

HealthSouth Announces Additional Steps to Better Focus Resources on Core Business

Eliminates 80 Additional Non-Clinical Corporate Positions Reports on Progress in Disposing of Corporate Aircraft Fleet

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HealthSouth Corporation (OTC Pink Sheets: HLSH) today announced additional steps in the Company's ongoing efforts to focus resources on its core business of providing patient care while strengthening its financial position. These steps include the elimination of approximately 80 additional, non-clinical corporate positions and the disposition of several aircraft, which will bring the corporate organizational design and support structure to a size more appropriate for the Company's operations across the country.

Today's workforce reduction announcement follows an initial reduction in early April of 250 employees, which included 165 positions at the corporate office and additional corporate-based positions around the country. The total workforce reduction is a combination of planned layoffs and attrition. After today's announcement HealthSouth will employ approximately 49,000 people nationwide, including 3,250 people in the Birmingham, Alabama area, with approximately 500 at the corporate office.

HealthSouth also reported that it has made significant progress in disposing of the bulk of the Company's aircraft fleet, including its Gulfstream G-V, Sikorsky S-76 C+ helicopter, two Cessna Citation Jets and a Beechcraft Bonanza. The Company reached an agreement with GE Capital, the lessor of the G-V, to satisfy HealthSouth's obligations under the lease. Two of the five aircraft, the G-V and one of the Cessna Citation jets, were under lease. Another aircraft, a Cessna Citation II, had been sold in December 2002 and the Company is continuing efforts to dispose of seven additional planes that it either owns or has under lease. Terms of the aircraft sales were not disclosed.

HealthSouth noted that its operations continue to generate positive cash flow, and that patient volume and referral rates for its inpatient and outpatient rehabilitation, diagnostic imaging and outpatient surgery services remain strong.

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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