

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

In re HEALTHSOUTH
CORPORATION SECURITIES
LITIGATION

Consolidated Case No.
CV-03-BE-1500-S

CLASS ACTION

This Document Relates To:

STIPULATION OF SETTLEMENT WITH UBS DEFENDANTS

*In re HealthSouth Corporation
Stockholder Litigation*, Consolidated
Case No. CV-03-BE-1501-S

This Stipulation of Settlement with the UBS Defendants dated as of April 12, 2010 (the “Stipulation” or “Settlement”), is made and entered into by and among the following Settling Parties (as defined further in Section IV hereof) to the above-entitled action: (i) the Stockholder Lead Plaintiffs (on behalf of themselves and each of the UBS Stockholder Class Members), by and through their counsel of record in the Stockholder Action; and (ii) the UBS Defendants, by and through their counsel of record in the Stockholder Action. The Stipulation is intended by the Settling Parties to fully, finally and forever resolve, discharge, settle and dismiss with prejudice the Released Claims, upon and subject to the terms and conditions hereof. This Stipulation does not release any claims of the UBS Stockholder Class against the Non-Settling Defendant or any claims of the Bondholder Class against the UBS Defendants. This Stipulation also does not, and is not intended to, change or modify any of the terms of the Stipulation of Partial Settlement, filed with the Court on September 26, 2006 (the “HealthSouth Settlement”) (Document No. 533) and/or the Corrected Stipulation of Settlement with Ernst & Young LLP dated as of March 26, 2009 and filed on March 26, 2009 (the “E&Y Settlement”) (Document No. 1577).

I. THE LITIGATION

Currently pending before the United States District Court for the Northern District of Alabama (the “Court”) is a consolidated action on behalf of all persons who purchased or otherwise acquired the stock or options of HealthSouth Corporation during a defined period of time and a separate consolidated action on behalf of a

bondholder class of all persons who purchased or otherwise acquired bonds, notes or other debt instruments issued by HealthSouth during a defined period of time.

The Stockholder Lead Plaintiffs are New Mexico State Investment Council and the Educational Retirement Board of New Mexico (“New Mexico”), Central States SE and SW Areas Pension, with other funds (“Central States”), 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 (“Michigan”), and Julius McQueen.

Lead counsel for the Stockholder Lead Plaintiffs are Robbins Geller Rudman & Dowd LLP (“Robbins Geller”), counsel for Central States, and Labaton Sucharow LLP (“Labaton Sucharow”), counsel for New Mexico and Michigan (“Stockholder Plaintiffs’ Lead Counsel”).

The operative complaints in the litigation are the Joint Third Amended Consolidated Class Action Complaint for Violations of the Federal Securities Laws [Factual Basis], filed April 30, 2007 (Document No. 721); and the Second Amended Consolidated Class Action Complaint for Violations of the Federal Securities Law [Legal Theories and Claims], filed on April 30, 2007 (Document No. 720) (together, the “Complaint”). The Complaint alleges violations of §§10(b), 14(a), 20(a) and 20A of the Securities Exchange Act of 1934, and Rules 10b-5 and 14a-9 promulgated thereunder by the SEC. The Complaint names as defendants HealthSouth’s founder and former Chief Executive Officer, Richard M. Scrushy, HealthSouth’s former

outside accountants, Ernst & Young LLP (“E&Y”), one of the Company’s investment banks, UBS Warburg LLC (now d/b/a UBS Securities LLC), together with certain of its affiliated entities, specifically UBS AG and PaineWebber, Inc., now d/b/a UBS Financial Services, Inc. (collectively, “UBS”), and three individuals who were employees during the relevant time period, Howard Capek, William McGahan and Benjamin Lorello (collectively, the “Individual UBS Defendants”).

The Complaint alleges, among other things, 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.

On September 15, 2004, all non-stayed Defendants moved to dismiss the Complaint in its entirety. The Stockholder Lead Plaintiffs filed oppositions to the motions to dismiss in November 2004. Defendants filed reply briefs in support of their motions to dismiss on September 16, 2005. Hearings on certain of the motions were held on January 18, 2006, February 9, 2006, and June 28, 2006. Between March and June 2006, the Court issued orders granting and denying Defendants’ motions to dismiss.

In early 2006, Stockholder Lead Plaintiffs, together with the lead plaintiff representing the Bondholder Class, negotiated a settlement valued at \$445 million with HealthSouth and several of HealthSouth’s former officers and directors. A Stipulation of Partial Settlement was filed with the Court on September 26, 2006. On

January 11, 2007, the Court entered a Partial Final Judgment and Order of Dismissal with Prejudice and approved the proposed settlement with HealthSouth (Document No. 584).

There has been extensive fact and expert discovery in the consolidated actions. During the course of the litigation, the UBS Defendants produced and made available to plaintiffs more than 810,000 pages of documents, and the total document production by parties and non-parties amounts to approximately 85 million pages. The parties have deposed approximately 132 different witnesses, including 18 witnesses associated with the UBS Defendants. In addition, to date, the parties have exchanged more than 10 expert reports and have taken 6 expert depositions.

In early 2009, Stockholder Lead Plaintiffs negotiated a \$109 million settlement with E&Y. A stipulation of settlement was filed with the Court on March 26, 2009. On June 12, 2009, the Court entered a Final Judgment and Order of Dismissal with Prejudice as to Ernst & Young LLP and approved the proposed settlement with E&Y (Document No. 1616).

On October 3, 2007, the Stockholder Lead Plaintiffs moved for class certification and appointment as class representatives. The motion was fully briefed and oral argument was held on March 27, 2009. On March 31, 2009, the Court granted Stockholder Lead Plaintiffs' motion for class certification. The Court appointed the Stockholder Lead Plaintiffs as class representatives and certified a class against the UBS Defendants.

On April 15, 2009, the UBS Defendants filed a petition for leave to appeal to the U.S. Court of Appeals for the Eleventh Circuit from the class certification order (Document No. 1590). On February 26, 2010, at the parties' request, those proceedings were stayed pending completion of this settlement.

