

FIFTH AMENDED AND RESTATED CHARTER OF THE AUDIT COMMITTEE OF ENCOMPASS HEALTH CORPORATION

PURPOSE, OBJECTIVES AND RESPONSIBILITIES

The purpose and objectives of the Audit Committee (the "Committee") of the Board of Directors of Encompass Health Corporation (the "Company") are to assist the Board of Directors in fulfilling its responsibilities to the Company and its stockholders, particularly with respect to the oversight of the accounting, auditing, financial reporting, internal control and compliance practices of the Company.

The specific responsibilities of the Committee are to:

- (a) assist the Board of Directors in the oversight of (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the qualifications and independence of the independent auditor of the Company, and (iv) the performance of the internal audit function and independent auditors of the Company;
- (b) prepare an audit committee report as required by the Securities and Exchange Commission (the "SEC") for inclusion in the Company's proxy statement distributed in connection with the annual meeting of stockholders;
- (c) appoint, compensate, retain and oversee the work of the independent auditors of the Company;
- (d) at least annually, obtain and review a report by the independent auditor describing (i) the internal quality-control procedures of the independent auditor, (ii) any material issues raised by the most recent internal quality-control review, or Public Company Accounting Oversight Board of the independent auditor, or by any inquiry or investigation by governmental or professional authorities,

within the preceding five (5) years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues, and (iii) all relationships between the independent auditor and the Company;

- (e) discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies with management;
- (f) discuss policies with respect to risk assessment and risk management;
- (g) meet separately and periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with independent auditors of the Company;
- (h) set clear hiring policies for employees or former employees of the independent auditors of the Company;
- (i) report regularly to the Board of Directors;
- (j) appoint and oversee the activities of the Inspector General who shall have responsibility to identify violations of law or Company policy relating to accounting or public financial reporting, and set the compensation for the Inspector General and the Inspector General's staff;
- (k) receive and review periodic reports from the Inspector General regarding any indications of violations of law or Company policy relating to accounting or public financial reporting; and
- (l) perform such other duties and responsibilities as may be assigned to the Committee by the Board of Directors.

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, considering the recommendations of the Nominating / Corporate Governance Committee of 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 an audit committee imposed by the New York Stock Exchange and any other laws and regulations applicable to the Company. Without limiting the generality of the foregoing, each member of the Committee must be financially sophisticated, as such qualification is determined by the Board of Directors. No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies, unless the Board of Directors determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee.

One member of the Committee must qualify as an audit committee financial expert under the rules promulgated by the SEC pursuant to Section 407 of the Sarbanes-Oxley Act of 2002.

The Board of Directors shall designate one member of the Committee as its chairperson (the “Chair”), provided that if the Board of Directors does not so designate a Chair, the members of the Committee, by a majority vote, may designate a Chair. Except as may be expressly provided to the contrary in the bylaws of the Company, this charter or the Corporate Governance Guidelines of the Company, the Committee shall determine the rules of procedure under which it shall operate.

COMMITTEE STRUCTURE AND OPERATION

The Committee will meet as often as it deems necessary to carry out its duties and responsibilities, but in any event not less than four times per year. A majority of the members of the Committee present in person or by means of a conference telephone or other communication equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Chair 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 Committee shall maintain minutes of its meetings and records relating to those meetings.

The Chair, in consultation with the other members of the Committee and subject to the requirements set forth in this Charter, 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 and to the extent practicable, the Chair shall circulate the agenda for each meeting to each member of the Committee. In addition, if requested by the Board of Directors, the Chair 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. In addition, the Committee may delegate to the Chair of the Committee responsibility to approve fees for services provided by the independent auditors of the Company exceeding the previously approved amounts; provided that such fees are approved in accordance with applicable Committee policies; and provided further that such fees shall not exceed 5% of the aggregate previously approved amounts.

AUTHORITY

The Committee shall have the authority to (a) secure independent expert advice to the extent the Committee determines appropriate, including retaining, at the expense of the Company, with or without Board approval, independent counsel, accountants, consultants or others, to assist the Committee in fulfilling its duties and responsibilities, (b) conduct or authorize investigations into or studies of matters within the Committee’s scope of responsibilities, and (c) 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 bylaws and certificate

of incorporation of the Company, this charter, the Corporate Governance Guidelines, the Company's Standards of Business Ethics and Conduct or any laws and regulations applicable to the Company.

INDEPENDENT AUDITORS

The Committee shall have the sole authority to (a) appoint and replace the independent auditors of the Company, subject to shareholder ratification if deemed appropriate by the Committee or required by the bylaws or certificate of incorporation of the Company, the Corporate Governance Guidelines or any laws and regulations applicable to the Company, (b) approve, in advance of their provision, any audit services to be provided by the independent auditors of the Company, (c) approve, in advance of their provision, any non-audit services to be provided by the independent auditors of the Company, and (d) approve all engagement fees and terms of the independent auditors of the Company.

The Committee shall be directly responsible for the oversight of the work of the independent auditors of the Company, including the resolution of disagreements between management and the independent auditors of the Company regarding financial reporting.

The Committee shall, at least annually, review and report its conclusion to the Board of Directors, the qualifications and independence of the independent auditor of the Company, including considering whether regular rotation of the independent audit firm is advisable, monitoring compliance by the Company of the employee conflict of interest requirements contained in the Sarbanes-Oxley Act of 2002, and engaging in a dialogue with the independent auditors to confirm that audit partner compensation is consistent with applicable SEC rules.

