

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

In re HEALTHSOUTH)	Master File No.
CORPORATION SECURITIES)	CV-03-BE-1500-S
LITIGATION)	
_____)	<u>CLASS ACTION</u>
)	
This Document Relates To:)	
)	
<i>In re HealthSouth Corporation</i>)	
<i>Bondholder Litigation</i> , Consolidated Case)	
No. CV-03-BE-1502-S.)	
_____)	

ORDER AWARDING ATTORNEYS' FEES AND REIMBURSEMENT OF
EXPENSES TO BONDHOLDER PLAINTIFFS' COUNSEL AND
REIMBURSEMENT OF COSTS TO CLASS REPRESENTATIVES

On July 22, 2010, the court held a hearing on various motions, including "Bondholder Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Expenses" (doc. #1698), which requests attorneys' fees and reimbursement of expenses incurred since January 11, 2007. The court considered the application of Bondholder Plaintiffs' Counsel for an award of attorneys' fees and reimbursement of expenses, all submissions made in connection with such application, the absence of any objections, and all prior proceedings in this action. Having found that the settlements for the Bondholder Class with Ernst & Young

LLP and the UBS Defendants are fair, reasonable and adequate, the court

GRANTS the motion and ORDERS as follows:

1. For the purposes of this Order, the court adopts all defined terms as set forth in the Notice of (I) Pendency of Class Action; (II) Proposed Settlements with Ernst & Young LLP and the UBS Defendants; and (III) Proposed Dismissal of Claims (the "Notice"); the Stipulation of Settlement with Ernst & Young LLP, dated April 22, 2010 (doc. #1665) ("E&Y Stipulation"); and the Stipulation of Settlement with the UBS Defendants, dated April 22, 2010 (doc. #1664) (the "UBS Stipulation" and, together with the E&Y Stipulation, the "Stipulations"), and all capitalized terms used here shall have the same meanings as set forth in the Notice and Stipulations.

2. The court has jurisdiction over the subject matter of the Bondholder Action and over all parties to the Bondholder Action, including all Bondholder Class Members (which includes all E&Y Bondholder Class Members and all UBS Bondholder Class Members).

3. The court finds that a percentage of the fund approach is the appropriate method for awarding attorneys' fees in the Bondholder Action. *See Camden I Condo. Ass'n v. Dunkle*, 946 F.2d 768, 774 (11th Cir. 1991). Further, the court finds that a percentage fee award of 13% of the Total Settlement Fund is reasonable for the reasons stated in this Order.

4. The court finds that the fee percentage awarded is presumptively reasonable because it was negotiated with a properly-selected and court-appointed Lead Plaintiff relatively early in the case, such control of fees by Lead Plaintiff comports with the principles and purposes of the Private Security Litigation Relief Act, _____ U.S.C. § _____.

5. The court notes that Bondholder Lead Plaintiff, the Retirement Systems of Alabama, which was actively involved in the prosecution of the Bondholder Action and the negotiation of the Settlements, has endorsed the percentage requested by counsel based on its knowledge of the case.

6. The court finds that a percentage fee of 13% is reasonable when compared to percentage awards in cases of similar size and complexity.

7. The court finds that Bondholder Plaintiffs' Counsel committed over 37,780 hours to the litigation of this case since the final approval of the HealthSouth Settlement on January 11, 2007, with a resulting lodestar of approximately \$15.918 million.

8. The court finds that counsel for the Bondholder Plaintiffs' Counsel took this case on a contingent fee basis and assumed the risk of no payment for their substantial time and effort if there had been no recovery for the class.

9. The court finds that Bondholder Plaintiffs' Counsel showed considerable skill in handling the complex legal and factual issues presented during the course of the litigation against E&Y and the UBS Defendants.

10. The court finds that Bondholder Plaintiffs' Counsel were instrumental in obtaining excellent Settlements with E&Y and the UBS Defendants despite the challenges and risks presented by the litigation.

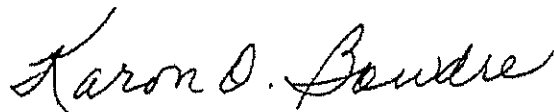
11. The court finds that the reaction of the Bondholder Class supports approval of the fee application. While over 400,000 notices were mailed to potential Bondholder Class Members and their nominees, the court received no objections to the Settlements or to the requested award of attorneys' fees and reimbursement of expenses.

12. The court hereby awards Bondholder Plaintiffs' Counsel attorneys' fees in the amount of 13% of the Total Settlement Fund. This fee shall be paid to Bondholder Plaintiffs' Lead Counsel upon entry of this Order from the Total Settlement Fund and as provided in the Stipulations. Bondholder Plaintiffs' Lead Counsel shall in their sole discretion, allocate the award of attorneys' fees to the various Bondholder Plaintiffs' Counsel in the amounts Bondholder Plaintiff's Lead Counsel deem appropriate based upon the work performed and contribution made to the litigation of the Bondholder Action by the non-lead counsel.

13. The court further awards Bondholder Plaintiffs' Counsel \$7,553,949.95 as reimbursement for reasonable out-of-pocket expenses incurred in the prosecution of the Bondholder Action since January 11, 2007 to be paid upon entry of this Order from the Total Settlement Fund and as provided in the Stipulations.

14. Pursuant to 15 U.S.C. § 78u-4(a)(4), the court awards Bondholder Lead Plaintiff Retirement Systems of Alabama \$31,360.00 as reimbursement for its costs incurred in connection with its representation of the Bondholder Class since January 11, 2007; and awards Bondholder Plaintiff Houston Firefighters' Relief and Retirement Fund \$9,408.00 as reimbursement for its costs incurred in connection with its representation of the Bondholder Class since January 11, 2007.

DONE and ORDERED this 26th day of July 2010.



KARON OWEN BOWDRE
UNITED STATES DISTRICT JUDGE