On or about February 10, 2010, after the substantial assistance of mediator Eric Green, the Settling Parties entered into an agreement-in-principle to settle the Stockholder Action on the terms set forth herein. At or about the same time, the UBS Defendants reached a separate agreement-in-principle to settle the Bondholder Action.

II. UBS DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

The UBS Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Stockholder Action. The UBS Defendants also continue to believe the claims asserted against them in the Complaint are without merit. Nonetheless, the UBS Defendants have agreed to enter into the Settlement solely to avoid the expense, distraction and time associated with continuing the Stockholder Action.

The UBS Defendants have concluded that further conduct of the Stockholder Action would be protracted and expensive and that it is desirable that the Stockholder Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. UBS also has taken into account the uncertainty and risks

inherent in any litigation, especially in complex cases such as this Stockholder Action. The UBS Defendants have, therefore, determined that it is desirable and beneficial to them that the Stockholder Action be settled in the manner and upon the terms and conditions set forth in this Stipulation.

III. CLAIMS OF THE STOCKHOLDER LEAD PLAINTIFFS AND BENEFITS OF SETTLEMENT

The Stockholder Lead Plaintiffs believe that the claims asserted in the Stockholder Action against the UBS Defendants have merit and that the evidence developed to date supports those claims. However, the Stockholder Lead Plaintiffs recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Stockholder Action against the UBS Defendants through trial and through appeals. The Stockholder Lead Plaintiffs also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this Stockholder Action, as well as the difficulties and delays inherent in such litigation. The Stockholder Lead Plaintiffs also are mindful of the inherent difficulties of proof under and possible defenses to the securities law violations asserted in the Stockholder Action. The Stockholder Lead Plaintiffs believe that the settlement set forth in the Stipulation confers substantial benefits upon the UBS Stockholder Class. Based on their evaluation, the Stockholder Lead Plaintiffs and Stockholder Plaintiffs' Lead Counsel have determined that the settlement set forth in

this Stipulation is in the best interests of the Stockholder Lead Plaintiffs and the UBS Stockholder Class.

IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the Stockholder Lead Plaintiffs (for the UBS Stockholder Class) and the UBS Defendants, by and through their respective counsel or attorneys of record, that, subject to the approval of the Court, the Released Claims shall be finally and fully compromised, settled and released, and the Stockholder Action shall be dismissed with prejudice, as to all Settling Parties, upon and subject to the terms and conditions of the Stipulation, as follows.

1. Definitions

As used in the Stipulation the following terms have the meanings specified below:

1.1 “Authorized Claimant” means any UBS Stockholder Class Member whose claim for recovery has been allowed pursuant to the terms of the Stipulation.

1.2 “Bondholder Action” means the actions consolidated under the caption *In re HealthSouth Corporation Bondholder Litigation*, Consolidated Case No. 03-BE-1502-S.

1.3 “Bondholder Class” means the class certified by the District Court in its Order dated September 30, 2009 (Document No. 1628).

1.4 “Claims Administrator” means the firm of Rust Consulting, Inc.

1.5 “Defendants” means the UBS Defendants, the Non-Settling Defendant and all other Persons that were named as defendants in the Stockholder Action.

1.6 “Effective Date” means the first date by which all of the events and conditions specified in ¶7.1 of the Stipulation have been met and have occurred.

1.7 “Escrow Agent” means Robbins Geller Rudman & Dowd LLP and Labaton Sucharow LLP, and their respective successors.

1.8 “Federal Actions” means the Stockholder Action and the Bondholder Action.

1.9 “Federal Plaintiffs” means the Bondholder Class, the Stockholder Class (as defined in the HealthSouth Settlement), the Stockholder Settlement Class (as defined in the E&Y Settlement), and the UBS Stockholder Class.

1.10 “Final” means when the last of the following with respect to the Final Judgment and Order of Dismissal with Prejudice as to UBS Defendants (“Judgment”) approving the Stipulation, substantially in the form of Exhibit B attached hereto, shall occur: (i) the expiration of three (3) business days after the time to file a motion to alter or amend the Judgment under Federal Rule of Civil Procedure 59(e) has passed without any such motion having been filed; (ii) the expiration of three (3) business days after the time in which to appeal the Judgment has passed without any appeal having been taken (which date shall be deemed to be thirty-three (33) days following the entry of the Judgment, unless the date to take such an appeal shall have been

extended by Court order or otherwise, or unless the thirty-third (33rd) day falls on a weekend or a Court holiday, in which case the date for purposes of this Stipulation shall be deemed to be the next business day after such thirty-third (33rd) day; and (iii) if such motion to alter or amend is filed or if an appeal is taken, three (3) business days after the determination of that motion or appeal in such a manner as to permit the consummation of the Settlement substantially in accordance with the terms and conditions of this Stipulation. For purposes of this paragraph, an “appeal” shall not include any appeal that concerns only the issue of attorneys’ fees and expenses or the Plan of Allocation of the Settlement Fund. Any proceeding or order, or any appeal or petition for a writ of certiorari pertaining solely to any plan of allocation and/or application for attorneys’ fees, costs or expenses, shall not in any way delay or preclude the Judgment from becoming Final.

1.11 “HealthSouth” means HealthSouth Corporation and its officers, directors, subsidiaries, divisions, affiliates, predecessors, and successors.

1.12 “Judgment” means the judgment to be rendered by the Court, substantially in the form attached hereto as Exhibit B.

1.13 “Non-Settling Defendant” means Richard M. Scrushy.

1.14 “Notice Order” means the order described in ¶3.1 hereof.

1.15 “Person” means an individual, corporation, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof,

and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.

1.16 “Plan of Allocation” means the plan or formula of allocation of the Settlement Fund, previously approved by the Court, whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of expenses of notice and administration of the Settlement, Taxes and Tax Expenses, and such attorneys’ fees, costs, expenses and interest as may be awarded by the Court (“Net Settlement Fund”). The Plan of Allocation is not part of the Stipulation, and the UBS Defendants and their Related Parties shall have no responsibility therefore or liability with respect thereto.

