

If You Purchased or Acquired HealthSouth Stock or Bonds After August 14, 1996, You May Be Entitled to Benefits from the Settlements of SEC and Class Action Lawsuits.

You may be able to get a payment from settlements of class actions and an SEC action against HealthSouth Corporation. This is only a summary. For more details read the full Notice, which is available at www.HLSSettlement.com.

What's This About?

The lawsuits claim that HealthSouth and others provided investors with false and misleading financial information that inflated the value of HealthSouth securities. The class action lawsuits are called *In re HealthSouth Stockholder Litigation*, Master File No. CV-03-BE-1501-S and *In re HealthSouth Bondholder Litigation*, No. 03-BE-1502-S.

The SEC filed another lawsuit against HealthSouth in the same Court. The name of that lawsuit is *Securities and Exchange Commission v. HealthSouth Corporation and Richard M. Scrushy*, Civil Action No. CV-03-J-0615-S.

Who's Included?

The class members in the class actions include:

- **Stockholders:** All people who, between April 24, 1997, and March 18, 2003, purchased or otherwise acquired the stock or options of HealthSouth, including HealthSouth securities received in exchange for the stock or options of certain other companies acquired by HealthSouth; and
- **Bondholders:** All people who, between March 31, 1998, and March 18, 2003, purchased or otherwise acquired HealthSouth bonds, notes or other debt instruments.

The SEC action includes:

- All HealthSouth shareholders and bondholders who purchased or otherwise acquired HealthSouth securities (common stock, bonds or options) on or after August 14, 1996 and held those securities on

August 27, 2002 and/or March 19, 2003. (In addition, securities held on September 28, 1998, September 29, 1998 and/or September 30, 1998 may be included in the SEC Plan of Allocation on or before the Court hearing on February 7, 2008.)

What Does the Settlement Provide?

In the SEC action, a \$100,000,000 settlement was reached with HealthSouth. In the class actions, a partial settlement established a Fund valued at the time it was reached at \$445,000,000 in cash and HealthSouth common stock and warrants. The value of the settlement may increase or decrease due to fluctuations in the HealthSouth stock price. You may be able to get a payment from these Funds. The full Notice explains the plan to distribute the payments.

How Do You Ask for a Payment?

To get a payment you must submit a claim form. You can get a claim form by writing, calling or visiting the address below.

What Are Your Other Options?

- You can object or comment on the Plans of Allocation and attorneys' fee request if you wish. Or you can hire your own attorney, at your own cost, to object or comment for you. To object you must send a letter as explained in the full Notice. The letter must be received no later than December 15, 2007.
- You can attend the hearing that will be held on February 7, 2008, at 1:30 p.m. The hearing will be held at the United States Courthouse for the Northern District of Alabama, Southern Division, 140 Hugo L. Black United States Courthouse, 1729 Fifth Avenue, North, Birmingham, Alabama. At the hearing, the Court will determine if the Plans of Allocation and the attorneys' fee and expense requests are fair and reasonable.

For more information or to get a copy of the full Notice or claim form

Visit: www.HLSSettlement.com, or call: 1-888-952-9108

**or Write: HealthSouth Settlement Claims Administrator,
c/o Rust Consulting, Inc., P.O. Box 1906, Faribault, MN 55021-7161**