

**IN THE UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF PENNSYLVANIA**

CAROL HESSLER Derivatively on Behalf  
of ADAPTHEALTH CORP.,

Plaintiff,

v.

LUKE MCGEE, STEPHEN P. GRIGGS,  
GREGG HOLST, JASON CLEMENS,  
FRANK J. MULLENS, JOSHUA PARNES,  
RICHARD BARASCH, TERENCE  
CONNORS, SUSAN WEAVER, DALE  
WOLF, DAVID S. WILLIAMS III,  
BRADLEY COPPENS, TED LUNDBERG,  
and ALAN QUASHA,

Individual Defendants,

-and-

ADAPTHEALTH CORP.,

Nominal Defendant.

Civil Action No. 2:21-cv-05335-GJP

**STIPULATION AND AGREEMENT OF  
COMPROMISE, SETTLEMENT, AND RELEASE**

Nominal defendant AdaptHealth Corp. (“AdaptHealth” or the “Company”), Defendants Luke McGee, Stephen P. Griggs, Gregg Holst, Jason Clemens, Frank J. Mullen, Joshua Parnes, Richard Barasch, Terence Connors, Dr. Susan Weaver, Dale Wolf, David S. Williams III, Bradley Coppens, Ted Lundberg, and Alan Quasha (the “Individual Defendants,” and together with AdaptHealth, “Defendants”), and Plaintiff Carol Hessler (“Plaintiff” and together with the Defendants, the “Parties”) in the above-captioned shareholder derivative action (the “Derivative Action”), through their undersigned counsel, have reached this Stipulation and Agreement of Compromise, Settlement, and Release (with the exhibits hereto, the “Stipulation”),

subject to approval by the United States District Court for the Eastern District of Pennsylvania (the “Court”) on the terms and subject to the conditions set forth herein:

WHEREAS, on December 6, 2021, Plaintiff, through her counsel, Kohn, Swift & Graf, P.C. and Levi & Korsinsky, LLP, filed the Derivative Action against Defendants alleging breaches of fiduciary duty, unjust enrichment, waste of corporate assets, and violations of Section 14(a) of the Securities Exchange Act of 1934 in this Court;

WHEREAS, on March 7, 2022, the Court entered an Order staying the Derivative Action (the “Stay Order”) pending a final judgment in the related securities class action that was pending in this Court captioned *Delaware County Employees Retirement System v. AdaptHealth Corp. et al.*, Case No. 21-cv-03382-HB (the “Securities Class Action”). The Stay Order required Defendants to re-produce to Plaintiff all documents produced by Defendants in the Securities Class Action;

WHEREAS, on or about March 21, 2023, Defendants began producing documents pursuant to the Stay Order, and continued making rolling productions of documents through at least August 2023;

WHEREAS, in June 2023, the Parties agreed to engage a nationally recognized neutral mediator and participated in settlement discussions on multiple occasions between September 2023 and February 2024, which included the exchange of mediation briefs, responses, and exhibits. Such mediation efforts resulted in the Parties reaching an agreement in principle concerning the terms of settlement;

WHEREAS, on February 25, 2024, the Parties executed a binding term sheet setting forth the principal terms for a settlement of the Derivative Action (the “Term Sheet”);

WHEREAS, the Plaintiff commenced the Derivative Action in good faith and continues to believe that the derivative claims have legal merit, and the entry by the Plaintiff into this Stipulation is not an admission as to a lack of any merit of any derivative claims asserted or that could be asserted in the Derivative Action;

WHEREAS, each of the Defendants has denied, and continues to deny, that he, she or it committed any breach of duty, breached any other law, or engaged in any of the wrongful acts alleged in the Derivative Action, expressly maintains that he, she or it diligently and scrupulously complied with his or her fiduciary and other legal duties, to the extent such duties exist, and further believes that the Derivative Action is without merit and that he, she or it has meritorious defenses to all claims alleged in the Derivative Action, and is entering into this Stipulation and the Settlement solely to eliminate the burden, expense, and uncertainties inherent in further litigation;

WHEREAS, the Parties wish to settle and resolve the claims asserted by Plaintiff in the Derivative Action, and the Parties have, following arm's-length negotiations, reached an agreement in principle as set forth in this Stipulation, providing for the settlement of the Derivative Action on the terms and subject to the conditions set forth below, and the Parties believe the Settlement is in the best interests of the Parties and AdaptHealth;

WHEREAS, AdaptHealth's Board of Directors, including each of its independent, non-defendant directors, in a good faith exercise of business judgment, has determined that:

- (i) the Settlement confers a substantial benefit upon AdaptHealth and its stockholders; and
- (ii) the Settlement, and each of its terms, is in all respects fair, reasonable, and in the best interests of AdaptHealth and its stockholders.

**NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED** by and among the Parties that, in consideration of the benefits afforded herein, the Derivative Action shall be fully and finally compromised and settled, that the Released Claims (as defined below) shall be released as against the Released Parties (as defined below), and that the Derivative Action shall be dismissed with prejudice, upon and subject to the following terms and conditions, and further subject to the approval of the Court pursuant to Federal Rule of Civil Procedure 23.1:

### **DEFINITIONS**

1. In addition to the terms defined elsewhere in this Stipulation, the following terms used in this Stipulation have the meanings specified below:

(i) “Corporate Governance Reforms” means the corporate governance reforms set forth in Exhibit A to this Stipulation.

(ii) “Defendants’ Counsel” means (a) Willkie Farr & Gallagher LLP, (b) Saxton & Stump, (c) Kramer Levin Naftalis & Frankel LLP, and (d) Griesing Law LLC.

(iii) “Defendants’ Released Claims” means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys’ fees, actions, potential actions, causes of action, suits, judgments, defenses, counterclaims, offsets, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether known or unknown, asserted or unasserted, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims, which were or which could have been asserted by any of the Defendant Releasing Parties in any court, tribunal, forum or proceeding, whether based on state, local, foreign, federal, statutory, regulatory, common or other law or rule, and which are based upon, arise out of, relate in any way to, or involve, directly or indirectly, (a) the actions, inactions, deliberations, discussions, decisions, votes, or any other conduct of any kind by any of the Released Plaintiffs, relating in any way to any agreement, transaction, occurrence, conduct, or fact alleged or set forth in the Derivative Action, or (b) the commencement, prosecution, defense, mediation or settlement of the Derivative Action; provided, however, for the avoidance of doubt, that Defendants’ Released Claims shall not include any claims to enforce the Settlement.

(iv) “Defendant Releasing Parties” means Defendants, Defendants’ Counsel, and their respective agents, spouses, heirs, predecessors, successors, transferors, transferees, personal representatives, representatives, parents, subsidiaries, affiliates, partners, investors, advisors, and assigns.

(vii) “Final Approval” with respect to the approval of the Settlement by a court means the later of (a) the expiration of the time for the filing or noticing of an appeal or motion for reargument or rehearing from the court’s order and final judgment approving the material terms of the Settlement without such appeal or motion having been made; (b) the date of final affirmance of the court’s order and final judgment on any appeal or reargument or rehearing; or (c) the final dismissal of any appeal.

(ix) “Plaintiff’s Counsel” means (a) Kohn, Swift & Graf, P.C. and (b) Levi & Korsinsky, LLP.

(x) “Plaintiff’s Released Claims” means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys’ fees, actions, potential actions, causes of action, suits, judgments, defenses, counterclaims, offsets, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether known or unknown, asserted or unasserted, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims, that Plaintiff Releasing Parties asserted or could have asserted on behalf of nominal defendant AdaptHealth Corp. in the Derivative Action in any court, tribunal, forum or proceeding, whether based on state, local, foreign, federal, statutory, regulatory, common or other law or rule, and which are based upon, arise out of, relate in any way to, or involve, directly or indirectly, (i) the actions, inactions, deliberations, discussions, decisions, votes, or any other conduct of any kind by any of the Released Defendants, relating in any way to any agreement, transaction, occurrence, conduct, or fact alleged or set forth in the Derivative Action, or (ii) the commencement, prosecution, defense, mediation or settlement of the Derivative Action; provided, however, for the avoidance of doubt, that Plaintiff’s Released Claims shall not include any claims to enforce this Settlement.

(xi) “Plaintiff Releasing Parties” means the Plaintiff, AdaptHealth, Plaintiff’s Counsel, and each and every AdaptHealth stockholder derivatively on behalf of AdaptHealth, and their respective agents, spouses, heirs, predecessors, successors, transferors, transferees, personal or legal representatives, parents, subsidiaries, employees, affiliates, partners, investors, advisors, insurers, and assigns.

(xii) “Preliminary Approval Order” means the order by the Court preliminarily approving (a) the Settlement set forth in this Stipulation; (b) the form and manner of providing notice of the Settlement to current AdaptHealth shareholders; and (c) a date for the Settlement Hearing.

(xiii) “Released Claims” means Plaintiff’s Released Claims and Defendants’ Released Claims.

(xiv) “Released Defendants” means (a) Defendants, including nominal defendant AdaptHealth, and any and all of their and AdaptHealth’s respective former, current, or future agents, parents, controlling persons, general or limited partners, members, managers, managing members, direct or indirect equity holders, subsidiaries, affiliates, employees, officers, directors, predecessors, successors, attorneys, heirs, successors in interest, assigns, insurers, reinsurers, consultants, other personal or legal representatives and servants; (b) for each and all of the persons identified in the foregoing clause, any and all of their respective past or present trusts, foundations, investors, insurers, reinsurers, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, parents, controlling persons, subsidiaries, divisions, direct or indirect affiliates, associated entities, stockholders, members, managing members, managing agents, financial or investment advisors, advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers, lenders, commercial bankers, attorneys in fact, counsel, accountants and associates that are not natural persons; (c) for each and all of the persons identified in the foregoing clauses of this Section that are not natural persons, any and all of their respective past or present trustees, agents, employees, fiduciaries, partners, controlling persons, principals, officers, managers, directors, managing directors, members, managing members, managing agents, financial or investment advisors, advisors, consultants, brokers, dealers, lenders, attorneys in fact, counsel, accountants, and associates who are natural persons; (d) for each and all of the persons identified in the foregoing clauses of this Section that are not natural persons, their respective successors and assigns; (e) for each and all of the persons identified in the foregoing clauses of this Section who are natural persons, all their past or present family members or spouses, and the heirs, executors, estates, administrators, personal or legal representatives, assigns, beneficiaries, and distributees of any of the foregoing; and (f) Defendants’ Counsel.