1.17 “Related Parties” means, with respect to the UBS Defendants, the successors, assigns, present and former partners, employees, officers, directors, attorneys, legal representatives, and agents of each of them, and any person or entity which is or was related to or affiliated with the UBS Defendants or in which the UBS Defendants have or had a controlling interest and the present and former parents, subsidiaries, divisions, affiliates, predecessors, successors, partners, employees, insurers, underwriters, officers, directors, attorneys, assigns, and agents of each of them. Notwithstanding anything in this paragraph, Related Parties shall not include the Non-Settling Defendant.

1.18 “Released Claims” means all claims (including Unknown Claims as defined in ¶1.31) and causes of action of every nature and description, whether known

or unknown, whether arising under federal, state, common or foreign law, whether brought directly or derivatively, that Stockholder Lead Plaintiffs or any Member of the UBS Stockholder Class in the Stockholder Action asserted in the Complaint, or could have asserted against any of the UBS Defendants or their Related Parties, as a result of purchases, acquisitions, sales or exercises made during the Stockholder Class Period against UBS in stock or options issued by HealthSouth (including, without limitation, all claims arising out of or relating to any disclosures, public filings, registration statements or other statements by HealthSouth or any Defendant in the Stockholder Action), based upon or arising out of any facts, allegations or claims set forth in the Complaint. Released Claims do not include any claims of the UBS Stockholder Class against the Non-Settling Defendant or any claims of the Bondholder Class. Released Claims shall not be construed as, and do not change or modify, the releases given in the HealthSouth Settlement and/or the E&Y Settlement.

1.19 “Released Persons” means the UBS Defendants and each and all of their Related Parties. Released Persons shall not include the Non-Settling Defendant.

1.20 “Released Persons’ Claims” means all claims (including Unknown Claims as defined in ¶1.31), and causes of action of every nature and description, whether known or unknown, whether arising under federal, state, common or foreign law, whether brought directly or derivatively, that have been or could have been asserted in the Stockholder Action or any forum by the Released Persons or any of them or the successors and assigns of any of them against any of the Stockholder Lead

Plaintiffs, Stockholder Named Plaintiffs, any other UBS Stockholder Class Member or their respective attorneys, including Stockholder Plaintiffs' Lead Counsel, that arise out of or relate in any way to the institution, prosecution, assertion, settlement or resolution of the Stockholder Action (except for claims to enforce the Settlement).

1.21 "Settlement Fund" means the principal amount of one hundred seventeen million dollars (\$117,000,000.00) in cash, to be paid pursuant to ¶2.1 of this Stipulation, plus all interest earned thereon pursuant to ¶¶2.1, 2.2 and 2.6.

1.22 "Settling Parties" means, collectively, the UBS Defendants and the Stockholder Lead Plaintiffs, on behalf of themselves and UBS Stockholder Class Members.

1.23 "Stockholder Action" means the actions consolidated under the caption *In re HealthSouth Corporation Stockholder Litigation*, Consolidated Case No. 03-BE-1501-S.

1.24 "Stockholder Lead Plaintiffs" means New Mexico State Investment Council and the Educational Retirement Board of New Mexico, Central 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, and Julius McQueen.

1.25 "Stockholder Named Plaintiffs" means International Union of Operating Engineers, Local 132 Pension Plan, Plumbers & Pipefitters National Pension Fund, Stephen Kouba, David Dubrow, Donald Angle, Jack Kennedy, Dale Willetts, Franklin

and Rosalyn Ross, trustee of the Franklin A. Ross and Rosalyn J. Ross Revocable Living Trust and Kenneth Pittman.

1.26 “Stockholder Plaintiffs’ Lead Counsel” means Robbins Geller Rudman & Dowd LLP, Patrick J. Coughlin, Joy Ann Bull, 655 West Broadway, Suite 1900, San Diego, CA 92101; and Labaton Sucharow LLP, Thomas A. Dubbs, James W. Johnson, Joseph A. Fonti, 140 Broadway, New York, NY 10005.

1.27 “Taxes” means (i) all federal, state and/or local taxes of any kind on any income earned by the Settlement Fund; and (ii) the reasonable expenses and costs incurred by Stockholder Plaintiffs’ Lead Counsel in connection with determining the amount of, and paying, any taxes owed by the Settlement Fund (including, without limitation, reasonable expenses of tax attorneys and accountants).

1.28 “UBS Defendants” means UBS AG, UBS Warburg, LLC, Howard Capek, Benjamin Lorello and William McGahan.

1.29 “UBS Stockholder Class” means all persons and entities who, between September 20, 2000 and March 18, 2003, inclusive (the “Stockholder Class Period against UBS”), purchased or otherwise acquired the stock or options of HealthSouth and were damaged thereby. Excluded from the UBS Stockholder Class are current and former defendants, members of the immediate family of any current or former defendant, the directors, officers, subsidiaries and affiliates of HealthSouth, any person, firm, trust, corporation, officer, director or other individual or entity in which any current or former defendant has a controlling interest, and the legal

representatives, affiliates, heirs, successors-in-interest, or assigns of any such excluded party. Also excluded from the UBS Stockholder Class are those persons and entities found by the Court in the Judgment to have timely and validly requested exclusion from the UBS Stockholder Class in accordance with the Notice of Proposed Settlement of Class Action with UBS Defendants (“Notice”) to be disseminated to the class.

1.30 “UBS Stockholder Class Member” or “Member of the UBS Stockholder Class” means a Person who falls within the definition of the UBS Stockholder Class as set forth in ¶1.29 of this Stipulation.

