

THE PROPOSED PLAN OF ALLOCATION: CALCULATION OF LOSS AMOUNT

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.

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

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.

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.

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 July 12, 2005 is zero.

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

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 ¶11, of the Notice.

(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.