(xv) “Released Parties” means the Released Plaintiffs and the Released Defendants.

(xvi) “Released Plaintiffs” means the Plaintiff, Plaintiff’s Counsel, and any and all of their former, current or future agents, parents, controlling persons, general or limited partners, members, managers, managing members, direct or indirect equity holders, subsidiaries, affiliates, employees, officers, directors, predecessors, successors, attorneys, heirs, successors in interest, assigns, insurers, reinsurers, consultants, other personal or legal representatives, servants, respective past or present family members, spouses, agents, fiduciaries, partners, corporations, direct or indirect affiliates, bankers, estates, and advisors.

(xvii) “Releasing Parties” means the Plaintiff Releasing Parties and the Defendant Releasing Parties.

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

(xix) “Unknown Claims” means any Released Claim which the Releasing Party do not know or suspect exist in his, her, or its favor at the time of the Released Claims as against the Released Parties, including without limitation those which, if known by him, her or it, might have affected his, her or its release of the Released Parties or decision(s) to enter into or object to the Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, the Parties shall expressly waive, and each Releasing Party shall, by operation of the Order and Final Judgment, be deemed to have expressly waived, any and all provisions, rights, and benefits conferred by California Civil Code §1542 and any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

The Parties acknowledge that they may hereafter discover facts, legal theories or authorities in addition to or different from those which they or their respective counsel now know or believe to be true with respect to the subject matter of the Released Claims or that, had they known, may have affected their decision to enter into this Stipulation, but they are notwithstanding this potential entering into this Stipulation and intend it to be a full, final, and permanent resolution of the matters at issue in the Derivative Action. The Parties acknowledge, and each Releasing Party shall, by operation of law, be deemed to have acknowledged, that the foregoing waiver and the inclusion of the “Unknown Claims” in the definition of the Plaintiff’s Released Claims and Defendants’ Released Claims were separately bargained for and was a material element of the Settlement.

### **RELEASES**

2. Upon Final Approval, Plaintiff Releasing Parties, by operation of the Settlement and to the fullest extent permitted by law, shall completely, fully, finally and forever release, relinquish, settle and discharge each and all of the Released Defendants from any and all of Plaintiff’s Released Claims.

3. Upon Final Approval, Defendant Releasing Parties, by operation of the Settlement and to the fullest extent permitted by law, shall completely, fully, finally and forever release,

relinquish, settle and discharge each and all of the Released Plaintiffs from any and all of Defendants' Released Claims.

4. The Settlement is intended to extinguish all of the Released Claims and, consistent with such intention, upon Final Approval of the Settlement, the Parties shall waive and relinquish, to the fullest extent permitted by law, the provisions, rights, and benefits of any state, federal, or foreign law or principle of common law, which may have the effect of limiting the Released Claims. This shall include a waiver of any rights pursuant to California Civil Code § 1542 (and equivalent, comparable, or analogous provisions of the laws of the United States or any state or territory thereof, or of the common law), which provides:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR THE RELEASED PARTY.**

5. The Plaintiff acknowledges, and the Releasing Parties shall be deemed by operation of the entry of an Order and Final Judgment (as defined below) approving the Settlement to have acknowledged, that the foregoing waiver was expressly bargained for, is an integral element of the Settlement, and was relied upon by each of the Parties in entering into the Settlement.

#### **SETTLEMENT CONSIDERATION**

6. As a result of the mediation and discussions between and among the Parties, in consideration for the full settlement and release of the Released Claims, and upon Final Approval, AdaptHealth will implement the Corporate Governance Reforms in accordance with paragraphs 8-10 of this Stipulation.



7. In further consideration for the full settlement and release of the Released Claims, Defendants also acknowledge that Plaintiff's initiation and prosecution of the Derivative Action was a substantial cause of AdaptHealth's adoption and/or maintenance of the Corporate Governance Reforms. Defendants acknowledge and agree that the Corporate Governance Reforms are significant and confer substantial benefits upon AdaptHealth and its shareholders.

**IMPLEMENTATION OF THE CORPORATE GOVERNANCE REFORMS**

8. Unless specified otherwise, AdaptHealth will implement the Corporate Governance Reforms within six (6) months of Final Approval; provided, however, that, in the event Final Approval is received after AdaptHealth has published proxy materials in connection with its 2024 annual shareholder meeting, the Corporate Governance Reform set forth in Section C(1) (i.e., the nomination and appointment of one additional outside director) will be implemented by the next election.

