do not like the Settlement.
<b>GO TO THE HEARING ON OCTOBER 12, 2007 AT 10 A.M. AND FILE A NOTICE OF INTENTION TO APPEAR NO LATER THAN SEPTEMBER 28, 2007</b>	Ask to speak in Court about the fairness of the Settlement.
<b>DO NOTHING</b>	Get no payment. Give up your rights.

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**WHY DID I GET THIS NOTICE?**

6. This Notice is being sent to you pursuant to an Order of the United States District Court for the Middle District of Tennessee (Nashville Division) (the "Court") because you or someone in your family may have purchased or otherwise acquired HCA common stock during the Class Period. The Court has directed us to send you this Notice because, as a potential Class Member, you have a right to know about your options prior to the trial or settlement of this case. Additionally, you have the right to understand how a class action lawsuit may generally affect your legal rights. If the Court approves the Settlement, after any objections and appeals are resolved, a claims administrator selected by Lead Plaintiffs and approved by the Court will make payments pursuant to the Settlement.

7. In a class action lawsuit, the Court selects one or more people, known as class representatives, to sue on behalf of all people with similar claims, commonly known as the class or the class members. By Order dated January 26, 2006, the Court appointed the State Louisiana Firefighters' Retirement System and the City of Sterling Heights Police & Fire Retirement System to serve as "Lead Plaintiffs" under a federal law relating to lawsuits such as this one, and approved the selection by Lead Plaintiffs of the law firms of Bernstein Litowitz Berger & Grossmann LLP and Lerach Coughlin Stoia Geller Rudman & Robbins LLP ("Lead Counsel") to serve as Lead Counsel in the Action. A class action is a type of lawsuit in which the claims of a number of individuals are resolved together, thus providing the class members with both consistency and efficiency. Once the class is certified, the Court must resolve all issues on behalf of the class members, except for those, if any, who choose to exclude themselves from the class. (For more information on excluding yourself from the Class, please read "What If I Do Not Want To Be A Part Of The Settlement? How Do I Exclude Myself?" located further below.)

8. The Court in charge of this case is the United States District Court for the Middle District of Tennessee (Nashville Division), and the case is known as *In re HCA Inc. Securities Litigation*. The Judge presiding over this case is the Honorable William J. Haynes, Jr., United States District Judge. The people who are suing are called plaintiffs, and those who are being sued are called defendants. In this case, the Plaintiffs are referred to as Lead Plaintiffs, on behalf of themselves and the Class, and Defendants are HCA, as well as Jack O. Bovender, Jr.; Robert Milton Johnson; Richard M. Bracken; David G. Anderson; Charles R. Evans; James A. Fitzgerald, Jr.; Robert Samuel Hankins, Jr.; Samuel N. Hazen; Joseph N. Steakley; Beverly B. Wallace; and Noel Brown Williams, who may be referred to as the "Individual Defendants."

9. This Notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them. The purpose of this Notice is to inform you of this case, that it is a class action, how you might be affected and how to exclude yourself from the Settlement if that is your preference. It also is being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the proposed Settlement and the application by Lead Counsel for attorneys' fees and reimbursement of litigation expenses, and interest thereon (the "Final Approval Hearing").

10. The Final Approval Hearing will be held on October 12, 2007 at 10 A.M., before the Honorable William J. Haynes, Jr., at the United States District Court for the Middle District of Tennessee (Nashville Division), 801 Broadway, Courtroom A859, Nashville, Tennessee, to determine:

- (i) whether the proposed Class should be certified;
- (ii) whether the proposed Settlement is fair, reasonable and adequate and should be approved by the Court;
- (iii) whether the claims against Defendants should be dismissed with prejudice as set forth in the Stipulation;
- (iv) whether the proposed Plan of Allocation is fair and reasonable and should be approved; and
- (v) whether the application by Lead Counsel for an award of attorneys' fees and reimbursement of litigation expenses, and interest thereon, should be approved.

11. This Notice does not express any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement, payments will be made after appeals, if any, are resolved, and after the completion of all claims processing. Please be patient.

**WHAT IS THIS CASE ABOUT? WHAT HAS HAPPENED SO FAR?**

12. HCA is one of the leading health care services companies in the United States. The Company is a Delaware corporation with its principal executive offices located in Nashville, Tennessee. Shares of HCA formerly traded on the NYSE under the ticker symbol "HCA."

13. In the Action, Lead Plaintiffs allege that HCA and members of its senior management made false statements and omitted material facts between January 12, 2005 and July 12, 2005 regarding the Company's growth and viability, which had the effect of artificially inflating HCA's stock price. Defendants deny all allegations of any wrongdoing in the Action.

