

HEALTHSOUTH SECURITIES LITIGATION — ERNST & YOUNG
SETTLEMENT
FREQUENTLY ASKED QUESTIONS

IMPORTANT DATES AND DEADLINES:

Objections to the Settlement: Any objections to the Settlement have to be served on Lead Counsel for Stockholder Lead Plaintiffs, Counsel for Ernst & Young and filed with the court so that they are **received on or before May 28, 2009.**

Requests for exclusion (“opt-outs”) from the Settlement: Requests for exclusion from the Stockholder Settlement Class must be **received** by the Claims Administrator **NO LATER THAN MAY 28, 2009.**

Settlement Hearing: A hearing is scheduled to be held by the court in order to consider whether to give the Settlement final approval. The hearing is currently scheduled for **June 11, 2009 at 10:00 a.m.**

Proof of Claim: *To participate in the distribution of the Net Settlement Fund, you must*

EITHER

(1) *Have previously submitted a timely valid proof of claim in connection with the previously announced HealthSouth Settlement*

— OR —

(2) *Timely complete and return a valid proof of claim form in connection with this settlement postmarked no later than August 11, 2009.*

GENERAL BACKGROUND OF THE LAWSUIT AND THE SETTLEMENT

What is the Settlement Class Period?

The Settlement Class Period is between March 30, 2000 and March 18, 2003.

How do I know if I am a member of the Stockholder Settlement Class?

“Stockholder Settlement Class” means all Persons who, between March 30, 2000 and March 18, 2003, inclusive, purchased or otherwise acquired the stock or options of HealthSouth and were damaged thereby.

Who is the Defendant in this partial Settlement?

Ernst & Young LLP is the settling defendant.

Who are the Stockholder Lead Plaintiffs?

“Stockholder Lead Plaintiffs” means New Mexico State Investment Council; the Educational Retirement Board of New Mexico; Central States SE and SW Areas Pension, with other funds; and the Michigan Public School Employees’ Retirement System, the State of Michigan Employees’ Retirement System, the State Police Retirement System and the Judges Retirement System.

Am I being sued?

No. The Stockholder Lead Plaintiffs are suing the Defendants. If you are a Member of the Stockholder Settlement Class, the Stockholder Lead Plaintiffs have brought this suit on your behalf.

Who are the attorneys representing the Stockholder Settlement Class?

The Stockholder Settlement Class is represented by Stockholder Plaintiffs' Lead Counsel: Labaton Sucharow LLP, Thomas A. Dubbs, James W. Johnson, Joseph A. Fonti, Nicole M. Zeiss, 140 Broadway, New York, NY 10005 and Coughlin Stoia Geller Rudman & Robbins LLP, Patrick J. Coughlin, Keith F. Park, Joy A. Bull, Jonah Goldstein, 655 West Broadway, Suite 1900, San Diego, CA 92101.

What claims does the lawsuit make against the Defendants?

The Complaint alleges that during the relevant period, at the direction of senior HealthSouth management, Defendants implemented a scheme to falsify HealthSouth's financial statements in order to meet or exceed Wall Street expectations. Ernst & Young is alleged to have issued false and misleading audit reports on HealthSouth's financial statements during the Settlement Class Period.

Ernst & Young, the Settling Defendant, expressly has denied and continues to deny all charges of wrongdoing or liability against it arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation.

Where was this lawsuit filed?

The plaintiffs filed a class action lawsuit in the United States District Court in the Northern District of Alabama, Southern Division.

BASIC INFORMATION

What was the lawsuit settled for?

The proposed settlement with Ernst & Young creates a fund in the amount of \$109,000,000 in cash, which will include any interest that accrues prior to distribution (the "Settlement Fund"). The remaining claims in the lawsuit have not been settled and the case is continuing.

I do not know if I am eligible, or how many shares I purchased or sold during the Settlement Class Period. Where can I get my information (or do you have it)?

You must contact your broker to get that information; we do not have that information.

Why did I get a form about the lawsuit?

You may be a member of the Stockholder Settlement Class and the court asked that the Notice be sent to you because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the court decides whether to approve the Settlement.

I received a form in the mail. What is this about?

A proposed Settlement has been reached with Ernst & Young, the Settling Defendant, and the Stockholder Settlement Class in a litigation which alleged that Ernst & Young issued false and misleading audit reports on HealthSouth's financial statements during the Settlement Class Period. Ernst & Young continues to deny all charges of wrongdoing or liability in this litigation; however, they have agreed to a Settlement in the amount of \$109,000,000 in cash. You may be a member of the Stockholder Settlement Class and eligible for a recovery from the proposed Settlement.

I do not think I had HealthSouth stock, bonds, etc....why did I receive a Notice?

You may have been identified by HealthSouth, your broker or financial institution as being a Stockholder Settlement Class Member. We are unable to tell you exactly who provided your name, as we have received hundreds of thousands of names and addresses, (some in the form of labels) which were used to send out information packets to potential Members of the Class. Please call your broker if you have questions about whether you purchased HealthSouth common stock or options.

