HEALTHSOUTH®



Barclays' 2012 High Yield Bond and Syndicated Loan Conference
Phoenix | March 26- 27, 2012

Doug Coltharp, EVP and Chief Financial Officer

Forward-Looking Statements

The information contained in this presentation includes certain estimates, projections and other forward-looking information that reflect our current outlook, views and plans with respect to future events, including legislative and regulatory developments, strategy, capital expenditures, development activities, dividend strategies, effective tax rates, financial performance, and business model. These estimates, projections and other forward-looking information are based on assumptions that HealthSouth believes, as of the date hereof, are reasonable. Inevitably, there will be differences between such estimates and actual events or results, and those differences may be material.

There can be no assurance that any estimates, projections or forward-looking information will be realized.

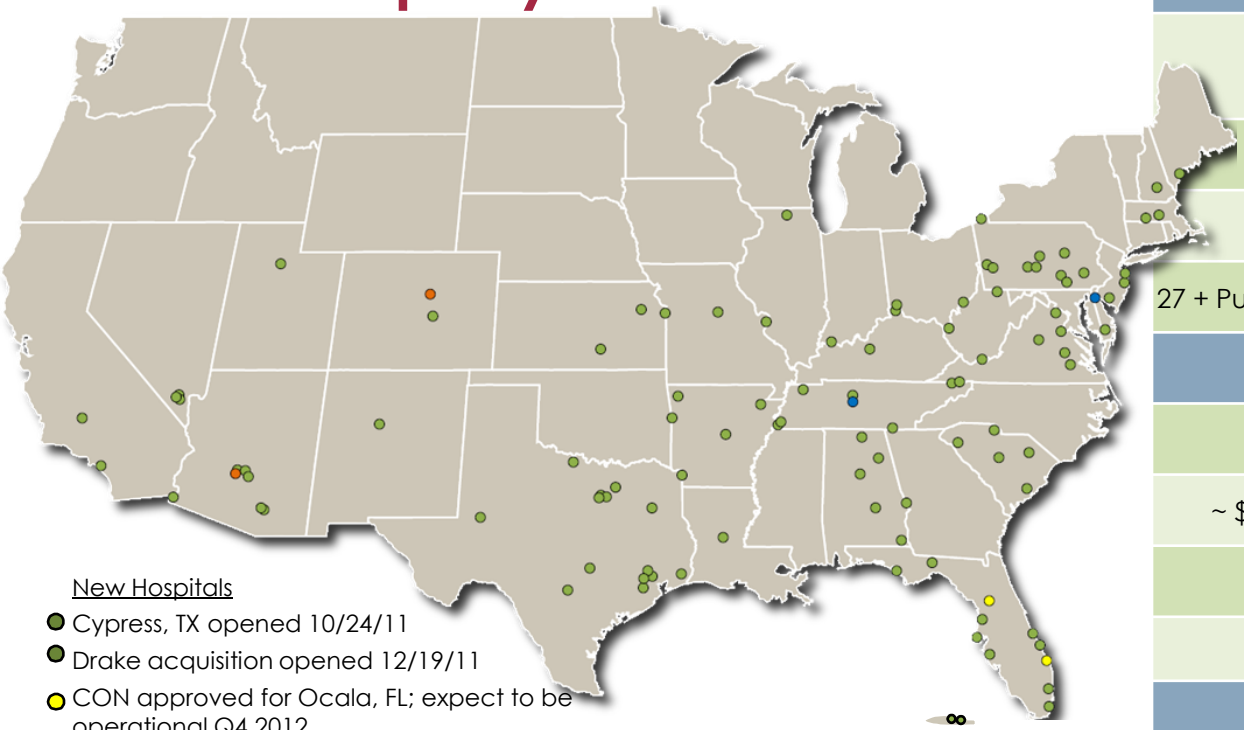
All such estimates, projections and forward-looking information speak only as of the date hereof. HealthSouth undertakes no duty to publicly update or revise the information contained herein.

You are cautioned not to place undue reliance on the estimates, projections and other forward-looking information in this presentation as they are based on current expectations and general assumptions and are subject to various risks, uncertainties and other factors, including those set forth in the Form 10-K for the year ended December 31, 2011, and in other documents we previously filed with the SEC, many of which are beyond our control, that may cause actual results to differ materially from the views, beliefs and estimates expressed herein.

Note Regarding Presentation of Non-GAAP Financial Measures

The following presentation includes certain "non-GAAP financial measures" as defined in Regulation G under the Securities Exchange Act of 1934. Schedules are attached that reconcile the non-GAAP financial measures included in the following presentation to the most directly comparable financial measures calculated and presented in accordance with Generally Accepted Accounting Principles in the United States. Our Form 8-K, dated March 5, 2012, provides further explanation and disclosure regarding our use of non-GAAP financial measures and should be read in conjunction with these supplemental slides.

Our Company



New Hospitals

- Cypress, TX opened 10/24/11
- Drake acquisition opened 12/19/11
- 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 Dec. 31, 2011

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

Key Statistics

~ 22,000	Employees
~ $2.0 Billion	Revenue
118,354	Inpatient Discharges
943,439	Outpatient Visits

Patients Served

Most Common Conditions (Q4 2011):

1. Neurological	17.5%
2. Stroke	16.4%
3. Debility	10.8%
4. Fracture of the lower extremity	10.5%
5. Other orthopedic conditions	10.0%

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.

