

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

JOHN RICHARD BEACH, Individually and on Behalf of All)	Civil Action No. 3:08-cv-00569
Others Similarly Situated,)	(Consolidated)
)	
Plaintiff,)	<u>CLASS ACTION</u>
)	
vs.)	Judge Todd J. Campbell
)	Magistrate Judge Juliet Griffin
HEALTHWAYS INC., et al.,)	
)	
Defendants.)	
)	

PROOF OF CLAIM AND RELEASE

I. GENERAL INSTRUCTIONS

1. To recover as a member of the Class based on your claims in the consolidated action entitled *Beach v. Healthways Inc., et al.*, Civil Action No. 3:08-cv-00569 (the "Litigation"), you must complete and, on page 7 hereof, sign this Proof of Claim and Release form ("Proof of Claim"). If you fail to timely file a properly addressed (as set forth in paragraph 3 below) Proof of Claim, your claim may be rejected and you may be precluded from any recovery from the Net Settlement Fund created in connection with the proposed settlement of the Litigation.

2. Submission of this Proof of Claim, however, does not assure that you will share in the proceeds of the settlement of the Litigation.

3. YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM POSTMARKED ON OR BEFORE OCTOBER 25, 2010, ADDRESSED AS FOLLOWS:

Healthways Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

4. If you are NOT a Class Member (as defined in the Notice of Pendency and Proposed Settlement of Class Action (the "Notice")), DO NOT submit a Proof of Claim.

5. If you are a Class Member and you did not timely request exclusion in connection with the proposed settlement, you are bound by the terms of any judgment entered in the Litigation, including the releases provided therein, REGARDLESS OF WHETHER YOU SUBMIT A PROOF OF CLAIM.

II. DEFINITIONS

1. "Defendants" means Healthways, Inc. and the Individual Defendants.

2. "Individual Defendants" means Thomas G. Cigarran, Ben R. Leedle, Jr., Mary A. Chaput, Mary Hunter, Matthew Kelliher, and Donald Taylor.

3. "Related Parties" as to Healthways, Inc. or any subsidiary or division of Healthways, Inc. means each of that entity's past, present, or future directors, officers, employees, partners, members, insurers, co-insurers, reinsurers, principals, agents, controlling shareholders, attorneys, accountants or auditors, advisors, investment advisors, underwriters, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, privies, related or affiliated corporations or entities, and any entity in which Healthways, Inc. or any of its subsidiaries or divisions has a controlling interest. "Related Parties" as to the Individual Defendants shall also include members of an Individual Defendant's immediate family, present or former spouses, heirs, executors, administrators, agents, insurers, reinsurers, attorneys, personal or legal representatives, successors, assigns, any entity in which an Individual Defendant and/or any member of an Individual Defendant's immediate family has or have a controlling interest (directly or indirectly), and any trust of which any Individual Defendant is the settler or which is for the benefit of any Individual Defendant and/or members of his/her immediate family.

4. "Released Persons" means each and all of the Defendants and each and all of their Related Parties.



III. CLAIMANT IDENTIFICATION

1. If you purchased Healthways securities and held the certificate(s) in your name, you are the beneficial purchaser as well as the record purchaser. If, however, you purchased Healthways securities and the certificate(s) were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial purchaser and the third party is the record purchaser.

2. Use Part I of this form entitled "Claimant Identification" to identify each purchaser of record ("nominee"), if different from the beneficial purchaser of the Healthways securities which form the basis of this claim. THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER(S), OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER(S), OF THE HEALTHWAYS SECURITIES UPON WHICH THIS CLAIM IS BASED.