14. Beginning on November 8, 2005, a number of lawsuits were filed on behalf of investors. By Order dated January 5, 2006, the Court consolidated all of the lawsuits into one action. On January 26, 2006, the Court appointed Lead Plaintiffs and approved Lead Plaintiffs' selection of Lead Counsel.

15. On April 20, 2006, Lead Plaintiffs filed their Consolidated Class Action Complaint (the "Consolidated Complaint") asserting claims under §10(b) and §20(a) of the Securities Exchange Act of 1934, and SEC Rule 10b-5 promulgated thereunder, against the Company and the Individual Defendants arising from public statements concerning the Company that Defendants made and omissions concerning the Company that Defendants failed to make from January 12, 2005 through July 12, 2005. The allegations in the Consolidated Complaint were based upon an investigation conducted by Lead Plaintiffs that included the review of public and non-public information and numerous interviews of witnesses with percipient knowledge of the facts. The Consolidated Complaint sought to proceed on behalf of a class consisting of all Persons or entities who purchased or otherwise acquired HCA common stock during the period January 12, 2005 through July 12, 2005, inclusive. On June 27, 2006, Defendants moved to dismiss the Consolidated Complaint under Rule 12(b)(6) of the Federal Rules of Civil Procedure. On September 22, 2006, Lead Plaintiffs opposed that motion.

16. Lead Counsel conducted a thorough investigation relating to the allegations of wrongdoing pertaining to each Defendant in the Action and the alleged damages suffered by the Class. The investigation included interviews with former HCA employees who were familiar with the subject matter of the Action; review of the Company's financial statements and other public filings, including the Company's Forms 10-K, 10-Q, 8-K and S-3; a review of the Company's public statements, including press releases, transcripts of conference calls, and other publicly disseminated information; and confirmatory discovery involving the review of numerous documents produced by HCA to the Securities and Exchange Commission and the United States Attorneys' Office. Lead Counsel's investigation also included the review of publicly available reports and articles, such as reports by securities analysts, investor advisory services, and journalists concerning HCA.

17. The Settlement proposed in the Stipulation was achieved after intense arm's-length negotiations. During these negotiations, Lead Counsel and counsel for Defendants presented, among other things, their respective views regarding the merits of the Action including, the defenses, the claims and the damages sought. In addition, numerous telephonic and written communications between counsel were exchanged in order to finalize the principal terms of the Settlement.

#### HOW DO I KNOW IF I AM PART OF THE SETTLEMENT?

18. If you are a Member of the Class, you are subject to the Settlement whether or not you submit a Claim Form, unless you timely request to be excluded. The Class consists of all Persons who purchased or otherwise acquired HCA common stock during the period January 12, 2005 through July 12, 2005, inclusive. Excluded from the Class are: (i) Defendants; (ii) the officers and directors of the Company; (iii) immediate family members of Defendants and the officers and directors of the Company and their legal representatives, heirs, successors, or assigns and any entity in which Defendants have or had a controlling interest (which does not include any HCA employee retirement benefit plan established under the Employee Retirement Income Security Act). Also excluded from the Class are those Persons who timely request exclusion from the Class pursuant to this Notice (see "What If I Do Not Want To Participate In The Settlement? How Do I Exclude Myself," below).

**RECEIPT OF THIS NOTICE DOES NOT NECESSARILY MEAN THAT YOU ARE A CLASS MEMBER OR ARE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU WISH TO PARTICIPATE IN THE SETTLEMENT, YOU MUST SUBMIT THE ENCLOSED CLAIM FORM POSTMARKED NO LATER THAN NOVEMBER 26, 2007.**

#### WHAT RECOVERY DOES THE SETTLEMENT PROVIDE?

19. The Settlement provides for a recovery of \$20,000,000 in cash, which will be deposited into an interest-bearing escrow account within three (3) calendar days after the Court enters an order finally approving the Settlement. Lead Counsel's fees, expenses and costs with interest thereon, to the extent allowed by the Court, as well as taxes, notification costs, and administration costs will be deducted from these Settlement proceeds, and the balance will be distributed to the Class. The amount of any recovery will depend on a number of factors, including when and for what price Class Members purchased and/or sold their HCA common stock and the total number of shares for which timely and valid Claim Forms are submitted by Class Members ("Authorized Claimants") (see "How Much Will My Payment Be," below).

20. Lead Plaintiffs' damages expert estimates that approximately 126 million shares of the Company's common stock were traded during the Class Period and may have been affected by the conduct at issue in the Consolidated Complaint. Thus, assuming that the owners of all affected shares elect to participate, the average per share recovery from the Settlement Fund would be approximately \$0.16 per affected share before deduction of attorneys' fees, costs and expenses as approved by the Court.

#### WHY IS THERE A SETTLEMENT?

21. Under the proposed Settlement, the Court will not decide in favor of either Lead Plaintiffs or Defendants. By agreeing to the Settlement, Lead Plaintiffs and Defendants avoid the costs of further litigation and the risks of a trial, and the Class Members are compensated.