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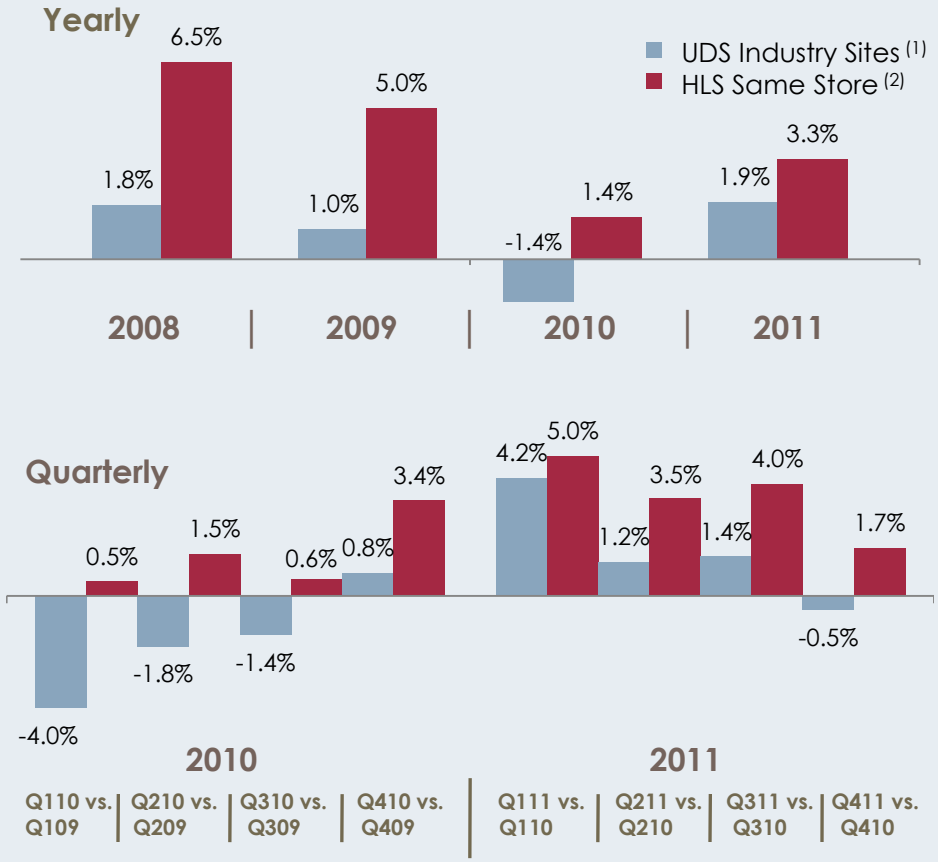
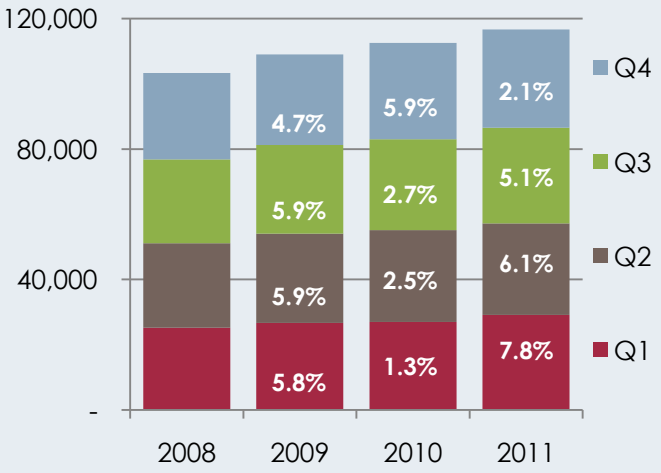
Our Historic Discharge Growth vs. Industry

HealthSouth's volume growth has outpaced competitors'

Same Store HealthSouth vs. Industry



Quarterly Discharge Growth



	2008	2009	2010	2011
Yearly Discharge Growth	6.9%	5.6%	3.1%	5.2%

- TeamWorks = standardized and enhanced sales and marketing
- Bed additions will help facilitate continued organic growth

(1) Data provided by UDSMR, a data gathering and analysis organization for the rehabilitation industry; represents ~ 65-70% of industry, including HealthSouth sites.
(2) Includes consolidated HealthSouth inpatient rehabilitation hospitals classified as same store during that time period.

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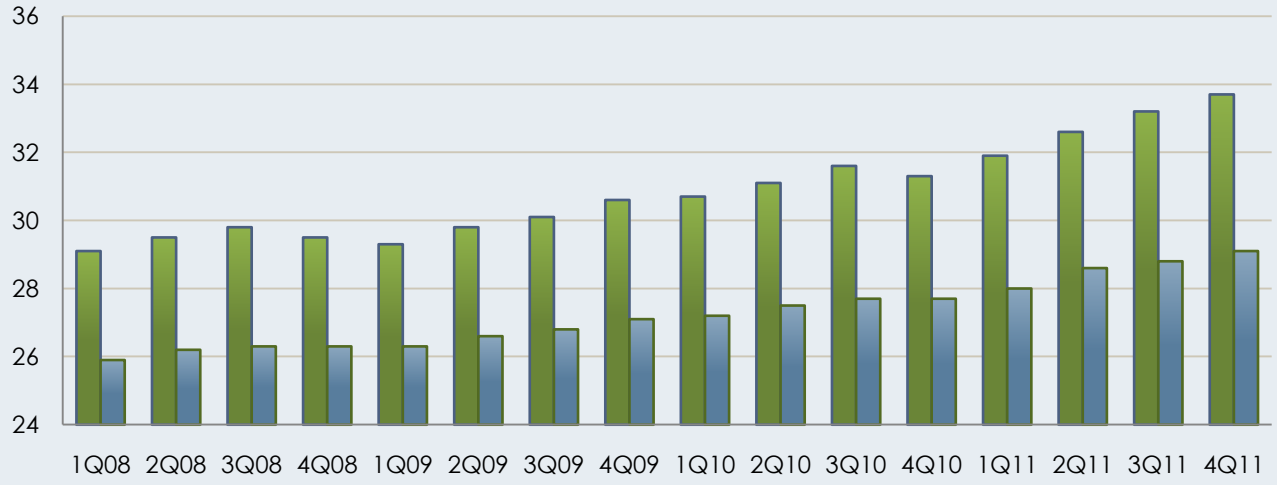
Our Quality

- **Inpatient rehabilitation hospitals evaluate all patients at admission and upon discharge to determine their functional status.**
  - The Functional Independence Measurement ("FIM") patient assessment instrument is used for these evaluations.
- **The difference between the FIM scores at admission and upon discharge is called the "FIM Gain."**
  - The greater the FIM Gain, the greater the patient's level of independence, the better the patient outcome.



