

HEALTHSOUTH Releases 2002 Earnings Guidance

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HEALTHSOUTH Corporation today announced its quarterly earnings objectives for the year ending December 31, 2002, taking into account the expected effects of the new prospective payment system (PPS) for inpatient rehabilitation facilities and the adoption of SFAS No. 142 issued by the Financial Accounting Standards Board. The PPS replaces the cost-based reimbursement system currently in effect, and will be effective for facility cost reporting years beginning on or after January 1, 2002. SFAS No. 142 provides that goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests.

The following table indicates HEALTHSOUTH's currently budgeted earnings per share objectives for 2002, after giving effect to the estimated impacts of the PPS and SFAS No. 142:

	Q1	Q2	Q3	Year Ending Q4 12/31/02	
Base Budgeted					
EPS *	\$ 0.22	\$ 0.24	\$ 0.23	\$ 0.25	\$ 0.94
PPS Effect	0.01	0.01	0.02	0.03	0.07
SFAS 142 Effect	0.04	0.03	0.03	0.03	0.13
TOTAL	\$0.27	\$0.28	\$0.28	\$0.31	\$1.14

* -- assuming dilution

Richard M. Scrushy, Chairman of the Board and Chief Executive Officer of HEALTHSOUTH, said, "We have said for some time that we eagerly awaited the final PPS rules, because they would create a reimbursement system where HEALTHSOUTH's innovative efforts in reducing the cost of inpatient rehabilitation would finally be rewarded. As shown by the budget estimates above, we believe that the new rules will enhance our 2002 results of operations as they are phased in across our inpatient rehabilitation facilities next year. We will continue in our efforts to reduce the cost of healthcare services through hard work, innovation and efficiency, and we expect that to be beneficial for our patients, physicians and stockholders alike."

The guidance on HEALTHSOUTH's earnings objectives set forth above is based on current budget goals and HEALTHSOUTH's assessment of current conditions affecting its business. HEALTHSOUTH's management may, from time to time, reaffirm such guidance in private discussions with investment analysts, investors and the media. HEALTHSOUTH expects to update such guidance to reflect any material changes in its expectations and objectives if and when it determines that it is necessary or desirable to do so.

HEALTHSOUTH is the nation's largest provider of outpatient surgery and rehabilitative healthcare services, with over 1,900 locations in all 50 states, the United Kingdom, Australia, Puerto Rico and Canada. HEALTHSOUTH can be found on the Web at <http://www.healthsouth.com/>.

Statements contained in this press release which are not historical facts are forward-looking statements. Without limiting the generality of the preceding statement, all statements in this press release concerning or relating to estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates, budget objectives and financial results 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. Such forward-looking statements are necessarily estimates reflecting the best judgment of HEALTHSOUTH's senior management based upon current information, involve a number of risks and uncertainties and are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. HEALTHSOUTH's actual results may differ materially from the results anticipated in these forward-looking statements as a result of a variety of factors, including those identified in this press release and in the public filings made by HEALTHSOUTH with the Securities and Exchange Commission, including HEALTHSOUTH's Annual Report on Form 10-K for the year ended December 31, 2000 and its Quarterly Reports on Form 10-Q, and forward-looking statements contained in this press release or in other public statements of HEALTHSOUTH or its senior management should be considered in light of those factors. There can be no assurance that such factors or other factors will not affect the accuracy of such forward-looking statements.

For more information, contact Richard M. Scrushy, Chairman & CEO, or

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SOURCE: HEALTHSOUTH Corporation

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