

## **HEALTHSOUTH Announces Record Revenues; Operating Earnings Per Share of \$.22, Up 16% for Fourth Quarter**

PRNewswire-FirstCall  
BIRMINGHAM, Ala.

HEALTHSOUTH Corporation announced operating results for the quarter and year ended December 31, 2001. For the quarter, HEALTHSOUTH's revenues were \$1.115 billion, an increase of 3.5% as compared to \$1.077 billion for the fourth quarter of 2000 and an increase of 7.5% after adjusting in both periods for divestitures in 2001. Income before unusual and non-recurring items for the 2001 quarter was \$88.6 million, an increase of 15.2% compared to net income of \$76.9 million in the 2000 quarter. The comparable income per share (assuming dilution) was \$.22 for the 2001 quarter, consistent with consensus Wall Street estimates, an increase of 15.8% as compared to earnings per share (assuming dilution) of \$.19 in the 2000 quarter.

For the year ended December 31, 2001, HEALTHSOUTH's revenues were \$4.380 billion, compared to \$4.195 billion for 2000. Income before unusual and non-recurring items for 2001 was \$326.1 million, compared to net income of \$278.5 million for 2000. The comparable income per share (assuming dilution) for 2001 was \$.82, a 15.5% increase compared to net income per share (assuming dilution) of \$.71 for 2000.

"Our fourth quarter results reflect a strong finish to a very successful year," said Richard M. Scrushy, Chairman of the Board and Chief Executive Officer of HEALTHSOUTH. "The fundamentals of our business showed continued improvement, as same-store volume growth ranged from 6.5% to 13% in our outpatient lines of business compared to the fourth quarter of 2000. Pricing trends were also strong on both a sequential quarter and year-over-year basis, contributing to an increase in our EBITDA margin to 28.2%. Looking ahead, our early experience under the new inpatient rehabilitation prospective payment system is confirming our expectations for the positive impact that PPS will have on our business. In addition, during the fourth quarter, we held the groundbreaking on our new HEALTHSOUTH Medical Center in Birmingham, which will be a state-of-the-art, wireless, digital facility that we believe will represent a major new advance in the way healthcare is delivered. We are proud of our performance last year, and we are committed to strategic growth, continued innovation and strong financial performance in 2002."

Unusual and non-recurring items reduced net income by \$20.7 million in the fourth quarter. These items consisted of an \$11.4 million net loss on the sale of the company's United Kingdom diagnostic centers and four non-strategic rehabilitation hospitals and a \$9.3 million loss on the sale of certain properties in a sale-leaseback transaction, in each case net of income taxes. Net income for the year was also reduced by unusual and non-recurring items in the second quarter, which were discussed in that quarter's earnings announcement and which aggregated approximately \$103 million, net of income taxes. Management believes that income and income per share excluding such unusual and non-recurring items provide a clearer picture of the company's operational performance than net income and earnings per share standing alone.

HEALTHSOUTH is the nation's largest provider of outpatient surgery, diagnostic imaging and rehabilitative healthcare services, with approximately 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/>.

HEALTHSOUTH will hold a conference call to discuss its fourth quarter results at 9:00 a.m. Central Time on Tuesday, March 12. Simultaneously with the conference call, a "webcast" of the call will be available to interested parties at <http://www.healthsouth.com/> via an Internet link under the "Investor Relations" section. A replay of the call will be available at the same Internet site address for 15 days following the call.

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.

Summary Operating Results  
(unaudited; in thousands, except per share data)