9. Except in the event of willful misconduct, AdaptHealth, upon notice of a potential breach of any of the Corporate Governance Reforms, shall be provided with a reasonable cure period with respect to such Corporate Governance Reform. The Corporate Governance Reforms shall remain in effect for a period of at least six (6) years; provided, however, that the Corporate Governance Reforms shall not be binding upon any successor or acquirer of AdaptHealth in the event of a change in control or upon any divested business.

10. AdaptHealth shall have no liability to the extent any of the Corporate Governance Reforms cannot be implemented or maintained due to duly authorized shareholder action, requirements of law, or insolvency of the Company.

**PLAINTIFF’S POSITION REGARDING SETTLEMENT**

11. Before the Derivative Action was initiated, Plaintiff’s Counsel conducted an investigation into the facts and claims alleged in the Derivative Action. After the Derivative Action was initiated, Plaintiff’s Counsel continued their investigation including, among other things: (i) reviewing and analyzing 6,327 documents produced by the Company, comprising over 26,000 pages of emails and other internal AdaptHealth documents; and (ii) inspecting, analyzing, and reviewing AdaptHealth’s filings with the U.S. Securities and Exchange Commission (“SEC”), press releases, announcements, transcripts of conference calls, and other public statements made by the Company. Plaintiff continues to believe, supported by the results of her counsel’s investigation, that the claims asserted in the Derivative Action have merit and that her Counsel’s investigation supports the claims asserted. However, Plaintiff recognizes and acknowledges the expense and length of continued proceedings necessary to prosecute the Derivative Action against Defendants through trial and appeals. Plaintiff has also taken into account the uncertain outcome and the risk of any litigation, especially in complex stockholder litigation such as this Derivative Action, as well as the difficulties and delays inherent in such litigation. Plaintiff’s Counsel are also mindful of the inherent problems of proof under, and possible defenses to, the allegations in the Derivative Action. Based on these considerations, among others, Plaintiff believes that the Settlement confers substantial benefits upon AdaptHealth and is in the best interest of AdaptHealth and its shareholders.

**DEFENDANTS’ POSITION REGARDING SETTLEMENT**

12. Each of the Defendants has expressly denied, and continues to deny, that he, she or it committed any breach of duty, breached any other law, or engaged in any of the wrongful acts alleged in the Derivative Action, expressly maintains that he, she or it diligently and

scrupulously complied with his, her or its fiduciary and other legal duties, to the extent such duties exist, and further believes that the Derivative Action is without merit. Nonetheless, Defendants have concluded that further litigation of the Derivative Action would be protracted, burdensome, and expensive, and that it is desirable and beneficial to them that they secure releases to the fullest extent permitted by law and that the Derivative Action be fully and finally settled and terminated in the manner and upon the terms and conditions set forth in the Stipulation. As set forth further in the Stipulation, neither the Settlement nor any of the terms of the Stipulation shall be construed or deemed to be evidence of or constitute an admission, concession, or finding of any fault, liability, wrongdoing, or damage whatsoever or the infirmity in the defenses that Defendants have, or could have, asserted.

#### **STAY OF PROCEEDINGS**

13. Pending Final Approval of the Settlement by the Court, Plaintiff agrees that the Derivative Action shall remain stayed, and Plaintiff and Plaintiff's Counsel agree not to initiate any and all other proceedings other than those incident to the Settlement itself.

14. The Parties will request the Court to order that, pending final determination of whether the Settlement should be approved, Plaintiff and all AdaptHealth stockholders are barred and enjoined from commencing, prosecuting, instigating or in any way participating in the commencement or prosecution of any action asserting any of the Released Claims, either directly, representatively, derivatively, or in any other capacity, against Defendants or any of the Released Parties.

#### **PRESENTATION OF THE SETTLEMENT TO THE COURT**

15. As soon as practicable after this Stipulation has been executed, the Parties shall file the Stipulation, together with its exhibits, to the Court and shall apply for entry of an order,

substantially in the form attached hereto as Exhibit B (the “Preliminary Approval Order”), requesting: (i) preliminary approval of the Settlement set forth in the Stipulations; (ii) approval of the form and manner of providing notice of the Settlement to AdaptHealth stockholders substantially in the form attached hereto as Exhibit C (the “Notice”); and (iii) a date for the Settlement Hearing.

### **NOTICE**

16. Notice of the proposed Settlement shall be provided by AdaptHealth at its expense, by mailing a Notice in substantially the form attached hereto as Exhibit C to all stockholders of record of AdaptHealth as of the time of the entry of the Preliminary Approval Order, and by publication, in accordance with the Preliminary Approval Order. If additional notice is required by the Court, then the cost and administration of such additional notice will be borne by AdaptHealth. Counsel for AdaptHealth shall, at least seven (7) calendar days before the Settlement Hearing, file with the Court an appropriate affidavit with respect to the preparation and mailing of the Notice.

