

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

PR Newswire

BIRMINGHAM, Ala.

BIRMINGHAM, Ala., Feb. 19, 2015 /PRNewswire/ -- HealthSouth Corporation (NYSE: HLS) today announced that its board of directors 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 April 15, 2015, to holders of record on April 1, 2015.

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 current conversion rate of 33.6700 shares of common stock per share of preferred stock and includes antidilutive protection that provides for an increase in the number of shares of common stock issuable upon conversion resulting from common stock dividends. The payment of a \$0.21 per share dividend on HealthSouth's common stock will trigger the antidilutive adjustment under the terms of the preferred stock. The resulting conversion rate would be 33.9905 assuming a market value as of April 1, 2015 of \$44.61 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 25.7582 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 likely will not trigger the antidilutive adjustment because such amount would likely result in a *de minimis* adjustment of less than 1% under the terms of these notes. Subsequent declaration and payment of dividends on HealthSouth common stock will likely require an adjustment.

About HealthSouth

HealthSouth is one of the nation's largest providers of post-acute healthcare services, offering both facility-based and home-based post-acute services in 33 states and Puerto Rico through its network of inpatient rehabilitation hospitals, home health agencies, and hospice agencies. 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; any adverse outcome of various lawsuits, claims, and legal or regulatory proceedings involving HealthSouth, including its pending DOJ and investigations and any matters related to yet undiscovered issues, if any, at Encompass; any adverse effects on HealthSouth's stock price resulting from the integration of Encompass; potential disruptions, breaches, or other incidents affecting the proper operation, availability, or security of HealthSouth's information systems, including unauthorized access to or theft of patient or other sensitive information as well as unforeseen issues, if any, related to integration of Encompass' systems; the ability to successfully complete and integrate the acquisition of Encompass, including realization of anticipated revenues, cost savings, tax benefits, and productivity improvements arising from the related operations and avoidance of unforeseen exposure to liabilities; 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 quarters ended March 31, 2014, June 30, 2014 and September 30, 2014.

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