|   | Three Months Ended<br>December 31, |             | Twelve Months Ended<br>December 31, |             |
|---|------------------------------------|-------------|-------------------------------------|-------------|
|   | 2001                               | 2000        | 2001                                | 2000        |
| Revenues  | \$1,115,152                        | \$1,077,001 | \$4,380,477                         | \$4,195,115 |
| Net income  | \$67,898                           | \$76,888    | \$202,387                           | \$278,465   |
| Weighted average common<br>shares outstanding   | 391,446                            | 386,226     | 389,717                             | 385,666     |
| Weighted average common<br>shares outstanding -<br>assuming dilution  | 399,940                            | 395,356     | 399,227                             | 391,016     |
| Net income per common share   | \$0.17                             | \$0.20      | \$0.52                              | \$0.72      |
| Net income per common<br>share - assuming dilution  | \$0.17                             | \$0.19      | \$0.51                              | \$ 0.71     |
| ADJUSTMENT TO EXCLUDE<br>UNUSUAL AND NON-RECURRING<br>EXPENSES IN 2001  |                                    |             |                                     |             |
| Net income  | \$67,898                           | \$76,888    | \$202,387                           | \$278,465   |
| Unusual and non-recurring<br>expenses, net of<br>minority interests   | \$34,244                           | --          | \$199,150                           | --          |
| Income tax benefit<br>of unusual and<br>non-recurring expenses  | (\$13,527)                         | --          | (\$75,405)                          | --          |
| Income excluding<br>effects of unusual and<br>non-recurring expenses  | \$88,615                           | \$76,888    | \$326,132                           | \$278,465   |
| Weighted average common<br>shares outstanding -<br>assuming dilution  | 415,442                            | 395,356     | 414,729                             | 391,016     |
| Income per common<br>share excluding<br>effects of unusual and<br>non-recurring expenses -<br>assuming dilution | \$0.22                             | \$0.19      | \$0.82                              | \$0.71      |

HEALTHSOUTH Corporation and Subsidiaries  
Consolidated Statements of Income  
(UNAUDITED - In thousands, except per share amounts)

|  | Three Months Ended<br>December 31, |             | Twelve Months Ended<br>December 31, |             |
|--|------------------------------------|-------------|-------------------------------------|-------------|
|  | 2001                               | 2000        | 2001                                | 2000        |
| Revenues   | \$1,115,152                        | \$1,077,001 | \$4,380,477                         | \$4,195,115 |
| Operating unit expenses                          | 731,542                            | 710,037     | 2,905,043                           | 2,816,363   |
| Corporate general and<br>administrative expenses | 44,380                             | 40,893      | 167,206                             | 148,023     |
| Provision for doubtful<br>accounts               | 24,649                             | 25,555      | 107,871                             | 98,037      |
| Depreciation and<br>amortization                 | 95,039                             | 91,746      | 375,270                             | 360,847     |
| Impairment of unamortized<br>loan fee costs      | --                                 | --          | 6,475                               | --          |

|  |          |          |           |           |
|--|----------|----------|-----------|-----------|
| Loss on sale of assets   | 34,244   | --       | 174,127   | --        |
| Interest expense   | 52,519   | 59,715   | 218,100   | 221,595   |
| Interest income  | (1,607)  | (1,770)  | (7,349)   | (9,104)   |
|  | 980,766  | 926,176  | 3,946,743 | 3,635,761 |
| Income before income taxes and minority interests              | 134,386  | 150,825  | 433,734   | 559,354   |
| Provision for income taxes                                     | 46,274   | 50,199   | 139,467   | 181,808   |
| Income before minority interests                               | 88,112   | 100,626  | 294,267   | 377,546   |
| Minority interests   | (20,214) | (23,738) | (91,880)  | (99,081)  |
| Net income   | \$67,898 | \$76,888 | \$202,387 | \$278,465 |
| Weighted average common shares outstanding                     | 391,446  | 386,226  | 389,717   | 385,666   |
| Net income per common share                                    | \$0.17   | \$0.20   | \$0.52    | \$0.72    |
| Weighted average common shares outstanding - assuming dilution | 399,940  | 395,356  | 399,227   | 391,016   |
| Net income per common share - assuming dilution                | \$0.17   | \$0.19   | \$0.51    | \$0.71    |
| Add-back to income for diluted earnings per share:             |          |          |           |           |
| Interest and amortization on convertible debt *                | --       | --       | --        | --        |
|  | *        | *        | *         | *         |

\* The effect of these securities was antidilutive during these periods.

HEALTHSOUTH Corporation and Subsidiaries  
Consolidated Statements of Income Before Unusual and Non-Recurring Items  
(UNAUDITED - In thousands, except per share amounts)