1.31 “Unknown Claims” means all claims, demands, rights, liabilities, and causes of action of every nature and description which the Stockholder Lead Plaintiffs or any UBS Stockholder Class Member do not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons, and any Released Persons’ Claims that the UBS Defendants or any other Released Person does not know or suspect to exist in his, her or its favor at the time of the release of the Stockholder Lead Plaintiffs, Stockholder Named Plaintiffs, and other UBS Stockholder Class Members or their respective attorneys, including Stockholder Plaintiffs’ Lead Counsel, which, if known by him, her or it, might have affected his, her or its settlement with and/or release of the Released Persons, or might have affected his, her or its decision not to object to this Settlement. With respect to any and all Released Claims and Released Persons’ Claims, the Settling Parties stipulate and agree that,

upon the Effective Date, the Stockholder Lead Plaintiffs and each of the Released Persons shall expressly waive, and each of the UBS Stockholder Class Members shall be deemed to have waived, and by operation of the Judgment shall have waived, the provisions, rights and benefits of California Civil Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

The Stockholder Lead Plaintiffs and each of the Released Persons shall expressly waive and each of the UBS Stockholder Class Members shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights and benefits conferred by 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. The Stockholder Lead Plaintiffs and UBS Stockholder Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, and the UBS Defendants and other Released Persons may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Persons' Claims, but the Stockholder Lead Plaintiffs and each of the Released Persons shall expressly fully, finally and forever settle and release, and each UBS Stockholder Class Member, upon the Effective Date, shall be deemed to have,

and by operation of the Judgment shall have, fully, finally, and forever settled and released, any and all Released Claims and Released Persons' Claims, as applicable, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Stockholder Lead Plaintiffs and each of the Released Persons acknowledge, and the UBS Stockholder Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement of which this release is a part.

2. The Settlement

a. The Settlement Fund

2.1 In full settlement of the Released Claims and in consideration of the releases specified in ¶¶4.1, 4.3, and 4.5, below, UBS shall cause its insurers to pay the sum of one hundred and seventeen million dollars (\$117,000,000.00) in cash for the benefit of the UBS Stockholder Class to the Escrow Agent within twenty (20) calendar days from entry of the Notice Order by the Court in this Stockholder Action. No UBS Defendant assumes any monetary obligation under this Stipulation beyond the \$117 million payment by UBS's insurers described in this ¶2.1.

b. The Escrow Agent

2.2 The Escrow Agent shall invest the Settlement Fund deposited pursuant to ¶2.1 hereof in instruments backed by the full faith and credit of the United States Government or fully insured by the United States Government or an agency thereof, or in an account fully insured by the United States Government, and shall reinvest the proceeds of these instruments as they mature in similar instruments at their then-current market rates. The Settlement Fund shall bear all risks related to investment of the Settlement Fund.

2.3 The Escrow Agent shall not disburse the Settlement Fund except as provided in the Stipulation, by an order of the Court, or, prior to the Effective Date, with the written agreement of counsel for the UBS Defendants.

2.4 Subject to further order and/or direction as may be made by the Court, the Escrow Agent is authorized to execute such transactions on behalf of the UBS Stockholder Class Members as are consistent with the terms of the Stipulation.

2.5 All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

2.6 Within five (5) calendar days after payment to the Escrow Agent pursuant to ¶2.1 hereof, the Escrow Agent may establish a “Notice and Administration Fund,” and may deposit up to \$1,000,000 from the Settlement Fund in it. The Notice

and Administration Fund may be used by Stockholder Plaintiffs' Lead Counsel without further consent of the UBS Defendants or order of the Court to pay costs and expenses reasonably and actually incurred in connection with providing notice to the UBS Stockholder Class, locating UBS Stockholder Class Members, assisting with the filing of claims, administering and distributing the Net Settlement Fund to Authorized Claimants, processing Proof of Claim and Release forms (substantially in the form annexed hereto as Exhibit A-3), and paying escrow fees and costs, if any. The Notice and Administration Fund may also be invested and earn interest as provided for in ¶2.2 of this Stipulation.

c. Taxes

2.7 (a) Settling Parties and the Escrow Agent agree to treat the Settlement Fund as being at all times a "qualified settlement fund" within the meaning of Treas. Reg. §1.468B-1. In addition, Stockholder Plaintiffs' Lead Counsel shall timely cause such elections as necessary or advisable to carry out the provisions of this ¶2.7, including, if necessary, the "relation-back election" (as defined in Treas. Reg. §1.468B-1(j)(2)) back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such Treasury regulations promulgated under §1.468B of the Internal Revenue Code of 1986, as amended (the "Code"). It shall be the responsibility of Stockholder Plaintiffs' Lead Counsel to timely and properly cause the preparation and delivery of the necessary

documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

(b) For the purpose of §1.468B of the Code and the Treasury regulations thereunder, the Escrow Agent shall be designated as the “administrator” of the Settlement Fund. The Escrow Agent shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Fund (including, without limitation, the returns described in Treas. Reg. §1.468B-2(k)). Such returns (as well as the election described in ¶2.7(a) hereof) shall be consistent with this ¶2.7 and in all events shall reflect that all Taxes (including any estimated Taxes, interest or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided in ¶2.7(c) hereof.

(c) All: (a) Taxes (including any estimated Taxes, interest or penalties) arising with respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that may be imposed upon the UBS Defendants or their Related Parties with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund does not qualify as a “qualified settlement fund” for federal or state income tax purposes; and (b) expenses and costs incurred in connection with the operation and implementation of this ¶2.7 (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described in this ¶2.7) (“Tax Expenses”), shall be paid out of the Settlement Fund. In no event shall

the UBS Defendants or their Related Parties have any responsibility for or liability with respect to the Taxes or the Tax Expenses. The Settlement Fund shall indemnify and hold the UBS Defendants and their Related Parties harmless for Taxes and Tax Expenses (including, without limitation, Taxes payable by reason of any such indemnification). Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement Fund and shall be timely paid by Stockholder Plaintiffs' Lead Counsel out of the Settlement Fund without further consent of the UBS Defendants, or prior order from the Court, and the Escrow Agent shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amount, including the establishment of adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be required to be withheld under Treas. Reg. §1.468B-2(1)(2)); neither the UBS Defendants nor their Related Parties are responsible therefore nor shall they have any liability with respect thereto. The parties hereto agree to cooperate with the Escrow Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this ¶2.7.

