

Raymond James 35th Annual Institutional Investor Conference Orlando, FL | March 3, 2014

Jay Grinney, President and Chief Executive 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, repurchases of securities, 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.

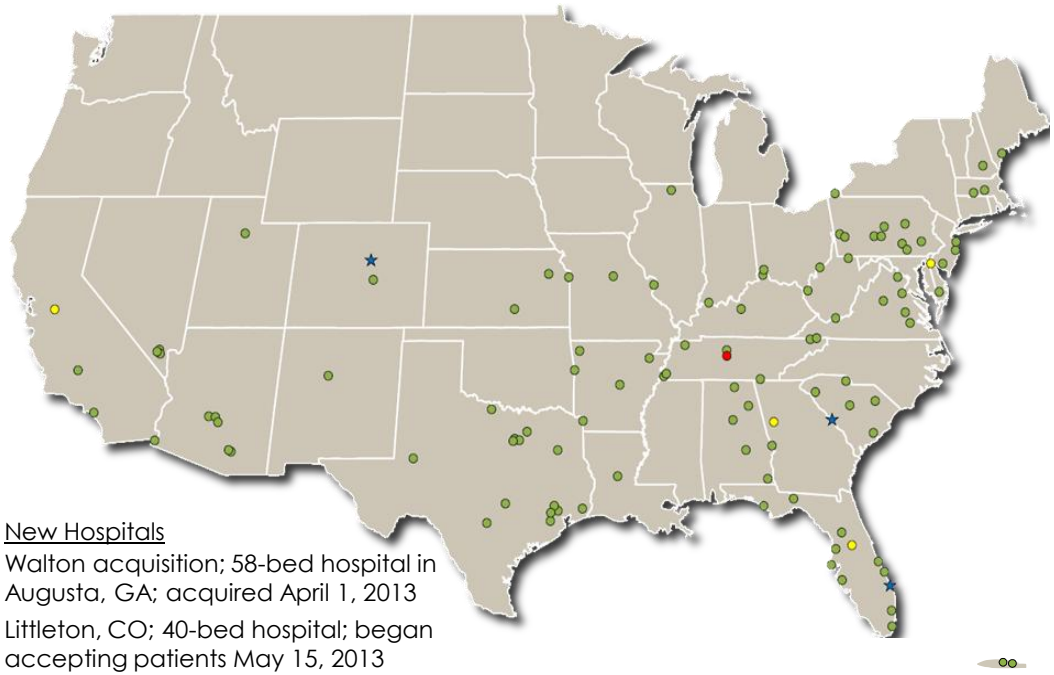
All such estimates, projections and forward-looking information speak only as of the date hereof. HealthSouth undertakes no duty to publicly update or revise the information contained herein.

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, 2013 and in other documents we previously filed with the SEC, many of which are beyond our control, that may cause actual events or 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 February 25, 2014, provides further explanation and disclosure regarding our use of non-GAAP financial measures and should be read in conjuction with these supplemental slides.

Our Company



New Hospitals

- ★ Walton acquisition; 58-bed hospital in Augusta, GA; acquired April 1, 2013
- ★ Littleton, CO; 40-bed hospital; began accepting patients May 15, 2013
- ★ Stuart, FL; 34-bed hospital; began accepting patients June 5, 2013
- ● CON approved for 50-bed hospital in Altamonte Springs, FL; expect to be operational Q4 2014
- ● CON approved for 50-bed hospital in Newnan, GA; expect to be operational Q4 2014
- ● CON approved for 34-bed hospital in Middletown, DE; expect to be operational Q4 2014
- ● Purchased land for 50-bed hospital in Modesto, CA; expect to be operational in Q4 2015
- ● CON approved for 40-bed hospital in Franklin, TN; under appeal

Portfolio – As of December 31, 2013

103	Inpatient Rehabilitation Hospitals ("IRF") • 31 operate as JV's with Acute Care Hospitals
20	Outpatient Rehabilitation Satellite Clinics
25	Hospital-Based Home Health Agencies
28 + Puerto Rico	Number of States
~ 23,600	Employees

Key Statistics – 2013

~ $2.3 Billion	Revenue
129,988	Inpatient Discharges
806,631	Outpatient Visits

Patients Served

Most Common Conditions (Q4 2013):

1. Neurological	23.2%
2. Stroke	16.4%
3. Other orthopedic conditions	9.7%
4. Fracture of the lower extremity	9.2%
5. Knee/Hip replacement	8.2%

Marketshare

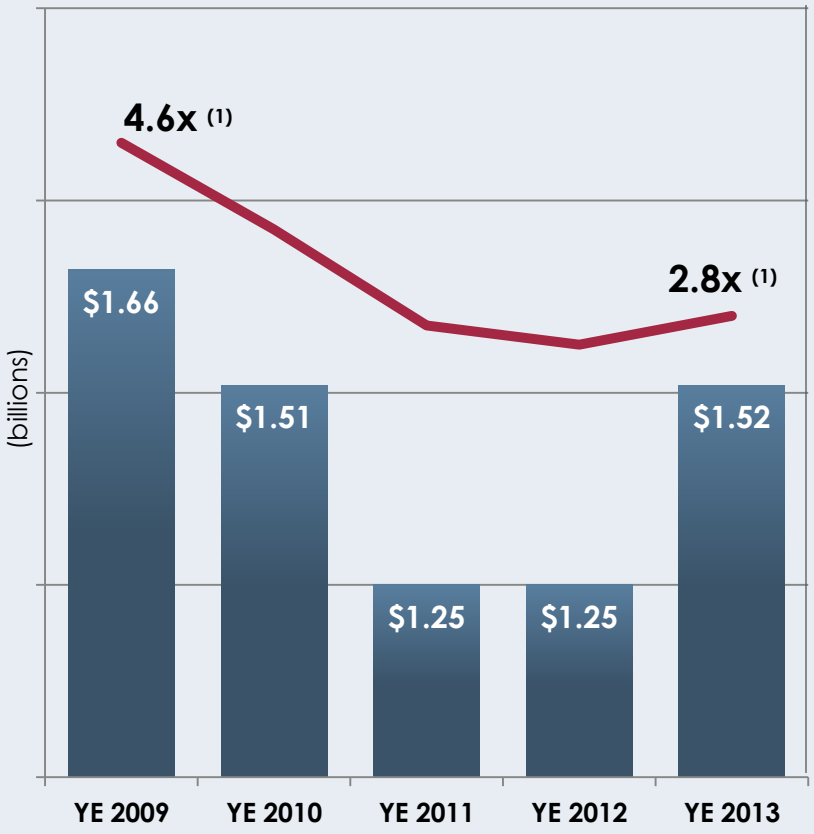
~ 9% of IRFs (Total in U.S. = 1,134)