FIM Gain
Change in Functional Independence Measurement (based on an 18 point assessment) from admission to discharge

(1) Average = Expected, Risk-adjusted for UDS database

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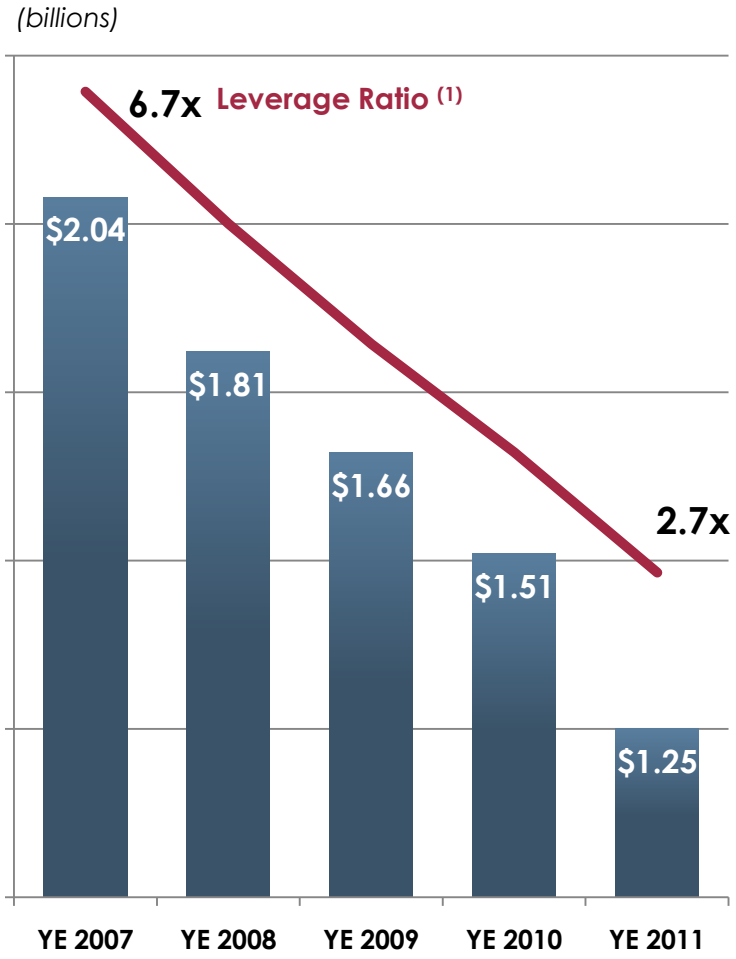
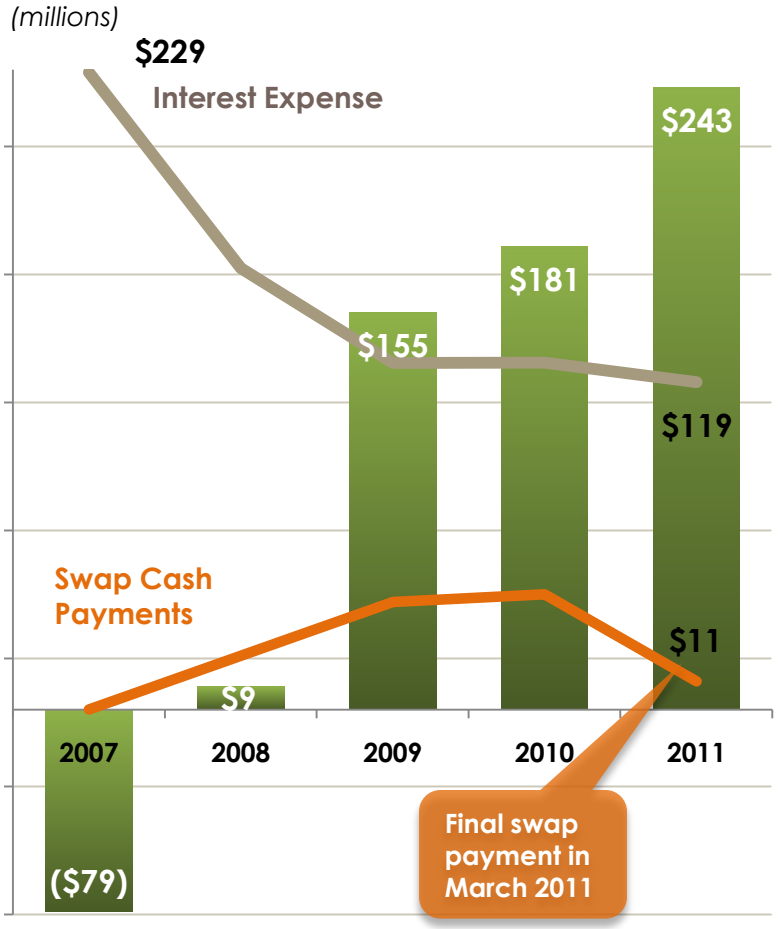
Our Track Record

Total Debt



Adjusted Free Cash Flow (1)



(1) Reconciliation to GAAP provided on slides 16 – 23.

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

Capital Structure Enhancements:

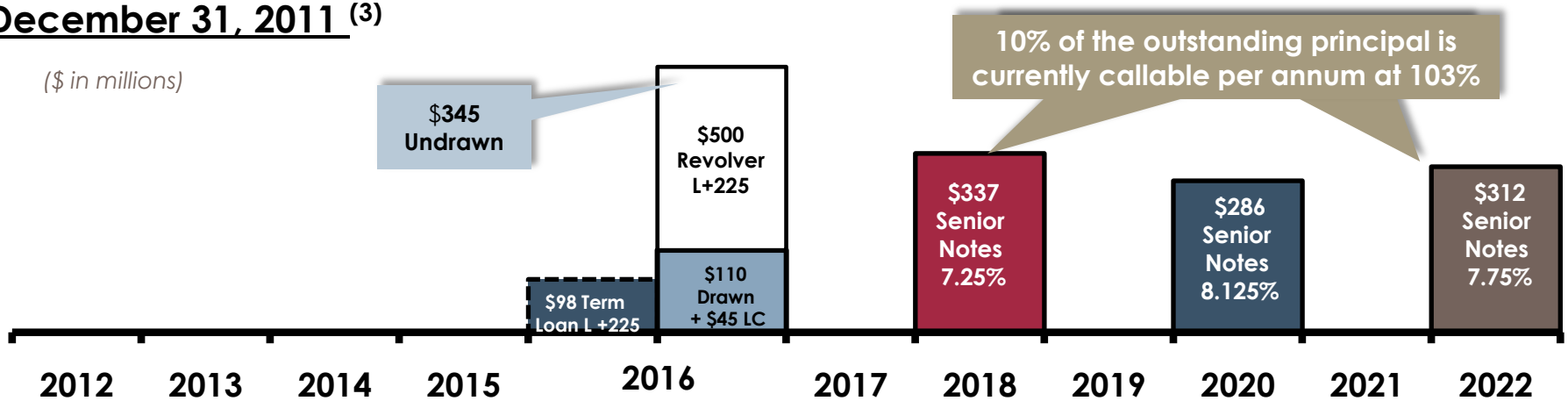
- Completed the retirement of the 10.75% notes due 2016
- Reduced total debt by $256.6 in 2011
- Leverage ratio reduced to 2.7x (1)