When will I receive my settlement payment?

If the proposed settlement is approved, the Claims Administrator will distribute checks according to the Plan of Allocation at a future date after the administration process is complete.

How much will I receive?

We are unable, at this time, to tell you how much you may receive.

What are the attorney fees?

Stockholder Plaintiffs' Lead Counsel, on behalf of all plaintiffs' counsel who assisted, will apply to the court for an award of attorneys' fees not to exceed 18.5% of the Settlement Fund and litigation expenses not to exceed \$8.5 million, to be paid from the Settlement Fund.

Do I have to pay attorneys' fees directly?

No. The attorneys' fees and expenses will be paid out of the Settlement Fund, if approved by the court.

What do I need to do to receive a distribution from the Settlement Fund?

If you already submitted a Proof of Claim in the earlier HealthSouth Settlement, the trading information you already supplied will be used to determine your claim in this Settlement. **DO NOT** submit another Proof of Claim. However, if you have additional transactional information that you did not submit on your HealthSouth Proof of Claim that you would like considered in the calculation of your claim in this Settlement or you DID NOT file a Proof of Claim in the earlier HealthSouth Settlement, you must submit a Proof of Claim in this Settlement. (Note: Your earlier HealthSouth claim will not, however, be adjusted.)

If you are a Stockholder Settlement Class Member and need a Proof of Claim form, copies may be obtained by clicking on the link entitled "Proof of Claim" in the left-hand column; calling the Claims Administrator at (800) 611-9738; or downloading the forms on the Internet at the websites for the Stockholder Plaintiffs' Lead Counsel: www.labaton.com or www.csgr.com.

The Proof of Claim, with all supporting documents (DO NOT SEND ORIGINALS), must be **postmarked no later than August 11, 2009** and delivered to the Claims Administrator at this address:

HealthSouth Corporation Securities Litigation - E&Y
c/o Rust Consulting, Inc.
P.O. Box 1983
Faribault, MN 55021-6179.

SETTLEMENT HEARING

What, When or Where is the Settlement Hearing?

A Settlement Hearing is scheduled to be held by the court in order to consider whether the Settlement should be approved as fair, reasonable and adequate. The hearing is currently scheduled for **June 11, 2009**, at 10:00 a.m. in Courtroom 5A. It will be held before the Honorable Karon Owen Bowdre, United States District Judge, at the United States Courthouse, Northern District of Alabama, Southern Division, Hugo L. Black United States Courthouse, 1729 Fifth Avenue North, Birmingham, Alabama.

Has the Court approved the Settlement?

The court has preliminarily approved the Settlement for the purposes of sending out the notice documents to the Stockholder Settlement Class. A hearing on the Settlement is currently scheduled to be held on **June 11, 2009** to determine: (1) whether the Settlement consisting of \$109,000,000 in cash should be approved as fair, reasonable and adequate and the proposed Judgment entered; (2) whether the proposed plan to distribute the settlement proceeds (the "Plan of Allocation") should be approved; (3) whether the Stockholder Settlement Class should be certified; and (4) whether any applications for attorneys' fees and/or expenses should be approved. The court may adjourn or continue the Settlement Hearing without further notice to the Stockholder Settlement Class.

Do I have to go to the hearing?

No. At the hearing, Stockholder Plaintiffs' Lead Counsel will answer questions the Judge may have. You do not need to come to the hearing, but you are welcome to come at your own expense. If you send an objection, you also do not have to come to court to talk about it. As long as you mailed your written objection on time, the court will consider it.

If the Settlement Hearing date is changed, will I be notified?

No. There is no provision for notifying Stockholder Settlement Class Members if the court adjourns the Settlement Hearing. However, if you plan to attend the hearing, you may visit this website or counsel's websites for any updates or you may call the court clerk to confirm the date of the Settlement Hearing.

REQUESTING EXCLUSION FROM THE STOCKHOLDER SETTLEMENT CLASS

Requesting exclusion from the Stockholder Settlement Class: Those Stockholder Settlement Class Members who do not want to receive the relief offered by the proposed Settlement and do **not want to be bound by the terms of the settlement**, and any future Judgment, have the opportunity to be excluded from the Settlement.

What are Opt-Outs?

Stockholder Settlement Class Members who request to be excluded from the class.

Why would I want to exclude myself (request exclusion from the class or Opt-Out of the class)?

You would exclude yourself from the Stockholder Settlement Class if: (a) you do not want to share in the proceeds of the Settlement described herein; (b) you do not want to be bound by any judgment entered pursuant to the Settlement; and (c) you do not want to be precluded from otherwise prosecuting an individual claim, if timely, against Ernst & Young based on the matters complained of in the Litigation.

Why would I not want to exclude myself from the class?

You want to be eligible to receive distribution from the Settlement Fund. Only eligible Stockholder Settlement Class Members can receive a recovery from the Settlement.

I do not want to be bothered, do I need to exclude myself from the Stockholder Settlement Class?