22. In light of the amount of the Settlement, and the immediacy of recovery to the Class, Lead Plaintiffs and Lead Counsel believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of Class Members. Lead Plaintiffs believe that the Settlement provides a substantial benefit, namely \$20,000,000 in cash, less the various deductions described in this Notice, as compared to the risk that all or some of the claims in the Action could have been dismissed in response to Defendants' motions to dismiss, or the risk that a similar, smaller, or no recovery would be achieved after motions for summary judgment, a trial, and appeals, possibly years in the future, in which Defendants would have the opportunity to assert substantial defenses to the claims asserted against them.

## WHAT LED UP TO THE SETTLEMENT?

23. The Settlement resulted from more than a year-and-a-half of litigation and extensive arm's-length negotiations among Lead Plaintiffs, Lead Counsel and counsel for Defendants. Several settlement discussions took place, including before an experienced mediator, which ultimately resulted in an agreement to settle the claims asserted in the Action.

## WHY HAVE DEFENDANTS AGREED TO THE SETTLEMENT?

24. Defendants deny that they have engaged in any wrongdoing, violated any law or breached any duty, and deny that the claims asserted against them in the Consolidated Complaint have any merit. Defendants believe that they have substantial defenses to all of those claims. However, Defendants consider it desirable, and in their best interests, that the claims against them be dismissed on the terms set forth in the Stipulation to avoid further expense and protracted litigation, taking into account the uncertainty and risks inherent in any litigation. The Settlement is not evidence of, an admission of, or a concession by any of the Defendants of any fault or liability whatsoever, or any infirmity in any defenses they have asserted or intended to assert in the Action.

## WHAT ARE THE LEAD PLAINTIFFS' REASONS FOR THE SETTLEMENT?

25. Lead Plaintiffs and Lead Counsel believe that the claims asserted against Defendants have merit. However, they recognize the expense and length of continued proceedings necessary to pursue their claims against Defendants through trial and appeals. Lead Plaintiffs and Lead Counsel also have taken into account the possibility that the claims asserted in the Consolidated Complaint might have been dismissed in response to Defendants' pending motions to dismiss, and have considered issues that would have been decided by a jury in the event of a trial of the Action, including whether Defendants acted with an intent to mislead investors, whether the alleged misrepresentations or omissions were material to investors, whether any loss was caused by the alleged misrepresentations or omissions, and the amount of any damages. Lead Plaintiffs and Lead Counsel also have considered the uncertain outcome and trial risk in complex lawsuits like this one. Lead Plaintiffs believe that a recovery now will provide an immediate benefit to Class Members, which is superior to the risk and delay of proceeding with the Action. Considering these issues, and balancing them against the certain and substantial benefits that the Class will receive as a result of the Settlement, Lead Plaintiffs and Lead Counsel determined that the Settlement described herein is fair, reasonable and adequate, and that it is in the best interests of the Class to settle the claims against Defendants on the terms set forth in the Stipulation and this Notice.

## WHAT MIGHT HAPPEN IF THERE WAS NO SETTLEMENT?

26. If there was no Settlement and Lead Plaintiffs failed to establish any essential legal or factual element of their claims, neither Lead Plaintiffs nor the Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their defenses, the Class likely would recover substantially less than the amount provided in the Settlement, or nothing at all.

## HOW MUCH WILL MY PAYMENT BE?

### THE PROPOSED PLAN OF ALLOCATION: GENERAL PROVISIONS

27. HCA has agreed to pay Twenty Million Dollars (\$20,000,000) in cash.
28. After approval of the Settlement by the Court and upon satisfaction of the other conditions to the Settlement, the Net Settlement Fund will be distributed to Authorized Claimants in accordance with the Plan of Allocation described below.
29. The Settlement Fund will be distributed as follows:
- (i) To pay all federal, state and local taxes on any income earned by the Settlement Fund and to pay the reasonable costs incurred in connection with determining the amount of, and paying, taxes owed by the Settlement Fund (including reasonable expenses of tax attorneys and accountants);
  - (ii) To pay costs and expenses in connection with providing Notice to Class Members and administering the Settlement on behalf of Class Members;
  - (iii) To reimburse Lead Counsel for, and to pay, costs and expenses incurred by Lead Counsel in connection with, commencing and prosecuting the Action, with interest thereon, if and to the extent allowed by the Court;
  - (iv) To pay Lead Counsel's attorneys' fees, to the extent allowed by the Court; and
  - (v) Subject to an Order of the Court granting approval of the Settlement and the Plan of Allocation (or such other allocation plan as the Court may approve) becoming final (meaning that the time for appeal or appellate review of the Order granting final approval has expired, or if the Order is appealed, that appeal is either decided without causing a material change in the Order or upheld on appeal and no longer subject to appellate review by further appeal or writ of certiorari) the balance of the Net Settlement Fund shall be distributed to Authorized Claimants in accordance with the Plan of Allocation.
30. There will be no distribution of the Net Settlement Fund until a Plan of Allocation is finally approved, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.
31. Defendants are not entitled to get back any portion of the Settlement Fund once the Court's Order approving the Settlement becomes final. Moreover, Defendants have no liability, obligation or responsibility for the administration of the Settlement or disbursement of the Net Settlement Fund or the Plan of Allocation.
32. Approval of the Settlement is independent from approval of the Plan of Allocation. Any determination with respect to the Plan of Allocation will not affect the Settlement, if approved.

