HEALTHSOUTH®



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Doug Coltharp, EVP and Chief Financial Officer

Forward-Looking Statements

The information contained in this presentation includes certain estimates, projections and other forward-looking information that reflect our current outlook, views and plans with respect to future events, including legislative and regulatory developments, strategy, capital expenditures, development activities, dividend strategies, effective tax rates, financial performance, and business model. These estimates, projections and other forward-looking information are based on assumptions that HealthSouth believes, as of the date hereof, are reasonable. Inevitably, there will be differences between such estimates and actual events or results, and those differences may be material.

There can be no assurance that any estimates, projections or forward-looking information will be realized.

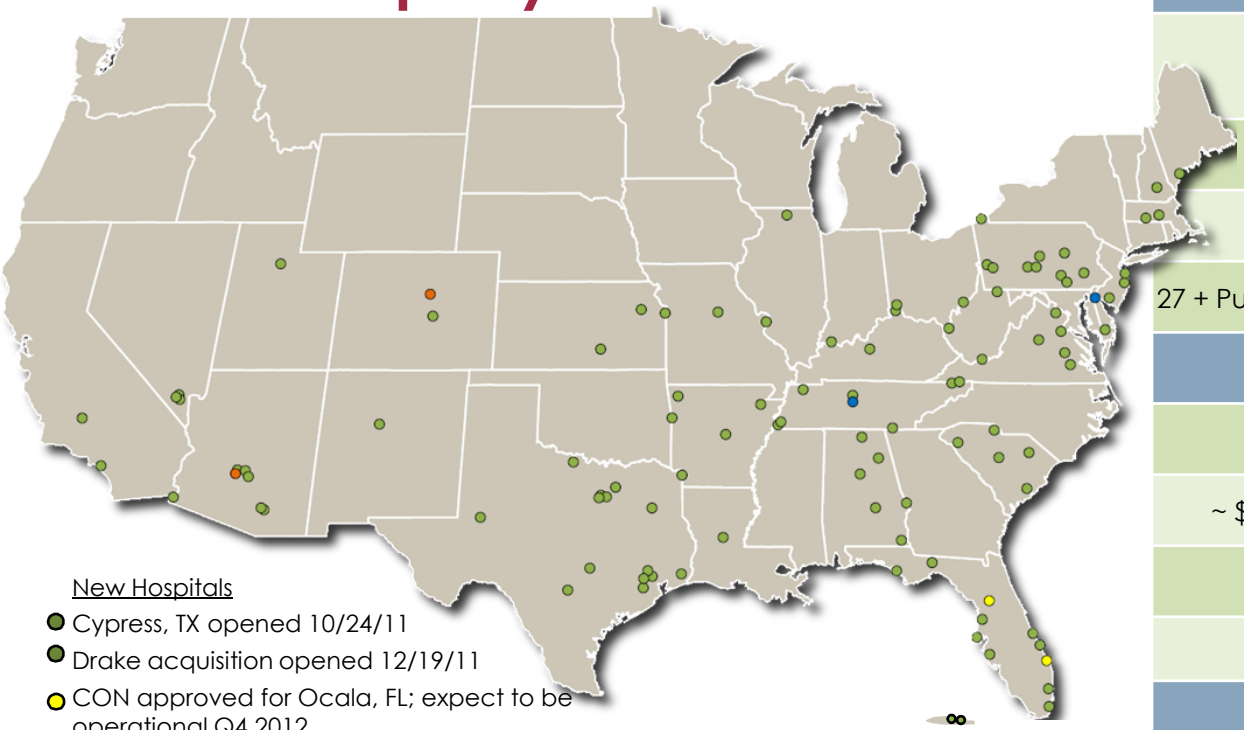
All such estimates, projections and forward-looking information speak only as of the date hereof. HealthSouth undertakes no duty to publicly update or revise the information contained herein.

You are cautioned not to place undue reliance on the estimates, projections and other forward-looking information in this presentation as they are based on current expectations and general assumptions and are subject to various risks, uncertainties and other factors, including those set forth in the Form 10-K for the year ended December 31, 2011, and in other documents we previously filed with the SEC, many of which are beyond our control, that may cause actual results to differ materially from the views, beliefs and estimates expressed herein.