~ 19% of Licensed Beds

~ 21% of Patients Served

Our Strong Balance Sheet

Debt Outstanding



Liquidity

	Dec. 31, 2013	Dec. 31, 2012
Cash Available	$ 64.5	$ 132.8
Revolver Total Line	$ 600.0	$ 600.0
Less:		
- Draws	(45.0)	-
- Letters of Credit	(36.5)	(39.5)
Available	$ 518.5	$ 560.5
Total Liquidity	$ 583.0	$ 693.3

Credit Ratings

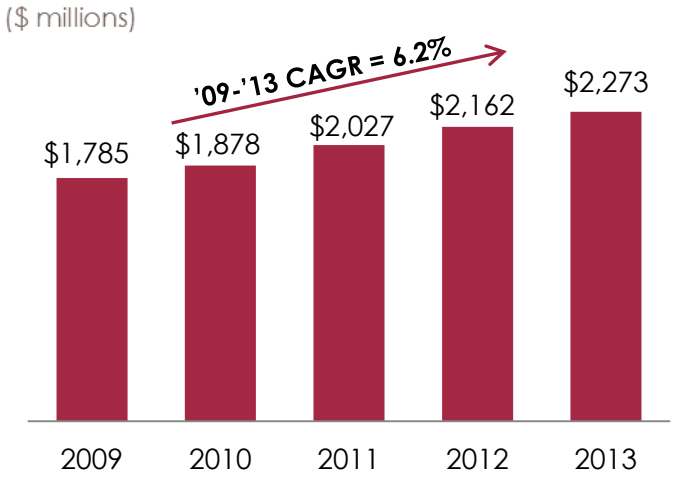
	S&P	Moodys
Corporate Rating	BB- Stable	Ba3 Stable
Revolver Rating	BB+	Baa3
Senior Notes Rating	BB-	Ba3

(1) Based on 2009 and 2013 Adjusted EBITDA of $363.7 million and $551.6 million, respectively; reconciliation to GAAP provided on slides 21-26.

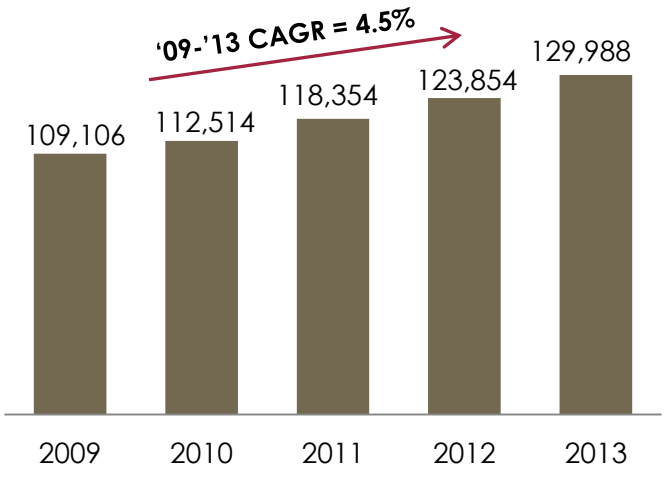
HEALTHSOUTH

Our Track Record

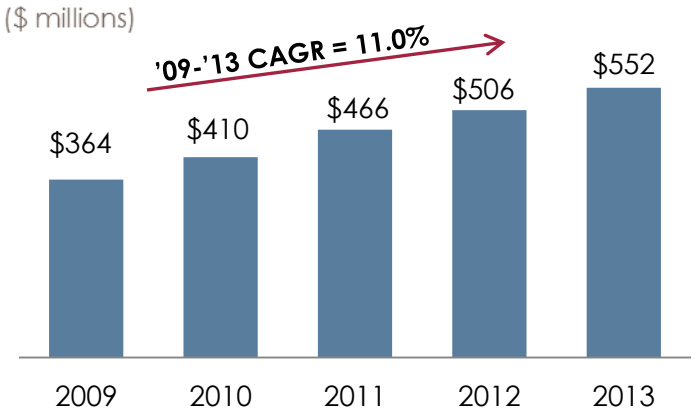
Revenue



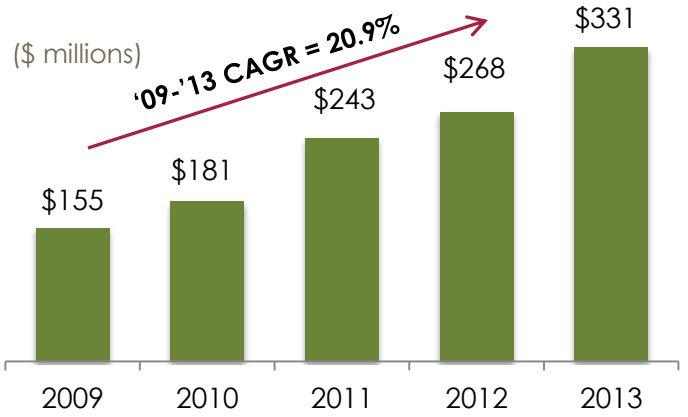
Discharge Volume



Adjusted EBITDA (1)



Adjusted Free Cash Flow (1)



(1) Reconciliation to GAAP provided on slides 20-26.

