

CHARTER OF THE NOMINATING/CORPORATE GOVERNANCE COMMITTEE OF HEALTHSOUTH CORPORATION

PURPOSE AND PRIMARY OBJECTIVES AND RESPONSIBILITIES

The purpose of the Nominating/Corporate Governance Committee (the "Committee") of the Board of Directors of HEALTHSOUTH CORPORATION (the "Company") is to assist the Board of Directors in fulfilling its responsibilities to the Company and its stockholders, particularly with respect to the manner in which it conducts its stewardship of the Company.

The primary objectives and direct responsibilities of the Committee are to

- (a) create a process that will allow the Committee to identify and evaluate individuals qualified to become members of the Board of Directors, consistent with the criteria approved by the Board of Directors, including individuals proposed for consideration by the Company's shareholders and existing members of the Board of Directors;
- (b) recommend to the Board of Directors the nominees for membership on the Board of Directors to be submitted by the Board of Directors to the stockholders at each annual meeting of stockholders, taking into account the criteria for membership on the Board of Directors set forth in the Corporate Governance Guidelines (as defined below);
- (c) recommend to the Board of Directors candidates to fill vacancies on the Board of Directors and newly-created positions on the Board of Directors resulting from any increase in the authorized number of Directors in the manner provided in the Company's By-laws;
- (d) develop and recommend to the Board of Directors a set of corporate governance principles applicable to the Company, including requirements applicable to all members of the Board of Directors and criteria for the selection of new members of the Board of Directors (the "Corporate Governance Guidelines");
- (e) periodically review and recommend to the Board of Directors such changes in the Corporate Governance Guidelines as the Committee deems necessary or advisable;
- (f) oversee the evaluation of the Board of Directors and the management of the Company;
- (g) perform an annual performance evaluation of the Committee and the members of the Committee;
- (h) report to the Board of Directors on a regular basis, as determined by the Committee or the Board of Directors; and
- (i) fulfill such other duties as may be specified in this charter, including the evaluation duties specified below, and such

other duties as may be delegated to it from time to time by the Board of Directors.

The Committee will coordinate its effort with those of the Compliance Committee in areas in which the responsibilities of the Committee and the Compliance Committee overlap.

COMMITTEE COMPOSITION

The Committee shall consist of no fewer than three members.

Each member of the Committee shall be appointed by the Board of Directors. No member of the Committee may be removed except by a majority of independent directors (as defined in the Corporate Governance Guidelines) then in office. The Board of Directors may fill vacancies on the Committee by a majority vote of the Board of Directors.

Each member of the Committee must qualify as an independent director under the Corporate Governance Guidelines and otherwise meet any qualifications for membership on a nominating / corporate governance committee imposed by any exchange or market on which the Company's common stock may be listed (the "Exchange") and any other laws and regulations applicable to the Company.

The Board of Directors shall designate one member of the Committee as its chairperson (the "Chairman"). Except as may be expressly provided to the contrary in the by-laws of the Company or in this charter, the Committee shall determine the rules of procedure under which the Committee shall operate.

COMMITTEE STRUCTURE AND OPERATION

The Committee shall meet no less than four times per year.

The Chairman shall preside over the meetings of the Committee and shall appoint a secretary (who need not be a member of the Committee) to take written minutes of the meetings.

The Chairman, in consultation with the other members of the Committee, will determine the frequency and duration of the meetings of the Committee and the agenda of items to be addressed at each meeting. In advance of each meeting, the Chairman shall circulate the agenda for each meeting to each member of the Committee. In addition, if requested by the Board of Directors, the Chairman shall call a meeting of the Committee and place on the agenda such items as may be requested by the Board of Directors.

The Committee may invite to its meetings other members of the Board of Directors, members of the Company's management and such other persons as the Committee deems appropriate. The Committee may exclude any person (other than a member of the Committee) from a meeting as the Committee deems appropriate.

The Committee may form and delegate any of its authority and/or responsibilities to one or more subcommittee(s) as deemed appropriate by the Committee; provided, however, that no subcommittee shall consist of fewer than two members; and provided further that the Committee shall not

delegate to a subcommittee any power or authority required by any applicable law, regulation or listing standard to be exercised by the Committee as a whole.

AUTHORITY

The Committee shall have the sole authority to retain and terminate any search firm to be used to identify candidates for membership on the Board of Directors and to approve such search firm's fees and other retention terms. The Committee shall promptly advise the Board of Directors of any proposed retention or termination of a search firm and the fees and other retention terms therefor.

The Committee shall have the authority to

(a) obtain, at the expense of the Company, the advice and assistance of outside advisers, including legal and accounting advisers, as reasonably necessary to fulfill its responsibilities; and

(b) perform all acts necessary or appropriate to fulfill its responsibilities and achieve its objectives under this charter and as otherwise directed by the Board of Directors, provided such acts are not in violation of the by-laws and certificate of incorporation of the Company, this charter, the Corporate Governance Guidelines, the Company's Standards of Business Conduct or any laws and regulations applicable to the Company.

QUALIFICATIONS OF DIRECTORS

The Committee shall develop and recommend to the Board of Directors, as part of the Corporate Governance Guidelines, the criteria for the selection of new members of the Board of Directors and its committees, in accordance with the policies of the Committee, the by-laws of the Company and all laws and regulations applicable to the Company, including criteria relating to

(a) conflicts of interest applicable to the members of the Board of Directors;

(b) expertise required for members of the Board of Directors; and

(c) outside demands on members of the Board of Directors, including other directorships.

REVIEWS AND EVALUATIONS

The Committee shall

(a) conduct an annual performance evaluation of the Committee and the members of the Committee; and

(b) oversee the evaluation of the Board of Directors and the evaluation process for management.

The Committee shall

(a) review the Corporate Governance Guidelines for compliance by the Board of Directors and management of the Company;

(b) advise the Board of Directors of any non-compliance noted during its review; and

(c) recommend to the Board of Directors steps appropriate or necessary to cure such non-compliance.

In performing the reviews and evaluations set forth above, the Committee shall solicit, to the extent practicable, comments from all members of the Board of Directors.

DISCLOSURE OF CHARTER

This charter shall be made available on the Company's website.

DATE OF ADOPTION

This charter was adopted by the Board of Directors effective December 17, 2003.

COMPLIANCE

The Committee, as a whole, and each of the individual members of the Committee shall be in compliance with the provisions of this charter no later than August 31, 2004.