

HEALTHSOUTH Comments On Forbes Article

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BIRMINGHAM, Ala.

HEALTHSOUTH Corporation today issued the following statement concerning a recent article in Forbes magazine that discussed HEALTHSOUTH's Chairman and Chief Executive Officer, Richard M. Scrushy:

In its May 13, 2002 issue, Forbes published an article which stated that Mr. Scrushy's average annual compensation over the past six years was \$25.5 million, and that "after two years of taking a reduced salary, the founder [Mr. Scrushy] took a \$6.5 million bonus while earnings per share dropped 28% to 51 cents". In response to that article, which creates an erroneous picture of both HEALTHSOUTH's long-term and short-term performance and Mr. Scrushy's compensation, HEALTHSOUTH believes it is important to correct any misconceptions created by the article. In particular:

- * Mr. Scrushy's average annual compensation, as calculated by Forbes, includes \$93.4 million in net proceeds from the sale of stock acquired upon the exercise of stock options in 1997. Those options were granted on various dates during the previous ten years for services performed over that period and would have expired in the near future had Mr. Scrushy not exercised them. Mr. Scrushy's cash compensation (salary and bonus) over the past six years has averaged approximately \$7.2 million per year; over the past three years, it has averaged approximately \$5.25 million.
- * For the year ended December 31, 2001, HEALTHSOUTH's operating earnings per share, adjusting for unusual and non-recurring items relating to facility divestitures and other matters, increased 15.5% over the year ended December 31, 2000. HEALTHSOUTH believes that this is a more accurate measure of the company's operating performance for the year, and that the Forbes methodology penalizes those chief executive officers who make decisions, such as the divestiture of non-strategic assets, which result in charges to income in the short term, but are in the long-term best interests of stockholders.

HEALTHSOUTH regrets that Forbes has found it necessary to use arbitrary calculation periods and incomplete information in order to give a misleading air of sensationalism to its reporting on executive compensation matters.

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/>.

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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