HEALTHSOUTH

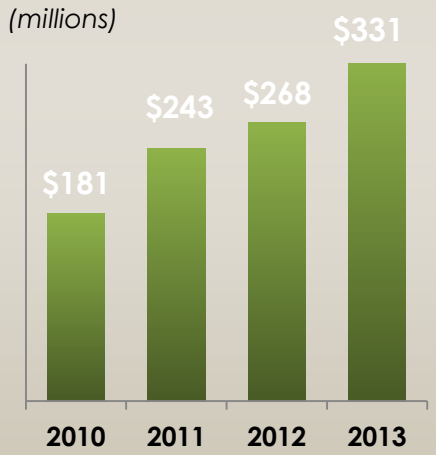
Adjusted Free Cash Flow [1] Considerations

Reflects:

- Continued investment in the CIS and hospital refresh projects
- Timing of maintenance capital expenditures in 2013 and 2014

Certain Cash Flow Items [2] (millions)	2012 Actual	2013 Actual	2014 Assumptions
• Cash interest expense [3]	$90.4	$95.4	$100
• Cash payments for taxes, net of refunds	$9.6	$7.7	$10 to $15
• Working capital and other	$30.4	$19.6	$15 to $25
• Maintenance CAPEX [4]	$83.0	$74.8	$90 to $100
• Dividends paid on preferred stock	$24.6	$23.0	$6

Adjusted Free Cash Flow [1]



(1) Reconciliation to GAAP is provided on slide 20.
(2) Definition of adjusted free cash flow is net cash provided by operating activities of continuing operations minus capital expenditures for maintenance, dividends paid on preferred stock, distributions to noncontrolling interests, and nonrecurring items. Common stock dividends (approx. $16 million paid in Q4 2013 and approx. $64 million projected for 2014) are not included in the calculation of adjusted free cash flow.
(3) Net of amortization of debt discounts and fees
(4) 2013 benefited by approx. $12 million for equipment purchases that were invoiced in Q4 2013 and paid in early 2014.

Priorities for Reinvesting Free Cash Flow

Remains Highest Priority

Growth in Core Business

(millions)

	2012 Actuals	2013 Actuals	2014 Assumptions
Bed expansions (target ~ 80 beds/yr) and unit consolidations	$16.6	$24.9	$25 to $35
New IRF's (target 4-6/yr)	41.1	55.5	55 to 75
	$57.7	$80.4	$80 to $110, excluding acquisitions

Objectives Achieved

Debt Reduction

	2012 Actuals	2013 Actuals	2014 Assumptions
Debt pay down, net [1]	-	($264.0)	N/A
Purchase leased properties	$19.1	90.3	$15 to $20

Complements Growth Investments

Shareholder Distribution

Convertible preferred stock repurchase [1]	46.5	249.0	-
Cash dividends on common stock [2]	-	15.7	64
Common stock repurchase ($250 million authorization) [3]	-	234.1	TBD
	$65.6	$325.1	TBD

(1) Issued $320 million of 2.0% Convertible Senior Subordinated Notes due 2043 in exchange for 257,110 shares of the Company's 6.5% Series A Convertible Perpetual Preferred Stock. Excluding fees, no cash was used in the transaction. The Company recorded approx. $249 million as debt and approx. $71 million as equity.

(2) On July 25, 2013, the board of directors approved the initiation of a quarterly cash dividend on our common stock of $0.18 per share.

(3) On February 14, 2014, the board of directors approved an increase in our existing common stock repurchase authorization from $200 million to $250 million. The $234 million reflects the tender offer completed in Q1 2013 for approx. 9.5% of the then-outstanding common shares.

New IRFs: De Novo (40 bed) Assumptions

All projects have minimum IRR target of 15% (pre-tax).

Investment Considerations

- Cash Payback [1] = 5 to 7 years
- Inclusive of CON costs (where applicable)
- Includes cost of CIS installation
- May be structured as a joint venture

- Prototype includes all private rooms
- A minimum of 30 patients treated for zero revenue (Medicare certification)
- Core infrastructure of building anticipates future expansion; potential to enhance returns with future bed expansion

