

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-A

FOR REGISTRATION OF CERTAIN CLASSES OF SECURITIES
PURSUANT TO SECTION 12(b) OR (g) OF THE
SECURITIES EXCHANGE ACT OF 1934

HealthSouth Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation or organization)

63-0860407
(I.R.S. Employer Identification No.)

3660 Grandview Parkway, Suite 200, Birmingham, Alabama
(Address of principal executive offices)

35243
(Zip Code)

If this form relates to the registration of a class of securities pursuant to Section 12(b) of the Exchange Act and is effective pursuant to General Instruction A.(c), check the following box.

If this form relates to the registration of a class of securities pursuant to Section 12(g) of the Exchange Act and is effective pursuant to General Instruction A.(d), check the following box.

Securities Act registration statement file number to which this form relates: (if applicable)

Securities to be registered pursuant to Section 12(b) of the Act:

Title of each class to be so registered	Name of each exchange on which each class is to be registered
Warrants to Purchase Common Stock	New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act:

Not Applicable
(Title of class)

INFORMATION REQUIRED IN REGISTRATION STATEMENT

Item 1. Description of Registrant's Securities to be Registered.

HealthSouth Corporation (the "Company") has issued 8,151,265 warrants (the "Warrants") to purchase, in the aggregate, 8,151,265 shares of its common stock, par value \$.01. A complete description of the terms of the Warrants is set forth in the Warrant Agreement, dated as of September 30, 2009, among the Company and Computershare Inc. and Computershare Trust Company, N.A., jointly and severally as Warrant Agent (the "Warrant Agreement"). The Warrant Agreement and the related form of global warrant certificate have been filed with the Securities and Exchange Commission (the "Commission") as Exhibit 4.1 to this Registration Statement on Form 8-A. The following description of the Warrants does not purport to be complete and is qualified in its entirety by reference to such Warrant Agreement, which is filed herewith and incorporated by reference herein.

The Warrants are being issued in connection with the settlement of the federal consolidated class action captioned In re HealthSouth Corp. Securities Litigation, Master Consolidation File No. CV-03-BE-1500-S (the "Settlement"). Once issued or transferred to the plaintiffs' counsels, settlement administrator, escrow agent (in each case, such party as contemplated by the Settlement) or any such parties' designees for distribution to authorized claimants, the Warrants will be exercisable from time to time on any business day until 5:00 p.m., New York City time, on January 17, 2017 (the "Exercise Period"), provided that the Company's shelf registration statement covering the related issuance of shares of its common stock is effective and that such shares are qualified for sale or exempt from qualification under the applicable securities laws of the states or other jurisdictions in which the holders of the Warrants reside. Each holder of a Warrant has the right, during the Exercise Period, to purchase from the Company the number of shares of the Company's common stock which the holder may at the time be entitled to receive upon payment of the exercise price then in effect for such Warrant. The Warrants are expected to be listed on the New York Stock Exchange.

Each Warrant initially entitles the holder thereof, subject to adjustment pursuant to the terms of the Warrant Agreement, to purchase one share of common stock at an exercise price of \$41.40 per share. The exercise price is payable by certified check, official bank check, or bank cashiers check payable to the order of the Company, by wire transfer of funds to an account designated by the Company for such purpose, or by Cashless Exercise (as defined in the Warrant Agreement) if the market price of the Warrants exceeds the exercise price of such Warrants. The Company is not required to issue fractional shares of common stock on the exercise of Warrants. In lieu of issuing fractional shares, the Company shall pay an amount in cash equal to the current market (as defined in the Warrant Agreement) price per share of common stock multiplied by such fraction, computed to the nearest whole U.S. cent.

Upon the occurrence of certain events set forth in the Warrant Agreement, the number of shares of common stock issuable upon exercise of a Warrant may be increased or reduced and the exercise price may be adjusted upward or downward. Subject to the exceptions specified in the Warrant Agreement, adjustments to the number of shares of common stock issuable upon exercise of a Warrant and the exercise price of a Warrant may be made if the Company:

- Pays a stock dividend or makes another distribution of shares of its common stock to holders of common stock;
 - Subdivides its outstanding shares of common stock into a greater number of shares of common stock;
 - Combines its outstanding shares of common stock into a smaller number of shares of common stock; or
 - Issues, in a reclassification of its outstanding shares of common stock, other securities of the Company.

In the case of any recapitalization, reorganization, consolidation, merger, sale of all or substantially all of the Company's assets or other transaction which is effected at any time during the Exercise Period in such a way that the holders of the common stock of the Company are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for such common stock of the Company, each of the registered holders of Warrants will be entitled to receive, upon exercise of such Warrants and payment of the exercise price, the kind and amount of consideration receivable by the holders of the Company's common stock. The Company is prohibited from entering into any such transaction unless, prior to the consummation thereof, the successor entity (if other than the Company) assumes by written instrument the obligation to deliver to each holder of Warrants such stock, securities or assets as such holder may be entitled to acquire.

Prior to the exercise of any Warrant, holders of Warrants are not entitled to any rights of a stockholder of the Company, including, without limitation, the right to vote or to receive dividends or other distributions. Furthermore, the holders of Warrants are not entitled to receive any notice of any proceedings of the Company except in certain limited circumstances set forth in the Warrant Agreement.

Item 2. Exhibits.

- 4.1 Warrant Agreement, dated as of September 30, 2009, among the Company and Computershare Inc. and Computershare Trust Company, N.A., jointly and severally as Warrant Agent (including the related form of global warrant certificate).
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SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereto duly authorized.

Dated: September 30, 2009

HealthSouth Corporation

By: /s/ John P. Whittington
Name: John P. Whittington
Title: Executive Vice President, General
Counsel, and Corporate Secretary

Exhibit 4.1

WARRANT AGREEMENT
AMONG
HEALTHSOUTH CORPORATION
AND
COMPUTERSHARE INC.
AND
COMPUTERSHARE TRUST COMPANY, N.A.,
AS WARRANT AGENT
SEPTEMBER 30, 2009

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EXHIBITS

Exhibit A-1	Form of Warrant Statement
Exhibit A-2	Form of Global Warrant Certificate
Exhibit B-1	Form of Election to Exercise For Warrant Holders Holding Warrants in Form of Book-Entry Warrants
Exhibit B-2	Form of Election to Exercise Warrant for Holders Holding Warrants the Depository Trust Company
Exhibit C	Form of Assignment

WARRANT AGREEMENT

This WARRANT AGREEMENT (this "Agreement"), dated as of September 30, 2009 among HEALTHSOUTH CORPORATION, a Delaware corporation (the "Company") and COMPUTERSHARE INC., a Delaware corporation, and its wholly-owned subsidiary COMPUTERSHARE TRUST COMPANY, N.A., a federally chartered, limited purpose trust company (acting together, jointly and severally, the "Warrant Agent" or individually, "Computershare" and the "Trust Company," respectively).

PRELIMINARY STATEMENTS

WHEREAS, on September 26, 2006, the Company and certain individual former employees and board members of the Company entered into a stipulation of partial settlement of the federal consolidated class action captioned In re HealthSouth Corp. Securities Litigation, Master Consolidation File No. CV-03-BE-1500-S (the "Settlement") with the plaintiffs in such litigation;

WHEREAS, under the terms of the Settlement, the plaintiffs agreed to settle and release claims against the Company in return for various consideration to be received from the Company and its insurance carriers;

WHEREAS, in connection with the Settlement and as partial consideration to be paid thereunder, the Company will issue Warrants (the "Warrants") entitling the holders to purchase initially an aggregate of up to 8,151,265 shares (as adjusted from time to time pursuant to this Agreement, the "Shares") of common stock, par value \$.01 per share (the "Common Stock"), of the Company on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the Warrant Agent, at the request of the Company, has agreed to act as the agent of the Company in connection with the issuance, registration, transfer, exchange and exercise of the Warrants.

NOW, THEREFORE, in consideration of the premises and mutual agreements herein set forth, the parties hereto agree as follows:

SECTION 1. Appointment of Warrant Agent. The Company hereby appoints the Warrant Agent to act as agent for the Company in accordance with the instructions hereinafter set forth in this Agreement (and no implied terms); and the Warrant Agent hereby accepts such appointment, upon the terms and conditions hereinafter set forth.

SECTION 2. Issuances. On the terms and subject to the conditions of this Agreement, on the date hereof or a date that is as soon as reasonably practicable after the date hereof, the Warrants to purchase the Shares will be issued by the Company in the amounts and to the recipients as specified in the Settlement. On such date, the Company may deliver, or cause to be delivered to the Depository (as defined below), one or more Global Warrant Certificates (as defined below) evidencing all or a portion of the Warrants. The remainder of the Warrants shall be issued by book-entry registration on the books of the Warrant Agent (the "Book-Entry Warrants") and shall be evidenced by statements issued by the Warrant Agent from time to time to the registered holder of book-entry Warrants reflecting such book-entry position (the "Warrant Statement"). The maximum number of Shares issuable upon conversion of the Warrants shall be 8,151,265 shares, as such amount is adjusted from time to time pursuant to this Agreement.

SECTION 3. Form of Warrants. Subject to Section 6 of this Agreement, the Warrants shall be issued (1) via book-entry registration on the books and records of the Warrant Agent and evidenced by the Warrant Statements, in substantially the form set forth in Exhibit A-1 attached hereto, and/or (2) in the form of one or more global certificates (the "Global Warrant Certificates"), the forms of election to exercise and of assignment to be printed on the reverse thereof, in substantially the form set forth in Exhibit A-2 attached hereto. The Warrant Statements and Global Warrant Certificates may bear such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Agreement, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with any law or with any rules made pursuant thereto or with any rules of any securities exchange or as may, consistently herewith, or, be determined by (i) in the case of Global Warrant Certificates, the Appropriate Officers (as hereinafter defined) executing such Global Warrant Certificates, as evidenced by their execution of the Global Warrant Certificates, or (ii) in the case of a Warrant Statement, any Appropriate Officer, and all of which shall be acceptable to the Warrant Agent.

The Global Warrant Certificates shall be deposited on or after the date hereof or a date that is as soon as reasonably practicable after the date hereof with, or with Computershare Inc. as custodian for, The Depository Trust Company (the "Depository") and registered in the name of Cede & Co., as the Depository's nominee. Each Global Warrant Certificate shall represent such number of the outstanding Warrants as specified therein, and each shall provide that it shall represent the aggregate amount of outstanding Warrants from time to time endorsed thereon and that the aggregate amount of outstanding Warrants represented thereby may from time to time be reduced or increased, as appropriate, in accordance with the terms of this Agreement.

SECTION 4. Execution of Global Warrant Certificates. Global Warrant Certificates shall be signed on behalf of the Company by its Chief Executive Officer, one of its Executive Vice Presidents or its Treasurer (each, an "Appropriate Officer"). Each such signature upon the Global Warrant Certificates may be in the form of a facsimile signature of any such Appropriate Officer and may be imprinted or otherwise reproduced on the Global Warrant Certificates and for that purpose the Company may adopt and use the facsimile signature of any Appropriate Officer.

