

HEALTHSOUTH Reaches Forbearance Agreement With Bank Lenders

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BIRMINGHAM, Ala.

HEALTHSOUTH Corporation (OTC Pink Sheets: HLSH) today announced that the Company and its bank lenders have executed a Forbearance Agreement on the Company's \$1.25 billion credit facility through May 1, 2003.

The agreement provides that the bank lending group, headed by JPMorgan Chase Bank and Wachovia Securities, will forbear from exercising remedies arising from the default of the Company's credit facility, which was announced on March 27, 2003, absent any new defaults under the credit facility or the Forbearance Agreement. During this forbearance period, the Company will continue discussions with its creditors to address the Company's current liquidity situation.

HEALTHSOUTH is the nation's largest provider of outpatient surgery, diagnostic imaging and rehabilitative healthcare services, with nearly 1,700 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. 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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SOURCE: HEALTHSOUTH Corporation

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Web site: <http://www.healthsouth.com/>

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