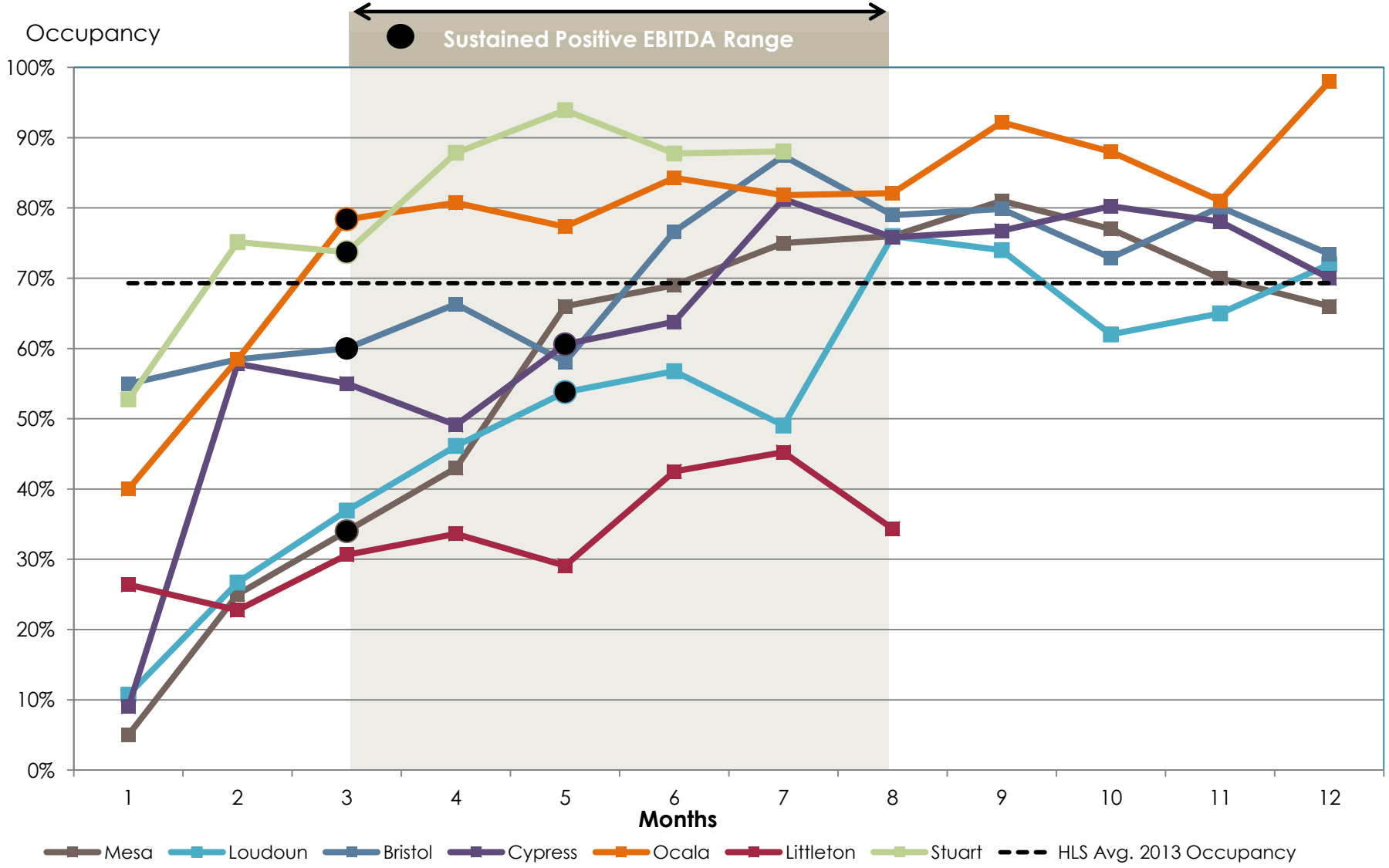
Capital Cost (millions)	Low	High
Construction, design, permitting, etc.	$13.0	$15.5
Land	2.0	3.0
Equipment (including CIS)	3.0	3.5
	$18.0	$22.0

Pre-Opening Expense [3] (thousands)	Low	High
Operating	$200	$400
Salaries, wages, benefits	325	600
	$525	$1,000

Operational Date	Location [2]	Beds
Q4 2015	Modesto, CA	50
Q4 2014	Middletown, DE	34
Q4 2014	Newnan, GA	50
Q4 2014	Altamonte Springs, FL	50
Q2 2013	Littleton, CO	40
Q2 2013	Stuart, FL	34
Q4 2012	Ocala, FL	40
Q4 2011	Cypress, TX	40
Q3 2010	Bristol,VA	25
Q2 2010	Loudoun County, VA	40
Q3 2009	Mesa, AZ	40

(1) Future cash payback periods may increase when the Company exhausts its NOLs (slide 17).
(2) Does not include Franklin, TN; CON award is under appeal
(3) Pre-opening expenses include expenses for training new employees on the clinical information system, which vary based on the timing of the first admission.

New IRFs: De Novo Occupancy and EBITDA[1] Trends



[1] Hospital EBITDA = earnings before interest, taxes, depreciation and amortization directly attributable to the related hospital

HEALTHSOUTH

New IRFs: Acquisition Assumptions

All projects have minimum IRR target of 15% (pre-tax).

Acquisition Assumptions

Investment Considerations

- Price varies depending on size, market, and physical asset
- Cash Payback [1] = 4 to 6 years
- May be structured as a joint venture
- Clinical information system is additive to the purchase price

Value Added

- TeamWorks approach to sales/marketing
- Labor management tools and best practices
- Clinical expertise
- Clinical technology and programming
- Supply chain efficiency
- Medical leadership and clinical advisory boards