If any Appropriate Officer who shall have signed any of the Global Warrant Certificates shall cease to be such Appropriate Officer before the Global Warrant Certificates so signed shall have been countersigned by the Warrant Agent or disposed of by the Company, such Global Warrant Certificates nevertheless may be countersigned and delivered or disposed of as though such Appropriate Officer had not ceased to be such Appropriate Officer of the Company; and any Global Warrant Certificate may be signed on behalf of the Company by any person who, at the actual date of the execution of such Global Warrant Certificate, shall be a proper Appropriate Officer of the Company to sign such Global Warrant Certificate, although at the date of the execution of this Agreement any such person was not such Appropriate Officer.

SECTION 5. Registration and Countersignature. Upon written order of the Company, the Warrant Agent shall (i) register in the Warrant Register (as defined below) the Book-Entry Warrants and (ii) upon receipt of the Global Warrant Certificates duly executed on behalf of the Company, countersign one or more Global Warrant Certificates evidencing Warrants and shall deliver such Global Warrant Certificates to or upon the written order of the Company. Such written order of the Company shall specifically state the number of Warrants that are to be issued as Book-Entry Warrants and the number of Warrants that are to be issued as a Global Warrant Certificate. A Global Warrant Certificate shall be, and shall remain, subject to the provisions of this Agreement until such time as all of the Warrants evidenced thereby shall have been duly exercised or shall have expired or been canceled in accordance with the terms hereof.

No Global Warrant Certificate shall be valid for any purpose, and no Warrant evidenced thereby shall be exercisable, until such Global Warrant Certificate has been countersigned by the manual or facsimile signature of the Warrant Agent. Such signature by the Warrant Agent upon any

Global Warrant Certificate executed by the Company shall be conclusive evidence that such Global Warrant Certificate so countersigned has been duly issued hereunder.

The Warrant Agent shall keep, at an office designated for such purpose, books (the "Warrant Register") in which, subject to such reasonable regulations as it may prescribe, it shall register the Book-Entry Warrants as well as any Global Warrant Certificates and exchanges and transfers of outstanding Warrants in accordance with the procedures set forth in Section 6 of this Agreement, all in form satisfactory to the Company and the Warrant Agent. No service charge shall be imposed by the Warrant Agent in connection with any exercise, exchange or registration of transfer of a Warrant. The Company may require payment of a sum sufficient to cover any stamp or other tax or other governmental charge that may be imposed on the Holder in connection with any such exchange or registration of transfer. The Warrant Agent shall have no obligation to effect an exchange or register a transfer unless and until any payments required by the immediately preceding sentence have been made.

Prior to due presentment for registration of transfer or exchange of any Warrant in accordance with the procedures set forth in this Agreement, the Warrant Agent and the Company may deem and treat the person in whose name any Warrant is registered (the "Holder" of such Warrant) as the absolute owner of such Warrant (notwithstanding any notation of ownership or other writing made in a Global Warrant Certificate by anyone), for the purpose of any exercise thereof, any distribution to the Holder thereof and for all other purposes, and neither the Warrant Agent nor the Company shall be affected by notice to the contrary.

SECTION 6. Registration of Transfers and Exchanges. (a) Transfer and Exchange of Global Warrant Certificates or Beneficial Interests Therein. The transfer and exchange of Global Warrant Certificates or beneficial interests therein shall be effected through the Depository, in accordance with this Agreement and the procedures of the Depository therefor.

(b) Exchange of a Beneficial Interest in a Global Warrant Certificate for a Book-Entry Warrant.

(i) Book-Entry Warrants shall not be issued in exchange for beneficial interests in a Global Warrant Certificate unless the Company, in its sole discretion, notifies the Warrant Agent in writing that it elects to permit the issuance of such Book-Entry Warrants under this Agreement. If the Company so elects and informs the Warrant Agent in writing, any Holder of a beneficial interest in a Global Warrant Certificate may, upon request, exchange such beneficial interest for a Book-Entry Warrant. Subject to the foregoing, upon receipt by the Warrant Agent from the Depository or its nominee of written instructions or such other form of instructions as is customary for the Depository on behalf of any person having a beneficial interest in a Global Warrant Certificate, the Warrant Agent shall cause, in accordance with the standing instructions and procedures existing between the Depository and Warrant Agent, the number of Warrants represented by the Global Warrant Certificate to be reduced by the number of Warrants to be represented by the Book-Entry Warrants to be issued in exchange for the beneficial interest of such person in the Global Warrant Certificate and, following such reduction, the Warrant Agent shall register in the name of the Holder a Book-Entry Warrant and deliver to said Warrant Holder a Warrant Statement.

(ii) Book-Entry Warrants issued in exchange for a beneficial interest in a Global Warrant Certificate pursuant to this Section 6(b) shall be registered in such names as the Depository, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Warrant Agent. The Warrant Agent shall deliver such Warrant Statements to the persons in whose names such Warrants are so registered.

(c) Transfer and Exchange of Book-Entry Warrants. When Book-Entry Warrants are presented to the Warrant Agent with a written request:

(i) to register the transfer of the Book-Entry Warrants; or

(ii) to exchange such Book-Entry Warrants for an equal number of Book-Entry Warrants of other authorized denominations,

the Warrant Agent shall register the transfer or make the exchange as requested if its requirements for such transactions are met; provided, however, that the Warrant Agent has received a written instruction of transfer in form satisfactory to the Warrant Agent, duly executed by the Holder thereof or by his attorney, duly authorized in writing. The requirements for such transfer or for exchanges to be issued in a name other than the registered holder shall include, inter alia, a signature guarantee from an eligible guarantor institution participating in a signature guarantee program approved by the Securities Transfer Association as indicated in Section 6(i)(v) below, and any other reasonable evidence of authority that may be required by the Warrant Agent.

(d) Restrictions on Exchange or Transfer of a Book-Entry Warrant for a Beneficial Interest in a Global Warrant Certificate. A Book-Entry Warrant may not be exchanged for a beneficial interest in a Global Warrant Certificate except upon satisfaction of the requirements set forth below. Upon receipt by the Warrant Agent of appropriate instruments of transfer with respect to a Book-Entry Warrant, in form satisfactory to the Warrant Agent, together with written instructions directing the Warrant Agent to make, or to direct the Depository to make, an endorsement on the Global Warrant Certificate to reflect an increase in the number of Warrants represented by the Global Warrant Certificate equal to the number of Warrants represented by such Book-Entry Warrant, then the Warrant Agent shall cancel such Book-Entry Warrant on the Warrant Register and cause, or direct the Depository to cause, in accordance with the standing instructions and procedures existing between the Depository and the Warrant Agent, the number of Warrants represented by the Global Warrant Certificate to be increased accordingly. If no Global Warrant Certificates are then outstanding, the Company shall issue and the Warrant Agent shall countersign a new Global Warrant Certificate representing the appropriate number of Warrants.

(e) Restrictions on Transfer and Exchange of Global Warrant Certificates. Notwithstanding any other provisions of this Agreement (other than the provisions set forth in Section 6(f)), unless and until it is exchanged in whole for a Book-Entry Warrant, a Global Warrant Certificate may not be transferred as a whole except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

(f) Book-Entry Warrants. If at any time:

(i) the Depository for the Global Warrant Certificates notifies the Company that the Depository is unwilling or unable to continue as Depository for the Global Warrant Certificates and a successor Depository for the Global Warrant Certificates is not appointed by the Company within 90 days after delivery of such notice; or

(ii) the Company, in its sole discretion, notifies the Warrant Agent in writing that it elects to exclusively cause the issuance of Book-Entry Warrants under this Agreement,

then the Warrant Agent, upon written instructions signed by an Appropriate Officer of the Company, shall register Book-Entry Warrants, in an aggregate number equal to the number of Warrants represented by the Global Warrant Certificates, in exchange for such Global Warrant Certificates.

(g) Compliance with Securities Laws. No Warrants, or Shares issuable upon exercise of the Warrants, shall be sold, exchanged or otherwise transferred in violation of the Securities Act of 1933, as amended (the "Securities Act"), or state securities laws.

(h) Cancellation of Global Warrant Certificate. At such time as all beneficial interests in Global Warrant Certificates have either been exchanged for Book-Entry Warrants, redeemed, repurchased or cancelled, all Global Warrant Certificates shall be returned to, or retained and cancelled by, the Warrant Agent, upon written instructions from the Company satisfactory to the Warrant Agent.

(i) Obligations with Respect to Transfers and Exchanges of Warrants.

(i) To permit registrations of transfers and exchanges, the Company shall execute Global Warrant Certificates, if applicable, and the Warrant Agent is hereby authorized, in accordance with the provisions of Section 5 and this Section 6, to countersign such Global Warrant Certificates, if applicable, or register Book-Entry Warrants, if applicable, as required pursuant to the provisions of this Section 6 and for the purpose of any distribution of new Global Warrant Certificates contemplated by Section 9 or additional Global Warrant Certificates contemplated by Section 12.

(ii) All Book-Entry Warrants and Global Warrant Certificates issued upon any registration of transfer or exchange of Book-Entry Warrants or Global Warrant Certificates shall be the valid obligations of the Company, entitled to the same benefits under this Agreement as the Book-Entry Warrants or Global Warrant Certificates surrendered upon such registration of transfer or exchange.

(iii) No service charge shall be made to a Holder for any registration, transfer or exchange but the Company may require payment of a sum sufficient to cover any stamp or other tax or other governmental charge that may be imposed on the Holder in connection with any such exchange or registration of transfer. The Warrant Agent shall not be responsible for calculating any such amount and may rely on the Company's determination thereof.

(iv) So long as the Depository, or its nominee, is the registered owner of a Global Warrant Certificate, the Depository or such nominee, as the case may be, will be considered the sole owner or holder of the Warrants represented by such Global Warrant Certificate for all purposes under this Agreement. Except as provided in Sections 6(b) and (f) upon the exchange of a beneficial interest in a Global Warrant Certificate for Book-Entry Warrants, owners of beneficial interests in a Global Warrant Certificate will not be entitled to have any Warrants registered in their names, and will under no circumstances be entitled to receive physical delivery of any such Warrants and will not be considered the owners or holders thereof under the Warrants or this Agreement. Neither the Company nor the Warrant Agent, in its capacity as registrar for such Warrants, will have any responsibility or liability for any aspect of the records relating to beneficial interests in a Global Warrant Certificate or for maintaining, supervising or reviewing any records relating to such beneficial interests.

(v) Subject to Sections 6(b), (c) and (d), and this Section 6(i), the Warrant Agent shall, upon receipt of all information required to be delivered hereunder, from time to time to register the transfer of any outstanding Warrants in the Warrant Register, upon surrender of Global Warrant Certificates, if applicable, representing such Warrants at the Warrant Agent Office (as defined below), duly endorsed, and accompanied by a completed form of assignment substantially in the form of Exhibit C hereto (or with respect to a Book-Entry Warrant, only such completed form of assignment substantially in the form of Exhibit C hereto), duly signed by the Holder thereof or by the duly appointed legal representative thereof or by a duly authorized attorney, such signature to be guaranteed by a participant in the Securities Transfer Agent Medallion Program, the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program. Upon any such registration of transfer, a new Global Warrant Certificate or a Warrant Statement, as the case may be, shall be issued to the transferee.

