

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

In re HEALTHSOUTH CORPORATION SECURITIES LITIGATION)	Master File No. CV-03-BE-1500-S
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This Document Relates To: ALL ACTIONS.)	
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<hr/> In re HEALTHSOUTH CORPORATION STOCKHOLDER LITIGATION)	
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This Document Relates To: ALL ACTIONS.)	Consolidated Case No. CV-03-BE-1501-S
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<hr/> In re HEALTHSOUTH CORPORATION BONDHOLDER LITIGATION)	
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This Document Relates To: ALL ACTIONS.)	Consolidated Case No. CV-03-BE-1502-S
)	
<hr/>)	<u>CLASS ACTION</u>
SECURITIES AND EXCHANGE COMMISSION v. HEALTHSOUTH CORPORATION, et al.)	Civil Action No. CV-03-J-0615-S
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JOINT ORDER APPROVING FORM AND MANNER OF NOTICE

This case comes before the courts on the “Joint Motion for Approval of the Form and Manner of Notice” (doc. 931 in CV-03-BE-1500-S; an identical motion in CV-03-J-0615-S, doc. 224, was withdrawn). The courts held a hearing on that motion on September 26, 2007. Previously, Judge Bowdre approved a partial settlement on January 11, 2007 that established a Settlement Fund in CV-03-BE-

1500-S; and Judge Johnson ordered the Distribution Agent to prepare and propose a Distribution Plan for the Disgorgement Fund created in CV-03-J-0615-S. The courts find that the plans to distribute the settlement proceeds in the foregoing actions should be disseminated to potential claimants. Therefore, the courts

ORDER:

1. A joint hearing (the "Fairness Hearing") shall be held before the courts in CV-03-BE-1500-S and CV-03-J-0615-S on February 7, 2008, at 1:30 p.m. at the Hugo L. Black United States Courthouse, Courtroom 5A, 1729 Fifth Avenue North, Birmingham, Alabama to determine whether the proposed Plan of Allocation in the Class Actions should be approved and to determine the amount of fees and expenses that should be awarded to counsel for the Stockholder Class and the Bondholder Class, and whether the Distribution Plan in CV-03-J-0615-S should be approved.

2. The court in CV-03-J-0615-S and the court in CV-03-BE-1500-S hereby approve, as to form and content, the cover letter, summary question and answer form, the claim form, the detailed notice and the summary notice, attached to the Joint Motion as Exhibits 1 through 5. Further, the courts find that the mailing, distribution and publishing of these documents substantially in the forms attached to the Joint Motion and in the manner set forth in ¶4 of this Order meet the requirements of due process and Federal Rule of Civil Procedure 23, is the best notice practicable under the circumstances, and shall constitute due and sufficient notice to all persons entitled to such notice.

3. The deadline for filing with the courts a completed version of

Exhibit 4, page 2 (which was attached to the Joint Motion) is **October 22, 2007**. **Any other changes in the final notice documents (Exhibits 1 through 5 to the Joint Motion) must be filed with the courts by October 22, 2007 and specifically called to the courts' attention.**

4. The Claims Administrator, Rust Consulting, Inc., shall supervise and administer the notice procedure and the processing of all claims as set forth below:

(a) The Claims Administrator shall mail on or before November 1, 2007, by First Class mail, the notice package containing Exhibits 1 through 4 (which were attached to the Joint Motion) to all Class Members and Injured Customers (as those terms are defined in the respective cases) who can be identified with reasonable effort.

(b) Not later than November 7, 2007, the Claims Administrator shall cause the summary notice, attached to the Joint Motion as Exhibit 5, to be published once each in the national edition of *The Wall Street Journal* and in *Investor's Business Daily* and once over the PR Newswire.

(c) At least ten calendar days prior to the Fairness Hearing, the Claims Administrator shall cause to be served on all parties and filed with the court in CV-03-BE-1500-S proof by affidavit or declaration of such mailing and publication.