Unit Acquisitions

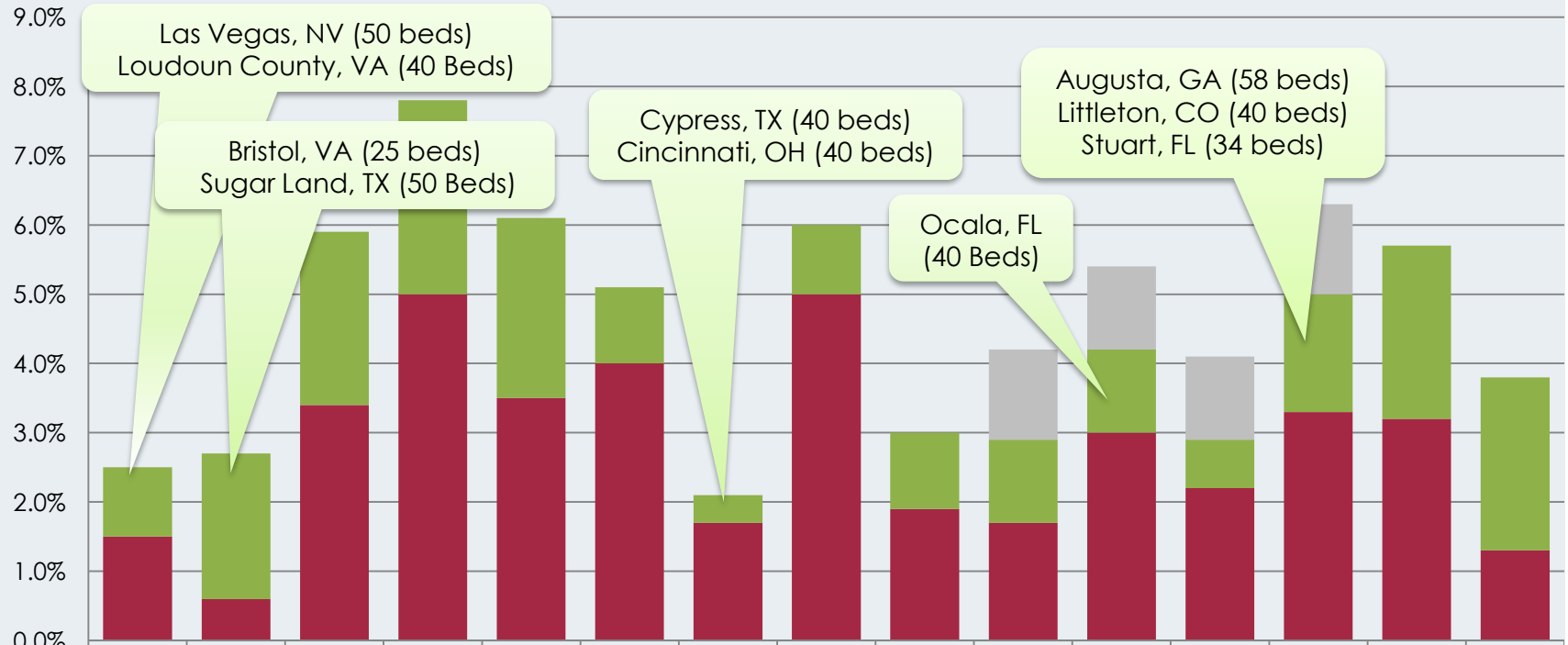
Location	Beds	Date Acquired
San Antonio, TX	34	Q3 2012
Ft. Smith, AR	30	Q3 2010
Little Rock, AR	23	Q1 2010
Altoona, PA	18	Q4 2009
Arlington, TX	30	Q3 2008

IRF Acquisition

Location	Date Acquired	Acquired Census	One Year Later Census
Augusta, GA	Q2 2013	31	40 [2]
Cincinnati, OH	Q4 2011	0	27
Sugar Land, TX	Q3 2010	26	35
Las Vegas, NV	Q2 2010	16	35
Vineland, NJ	Q3 2008	26	31

(1) Future cash payback periods may increase when the Company exhausts its NOLs (slide 17).
(2) Census for Q4 2013

New IRFs Contribute to HealthSouth's Sustained Discharge Growth



	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
St Vincent's (1)										1.3%	1.2%	1.2%	1.3%		
New Store	1.0%	2.1%	2.5%	2.8%	2.6%	1.1%	0.4%	1.0%	1.1%	1.2%	1.2%	0.7%	1.7%	2.5%	2.5%
Same Store	1.5%	0.6%	3.4%	5.0%	3.5%	4.0%	1.7%	5.0%	1.9%	1.7%	3.0%	2.2%	3.3%	3.2%	1.3%
Total by Quarter	2.5%	2.7%	5.9%	7.8%	6.1%	5.1%	2.1%	6.0%	3.0%	4.2%	5.4%	4.1%	6.3%	5.7%	3.8%
Total by Year			3.1%				5.2%				4.6%				5.0%

(1) In Q3 2012, HealthSouth amended the joint venture agreement related to St. Vincent Rehabilitation Hospital in Sherwood, AR which resulted in a change in accounting for this hospital from the equity method of accounting to a consolidated entity. Moved to same store in Q3 2013.

HEALTHSOUTH

Priorities for Reinvesting Free Cash Flow

Remains Highest Priority

Growth in Core Business

(millions)

	2012 Actuals	2013 Actuals	2014 Assumptions
Bed expansions (target ~ 80 beds/yr) and unit consolidations	$16.6	$24.9	$25 to $35
New IRF's (target 4-6/yr)	41.1	55.5	55 to 75
	$57.7	$80.4	$80 to $110, excluding acquisitions

Objectives Achieved

Debt Reduction

	2012 Actuals	2013 Actuals	2014 Assumptions
Debt pay down, net [1]	-	($264.0)	N/A
Purchase leased properties	$19.1	90.3	$15 to $20

Complements Growth Investments

Shareholder Distribution

Convertible preferred stock repurchase [1]	46.5	249.0	-
Cash dividends on common stock [2]	-	15.7	64
Common stock repurchase ($250 million authorization) [3]	-	234.1	TBD
	$65.6	$325.1	TBD

(1) Issued $320 million of 2.0% Convertible Senior Subordinated Notes due 2043 in exchange for 257,110 shares of the Company's 6.5% Series A Convertible Perpetual Preferred Stock. Excluding fees, no cash was used in the transaction. The Company recorded approx. $249 million as debt and approx. $71 million as equity.

(2) On July 25, 2013, the board of directors approved the initiation of a quarterly cash dividend on our common stock of $0.18 per share.

(3) On February 14, 2014, the board of directors approved an increase in our existing common stock repurchase authorization from $200 million to $250 million. The $234 million reflects the tender offer completed in Q1 2013 for approx. 9.5% of the then-outstanding common shares.