SECTION 7. Duration and Exercise of Warrants.

(a) Subject to the terms and conditions set forth herein, each Warrant shall be exercisable, in whole or in part, on any Business Day and from time to time beginning after the related Distribution Date (as defined in Section 30) and ending at 5:00 p.m., New York City time, on January 17, 2017 or, if not a Business Day, the next subsequent Business Day (such date, the "Expiration Date"); provided, however, that Holders of Warrants will be able to exercise their Warrants only if (i) a shelf registration statement covering the issuance of the Shares to the Holders upon exercise of the Warrants (the "Common Shelf Registration Statement") is effective under the Securities Act and (ii) the Shares are qualified for sale or exempt from qualification under the applicable securities laws of the states or other jurisdictions in which such Holders reside. The Company shall use its reasonable best efforts to cause the Common Shelf Registration Statement to remain effective until the earlier of (i) such time as all Warrants have been exercised or (ii) the Expiration Date. The Company shall promptly provide the Warrant Agent with written notice of the Distribution Date and any change in the status of the effectiveness or availability of the Common Shelf Registration Statement. After 5:00 p.m. New York City time on the Expiration Date, the Warrants will become void and of no value.

(b) Subject to the provisions of this Agreement, each Warrant shall entitle the holder thereof to purchase from the Company (and the Company shall issue and sell to such holder) one fully paid and nonassessable Share at a price equal to \$41.40 per share (as the same may be hereafter adjusted pursuant to Section 12, the "Exercise Price"); and

(c) The aggregate Exercise Price, or the Exercise Price multiplied by the number of Shares in respect of which any Warrants are being exercised (the "Exercise Amount"), shall be payable in lawful money of the United States of America either by certified or official bank or bank cashiers check payable to the order of the Company, or by wire transfer in immediately available funds of the Exercise Amount to the account of the Warrant Agent to be specified in writing by the Warrant Agent for such purpose from time to time. The Company acknowledges that the bank accounts maintained by Computershare in connection with the services provided under this Agreement will be in its name and that Computershare may receive investment earnings in connection with the investment at Computershare's sole risk and for its benefit of funds held in those accounts from time to time. Neither the Company nor the Holders will receive interest on any deposits or Exercise Price.

(d) In lieu of paying the aggregate Exercise Price as set forth in Section 7(c), provided that at the time of the exercise, the Market Price exceeds the Exercise Price and subject to the provisions of this Agreement, each Warrant shall entitle the Holder, at the election of such Holder, to exercise the Warrant by authorizing the Company to withhold from issuance a number of Shares issuable upon exercise of the Warrant which when multiplied by the Market Price of the Common Stock is equal to the aggregate Exercise Price and such withheld Shares shall no longer be issuable under the Warrant (a "Cashless Exercise"). The formula for determining the number of Shares to be issued in a Cashless Exercise is as follows:

$$X = \frac{(A-B) \times C}{A}$$

where:

X = the number of Shares issuable upon exercise pursuant to this subsection (c).

A = the Market Price (as defined in Section 30) of the Common Stock on the Business Day immediately preceding the date on which the Holder delivers the Warrant Exercise Notice (as defined below) pursuant to subsection (e) below.

B = the Exercise Price.

C = the number of Shares as to which a Warrant is then being exercised including the withheld Shares.

If the foregoing calculation results in a negative number, then no Shares shall be issuable via a Cashless Exercise. The number of Shares to be issued on such exercise will be determined by the Company (with written notice thereof to the Warrant Agent) using the formula

set forth in this Section 7(d). The Warrant Agent shall have no duty or obligation to make any calculation or determination with respect to any Cashless Exercise or to investigate or confirm whether the Company's determination of the number of Shares to be issued on such exercise, pursuant to this Section 7(d), is accurate or correct.

(e) From and after the related Distribution Date and until 5:00 p.m., New York City time, on the Expiration Date with respect to such Warrant, the Holder of a Warrant may exercise such Holder's right to purchase Shares by:

(i) providing written notice of such election (the "Warrant Exercise Notice") to exercise the Warrant to the Warrant Agent with a copy to the Company at the addresses set forth in Section 21 hereof, "Re: Warrant Exercise", by hand, by overnight courier or by facsimile, received by the Warrant Agent no later than 5:00 p.m., New York City time, on the Expiration Date, which Warrant Exercise Notice shall be in the form of an election to purchase Shares substantially in the form set forth either (x) in Exhibit B-1 hereto, properly completed and executed by the Holder; provided that such written notice may only be submitted by persons who hold Book-Entry Warrants, or (y) in Exhibit B-2 hereto, properly completed and executed by the Holder; provided that such written notice may only be submitted with respect to Warrants held through the book-entry facilities of the Depository, by or through persons that are direct participants in the Depository; and

(ii) delivering, no later than 5:00 p.m., New York City time, on the Business Day immediately prior to the Settlement Date (as defined below) (x) such Warrants to the Warrant Agent by book-entry transfer through the facilities of the Depository, if such Warrants are represented by a Global Warrant Certificate; and

(iii) paying (x) the Exercise Amount, no later than 5:00 p.m., New York City time, on the Business Day immediately prior to the Settlement Date (as defined below), or (y) in the case of a Cashless Exercise, the required consideration in the manner set forth in Section 7(d), in each case, together with any applicable taxes and governmental charges.

The date three Business Days after a Warrant Exercise Notice is delivered is referred to for all purposes under this Agreement as the "Settlement Date."

(f) Any exercise of a Warrant pursuant to the terms of this Agreement shall be irrevocable and shall constitute a binding agreement between the Holder and the Company, enforceable in accordance with its terms. A Warrant shall be deemed to have been exercised immediately prior to the close of business on the date of the surrender to the Warrant Agent for exercise, as provided above, and, for all purposes under this Agreement, the Person entitled to receive the related Shares upon such exercise shall, as between such Person and the Company, be deemed to be the Holder of such Shares of record as of the close of business on such date and shall be entitled to receive, and the Warrant Agent shall cause the transfer agent for the Shares to make available for delivery to such Person, any Shares to which such Person would have been entitled had such Person been the registered holder on such date. Any Warrant delivered to the Warrant Agent subsequent to 5:00 p.m., New York City time, shall be deemed as exercised on the following day.

(g) The Warrant Agent shall:

(i) examine all Warrant Exercise Notices and all other documents delivered to it by or on behalf of holders as contemplated hereunder to ascertain whether or not, on their face, such Warrant Exercise Notices and any such other documents have been executed and completed in accordance with their terms and the terms hereof;

(ii) where a Warrant Exercise Notice or other document appears on its face to have been improperly completed or executed or some other irregularity in connection with the exercise of the Warrants exists, the Warrant Agent shall attempt in good faith to inform the appropriate parties (including the person submitting such instrument) of the need for fulfillment of all requirements, specifying those requirements which appear to be unfulfilled;

(iii) inform the Company of and cooperate with and assist the Company in resolving any reconciliation problems between Warrant Exercise Notices received and delivery of Warrants to the Warrant Agent's account;

(iv) advise the Company no later than the close of business on the next Business Day after receipt of a Warrant Exercise Notice, of (i) the receipt of such Warrant Exercise Notice and the number of Warrants exercised in accordance with the terms and conditions of this Agreement, (ii) the instructions with respect to delivery of the Shares deliverable upon such exercise, subject to timely receipt from the Depository of the necessary information, and (iii) such other information as the Company shall reasonably require; and

(v) subject to Common Stock being made available to the Warrant Agent by or on behalf of the Company for delivery to the Depository, liaise with the Depository and endeavor to effect such delivery to the relevant accounts at the Depository in accordance with its requirements.

(h) All questions as to the validity, form and sufficiency (including time of receipt) of a Warrant Exercise Notice will be determined by the Company in its sole discretion, which determination shall be final and binding. The Warrant Agent shall incur no liability for or in respect of such determination by the Company. The Company reserves the right to reject any and all Warrant Exercise Notices not in proper form or for which any corresponding agreement by the Company to exchange would, in the opinion of the Company, be unlawful. Such determination by the Company shall be final and binding on the Holders, absent manifest error. Moreover, the Company reserves the absolute right to waive any of the conditions to the exercise of Warrants or defects in Warrant Exercise Notices with regard to any particular exercise of Warrants. Neither the Company nor the Warrant Agent shall be under any duty to give notice to the Holders of the Warrants of any irregularities in any exercise of Warrants, nor shall it incur any liability for the failure to give such notice.

(i) As soon as practicable after the exercise of any Warrant as set forth in subsection (e), the Company shall issue, or otherwise deliver, or cause to be issued or delivered, in authorized denominations to or upon the order of the Holder of the Warrants, either:

(i) if such Holder holds the Warrants being exercised through the Depository's book-entry transfer facilities, by same-day or next-day credit to the Depository for the account of such Holder or for the account of a participant in the Depository the number of Shares to which such

Holder is entitled, in each case registered in such name and delivered to such account as directed in the Warrant Exercise Notice by such Holder or by the direct participant in the Depository through which such Holder is acting, or

(ii) if such Holder holds the Warrants being exercised in the form of Book-Entry Warrants, a book-entry interest in the Shares registered on the books of the Company's transfer agent or, at the Company's option, by delivery to the address designated by such Holder in its Warrant Exercise Notice of a physical certificate representing the number of Shares to which such Holder is entitled, in fully registered form, registered in such name or names as may be directed by such Holder. If less than all of the Warrants evidenced by a Global Warrant Certificate surrendered upon the exercise of Warrants are exercised at any time prior to the date of expiration for the Warrants, a new Global Warrant Certificate or Certificates shall be issued for the remaining number of Warrants evidenced by the Global Warrant Certificate so surrendered, and the Warrant Agent is hereby authorized to countersign the required new Global Warrant Certificate or Certificates pursuant to the provisions of Section 6 and this Section 7.

SECTION 8. Cancellation of Warrants. If the Company shall purchase or otherwise acquire Warrants, the Global Warrant Certificates and the Book-Entry Warrants representing such Warrants shall thereupon be delivered to the Warrant Agent, if applicable, and be cancelled by it and retired. The Warrant Agent shall cancel all Global Warrant Certificates surrendered for exchange, substitution, transfer or exercise in whole or in part. Such cancelled Global Warrant Certificates shall thereafter be disposed of in a manner satisfactory to the Company provided in writing to the Warrant Agent.

SECTION 9. Mutilated or Missing Global Warrant Certificates. If any of the Global Warrant Certificates shall be mutilated, lost, stolen or destroyed, the Company shall issue, and the Warrant Agent shall countersign and deliver, in exchange and substitution for and upon cancellation of the mutilated Global Warrant Certificate, or in lieu of and substitution for the Global Warrant Certificate lost, stolen or destroyed, a new Global Warrant Certificate of like tenor and representing an equivalent number of Warrants, but only upon receipt of evidence reasonably satisfactory to the Company and the Warrant Agent of the loss, theft or destruction of such Global Warrant Certificate and an affidavit or the posting of an indemnity or bond, if requested by either the Company or the Warrant Agent, also satisfactory to them. Applicants for such substitute Global Warrant Certificates shall also comply with such other reasonable regulations and pay such other reasonable charges as the Company or the Warrant Agent may prescribe and as required by Section 8-405 of the Uniform Commercial Code as in effect in the State of New York.

