HEALTHSOUTH®

Annual Stockholder Meeting

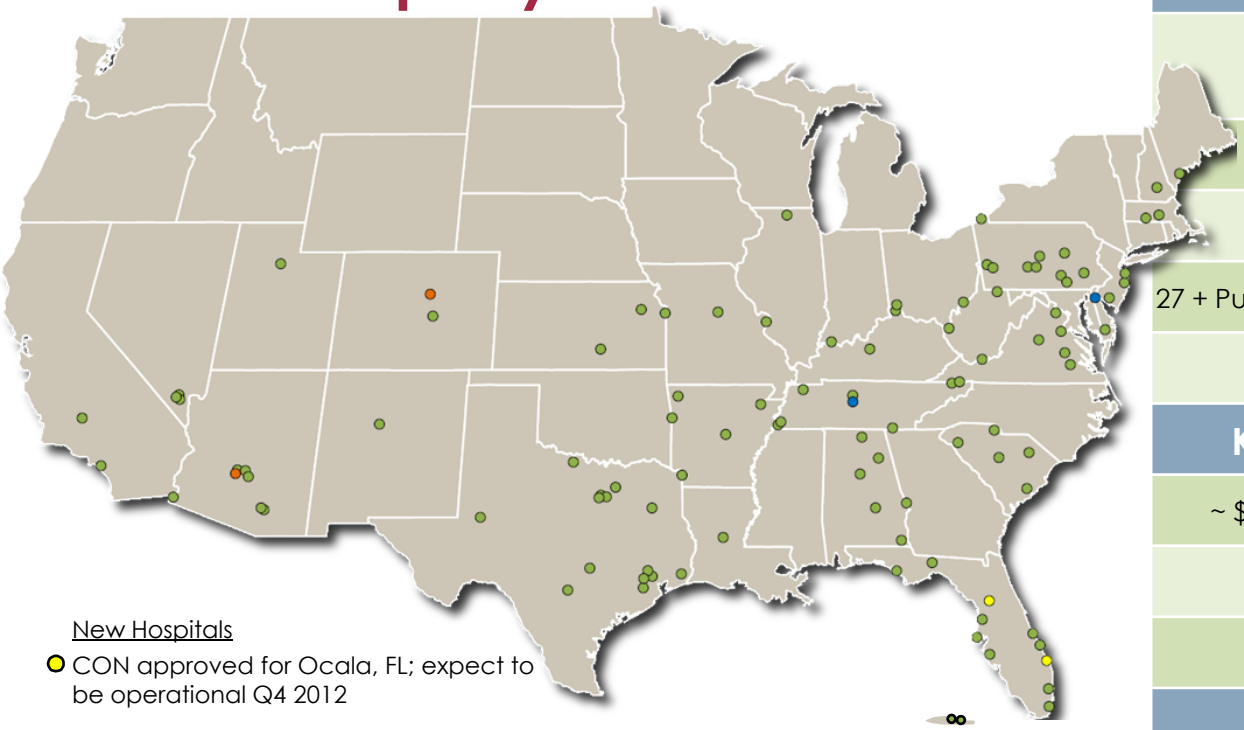






May 3, 2012

Our Company



New Hospitals

- 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 March 31, 2012

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
~ 22,000	Employees

Key Statistics – Trailing 4 Quarters

~ $2.1 Billion	Revenue
120,098	Inpatient Discharges
937,921	Outpatient Visits

Patients Served

Most Common Conditions (Q1 2012):

1. Neurological	18.7%
2. Stroke	17.2%
3. Fracture of the lower extremity	10.2%
4. Debility	9.9%
5. Other orthopedic conditions	9.5%