Preparing for Shifts to Coordinated Care Delivery

- **Evolutionary rather than revolutionary**
- **Strong balance sheet and free cash flow enhance flexibility**

31 joint venture hospitals with acute care systems already in place (examples include):
- Barnes-Jewish
- University of Virginia Medical Center
- Vanderbilt University

Strong balance sheet and free cash flow:
- No significant debt maturities prior to 2018
- Relatively low financial leverage
- Ample liquidity under revolving credit facility
- Consistently strong free cash flow

Installing clinical information systems (CIS) in all HealthSouth hospitals:
- 36 installations completed as of Dec. 31, 2013
- Cerner custom system capable of interfaces with all major acute care EMR systems
- Participating in Health Information Exchanges (HIE)

High-quality, cost-effective provider:
- FIM® gains consistently exceed industry results
- Scale and operating leverage contribute to low cost per discharge (1)
- On average, Medicare pays HealthSouth less per discharge although HealthSouth treats a higher acuity patient. (1)

Flexibility in managing physical plant:
- 102 HealthSouth IRF's are free-standing
- 75 HealthSouth IRF's are owned vs. leased

Participation in new delivery models:
- Exploring ACO participation in several markets
- Participating in bundled payment pilots

(1) See slide 18

Potential Future Expansion: Post-Acute Care Services



	Long-Term Acute Care Hospital	Hospice	Inpatient Rehabilitation Facility (1)	Skilled Nursing Facility	Home Health (1)
Medicare Spending (billions)	$5.4	$13.8	$6.5	$28.8	$18.4
# of Discharges	122,838	1,200,000	371,288	2,455,730	3,500,000
Length of Stay	26.3 days	86 days	13	<100 days	N/A
# of Providers	424	3,585	1,165	14,935	12,199
Facility Ownership Mix	For-Profit (76%) Non-Profit (19%) Gov't (5%)	For-Profit (57%) Non-Profit (36%) Other (7%)	For-Profit (25%) Non-Profit (61%) Gov't (14%)	For-Profit (76%) Non-Profit (21%) Gov't (3%)	For-Profit (89%) Non-Profit (11%)
Hospital vs. Free-standing	Free-standing (62%) Hospital Based (38%)	Free-standing (70%) Hospital Based (17%) Home Based (13%)	Free-standing (20%) Hospital Based (80%)	Free-standing (97%) Hospital Based (3%)	N/A
Rural vs. Urban	Urban (94%) Rural (6%)	Urban (71%) Rural (29%)	Urban (83%) Rural (17%)	Urban (84%) Rural (16%)	Urban (84%) Rural (16%)

Delivery system trends (ACOs, bundling) and regulatory clarity (impact of LTAC patient criteria, home health payment system rebasing, potential Doc-fix "pay fors") will heavily influence our appetite for adding other post-acute services.

(1) For information on HealthSouth's hospital portfolio, see slide 4 of the Investor Reference Book updated February 25, 2014.
Sources: Medpac Data Book, March 2013 – pages 161, 190, 202, 218, 221, 244, 261, 270, and 271, Medpac Payment Policy, March 2012 – page 266

Our Strong and Sustainable Business Fundamentals

Attractive Healthcare Sector	• Favorable demographic trends • Nondiscretionary 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 • Rollout of state-of-the-art clinical information system
Cost-Effectiveness	• Focused labor management • Continued improvements in supply chain • Significant operating leverage of G&A and occupancy expenses
Real Estate Portfolio	• Portfolio of strategically located, well-designed physical assets • 103 IRFs [1]; 75 owned and 28 long-term, real estate leases • Option to purchase additional leased properties
Financial Strength	• Strong balance sheet; ample liquidity, no near-term maturities • Minimal cash income tax expense ($10 - $15 million in 2014) attributable to NOLs • Substantial free cash flow generation; $0.18 per share quarterly cash dividend • Declining average share count (9.5% of then-outstanding common stock purchased March 20, 2013)
Growth Opportunities	• Bed expansion at existing hospitals • Flexible de novo strategy • Flexible IRF acquisition and unit consolidation strategy • Ability to pursue other post-acute sectors opportunistically

(1) Inclusive of two nonconsolidated entities. HealthSouth has given notice on one additional leased property.

Appendix

Income Tax Considerations

GAAP Considerations:

- As of 12/31/13, the Company's federal NOL had a gross balance of approx. $929 million.
  - Includes the approx. $283 million increase in the federal NOL (on a gross basis) as a result of the April 25, 2013 agreements with the IRS
- The Company has a remaining valuation allowance of approx. $31 million related to state NOLs.

Cash Tax Payments:

- In 2014, the Company expects to pay approx. $10 million to $15 million of income tax, net of refunds.
- HealthSouth is not currently subject to an annual use limitation ("AUL") under Internal Revenue Code Section 382 ("Section 382"). An "ownership change," as defined by Section 382, could subject the Company to an AUL, which would approximate the value of the Company at the time of the "ownership change" multiplied by the long-term tax exempt rate.

Our Cost-Effectiveness

Total Inpatient Rehabilitation Facilities (IRFs): 1,134

		Avg. Beds per IRF	Avg. Medicare Discharges per IRF [2]	Case Mix Index [3]	Avg. Est. Total Cost per Discharge for FY 2014	Avg. Est. Total Payment per Discharge for FY 2014
HLS [1] =	99	68	918	1.23	$12,194	$17,979
Free-Standing (Non-HLS)=	136	52	621	1.20	$16,102	$18,971
Hospital Units =	899	23	231	1.14	$18,925	$18,847
Total	1,134	30	338	1.18	$16,704	$18,668

- The Avg. Est. Total Payment per Discharge has not been reduced by 2% for sequestration [4]
- Medicare pays HealthSouth less per discharge, on average, and HealthSouth treats a higher acuity patient.
- **HealthSouth differentiates itself by:**
  - ✓ "Best Practices" clinical protocols
  - ✓ Supply chain efficiencies
  - ✓ Sophisticated management information systems
  - ✓ Economies of scale

(1) The 99 for HLS does not include HealthSouth Rehabilitation Hospital of Ocala, FL (opened December 2012), HealthSouth Rehabilitation Hospital of Littleton, CO (opened May 2013), or HealthSouth Rehabilitation Hospital at Martin Health in Stuart, FL (opened June 2013). Walton Rehabilitation Hospital is included in "Freestanding (Non-HLS)."

(2) In 2013, HealthSouth averaged 1,287 total Medicare and non-Medicare discharges per hospital in its 101 consolidated hospitals.

(3) Case Mix Index (CMI) from the rate-setting file presented above are adjusted for short-stay transfer cases. HealthSouth's unadjusted CMI for 2013 was 1.34 versus 1.29 for the industry as measured by UDSMR, a data gathering and analysis organization for the rehabilitation industry; represents ~70% of the industry, including HealthSouth sites.