Note Regarding Presentation of Non-GAAP Financial Measures

The following presentation includes certain "non-GAAP financial measures" as defined in Regulation G under the Securities Exchange Act of 1934. Schedules are attached that reconcile the non-GAAP financial measures included in the following presentation to the most directly comparable financial measures calculated and presented in accordance with Generally Accepted Accounting Principles in the United States. Our Form 8-K, dated March 5, 2012, provides further explanation and disclosure regarding our use of non-GAAP financial measures and should be read in conjunction with these supplemental slides.

Our Company



New Hospitals

- Cypress, TX opened 10/24/11
- Drake acquisition opened 12/19/11
- CON approved for Ocala, FL; expect to be operational Q4 2012
- CON approved for Stuart, FL (Martin County); expect to be operational Q2 2013
- Purchased land for Littleton, CO; expect to be operational Q2 2013
- Purchased land for southwest Phoenix, AZ; expect to be operational Q3 2013
- CON approved for Middletown, DE; being contested
- CON approved for Williamson Co, TN; being contested

Portfolio – As of Dec. 31, 2011

99	Inpatient Rehabilitation Hospitals ("IRF") • 29 operate as JV's with Acute Care Hospitals
26	Outpatient Rehabilitation Satellite Clinics
25	Hospital-Based Home Health Agencies
27 + Puerto Rico	Number of States

Key Statistics

~ 22,000	Employees
~ $2.0 Billion	Revenue
118,354	Inpatient Discharges
943,439	Outpatient Visits

Patients Served

Most Common Conditions (Q4 2011):

1. Neurological	17.5%
2. Stroke	16.4%
3. Debility	10.8%
4. Fracture of the lower extremity	10.5%
5. Other orthopedic conditions	10.0%

Marketshare

~ 8% of IRFs (Total in U.S. = 1,152)

~ 18% of Licensed Beds

~ 23% of Patients Served

Largest Owner and Operator of Inpatient Rehabilitation Hospitals in the U.S.

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Q1 2012 Initial Observations (as of March 5, 2012)

- **Volume:**
  - January and February 2012 discharge growth was on track against tough volume comps in Q1 2011 (7.8% growth).
  - Full-year 2012 discharge growth expected to be 2.5% to 3.5%

- **Adjusted EBITDA:**
  - Q1 2011 Adjusted EBITDA benefited by approx. $1.5 million for nonrecurring net state provider taxes (approx. $3.4 million outpatient and other revenue offset by approx. $1.9 million of expense).
  - Installation of new clinical information system expected to increase operating expenses by approx. $1.4 million in Q1 2012

- **Other:**
  - Due to leap year, Q1 2012 contains one more day than Q1 2011.
  - Beginning in Q1 2012, HealthSouth will be required to reclassify its "provision for doubtful accounts" from operating expense to a component of net operating revenues, with retrospective application required. Example below:

(in millions)	Q1 2011
Net operating revenues	$ 506.0
Less: Provision for doubtful accounts	(4.8)
Net operating revenues less provision for doubtful accounts	$ 501.2

Strong and Sustainable Business Fundamentals

Attractive Healthcare Sector	• Favorable demographic trends • Non-discretionary nature of many conditions treated in IRFs • Highly fragmented industry
Industry Leading Position	• #1 market share: above industry same-store growth and margins • Consistent achievement of high-quality, cost-effective care • Roll-out of state-of-the-art clinical information system
Cost-Effectiveness	• Focused labor management • Continued improvements in supply chain • Significant operating leverage of G&A expense
Real Estate Portfolio	• Portfolio of strategically located, well-designed physical assets • 99 IRFs [1]; 64 owned and 35 long-term, real estate leases • Relatively low maintenance capex requirements
Financial Strength	• Strong balance sheet; ample liquidity; no near-term maturities • Minimal cash taxes ($7 - $10 million / year) attributable to NOLs • Substantial free cash flow generation
Growth Opportunities	• Located in Medicare growth markets • Flexible, accelerated de novo strategy • Hospital acquisitions and unit consolidations

(1) Inclusive of non-consolidated entities