Marketshare

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

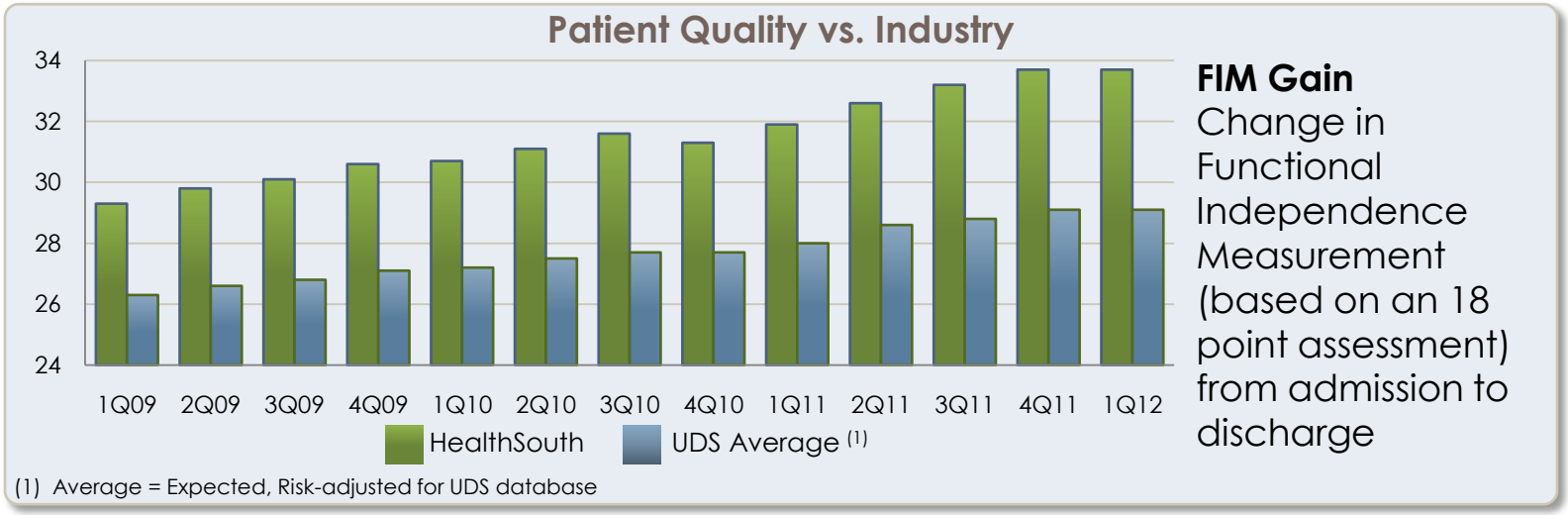
~ 18% of Licensed Beds

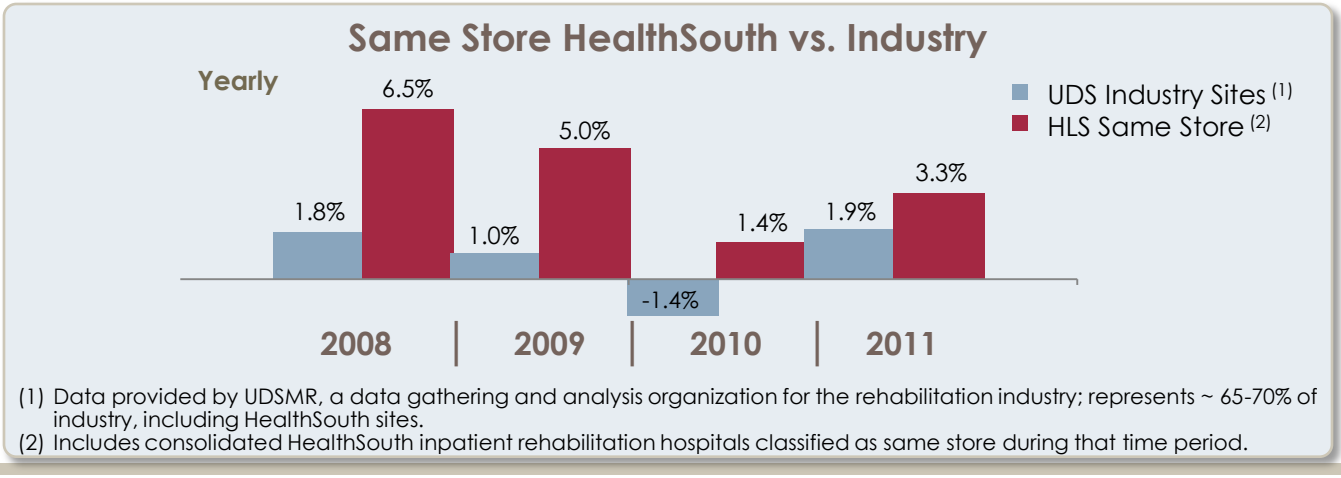
~ 23% of Patients Served

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

Key Performance Measures

Over the past several years, HealthSouth has consistently outperformed the industry in discharge growth and quality of patient outcomes.





