

HEALTHSOUTH Announces Favorable Ruling In 'Digital Hospital' Lawsuit

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BIRMINGHAM, Ala.

HEALTHSOUTH Corporation today announced that the Circuit Court of Montgomery County, Alabama had ruled against Brookwood Health Services, Inc. and Baptist Health System, Inc. in a case challenging the construction of the HEALTHSOUTH Medical Center digital hospital in Birmingham. Brookwood and Baptist had asked the court to declare unconstitutional a statute that provided an expedited review from the certificate of need review process to replace an existing acute care hospital and construct and operate the first digital hospital in the State. The plaintiffs also asked the Court to permanently prohibit HEALTHSOUTH from continuing to proceed with the project.

Ruling in HEALTHSOUTH's favor, the court found that Brookwood and Baptist had delayed too long in filing suit to challenge the Act, waiting until HEALTHSOUTH had already incurred substantial expense and begun development of the project site before filing the lawsuit. The court found that the plaintiffs had offered "no legitimate reason for their delay" in filing suit, and that their claims were barred by this delay.

"We are very pleased with Judge Shashy's ruling in this case," said Richard M. Scrushy, Chairman of the Board and Chief Executive Officer of HEALTHSOUTH. "We have made extraordinary progress in the construction of the digital hospital, and we hope that the plaintiffs will not pursue further efforts to prevent the people of Alabama from benefiting from the new technologies and safety innovations that we are trying to make available here in Birmingham."

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, Puerto Rico, Saudi Arabia and Canada. 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 the nature or status of the litigation or the digital hospital project, other than statements of historical fact, 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.

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