(4) The Budget Control Act of 2011 included a reduction of up to 2% to Medicare payments for all providers that began on April 1, 2013 (as modified by H.R. 8). The reduction was made from whatever level of payment would otherwise have been provided under Medicare law and regulation.

Source: FY 2014 CMS Final Rule Rate Setting File (see slide 19) and Medicare Report to Congress, Medicare Payment Policy, March 2013 – pages 221 and 223

CMS Fiscal Year 2014 IRF Final Rule Rate Setting File Analysis

Notes:

(1) All data provided was filtered and compiled from the Centers for Medicare and Medicaid Services (CMS) Fiscal Year 2014 IRF Final Rule rate setting file found at http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/InpatientRehabFacPPS/Data-Files.html . The data presented was developed entirely by CMS and is based on its definitions which are different in form and substance from the criteria HealthSouth uses for external reporting purposes. Because CMS does not provide its detailed methodology, HealthSouth is not able to reconstruct the CMS projections or the calculation.

(2) The CMS file contains data for each of the 1,134 inpatient rehabilitation facilities used to estimate the policy updates for the FY 2014 IRF-PPS Final Rule. Most of the data represents historical information from the CMS fiscal year 2012 period and does not reflect the same HealthSouth hospitals in operation today. The data presented was separated into three categories: Freestanding, Units, and HealthSouth. HealthSouth is a subset of Freestanding and the Total.

Adjusted Free Cash Flow

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

(Millions)	Q4		Full Year				
	2013	2012	2013	2012	2011	2010	2009
Net cash provided by operating activities	$ 100.9	$ 109.3	$ 470.3	$ 411.5	$ 342.7	$ 331.0	$ 406.1
Impact of discontinued operations	0.5	(0.5)	1.9	(2.0)	(9.1)	(13.2)	(5.7)
Net cash provided by operating activities of continuing operations	101.4	108.8	472.2	409.5	333.6	317.8	400.4
Capital expenditures for maintenance [1]	(20.5)	(15.0)	(74.8)	(83.0)	(50.8)	(37.9)	(33.2)
Net settlements on interest rate swaps	-	-	-	-	(10.9)	(44.7)	(42.2)
Dividends paid on convertible perpetual preferred stock	(5.8)	(5.7)	(23.0)	(24.6)	(26.0)	(26.0)	(26.0)
Distributions paid to noncontrolling interests of consolidated affiliates	(12.2)	(11.7)	(46.3)	(49.3)	(44.2)	(34.4)	(32.6)
Non-recurring items:							
UBS Settlement proceeds, less fees to derivative plaintiffs' attorneys	-	-	-	-	-	-	(73.8)
Net premium paid on bond issuance/redemption	1.7	1.9	1.7	1.9	22.8	-	-
Cash paid for professional fees - accounting, tax, and legal	1.7	2.9	7.0	16.1	21.0	17.2	15.3
Cash paid for government, class action, and related settlements	-	-	(5.9)	(2.6)	5.7	2.9	11.2
Income tax refunds related to prior periods	-	-	-	-	(7.9)	(13.5)	(63.7)
Adjusted free cash flow	**$ 66.3**	**$ 81.2**	**$ 330.9**	**$ 268.0**	**$ 243.3**	**$ 181.4**	**$ 155.4**

(1) Maintenance capital expenditures are expected to be $90 to $100 million in 2014.

Net Cash Provided by Operating Activities Reconciled to Adjusted EBITDA

	Q4		Full Year				
(Millions)	2013	2012	2013	2012	2011	2010	2009
Net cash provided by operating activities	$ 100.9	$ 109.3	$ 470.3	$ 411.5	$ 342.7	$ 331.0	$ 406.1
Provision for doubtful accounts	(3.6)	(7.2)	(26.0)	(27.0)	(21.0)	(16.4)	(30.7)
Professional fees—accounting, tax, and legal	1.7	2.9	9.5	16.1	21.0	17.2	8.8
Interest expense and amortization of debt discounts and fees	26.5	24.3	100.4	94.1	119.4	125.6	125.7
UBS Settlement proceeds, gross	-	-	-	-	-	-	(100.0)
Equity in net income of nonconsolidated affiliates	3.0	3.0	11.2	12.7	12.0	10.1	4.6
Net income attributable to noncontrolling interests in continuing operations	(15.3)	(12.3)	(57.8)	(50.9)	(47.0)	(40.9)	(33.3)
Amortization of debt discounts and fees	(2.0)	(1.0)	(5.0)	(3.7)	(4.2)	(6.3)	(6.6)
Distributions from nonconsolidated affiliates	(1.8)	(3.1)	(11.4)	(11.0)	(13.0)	(8.1)	(8.6)
Current portion of income tax expense (benefit)	3.3	2.2	6.3	5.9	0.6	2.9	(7.0)
Change in assets and liabilities	27.1	9.3	48.9	58.1	41.4	5.7	9.1
Net premium paid on bond issuance/redemption	1.7	1.9	1.7	1.9	22.8	-	-
Cash used in (provided by) operating activities of discontinued operations	0.5	(0.5)	1.9	(2.0)	(9.1)	(13.2)	(5.7)
Other	0.3	(0.2)	1.6	0.2	0.6	2.0	1.3
Adjusted EBITDA	$ 142.3	$ 128.6	$ 551.6	$ 505.9	$ 466.2	$ 409.6	$ 363.7

Reconciliation of Net Income to Adjusted EBITDA [1]