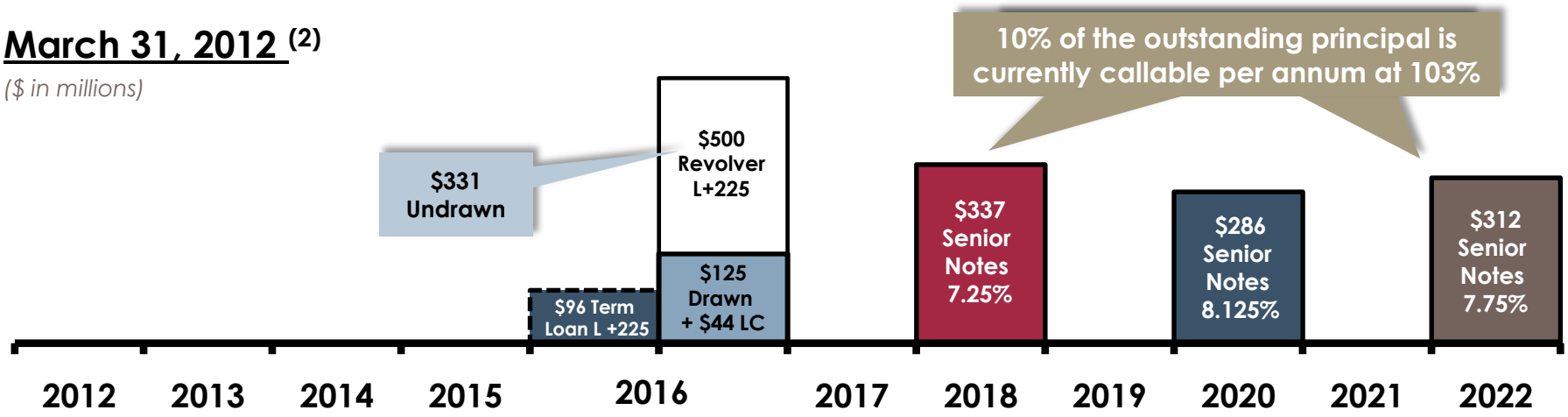
Debt Maturity Profile

HealthSouth is now positioned with a lower-cost, flexible capital structure…

- Additional debt pre-payment opportunities and flexible covenants (1)
- No near-term maturities and well-spaced debt maturities
- Limited exposure to higher interest rates

March 31, 2012 (2)

($ in millions)



(1) The credit agreement has a $200 million restricted payment basket for debt repayment and stock repurchases, which is subject to an annual grower basket equal to 50% of excess cash flow plus certain other amounts including net cash proceeds from certain equity issuances.

(2) Does not include $363.2 million of convertible perpetual preferred stock and capital leases and other note payables.