Debt Profile:

- Additional debt pre-payment opportunities and flexible covenants (2)
- No near-term maturities and well-spaced debt maturities
- Limited exposure to higher interest rates

Credit Rating	S&P	Moody's
Corporate	B+ Positive	B1 Positive
Revolver	BB	Ba1
Senior Notes	B+	B2

December 31, 2011 (3)



(1) Based on 2011Adjusted EBITDA of $466.2 million; reconciliation to GAAP provided on slides 17, 18, and 23.
(2) 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.
(3) Does not include $387.4 million of convertible perpetual preferred stock and capital leases and other note payables.

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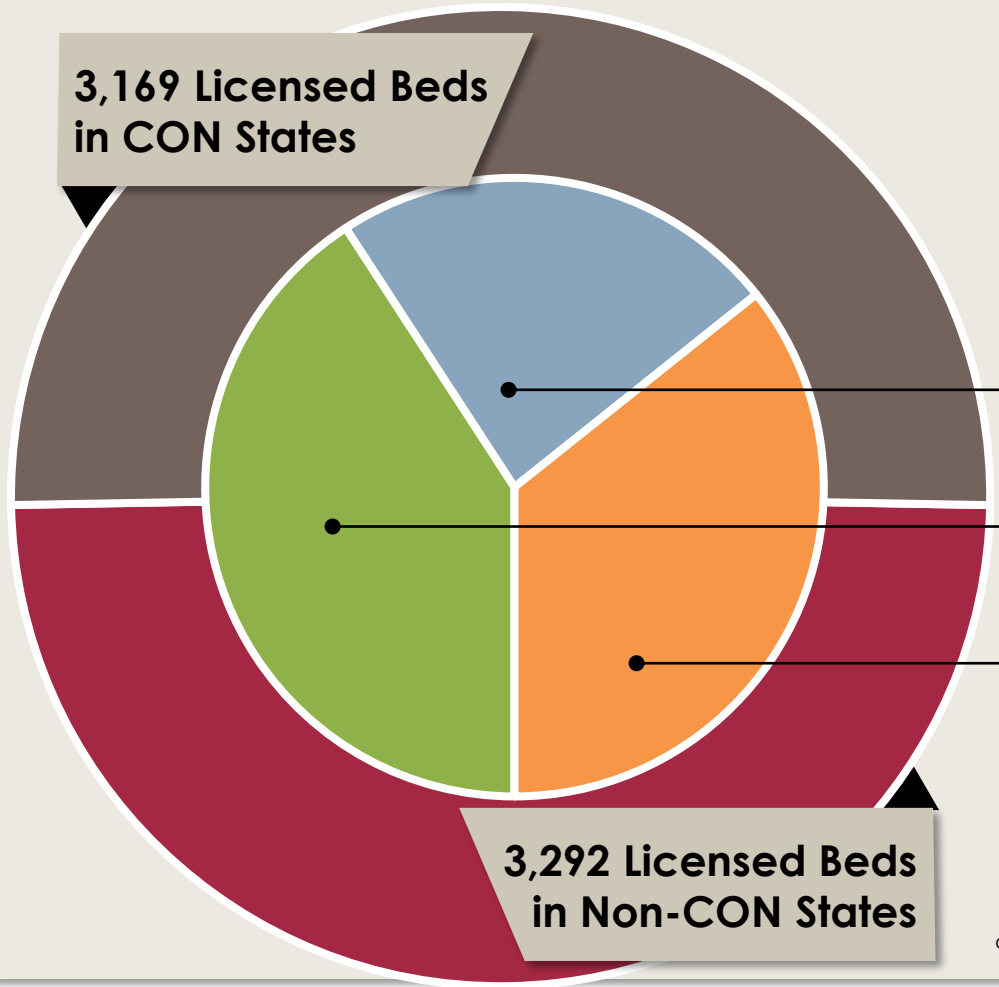
Our Assets

99 (1) Inpatient Rehabilitation Hospitals; 6,461 Licensed Beds (2)



24 Own Hospital Building Only

40 Own Building and Land

35 Lease Building and Land

A Certificate of Need (CON) is a legal document required in many states and some federal jurisdictions before proposed acquisitions, expansions, or creations of facilities are allowed.

(1) 3 of the 99 HealthSouth hospitals are non-consolidated. Of those 3, 2 are lease building and land, and 1 is own building and land.
(2) Excludes 234 licensed beds at non-consolidated hospitals

Business Outlook: 2012 to 2014

Business Model

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

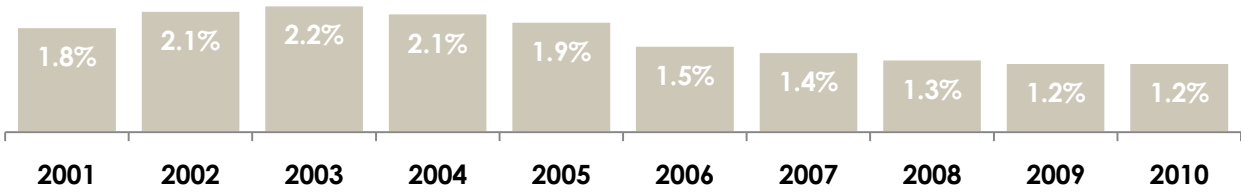
Strategy	2011	2012	2013	2014
Delevering (3)	Achieved **< 3.0x** debt to EBITDA	**< 3.0x** debt to EBITDA (subject to operating environment)		
Growth	**Same-store growth** (Includes bed expansions and unit consolidations)			
	De novos 1- Cypress, TX	**De novos** 1- Ocala, FL	**De novos** (target of 4/year)	
	IRF Acquisitions 1- Drake, OH	**IRF acquisitions** (target of 2/year)		
			Opportunistic, disciplined acquisitions of complementary post-acute services	
			Key Criteria: • Regulatory clarity • Market conditions • Purchase price and terms and conditions	
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			

(1) Reconciliation to GAAP provided on slides 16, 17, 18, and 23.
(2) These are multi-year CAGRs; annual results may fall outside the range.
(3) Exclusive of any E&Y recovery.