SECTION 10. Reservation of Shares. For the purpose of enabling it to satisfy any obligation to issue Shares upon exercise of Warrants, the Company will at all times through the Expiration Date, reserve and keep available, free from preemptive rights and out of its aggregate authorized but unissued or treasury shares of Common Stock, the number of Shares deliverable upon the exercise of all outstanding Warrants, and the transfer agent for the Company's Common Stock (such agent, in such capacity, as may from time to time be appointed by the Company, the "Transfer Agent") is hereby irrevocably authorized and directed at all times to reserve such number of authorized and unissued or treasury shares of Common Stock as shall be required for such purpose. The Company will keep a copy of this Agreement on file with such Transfer Agent and with every transfer agent for any Shares issuable upon the exercise of Warrants pursuant to Section 7. The Warrant Agent is hereby irrevocably authorized to requisition from time to time from such Transfer Agent stock certificates issuable upon exercise of outstanding Warrants, and the Company will supply such Transfer Agent with duly executed stock certificates for such purpose.

The Company covenants that all Shares issued upon exercise of the Warrants will, upon issuance in accordance with the terms of this Agreement, be fully paid and nonassessable and free from all taxes, liens, charges and security interests created by or imposed upon the Company with respect to the issuance and holding thereof.

SECTION 11. Stock Exchange Listings. So long as any Warrants remain outstanding, the Company will use commercially reasonable efforts to (a) establish and maintain the registration of the Common Stock and the Warrants under the Securities Act of 1933, as amended (the "Securities Act"), unless otherwise subject to exemption from registration thereunder, and Securities Exchange Act of 1934, as amended (the "Exchange Act"), as applicable, and (b) list the Warrants on the same securities exchange or over-the-counter market as the Common Stock, or if the Warrants cannot be listed on such securities exchange or over-the-counter market, any other securities exchange or over-the-counter market acceptable to the Company's Board of Directors; provided, however, the Company shall not be required to use such efforts if the Warrants do not meet the applicable listing requirements.

SECTION 12. Adjustment of Exercise Price and Number of Shares Purchasable or Number of Warrants. The Exercise Price and the number of Shares purchasable upon the exercise of each Warrant are subject to adjustment from time to time upon the occurrence of the events enumerated in this Section 12.

(a) Adjustments for stock dividends, distributions, etc. If the Company at any time or from time to time after the date hereof shall (i) pay a dividend payable in shares of Common Stock or make a distribution on Common Stock consisting of shares of Common Stock, (ii) subdivide its outstanding shares of Common Stock into a greater number of shares of Common Stock, (iii) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock or (iv) issue, in a reclassification of the Common Stock, other securities of the Company, the number of Shares purchasable upon exercise of each Warrant immediately prior thereto shall be adjusted so that the Holder of each Warrant shall be entitled upon exercise to receive the number of Shares or other securities of the Company that such Holder would have owned or have been entitled to receive after the happening of any of the events described above, had such Warrant been exercised for cash immediately prior to the happening of such event or any record date with respect thereto. An adjustment made pursuant to this paragraph (a) shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

Whenever the number of Shares purchasable upon the exercise of each Warrant is adjusted, as herein provided, the Exercise Price per Share payable upon exercise of such Warrant shall be adjusted (calculated to the nearest \$0.01) so that it shall equal the price determined by multiplying such Exercise Price immediately prior to such adjustment by a fraction the numerator of which shall be the number of Shares purchasable upon the exercise of each Warrant immediately prior to such adjustment and the denominator of which shall be the number of Shares so purchasable immediately thereafter.

(b) Adjustments for Other Distributions. If the Company at any time or from time to time after the date hereof shall distribute to all holders of Common Stock any assets (other than cash dividends paid), debt securities or preferred stock of the Company or any options, warrants or other rights to acquire assets, debt securities or preferred stock of the Company, then, in each case, the relevant Exercise Price shall be adjusted in accordance with the following formula:

$$E' = E \times (M - F) / M$$

where:

E' = the adjusted Exercise Price.

E = the current Exercise Price.

M = the Market Price of the Common Stock on the record date for such distribution.

F = any cash so distributed plus the fair market value on the record date of the assets, securities, rights or warrants to be distributed in respect of one share of Common Stock as determined in good faith by the Board of Directors of the Company.

The adjustment shall be made successively whenever any such record date is fixed and shall become effective immediately after the record date for the determination of stockholders entitled to receive the distribution. Whenever the Exercise Price is adjusted, as herein provided, the number of Shares purchasable upon the exercise of each Warrant shall be adjusted (calculated to the nearest hundredth of a share) so that it shall equal the number of shares obtained by multiplying the number of Shares purchasable immediately prior to such adjustment upon exercise of the Warrant by the Exercise Price in effect immediately prior to such adjustment and dividing such product by the Exercise Price in effect immediately after such adjustment.

The adjustment provided for in this Section 12(b) shall not apply to any distribution referred to in Section 12(a).

(c) Adjustment Threshold. No adjustment in the number of Shares issuable upon exercise or the Exercise Price under Sections 12(a) or (b), respectively, shall be required unless the adjustment required as a result of each such event requires an increase or decrease of at least one percent (1.0%) in such number of Shares or Exercise Price, as the case may be.

(d) Exclusive Adjustments. Except as provided in Section 12 or 13, no adjustment in respect of any dividend or other distribution or Common Stock issuance shall be made during the term of a Warrant or upon the exercise of a Warrant. No adjustment need be made for:

(i) exercises of rights granted to and held by directors of the Company or employees of the Company or any of its subsidiaries, and existing on the initial Distribution Date;

(ii) rights granted to and held by directors of the Company or employees of the Company or its subsidiaries after the initial Distribution Date or Common Stock issued or granted to such employees or directors after the initial Distribution Date, whether or not upon the exercise, exchange or conversion of any such rights, to the extent that all such Shares do not have (and such rights are not exercisable, exchangeable or convertible for Common Stock having) an aggregate equity value in excess of 5.0% of the equity value of the Company (such percentage to be calculated on a fully-diluted basis after giving effect to all Common Stock and rights outstanding on the initial Distribution Date), as determined in good faith by the Board of Directors of the Company and set forth in a resolution delivered to the Warrant Agent;

(iii) conversion of preferred stock, warrants or other securities into Common Stock;

(iv) rights to purchase Common Stock pursuant to a Company plan for reinvestment of dividends or interest; or

(v) a change in the par value or no par value of the Common Stock. To the extent the Warrants become convertible into cash, no adjustment need be made thereafter as to the cash. Interest will not accrue on the cash.

(e) Form of Certificates. Irrespective of any adjustments in any Exercise Price or the number of Shares purchasable upon the exercise of the Warrants pursuant to this Section 12 or Section 13, Warrants theretofore or thereafter issued may continue to express the same price and number of Shares as are stated in the Warrants initially issuable pursuant to this Agreement. The Company, however, may at any time in its sole discretion make any change in the form of Global Warrant Certificate that it may deem appropriate to give effect to such adjustments and that does not affect the substance of the Global Warrant Certificate (including the rights, duties or obligations of the Warrant Agent), and any Global Warrant Certificate thereafter issued, whether in exchange or substitution for an outstanding Global Warrant Certificate or otherwise, may be in the form as so changed.

(f) Corporate Action. Before taking any action that would cause an adjustment pursuant to this Section 12 reducing any Exercise Price below the then par value (if any) of the Shares issuable upon exercise of the Warrants, the Company will take any corporate action that may, in the opinion or based on the advice of its counsel (which may be counsel employed by the Company), be necessary in order that the Company may validly and legally issue fully paid and nonassessable Shares at such Exercise Price as so adjusted.

(g) Notice of Adjustment. The Company shall promptly provide the Warrant Agent with written notice of any adjustment pursuant to this Section 12. The Warrant Agent shall be fully protected in relying on such written notice and on any adjustment or statement therein contained and shall have no duty or liability with respect to, and shall not be deemed to have knowledge of, any adjustment unless and until it shall have received such written notice.

(h) Adjustment Calculations. Any calculations under this Section 12 shall be made to the nearest whole U.S. cent. For purposes of this Section 12, the number of shares of Common Stock deemed to be outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

SECTION 13. Change of Control.

(a) Any recapitalization, reorganization, consolidation, merger, sale of all or substantially all of the Company's assets or other transaction, in each case which is effected at any time after the date hereof and prior to the Expiration Date in such a way that the holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock is referred to herein as a "Fundamental Change." Prior to the consummation of any Fundamental Change, the Company shall make appropriate provision to insure that each of the registered Holders of Warrants shall thereafter have the right to acquire and receive upon exercise of such Holder's Warrant, in lieu of or addition to (as the case may be) the shares of Common Stock immediately theretofore acquirable and receivable upon the exercise of such Holder's Warrant, such shares of stock, securities or assets as may be issued or payable in the Fundamental Change with respect to or in exchange for the number of shares of Common Stock immediately theretofore acquirable and receivable upon exercise of such Holder's Warrant had such Fundamental Change not taken place. The Company shall not effect any such Fundamental Change, unless prior to the consummation thereof, the successor entity (if other than the Company) resulting from such consolidation or merger or the entity purchasing such assets assumes by written instrument the obligation to deliver to each such Holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such Holder may be entitled to acquire.

In any case, the Company shall make appropriate provision with respect to such Holders' rights and interests to insure that the provisions of this Section 13 shall thereafter be applicable to the Warrants.

(b) If Section 13(a) applies, the adjustments provided in Section 12(a) or (b) shall not apply.

SECTION 14. Fractional Shares. Notwithstanding any adjustment pursuant to Section 12 in the number of Shares purchasable upon the exercise of a Warrant, the Company shall not be required to issue Warrants to purchase fractions of Shares, or to issue fractions of Shares upon exercise of the Warrants, or to distribute certificates which evidence fractional Shares. If more than one Warrant shall be presented for exercise in full at the same time by the same Holder, the number of full Shares which shall be issuable upon the exercise thereof shall be computed on the basis of the aggregate number of Shares purchasable on exercise of the Warrants so presented. If any fraction of a Share would, except for the provisions of this Section 14, be issuable on the exercise of any Warrants (or specified portion thereof), the Company shall pay an amount in cash equal to the Market Price per share of Common Stock, as determined on the day immediately preceding the date on which the Holder delivered the related Warrant Exercise Notice, multiplied by such fraction, computed to the nearest whole U.S. cent. Whenever a payment for fractional Shares is to be made by the Warrant Agent, the Company shall (i) promptly prepare and deliver to the Warrant Agent a certificate setting forth in reasonable detail the facts related to such payments and the prices and/or formulas utilized in calculating such payments, and (ii) provide sufficient monies to the Warrant Agent in the form of fully collected funds to make such payments. The Warrant Agent shall be fully protected in relying upon such a certificate and shall have no duty with respect to, and shall not be deemed to have knowledge of any payment for Shares under any Section of this Agreement relating to the payment of fractional Shares unless and until the Warrant Agent shall have received such a certificate and sufficient monies.