(d) For the purpose of this ¶2.7, references to the Settlement Fund shall include both the Settlement Fund and the Notice and Administration Fund and shall also include any earnings thereon.

d. Termination of Settlement

2.8 In the event that the Stipulation is not approved, or is terminated, canceled, or fails to become effective for any reason, the Settlement Fund (including accrued interest), plus any amount then remaining in the Notice and Administration Fund (including accrued interest), less expenses and Taxes and Tax Expenses incurred or due and owing and payable from the Settlement Fund or the Notice and Administration Fund in accordance with this Stipulation shall be refunded to UBS and/or its insurers as provided in ¶7.3 below.

3. Notice Order and Settlement Hearing

3.1 As soon as practicable after execution of the Stipulation, the Stockholder Plaintiffs' Lead Counsel shall submit the Stipulation together with its exhibits to the Court and shall apply for entry of the Notice Order, substantially in the form of Exhibit A attached hereto, requesting, *inter alia*, the preliminary approval of the Settlement set forth in the Stipulation and approval for mailing the Notice substantially in the form of Exhibit A-1 attached hereto and publication of a Summary Notice substantially in the form of Exhibit A-2 attached hereto. The Notice shall include the general terms of the Settlement set forth in the Stipulation and the date of the Settlement Hearing.

3.2 Stockholder Plaintiffs' Lead Counsel shall request that after notice is given, the Court hold a hearing (the "Settlement Hearing") and finally approve the settlement of the Stockholder Action as set forth herein.

3.3 The Settling Parties agree to use their best efforts to complete the settlement process under an expedited schedule, subject only to the availability of the Court.

4. Releases, Judgment Credit and Covenant Not to Sue

4.1 Upon the Effective Date, as defined in ¶1.6 hereof, the Stockholder Lead Plaintiffs and the UBS Stockholder Class, on behalf of themselves, their heirs, executors, administrators, predecessors, successors, parents, subsidiaries, affiliates and assigns, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged all Released Claims against the Released Persons, whether or not such Stockholder Lead Plaintiff or UBS Stockholder Class Member executes and delivers a Proof of Claim and Release form, if applicable.

4.2 The Proof of Claim and Release form to be executed by UBS Stockholder Class Members, who have not previously submitted a Proof of Claim and Release form in connection with the HealthSouth Settlement or the E&Y Settlement, shall release all Released Claims against the Released Persons.

4.3 Upon the Effective Date, as defined in ¶1.6 hereof, each of the Released Persons, on behalf of themselves, their heirs, executors, administrators, predecessors, successors, parents, subsidiaries, affiliates and assigns, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged all of the Released Persons' Claims against each and all

of the Stockholder Lead Plaintiffs, Stockholder Named Plaintiffs, Stockholder Plaintiffs' Lead Counsel and UBS Stockholder Class Members.

4.4 The Stockholder Lead Plaintiffs and the UBS Stockholder Class agree and covenant not to file or pursue any claim against the UBS Defendants between the date of this Stipulation and the Effective Date. The parties agree that, if the Settlement does not become Final, the period of time between the date of this Stipulation and the date the Settlement is cancelled or terminated shall not be counted for purposes of any defense based on passage of time.

4.5 The Settling Parties have negotiated the following bar order and judgment reduction provision to be included, in substantially the following form, in the Judgment:

(a) The Released Persons are hereby released and discharged from all claims for indemnity or contribution or any other claim, however denominated, against the Released Persons where the injury to the Person bringing the claim is, or is measured by, that Person's liability and/or settlement payment to the Stockholder Lead Plaintiffs, the UBS Stockholder Class or any UBS Stockholder Class Member, that have been or may hereafter be brought by any Person, whether arising under state, federal, foreign or common law as claims, cross-claims, counterclaims, or third-party claims, in any court, arbitration proceeding, administrative agency, or other forum in the United States or elsewhere, based upon, arising out of, relating to, or in connection with the Released Claims (collectively, the "Barred Claims"), and all such claims are

permanently barred and any Person permanently enjoined from bringing any such claims.

(b) Accordingly, to the full extent provided by Section 21D(f)(7)(A) of the Private Securities Litigation Reform Act of 1995 (“PSLRA”), 15 U.S.C. §78u-4(f)(7)(A), the Court hereby bars all Barred Claims: (a) against the Released Persons; and (b) by the Released Persons against any Person, other than any Person whose liability to the UBS Stockholder Class has been extinguished pursuant to this Settlement.

(c) Any final verdict or judgment obtained by or on behalf of the Stockholder Lead Plaintiffs, the UBS Stockholder Class or any UBS Stockholder Class Member against any Person, other than the Released Persons, relating to the Released Claims, shall be reduced in accordance with the PSLRA and applicable law. However, UBS Stockholder Class Members’ participation in any HealthSouth recovery from the UBS Defendants shall not be reduced as a result of this provision.

5. Administration and Calculation of Claims, Final Awards and Supervision and Distribution of the Settlement Fund

5.1 The Claims Administrator shall administer and calculate the claims submitted by UBS Stockholder Class Members.

5.2 The Settlement Fund shall be applied as follows:

(a) to pay Stockholder Plaintiffs’ Lead Counsel’s attorneys’ fees and expenses with interest thereon (the “Fee and Expense Award”) and any costs and

expenses awarded to the Stockholder Lead Plaintiffs or the Stockholder Named Plaintiffs by the Court, pursuant to the PSLRA, when, if and to the extent allowed by the Court;

(b) to pay all the costs and expenses reasonably and actually incurred in connection with providing notice, locating UBS Stockholder Class Members, assisting with the filing of claims, administering and distributing the Net Settlement Fund to Authorized Claimants, processing Proof of Claim and Release forms, and paying escrow fees and costs, if any;

(c) to pay the Taxes and Tax Expenses described in ¶2.7 hereof; and

(d) to distribute the balance of the Settlement Fund, *i.e.*, the Net Settlement Fund, to Authorized Claimants as allowed by the Stipulation, the Plan of Allocation, or the Court.