No. You may do nothing at all. If you choose this option, you will not share in the proceeds of the Settlement (unless you previously submitted a Proof of Claim in the HealthSouth Settlement), but you will be bound by any Judgment entered by the court in connection with the Settlement, and you shall be deemed to have, and by operation of the Judgment shall have, fully released all of the Released Claims against the Released Persons.

What is the deadline for requesting exclusion (“opting out”) from the Stockholder Settlement Class?

Requests to be excluded from the Stockholder Settlement Class must be in writing and must be **RECEIVED** no later than **May 28, 2009** by the Claims Administrator. If you are requesting exclusion from the class, you must read carefully the instructions provided in the Notice.

What if I miss the deadline for requesting exclusion or do not provide all the information required in the Notice?

If you miss the deadline or do not follow the instructions for filing a request for exclusion from the class:

1. You will remain a member of the Stockholder Settlement Class;
2. You will be bound by any and all determinations or judgments approved by the court, whether favorable or unfavorable;
3. You will not be able to bring or continue an individual claim against the Settling Defendant;
4. You shall be deemed to have fully released all Released Claims against the Released Persons; and
5. You may file a timely Proof of Claim, and participate in the distribution of the Net Settlement Fund.

I requested exclusion (opted-out from the class), but have since changed my mind. Can I still be a Stockholder Settlement Class Member?

If you opted-out, but now believe that opting out was a mistake, you must request in writing to be reinstated to the Stockholder Settlement Class. Your request will be forwarded to Stockholder Plaintiffs’ Lead Counsel for review.

OBJECTING TO THE SETTLEMENT

Objection: A written submission by a Stockholder Settlement Class Member to the court and the Settling Parties that states a disagreement with some aspect of the Settlement.

What is the deadline for objecting?

The court, Lead Counsel for Stockholder Lead Plaintiffs and the class, and Counsel for Ernst & Young must **on or before May 28, 2009 receive** all written objections to the Settlement.

How do I go about raising an objection?

If a Stockholder Settlement Class Member disagrees with some aspect of the proposed Settlement, he or she must send a written statement of objection to Lead Counsel for Stockholder Lead Plaintiffs and the class, Counsel for Ernst & Young, **and** the court to be received on or before **May 28, 2009**. The

statement of objection must include your name, address, telephone number, your signature, the amount of HealthSouth common stock or options purchased and sold during the Settlement Class Period and held at the end of the Settlement Class Period, and the reasons you object to the Settlement.

Do I need an attorney in order to object to the Settlement?

No. However, if you do not hire an attorney to represent you, you should be sure to read carefully pages 16-17 of the Notice describing the procedures you must follow in order to object to the Settlement. If you do hire an attorney to represent you personally, whether for purposes of objecting to the Settlement or for any other reason, you must do so at your own expense. If your objection is rejected, you will still be bound by the Settlement and the Judgment just as if you had not objected.

If I file a request for exclusion from the Settlement, can I still object to the Settlement's terms?

No. Stockholder Settlement Class Members who file requests for exclusion from (or opt-out of) the Settlement are not allowed to object to the Settlement's terms.

I already opted-out. Why can't I file an objection with the court, too?

If you already opted-out, you are **NOT** a Stockholder Settlement Class Member and therefore have no standing to object.

What's the difference between objecting to the Settlement and seeking exclusion from the Stockholder Settlement Class?

Objecting is simply telling the court that you don't believe the Settlement is fair, reasonable or adequate. You can object only if you stay in the class. Excluding yourself is telling the court that you don't want to be part of the class. If you exclude yourself from the class, you have no basis to object because you are no longer part of the class and the Settlement will not impact you.

FILING A PROOF OF CLAIM

How can I obtain a distribution under the Settlement?

Those Stockholder Settlement Class Members who: (a) want to participate in the distribution of the Net Settlement Fund, but did not file a Proof of Claim in the HealthSouth Settlement or (b) have additional transactions that were not included in their HealthSouth Settlement Proof of Claim, must file a Proof of Claim form and provide documentation to substantiate their claim.

The Proof of Claim, with all supporting documents, must be **postmarked no later than August 11, 2009** and delivered to the Claims Administrator at: HealthSouth Corporation Securities Litigation - E&Y, c/o Rust Consulting, Inc., P.O. Box 1983, Faribault, MN 55021-6179. If you do not timely submit a valid Proof of Claim, you will be barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the provisions of the Stipulation of Settlement and the Judgment.

Do I need to submit supporting documentation?

Yes. Copies of broker confirmations, monthly account statements or other documentation of your purchases, acquisitions, sales or transactions in HealthSouth common stock or options must be attached to your claim. **DO NOT SEND ORIGINALS.** Failure to provide this documentation could delay verification of your claim or result in rejection of your claim. The Settling Parties and the Claims Administrator do not independently have information about your investments in HealthSouth. The Claims Administrator may also request additional information as needed to efficiently and reliably calculate your losses.