



GRANTED WITH MODIFICATIONS

Exhibit A

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

PONTIAC GENERAL EMPLOYEES
RETIREMENT SYSTEM, On Behalf of
Itself and All Others Similarly Situated
and On Behalf of Nominal Defendant
HEALTHWAYS, INC.,

Plaintiff,

v.

JOHN W. BALLANTINE, J. CRIS
BISGARD, MARY JANE ENGLAND,
BEN R. LEEDLE JR., C. WARREN
NEEL, WILLIAM D. NOVELLI,
ALISON TAUNTON-RIGBY,
DONATO TRAMUTO, JOHN A.
WICKENS, KEVIN WILLS, and
SUNTRUST BANK,

Defendants, and

HEALTHWAYS, INC.,

Nominal Defendant.

C.A. No. 9789-VCL

SCHEDULING ORDER

WHEREAS, the parties to the action captioned *Pontiac Gen. Employees Ret. Sys. v. Ballantine, et al.*, C.A. No. 9789-VCL (the "Action"), currently pending in this Court, have determined to settle all claims asserted against Defendants in the Action with prejudice on the terms and conditions set forth in the Stipulation and

Agreement of Compromise, Settlement and Release entered into by the Parties dated February 10, 2015 (the “Stipulation”);

WHEREAS, the Parties have made an application, pursuant to Court of Chancery Rule 23(e), for entry of a scheduling order in accordance with the Stipulation, preliminarily certifying the Class for purpose of the Settlement only, approving the form and content of the notice of the Settlement to the Class and scheduling the date and time for the Settlement Hearing; and

WHEREAS, the Court having read and considered the Stipulation and the exhibits attached thereto; the Stipulation being sufficient to warrant notice to the Class (defined below); and all Parties having consented to the entry of this Order.

NOW THEREFORE, IT IS HEREBY ORDERED, this ____ day of _____, 2015, as follows:

1. **Definitions:** Unless otherwise defined herein, the capitalized terms used herein shall have the same meaning as they have in the Stipulation.

2. **Preliminary Class Certification for Settlement Purposes:** The Court hereby preliminarily certifies, solely for purposes of effectuating the proposed Settlement, the Action as a non-“opt-out” class action pursuant to Court of Chancery Rules 23(a), 23(b)(1) and 23(b)(2), on behalf of a Class consisting of all Persons who held Healthways common stock at any time during the period from June 8, 2012 through and including the close of trading on February 10, 2015 (the

“Class Period”) and that continued to hold Healthways common stock as of the end of the Class Period. Excluded from the Class are (a) the Individual Defendants and their respective immediate family members; (b) the Company, SunTrust and each of the other Lenders, as well as each of their respective subsidiary companies, officers, directors and affiliates; and (c) the legal representatives, agents, affiliates, heirs, successors-in-interest or assigns of any of the foregoing excluded parties.

3. Solely for purposes of the Settlement, Plaintiff is preliminarily appointed as class representative for the Class and Plaintiff’s Counsel are preliminarily appointed as class counsel for the Class.

4. **Settlement Hearing:** The Court will hold a Settlement Hearing (the “Settlement Hearing”) on _____, 2015, at __:__ __.m, in the Court of Chancery of the State of Delaware, New Castle County Courthouse, 500 North King Street, Wilmington, DE 19801, for the following purposes: (a) to determine whether the Action may be permanently maintained as a non-opt-out class action and whether the Class should be certified permanently, for Settlement purposes, pursuant to Court of Chancery Rules 23(a), 23(b)(1) and 23(b)(2); (b) to determine whether Plaintiff may be permanently designated as representative for the Class and Plaintiff’s Counsel as counsel for the Class, and to determine whether Plaintiff and Plaintiff’s Counsel have adequately represented the interests of the Class in the Action; (c) to determine whether the proposed Settlement on the terms and

conditions provided for in the Stipulation is fair, reasonable and adequate to the Class, and should be approved by the Court; (d) to determine whether a Judgment substantially in the form attached as Exhibit B to the Stipulation should be entered dismissing the Action with prejudice against Defendants; (e) to determine whether the application by Plaintiff's Counsel for an award of attorneys' fees and litigation expenses should be approved; (f) to hear and consider any objections to the Settlement, final certification of the Class or Plaintiff's Counsel's application for an award of attorneys' fees and litigation expenses; and (g) to consider any other matters that may properly be brought before the Court in connection with the Settlement. Notice of the Settlement and the Settlement Hearing shall be given to Class members as set forth in Paragraph 6 of this Order.

5. The Court may adjourn the Settlement Hearing and approve the proposed Settlement with such modifications as the Parties may agree to, if appropriate, without further notice to the Class.

