Jon Hanson, Chairman of the Board

Good morning, ladies and gentlemen. The Board of Directors of HealthSouth and I welcome you to the Annual Meeting of Stockholders of HealthSouth Corporation. And I now call the meeting to order.

Before we proceed to the formal business of the meeting, I would like to introduce the members of our Board of Directors who are here today. I will ask them to stand as I call their names. In addition to me they are John Chidsey, Don Correll, Yvonne Curl, Charles Elson, Lee Higdon, John Maupin, Ed Shaw, and Jay Grinney.

In February, Ed Blechschmidt announced that he was not seeking reelection to HealthSouth's Board of Directors. Although Ed is unable to attend this year's Annual Meeting, we would like to acknowledge his dedicated service to HealthSouth over the past eight years. Ed joined the HealthSouth Board of Directors in January of 2004 at a critical point in HealthSouth's history. Serving on the Audit Committee since July 2004, and Chairman of that committee from February 2005 to May 2011, Ed made significant contributions to the company's turnaround. It was during Ed's tenure of Chairman of the HealthSouth's Audit Committee that the company filed the comprehensive Form 10-K for the years 2000 through 2003 and was relisted on the New York Exchange, reinstated routine accounting and reporting processes and remediated its internal control weaknesses. During his time on the Board, Ed also served on the Compensation Committee and was the Chairman of that committee for 2004 through 2005, as a member of the Finance Committee and the Compliance Committee. The Board greatly appreciates Ed's long-term service and dedication to the company. We wish him the very best.

The company has appointed Don Hagar, a representative of Broadridge Financial Services as the Inspector of Elections for this meeting. Don is sitting to my far left. He has taken and signed an oath faithfully to execute the duties of Inspector of Election with strict impartiality in accordance to the best of his ability.

On procedural matters, Madam Secretary, will you please now report on the procedural formalities?

Sandy Murvin, Deputy General Counsel

Mr. Chairman, I present an affidavit from Broadridge Financial Solutions, Inc., the firm responsible for mailing our proxy materials. The affidavit shows that the Annual Meeting proxy statement and proxy cards – the notice of Annual Meeting, the proxy statement, and the proxy cards were duly mailed and that such mailing was commenced on April 2, 2012 to each of the stockholders of record as of March 7, 2012. A list of the stockholders of HealthSouth, with the name, address, and number of shares registered in the name of each stockholder as of the record date, is present at this meeting and is available for inspection. This list has been available for a period in excess of 10 days before this meeting.

Mr. Chairman, I also report that the preliminary count indicates that the holders of more than a majority of the outstanding shares of the capital stock entitled to vote at this meeting are present or represented by proxy, constituting a quorum. The Inspector of Elections will make an exact count and will submit a formal report that will include the number of shares present in person or by proxy.

Jon Hanson, Chairman of the Board

Thank you. As you entered the meeting room, you should have received an agenda for the meeting and the rules of conduct that will govern the meeting. I will preside at today's meeting and Sandy Mervin will act as Secretary.

There are three items on today's agenda. They are the election of nine Directors, each to serve until the Annual Meeting of our Stockholders in 2013, or until his or her successor is duly elected and qualified. And two, the ratification and the appointment by the Audit Committee of PricewaterhouseCoopers, LLP as our

independent, registered public accounting firm. And three, the approval of the compensation of our named executive officers disclosed in this year's proxy statement. These proposals are more fully described in the proxy statement previously mailed to stockholders. There will be a period of questions and comments about these agenda items momentarily. During that period, your questions and comments should be limited to these proposals and comply with our rules of conduct for this meeting. Afterwards, the polls will be open for voting. Later in the meeting there will be another period for general questions and comments from the stockholders.

Based upon the preliminary report of the Secretary that a quorum exists, we will proceed with the business of this meeting. I now ask the Madam Secretary to provide the required SEC disclosure regarding forward-looking statements.