|   | Three Months Ended<br>December 31, |             | Twelve Months Ended<br>December 31, |             |
|---|------------------------------------|-------------|-------------------------------------|-------------|
|   | 2001                               | 2000        | 2001                                | 2000        |
| Revenues  | \$1,115,152                        | \$1,077,001 | \$4,380,477                         | \$4,195,115 |
| Operating unit expenses                           | 731,542                            | 710,037     | 2,905,043                           | 2,816,363   |
| Corporate general and administrative expenses     | 44,380                             | 40,893      | 158,958                             | 148,023     |
| Provision for doubtful accounts                   | 24,649                             | 25,555      | 97,571                              | 98,037      |
| Depreciation and amortization                     | 95,039                             | 91,746      | 375,270                             | 360,847     |
| Impairment of unamortized loan fee costs          | --                                 | --          | --                                  | --          |
| Loss on sale of assets                            | --                                 | --          | --                                  | --          |
| Interest expense                                  | 52,519                             | 59,715      | 218,100                             | 221,595     |
| Interest income                                   | (1,607)                            | (1,770)     | (7,349)                             | (9,104)     |
|   | 946,522                            | 926,176     | 3,747,593                           | 3,635,761   |
| Income before income taxes and minority interests | 168,630                            | 150,825     | 632,884                             | 559,354     |
| Provision for income taxes                        | 59,801                             | 50,199      | 214,872                             | 181,808     |
| Income before minority interests                  | 108,829                            | 100,626     | 418,012                             | 377,546     |
| Minority interests                                | (20,214)                           | (23,738)    | (91,880)                            | (99,081)    |
| Net income  | \$88,615                           | \$76,888    | \$326,132                           | \$278,465   |
| Weighted average common shares outstanding        | 391,446                            | 386,226     | 389,717                             | 385,666     |
| Net income per common share                       | \$0.23                             | \$0.20      | \$0.84                              | \$0.72      |

|  |         |         |          |         |
|--|---------|---------|----------|---------|
| Weighted average common shares outstanding - assuming dilution | 415,442 | 395,356 | 414,729  | 391,016 |
| Net income per common share - assuming dilution                | \$0.22  | \$0.19  | \$0.82   | \$0.71  |
| Add-back to income for diluted earnings per share:             |         |         |          |         |
| Interest and amortization on convertible debt *                | \$3,112 | --      | \$12,448 | --      |
|  | *       | *       |          |         |

\* The effect of these securities was antidilutive during these periods.

HEALTHSOUTH Corporation and Subsidiaries  
Consolidated Statements of Income Before Unusual and Non-Recurring Items  
Three Months Ended December 31, 2001  
(UNAUDITED - In thousands, except per share amounts)

|  | Three Months Ended December 31, 2001 |                                      |  |
|--|--------------------------------------|--------------------------------------|--|
|  | Three Months Ended December 31, 2001 | Less Unusual and Non-Recurring Items | Before Unusual and Non-Recurring Items |
| Revenues   | \$1,115,152                          |                                      | \$1,115,152                            |
| Operating unit expenses  | 731,542                              |                                      | 731,542                                |
| Corporate general and administrative expenses                  | 44,380                               |                                      | --                                     |
| Provision for doubtful accounts                                | 24,649                               |                                      | 44,380                                 |
| Depreciation and amortization                                  | 95,039                               |                                      | 24,649                                 |
| Impairment of unamortized loan fee costs                       |                                      | --                                   | 95,039                                 |
| Loss on sale of assets   | 34,244                               | 34,244                               | --                                     |
| Interest expense   | 52,519                               |                                      | (1)                                    |
| Interest income  | (1,607)                              |                                      | 52,519                                 |
|  | 980,766                              | 34,244                               | (1,607)                                |
| Income before income taxes and minority interests              | 134,386                              | (34,244)                             | 946,522                                |
| Provision for income taxes                                     | 46,274                               | (13,527)                             | 168,630                                |
| Income before minority interests                               | 88,112                               | (20,717)                             | 59,801                                 |
| Minority interests   | (20,214)                             |                                      | (20,214)                               |
| Net income   | \$67,898                             | \$(20,717)                           | 108,829                                |
| Weighted average common shares outstanding                     | 391,446                              |                                      | \$88,615                               |
| Net income per common share                                    | \$0.17                               |                                      | 391,446                                |
| Weighted average common shares outstanding - assuming dilution | 399,940                              |                                      | \$0.23                                 |
| Net income per common share - assuming dilution                | \$0.17                               |                                      | 415,442                                |
| Add-back to income for diluted earnings per share:             |                                      |                                      |  |
| Interest and amortization on convertible debt *                | --                                   |                                      | \$3,112                                |

\*

\* The effect of these securities was antidilutive

(1) Loss related to the sale of certain facilities.