6. **Manner of Giving Notice:** Notice of the Settlement and the Settlement Hearing shall be given by Healthways or its successor-in-interest as follows:

(a) not later than ten (10) business days after the date of entry of this Order (the "Notice Date"), Healthways or its successor-in-interest shall cause a copy of the Notice, substantially in the form attached hereto as

Exhibit 1, to be mailed by first-class mail to potential Class members at the addresses set forth in the shareholder records of the Company, its successor-in-interest or their respective transfer agents or who otherwise may be identified through further reasonable effort;

(b) not later than the Notice Date, Healthways or its successor-in-interest shall cause copies of the Notice and the Stipulation to be posted on Healthways' (or its successor-in-interest's) website, which documents shall remain posted on the website through the Effective Date of the Settlement;

(c) not later than ten (10) business days after the Notice Date, Healthways or its successor-in-interest shall cause the Summary Notice to be published once in *Investor's Business Daily* and to be transmitted once over the *PR Newswire*; and

(d) not later than fifteen (15) calendar days prior to the Settlement Hearing, counsel for the Defendants shall serve on Plaintiff's Counsel and file with the Court proof, by affidavit or declaration, of such mailing and publication.

7. **Approval of Form and Content of Notice:** The Court (a) approves, as to form and content, the Notice, attached hereto as Exhibit 1, and the Summary Notice, attached hereto as Exhibit 2, and (b) finds that the mailing and distribution of the Notice and the publication of the Summary Notice in the manner and form

set forth in Paragraph 6 of this Order: (i) are the best notice practicable under the circumstances; (ii) constitute notice that is reasonably calculated, under the circumstances, to apprise Class members of the pendency of the Action, of the effect of the proposed Settlement (including the Releases to be provided thereunder), of Plaintiff's Counsel's application for an award of attorneys' fees and Litigation Expenses, of their right to object to the Settlement and/or Plaintiff's Counsel's application for attorneys' fees and litigation expenses and of their right to appear at the Settlement Hearing; (iii) constitute due, adequate and sufficient notice to all persons and entities entitled to receive notice of the proposed Settlement; and (iv) satisfy the requirements of Court of Chancery Rule 23, the United States Constitution (including the Due Process Clause) and all other applicable law and rules. The date and time of the Settlement Hearing shall be included in the Notice and Summary Notice before they are mailed and published, respectively.

8. **Nominees Procedures:** Brokerage firms, banks and other nominees which held shares of Healthways common stock during the Class Period as record holders for the benefit of another person or entity shall (a) within seven (7) calendar days of receipt of the Notice, request from Healthways sufficient copies of the Notice to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notices forward them to all such beneficial

owners; or (b) within seven (7) calendar days of receipt of the Notice, send a list of the names and addresses of all such beneficial owners to Healthways in which event Healthways shall promptly mail the Notice to such beneficial owners.

9. **Appearance at Settlement Hearing and Objections:** Any Class member may enter an appearance in the Action at his, her or its own expense, individually or through counsel of his, her or its own choice, by filing with the Register in Chancery and delivering a notice of appearance to representative counsel for Plaintiff and Defendants at the addresses set forth in Paragraph 10 below; *provided, however*, that any such notice is received not later than ten (10) calendar days prior to the Settlement Hearing, or as the Court may otherwise direct. Any Class member who does not enter an appearance will be represented by Plaintiff's Counsel and shall be deemed to have waived and forfeited any and all rights he, she or it may otherwise have to appear separately at the Settlement Hearing.

10. Any Class member may file a written objection to the proposed Settlement and/or Plaintiff's Counsel's application for an award of attorneys' fees and litigation expenses and appear and show cause why the proposed Settlement and/or the application for attorneys' fees and litigation expenses should not be approved; *provided, however*, that, unless otherwise directed by the Court for good cause shown, no Class member shall be heard or entitled to contest the approval of

the terms and conditions of the proposed Settlement and/or the application for attorneys' fees and litigation expenses unless that person or entity has filed a written objection with the Register in Chancery, Court of Chancery of the State of Delaware, New Castle County Courthouse, 500 North King Street, Wilmington, DE 19801, and served copies of such objection on representative counsel for Plaintiff and Defendants at the addresses set forth below such that they are received not later than ten (10) calendar days prior to the Settlement Hearing.