Sandy Murvin, Deputy General Counsel

Some of the information provided today will include estimates, projections, and other forward-looking statements that reflect our current views with respect to future events and financial performance. You are cautioned not to place undue reliance on any estimates, projections, or other forward-looking statements presented today, as they are based on current expectations and general assumptions that we believe as of the date hereof are reasonable, and such forward-looking statements are subject to various risks, uncertainties, and other factors, many of which are beyond our control, that may cause actual results to differ materially from the views believed and estimates expressed here today. In addition to those factors identified in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, the Form 10-Q filed this week and our other SEC – our other filings with the SEC, there may be other factors beyond our control that may cause future results to differ materially from our current expectations. All such estimates, projections, and forward-looking statements speak only as of the date hereof. We undertake no duty to publicly update or revise them, whether as a result of new information, future events, or otherwise. Certain non-GAAP financial measures will also be referenced today. For such measures, reconciliation to the most directly comparable GAAP measure is available on our website at Investors.HealthSouth.com.

Jon Hanson, Chairman of the Board

Thank you. Proposal one, election of Directors. As I stated earlier, the election of nine Directors to serve until our 2013 Annual Meeting of the Stockholders, is the first item of business to be voted on today. Detailed information concerning the Board of Directors' nominees and the election process is contained in HealthSouth's proxy statement furnished in connection with this meeting. Any other nominations for election to the Board of Directors are subject to the advanced notice provisions of HealthSouth's bylaws. Because we have received no other nominations that comply within the advanced notice provisions, the Board of Directors' nine nominees are accordingly the only persons standing as nominees and I declare that nominations are closed.

Proposal two, ratification of appointment of independent, registered public accounting firm. The ratification of the appointment by the Audit Committee of PricewaterhouseCoopers, LLP as HealthSouth's independent, registered public accounting firm is the second item of business to be voted on today. Detailed information concerning the appointment of PricewaterhouseCoopers, LLP is contained in the proxy statement.

Proposal three, advisory vote on executive compensation. The third of item of business to be voted on today is the approval of the compensation of our named executive officers. As before, detailed information concerning this proposal is also contained in the proxy statement.

We will now proceed to the period set aside for questions and comments regarding the proposals only. As I mentioned earlier, there will be an opportunity later in the meeting for general questions and comments. If you would like to speak, please stand up and wait to be recognized. There being no questions or comments, it's now time to proceed to voting on the agenda items.

The polls are now open as of 11:10 a.m. Central Time. If you've previously voted by proxy, you do not need to vote by ballot, unless you wish to change your vote. However, if any stockholder present has not yet cast a vote or wishes to change a prior vote, he may do so by completing a new ballot. If you need a ballot, please raise your hand now and we will bring one to you. There being no request for ballots, I declare the polls closed as of 11:11 a.m. Central Time and no ballot, proxy, or vote or replication thereof will be accepted from this point.

I now ask the Inspector of Elections to come forward at this time and present the preliminary results of the election to the Secretary, who will report them.

Sandy Murvin, Deputy General Counsel

Based on the preliminary voting results, the stockholders have elected each of the nine nominees as a member of the Board of Directors to serve until the Annual Meeting of Stockholders in 2013, ratified the appointment of PricewaterhouseCoopers, LLP as HealthSouth's independent, registered public accounting firm, and approved the compensation of our named executive officers.

Jon Hanson, Chairman of the Board

Thank you. I now ask Jay Grinney, our President and Chief Executive Officer, to introduce the members of the HealthSouth Executive Management Team and to provide a brief report on the company.

Jay Grinney, President and Chief Executive Officer

Thank you, Jon, and good morning, everyone, those in attendance here in Birmingham and those participating via the webcast. It will be my pleasure to introduce Mark Tarr, our Executive Vice President and Chief Operating Officer, and Doug Coltharp, our Executive Vice President and Chief Financial Officer. John Whittington, our Executive Vice President and General Counsel is in Atlanta this week attending another E&Y arbitration session, which I hope you'll agree is a worthwhile investment of his time, on behalf of our shareholders.

Mark, Doug, and John provide exceptional leadership in three crucial areas that are essential to HealthSouth's continued success: Consistent operational performance, a strong and flexible balance sheet, and a disciplined growth agenda. Mark is responsible for all aspects of operations, including successfully developing and implementing our sales and marketing and care management teamwork's initiatives, enhancing our various quality, patient care, and patient satisfaction metrics, ensuring our hospitals provide this care in a cost-effective manner, and installing our new clinical information system in all hospitals by the end of 2016.