SECTION 15. Redemption. The Warrants shall not be redeemable by the Company or any other Person.

SECTION 16. Notices to Warrantholders. Upon any adjustment of (i) the number of Shares purchasable upon exercise of each Warrant, (ii) any Exercise Price or (iii) the number of Warrants outstanding including any adjustment pursuant to Section 12, the Company, within 20 Business Days thereafter, shall (x) cause to be filed with the Warrant Agent a certificate signed by an Appropriate Officer of the Company setting forth the event giving rise to such adjustment, such Exercise Price and either the number of Shares purchasable upon exercise of each Warrant or the additional number of Warrants to be issued for each previously outstanding Warrant, as the case may be, after such adjustment and setting forth in reasonable detail the method of calculation and the facts upon which such adjustment was made, which certificate shall be conclusive evidence of the correctness of the matters set forth therein, and (y) cause the Warrant Agent to give written notice to each of the registered holders of the Warrants at such holder's address appearing on the Warrant Register. Where appropriate, such notice may be given in advance and included as a part of the notice required to be mailed under the other provisions of this Section 16. The Warrant Agent shall be fully protected in relying on any such certificate and in making any adjustment described therein and shall have no duty with respect to, and shall not be deemed to have knowledge of, any adjustment unless and until it shall have received such a certificate, in each case, absent negligence, bad faith or willful misconduct (each as determined by a final non-appealable order, judgment, ruling or decree of a court of competent jurisdiction).

If:

(a) the Company shall order, declare, make or pay any dividend payable in any securities upon its shares of Common Stock or make any distribution (other than a cash dividend) to the holders of its shares of Common Stock; or

(b) the Company shall offer to the holders of its shares of Common Stock any additional shares of Common Stock or securities convertible into shares of Common Stock or any right to subscribe thereto;

(c) there shall be a dissolution, liquidation or winding up of the Company (other than in connection with a consolidation, merger or sale of all or substantially all of its property, assets and business as an entirety); or

(d) a Fundamental Change is to be consummated; then the Company shall cause written notice of such event to be filed with the Warrant Agent and shall cause written notice of such event to be given to each of the registered holders of the Warrants at such holder's address appearing on the Warrant Register, such giving of notice to be completed at least 10 calendar days (or 20 calendar days in any case specified in paragraphs (c) or (d) above) prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution or subscription rights, or for the determination of stockholders entitled to vote on such proposed dissolution, liquidation or winding up. Such notice shall specify such record date or the date of closing the transfer books, as the case may be. The failure to give the notice required by this Section 16 or any defect therein shall not affect the legality or validity of any distribution, right, warrant, dissolution, liquidation or winding up or the vote upon or any other action taken in connection therewith.

SECTION 17. Merger, Consolidation or Change of Name of Warrant Agent. Any Person into which the Warrant Agent may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Warrant Agent is a party, or any Person succeeding to the shareholder services business of the Warrant Agent or any successor Warrant Agent, shall be the successor to the Warrant Agent hereunder without the execution or filing of any document or any further act on the part of any of the parties hereto, if such Person would be eligible for appointment as a successor Warrant Agent under the provisions of Section 19. If any of the Global Warrant Certificates have been countersigned but not delivered at the time such successor to the Warrant Agent succeeds under this Agreement, any such successor to the Warrant Agent may adopt the countersignature of the original Warrant Agent; and if at that time any of the Global Warrant Certificates shall not have been countersigned, any successor to the Warrant Agent may countersign such Global Warrant Certificates either in the name of the predecessor Warrant Agent or in the name of the successor Warrant Agent; and in all such cases such Global Warrant Certificates shall have the full force provided in the Global Warrant Certificates and in this Agreement.

If at any time the name of the Warrant Agent is changed and at such time any of the Global Warrant Certificates have been countersigned but not delivered, the Warrant Agent whose name has changed may adopt the countersignature under its prior name; and if at that time any of the Global Warrant Certificates have not been countersigned, the Warrant Agent may countersign such Global Warrant Certificates either in its prior name or in its changed name; and in all such cases such Global Warrant Certificates shall have the full force provided in the Global Warrant Certificates and in this Agreement.

SECTION 18. Warrant Agent. The Warrant Agent undertakes only the duties and obligations expressly imposed by this Agreement and the Global Warrant Certificates, in each case upon the following terms and conditions, by all of which the Company and the holders of Warrants, by their acceptance thereof, shall be bound:

(a) The statements contained herein and in the Global Warrant Certificates shall be taken as statements of the Company, and the Warrant Agent assumes no responsibility for the accuracy of any of the same except such as describe the Warrant Agent or action taken or to be taken by it. Except as expressly provided herein, the Warrant Agent assumes no responsibility with respect to the execution, delivery or distribution of the Global Warrant Certificates.

(b) The Warrant Agent shall not be responsible for any failure of the Company to comply with any of the covenants contained in this Agreement or in the Global Warrant Certificates to be complied with by the Company, nor shall it at any time be under any duty or responsibility to make or cause to be made any calculation or adjustment in any Exercise Price or in the number of Shares issuable upon exercise of any Warrant, or to

determine whether any facts exist that may require any such calculations or adjustments (including whether any calculation or adjustment required under the provisions of Section 12 hereof should be made), or have any responsibility or liability for the manner, method or amount of any such calculation or adjustment.

- (c) The Warrant Agent may consult at any time with counsel satisfactory to it (who may be counsel for the Company or an employee of the Warrant Agent), and the advice or opinion of such counsel will be full and complete authorization and protection to the Warrant Agent as to any action taken, suffered or omitted by it in accordance with such advice or opinion, absent negligence, bad faith or willful misconduct (each as determined by a final non-appealable order, judgment, ruling or decree of a court of competent jurisdiction) in the selection and continued retention of such counsel and the reliance on such counsel's advice or opinion.
- (d) The Warrant Agent shall incur no liability or responsibility to the Company or to any holder of any Warrants for any action taken in reliance on any notice, resolution, waiver, consent, order, certificate or other paper, document or instrument believed by it to be genuine and to have been signed, sent or presented by the proper party or parties. The Warrant Agent shall not take any instructions or directions except those given in accordance with this Agreement, and the Warrant Agent shall indemnify and held harmless for action on any instructions given pursuant to the terms of this Agreement including, without limitation, those given by persons other than the Company.
- (e) The Company agrees to pay to the Warrant Agent reasonable compensation for all services rendered by the Warrant Agent under this Agreement, to reimburse the Warrant Agent upon demand for all reasonable out-of-pocket expenses, including counsel fees and other disbursements, incurred by the Warrant Agent in the preparation, administration, delivery, execution and amendment of this Agreement and the performance of its duties under this Agreement and to indemnify the Warrant Agent and save it harmless against any and all losses, liabilities and expenses, including judgments, damages, fines, penalties, claims, demands and costs (including reasonable counsel fees and expenses), for anything done or omitted by the Warrant Agent arising out of or in connection with this Agreement except as a result of its negligence, bad faith or willful misconduct. Notwithstanding the foregoing, the Company shall not be responsible for any settlement made without its written consent. Notwithstanding anything contained herein to the contrary, the Warrant Agent's aggregate liability during any term of this Agreement with respect to, arising from, or arising in connection with this Agreement, or from all services provided or omitted to be provided under this Agreement, whether in contract, or in tort, or otherwise, is limited to, and shall not exceed, the greater of \$100,000 or the amounts paid by the Company to Warrant Agent as fees and charges, but not including reimbursable expenses, in connection with the services performed hereunder.
- (f) The Warrant Agent shall be under no obligation to institute any action, suit or legal proceeding or to take any other action likely to involve expense or liability unless the Company or one or more registered holders of Warrants furnishes the Warrant Agent with security and indemnity satisfactory to the Warrant Agent for any costs or expenses that may be incurred. All rights of action under this Agreement or under any of the Warrants may be enforced by the Warrant Agent without the possession of any of the Warrants or the production thereof at any trial or other proceeding relative thereto, and any such action, suit or proceeding instituted by the Warrant Agent shall be brought in its name as Warrant Agent, and any recovery or judgment shall be for the ratable benefit of the registered holders of the Warrants, as their respective rights or interests may appear.
- (g) The Warrant Agent, and any member, stockholder, affiliate, director, officer or employee thereof, may buy, sell or deal in any of the Warrants or other securities of the Company or become pecuniarily interested in any transaction in which the Company is interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it was not the Warrant Agent under this Agreement, or a member, stockholder director, officer or employee of the Warrant Agent, as the case may be. Nothing herein shall preclude the Warrant Agent from acting in any other capacity for the Company or for any other legal entity.
- (h) The Warrant Agent shall act hereunder solely as agent for the Company, and its duties shall be determined solely by the provisions hereof. The Warrant Agent shall not be liable for anything that it may do or refrain from doing in connection with this Agreement except in connection with its own negligence, bad faith or willful misconduct.
- (i) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Warrant Agent for the carrying out or performing of the provisions of this Agreement.
- (j) The Warrant Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due and validly authorized execution hereof by the Warrant Agent) or in respect of the validity or execution of any Global Warrant Certificate (except its due and validly authorized countersignature thereof), nor shall the Warrant Agent by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of the Shares to be issued pursuant to this Agreement or any Warrant or as to whether the Shares will when issued be validly issued, fully paid and nonassessable or as to the Exercise Price or the number of Shares issuable upon exercise of any warrant.
- (k) Whenever in the performance of its duties under this Agreement the Warrant Agent deems it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, the Warrant Agent is hereby authorized and directed that it may accept instructions with respect to the performance of its duties hereunder from an Appropriate Officer of the Company and to apply to such Appropriate Officer for advice or instructions in connection with its duties, and such instructions shall be full authorization and protection to the Warrant Agent and, absent negligence, bad faith or willful misconduct, the Warrant Agent shall not be liable for any action taken, suffered to be taken, or omitted to be taken by it in accordance with instructions of any such Appropriate Officer or in reliance upon any statement signed by any one of such Appropriate Officers of the Company with respect to any fact or matter (unless other evidence in respect thereof is herein specifically prescribed) which may be deemed to be conclusively proved and established by such signed statement.
- (l) No provision of this Agreement shall require the Warrant Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if it believes that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.
- (m) If the Warrant Agent shall receive any notice or demand (other than notice of or demand for exercise of Warrants) addressed to the Company by any Holder pursuant to the provisions of the Warrants, the Warrant Agent shall promptly forward such notice or demand to the Company.
- (n) The Warrant Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys, accountants, agents or other experts, and the Warrant Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company or the Holders resulting from any such act, default, neglect or misconduct, absent negligence, bad faith or willful misconduct in the selection and continued employment thereof.
- (o) The Warrant Agent will not be under any duty or responsibility to ensure compliance with any applicable federal or state securities laws in connection with the issuance, transfer or exchange of the Warrants.