Representative Counsel for Plaintiff:

Joel Friedlander, Esq.
Friedlander & Gorris, P.A.
222 Delaware Avenue, Suite 1400
Wilmington, DE 19801

Representative Counsel for Defendants:

William M. Lafferty, Esq.
Morris, Nichols, Arsht & Tunnell LLP
1201 N. Market Street
Wilmington, DE 19801

S. Michael Sirkin, Esq.
Seitz Ross Aronstam & Mortiz LLP
100 S. West Street, Suite 400
Wilmington, DE 19801

11. Any objections, filings and other submissions by the objecting Class member: (a) must be signed by the objector and must state the name, address and telephone number of the person or entity objecting and, if represented by counsel, must state the name, address and telephone number of such counsel; (b) must contain a written, specific statement of the Class member's objection or objections and the specific reasons for each objection, including any legal and evidentiary support the Class member wishes to bring to the Court's attention; and (c) must

include documentation sufficient to prove that the objector is a member of the Class.

12. Unless the Court orders otherwise, any Class member who or which does not make an objection in the manner provided herein shall (a) be deemed to have waived and forfeited any right to object to any aspect of the proposed Settlement or Plaintiff's Counsel's application for an award of attorneys' fees and litigation expenses; (b) be forever barred and foreclosed from objecting to the fairness, reasonableness or adequacy of the Settlement, the Judgment to be entered approving the Settlement or the attorneys' fees and litigation expenses requested and/or awarded; and (c) be deemed to have waived and forever barred and foreclosed from being heard, in this or any other proceeding, with respect to any matters concerning the Settlement or the requested and/or awarded attorneys' fees and litigation expenses.

13. **Stay and Temporary Injunction:** Until otherwise ordered by the Court, the Court stays all proceedings in the Action other than those related to the Settlement. Pending final determination by the Court of whether the Settlement should be approved, the Court bars and enjoins Plaintiff and all other members of the Class from instituting, commencing or prosecuting any and all of the Released Plaintiff Claims against any and all of the Released Defendant Parties.

14. **Notice Costs:** Any and all costs and fees associated with providing notice of the Settlement to the members of the Class shall be paid by Healthways (or its successor-in-interest), regardless of whether the Court finally approves the Settlement. In no event shall Plaintiff, any other member of the Class, or their respective attorneys be responsible for any of the costs or fees associated with providing such notice.

15. **Termination of Settlement:** If the Settlement is terminated as provided in the Stipulation, this Order shall be vacated, rendered null and void and be of no further force and effect, except as otherwise provided by the Stipulation. In such event, this Order shall be without prejudice to the rights of Plaintiff, the other Class members and Defendants, and the Parties shall revert to their respective positions in the Action immediately prior to November 23, 2014, as provided in the Stipulation.

16. **Use of this Order:** Neither this Order, the Stipulation (whether or not consummated), nor the negotiations, statements or proceedings in connection with the Stipulation shall (a) be argued, construed or deemed to be a presumption, concession or admission by any of the Released Defendant Parties or any other person of any fault, liability or wrongdoing as to any facts or claims alleged or asserted in the Action or otherwise, or that Plaintiff or any other member of the Class has suffered any damage attributable in any manner to any of the Released

Plaintiff Claims; (b) be argued, construed or deemed to be a presumption, concession or admission by Plaintiff, any other member of the Class or Plaintiff's Counsel of any lack of merit of the Released Plaintiff Claims; or (c) be offered or admitted in evidence or referred to, interpreted, construed, invoked, or otherwise used by any person for any purpose in the Action or in any other action or proceeding, whether civil, criminal or administrative, except for any litigation or judicial proceeding arising out of or relating to this Settlement; *provided, however,* that any of the Released Defendant Parties or Released Plaintiff Parties may file the Stipulation or any judgment or order of the Court related hereto in any other action that may be brought against them, exclusively for the purpose of supporting any and all defenses or counterclaims based on 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.

17. **Supporting Papers:** Plaintiff's Counsel shall file and serve the opening papers in support of the proposed Settlement and Plaintiff's Counsel's application for an award of attorneys' fees and litigation expenses no later than fifteen (15) calendar days prior to the Settlement Hearing; and reply papers relating to any objection, if any, shall be filed and served no later than five (5) calendar days prior to the Settlement Hearing.

18. **Retention of Jurisdiction:** The Court retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement.

Vice Chancellor Laster

This document constitutes a ruling of the court and should be treated as such.

Court: DE Court of Chancery Civil Action

Judge: J Travis Laster

File & Serve

Transaction ID: 56756475

Current Date: Feb 20, 2015

Case Number: 9789-VCL

Case Name: Pontiac General Employees Retirement System vs John W Ballantine

Court Authorizer: Laster, J Travis

Court Authorizer

Comments:

The settlement hearing shall be held on Friday, May 8, 2015, at 11:00 a.m.

/s/ Judge Laster, J Travis