Priorities for Reinvesting HealthSouth's Free Cash Flows

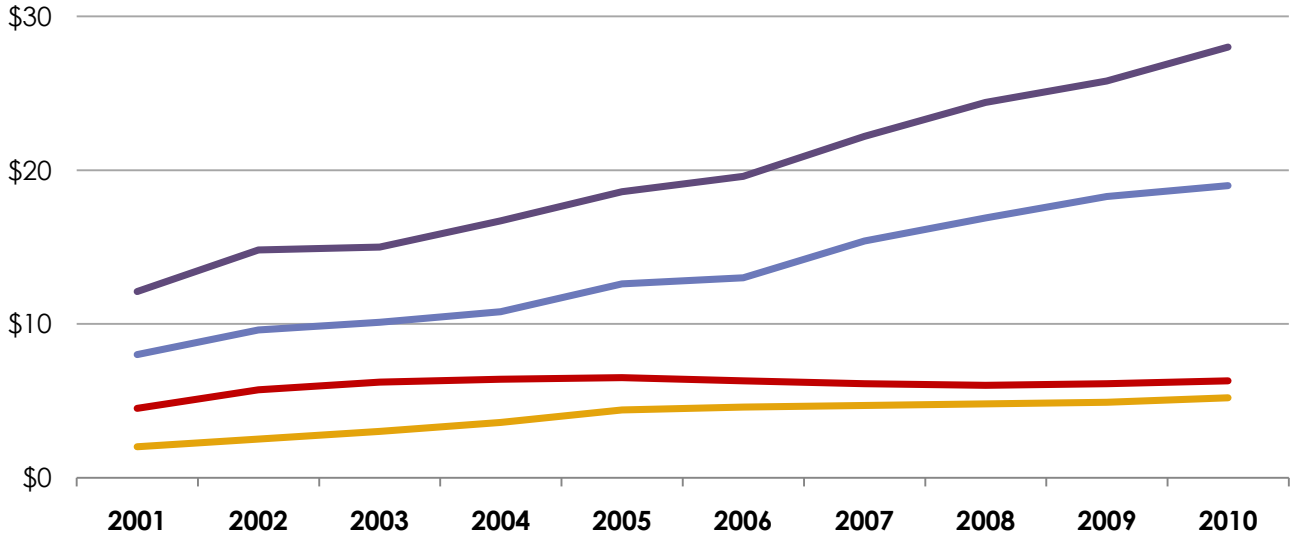


Medicare Spending on Post-Acute Services



Inpatient rehabilitation spending (% of total Medicare spending)

Total Medicare Spending on Post-Acute Services **$58.5 billion** in 2010



Post-Acute Settings	2010 Medicare Margin
Skilled nursing facilities	18.5%
Home health agencies	19.4%
Inpatient rehabilitation hospitals	8.8%
Long-term acute care hospitals	6.4%

Note: These numbers are program spending only and do not include beneficiary copayments.
Sources: Center for Medicare & Medicaid Services, Medicare Trustees Report May 2011 – Page 45, MedPAC Data Book, June 2011 – page 122, MedPAC December 2011 Public Meeting, Assessing Payment Adequacy

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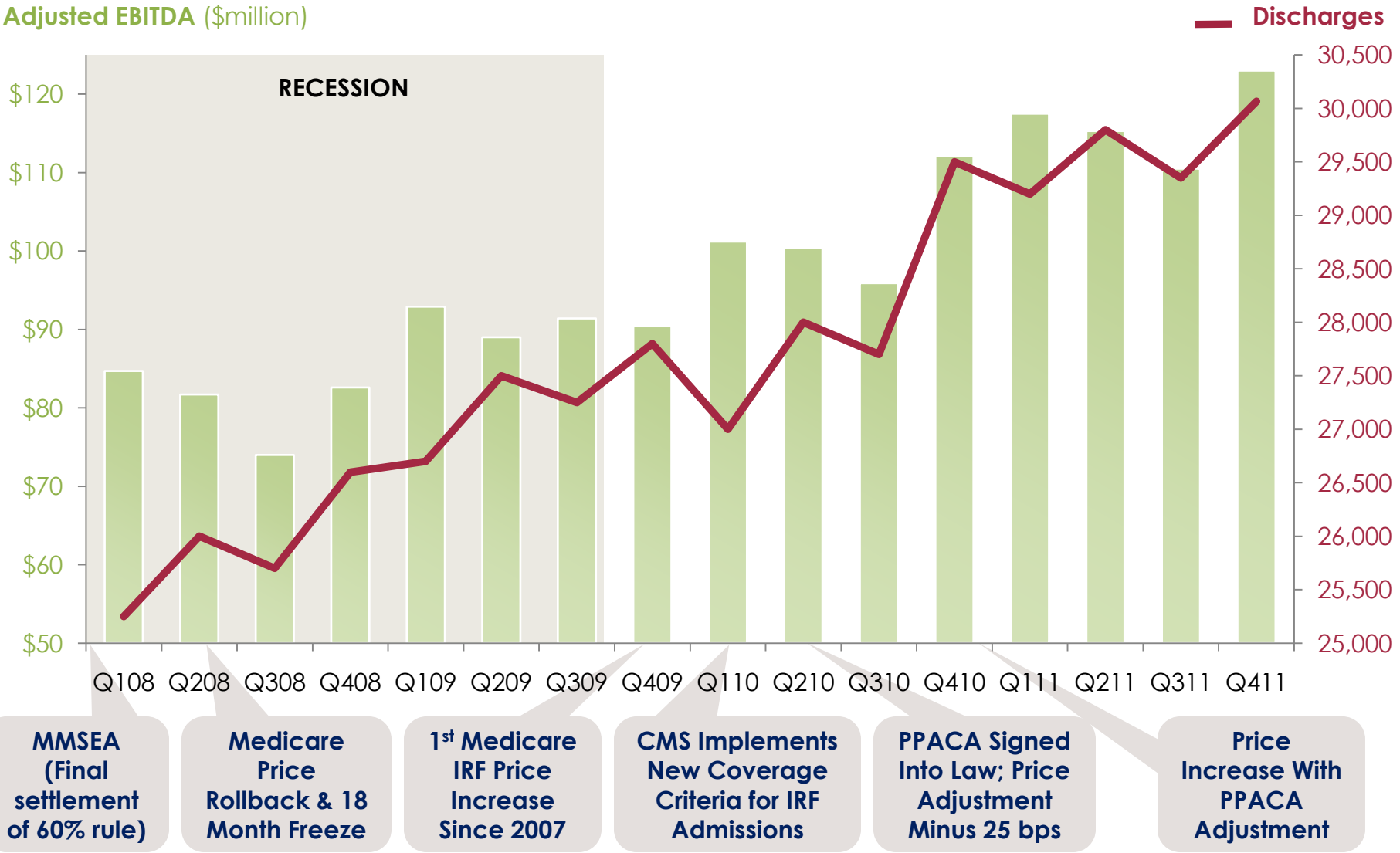
HealthSouth has successfully managed through Medicare payment cuts and an economic recession…



