HealthSouth Increases and Declares Dividend on Common Stock and Declares dividend on 6.5% Series A Convertible Perpetual Preferred Stock

PR Newswire
BIRMINGHAM, Ala.

BIRMINGHAM, Ala., July 17, 2014 /PRNewswire/ -- HealthSouth Corporation (NYSE: HLS) today announced that its board of directors has approved an increase in the Company's quarterly dividend of 16.7% and has declared a quarterly cash dividend on its common stock of $0.21 per share and a quarterly cash dividend of $16.25 per share on its 6.5% Series A Convertible Perpetual Preferred Stock, each payable on October 15, 2014, to holders of record on October 1, 2014.

The 6.5% Series A Convertible Perpetual Preferred Stock is convertible, at the option of the holder, at any time into shares of common stock at a conversion rate of 33.3222 shares of common stock per share of preferred stock and also includes antidilutive protection that provides for an increase in the number of shares of common stock issuable upon conversion resulting from common stock dividends after a *de minimis* threshold. The payment of a $0.21 per share dividend on HealthSouth's common stock will likely trigger the antidilutive adjustment under the terms of the preferred stock. The resulting conversion rate would be 33.6814 assuming a market value as of October 1, 2014 of $36.73 per share of common stock.

In addition, the Company's 2.0% Convertible Senior Subordinated Notes are convertible at the option of the holder, at any time prior to the close of business on the business day immediately preceding December 1, 2043 into shares of common stock at a conversion rate of 25.4896 shares of common stock per $1,000 principal and include antidilutive protection that provides for an increase in the number of shares of common stock issuable upon conversion resulting from common stock dividends after a *de minimis* threshold. The payment of a $0.21 per share dividend on HealthSouth's common stock will likely trigger the antidilutive adjustment under the terms of these notes. The resulting conversion rate would be 25.7632 assuming a market value as of October 1, 2014 of $36.73 per share of common stock.

About HealthSouth
HealthSouth is the nation's largest owner and operator of inpatient rehabilitation hospitals in terms of patients treated and discharged, revenues and number of hospitals. Operating in 28 states across the country and in Puerto Rico, HealthSouth serves patients through its network of inpatient rehabilitation hospitals, outpatient rehabilitation satellite clinics and home health agencies. HealthSouth's hospitals provide a higher level of rehabilitative care to patients who are recovering from conditions such as stroke and other neurological disorders, cardiac and pulmonary conditions, brain and spinal cord injuries, complex orthopedic conditions, and amputations. HealthSouth can be found on the Web at www.healthsouth.com.

Forward-Looking Statements
Statements contained in this press release which are not historical facts, such as the dividend payment plans and related antidilution adjustment prospects, are forward-looking statements. In addition, HealthSouth, through its senior management, may from time to time make forward-looking public statements concerning the matters described herein. All such estimates, projections, and forward-looking information speak only as of the date hereof, and HealthSouth undertakes no duty to publicly update or revise such forward-looking information, whether as a result of new information, future events, or otherwise. Such forward-looking statements are necessarily estimates based upon current information, involve a number of risks and uncertainties, and relate to, among other things, future events, HealthSouth's plan to repurchase its debt or equity securities, dividend strategies, HealthSouth's business strategy, its financial plans, its future financial

performance, or its projected business results. Actual events or results may differ materially from those anticipated in these forward-looking statements as a result of a variety of factors. While it is impossible to identify all such factors, factors which could cause actual events or results to differ materially from those estimated by HealthSouth include, but are not limited to, general conditions in the economy and capital markets; changes in the market price of HealthSouth's common stock; and other factors which may be identified from time to time in HealthSouth's SEC filings and other public announcements, including HealthSouth's Annual Report on Form 10-K for the year ended December 31, 2013 and Form 10-Q for the quarter ended March 31, 2014.

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