(p) The Warrant Agent shall have no duties, responsibilities or obligations as the Warrant Agent except those which are expressly set forth herein, and in any modification or amendment hereof to which the Warrant Agent has consented in writing, and no duties, responsibilities or obligations shall be implied or inferred. Without limiting the foregoing, unless otherwise expressly provided in this Agreement, the Warrant Agent shall not be subject to, nor be required to comply with, or determine if any Person has complied with, the Warrants or any other agreement between or among the parties hereto, even though reference thereto may be made in this Agreement, or to comply with any notice, instruction, direction, request or other communication, paper or document other than as expressly set forth in this Agreement. The Warrant Agent shall have no obligation to read or be familiar with the terms of the Settlement or be bound thereby. Any conflict between the terms of the Settlement and the terms hereof as they relate to the Warrant Agent shall be governed by the terms hereof.

(q) The Warrant Agent shall not incur any liability for not performing any act, duty, obligation or responsibility by reason of any occurrence beyond the control of the Warrant Agent (including without limitation any act or provision of any present or future law or regulation or governmental authority, any act of God, war, civil disorder or failure of any means of communication).

(r) In the event the Warrant Agent believes any ambiguity or uncertainty exists hereunder or in any notice, instruction, direction, request or other communication, paper or document received by the Warrant Agent hereunder, or is for any reason unsure as to what action to take hereunder, the Warrant Agent shall notify the Company in writing as soon as practicable, and upon delivery of such notice may, in its sole discretion, refrain from taking any action, and shall be fully protected and shall not be liable in any way to the Company or any Holder or other Person for refraining from taking such action, unless the Warrant Agent receives written instructions signed by the Company which eliminates such ambiguity or uncertainty to the satisfaction of Warrant Agent.

(s) The provisions of this Section 18 shall survive the termination of this Agreement, the exercise or expiration of the Warrants and the resignation or removal of the Warrant Agent.

(t) No provision of this Agreement shall be construed to relieve the Warrant Agent from liability for its own negligence, bad faith or its willful misconduct (each as determined by a final non-appealable order, judgment, ruling or decree of a court of competent jurisdiction).

SECTION 19. Change of Warrant Agent. If the Warrant Agent resigns (such resignation to become effective not earlier than 60 calendar days after the giving of written notice thereof to the Company and the Holders) or shall be adjudged a bankrupt or an insolvent, or shall file a voluntary petition in bankruptcy or make an assignment for the benefit of its creditors or consent to the appointment of a receiver of all or any substantial part of its property or affairs or shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay or meet its debts generally as they become due, or if an order of any court shall be entered approving any petition filed by or against the Warrant Agent under the provisions of bankruptcy laws or any similar legislation, or if a receiver, trustee or other similar official of it or of all or any substantial part of its property shall be appointed, or if any public officer shall take charge or control of it or of its property or affairs, for the purpose of rehabilitation, conservation, protection, relief, winding up or liquidation, or becomes incapable of acting as Warrant Agent or if the Company, in its sole discretion, removes the Warrant Agent (such removal to become effective not earlier than 30 calendar days after providing written notice to the Warrant Agent and the registered holders of Warrants at the addresses appearing on the Warrant Register), the Company shall appoint a successor to the Warrant Agent. If the Company fails to make such appointment within a period of 60 calendar days after such removal or after it has been so notified in writing of such resignation or incapacity by the Warrant Agent or by the registered holder of a Warrant (in the case of incapacity), then the registered holder of any Warrant may apply to any court of competent jurisdiction for the appointment of a successor to the Warrant Agent. Pending appointment of a successor to the Warrant Agent, either by the Company or by such a court, the duties of the Warrant Agent shall be carried out by the Company. Any successor Warrant Agent, whether appointed by the Company or by such a court, shall be an entity, in good standing, incorporated under the laws of any state or of the United States of America. As soon as practicable after appointment of the successor Warrant Agent, the Company shall cause written notice of the change in the Warrant Agent to be given to each of the Holders at such Holder's address appearing on the Warrant Register. After appointment, the successor Warrant Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Warrant Agent without further act or deed. The former Warrant Agent shall deliver and transfer to the successor Warrant Agent any property at the time held by it hereunder and execute and deliver, at the expense of the Company, any further assurance, conveyance, act or deed necessary for the purpose. Failure to give any notice provided for in this Section 19 or any defect therein, shall not affect the legality or validity of the removal of the Warrant Agent or the appointment of a successor Warrant Agent, as the case may be.

SECTION 20. Holder Not Deemed a Stockholder. Nothing contained in this Agreement or in any of the Warrants shall be construed as conferring upon the holders thereof the right to vote or to receive dividends or to participate in any transaction that would give rise to an adjustment of any Exercise Price under Section 12 or to consent or to receive notice as stockholders in respect of the meetings of stockholders or for the election of directors of the Company or any other matter, or any rights whatsoever as stockholders of the Company.

SECTION 21. Notices to Company and Warrant Agent. Any notice or demand authorized by this Agreement to be given or made by the Warrant Agent or by any Holder to or on the Company shall be sufficiently given or made as of the date sent if sent by certified mail, return receipt requested, addressed (until another address is filed in writing by the Company with the Warrant Agent), or by facsimile transmission with receipt confirmed, as follows:

HealthSouth Corporation
3660 Grandview Parkway, Suite 200
Birmingham, Alabama 35243
Fax: (205) 262-3103
Attention: Chief Financial Officer

If the Company fails to maintain such office or agency or fails to give such notice of any change in the location thereof, presentation may be made and notices and demands may be served at the principal office of the Warrant Agent.

Any notice pursuant to this Agreement to be given by the Company or by any Holder to the Warrant Agent shall be sufficiently given as of the date sent if sent by certified mail, return receipt requested, addressed (until another address is filed in writing by the Warrant Agent with the Company), or by facsimile transmission with receipt confirmed, as follows:

Computershare Inc.
250 Royall Street
Canton, Massachusetts 02021
Fax: _____
Attention: Relationship Manager

Any notice pursuant to this Agreement to be given by the Company or by the Warrant Agent to any Holder shall be sufficiently given as of the date sent if sent by certified mail, return receipt requested, addressed (until another address is filed in writing with the Warrant Agent) to such Holder's address appearing on the Warrant Register.

SECTION 22. Payment of Taxes and Charges. The Company will from time to time promptly pay to the Warrant Agent, or make provisions satisfactory to the Warrant Agent for the payment of, all taxes and charges that may be imposed by the United States or any state upon the Company or the Warrant Agent in connection with the issuance or delivery of Shares upon the exercise of any Warrants, but any taxes or charges in connection with the issuance of Warrants or certificates for Shares in any name other than that of the registered holder of the Warrants surrendered shall be paid by such registered holder; and, in such case, the Company shall not be required to issue or deliver any Warrants or certificate for Shares until such taxes or charges shall have been paid or it has been established to the Company's satisfaction that no tax or charge is due. The Warrant Agent shall have no duty or obligation under this Section unless and until it is satisfied that all such taxes and charges have been paid.

SECTION 23. Supplements and Amendments. This Agreement constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof and may not be amended, except in a writing signed by both of them.

(a) The Company and the Warrant Agent may from time to time supplement or amend this Agreement or the Warrants (i) without the approval of any Holders in order to cure any ambiguity, manifest error or other mistake in this Agreement or the Warrants, or to correct or supplement any provision contained herein or in the Warrants that may be defective or inconsistent with any other provision herein or in the Warrants, or to make any other provisions in regard to matters or questions arising hereunder that the Company and the Warrant Agent may deem necessary or desirable and that shall not materially adversely affect, alter or change the interests of the Holders or (ii) with the prior written consent of holders of the Warrants exercisable for a majority of the Shares then issuable upon exercise of the Warrants then outstanding; provided, however that the Warrant Agent may, but shall not be obligated to, execute any amendment or supplement which adversely affects the rights or increases the duties or obligations of the Warrant Agent. Notwithstanding anything to the contrary herein, upon the delivery of a certificate from an Appropriate Officer of the Company which states that the proposed supplement or amendment is in compliance with the terms of this Section 23 and, provided such supplement or amendment does not change the Warrant Agent's rights, duties, liabilities or obligations hereunder, the Warrant Agent shall execute such supplement or amendment. Any amendment, modification or waiver effected pursuant to and in accordance with the provisions of this Section 23 will be binding upon all Holders and upon each future Holder, the Company and the Warrant Agent. In the event of any amendment, modification or waiver, the Company will give prompt notice thereof to all Holders and, if appropriate, notation thereof will be made on all Global Warrant Certificates thereafter surrendered for registration of transfer or exchange.

SECTION 24. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

SECTION 25. Termination. This Agreement shall terminate on the Expiration Date. Notwithstanding the foregoing, this Agreement will terminate on any earlier date when all Warrants have been exercised. The provisions of Section 18, this Section 25 and Section 26 shall survive such termination and the resignation or removal of the Warrant Agent.

SECTION 26. Governing Law Venue and Jurisdiction. This Agreement and each Warrant issued hereunder shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be governed by and construed in accordance with the laws of such State. Each party hereto consents and submits to the jurisdiction of the courts of the State of New York and of the federal courts of the Southern District of New York in connection with any action or proceeding brought against it that arises out of or in connection with, that is based upon, or that relates to this Agreement or the transactions contemplated hereby. In connection with any such action or proceeding in any such court, each party hereto hereby waives personal service of any summons, complaint or other process and hereby agrees that service thereof may be made in accordance with the procedures for giving notice set forth in Section 21 hereof. Each party hereto hereby waives any objection to jurisdiction or venue in any such court in any such action or proceeding and agrees not to assert any defense based on lack of jurisdiction or venue in any such court in any such action or proceeding.

SECTION 27. Consequential Damages. Neither party to this Agreement shall be liable to the other party for any consequential, indirect, special or incidental damages under any provision of this Agreement or for any consequential, indirect, penal, special or incidental damages arising out of any act or failure to act hereunder even if that party has been advised of or has foreseen the possibility of such damages.

SECTION 28. Counterparts. This Agreement may be executed in any number of counterparts and each such counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

SECTION 29. Headings. The headings of sections of this Agreement have been inserted for convenience of reference only, are not to be considered a part hereof and in no way modify or restrict any of the terms or provisions hereof.

SECTION 30. Meaning of Terms Used in Agreement.

(a) The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party. Any references to any federal, state, local or foreign statute or law shall also refer to all rules and regulations promulgated thereunder, unless the context otherwise requires. Unless the context otherwise requires: (a) a term has the meaning assigned to it by this Agreement; (b) forms of the word "include" mean that the inclusion is not limited to the items listed; (c) "or" is disjunctive but not exclusive; (d) words in the singular include the plural, and in the plural include the singular; and (e) provisions apply to successive events and transactions; (f) "hereof", "hereunder", "herein" and "hereto" refer to the entire Agreement and not any section or subsection.

(b) The following terms used in this Agreement shall have the meanings set forth below:

"Business Day" shall mean any day, except for Saturday and Sunday, or a day on which the New York Stock Exchange is required or authorized by law or executive order to close.