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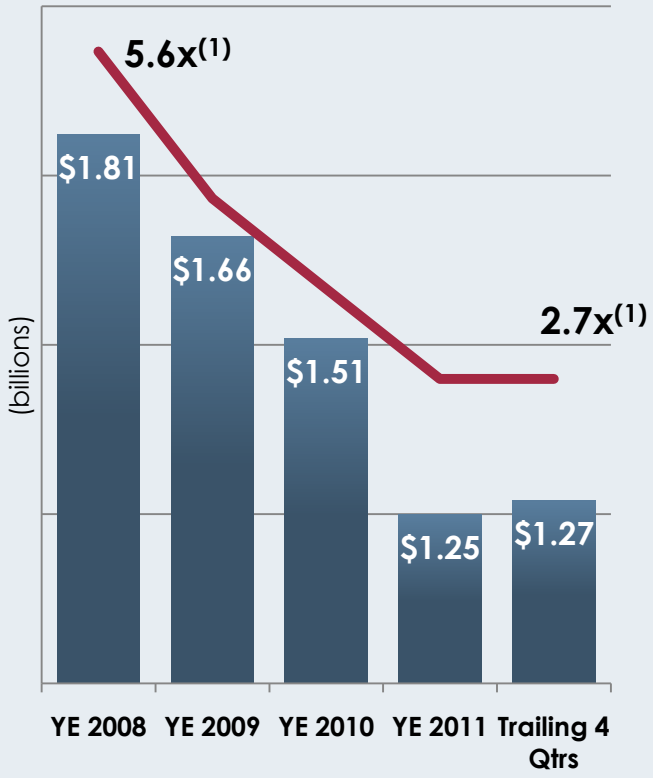
Debt and Liquidity

Debt Outstanding



Liquidity

	March 31, 2012	Dec. 31, 2011
Cash Available	$ 44.3	$ 30.1
Revolver Total Line	$ 500.0	$ 500.0
Less:		
– Draws	(125.0)	(110.0)
– Letters of credit	(44.4)	(44.6)
Available	$ 330.6	$ 345.4
Total Liquidity	$ 374.9	$ 375.5

Credit Ratings

	S&P	Moodys
Corporate Rating	B+ Positive	Ba3 Stable
Revolver Rating	BB	Baa3
Senior Notes Rating	B+	B1

(1) Based on 2008 and trailing 4 quarters Adjusted EBITDA of $322.6 million and $475.7 million, respectively; reconciliation to GAAP provided on slides 35 – 39 of the supplemental slides filed as Exhibit 99.2 to the Form 8-K filed on April 26, 2012.

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Priorities for Reinvesting HealthSouth's Free Cash Flows

Priorities

Growth

- **Growth in core business**
  - Bed expansions (80-100 beds)
  - De novo hospitals (complete Ocala; start 4 others)
  - Acquisitions (target 2/year)
    - Free standing IRFs
    - Hospital unit

(millions)	2012 Assumptions
	$20 to $25
	$50 to $70
	TBD
	$70 to $95, excluding acquisitions

Alternate Opportunities

Debt Reduction

- **Debt prepayment**
- **Purchase leased properties (limited opportunity)**

Shareholder Distribution

- **Convertible preferred stock repurchase ($125 million authorization)**
- **Common share repurchase ($125 million authorization)**
- **Cash dividends (one time or regular)**

Business Outlook: 2012 to 2014

Business Model

- **Adjusted EBITDA CAGR: 5-8%** (1)(2)
- **Adjusted Free Cash Flow CAGR: 12-17%** (1)(2)

Strategy	2011	2012	2013	2014
Delevering (3)	Achieved **< 3.0x** Debt to EBITDA	**< 3.0x** Debt to EBITDA (subject to operating environment)		
Core Growth	**Same-store Growth** (Includes bed expansions and unit consolidations)			
	De novos 1- Cypress, TX	**De novos** 1- Ocala, FL	**De novos** (target of 4/year)	
	IRF Acquisitions 1- Drake, OH	**IRF Acquisitions** (target of 2/year)		
Opportunistic Growth			**Consider opportunistic, disciplined acquisitions** of complementary post-acute services	
Key Operational Initiatives	• **Clinical Information System (CIS)** Pilot	• **CIS** Company-wide Implementation		
	• **Beacon** (Management Reporting Software) = Labor / outcomes / quality optimization • **TeamWorks** = Care Management • **"CPR"** (Comfort, Professionalism, Respect) Initiative			

Key Considerations:
- Regulatory clarity
- Market conditions
- Purchase price and terms and conditions

(1) Reconciliation to GAAP provided on slides 35, 36, 38, and 39 of the supplemental slides filed as Exhibit 99.2 to the Form 8-K filed on April 26, 2012.
(2) These are multi-year CAGRs; annual results may fall outside the range.
(3) Exclusive of any E&Y recovery.