

HEALTHSOUTH Reiterates 2002 Guidance and Expected Positive Impact From PPS

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HEALTHSOUTH Corporation today reiterated its earnings guidance and objectives for the year ending December 31, 2002. HEALTHSOUTH remains comfortable with its previously announced EPS estimate of \$1.14 for 2002.

Richard M. Scrushy, Chairman of the Board and Chief Executive Officer of HEALTHSOUTH, said, "We remain very excited about the change from cost-based reimbursement to PPS. HEALTHSOUTH has been an outspoken advocate of PPS in congressional and regulatory circles for some time. It only makes sense that cost-efficient providers, like HEALTHSOUTH, should have the opportunity to earn a profit. We have been preparing for the implementation of PPS for several years. Unlike other rule changes mandated by the BBA of 1997, this new system is not a surprise, and our intensive cost management efforts have prepared us well for it. We are ready for PPS and have seen no surprises since implementation on January 1, 2002. We are looking forward to continuing our efforts to reduce the costs of healthcare services and expect that to be beneficial to 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, diagnostic imaging and rehabilitative healthcare services, with over 1,900 locations in all 50 states, the United Kingdom, Australia, Canada and Puerto Rico. 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 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
Tadd McVay, Executive Vice President and Treasurer, at 205-967-7116

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SOURCE: HEALTHSOUTH Corporation

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