33. Only those Class Members who purchased or otherwise acquired HCA common stock during the Class Period **AND WERE DAMAGED AS A RESULT OF SUCH PURCHASES OR ACQUISITIONS**, will be eligible to share in the distribution of the Net Settlement Fund. Each person wishing to participate in the distribution must timely submit a valid Claim Form and all required documentation postmarked no later than November 26, 2007 to the address set forth in the Claim Form that accompanies this Notice. Unless otherwise ordered by the Court, any Class Member who fails to submit a Claim Form postmarked no later than November 26, 2007 shall be forever barred from receiving payments pursuant to the Settlement set forth in the Stipulation but will in all other respects be subject to the provisions of the Stipulation, including the terms of any Judgment entered and releases given. This means that each Class Member releases the Released Claims (as defined in paragraph 43) against the

QUESTIONS? VISIT [WWW.HCASETTLEMENT.COM](http://WWW.HCASETTLEMENT.COM) OR CALL 1-800-915-2989

Released Parties (as defined in the Stipulation) (including Defendants) and is enjoined and prohibited from filing, prosecuting, or pursuing any of the Released Claims against any of the Released Parties (including Defendants) regardless of whether or not such Class Member submits a Claim Form.

34. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the Claim of any Class Member. The Court also reserves the right to modify the Plan of Allocation without further notice to Class Members. Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiffs, Lead Counsel or the Claims Administrator or other agent designated by Lead Counsel based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court.

#### **THE PROPOSED PLAN OF ALLOCATION: CALCULATION OF LOSS AMOUNT**

35. A "Loss Amount" will be calculated for each purchase or acquisition of HCA common stock that is listed in the Claim Form, and for which adequate documentation is provided. The calculation of the Loss Amount will depend upon several factors, including when the shares of HCA common stock were purchased or otherwise acquired and whether they were held until the conclusion of the Class Period or sold during the Class Period, and if so, when they were sold.

36. **Information Required on the Claim Form:** Each Claim Form must indicate each Authorized Claimant's position in HCA common stock as of the close of trading on January 11, 2005, the day before the first day of the Class Period, and the closing position in HCA common stock as of the close of trading on July 12, 2005 the last day of the Class Period. Each Claim Form also must list *all* transactions in HCA common stock, including all purchases and sales, made during the Class Period.

#### **BASIS FOR CALCULATION OF LOSS AMOUNT**

37. The objective of the Plan of Allocation is to equitably distribute the settlement proceeds to those Class Members who suffered economic losses as a result of the alleged fraud, as opposed to losses caused by market, industry or other non-fraud related Company specific factors. The Plan of Allocation reflects Lead Plaintiffs' damages expert's analysis undertaken to that end, including a review of publicly available information regarding HCA and statistical comparisons of the price movements of HCA's common stock with the price performance of relevant market and industry indices during the Class Period.

38. Recognized Losses are based on the level of alleged artificial inflation in the price of HCA's common stock at the time of purchase. However, in order to have compensable damages under the federal securities laws, the disclosure of the allegedly misrepresented information must be the cause of the decline in the price of the securities. In this case, Lead Plaintiffs allege that HCA and members of its senior management made false statements and omitted material facts between January 12, 2005 and July 12, 2005 regarding the Company's growth and viability, which had the effect of artificially inflating HCA's stock price. Defendants deny all such allegations.

39. In order to have recoverable damages, disclosure of the alleged misrepresentations about the Company's growth and viability must be the cause of the decline in the price of the security. On July 13, 2005, before the opening of the market, HCA issued a press release revealing an increase in both the provision for doubtful accounts and the rate of uninsured patient admissions relative to prior periods. This announcement ended the Class Period. Accordingly, a share purchased or otherwise acquired on or after January 12, 2005 though July 12, 2005 must be held until July 13, 2005. The Loss Amount for shares of HCA common stock purchased during the period January 12, 2005 through and including July 12, 2005 that also were sold on or before January 12, 2005 is zero.

40. Loss Amounts will be reduced dollar-for-dollar to the extent that HCA common stock was purchased or otherwise acquired at a price below the lowest reported trading price for HCA common stock on the date during the Class Period on which the purchase or acquisition was made (e.g., at a discounted price).