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Strong and Sustainable Business Fundamentals

Attractive Healthcare Sector	• Favorable demographic trends • Non-discretionary nature of many conditions treated in IRFs • Highly fragmented industry
Industry Leading Position	• #1 market share: above industry same-store growth and margins • Consistent achievement of high-quality, cost-effective care • Roll-out of state-of-the-art clinical information system
Cost-Effectiveness	• Focused labor management • Continued improvements in supply chain • Significant operating leverage of G&A expense
Real Estate Portfolio	• Portfolio of strategically located, well-designed physical assets • 99 IRFs [1]; 64 owned and 35 long-term, real estate leases • Relatively low maintenance capex requirements
Financial Strength	• Strong balance sheet; ample liquidity; no near-term maturities • Minimal cash taxes ($7 - $10 million / year) attributable to NOLs • Substantial free cash flow generation
Growth Opportunities	• Located in Medicare growth markets • Flexible, accelerated de novo strategy • Hospital acquisitions and unit consolidations

(1) Inclusive of non-consolidated entities

Appendix

Debt Schedule

(Millions) Corporate	Credit Rating S&P B+	Credit Rating Moody B1	Dec. 31, 2011	Dec. 31, 2010	Change in Debt vs. YE 2010
Advances under $500 million revolving credit facility, May 2016 - 3 Month LIBOR +225bps	BB	Ba1	$ 110.0	$ 78.0	$ 32.0
Term loan facility, May 2016 - 3 Month LIBOR +225bps	BB	Ba1	97.5	-	97.5
Bonds Payable:					
10.75% Senior Notes due 2016	B+	B2	-	495.5	(495.5)
7.25% Senior Notes due 2018	B+	B2	336.7	275.0	61.7
8.125% Senior Notes due 2020	B+	B2	285.8	285.5	0.3
7.75% Senior Notes due 2022	B+	B2	312.0	250.0	62.0
Other bonds payable			1.5	1.8	(0.3)
Other notes payable			35.3	36.4	(1.1)
Capital lease obligations			75.9	89.1	(13.2)
Long-term debt			**$ 1,254.7**	**$ 1,511.3**	**$ (256.6)**
	Debt to Adjusted EBITDA [1]		**2.7x**	**3.7x**	

(1) Based on 2011 and 2010 Adjusted EBITDA of $466.2 million and $409.6 million, respectively; reconciliation to GAAP provided on slides 17, 18, 19, and 23.

Adjusted Free Cash Flow

Reconciliation of Net Cash Provided by Operating Activities to Adjusted Free Cash Flow

	Q4		Full Year				
(Millions)	**2011**	**2010**	**2011**	**2010**	**2009**	**2008**	**2007**
Net cash provided by operating activities	$ 129.6	$ 67.1	$ 342.7	$ 331.0	$ 406.1	$ 227.2	$ 230.6
Impact of discontinued operations	0.3	(2.8)	(9.1)	(13.2)	(5.7)	(32.5)	(3.3)
Net cash provided by operating activities of continuing operations	129.9	64.3	333.6	317.8	400.4	194.7	227.3
Capital expenditures for maintenance [1]	(15.7)	(13.3)	(50.8)	(37.9)	(33.2)	(41.5)	(22.4)
Net settlements on interest rate swaps [2]	-	(11.0)	(10.9)	(44.7)	(42.2)	(20.7)	0.1
Dividends paid on convertible perpetual preferred stock	(6.5)	(6.5)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)
Distributions paid to noncontrolling interests of consolidated affiliates	(10.3)	(8.1)	(44.2)	(34.4)	(32.6)	(33.4)	(23.4)
Non-recurring items:							
UBS Settlement proceeds, less fees to derivative plaintiffs' attorneys	-	-	-	-	(73.8)	-	-
Net premium paid on bond issuance/redemption	-	-	22.8	-	-	-	-
Cash paid for professional fees - accounting, tax and legal	4.8	3.4	21.0	17.2	15.3	18.2	51.6
Cash (received) paid for government, class action and related settlements	(2.0)	2.1	5.7	2.9	11.2	7.4	171.4
Income tax refunds related to prior periods	(1.0)	(1.6)	(7.9)	(13.5)	(63.7)	(89.4)	(457.7)
Adjusted free cash flow	**$ 99.2**	**$ 29.3**	**$ 243.3**	**$ 181.4**	**$ 155.4**	**$ 9.3**	**$ (79.1)**

(1) Maintenance capital expenditures are expected to be $75 million to $85 million in 2012.

(2) Final swap payment of $10.9 million was made in March 2011.