5.3 Upon the Effective Date and thereafter, and in accordance with the terms of the Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court as may be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to Authorized Claimants, subject to and in accordance with the terms of this Stipulation.

5.4 Within one hundred-twenty (120) days after such time as set by the Court, each Person claiming to be an Authorized Claimant who has not previously submitted a Proof of Claim and Release form in connection with the HealthSouth Settlement or the E&Y Settlement shall be required to submit to the Claims

Administrator a completed Proof of Claim and Release form, substantially in a form approved by the Court, signed under penalty of perjury and supported by such documents as are specified in the Proof of Claim and Release form and as are reasonably available to the Authorized Claimant.

5.5 Except as otherwise ordered by the Court, all Authorized Claimants who fail to timely submit a Proof of Claim and Release form (if applicable) in compliance with the Notice Order within such period, or such other period as may be ordered by the Court, shall be forever barred from receiving any payments pursuant to the Stipulation and the Settlement set forth herein, but will in all other respects be subject to and bound by the provisions of the Stipulation, the releases contained herein, and the Judgment. Notwithstanding the foregoing, Stockholder Plaintiffs' Lead Counsel may, in their discretion, accept for processing late submitted claims so long as the distribution of the Net Settlement Fund to Authorized Claimants is not materially delayed.

5.6 The Net Settlement Fund shall be distributed to the Authorized Claimants substantially in accordance with the Plan of Allocation described in the Notice and approved by the Court. If there is any balance remaining in the Net Settlement Fund after six (6) months from the date of distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks or otherwise), Stockholder Plaintiffs' Lead Counsel shall, if feasible and economical, reallocate such balance among Authorized Claimants, who deposited the checks sent in the initial distribution, in an equitable and

economic fashion. Thereafter, any balance which still remains in the Net Settlement Fund shall be donated to an appropriate non-profit organization, with approval of the Court.

5.7 This is not a claims-made settlement. Accordingly, once all conditions of the Stipulation are satisfied and the Settlement becomes Final, no portion of the Settlement Fund will be returned to UBS or its insurers. The UBS Defendants and their Related Parties shall have no responsibility for, interest in, or liability whatsoever with respect to the distribution of the Net Settlement Fund, the Plan of Allocation, the determination, administration, or calculation of claims, the payment or withholding of Taxes or Tax Expenses, or any losses incurred in connection therewith.

5.8 No Person shall have any claim against the Settling Parties, the Escrow Agent, Stockholder Plaintiffs' Lead Counsel, the Claims Administrator or other entity designated by Stockholder Plaintiffs' Lead Counsel based on distributions made substantially in accordance with the Stipulation and the Settlement contained herein, a Court-approved Plan of Allocation, or further order(s) of the Court.

5.9 It is understood and agreed by the Settling Parties that the Plan of Allocation of the Net Settlement Fund including, but not limited to, any adjustments to an Authorized Claimant's claim set forth therein, is not a part of the Stipulation and is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the Settlement set forth in the Stipulation, and any order or proceeding relating to the Plan of Allocation shall not operate to

terminate or cancel the Stipulation or affect the finality of the Court's Judgment approving the Stipulation and the Settlement set forth therein, the dismissal with prejudice of the Stockholder Action, or any other orders entered pursuant to the Stipulation.

6. Plaintiffs' Counsel's Attorneys' Fees and Expenses

6.1 Stockholder Plaintiffs' Lead Counsel may, upon notice to UBS and UBS Stockholder Class Members as approved by the Court, on behalf of plaintiffs' counsel in the Stockholder Action, submit an application (the "Fee and Expense Application") for distribution to them from the Settlement Fund of: (a) an award of reasonable attorneys' fees from the Settlement Fund; plus (b) expenses, including the fees of any experts or consultants, incurred in connection with prosecuting the Stockholder Action, plus any interest on such attorneys' fees and expenses at the same rate and for the same periods as earned by the Settlement Fund (until paid); and payment of Stockholder Lead Plaintiffs' expenses pursuant to 15 U.S.C. §78u-4(a)(4) and 15 U.S.C. §77z-1(a)(4). Stockholder Plaintiffs' Lead Counsel reserve the right to make additional applications for fees and expenses incurred.

6.2 The attorneys' fees and expenses, as awarded by the Court, shall be paid to Stockholder Plaintiffs' Lead Counsel from the Settlement Fund, as ordered, immediately after the Court executes an order awarding such fees and expenses. Stockholder Plaintiffs' Lead Counsel shall thereafter allocate the attorneys' fees in a manner in which they in good faith believe reflects the contributions of other

plaintiffs' counsel to the prosecution and settlement of the Stockholder Action. In the event that the Effective Date does not occur, or the Judgment or the order making the Fee and Expense Award is reversed or modified, or the Stipulation is canceled or terminated for any other reason, and in the event that the Fee and Expense Award has been paid to any extent, then any plaintiffs' counsel receiving such fees and expenses shall within five (5) business days from receiving notice from the UBS Defendants' counsel or from a court of appropriate jurisdiction, refund to the Settlement Fund the fees and expenses previously paid to them from the Settlement Fund plus interest thereon at the same rate as earned on the Settlement Fund in an amount consistent with such reversal or modification. Each such plaintiffs' counsel's law firm, as a condition of receiving such fees and expenses, on behalf of itself and each partner and/or shareholder of it, agrees that the law firm and its partners and/or shareholders are subject to the jurisdiction of the Court for the purpose of enforcing the provisions of this paragraph.

6.3 The procedure for and the allowance or disallowance by the Court of any application by Stockholder Plaintiffs' Lead Counsel for attorneys' fees and expenses, including the fees of experts and consultants, to be paid out of the Settlement Fund, are not part of the Settlement set forth in the Stipulation, and are to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the Settlement set forth in the Stipulation, and any order or proceeding relating to the Fee and Expense Application, or any appeal from any order

relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Stipulation, or affect or delay the finality of the Judgment approving the Stipulation and the Settlement and dismissal with prejudice of the Stockholder Action set forth herein.