#### **SPECIFIC LOSS AMOUNTS**

41. Specific Loss Amounts will be calculated as follows:

**A. Introductory Provisions:**

To receive a distribution from the Net Settlement Fund, all Persons must:

- (i) Establish membership in the Class;
- (ii) Complete a valid Claim Form and supply all required documentation;
- (iii) Submit the completed Claim Form and documentation so that it is postmarked for mailing to the Claims Administrator no later than November 26, 2007.

**B. Calculation of Recognized Loss for Claims:**

A "Recognized Loss" will be calculated for each purchase or acquisition of HCA common stock that is listed in the Claim Form, and for which adequate documentation is provided. The calculation of the Recognized Loss will depend upon several factors, including:

- (i) When each share of HCA common stock was purchased or otherwise acquired; and
- (ii) Whether each share of HCA common stock was held through July 12, 2005 or whether it was sold during the Class Period.

**C. Recognized Gains and Losses:**

**Shares of HCA common stock that were purchased or otherwise acquired from January 12, 2005 through July 12, 2005 and held until the close of trading on July 12, 2005:** For each share of HCA common stock that was purchased or otherwise acquired during the period from January 12, 2005 through and including July 12, 2005, and that was *still held* at the close of trading on July 12, 2005, the Recognized Loss is equal to the lesser of (i) 8.9% of the purchase price for such share of HCA common stock, or (ii) the difference between the purchase price per share less \$49.03 per share.

**D. General Provisions:**

- (i) The Net Settlement Fund will be allocated among all eligible Class Members.
- (ii) Each Authorized Claimant shall recover his or her Recognized Loss. However, in the event that the sum total of Recognized Losses of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each such Authorized Claimant shall receive his/her *pro rata* share of the Net Settlement Fund, which shall be his/her Recognized Loss divided by the total of all Recognized Losses to be paid from the Net Settlement Fund, multiplied by the total amount in the Net Settlement Fund. The proration factor applied to the Authorized Claims of Class Members will be based on the amount in the Net Settlement Fund available to satisfy those claims, as set forth in ¶1, above.

- (iii) If the Net Settlement Fund exceeds the sum total amount of the Recognized Losses of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund shall be distributed *pro rata* to all Authorized Claimants entitled to receive payment out of the Net Settlement Fund.
- (iv) Each Authorized Claimant will be required to provide proof of his or her ownership position(s) in HCA common stock as of the close of trading on January 11, 2005 and July 12, 2005. Each Claim Form also must list *all* transactions in HCA common stock, including all purchases and sales, made during the Class Period (January 12, 2005 through and including July 12, 2005).
- (v) In the event a Class Member has more than one purchase or sale of HCA common stock during the Class Period, all purchases and sales shall be matched on a First In First Out (“FIFO”) basis, Class Period sales will be matched first against any HCA shares held at the beginning of the Class Period, and then against purchases in chronological order, beginning with the earliest purchase made during the Class Period. Purchases and sales of HCA common stock shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. The receipt or grant by gift, devise or operation of law of HCA common stock during the Class Period shall not be deemed a purchase or sale of such HCA shares of common stock for the calculation of an Authorized Claimant’s Recognized Loss, nor shall it be deemed an assignment of any claim relating to the purchase of such HCA shares of common stock unless specifically provided in the instrument of gift or assignment.
- (vi) To the extent a Claimant had a gain from his, her or its overall transactions in HCA common stock during the Class Period, the value of the Recognized Loss will be zero. Such claimants will in any event be bound by the Settlement. To the extent that a Claimant suffered an overall actual loss on his, her or its overall transactions in HCA common stock during the Class Period, but that loss was less than the Recognized Loss calculated above, then the Recognized Loss shall be limited to the amount of the actual loss.
- (vii) For purposes of determining whether a Claimant had a gain from his, her or its overall transactions in HCA common stock during the Class Period or suffered a loss, the Claims Administrator shall: (i) total the amount the Claimant paid for all HCA common stock purchased or otherwise acquired during the Class Period (the “Total Purchase Amount”); (ii) match any sales of HCA common stock during the Class Period first against the Claimant’s opening position in the stock (the proceeds of those sales will not be considered for purposes of calculating gains or losses); (iii) total the amount received for sales of the remaining shares of HCA common stock sold during the Class Period (the “Sales Proceeds”); and (iv) ascribe a \$49.03 per share holding value for the number of shares of HCA common stock purchased or otherwise acquired during the Class Period and still held at the end of the Class Period (“Holding Value”). The difference between (x) the Total Purchase Amount ((i) above) and (y) the sum of the Sales Proceeds ((iii) above) and the Holding Value ((iv) above) will be deemed a Claimant’s gain or loss on his, her or its overall transactions in HCA common stock during the Class Period.
- (viii) A payment to any Authorized Claimant of less than \$10 in total will not be included in the calculation and will not be distributed.

