

HEALTHSOUTH Board Adopts Nominating/Corporate Governance Committee Charter, Names Distinguished Panel of Advisors to Committee

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HEALTHSOUTH Corporation announced that its Board of Directors had adopted a new charter for its Nominating/Corporate Governance Committee designed to meet new standards proposed by the New York Stock Exchange. The charter, which was developed and proposed by the Board's Corporate Governance Committee, was adopted by the Board on January 21. The current members of HEALTHSOUTH's Nominating/Corporate Governance Committee are outside directors Robert P. May, Jon L. Hanson and John S. Chamberlin. Under the new charter, the Nominating/Corporate Governance Committee will:

- * Identify and evaluate potential candidates for the Board of Directors;
- * Recommend to the Board director nominees for election at each annual meeting of stockholders;
- * Develop and recommend to the Board corporate governance principles and criteria for the selection of new directors and members of Board committees; and
- * Oversee the evaluation process of the Board of Directors and management.

"As part of HEALTHSOUTH's commitment to improved corporate governance, the Board of Directors has established a Nominating/Corporate Governance Committee that meets the requirements proposed by the New York Stock Exchange, well before those requirements go into effect," said Richard M. Scrushy, Chairman of the Board and Chief Executive Officer of HEALTHSOUTH. "This comprehensive new charter is intended to ensure that independent directors have a leading role both in establishing state-of-the art governance principles for HEALTHSOUTH and in helping us locate highly qualified candidates for the Board, both now and in the future. We have previously announced that our Nominating/Corporate Governance Committee has retained two outstanding firms, Spencer Stuart and The Directorship Search Group, to assist us in identifying qualified independent candidates for the Board. In addition, the Committee is developing corporate governance guidelines designed for today's environment, and we expect to make an announcement detailing those guidelines in the next few weeks."

Additionally, HEALTHSOUTH announced that its Board of Directors had approved the engagement of distinguished independent advisors to assist the Nominating/Corporate Governance Committee in its mission. Those advisors are:

- * Herbert A. Denton. Mr. Denton is President of Providence Capital, Inc., an investment firm that he founded in 1991. He has been active since 1985 in shareholder initiatives aimed at improving corporate governance practices. He currently chairs the Oversight Committee of the Board of Directors of PolyMedica Corporation and serves on the Executive Committee of Mesa Air Group, Inc., and has previously served as a director of several public companies.
- * Charles M. Elson. Professor Elson is the Edgar S. Woolard, Jr. Professor of Corporate Governance and the Director of the Center for Corporate Governance at the University of Delaware. One of the nation's leading authorities on corporate governance, Professor Elson is a member of the Advisory Council of the National Association of Corporate Directors and a member of the Boards of Directors of, Nuevo Energy Company, AutoZone, Inc., Alderwoods Group, and the Investor Responsibility Research Center, a non-profit corporate governance research organization.
- * Robert J. Ravitz. Mr. Ravitz is a Principal of David J. Greene & Company, LLC, a registered investment advisory firm where he has worked since 1962. He has been a trustee of several charitable institutions and served for six years as a director of Produce Exchange Realty Trust, a publicly traded company.

* B. Kenneth West. Since 1995, Mr. West has been Senior Consultant for Corporate Governance for one of the largest financial service providers in the world. Previously, Mr. West was Chairman of the Board of Harris Bankcorp Inc. He has served on the board of Motorola, Inc. since 1976, and currently serves as Chairman of the National Association of Corporate Directors.

"We have assembled an outstanding team of advisors for our Nominating/Corporate Governance Committee," said members of the Committee. "Our Board is extremely pleased that these exceptional leaders have agreed both to help us identify and evaluate new director candidates and to assist in our overall corporate governance strategies. We believe that their advice and counsel will be invaluable to the Committee."

HEALTHSOUTH is the nation's largest provider of outpatient surgery, diagnostic imaging and rehabilitative healthcare services, with approximately 1,800 locations in all 50 states, the United Kingdom, Australia, Canada, Puerto Rico and Saudi Arabia. HEALTHSOUTH can be found on the Web at 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 revenues, 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 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.

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