3. All joint purchasers must sign the Proof of Claim. Executors, administrators, guardians, conservators, and trustees must complete and sign the Proof of Claim on behalf of Persons represented by them and their authority must accompany the Proof of Claim and their titles or capacities must be stated. The Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

IV. CLAIM FORM

1. Use Part II of this form entitled "Schedule of Transactions in Healthways Common Stock" to supply all required details of your transaction(s) in Healthways common stock and Part III of this form entitled "Schedule of Transactions in Healthways Options" to supply all required details of your transaction(s) in Healthways put and call options. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

2. On the schedules, provide all of the requested information with respect to **all** of your purchases of Healthways common stock, which took place at any time between July 5, 2007 and August 25, 2008, inclusive (the "Class Period"), and **all** of your sales of Healthways common stock which took place at any time between July 5, 2007 and November 21, 2008, inclusive, and **all** of your purchases and sales of Healthways put and call options which took place at any time between July 5, 2007 and November 21, 2008, inclusive, whether such transactions resulted in a profit or a loss. You must also provide all of the requested information with respect to all of the Healthways common stock you held at the close of trading on July 4, 2007, and as of the close of trading on August 25, 2008 and November 21, 2008. Failure to report all such transactions may result in the rejection of your claim.

3. List each transaction during the Class Period separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day, and year of each transaction you list.

4. The date of covering a "short sale" is deemed to be the date of purchase of Healthways securities. The date of a "short sale" is deemed to be the date of sale of Healthways securities.

5. Copies of broker confirmations or other documentation of your transactions in Healthways securities should be attached to your Proof of Claim. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. All claimants MUST submit a manually signed paper Proof of Claim form whether or not they also submit electronic copies. If you wish to file your claim electronically, you must contact the Claims Administrator at 1-866-247-2865 or visit their website at www.gilardi.com to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the claimant a written acknowledgment of receipt and acceptance of electronically submitted data.



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UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

Beach v. Healthways Inc., et al.
Civil Action No. 3:08-cv-00569

PROOF OF CLAIM AND RELEASE

Please Type or Print in the Boxes Below
Do **NOT** use Red Ink, Pencil, or Staples

**Must Be Postmarked
No Later Than
October 25, 2010**

HEALTH

PART I: CLAIMANT IDENTIFICATION

Last Name	M.I.	First Name
<input type="text"/>	<input type="text"/>	<input type="text"/>

Last Name (Co-Beneficial Owner)	First Name (Co-Beneficial Owner)
<input type="text"/>	<input type="text"/>

IRA
 Joint Tenancy
 Employee
 Individual
 Other _____ (specify)

Company Name (Beneficial Owner - If Claimant is not an Individual) or Custodian Name if an IRA

Trustee/Asset Manager/Nominee/Record Owner's Name (if Different from Beneficial Owner Listed Above)

Account#/Fund# (Not Necessary for Individual Filers)

Social Security Number	or	Taxpayer Identification Number
<input type="text"/> - <input type="text"/> - <input type="text"/>		<input type="text"/> - <input type="text"/>

Telephone Number (Work)	Telephone Number (Home)
<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/> - <input type="text"/> - <input type="text"/>

Email Address

MAILING INFORMATION

Address

Address

City	State	Zip Code
<input type="text"/>	<input type="text"/>	<input type="text"/> - <input type="text"/>

Foreign Province	Foreign Zip Code	Foreign Country Name/Abbreviation
<input type="text"/>	<input type="text"/>	<input type="text"/>

FOR CLAIMS PROCESSING ONLY	PB <input type="text"/>	PC <input type="text"/>	<input type="radio"/> ND	<input type="radio"/> NS	<input type="radio"/> ICI	<input type="radio"/> OPT	MM / DD / YYYY	FOR CLAIMS PROCESSING ONLY
			<input type="radio"/> IHI	<input type="radio"/> NTIN	<input type="radio"/> OTHER	<input type="radio"/> MRG		<input type="radio"/> BOTH



PART II. SCHEDULE OF TRANSACTIONS IN HEALTHWAYS COMMON STOCK

Proof Enclosed?