**WHAT RIGHTS AM I GIVING UP BY AGREEING TO THE SETTLEMENT?**

42. If the Settlement is approved, the Court will enter a judgment (the “Judgment”). The Judgment will dismiss the claims against Defendants with prejudice and provide that Lead Plaintiffs and all other Class Members, except those who validly and timely requested to be excluded from the Class, shall upon the Effective Date of the Settlement, be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, waived, discharged and dismissed any and all Released Claims, including “Unknown Claims” (as defined in the Stipulation), against the Released Parties (as defined in the Stipulation) and any claims or potential claims that were or could be asserted in connection with the Action or Released Claims.

43. “Released Claims” means collectively any and all claims (including Unknown Claims, as defined in Paragraph 1.39 of the Stipulation), debts, demands, rights or causes of action, actions, suits, matters, and issues or liabilities of every nature and description whatsoever (including, but not limited to, any claims of negligence, gross negligence, omissions, breaches of duty of care and/or breaches of any other duty, fraud, or violations of any state or federal statutes, regulations, or rules, and any claims for damages, interest, attorneys’ fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether known or unknown, whether fixed, contingent, accrued, unaccrued, liquidated, unliquidated, or absolute, whether suspected or unsuspected, whether disclosed or undisclosed, whether matured or unmatured, whether or not concealed or hidden, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, at law or in equity, whether class or individual in nature, that (i) have been asserted in the Action against any of the Released Parties; or (ii) could have been or might be asserted in any litigation or forum by Lead Plaintiffs or any of the Class Members, or their successors or assigns, in any capacity against any of the Released Parties that arise out of, relate to, or are based upon the purchase, acquisition or sale of HCA common stock in connection with (a) the subject matter of the Action; or (b) the allegations, transactions, events, facts, acts, disclosures, statements, matters, occurrences, representations, omissions, or failures to act involved, set forth or referred to in the Action; or (iii) arise out of, relate to, or are in connection with the Settlement or resolution of the Action; or (iv) have been or could have been asserted in the Action or any in forum by Defendants or any of them or the successors and assigns of any of them against the Lead Plaintiffs, any Class Member or their attorneys, which arise out of or relate in any way to the institution, prosecution, or settlement of the Action. Provided, however, that Released Claims shall not include any claim, right or cause of action or liability specifically alleged by the plaintiffs under the Employment Retirement Income Security Act in the action denominated *Thurman v. HCA, Inc. et al., 05-CV-1001*, and the claims, rights or cause of action or liability specifically alleged in the shareholder derivative action denominated *In re HCA, Inc. Derivative Litigation, 05-CV-00968*.

44. The Judgment also will provide that Defendants and any of the other Released Parties shall each be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, waived, and discharged all claims, whether known or unknown (including Unknown Claims), and whether arising under federal state or any other law, which have been, or could have been, asserted in the Action or in any court or forum, by Defendants, or any of them, against any of the Lead Plaintiffs, all Plaintiffs’ counsel, and/or any of their agents, which arise out of or relate in any way to the institution, maintenance, or settlement of the Action, except claims relating to the enforcement of the Settlement. The Judgment will also bar all claims for contribution, indemnification or equitable indemnification against any party relating to the facts of this action, provided, however, that claims by Individual Defendants against HCA for defense costs and claims by the Defendants against their D&O carriers are not barred.

**WHAT PAYMENT ARE THE ATTORNEYS FOR THE CLASS SEEKING?  
HOW WILL THE LAWYERS BE PAID?**

45. Lead Counsel have not received any payment for their services in pursuing claims against Defendants on behalf of the Class, nor have Lead Counsel been reimbursed for their out-of-pocket expenses. At the Settlement Hearing described below, or at such other time as the Court may direct, Lead Counsel intends to apply to the Court for an award of attorneys’ fees in an amount not to exceed 20% of the Settlement Fund net of Court-

approved litigation expenses. The amount of fees sought by Lead Counsel in the fee application is pursuant to the terms of an agreement negotiated and entered into with Lead Plaintiffs.

46. Lead Counsel also intends to apply for reimbursement of litigation expenses in an amount not to exceed \$200,000. If the application for attorneys' fees and reimbursement of litigation expenses is approved by the Court, the average cost per affected share would be approximately \$0.03. **THE COURT HAS NOT EXPRESSED ANY OPINION ON THE APPLICATION FOR ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES.**

47. The fee requested by Lead Counsel would compensate Lead Counsel for its efforts in achieving the Settlement for the benefit of the Class, and for its risk in undertaking this representation on a contingency basis. The fee requested is within the range of fees awarded under similar circumstances in litigation of this type. The Court will determine the amount of the award.