### **ORDER AND FINAL JUDGMENT**

17. If the Settlement (including any modification thereto made with the consent of the Parties hereto as provided for herein) shall be approved by the Court following the Settlement Hearing as fair, reasonable, and adequate and in the best interests of AdaptHealth, the Parties shall jointly request that the Court enter an order and final judgment substantially in the form attached hereto as Exhibit D (“Order and Final Judgment”).

18. The Order and Final Judgment shall, among other things, provide for the full and complete dismissal of the Derivative Action with prejudice, and the settlement and release of the Released Claims.

**COOPERATION**

19. The Parties and their respective counsel agree to cooperate fully with one another in seeking the Court's approval of this Stipulation and the Settlement, and to use their best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper, or advisable under applicable laws, regulations, and agreements to obtain the Court's approval of the Settlement, consummate and make effective, as promptly as practicable, this Stipulation and the Settlement provided for hereunder (including, but not limited to, using their best efforts to resolve any objections raised to the Settlement) and the dismissal of the Derivative Action with prejudice without costs, fees or expenses to any party (except as provided for herein).

20. Without further order of the Court, the Parties may agree to reasonable extensions of time not expressly set forth by the Court in order to carry out any provisions of this Stipulation.

**CONDITIONS OF SETTLEMENT**

21. The Settlement is conditioned upon the fulfillment of each of the following:

(i) the dismissal with prejudice of the Derivative Action, without the award of any damages, costs, fees or the grant of any further relief except for an award of fees and expenses the Court may make as contemplated herein;

(ii) the entry of an Order and Final Judgment in the Derivative Action approving the proposed Settlement and providing for the dismissal with prejudice of the Derivative Action and approving the grant of a release to the Released Parties of the Released Claims; and

(iii) such final judgment and dismissal of the Derivative Action being finally affirmed on appeal or such final judgment and dismissal not being subject to appeal (or further appeal) by lapse of time or otherwise.

22. In the event any claims related to the subject matter of the Derivative Action are commenced or prosecuted against any of the Released Persons in any court prior to Final Approval of the Settlement, the Parties agree to cooperate and use their reasonable best efforts to secure the dismissal (or a stay in contemplation of dismissal following Final Approval of the Settlement) thereof. This Stipulation shall be null and void and of no force and effect if the Settlement does not obtain Final Approval for any reason. In any such event, this Stipulation shall not be deemed to entitle any Party to the recovery of costs and expenses incurred in connection with the intended implementation of the Settlement; provided, however, that AdaptHealth shall be responsible for paying the costs of providing the Notice to AdaptHealth stockholders regardless of whether the Settlement is approved.

23. In the event that the proposed Settlement is rendered null and void for any reason, the existence of or the provisions contained in the Term Sheet or other document or in this Stipulation shall not be deemed to prejudice in any way the respective positions of the Parties with respect to the Derivative Action; nor shall they be deemed a presumption, a concession, or an admission by the Parties of any fault, liability, or wrongdoing as to any facts, claims, or defenses that have been or might have been alleged or asserted in the Derivative Action, or any other action or proceeding or each thereof; nor shall they be interpreted, construed, deemed, invoked, offered, or received in evidence or otherwise used by any person in the Derivative Action, or in any other action or proceeding, except for any litigation or judicial proceeding

arising out of or relating to this Stipulation or the Settlement whether civil, criminal, or administrative, for any purpose other than as provided expressly herein.

**WARRANTY AND NON-ASSIGNMENT OF CLAIMS**

24. Plaintiff and Plaintiff's Counsel represent and warrant that Plaintiff is an AdaptHealth stockholder and that none of Plaintiff's Released Claims have been assigned, encumbered, or in any manner transferred in whole or in part, and that neither Plaintiff nor Plaintiff's Counsel will attempt to assign, encumber, or in any way transfer, in whole or in part, any of Plaintiff's Released Claims.

**ATTORNEYS' FEES**

25. Defendants acknowledge that Plaintiff's Counsel is entitled to seek an award of attorneys' fees and litigation expenses in connection with the Derivative Action and the Settlement. Accordingly, after negotiation of the material terms of the Settlement, as set forth above, the Parties negotiated the attorneys' fees and expenses (the "Fee and Expense Award") that, subject to the Court's approval, Defendants would pay or cause to be paid on its behalf to Plaintiff's Counsel, subject to Court approval.

26. Defendants agree to pay or cause to be paid a Fee and Expense Award in an aggregate amount not to exceed \$935,000, subject to Court approval. The payment of any Fee and Expense Award fully discharges all financial obligations under this Stipulation and in connection with the Settlement, meaning that no Released Defendant shall have any obligation to pay, deliver, deposit, or otherwise provide any settlement consideration, or in the case of Defendants, any other settlement consideration, under this Stipulation or in connection with this Settlement.