The independent auditors of the Company shall report directly to the Committee.

The Committee shall:

- (a) ensure that the independent auditors of the Company and its partners are in compliance with the provisions of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder relating to required rotation of audit partners;
- (b) discuss with the independent auditors of the Company any significant communications between the audit team

members and the independent auditor's "national office" regarding auditing or accounting issues presented by the engagement;

- (c) discuss with the independent auditor the independent auditor's independence;
- (d) discuss with management and the independent auditors of the Company any accounting adjustments that were noted or proposed by the independent auditors of the Company but were rejected by management (as immaterial or otherwise);
- (e) review any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Company; and
- (f) review any reports of the independent auditors of the Company required under the Sarbanes-Oxley Act of 2002 and obtain from the independent auditors of the Company any information with respect to illegal acts in accordance with Section 10A of the Securities Exchange Act of 1934 and the rules promulgated thereunder.

INTERNAL AUDIT FUNCTION

The Committee shall ensure the Company maintains an internal audit function.

The head of the internal audit function shall be designated as the Inspector General of the Company and shall report directly to the Committee.

The Committee shall be responsible, on a periodic basis as deemed appropriate by the Committee, for reviewing and evaluating (a) the internal audit function of the Company, including the independence, competence, staffing adequacy and authority of the internal auditor, the reporting relationship among the internal auditor, financial management and the Committee, the internal audit reporting obligations, the proposed internal audit plans and the coordination of such plans with the independent auditors of the Company and (b) the findings of the internal audit staff from completed audits.

INSPECTOR GENERAL

The Committee shall (a) establish the qualification, authority and responsibilities of the Inspector General, (b) have sole authority to hire or terminate the Inspector General at a compensation level set by the Committee, (c) set the compensation level of the Inspector General's staff, (d) assist and oversee the Inspector General in the accomplishment of his/her duties, and (e) require the Inspector General to prepare reports to the Committee as needed on any violations of law or Company policy relating to accounting or public financial reporting.

REVIEWS AND EVALUATIONS

The Committee shall be responsible, at least on an annual basis, for reviewing and evaluating (a) the performance of the Committee and the members of the Committee, (b) whether this charter appropriately addresses the matters that are or should be within its scope and shall recommend such changes as it deems necessary or appropriate, (c) the performance of the Inspector General, and (d) the performance of the independent auditors of the Company, including the lead partners of the independent auditors.

The Committee shall be responsible, on a periodic basis as deemed appropriate by the Committee, for reviewing and evaluating:

- (a) with management and the independent auditors of the Company, the annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to the filing of the annual report on Form 10-K and the quarterly report on Form 10-Q, as applicable;
- (b) with management and the independent auditors and the internal auditing department of the Company, as applicable:
 - (i) all critical accounting policies and practices to be used, significant issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or

application of accounting principles, and significant issues regarding the adequacy of the Company's disclosure controls and procedures;

- (ii) all alternative treatments of financial information that have been discussed by the independent auditors and management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors;
- (iii) all other material written communications between the independent auditors and management, such as any management letter and any schedule of unadjusted differences;
- (iv) any difficulties or issues encountered in the course of the audit work performed by the independent auditors of the Company, including any disagreements with management or restrictions in the scope of the independent auditors activities or on access to requested information and management's response thereto; and
- (v) the effect of new securities regulations and accounting pronouncements on the financial disclosures of the Company;
- (c) with management, the Company's risk assessment and risk management policies; and
- (d) the Committee's involvement and interaction with the independent auditor and with internal auditors, as well as interaction with key members of financial management, including the chief financial officer and chief accounting officer.

The Committee shall deliver to the Board of Directors a report, which may be oral, setting forth the results of its evaluations including any

recommended changes to the policies and procedures of the Company or the Board of Directors.

The Committee shall make any necessary changes, or recommend that the Board of Directors make any necessary changes, required to correct any deficiencies noted by the Committee in performing the reviews and evaluations set forth above.

FUNDING

The Board of Directors shall ensure that the Company provides appropriate funding, as determined by the Committee, in order for the Committee to fulfill its responsibilities and achieve its objectives under this charter and as otherwise directed by the Board of Directors, including the payment of compensation to the independent auditors of the Company, to any advisers engaged by the Committee pursuant to this charter, to the Inspector General and his/her staff, and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

ADDITIONAL RESPONSIBILITIES

The Committee shall, on a periodic basis as deemed appropriate by the Committee, discuss (a) with management and the independent auditors of the Company, any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies, and (b) with the Company's chief counsel, legal or regulatory matters that may have a material impact on the Company's financial statements or its compliance and reporting policies.

The Committee shall establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting and auditing matters.

The Committee shall review disclosures made by the principal executive officer and principal financial officer of the Company regarding compliance with the certifications requirements under the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder, including with respect to the Company's disclosure controls and procedures.

LIMITATIONS OF COMMITTEE'S ROLES

Although the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to prepare financial statements, plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditors of the Company.

DISCLOSURE OF CHARTER

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

DATE OF ADOPTION

This amended and restated charter was approved by the Board of Directors on February 21, 2019.

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While the members of the Committee have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of members of the Committee, except to the extent otherwise provided under applicable federal or state law.