"Distribution Date" shall mean the date or dates on which the Company issues or transfers the Warrants to the plaintiffs' counsels, settlement administrator, escrow agent (in each case, such party as contemplated in the Settlement) or any of such parties' designees which party shall then be responsible for distribution of certain Warrants to the authorized claimants pursuant to the Settlement.

"Market Price" shall mean (x) as to the relevant securities, the average closing price of a share of such securities as reported on the principal national securities exchange on which the shares of such securities are listed or admitted for trading, (y) if not listed or admitted for trading on any national securities exchange, the average of the closing bid and asked prices of a share of such securities in the over-the-counter market as reported by the Nasdaq National Market or other reputable quotation service selected by the Board of Directors or (z) in all other cases, as

determined in good faith by the Board of Directors of the Company, following the receipt of a valuation by an independent investment bank of national standing selected by the Board of Directors. In each such case, the average closing price shall be averaged over a period of 21 consecutive trading days consisting of the day immediately preceding the day for which the "Market Price" is being determined (for example, if a Warrant Exercise Notice is delivered on a Friday, September 3, the 21-day period would end and include Thursday, September 2 assuming such date is a trading day) and the 20 consecutive trading days prior to such day.

"Person" shall mean an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and a government or any department or agency thereof or any other legal entity.

SECTION 31. Severability. If any part of this Agreement shall be held to be invalid or unenforceable by any court, or regulatory agency or body, such invalidity or unenforceability shall attach only to such part and shall not affect the validity or enforceability of the rest of this Agreement. Furthermore, in lieu of any such invalid or unenforceable provision or condition, the parties hereto intend that there shall be added as a part of this Agreement a provision as similar in terms and commercial effect to such invalid or unenforceable provision as may be possible and be valid and enforceable.

[The next page is the signature page]

IN WITNESS WHEREOF, the parties hereto have caused this Warrant Agreement to be executed and delivered as of the day and year first above written.

HEALTHSOUTH CORPORATION

By: /s/ John L. Workman
Name: John L. Workman
Title: Executive Vice President and
Chief Financial Officer

COMPUTERSHARE INC.,
as Warrant Agent

By: /s/ Neda Sheridan
Name: Neda Sheridan
Title: Vice President

COMPUTERSHARE TRUST COMPANY, N.A.,
as Warrant Agent

By: /s/ Neda Sheridan
Name: Neda Sheridan
Title: Vice President

EXHIBIT A-1

FORM OF WARRANT STATEMENT

HEALTHSOUTH
CORPORATION

DRS Warrant Advice

Holder's Name

Holder's Address

Computershare
Computershare Trust Company, N.A.
P. O. Box 43078
Providence, Rhode Island 02940-3078
Within USA, US territories & Canada 800 546 5141
Outside USA, territories & Canada 781 575 2621
www.computershare.com

Book-Entry Warrant Certificate Balance in HealthSouth Corporation Warrants:

CUSIP Number: 421924 127
Account Number/Investor ID:
Class Description: Warrants
Ticker Symbol: HLSWS

PLEASE RETAIN THIS STATEMENT FOR YOUR RECORDS

These Warrants are maintained for you under the Direct Registration System, which means they are held for you in an electronic, book-entry account maintained by Computershare Inc. (see enclosed brochure, "What Individual Investors Should Know About Holding Securities"). Please retain this statement for your permanent record.

NO ACTION IS REQUIRED if you choose to keep Warrants in book-entry form.

HEALTHSOUTH CORPORATION

This statement is your record that the HealthSouth Corporation Warrants have been credited to your account on the books of HealthSouth Corporation maintained by Computershare Inc., under the Direct Registration System. Please verify all information on the reverse side of this statement. This statement is neither a negotiable instrument nor a security, and delivery of this statement does not itself confer any rights on the recipient. Nevertheless, it should be kept with your important documents as a record of your ownership of these securities.

EXERCISE FORM
(To be executed by the Registered Holder to exercise Warrants)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant statement, to purchase _____ newly issued shares of Common Stock of HealthSouth Corporation (the "Company") at the Exercise Price of \$_____ per share.

The undersigned represents, warrants and promises that it has the full power and authority to exercise and deliver the Warrants exercised hereby. The undersigned represents, warrants and promises that it has delivered or will deliver in payment for such Shares \$_____ (the "Exercise Amount") by certified or official bank or bank cashiers check payable to the order of "HealthSouth Corporation", or by wire transfer in immediately available funds of the Exercise Amount to an account of the Warrant Agent specified in writing by the Warrant Agent for such purpose or through a Cashless Exercise (as described below), no later than 5:00 p.m., New York City time, on the Business Day immediately prior to the Settlement Date.

_____ Please check if the undersigned, in lieu of paying the Exercise Amount as set forth in the preceding paragraph, elects to exercise the Warrant by authorizing the Company to withhold from issuance a number of Shares issuable upon exercise of the Warrant which when multiplied by the Market Price (as defined in the Warrant Agreement) of the Common Stock is equal to the aggregate Exercise Price, and such withheld Shares shall no longer be issuable under the Warrant (a "Cashless Exercise").

The undersigned requests that a statement representing the Shares be delivered as follows:

Name

Address

Delivery Address (if different)

If such number of Shares is less than the aggregate number of Shares purchasable hereunder, the undersigned requests that a new Book-Entry Warrant representing the balance of such Warrants shall be registered, with the appropriate Warrant statement delivered as follows:

Name

Address

Delivery Address (if different)

Social Security or Other Taxpayer
Identification Number of Holder

Signature

Note: The above signature must correspond with the name as written upon the Warrant statement in every particular, without alteration or enlargement or any change whatsoever. If the statement representing the Shares or any Warrant statement representing Warrants not exercised is to be registered in a name other than that in which this Warrant statement is registered, the signature of the holder hereof must be guaranteed.

Signatures must be guaranteed by a participant in the Securities Transfer Agent Medallion Program, the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program.

SIGNATURE GUARANTEED BY:

FORM OF FACE OF GLOBAL WARRANT CERTIFICATE

VOID AFTER JANUARY 17, 2017

This Global Warrant Certificate is held by The Depository Trust Company (the "Depository") or its nominee in custody for the benefit of the beneficial owners hereof, and is not transferable to any person under any circumstances except that (i) this Global Warrant Certificate may be exchanged in whole but not in part pursuant to Section 6(a) of the Warrant Agreement, (ii) this Global Warrant Certificate may be delivered to the Warrant Agent for cancellation pursuant to Section 6(h) of the Warrant Agreement and (iii) this Global Warrant Certificate may not be transferred to a successor Depository with the prior written consent of the Company.

Unless this Global Warrant Certificate is presented by an authorized representative of the Depository to the Company or the Warrant Agent for registration of transfer, exchange or payment and any certificate issued is registered in the name of Cede & Co. or such other entity as is requested by an authorized representative of the Depository (and any payment hereon is made to Cede & Co. or to such other entity as is requested by an authorized representative of the Depository), any transfer, pledge or other use hereof for value or otherwise by or to any person is wrongful because the registered owner hereof, Cede & Co., has an interest herein.

Transfers of this Global Warrant Certificate shall be limited to transfers in whole, but not in part, to nominees of the Depository or to a successor thereof or such successor's nominee, and transfers of portions of this Global Warrant Certificate shall be limited to transfers made in accordance with the restrictions set forth in Section 6 of the Warrant Agreement.

No registration or transfer of the securities issuable pursuant to the Warrant will be recorded on the books of the Company until such provisions have been complied with.

CUSIP No. 421924 127

No. _____

SHARES OF COMMON STOCK

WARRANT TO PURCHASE

HEALTHSOUTH CORPORATION
GLOBAL WARRANT TO PURCHASE COMMON STOCK

FORM OF FACE OF WARRANT CERTIFICATE
VOID AFTER JANUARY 17, 2017

This Warrant Certificate ("Warrant Certificate") certifies that or its registered assigns is the registered holder of a Warrant (the "Warrant") of HealthSouth Corporation a Delaware corporation (the "Company"), to purchase the number of shares (the "Shares") of common stock, par value \$.01 per share (the "Common Stock") of the Company set forth above. This warrant expires on January 17, 2017 (such date, the "Expiration Date"), and entitles the holder to purchase from the Company the number of fully paid and non-assessable Shares set forth above at the exercise price (the "Exercise Price") multiplied by the number of Shares set forth above (the "Exercise Amount"), payable to the Company either by certified or official bank or bank cashiers check payable to the order of the Company, or by wire transfer in immediately available funds of the Exercise Amount to an account of the Warrant Agent specified in writing by the Warrant Agent for such purpose, no later than 5:00 p.m. New York City time, on the Business Day immediately prior to the settlement date, which settlement date is three Business Days after a Warrant Exercise Notice is delivered (the "Settlement Date"). The initial Exercise Price shall be \$41.40.

In lieu of paying the Exercise Amount as set forth in the preceding paragraph, subject to the provisions of the Warrant Agreement (as defined on the reverse hereof), each Warrant shall entitle the holder thereof, at the election of such holder, to exercise the Warrant by authorizing the Company to withhold from issuance a number of Shares issuable upon exercise of the Warrant which when multiplied by the Market Price (as defined in the Warrant Agreement) of the Common Stock is equal to the aggregate Exercise Price, and such withheld Shares shall no longer be issuable under the Warrant.

The Exercise Price and the number of Shares purchasable upon exercise of this Warrant are subject to adjustment upon the occurrence of certain events as set forth in the Warrant Agreement.

No Warrant may be exercised prior to the Distribution Date or after the Expiration Date; provided, however, that Warrants are only exercisable if (i) a shelf registration statement covering the issuance of the Shares to the holders upon exercise of the Warrants is effective under the Securities Act and (ii) the Shares are qualified for sale or exempt from qualification under the applicable securities laws of the states or other jurisdictions in which such holders reside. After the Expiration Date, the Warrants will become wholly void and of no value.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS WARRANT CERTIFICATE SET FORTH ON THE REVERSE HEREOF. SUCH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

This Warrant Certificate shall not be valid unless countersigned by the Warrant Agent.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be executed by its duly authorized officer.

Dated:

HEALTHSOUTH CORPORATION

By:

Name:

Title:

Computershare Inc., as Warrant Agent

By:

Name:

Title:



FORM OF REVERSE OF GLOBAL WARRANT CERTIFICATE
HEALTHSOUTH CORPORATION

The Warrant evidenced by this Warrant Certificate is a part of a duly authorized issue of Warrants to purchase a maximum of _____ shares of Common Stock issued pursuant to that certain Warrant Agreement, dated as of September ____, 2009 (the "Warrant Agreement"), duly executed and delivered by the Company and Computershare Inc., as Warrant Agent (the "Warrant Agent"). The Warrant Agreement hereby is incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Warrant Agent, the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants. A copy of the Warrant Agreement may be inspected at the Warrant Agent office and is available upon written request addressed to the Company. All capitalized terms used on the face of this Warrant Certificate herein but not defined that are defined in the Warrant Agreement shall have the meanings assigned to them therein.