27. Any Fee and Expense Award that may be awarded by the Court shall be paid (or caused to be paid) by the Company to Plaintiff's Counsel within twenty (20) days after the later to occur of: (a) the date on which the Court enters Final Approval of the Settlement, (b) the date on which the Court enters an order concerning attorneys' fees and expenses to Plaintiff's Counsel, or (c) the date on which Plaintiff's Counsel provides in writing (which may be in electronic means) to the Company the requisite payment information, including wire instructions and a signed Form W-9 reflecting a valid taxpayer identification number for the account into which the Fee and Expense Award is to be deposited. The Fee and Expense Award, as awarded by the Court, shall be payable to Plaintiff's Counsel within such time period notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof. Each Plaintiff's Counsel who receives any portion of the Fee and Expense Award shall be subject to the Court's jurisdiction for the purposes of enforcing paragraph 13 or any other of the provisions herein related to the Fee and Expense Award.

28. Plaintiff's Counsel represent that: (a) should an appellate court reverse the Court's Final Approval of the Settlement, all such fees and expenses received by Plaintiff's Counsel shall be returned or repaid as directed by the written instructions of Defendants within fourteen (14) days after all appeals are exhausted; and (b) should the fee and expense award be reduced on appeal, all such fees and expenses received by Plaintiff's Counsel in excess of those that are ultimately approved shall be returned or repaid as directed by the written instructions of Defendants within fourteen (14) days after all appeals are exhausted. Plaintiff's Counsel shall be severally obligated to make any repayments required pursuant to this paragraph. Plaintiff's Counsel shall allocate the amount of attorneys' fees and expenses approved by the Court among



themselves. The Released Defendants shall have no responsibility for or liability whatsoever with respect to the allocation or award of attorneys' fees or litigation expenses among Plaintiff's Counsel, or any other counsel representing Plaintiff or any other AdaptHealth stockholder or any counsel asserting a right to recover any portion of such award of fees or expenses. Any dispute regarding any allocation of fees or expenses among Plaintiff's Counsel shall have no effect on the Settlement.

29. The Court may consider and rule upon the fairness, reasonableness, and adequacy of the Settlement independently of any award of attorneys' fees and expenses. The failure of the Court to approve the requested Fee and Expense Award, in whole or in part, shall have no effect on the Settlement, and final resolution by the Court of the requested Fee and Expense Award shall not be a precondition to the dismissal of the Derivative Action.

30. The Parties further stipulate that Plaintiff's Counsel may apply to the Court for a service award of up to \$5,000 for the Plaintiff in recognition of Plaintiff's participation and efforts in the prosecution of the Derivative Action, to be paid from Plaintiff's Counsel's Fee and Expense Award only upon approval of the Court. The failure of the Court to approve any requested service award, in whole or in part, shall have no effect on the Settlement set forth in this Stipulation. Neither the Company nor any of the Individual Defendants shall be liable for any portion of any service award.

#### **DERIVATIVE STATUS AND PRELIMINARY APPROVAL**

31. For purposes of the Settlement only, (i) the Action shall be considered properly maintained as a derivative action by Plaintiff on behalf of AdaptHealth; and (ii) Defendants agree that Plaintiff is an appropriate derivative plaintiff.

32. After execution of this Stipulation, Plaintiff's Counsel and Defendants' Counsel shall submit the Stipulation together with exhibits to the Court and shall jointly seek entry of the Preliminary Approval Order, which will:

(a) Set a date for a Settlement Fairness Hearing to determine whether the proposed Settlement set forth herein should be finally approved as fair and reasonable to AdaptHealth and its shareholders and, if so approved, to consider the agreed-upon Fee and Expense Award;

(b) Approve the form of Notice of the proposed Settlement and direct its dissemination in accordance with paragraph 16 above;

(c) Find that the dissemination of the Notice as described in paragraph 16 above constitutes the best notice practicable under the circumstances, meets the requirements of Rule 23.1 of the Federal Rules of Civil Procedure, and satisfies all of the requirements of due process;

(d) Request that the Court bar and enjoin Plaintiff, the Company, and all of the Company's stockholders from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action asserting any Settled Claims against any Released Persons, pending final determination of whether the Stipulation should be approved.

33. In accordance with the terms of the Preliminary Approval Order to be entered by the Court, no later than twenty-one (21) calendar days after the date of entry of the Preliminary Approval Order, the Company shall cause the Summary Notice, substantially in the form attached as Exhibit C hereto, to be mailed to all stockholders of record of AdaptHealth as of the date of entry of the Preliminary Approval Order. Moreover, in accordance with the terms of the

Preliminary Approval Order to be entered by the Court, no later than thirty (30) calendar days after the date of entry of the Preliminary Approval Order, the Company shall cause the Summary Notice, substantially in the form attached as Exhibit C hereto, to be published once in *The Wall Street Journal* and to be transmitted once over the *PR Newswire*.