HEALTHSOUTH Corporation and Subsidiaries  
Consolidated Statements of Income Before Unusual and Non-Recurring Items  
Twelve Months Ended December 31, 2001  
(UNAUDITED - In thousands, except per share amounts)

|  | Twelve Months Ended<br>December 31,<br>2001<br>Before |  |                                       |
|--|---|--|---------------------------------------|
|  | Twelve Months Ended<br>December 31,<br>2001           | Less Unusual and<br>Non-Recurring<br>Items | Unusual and<br>Non-Recurring<br>Items |
| Revenues   | \$4,380,477   |  | \$4,380,477                           |
| Operating unit expenses  | 2,905,043   |  | 2,905,043                             |
| Corporate general and administrative expenses                  | 167,206   | 8,248 (1)                                  | 158,958                               |
| Provision for doubtful accounts                                | 107,871   | 10,300 (3)                                 | 97,571                                |
| Depreciation and amortization                                  | 375,270   |  | 375,270                               |
| Impairment of unamortized loan fee costs                       | 6,475   | 6,475 (2)                                  | --                                    |
| Loss on sale of assets   | 174,127   | 174,127 (3)                                | --                                    |
| Interest expense   | 218,100   |  | 218,100                               |
| Interest income  | (7,349)   |  | (7,349)                               |
|  | 3,946,743   | 199,150                                    | 3,747,593                             |
| Income before income taxes and minority interests              | 433,734   | (199,150)                                  | 632,884                               |
| Provision for income taxes                                     | 139,467   | (75,405)                                   | 214,872                               |
| Income before minority interests                               | 294,267   | (123,745)                                  | 418,012                               |
| Minority interests   | (91,880)  |  | (91,880)                              |
| Net income   | \$202,387   | \$(123,745)                                | \$326,132                             |
| Weighted average common shares outstanding                     | 389,717   |  | 389,717                               |
| Net income per common share                                    | \$0.52  |  | \$0.84                                |
| Weighted average common shares outstanding - assuming dilution | 399,227   |  | 414,729                               |
| Net income per common share - assuming dilution                | \$0.51  |  | \$0.82                                |
| Add-back to income for diluted earnings per share:             |   |  |                                       |
| Interest and amortization on convertible debt *                | --  |  | \$12,448                              |
|  | *   |  | *                                     |

\* The effect of these securities was antidilutive

- (1) Charge related to settlement agreement with the United States Department of Justice.  
(2) Impairment charge related to the write-off of the unamortized balance of loan fees on retired debt.  
(3) Loss related to the sale of certain facilities.

HEALTHSOUTH Corporation  
Quarterly Statistics (Unaudited)

|   | 1st Qtr   | 2nd Qtr   | 3rd Qtr   | 4th Qtr   | Total     |
|---|-----------|-----------|-----------|-----------|-----------|
| Outpatient Division Total Visits:<br>(Revised to exclude Occupational Medicine) |           |           |           |           |           |
| 2000  | 2,212,042 | 2,266,260 | 2,195,908 | 2,271,269 | 8,945,479 |

|      |           |           |           |           |           |
|------|-----------|-----------|-----------|-----------|-----------|
| 2001 | 2,198,772 | 2,249,908 | 2,243,112 | 2,391,459 | 9,083,251 |
|------|-----------|-----------|-----------|-----------|-----------|

Inpatient Division Total Patient Days:

|      |         |         |         |         |           |
|------|---------|---------|---------|---------|-----------|
| 2000 | 647,575 | 643,441 | 668,451 | 650,987 | 2,610,454 |
| 2001 | 653,434 | 661,635 | 659,515 | 658,441 | 2,633,025 |

Medical Center Division Total Patient Days:

(Revised to Exclude Richmond Medical Center)

|      |        |        |        |        |         |
|------|--------|--------|--------|--------|---------|
| 2000 | 24,390 | 22,283 | 24,355 | 24,000 | 95,028  |
| 2001 | 29,271 | 24,243 | 24,238 | 22,766 | 100,518 |

Surgery Center Division Total Cases:

|      |         |         |         |         |         |
|------|---------|---------|---------|---------|---------|
| 2000 | 217,505 | 220,593 | 212,647 | 219,321 | 870,066 |
| 2001 | 219,777 | 225,512 | 211,570 | 221,594 | 878,453 |

Diagnostic Division Total Procedures:

|      |         |         |         |         |           |
|------|---------|---------|---------|---------|-----------|
| 2000 | 213,505 | 221,052 | 242,647 | 250,621 | 927,825   |
| 2001 | 268,645 | 274,623 | 275,908 | 275,191 | 1,094,367 |

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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