5. Pursuant to the Distribution Plan for CV-03-J-0615-S and this Order, all nominees and broker/dealers whose clients hold or held HealthSouth securities purchased or otherwise acquired and sold or held during the relevant dates

described in the detailed notice, annexed to the Joint Motion as Exhibit 4, shall provide the Claims Administrator within ten days of receipt of the detailed notice: (1) the names and addresses of the identified beneficial owners; and (2) for each such beneficial owner, all transactional data, including all purchases, acquisitions, sales, transfers, exchanges and holdings of HealthSouth securities for all relevant dates. The Claims Administrator shall, if requested, reimburse such nominees solely for their documented reasonable out-of-pocket expenses, which expenses would not have been incurred except for providing the required information, subject to further order of the court with respect to any dispute concerning such compensation.

6. Any eligible claimant who wishes to participate in the distributions shall complete and submit the Claim Form in accordance with the instructions contained in it. Unless the court orders otherwise, all Claim Forms must be submitted by February 28, 2008. Any eligible claimant who does not timely submit a Claim Form within the time provided shall be barred from sharing the distribution of the Disgorgement Fund in CV-03-J-0615-S and the Settlement Fund in CV-03-BE-1500-S. Notwithstanding the foregoing, Lead Plaintiffs' Counsel shall have the discretion to seek approval of the court in CV-03-BE-1500-S to accept late submitted claims so long as the distribution of the Settlement Fund is not materially delayed thereby.

7. Any Class Member in CV-03-BE-1500-S may enter an appearance at their own expense individually or through counsel of their own choice. Any Class Member who does not enter an appearance will be represented by Plaintiffs'

Counsel.

8. Any person may appear and show cause why the proposed Plans of Allocation should or should not be approved or why the requested attorney's fees and expenses should or should not be awarded to counsel for the Class Members. **However, no person shall be heard or entitled to contest such matters unless** the person has delivered, by hand or sent by First Class mail, written objections and copies of any papers and briefs such that they are received on or before **December 15, 2007** by all of the following: Coughlin Stoia Geller Rudman & Robbins LLP, Keith F. Park, Joy A. Bull, 655 W. Broadway, Suite 1900, San Diego, CA 92101; Labaton Sucharow LLP, James W. Johnson, 140 Broadway, 34th Floor, New York, NY 10005; Bernstein Litowitz Berger & Grossman LLP, John P. Coffey, Jeffrey N. Leibell, 1285 Avenue of the Americas, 38th Floor, New York, NY 10019; Cunningham, Bounds, Crowder, Brown & Breedlove, LLC, Robert F. Cunningham, Jr., 1601 Dauphin St., P.O. Box 66705, Mobile, AL 36660; Schatz Nobel IZard, P.C., Andrew M. Schatz, One Corporate Center, 20 Church St., Suite 1700, Hartford, CT 06103; HealthSouth Corporation, John Whittington, One HealthSouth Parkway, Birmingham, AL 35243; Bradley, Arant, Rose & White LLP, Julia Boaz Cooper, One Federal Plaza, 1819 Fifth Avenue North, Birmingham, AL 35203. Further, any objections, papers and briefs must also be filed with the Clerk of the U.S. District Court for the Northern District of Alabama, Southern Division on or before **December 15, 2007**. Any person who does not make his, her or its objection in the manner provided shall be deemed to have waived such objection and shall be forever foreclosed from making any

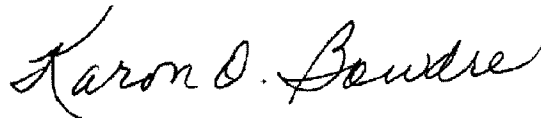
objection to the fairness of the Plans of Allocation or to the award of attorney's fees and expenses to Plaintiffs' Counsel, unless otherwise ordered by the courts. The manner in which an objection should be prepared, filed and delivered shall be stated in the Notice.

9. All papers in support of the Plan of Allocation and the applications for attorneys' fees and expenses in the Class Actions and the SEC Distribution Plan shall be filed and served on or before January 24, 2008.

10. The courts reserve the right to continue the Fairness Hearing or any adjournment or continuance without further notice to Class Members, and reserve the right to approve the Plan of Allocation and/or the Distribution Plan with modifications and without further notice to Class Members.

DONE and ORDERED.

DATED: October 3, 2007



KARON OWEN BOWDRE
UNITED STATES DISTRICT JUDGE

DATED: October 3, 2007



INGE PRYTZ JOHNSON
U.S. DISTRICT JUDGE