34. All costs incurred in notifying AdaptHealth's stockholders of the Settlement, regardless of the form or manner of notice ordered by the Court and regardless of whether the Court approves the Settlement or the Effective Date otherwise fails to occur, shall be paid by the Company. Furthermore, AdaptHealth shall undertake the administrative responsibility for the publishing of the Notice and Summary Notice to the Company's shareholders. In no event shall either Plaintiff or Plaintiff's Counsel be responsible for any such administration, costs, or expenses.

#### **TERMS OF ORDER AND FINAL JUDGMENT**

35. If the Settlement contemplated by this Stipulation is preliminarily approved by the Court, Plaintiff's Counsel and Defendants' Counsel shall jointly request that the Court enter the Order and Final Judgment, which will:

- (a) Find that the dissemination of the Notice as described in paragraph 16 above has been accomplished and provided the best notice practicable under the circumstances, met the requirements of Rule 23.1 of the Federal Rules of Civil Procedure, and satisfied all of the requirements of due process;
- (b) Approve the Settlement as fair, reasonable, and adequate to AdaptHealth and its stockholders;
- (c) Dismiss the Action with prejudice and provide for the Release of the Settled Claims against the Released Persons; and

(d) Permanently bar and enjoin the institution against the Released Persons of any action asserting or relating in any way to the Settled Claims.

**EFFECTIVE DATE OF SETTLEMENT**

36. The Effective Date of the Settlement shall be the date when all of the following shall have occurred:

- (a) Entry by the Court of the Preliminary Approval order;
- (b) Approval by the Court of the Settlement, following notice to the Company's stockholders and a hearing as prescribed by Rule 23.1 of the Federal Rules of Civil Procedure;
- (c) Entry by the Court of the Order and Final Judgment, including the Release; and
- (d) Payment of the Fee and Expense Award.

37. Upon the Effective Date, the Releases herein shall be effective.

**TERMINATION**

38. Plaintiff or Defendants shall have the right to terminate the Settlement and this Stipulation by providing written notice of their election to do so to the other party within thirty (30) days of the date on which: (i) the Court declines to enter the Preliminary Approval Order; (ii) the Court refuses to approve this Stipulation or any material part of it; (iii) the Court declines to enter the Order and Final Judgment; or (iv) the Order and Final Judgment is vacated, modified, or reversed in any material respect on appeal or certiorari. The foregoing list is not intended to impair the Parties' rights, under the law of contracts of the Commonwealth of Pennsylvania, as to any purported breach of this Stipulation.

39. In the event the Settlement is terminated or fails to become effective for any reason, then the Parties to this Stipulation shall be deemed to have reverted *nunc pro tunc* to their

respective litigation positions in the Action as of the date and time immediately prior to the execution of this Stipulation and, except as otherwise expressly provided, the Parties shall proceed in all respects as if this Stipulation and any related orders had not been entered and without prejudice in any way from the negotiation, fact, or terms of this Settlement.

**STIPULATION NOT AN ADMISSION**

40. Neither this Stipulation and the Settlement, nor any act or omission taken in connection with this Stipulation or the Settlement, is intended or shall be deemed to be a presumption, concession or admission by: (i) any of the Defendants or any of the Released Defendants as to the validity of any claims, causes of action or other issues that were, might be, or have been raised in the Derivative Action, or in any other litigation, or to be evidence of or constitute an admission of wrongdoing or liability by any of them, and each of them expressly denies any such wrongdoing or liability, (ii) any of the Defendants or any of the Released Defendants as to the infirmity of any defense that has been or could have been asserted in the Derivative Action or in any other litigation, including, but not limited to, that the Derivative Action violated the exclusive forum provision in AdaptHealth's Certificate of Incorporation, as amended and restated on November 8, 2019; or (iii) Plaintiff as to the infirmity of any claim or the validity of any defense, or to the amount of any damages.

41. Any communications related to the Settlement or any of the negotiations, statements, or proceedings in connection therewith shall not be offered or admitted in evidence or referred to, interpreted, construed, invoked, or otherwise used by any person for any purpose in the Derivative Action, or otherwise, except as may be necessary to effectuate the Settlement.

42. This provision remains in full force and effect in the event that the proposed Settlement is terminated for any reason whatsoever.

**NO WAIVER**

43. Any failure by any Party to insist upon the strict performance by any other Party of any of the provisions of the Settlement shall not be deemed a waiver of any of the provisions of the Settlement, and such Party shall have the right thereafter to insist upon the strict performance of any and all of the provisions of the Settlement. All waivers must be in writing and signed by the Party against whom the waiver is asserted.

44. No waiver, express or implied, by any Party of any breach or default in the performance by any other Party of its obligations pursuant to the Settlement shall be deemed or construed to be a waiver of any other breach, whether prior, subsequent or contemporaneous, under the terms of the Settlement.

**BREACH**

45. The Parties agree that in the event of any breach of the Settlement, all of the Parties' rights and remedies at law, equity, or otherwise, are expressly reserved.