#### **HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?**

48. For settlement purposes only, the Court has certified this action as a class action. If you purchased or otherwise acquired HCA common stock during the period from January 12, 2005 through and including July 12, 2005, and you are not excluded by the definition of the Class and do not elect to exclude yourself, then you are a Class Member, and you will be bound by the proposed Settlement provided for in the Stipulation, in the event it is approved by the Court, as well as by any judgment or determination of the Court affecting the Class. Unless otherwise provided by the Court, any Class Member who fails to submit a Claim Form postmarked no later than November 26, 2007 shall be forever barred from receiving any payments pursuant to the Settlement set forth in the Stipulation but will in all other respects be subject to the provisions of the Stipulation, including the terms of any judgments entered and the releases given.

49. If you wish to remain a Class Member, you may be eligible to share in the proceeds of the Settlement, provided that you timely submit an acceptable Claim Form. The Claim Form must be supported by such documents as specified in the Claim Form. The Claim Form is enclosed. Extra copies of the Claim Form may be obtained from the Claims Administrator at the website noted below or downloaded from Lead Counsel's website at [www.blbglaw.com](http://www.blbglaw.com) and [www.lerachlaw.com](http://www.lerachlaw.com).

50. The Court may disallow or adjust the Claim of any Class Member. The Court also may modify the Plan of Allocation without further notice to the Class. Payments pursuant to the Plan of Allocation, as approved by the Court, will be conclusive against all Authorized Claimants. No Person shall have any claim against Lead Plaintiffs, Lead Counsel or the Claims Administrator, or any other agent designated by Lead Counsel, based on the distributions made substantially in accordance with the Stipulation and the Settlement, the Plan of Allocation or further orders of the Court. Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Middle District of Tennessee (Nashville Division) with respect to his, her or its Claim Form.

51. As a Class Member, you are represented by Lead Plaintiffs and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file an appearance on your behalf and must serve copies of such appearance on the attorneys listed in the section entitled, "When and Where Will the Court Decide Whether to Approve the Settlement," below.

52. If you do not wish to remain a Class Member, you may exclude yourself from the Class by following the instructions in the section entitled, "What If I Do Not Want To Be A Part Of The Settlement? How Do I Exclude Myself," below.

53. If you object to the Settlement or any of its terms, the proposed Plan of Allocation, or Lead Counsel's application for attorneys' fees and reimbursement of litigation expenses, and if you do not exclude yourself from the Class, you may present your objections by following the instructions in the section entitled, "When and Where Will the Court Decide Whether to Approve the Settlement," below.

#### **WHAT IF I DO NOT WANT TO BE A PART OF THE SETTLEMENT? HOW DO I EXCLUDE MYSELF?**

54. Each Class Member will be bound by all determinations and judgments in this lawsuit concerning the Settlement, whether favorable or unfavorable, unless such Person mails, by first class mail, a written Request for Exclusion from the Class, addressed to *In re HCA Inc. Securities Litigation - EXCLUSIONS*, - c/o The Garden City Group, Inc., P.O. Box 9176, Dublin, OH 43017-4176, postmarked no later than September 28, 2007. You will not be able to exclude yourself from the Class after that date. Each Request for Exclusion must set forth the name and address of the person or entity requesting exclusion; must state that such Person "requests exclusion from the Class in *In re HCA Inc. Securities Litigation*, No. 05 Civ. 00960 (WJH)"; be signed by such Person; and provide a telephone number, and the date(s), price(s), and number(s) of shares of all purchases and sales of HCA common stock during the Class Period. Requests for Exclusion will not be valid if they are not made within the time stated above, unless the Requests for Exclusion are otherwise accepted by the Court.

55. If a Class Member requests to be excluded from the Class, that Class Member will not receive any benefit provided for in the Stipulation.

#### **WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?**

**If you do not wish to object to the proposed Settlement, the application for attorneys' fees and reimbursement of litigation expenses, and/or the proposed Plan of Allocation, you need not attend the Final Approval Hearing.**

56. The Final Approval Hearing will be held on October 12, 2007 at 10 A.M. before the Honorable William J. Haynes, Jr., at the United States District Court for the Middle District Court of Tennessee (Nashville Division), 801 Broadway, Courtroom A859, Nashville, Tennessee, 37203. The Court reserves the right to approve the Settlement at or after the Final Approval Hearing with such modifications as may be consented to by the Parties to the Stipulation and without further notice to the members of the Class.