A. Number of shares of Healthways common stock held at the close of trading on July 4, 2007:

--	--	--	--	--	--	--	--	--	--

Y
 N

B. Purchases of Healthways common stock (July 5, 2007- August 25, 2008, inclusive):

PURCHASES

Trade Date(s) of Shares (List Chronologically)		Number of Shares Purchased	Total Purchase Price (Excluding Commissions, Taxes and Fees) <i>Please round off to the nearest whole dollar</i>	Proof of Purchase Enclosed?
M M	D D	Y Y Y Y		
1.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/> Y <input type="radio"/> N
2.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/> Y <input type="radio"/> N
3.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/> Y <input type="radio"/> N

IMPORTANT: (i) Identify by number listed above all purchases in which you covered a "short sale":

--	--	--	--	--	--	--	--

(ii) If you received shares through an acquisition or merger, please identify the date, the share amount and the company acquired:

M M D D Y Y
 / /

Merger Shares:

--	--	--	--	--	--	--	--

Company: _____

C. Sales of Healthways common stock (July 5, 2007– November 21, 2008, inclusive):

SALES

Trade Date(s) of Shares (List Chronologically)		Number of Shares Sold	Total Sales Price (Exclusive of Commissions, Taxes and Fees) <i>Please round off to the nearest whole dollar</i>	Proof of Sales Enclosed?
M M	D D	Y Y Y Y		
1.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/> Y <input type="radio"/> N
2.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/> Y <input type="radio"/> N
3.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/> Y <input type="radio"/> N

Proof Enclosed?

D. Number of shares of Healthways common stock held at the close of trading on August 25, 2008:

--	--	--	--	--	--	--	--

Y
 N

Proof Enclosed?

E. Number of shares of Healthways common stock held at the close of trading on November 21, 2008:

--	--	--	--	--	--	--	--

Y
 N

If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

YOU MUST READ AND SIGN THE RELEASE ON PAGE 7. FAILURE TO SIGN THE RELEASE MAY RESULT IN A DELAY IN PROCESSING OR THE REJECTION OF YOUR CLAIM.



PART III. SCHEDULE OF TRANSACTIONS IN HEALTHWAYS OPTIONS

PURCHASES/REPURCHASES

A. I made the following purchase/repurchase of options on Healthways common stock during the period from July 5, 2007 through November 21, 2008, inclusive:

Option Type	Date(s) of transaction (List Chronologically)					Number of option contracts acquired	Expiry Date (Month/Year)				Strike Price	Transaction price per option contract	[X]expired [A]ssigned [E]xercised	Proof of transaction Enclosed?
	M	M	D	D	Y		Y	M	M	Y				
<input type="radio"/> Put														<input type="radio"/> Y
<input type="radio"/> Call														<input type="radio"/> N
<input type="radio"/> Put														<input type="radio"/> Y
<input type="radio"/> Call														<input type="radio"/> N
<input type="radio"/> Put														<input type="radio"/> Y
<input type="radio"/> Call														<input type="radio"/> N
<input type="radio"/> Put														<input type="radio"/> Y
<input type="radio"/> Call														<input type="radio"/> N
<input type="radio"/> Put														<input type="radio"/> Y
<input type="radio"/> Call														<input type="radio"/> N
<input type="radio"/> Put														<input type="radio"/> Y
<input type="radio"/> Call														<input type="radio"/> N
<input type="radio"/> Put														<input type="radio"/> Y
<input type="radio"/> Call														<input type="radio"/> N

SALES/WRITTEN

B. I made the following sales/written options on Healthways common stock during the period from July 5, 2007 through November 21, 2008, inclusive:

Option Type	Date(s) of transaction (List Chronologically)					Number of option contracts acquired	Expiry Date (Month/Year)				Strike Price	Transaction price per option contract	[X]expired [A]ssigned [E]xercised	Proof of transaction Enclosed?
	M	M	D	D	Y		Y	M	M	Y				
<input type="radio"/> Put														<input type="radio"/> Y
<input type="radio"/> Call														<input type="radio"/> N
<input type="radio"/> Put														<input type="radio"/> Y
<input type="radio"/> Call														<input type="radio"/> N
<input type="radio"/> Put														<input type="radio"/> Y
<input type="radio"/> Call														<input type="radio"/> N
<input type="radio"/> Put														<input type="radio"/> Y
<input type="radio"/> Call														<input type="radio"/> N
<input type="radio"/> Put														<input type="radio"/> Y
<input type="radio"/> Call														<input type="radio"/> N
<input type="radio"/> Put														<input type="radio"/> Y
<input type="radio"/> Call														<input type="radio"/> N
<input type="radio"/> Put														<input type="radio"/> Y
<input type="radio"/> Call														<input type="radio"/> N