**GOVERNING LAW**

46. This Stipulation and the Settlement contemplated by it shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflict of laws principles. Any action related to the Settlement will be filed and litigated exclusively in this Court. Each Party (i) consents to personal jurisdiction in any such action brought in the Court, (ii) consents to service of process by registered mail (with a copy to be delivered at the time of such mailing to counsel for each party by facsimile or electronic mail) upon such party and/or such party's agent for purposes of such action, (iii) waives any objection to venue in the Court and any claim that Pennsylvania or the Court is an inconvenient forum for such action, and (iv) waives any right to demand a jury trial as to any such action.

**ENTIRE AGREEMENT; AMENDMENTS**

47. This Stipulation constitutes the entire agreement among the Parties with respect to the subject matter hereof and may be modified or amended only by a writing signed by the signatories hereto.

**COUNTERPARTS**

48. This Stipulation may be executed in one or more counterparts, including by signature transmitted via facsimile, or by a .pdf/.tif image of the signature transmitted via email. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of executed counterparts shall be filed with the Court.

**SUCCESSORS AND ASSIGNS**

49. This Stipulation, and all rights and powers granted hereby, shall be binding upon and inure to the benefit of the Parties and their respective agents, executors, heirs, successors, affiliates and assigns.

**MISCELLANEOUS PROVISIONS**

50. The 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 this Stipulation.

51. 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.

52. The Parties intend this Settlement to be a final and complete resolution of all disputes between them with respect to the Derivative Action. The Settlement comprises claims that are contested and shall not be deemed an admission by any Party as to the merits of any

claim, allegation, or defense. The 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, including, without limitation, Rule 11 of the Federal Rules of Civil Procedure, and all other similar laws and/or rules governing professional conduct.

53. This Stipulation shall be deemed drafted equally by all Parties.

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

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

56. This Stipulation and the exhibits attached hereto constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all prior and contemporaneous oral and written agreements and discussions.

57. 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.

58. The Court shall retain jurisdiction to implement and enforce the terms of the Stipulation and the Court's Final Approval Order and to consider any matters or disputes arising out of or relating to the Settlement, and the Parties submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in the Stipulation and Final Approval Order, and for matters or disputes arising out of or relating to the Settlement.

#### **AUTHORITY**

50. The undersigned attorneys represent and warrant that they have the authority from their client(s) to enter into this Stipulation and bind their client(s) thereto.

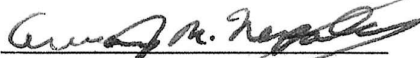


*am*

AGREED TO:

Date: April 23, 2024

**LEVI & KORSINSKY, LLP**

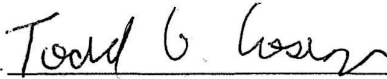
By:   
Gregory M. Nespole  
33 Whitehall Street, 17<sup>th</sup> Floor  
New York, New York 10004  
Telephone: (212) 363-7500  
[gnesple@zlk.com](mailto:gnesple@zlk.com)

**KOHN, SWIFT & GRAF, P.C.**

Joseph C. Kohn  
1600 Market Street, Suite 2500  
Philadelphia, Pennsylvania 19103  
Telephone: (215) 238-1700

*Counsel for Derivative Plaintiff*

**WILLKIE FARR & GALLAGHER LLP**

By:   
Todd G. Cosenza  
Zeh S. Ekono  
Vincent P. Iannece  
787 Seventh Avenue  
New York, New York 10019  
Telephone: (212) 728-8000  
[tcosenza@willkie.com](mailto:tcosenza@willkie.com)  
[zekono@willkie.com](mailto:zekono@willkie.com)  
[viannece@willkie.com](mailto:viannece@willkie.com)

**SAXTON & STUMP LLC**

Steven D. Costello (No. 37288)  
100 Deerfield Lane, Suite 240  
Malvern, Pennsylvania 19355  
Telephone: (484) 328-8500  
[sdc@saxtonstump.com](mailto:sdc@saxtonstump.com)

*Counsel for Defendants Stephen P. Griggs, Gregg Holst, Jason Clemens, Frank J. Mullen, Joshua Parnes, Richard Barasch, Terence Connors, Dr. Susan Weaver, Dale Wolf, David S. Williams III, Bradley Coppens, Ted Lundberg, and Alan Quasha, and Nominal Defendant AdaptHealth Corp.*

**KRAMER LEVIN NAFTALIS & FRANKEL LLP**

By: 

Dani R. James

Marjorie E. Sheldon

Ryan Gander

1177 Avenue of the Americas

New York, NY 10036

Telephone: (212) 715-9100

[djames@kramerlevin.com](mailto:djames@kramerlevin.com)

[msheldon@kramerlevin.com](mailto:msheldon@kramerlevin.com)

[rgander@kramerlevin.com](mailto:rgander@kramerlevin.com)

**GRIESING LAW LLC**

Francine Friedman Griesing

Melissa Hazell Davis

1880 John F. Kennedy Boulevard

Suite 1800

Philadelphia, PA 19103

Telephone: (215) 618-3720

*Counsel for Defendant Luke McGee*