Doug oversees all financial, risk management, and accounting services and was the architect of the strategy that allowed us to retire our 10¾ percent senior notes last year, and create a balanced and flexible capital structure with significant prepayment optionality. Doug and his team also provide analytical support for all of the company's M&A activities.

John, in addition to his duties as General Counsel and Corporate Secretary, has senior-level responsibility for the legal department, development, real estate, and design and construction activities. Under John's leadership, I am pleased to report we currently have four hospitals under development, with two more possibly starting by yearend. We also are pursuing several acquisition and joint venture that if consummated, will bring additional long-term value to our shareholders.

I am proud to say that these three talented individuals, along with their respective senior management teams, constitute the finest management I have ever had the pleasure to work with in my 30 years in this business. Please join me in thanking them and their teams for their many contributions to HealthSouth. [applause]

While I realize my introduction of Mark and Doug and John probably exceeded the amount of time I was allocated by our Chairman, I would like to take just a few more minutes to share my thoughts on the state of HealthSouth. Let me begin by saying that HealthSouth is a stronger company today than at any time in its history. With 99 inpatient rehabilitation hospitals, 26 outpatient satellite clinics, and 25 home health agencies, we are the nation's largest provider of inpatient rehabilitative care. Approximately 1 out of every 5 patients who needs inpatient rehabilitative care, receives that care at a HealthSouth Hospital, 1 in 5. The majority of these patients are Medicare beneficiaries with complex neurological and orthopedic medical conditions. This population cohort is growing approximately 2% per year, creating a demand for our services for many years to come.

Importantly, we have 22,000 dedicated employees who provide this care on a high-quality, cost-effective manner, as evidenced by four consecutive years of market share gains in terms of the numbers of patients served, and consistently superior patient outcomes compared to our competitors, as measured by FIM gains.

Our balance sheet is strong with no significant debt maturities before 2016, the first tranche of our senior notes maturing in 2018, and limited exposure to higher interest rates over the long term. We have reduced our leverage approximately three turns from 5.6 times at the end of 2008, to 2.7 times at the end of the first quarter of this year. We are also very pleased to report Moody's upgraded our debt ratings yesterday based on their assessment of our earnings growth, debt repayments, and healthy cash flows. Importantly, we have significant liquidity and are generating significant free cash flow, approximately $240 million in 2011, with multiple avenues for investing this cash for the benefit of our shareholders.

Our top priority is to expand our portfolio of inpatient rehabilitative hospitals. We believe our industry-leading position in this growing segment of healthcare provides a relatively low-risk strategy for growth in light of the following uncertainties: The Supreme Court's ruling on the Affordable Care Act and the impact this ruling will have on healthcare providers, the inevitable Federal debt ceiling debate and further deficit reduction initiatives that will occur within the next 12 months, and the impact of sequestration beginning in 2013 which will compound the 10 years of Medicare payment reductions already mandated by the Affordable Care Act.

Although these are strong headwinds, we believe we can grow during this time of uncertainty using our free cash flow, without incurring additional long-term debt. And we will achieve this near-term growth in three ways. The first is through bed expansions at existing hospitals. Each year we add approximately 80 to 100 beds to those hospitals that are nearing capacity, which is the equivalent of adding between 2 and 2.5 new hospitals each year. We typically add between 5 to 10 beds at each hospital at a cost of approximately $200,000 to $350,000 per bed, and the returns from these bed additions are significant and the risks low, because we know the markets and have established track record of meeting the rehabilitative needs of those markets.

The second approach is through our de novo strategy, whereby we enter new markets or expand our footprint in existing markets, via the development of new hospitals. Our prototype de novo is a 40-bed, all private room hospital, costing approximately $20 million to build and equip. The location of these de novos is carefully and thoroughly assessed, and our track record for bringing them online has been impressive and consistent. Of the six new hospitals open since 2009, all have achieved sustained, positive EBITDA within the first nine months after opening. We currently have four de novos under development, with a pipeline that can generate at least four per year for the next several years.