6.4 The UBS Defendants and their Related Parties shall have no responsibility for or liability with respect to any payment of attorneys' fees and expenses to Stockholder Plaintiffs' Lead Counsel over and above payment from the Settlement Fund.

6.5 The UBS Defendants and their Related Parties shall have no responsibility for or liability with respect to the allocation among plaintiffs' counsel, and/or any other Person who may assert some claim thereto, of any Fee and Expense Award that the Court may make in the Stockholder Action, and the UBS Defendants and their respective Related Parties take no position with respect to such matters.

**7. Conditions of Settlement, Effect of Disapproval,
Cancellation or Termination**

7.1 The Effective Date of the Stipulation shall be conditioned on the occurrence of all of the following events:

(a) UBS has timely made or caused to be made its contribution to the Settlement Fund as required by ¶2.1 hereof;

(b) the UBS Defendants have not exercised their option to terminate the Stipulation pursuant to ¶7.6 hereof;

(c) the Court has entered the Notice Order, as required by ¶3.1 hereof;

(d) the Court has entered the Judgment, or a judgment substantially in the form of Exhibit B attached hereto;

(e) the Court has entered the Bar Order as set forth in Exhibit B attached hereto, or a substantial equivalent acceptable to the UBS Defendants; and

(f) the Judgment has become Final, as defined in ¶1.10 hereof.

7.2 Upon the occurrence of all of the events referenced in ¶7.1 hereof, any and all remaining interest or right of the UBS Defendants in or to the Settlement Fund, if any, shall be absolutely and forever extinguished. If all of the conditions specified in ¶7.1 hereof are not met, then the Stipulation shall be canceled and terminated, subject to ¶7.4, hereof unless Stockholder Plaintiffs' Lead Counsel and counsel for the UBS Defendants mutually agree in writing to proceed with the Stipulation.

7.3 Unless otherwise ordered by the Court, in the event the Stipulation shall terminate, or be canceled, or shall not become effective for any reason, within five (5) business days after written notification of such event is sent by counsel for the UBS Defendants or Stockholder Plaintiffs' Lead Counsel to the Escrow Agent, subject to the terms of ¶2.8 hereof, the Settlement Fund (including accrued interest), plus any amount then remaining in the Notice and Administration Fund (including accrued interest), less expenses and any costs which have either been disbursed pursuant to ¶2.6 hereof or are determined to be chargeable to the Settlement Fund, including Taxes and Tax Expenses, pursuant to ¶2.7 hereof, shall be refunded by the Escrow

Agent to UBS or its insurers as appropriate. At the request of counsel for UBS, the Escrow Agent or its designee shall apply for any tax refund owed on the Settlement Fund and pay the proceeds, after deduction of any fees or expenses incurred in connection with such application(s) for refund, to UBS or its insurers as appropriate.

7.4 In the event that the Stipulation is not approved by the Court, or the Settlement set forth in the Stipulation is terminated, or the Effective Date does not occur, or the Stipulation otherwise fails to become effective in accordance with its terms, the Settling Parties shall be restored to their respective positions in the Stockholder Action as of April 12, 2010. In such event, the terms and provisions of the Stipulation, with the exception of ¶¶2.7, 2.8, 7.3, 7.4 and 7.5 hereof, shall have no further force and effect with respect to the Settling Parties and shall not be used in the Federal Actions or in any other proceeding for any purpose, and any judgment or order entered by the Court in accordance with the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*. No order of the Court or modification or reversal on appeal of any order of the Court concerning the Plan of Allocation or the amount of any attorneys' fees, costs, expenses and interest awarded by the Court to Stockholder Plaintiffs' Lead Counsel shall constitute grounds for cancellation or termination of the Stipulation.

7.5 If the Effective Date does not occur, or if the Stipulation is terminated pursuant to its terms, neither the Stockholder Lead Plaintiffs nor Stockholder Plaintiffs' Lead Counsel shall have any obligation to repay any amounts actually and

properly disbursed from the Notice and Administration Fund. In addition, any expenses already incurred and properly chargeable to the Settlement Fund at the time of such termination or cancellation, but which have not been paid, shall be paid by the Escrow Agent in accordance with the terms of the Stipulation prior to the balance being refunded in accordance with ¶¶2.8 and 7.3 hereof.

7.6 If prior to the Settlement Hearing, the aggregate number of shares of HealthSouth common stock purchased or otherwise acquired by persons and entities who would otherwise be Members of the UBS Stockholder Class, but who request exclusion from the UBS Stockholder Class, exceeds the sum specified in a separate supplemental agreement between the Stockholder Lead Plaintiffs and the UBS Defendants (the “Supplemental Agreement”), the UBS Defendants shall have, in their sole and absolute discretion, the option to terminate this Stipulation in accordance with the procedures set forth in the Supplemental Agreement. The Supplemental Agreement will not be filed with the Court unless required by court rule or unless and until a dispute as between the Stockholder Lead Plaintiffs and the UBS Defendants concerning its interpretation or application arises.

8. Class Certification

8.1 The Court certified the UBS Stockholder Class on March 31, 2009. (Document No. 1581). On April 15, 2009, the UBS Defendants filed a petition with the Eleventh Circuit Court of Appeals pursuant to Rule 23(f) of the Federal Rules of Civil Procedure for leave to appeal from the Court’s class certification order

(Document No. 1590). On February 26, 2010, at the Settling Parties' request, those proceedings were stayed pending completion of this Settlement. The UBS Defendants will withdraw their Rule 23(f) petition pending in the Eleventh Circuit at the time the Settlement becomes Final. The UBS Defendants expressly reserve the right to move to lift the stay of the Rule 23(f) proceedings in the Eleventh Circuit and to contest class certification in the event that this Stipulation is not approved by the Court, or the Settlement set forth in this Stipulation is terminated pursuant to its terms, or the Effective Date does not occur, or the Stipulation otherwise does not become effective for any reason.

