







**Healthways, Inc.****HWAY NASDAQ****Healthcare Facilities**

Market Capitalization USD:

**\$331.30 mm****CONCERN LEVEL: HIGH**

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less. 
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years. 
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group. 
- 7 The company's dilution from equity incentives is 10 percent or less. 
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration. 
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

**CEO: Ben R. Leedle****Age: 51****CEO Since: 2003**

	2009	2010	2011
<b>Base Salary</b>	\$712,400	\$712,400	\$712,400
<b>Discretionary Bonus</b>	\$0	\$0	\$0
<b>Annual Cash Incentive</b>	\$961,694	\$1,196,352	\$0
<b>Benefits and Perquisites</b>	\$119,670	\$95,636	\$39,157
<b>TOTAL ANNUAL COMPENSATION</b>	<b>\$1,793,764</b>	<b>\$2,004,388</b>	<b>\$751,557</b>
<b>Increase in Post-Retirement Benefits</b>	\$0	\$0	\$0
<b>Stock Option Awards</b>	\$724,579	\$931,147	\$1,905,223
<b>Stock Awards</b>	\$621,587	\$212,918	\$667,878
<b>TOTAL COMPENSATION</b>	<b>\$3,139,930</b>	<b>\$3,148,453</b>	<b>\$3,324,658</b>
<b>Median of Other Named Executive Officers Total Compensation</b>	\$1,384,177	\$1,628,484	\$881,178
<b>Value Realized on Exercise of Stock Option</b>	\$552,714	\$601,546	\$0
<b>Value Realized on Vesting of Stock</b>	\$115,537	\$330,452	\$326,021
<b>TOTAL REALIZED EQUITY COMPENSATION</b>	<b>\$668,251</b>	<b>\$931,998</b>	<b>\$326,021</b>

Proxy Date: 20 Apr 2012

Annual Meeting Date: 31 May 2012

Equity Reserves: 19.63%

Stock Option Run Rate: 2.31%

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## Performance Comparison

■ S&P500 ■ Industry ■ HWAY



## Peer Comparisons (TRBC) =Healthcare Facilities

### Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
<b>HWAY</b>	<b>Healthways, Inc.</b>	<b>\$3,139,930</b>	<b>\$3,148,453</b>	<b>\$3,324,658</b>	<b>\$331,296,646</b>
AIRM	Air Methods Corporation	\$993,013	\$2,234,636	\$964,698	\$807,413,786
LTC	LTC Properties, Inc.	\$3,481,251	\$837,149		\$768,223,333
AMSG	AmSurg Corp.	\$1,695,998	\$1,719,398	\$2,280,268	\$704,016,315
HGR	Hanger Orthopedic Group, Inc.	\$2,535,239	\$4,787,455	\$3,380,817	\$632,929,473
ESC	Emeritus Corporation	\$1,600,167	\$2,980,080	\$4,252,150	\$624,686,174
IPCM	IPC The Hospitalist Company, Inc.	\$1,670,840	\$2,380,001		\$586,444,232

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

### Pay Peer Group

NA

### Performance Peer Group

NA

## COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
William D. Novelli	Chairman	70	Male	3	Outside
Alison Taunton-Riabv	Member	67	Female	7	Outside
Marv Jane England	Member	73	Female	8	Outside
William C. O'Neil	Member	77	Male	27	Outside Related