Finally, we complement these bed additions and de novos with acquisitions of, or joint ventures with, other rehabilitation hospitals and units. Although acquisitions and joint ventures can't be guaranteed because they are negotiated transactions, we have successfully added three new hospitals through acquisitions, purchased and consolidated two competitor rehabilitation units, and entered into a joint venture to consolidate another since 2008. Our goal is to acquire or joint venture at least two rehabilitation hospitals or units per year over the 2012/2014 planning horizon.

In addition to investing in the growth of our core business, our cash flows also can be used to opportunistically repay debt, purchase leased properties, or pursue other capital structure enhancements. We will continue to evaluate these opportunities against the growth opportunities I just outlined, and will do so in a disciplined and discerning manner. While the next several years will present unprecedented challenges for healthcare providers, I believe HealthSouth is uniquely positioned to weather these challenges and to take advantage of the opportunities that may arise. We have created a very strong balance sheet with low leverage and prepayment flexibility. We have a successful business model that addresses the current and future needs of the rapidly growing Medicare population, and because of our efficient cost structure, we generate significant cash flow. We have a near-term growth strategy that allows us to leverage our industry-leading size and scale to expand our core business through multiple, low-cost, relatively low-risk avenues. And, we have a balance sheet, management team, and operating platform that allows us to consider disciplined, opportunistic acquisitions of complementary post-acute services that could supplement our growth over the long term.

So while HealthSouth is extremely well positioned today, I believe its best years are ahead of it. I am very proud of what this management team and our 22,000 employees have accomplished and look forward to continuing success in the future. With that, I will now turn the podium back to our Chairman.

Jon Hanson, Chairman of the Board

I think we ought to give Jay a round of applause. [applause] It is now that time of the meeting where anyone who would like to ask a question or make some comments is invited to do so. A little shy today I see. Ed, nothing special this year? No? Okay. With the formal portion of this meeting having been completed and the polls now closed, I declare this 2012 Annual Meeting of the Stockholders adjourned. However, we have one very important agenda item remaining.

It gives me great honor and pleasure on behalf of the entire Board of Directors and management to recognize and thank all the company's employees who have worked diligently and consistently to make HealthSouth the preeminent provider of inpatient rehabilitative services in the United States. We appreciate their devotion, dedication, and hard work.

Two years ago we introduced the Outstanding Employee Achievement Award as a way to bring further attention to the extraordinary effort and contributions of our employees who are the foundation of this company's success. This year we again choose one outstanding employee from each of the hospitals, based upon the performance in four categories – patient experience, team spirit and cooperation, productivity, and quality improvement. From these hospital winners, a regional leadership team selects a winner from each region and then from the regional winners, the executive team selects the employee to receive the Outstanding Employee Achievement Award. At this time I would ask Mark Tarr to introduce this year's regional winners. Mark.

Mark Tarr, Executive Vice President and Chief Operating Officer

I would like to ask that as I introduce you if you would stand up. I promise this is the last time we're going to make you stand up. Let's start first with Tareka White from our Petersburg, Virginia hospital [applause]; Ashley Miranda from our Colorado Springs hospital [applause]; Bonita Gormly from our Harmarville hospital [applause]; Brian Garrett from our Columbia, Missouri hospital [applause]; Vickie Drake from our Sarasota hospital [applause]; and Earnell Bowers from Alexandria, Louisiana. [applause]

Jon Hanson, Chairman of the Board

Last night the Board hosted the winners from each of the company's regions at a banquet held in their honor and now we're going to view a video highlighting the accomplishments of this year's national award winner.

[VIDEO]

Jon Hanson, Chairman of the Board

I will now ask Jay Grinney to present to this year's Outstanding Employee Achievement to Brian Garrett, Occupational Therapy Manager, Rusk Rehabilitation Center in Columbia, Missouri. Jay.

[Applause]

Jon Hanson, Chairman of the Board

This plaque will hang just outside the main reception of the corporate headquarters so that everyone who comes to visit will see it. Congratulations again to Brian and our other nominees. Again, on behalf of the Board, congratulations to all the nominees. Thank you. We have now completed the entire agenda for this meeting. Thank you all for attending. We are adjourned.