If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

**YOU MUST READ AND SIGN THE RELEASE ON PAGE 7. FAILURE TO SIGN THE RELEASE
MAY RESULT IN A DELAY IN PROCESSING OR THE REJECTION OF YOUR CLAIM.**



V. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I (We) submit this Proof of Claim under the terms of the Stipulation of Settlement described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the Middle District of Tennessee, Nashville Division, with respect to my (our) claim as a Class Member and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I am (we are) bound by and subject to the terms of any judgment that may be entered in the Litigation. I (We) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so. I (We) have not submitted any other claim covering the same purchases or sales of Healthways securities during the Class Period and know of no other person having done so on my (our) behalf.

VI. RELEASE

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally, and forever settle, release, and discharge all Released Claims against the Released Persons.

2. "Released Claims" means any and all rights, liabilities, suits, debts, obligations, demands, damages, losses, judgments, matters, issues, claims (including Unknown Claims as defined in paragraph 3 below) and causes of action of every nature and description whatsoever, in law or equity, and regardless of upon what legal theory based, whether arising under federal, state, local, statutory, common law, foreign law, or any other law, rule, or regulation, whether fixed, contingent, or absolute, accrued or unaccrued, liquidated or un-liquidated, matured or un-matured, known or unknown, discoverable or undiscoverable, concealed or hidden, suspected or unsuspected, disclosed or undisclosed, whether class and/or individual in nature that (a) Plaintiffs or any Class Member asserted, could have asserted, or in the future could or might have asserted in this Litigation against any of the Released Persons, or (b) that could have been asserted in this Litigation, or any other action, court, tribunal, proceeding or forum by Plaintiffs and/or any Class Member against any of the Released Persons arising out of or relating in any manner to the purchase of Healthways securities during the Class Period, and the facts, matters, allegations, transactions, events, disclosures, representations, statements, acts, or omissions or failures to act which were alleged or that could have been alleged in the Litigation.

3. "Unknown Claims" means any and all Released Claims which Plaintiffs or any Class Members do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Persons which, if known by him, her, or it, might have affected his, her, or its settlement with and release of the Released Persons, or might have affected his, her, or its decision not to object to this settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Plaintiffs shall waive, and each of the Class Members shall be deemed to have waived, and by operation of the Judgment shall have waived, the provisions, rights and benefits of California Civil Code §1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Plaintiffs shall expressly waive, and each of the Class Members shall be deemed to have by operation of the Judgment expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542. Plaintiffs and the Class Members may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the Released Claims, but Plaintiffs shall expressly fully, finally, and forever settle and release, and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released, any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs acknowledge, and the Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part.

4. This release shall be of no force or effect unless and until the Court approves the Stipulation of Settlement and the Stipulation becomes effective on the Effective Date (as defined in the Stipulation).

5. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

6. I (We) hereby warrant and represent that I (we) have included information about all of my (our) transactions in Healthways securities which occurred during the Class Period as well as the amount of Healthways securities held by me (us) at the close of trading on July 4, 2007, and at the close of trading on August 25, 2008 and November 21, 2008.



I (WE) DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE UNITED STATES OF AMERICA THAT ALL OF THE FOREGOING INFORMATION SUPPLIED ON THIS PROOF OF CLAIM AND RELEASE FORM BY THE UNDERSIGNED IS TRUE AND CORRECT.

Executed this _____ day of _____ in _____
(Month/Year) (City/State/Country)

(Sign your name here)

(Sign your name here)

(Type or print your name here)

(Type or print your name here)

(Capacity of person(s) signing, e.g.,
Beneficial Purchaser, Executor or Administrator)

(Capacity of person(s) signing, e.g.,
Beneficial Purchaser, Executor or Administrator)

**ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.
THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist:

1. Please sign the above release and declaration.
2. Remember to attach supporting documentation, if available.
3. Do not send original stock certificates.
4. Keep a copy of your claim form and all supporting documentation for your records.
5. If you desire an acknowledgment of receipt of your claim form please send it Certified Mail, Return Receipt Requested.
6. If you move, please send the Claims Administrator your new address.



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