Reconciliation of Net Cash Provided by Operating Activities to Adjusted EBITDA

(Millions)	Q4		Full Year				
	2011	2010	2011	2010	2009	2008	2007
Net cash provided by operating activities	$ 129.6	$ 67.1	$342.7	$ 331.0	$406.1	$227.2	$230.6
Provision for doubtful accounts	(6.1)	(1.6)	(21.0)	(16.4)	(30.7)	(23.0)	(28.5)
Professional fees—accounting, tax, and legal	4.8	3.4	21.0	17.2	8.8	44.4	51.6
Interest expense and amortization of debt discounts	23.1	34.2	119.4	125.6	125.7	159.3	229.2
UBS Settlement proceeds, gross	-	-	-	-	(100.0)	-	-
Equity in net income of nonconsolidated affiliates	3.2	2.6	12.0	10.1	4.6	10.6	10.3
Net income attributable to noncontrolling interests in continuing operations	(12.5)	(10.6)	(47.0)	(40.9)	(33.3)	(29.8)	(31.1)
Amortization of debt discounts and fees	(0.9)	(1.2)	(4.2)	(6.3)	(6.6)	(6.5)	(7.8)
Distributions from nonconsolidated affiliates	(3.3)	(3.4)	(13.0)	(8.1)	(8.6)	(10.9)	(5.3)
Current portion of income tax expense (benefit)	2.1	4.6	0.6	2.9	(7.0)	(72.8)	(330.4)
Change in assets and liabilities	(15.9)	16.9	49.9	2.8	(2.1)	50.6	5.5
Net premium paid on bond issuance/redemption	-	-	22.8	-	-	-	-
Change in government, class action and related settlements liability	(2.0)	2.1	(8.5)	2.9	11.2	7.4	171.4
Cash used in (provided by) operating activities of discontinued operations	0.3	(2.8)	(9.1)	(13.2)	(5.7)	(32.5)	(3.3)
Other	0.5	0.8	0.6	2.0	1.3	(1.4)	14.5
Adjusted EBITDA	$ 122.9	$112.1	$466.2	$ 409.6	$363.7	$322.6	$306.7

Reconciliation of Net Income to Adjusted EBITDA [1][3]

(in millions, except per share data)	2011 Q1 Total	2011 Q1 Per Share	2011 Q2 Total	2011 Q2 Per Share	2011 Q3 Total	2011 Q3 Per Share	2011 Q4 Total	2011 Q4 Per Share	2011 Full Year Total	2011 Full Year Per Share
Net income	$ 91.5		$ 32.3		$ 68.3		$ 62.5		$ 254.6	
(Income) loss from disc ops, net of tax, attributable to HealthSouth	(17.6)		(2.5)		(34.8)		5.0		(49.9)	
Net income attributable to noncontrolling interests	(11.7)		(10.4)		(11.3)		(12.5)		(45.9)	
Income from continuing operations attributable to HealthSouth [2]	62.2	$ 0.57	19.4	$ 0.14	22.2	$ 0.17	55.0	$ 0.50	158.8	$ 1.42
Gov't, class action, and related settlements	-		(10.6)		-		(1.7)		(12.3)	
Pro fees - acct, tax, and legal	3.8		8.4		4.0		4.8		21.0	
Provision for income tax (benefit) expense	(7.4)		11.2		18.1		15.2		37.1	
Interest expense and amortization of debt discounts and fees	35.1		34.9		26.3		23.1		119.4	
Depreciation and amortization	19.5		19.6		19.5		20.2		78.8	
Loss on early extinguishment of debt	-		26.1		12.7		-		38.8	
Net noncash loss on disposal of assets	0.1		1.0		2.8		0.4		4.3	
Stock-based compensation expense	4.2		5.3		4.9		5.9		20.3	
Adjusted EBITDA [1][3]	$ 117.5		$ 115.3		$ 110.5		$ 122.9		$ 466.2	
Weighted average common shares outstanding:										
Basic		93.1		93.3		93.3		93.3		93.3
Diluted		109.0		109.5		109.2		109.1		109.2

(1) (2) (3) – Notes on page 23.

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Reconciliation of Net Income to Adjusted EBITDA [1][3]

(in millions, except per share data)	2010 Q1 Total	2010 Q1 Per Share	2010 Q2 Total	2010 Q2 Per Share	2010 Q3 Total	2010 Q3 Per Share	2010 Q4 Total	2010 Q4 Per Share	2010 Full Year Total	2010 Full Year Per Share
Net income	$ 50.5		$ 57.5		$ 41.9		$ 789.9		$ 939.8	
Income from disc ops, net of tax, attributable to HealthSouth	(1.2)		(3.4)		(3.4)		(1.2)		(9.2)	
Net income attributable to noncontrolling interests	(9.8)		(10.2)		(10.1)		(10.7)		(40.8)	
Income from continuing operations attributable to HealthSouth [2]	39.5	$ 0.36	43.9	$ 0.40	28.4	$ 0.24	778.0	$ 7.15	889.8	$ 8.20
Gov't, class action, and related settlements	-		-		0.8		0.3		1.1	
Pro fees - acct, tax, and legal	2.9		5.7		5.2		3.4		17.2	
Loss (gain) on interest rate swaps	4.3		(0.3)		9.0		0.3		13.3	
Provision for income tax expense (benefit)	2.4		(1.3)		(0.4)		(741.5)		(740.8)	
Interest expense and amortization of debt discounts and fees	30.5		30.1		30.8		34.2		125.6	
Depreciation and amortization	17.5		17.8		18.4		19.4		73.1	
Net noncash loss on disposal of assets	-		0.4		0.1		0.9		1.4	
Loss on early extinguishment of debt	0.3		0.1		-		11.9		12.3	
Stock-based compensation expense	3.8		4.0		3.4		5.2		16.4	
Other	-		-		0.2		-		0.2	
Adjusted EBITDA [1][3]	$ 101.2		$ 100.4		$ 95.9		$ 112.1		$ 409.6	
Weighted average common shares outstanding:										
Basic		92.7		92.8		92.8		92.8		92.8
Diluted		108.0		108.2		108.3		108.8		108.5

(1) (2) (3) – Notes on page 23.