Warrants may be exercised to purchase Shares from the Company from the related Distribution Date through 5:00 p.m. New York City time on the Expiration Date, at the Exercise Price set forth on the face hereof, subject to adjustment as described in the Warrant Agreement; provided, however, that Warrants are only exercisable if (i) a shelf registration statement covering the issuance of the Shares to the holders upon exercise of the Warrants is effective under the Securities Act and (ii) the Shares are qualified for sale or exempt from qualification under the applicable securities laws of the states or other jurisdictions in which such holders reside. Subject to the terms and conditions set forth herein and in the Warrant Agreement, the holder of the Warrant evidenced by this Warrant Certificate may exercise such Warrant by:

(i) providing written notice of such election ("Warrant Exercise Notice") to exercise the Warrant to the Warrant Agent at the address set forth in the Warrant Agreement, "Re: Warrant Exercise", by hand or by facsimile, no later than 5:00 p.m., New York City time, on the Expiration Date, which Warrant Exercise Notice shall substantially be in the form of an election to purchase Shares set forth herein, properly completed and executed by the holder;

(ii) delivering no later than 5:00 p.m., New York City time, on the Business Day immediately prior to the Settlement Date, the Warrant Certificates evidencing such Warrants to the Warrant Agent; and

(iii) paying the applicable Exercise Amount, together with any applicable taxes and governmental charges no later than 5:00 p.m., New York City time, on the Business Day immediately prior to the Settlement Date.

In lieu of paying the Exercise Amount as set forth in the preceding paragraph, subject to the provisions of the Warrant Agreement, each Warrant shall entitle the holder thereof, at the election of such holder, to exercise the Warrant by authorizing the Company to withhold from issuance a number of Shares issuable upon exercise of the Warrant which when multiplied by the Market Price of the Common Stock is equal to the aggregate Exercise Price, and such withheld Shares shall no longer be issuable under the Warrant.

In the event that upon any exercise of the Warrant evidenced hereby the number of Shares actually purchased shall be less than the total number of Shares purchasable upon exercise of the Warrant evidenced hereby, there shall be issued to the holder hereof, or such holder's assignee, a new Warrant Certificate evidencing a Warrant to purchase the Shares not so purchased. No adjustment shall be made for any cash dividends on any Shares issuable upon exercise of this Warrant. After the Expiration Date, unexercised Warrants shall become wholly void and of no value.

The Company shall not be required to issue fractions of Shares or any certificates that evidence fractional Shares.

Warrant Certificates, when surrendered by book-entry delivery through the facilities of the Depository may be exchanged, in the manner and subject to the limitations provided in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing a Warrant to purchase in the aggregate a like number of Shares.

No Warrants may be sold, exchanged or otherwise transferred in violation of the Securities Act or state securities laws.

The Company and Warrant Agent may deem and treat the registered holder hereof as the absolute owner of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone) for the purpose of any exercise hereof and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary.

To the extent that any provision hereof conflicts with any provision of the Warrant Agreement, the provision in the Warrant Agreement shall control.

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EXHIBIT B-1

FORM OF ELECTION TO EXERCISE WARRANT FOR WARRANT HOLDERS
HOLDING BOOK-ENTRY WARRANTS

(TO BE EXECUTED UPON EXERCISE OF THE WARRANT)

The undersigned hereby irrevocably elects to exercise the right, represented by Book-Entry Warrants, to purchase _____ newly issued shares of Common Stock of HealthSouth Corporation (the "Company") at the Exercise Price of \$____ per share.

The undersigned represents, warrants and promises that it has the full power and authority to exercise and deliver the Warrants exercised hereby. The undersigned represents, warrants and promises that it has delivered or will deliver in payment for such Shares \$_____ (the "Exercise Amount") by certified or official bank or bank cashiers check payable to the order of the Company, or by wire transfer in immediately available funds of the Exercise Amount to an account of the Warrant Agent specified in writing by the Warrant Agent for such purpose or through a Cashless Exercise (as described below), no later than 5:00 p.m., New York City time, on the Business Day immediately prior to the Settlement Date.

_____ Please check if the undersigned, in lieu of paying the Exercise Amount as set forth in the preceding paragraph, elects to exercise the Warrant by authorizing the Company to withhold from issuance a number of Shares issuable upon exercise of the Warrant which when multiplied by the Market Price (as defined in the Warrant Agreement) of the Common Stock is equal to the aggregate Exercise Price, and such withheld Shares shall no longer be issuable under the Warrant (a "Cashless Exercise").

The undersigned requests that a statement representing the Shares be delivered as follows:

Name

Address

Delivery Address (if different)

If such number of Shares is less than the aggregate number of Shares purchasable hereunder, the undersigned requests that a new Book-Entry Warrant representing the balance of such Warrants shall be registered, with the appropriate Warrant Statement delivered as follows:

Name

Address

Delivery Address (if different)

Social Security or Other Taxpayer
Identification Number of Holder

Signature

Note: If the statement representing the Shares or any Book-Entry Warrants representing Warrants not exercised is to be registered in a name other than that in which the Book-Entry Warrants are registered, the signature of the holder hereof must be guaranteed.

SIGNATURE GUARANTEED BY:

Signatures must be guaranteed by a participant in the Securities Transfer Agent Medallion Program, the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program.

EXHIBIT B-2

FORM OF ELECTION TO EXERCISE WARRANT FOR
WARRANT HOLDERS HOLDING WARRANTS THROUGH
THE DEPOSITORY TRUST COMPANY
TO BE COMPLETED BY DIRECT PARTICIPANT
IN THE DEPOSITORY TRUST COMPANY
HEALTHSOUTH

Warrants to Purchase _____ Shares of HealthSouth Corporation Common Stock

(TO BE EXECUTED UPON EXERCISE OF THE WARRANT)

The undersigned hereby irrevocably elects to exercise the right, represented by _____ Warrants held for its benefit through the book-entry facilities of The Depository Trust Company (the "Depository"), to purchase _____ newly issued shares of Common Stock of (the "Company") at the Exercise Price of \$ _____ per share.

The undersigned represents, warrants and promises that it has the full power and authority to exercise and deliver the Warrants exercised hereby. The undersigned represents, warrants and promises that it has delivered or will deliver in payment for such Shares \$ _____ (the "Exercise Amount") by certified or official bank or bank cashiers check payable to the order of the Company, or by wire transfer in immediately available funds of the Exercise Amount to an account of the Warrant Agent specified in writing by the Warrant Agent for such purpose or through a Cashless Exercise (as described below), no later than 5:00 p.m., New York City time, on the Business Day immediately prior to the Settlement Date.

_____ Please check if the undersigned, in lieu of paying the Exercise Amount as set forth in the preceding paragraph, elects to exercise the Warrant by authorizing the Company to withhold from issuance a number of Shares issuable upon exercise of the Warrant which when multiplied by the Market Price (as defined in the Warrant Agreement) of the Common Stock is equal to the aggregate Exercise Price, and such withheld Shares shall no longer be issuable under the Warrant (a "Cashless Exercise").

The undersigned requests that the principal amount of Warrants exercised hereby be in registered form in the authorized denominations, registered in such names and delivered, all as specified in accordance with the instructions set forth below; provided, that if the shares of Common Stock are evidenced by global securities, the shares of Common Stock shall be registered in the name of the Depository or its nominee.

Dated:

NOTE: THIS EXERCISE NOTICE MUST BE DELIVERED TO THE WARRANT AGENT, PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE. THE WARRANT AGENT SHALL NOTIFY YOU (THROUGH THE CLEARING SYSTEM) OF (1) THE WARRANT AGENT'S ACCOUNT AT THE DEPOSITARY TO WHICH YOU MUST DELIVER YOUR WARRANTS ON THE EXERCISE DATE AND (2) THE ADDRESS, PHONE NUMBER AND FACSIMILE NUMBER WHERE YOU CAN CONTACT THE WARRANT AGENT AND TO WHICH WARRANT EXERCISE NOTICES ARE TO BE SUBMITTED. NAME OF DIRECT PARTICIPANT IN THE DEPOSITARY:

(PLEASE PRINT) ADDRESS:

CONTACT NAME: _____

ADDRESS: _____

TELEPHONE (INCLUDING INTERNATIONAL CODE): _____

FAX (INCLUDING INTERNATIONAL CODE): _____

SOCIAL SECURITY OR OTHER TAXPAYER IDENTIFICATION NUMBER (IF APPLICABLE): _____

ACCOUNT FROM WHICH WARRANTS ARE BEING DELIVERED: _____
DEPOSITARY ACCOUNT NO. _____

WARRANT EXERCISE NOTICES WILL ONLY BE VALID IF DELIVERED IN ACCORDANCE WITH THE INSTRUCTIONS SET FORTH IN THIS NOTIFICATION (OR AS OTHERWISE DIRECTED), MARKED TO THE ATTENTION OF "WARRANT EXERCISE". WARRANT HOLDER DELIVERING WARRANTS, IF OTHER THAN THE DIRECT DTC PARTICIPANT DELIVERING THIS WARRANT EXERCISE NOTICE

NAME: _____
(PLEASE PRINT)

CONTACT NAME: _____

TELEPHONE (INCLUDING INTERNATIONAL CODE): _____

FAX (INCLUDING INTERNATIONAL CODE): _____

SOCIAL SECURITY OR OTHER TAXPAYER IDENTIFICATION NUMBER (IF APPLICABLE): _____

ACCOUNT TO WHICH THE SHARES OF COMMON STOCK ARE TO BE CREDITED: DEPOSITARY ACCOUNT NO.

FILL IN FOR DELIVERY OF THE COMMON STOCK, IF OTHER THAN TO THE PERSON DELIVERING THIS WARRANT EXERCISE NOTICE:

NAME: _____
(PLEASE PRINT)

ADDRESS: _____

CONTACT NAME: _____

TELEPHONE (INCLUDING INTERNATIONAL CODE): _____

FAX (INCLUDING INTERNATIONAL CODE): _____

SOCIAL SECURITY OR OTHER TAXPAYER IDENTIFICATION NUMBER (IF APPLICABLE): _____

NUMBER OF WARRANTS BEING EXERCISED: _____
(ONLY ONE EXERCISE PER WARRANT EXERCISE NOTICE)

Signature: _____

Name: _____

Capacity in which Signing: _____

Signature Guaranteed by: _____

Signatures must be guaranteed by a participant in the Securities Transfer Agent Medallion Program, the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program.

EXHIBIT C

FORM OF ASSIGNMENT

(TO BE EXECUTED BY THE REGISTERED HOLDER IF SUCH HOLDER
DESIRES TO TRANSFER A WARRANT)

FOR VALUE RECEIVED, the undersigned registered holder hereby sells, assigns and transfers unto

Name of Assignee

Address of Assignee

_____ Warrants to purchase shares of Common Stock held by the undersigned, together with all right, title and interest therein, and does irrevocably constitute and appoint _____ attorney, to transfer such Warrants on the books of the Warrant Agent, with full power of substitution.

Dated

Signature

Social Security or Other Taxpayer
Identification Number of Assignee

SIGNATURE GUARANTEED BY:

Signatures must be guaranteed by a participant in
the Securities Transfer Agent Medallion
Program, the Stock Exchanges Medallion
Program or the New York Stock Exchange, Inc.
Medallion Signature Program.