57. Any Class Member who does not request exclusion postmarked no later than September 28, 2007 may appear at the Final Approval Hearing and be heard on any of the matters to be considered at the hearing; provided, however, that no such Person shall be heard unless his, her or its objection or opposition is made in writing and is filed, together with copies of all other papers (including proof of all purchases of HCA common stock during the Class Period) and briefs, with the Clerk's Office at the United States District Court for the Middle District of Tennessee (Nashville Division), 801 Broadway, Nashville, Tennessee 37203, on or before September 28, 2007, and is sent for receipt no later than September 28, 2007 to each of the following:

**Lead Counsel for the Class**

BERNSTEIN LITOWITZ BERGER  
& GROSSMANN LLP  
Blair A. Nicholas, Esq.  
Timothy DeLange, Esq.  
12481 High Bluff Drive, Suite 300  
San Diego, CA 92130

LERACH COUGHLIN STOIA GELLER  
RUDMAN & ROBBINS LLP  
Tor Gronborg  
Thomas G. Wilhelm  
655 West Broadway, Suite 1900  
San Diego, CA 92101

**Counsel for Defendants**

LATHAM & WATKINS LLP  
Everett C. Johnson, Jr.  
555 Eleventh Street, N.W.  
Washington, D.C. 20004

BOWEN RILEY WARNOCK & JACOBSON, PLC  
Steven A. Riley  
1906 West End Avenue  
Nashville, TN 37203

58. The filing must demonstrate your membership in the Class, including the number of shares of HCA common stock purchased or otherwise acquired during the Class Period and price(s) paid. Only Class Members who have submitted their position in this manner will be entitled to be heard at the Final Approval Hearing, unless the Court orders otherwise. You may file an objection without having to appear at the Final Approval Hearing. Class Members who approve of the Settlement need not appear at the Final Approval Hearing.

59. Attendance at the hearing is not necessary; however, Persons wishing to be heard orally in opposition to the approval of the Settlement, the proposed Plan of Allocation and/or the request for attorneys' fees and reimbursement of litigation expenses are required to notify the above counsel in advance of the hearing. Persons who intend to object to the Settlement, the proposed Plan of Allocation and/or Lead Counsel's application for an award of attorneys' fees and reimbursement of litigation expenses and desire to present evidence at the Final Approval Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Final Approval Hearing.

60. The Final Approval Hearing may be delayed from time to time by the Court without further written notice to the Class. If you intend to attend the Final Approval Hearing, you should confirm the date and time with Lead Counsel.

**Unless otherwise ordered by the Court, any Class Member who does not object in the manner described herein will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the application for attorneys' fees and reimbursement of litigation expenses and/or the proposed Plan of Allocation. Class Members do not need to appear at the hearing or take any other action to indicate their approval.**

**WHAT IF I BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?**

61. If you purchased or otherwise acquired HCA common stock during the Class Period for the beneficial interest of a Person or organization other than yourself, you are directed to send a copy of this Notice and the Claim Form, to the beneficial owner of the shares postmarked no later than fourteen (14) days from the date of this Notice, or to provide the names and addresses of such persons no later than fourteen (14) days from the date of this Notice to *In re HCA Inc. Securities Litigation* c/o The Garden City Group, Inc., P.O. Box 9176 Dublin, OH, 43017-4176, in which case the beneficial owner will be sent a copy of the Notice. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred in complying herewith by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Claim Form may also be obtained from the Claims Administrator's website [www.gardencitygroup.com](http://www.gardencitygroup.com) or [www.hcasettlement.com](http://www.hcasettlement.com), or calling toll-free 1-800-915-2989, or may be downloaded from Lead Counsels' websites at [www.blbglaw.com](http://www.blbglaw.com) and [www.lerachlaw.com](http://www.lerachlaw.com).

**CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE A QUESTION?**

62. This Notice contains only a summary of the terms of the proposed Settlement. For a more detailed statement of the matters involved in the Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the Middle District of Tennessee (Nashville Division), 801 Broadway, Nashville, Tennessee, 37203.

63. All inquiries concerning this Notice or the Claim Form should be directed to:

*In re HCA Inc. Securities Litigation*  
c/o The Garden City Group, Inc.  
P.O. Box 9176  
Dublin, OH 43017-4176  
800-915-2989

**OR**

BERNSTEIN LITOWITZ BERGER  
& GROSSMANN LLP  
Blair A. Nicholas, Esq.  
Timothy DeLange, Esq.  
12481 High Bluff Drive, Suite 300  
San Diego, CA 92130

LERACH COUGHLIN STOIA GELLER  
RUDMAN & ROBBINS LLP  
Tor Gronborg  
Thomas G. Wilhelm  
655 West Broadway, Suite 1900  
San Diego, CA 92101

**Lead Counsel for the Class**

**DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF THE COURT REGARDING THIS NOTICE.**

Dated: July 25, 2007

By Order of the Clerk of the Court  
United States District Court  
for the Middle District of Tennessee  
(Nashville Division)

QUESTIONS? VISIT [WWW.HCASETTLEMENT.COM](http://WWW.HCASETTLEMENT.COM) OR CALL 1-800-915-2989