

**HEALTHWAYS, INC.**  
**RECONCILIATION OF NON-GAAP MEASURES TO GAAP MEASURES**  
**(Unaudited)**

**Reconciliation of Adjusted Net Loss and Adjusted Net Loss Per Share  
to Net Loss and Net Loss Per Share, GAAP Basis**

	Three Months Ended March 31, 2014		Three Months Ended March 31, 2013	
	\$ in thousands	Per Share	\$ in thousands	Per Share
Adjusted net loss <sup>(1)</sup>	\$ (2,573)	\$ (0.07)	\$ (3,949)	\$ (0.12)
Net loss attributable to non-cash interest charges <sup>(2)</sup>	(986)	(0.03)	—	—
Net loss attributable to legal settlement charges <sup>(3)</sup>	(6,037)	(0.17)	—	—
Net loss, GAAP basis	<u>\$ (9,596)</u>	<u>\$ (0.27)</u>	<u>\$ (3,949)</u>	<u>\$ (0.12)</u>

(1) Adjusted net loss and adjusted net loss per share are non-GAAP financial measures. The Company excludes net loss attributable to non-cash interest and legal settlement charges from these measures because of their comparability to the Company's historical operating results. The Company believes it is useful to investors to provide disclosures of its operating results and guidance on the same basis as that used by management. You should not consider adjusted net loss or adjusted net loss per share in isolation or as a substitute for net loss or net loss per share determined in accordance with accounting principles generally accepted in the United States.

(2) Net loss attributable to non-cash interest charges represents the after-tax impact of the amortization of a debt discount for the three months ended March 31, 2014.

(3) Net loss attributable to legal settlement charges consists of the after-tax impact of charges for the three months ended March 31, 2014 associated with the Company's settlement of a contractual dispute in April 2014.