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Reconciliation of Net Income to Adjusted EBITDA [1] [3]

(in millions, except per share data)	2009 Q1 Total	2009 Q1 Per Share	2009 Q2 Total	2009 Q2 Per Share	2009 Q3 Total	2009 Q3 Per Share	2009 Q4 Total	2009 Q4 Per Share	2009 Full Year Total	2009 Full Year Per Share
Net income	$ 53.5		$ 3.6		$ 24.8		$ 46.9		$ 128.8	
(Income) loss from disc ops, net of tax, attributable to HealthSouth	(1.8)		(5.2)		5.6		(16.3)		(17.7)	
Net income attributable to noncontrolling interests	(8.6)		(9.1)		(8.0)		(8.3)		(34.0)	
Income (loss) from continuing operations attributable to HealthSouth [2]	43.1	$ 0.42	(10.7)	$ (0.20)	22.4	$ 0.18	22.3	$ 0.17	77.1	$ 0.58
Gov't, class action, and related settlements	(15.9)		48.7		8.5		(4.6)		36.7	
Pro fees - acct, tax, and legal	4.8		(3.3)		3.5		3.8		8.8	
Gain on early extinguishment of debt	(1.8)		(1.3)		-		-		-	
Loss on interest rate swaps	5.0		3.8		7.9		2.9		19.6	
Provision for income tax expense (benefit)	1.2		(0.3)		(1.7)		(2.1)		(2.9)	
Interest expense and amortization of debt discounts and fees	34.4		31.1		29.5		30.7		125.7	
Depreciation and amortization	16.6		16.8		17.0		17.2		67.6	
Impairment charges, including investments	0.8		0.1		0.3		0.2		1.4	
Net noncash loss on disposal of assets	1.0		1.2		0.6		0.6		3.4	
Loss on early extinguishment of debt	-		-		-		15.6		12.5	
Stock-based compensation expense	3.7		2.9		3.4		3.4		13.4	
Other	-		-		-		0.4		0.4	
Adjusted EBITDA [1][3]	$ 92.9		$ 89.0		$ 91.4		$ 90.4		$ 363.7	
Weighted average common shares outstanding:										
Basic		87.5		87.6		87.6		92.6		88.8
Diluted		100.9		101.5		102.2		107.8		103.3

(1) (2) (3) – Notes on page 23.

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Reconciliation of Net Income to Adjusted EBITDA [1] [3]

(in millions, except per share data)	2008 Q1 Total	2008 Q1 Per Share	2008 Q2 Total	2008 Q2 Per Share	2008 Q3 Total	2008 Q3 Per Share	2008 Q4 Total	2008 Q4 Per Share	2008 Full Year Total	2008 Full Year Per Share
Net income	$ 26.4		$ 52.4		$ 12.8		$ 190.2		$ 281.8	
Income from disc ops, net of tax, attributable to HealthSouth	(18.9)		(0.1)		(2.5)		(11.0)		(32.5)	
Net income attributable to noncontrolling interests	(6.6)		(8.3)		(6.2)		(8.3)		(29.4)	
Income from continuing operations attributable to HealthSouth [2]	0.9	$ (0.07)	44.0	$ 0.47	4.1	$ (0.03)	170.9	$ 1.70	219.9	$ 2.28
Gain on UBS Settlement	-		-		-		(121.3)		(121.3)	
Gov't, class action, and related settlements	(36.4)		(8.6)		17.1		(39.3)		(67.2)	
Pro fees - acct, tax, and legal	3.5		5.3		4.1		31.5		44.4	
Loss (gain) on interest rate swaps	36.6		(28.5)		8.1		39.5		55.7	
Provision for income tax expense (benefit)	0.7		1.8		(21.3)		(50.3)		(69.1)	
Interest expense and amortization of debt discounts and fees	47.3		43.4		40.3		28.3		159.3	
Depreciation and amortization	28.6		16.7		16.8		16.8		78.9	
Impairment charges, including investments	-		0.6		-		1.8		2.4	
Net noncash (gain) loss on disposal of assets	(0.4)		0.9		0.2		1.3		2.0	
Loss on early extinguishment of debt	0.3		3.5		2.0		0.1		5.9	
Stock-based compensation expense	3.3		2.7		2.5		3.2		11.7	
Adjusted EBITDA [1][3]	$ 84.4		$ 81.8		$ 73.9		$ 82.5		$ 322.6	
Weighted average common shares outstanding:										
Basic		78.9		79.5		87.4		87.4		83.0
Diluted		92.3		93.0		101.0		100.7		96.4

(1) (2) (3) – Notes on page 23.

HEALTHSOUTH

Reconciliation of Net Income to Adjusted EBITDA [1] [3]

(in millions, except per share data)	2007 Total	2007 Per Share
Net income	$ 718.7	
Income from disc ops, net of tax, attributable to HealthSouth	(462.4)	
Net income attributable to noncontrolling interests	(65.3)	
Income from continuing operations attributable to HealthSouth [2]	191.0	$ 2.08
Gov't, class action, and related settlements	(2.8)	
Pro fees - acct, tax, and legal	51.6	
Loss on interest rate swaps	30.4	
Provision for income tax benefit	(325.6)	
Interest expense and amortization of debt discounts and fees	229.2	
Depreciation and amortization	71.3	
Impairment charges, including investments	15.1	
Net noncash loss on disposal of assets	7.3	
Loss on early extinguishment of debt	28.2	
Stock-based compensation expense	10.6	
Other	0.4	
Adjusted EBITDA [1][3]	$ 306.7	
Weighted average common shares outstanding:		
Basic		78.7
Diluted		92.0

(1) (2) (3) – Notes on page 23.

Reconciliation Notes for Slides 18-22

1. Adjusted EBITDA is a non-GAAP financial measure. The Company's leverage ratio (total consolidated debt to Adjusted EBITDA for the trailing four quarters) is, likewise, a non-GAAP financial measure. Management and some members of the investment community utilize Adjusted EBITDA as a financial measure and the leverage ratio as a liquidity measure on an ongoing basis. These measures are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance or liquidity. In evaluating Adjusted EBITDA, the reader should be aware that in the future HealthSouth may incur expenses similar to the adjustments set forth.
2. Per share amounts for each period presented are based on diluted weighted average shares outstanding unless the amounts are antidilutive, in which case the per share amount is calculated using the basic share count after subtracting the $6.5 million per quarter dividend on the convertible perpetual preferred stock. The difference in shares between the basic and diluted shares outstanding is primarily related to our convertible perpetual preferred stock.
3. Adjusted EBITDA is a component of our guidance.