9. No Admission of Wrongdoing

9.1 This Stipulation, whether or not consummated, and any negotiations, discussions or proceedings in connection herewith shall not be:

(a) offered or received against the UBS Defendants as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission by the UBS Defendants of the truth of any fact alleged by UBS Stockholder Class Members or the validity of any claim that has been or could have been asserted in the Federal Actions or in any litigation, or the deficiency of any defense that has been or could have been asserted in the Federal Actions or in any litigation, or of any liability, negligence, fault, or wrongdoing of the UBS Defendants;

(b) offered or received against the UBS Defendants as evidence of a presumption, concession, admission of any fault, misrepresentation or omission with

respect to any statement or written document approved or made by any Defendant, or against the Federal Plaintiffs as evidence of any infirmity in the claims of the Federal Plaintiffs;

(c) offered or received against the UBS Defendants as evidence of a presumption, concession, or admission of any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the parties to this Stipulation, in any other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; provided, however, that if this Stipulation is approved by the Court, the UBS Defendants and their Related Parties may refer to it to effectuate the release granted them hereunder; and

(d) construed against the UBS Defendants or the Federal Plaintiffs, as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial.

10. Miscellaneous Provisions

10.1 The Settling Parties (a) acknowledge that it is their intent to consummate this agreement; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of the Stipulation and to exercise their reasonable best efforts to accomplish the foregoing terms and conditions of the Stipulation.

10.2 This Stipulation and the exhibits attached hereto constitute the entire agreement between the Settling Parties as to the subject matter hereof and supersedes any prior or contemporaneous written or oral agreements or understandings between the Settling Parties as to the subject matter hereof. No modification or amendment of this Stipulation shall be valid unless made in writing and signed by or on behalf of each of the Settling Parties hereto. No representations, warranties or inducements have been made to any party concerning the Stipulation or its exhibits other than the representations, warranties and covenants contained and memorialized in such documents. Except as otherwise provided for herein, each party shall bear his, her or its own costs. The Settlement compromises claims that are contested and shall not be deemed an admission by any Settling Party as to the merits of any claim or defense. The Judgment will contain a finding that during the course of the Stockholder Action, the parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11. The Settling Parties agree that the amount paid to the Settlement Fund and the other terms of the Settlement were negotiated in good faith by the Settling Parties and reflect a settlement that was reached voluntarily after consultation with competent legal counsel. The Settling Parties reserve their right to rebut, in a manner that such party determines to be appropriate, any contention made in any public forum that the Stockholder Action was brought or defended in bad faith or without a reasonable basis.

10.3 The UBS Defendants and/or their Related Parties may file the Stipulation and/or the Judgment in any action that may be brought against them in order to support a defense, claim or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

10.4 All agreements made and orders entered during the course of the Federal Actions relating to the confidentiality of information shall survive this Stipulation.

10.5 All of the exhibits to the Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

10.6 The Stipulation may be amended or modified only by a written instrument signed by or on behalf of all Settling Parties or their respective successors-in-interest.

10.7 Stockholder Plaintiffs' Lead Counsel, on behalf of the UBS Stockholder Class, are expressly authorized by the Stockholder Lead Plaintiffs to take all appropriate action required or permitted to be taken by the UBS Stockholder Class pursuant to the Stipulation to effectuate its terms and also are expressly authorized to enter into any modifications or amendments to the Stipulation on behalf of the UBS Stockholder Class which they deem appropriate.

10.8 Each counsel or other Person executing the Stipulation or any of its exhibits on behalf of any party hereto hereby warrants that such Person has the full authority to do so.

10.9 The Stipulation may be executed in one or more counterparts. 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.

10.10 The Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto.

10.11 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of the Stipulation, and all parties hereto submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in the Stipulation.

10.12 The waiver by one party of any breach of this Stipulation by any other party shall not be deemed a waiver by any other party or a waiver of any other prior or subsequent breach of this Stipulation.

10.13 UBS warrants that, as to the payments made by or on behalf of it, at the time such payments were made or caused to be made pursuant to ¶2.1 above, UBS was not insolvent nor did nor will the payments required to be made by or on behalf of it render it insolvent within the meaning of and/or for the purposes of United States Bankruptcy Code, including §§101 and 547 thereof. This warranty is made by UBS and not by counsel for UBS.

10.14 If a case is commenced in respect to any of the UBS Defendants under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver or conservator is appointed under any similar law, and in the event of the entry of a final order of a

court of competent jurisdiction determining the transfer of money to the Settlement Fund or any portion thereof by or on behalf of any UBS Defendant to be a preference, voidable transfer, fraudulent transfer or similar transaction, and any portion thereof is required to be returned, and such amount is not promptly deposited to the Settlement Fund by others, then, at the election of Stockholder Plaintiffs' Lead Counsel, the parties shall jointly move the Court to vacate and set aside the releases given and the Judgment entered in favor of such UBS Defendant pursuant to this Stipulation, which releases and Judgment shall be null and void, and the parties so affected shall be restored to their respective positions in the Stockholder Action as of April 12, 2010, and any amount in the Settlement Fund paid by or on behalf of such UBS Defendant shall be returned as provided herein, and all amounts disbursed from the Settlement Fund (other than costs, expenses or taxes incurred pursuant to ¶¶2.6 and 2.7) shall be refunded to UBS or its insurers as appropriate.

10.15 The rights and obligations of the parties to the Stipulation shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of Alabama without giving effect to that state's choice-of-law principles.

IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to be executed, by their duly authorized attorneys dated as of April 12, 2010.

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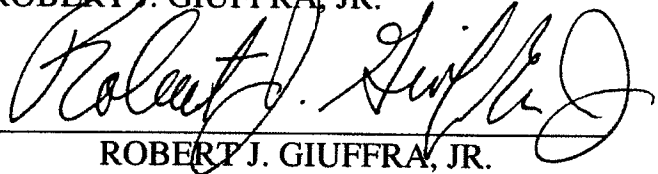
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A handwritten signature in black ink, appearing to read "Robert J. Giuffra, Jr.", is written over a horizontal line.

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