(in millions, except per share data)	2013 Q1 Total	2013 Q1 Per Share	2013 Q2 Total	2013 Q2 Per Share	2013 Q3 Total	2013 Q3 Per Share	2013 Q4 Total	2013 Q4 Per Share	2013 Full Year Total	2013 Full Year Per Share
Net income	$ 65.9		$ 179.0		$ 72.3		$ 64.2		$ 381.4	
Loss (income) from disc ops, net of tax, attributable to HealthSouth	0.4		(0.1)		0.9		(0.1)		1.1	
Net income attributable to noncontrolling interests	(14.6)		(13.8)		(14.1)		(15.3)		(57.8)	
Income from continuing operations attributable to HealthSouth [2] [3]	51.7	$ 0.48	165.1	$ 1.66	59.1	$ 0.59	48.8	$ (0.31)	324.7	$ 2.59
Gov't, class action, and related settlements	-		(2.0)		(21.3)		(0.2)		(23.5)	
Pro fees - acct, tax, and legal	1.4		2.2		4.2		1.7		9.5	
Provision for income tax expense (benefit)	33.5		(86.5)		35.2		30.5		12.7	
Interest expense and amortization of debt discounts and fees	24.2		24.4		25.3		26.5		100.4	
Depreciation and amortization	22.1		23.1		24.3		25.2		94.7	
Loss on early extinguishment of debt							2.4		2.4	
Other, including net noncash loss on disposal of assets	0.1		1.7		2.5		1.6		5.9	
Stock-based compensation expense	6.3		6.5		6.2		5.8		24.8	
Adjusted EBITDA [1]	$ 139.3		$ 134.5		$ 135.5		$ 142.3		$ 551.6	
Weighted average common shares outstanding:										
Basic		94.0		86.1		86.2		86.4		88.1
Diluted		107.1		99.8		100.4		100.8		102.1

(1) (2) (3) – See notes on slide 26.

Reconciliation of Net Income to Adjusted EBITDA [1]

(in millions, except per share data)	2012 Q1 Total	2012 Q1 Per Share	2012 Q2 Total	2012 Q2 Per Share	2012 Q3 Total	2012 Q3 Per Share	2012 Q4 Total	2012 Q4 Per Share	2012 Full Year Total	2012 Full Year Per Share
Net income	$ 56.8		$ 59.9		$ 59.9		$ 59.3		$ 235.9	
Loss (income) from disc ops, net of tax, attributable to HealthSouth	0.4		(3.5)		0.5		(1.9)		(4.5)	
Net income attributable to noncontrolling interests	(12.6)		(13.2)		(12.8)		(12.3)		(50.9)	
Income from continuing operations attributable to HealthSouth [2] [3]	44.6	$ 0.39	43.2	$ 0.38	47.6	$ 0.44	45.1	$ 0.41	180.5	$ 1.62
Gov't, class action, and related settlements	-		-		(3.5)		-		(3.5)	
Pro fees - acct, tax, and legal	3.6		5.5		4.1		2.9		16.1	
Provision for income tax expense	29.1		26.9		28.1		24.5		108.6	
Interest expense and amortization of debt discounts and fees	23.3		23.0		23.5		24.3		94.1	
Depreciation and amortization	19.5		20.0		21.3		21.7		82.5	
Loss on early extinguishment of debt	-		-		1.3		2.7		4.0	
Gain on consolidation of St. Vincent Rehabilitation Hospital	-		-		(4.9)		-		(4.9)	
Other, including net noncash loss on disposal of assets	0.8		0.6		1.6		1.4		4.4	
Stock-based compensation expense	6.1		5.9		6.1		6.0		24.1	
Adjusted EBITDA [1]	$ 127.0		$ 125.1		$ 125.2		$ 128.6		$ 505.9	
Weighted average common shares outstanding:										
Basic		94.5		94.6		94.7		94.7		94.6
Diluted		108.7		108.0		108.1		108.0		108.1

(1) (2) (3) – See notes on slide 26.

Reconciliation of Net Income to Adjusted EBITDA [1]

(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] [3]	62.2	$ 0.57	19.4	$ 0.14	22.2	$ 0.17	55.0	$ 0.50	158.8	$ 1.39
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]	$ 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) – See notes on slide 26.

Reconciliation of Net Income to Adjusted EBITDA [1]

(in millions, except per share data)	2009 Total	2009 Per Share	2010 Total	2010 Per Share
Net income	$ 128.8		$ 939.8	
Income from disc ops, net of tax, attributable to HealthSouth	(17.7)		(9.2)	
Net income attributable to noncontrolling interests	(34.0)		(40.8)	
Income from continuing operations attributable to HealthSouth [2]	77.1	$ 0.57	889.8	$ 8.20
Gov't, class action, and related settlements	36.7		1.1	
Pro fees - acct, tax, and legal	8.8		17.2	
Loss on interest rate swaps	19.6		13.3	
Provision for income tax benefit	(2.9)		(740.8)	
Interest expense and amortization of debt discounts and fees	125.7		125.6	
Depreciation and amortization	67.6		73.1	
Impairment charges, including investments	1.4		-	
Net noncash loss on disposal of assets	3.4		1.4	
Loss on early extinguishment of debt	12.5		12.3	
Stock-based compensation expense	13.4		16.4	
Other	0.4		0.2	
Adjusted EBITDA [1]	$ 363.7		$ 409.6	
Weighted average common shares outstanding:				
Basic		88.8		92.8
Diluted		103.3		108.5

(1) (2) – See notes on slide 26.

Reconciliation Notes for Slides 22-25

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 quarterly dividend on the convertible perpetual preferred stock, income allocated to participating securities, and the repurchase premium on shares of preferred stock. The difference in shares between the basic and diluted shares outstanding is primarily related to the convertible senior subordinated notes and our convertible perpetual preferred stock.
3. In conjunction with the initiation of quarterly cash dividends in the third quarter of 2013, the Company revised its calculation to present earnings per share using the two-class method, which takes into consideration the impact of participating securities. Additional information regarding this revision and a computation of basic and diluted earnings per share can be found in Note 9, Earnings per Common Share, to the condensed consolidated financial statements included in Part I, Item 1, Financial Statements (Unaudited), of the Form 10-Q for the quarterly period ended September 30, 2013.