

HEALTHSOUTH Files to Dismiss Shareholder Class Action Litigation; Says Litigation Without Merit

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HEALTHSOUTH Corporation announced that on September 30, 2002 it filed in the U.S. District Court for the Northern District of Alabama answers in 15 shareholder class action lawsuits filed against the company and certain of its officers and directors. The company and the individual defendants also filed motions with the court to dismiss the actions or, in the alternative, to render judgment on the pleadings based on the complaints and the answers as filed.

"As we have said, we believe these shareholder class action lawsuits are entirely without merit," said Richard M. Scrushy, Chairman of the Board of HEALTHSOUTH. "As HEALTHSOUTH's actions demonstrate, we will move expeditiously to defend against this unfounded litigation, and we believe the answers and motions we have filed provide the court with a clear and ample basis to dispose of these matters without delay. As we vigorously defend against this litigation, we remain focused on our operations and on delivering superior clinical outcomes and high-quality cost-effective care to our patients."

Filing on behalf of HEALTHSOUTH, the law firm of Haskell Slaughter Young & Rediker, L.L.C. asked the court to consider the defendants' motions on an expedited schedule. 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, 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 the potential outcome of the litigation described 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 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, 2001 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 Jason Cook, Assistant Vice President, Media & Communications, at (205) 969-5608

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