

HealthSouth Announces Delay in 2004 Form 10-K Filing Revises Dates for Comprehensive 10-K Filing

PRNewswire-FirstCall
BIRMINGHAM, Ala.

HealthSouth Corporation (OTC Pink Sheets: HLSH) today filed a Form 12b-25 with the Securities and Exchange Commission announcing it will not be filing its 2004 Form 10-K on time due to the company's ongoing accounting reconstruction and restatement efforts. The company is currently targeting the filing of its 2004 Form 10-K in the fourth quarter of 2005. In addition, the company says it plans to file a comprehensive Form 10-K for the years ended December 31, 2000 through December 31, 2003 by the middle of the second quarter 2005. This comprehensive Form 10-K will contain restated financial statements for periods which previously had been reported and initial financial statements for the other periods covered by the report.

"Our external auditor is now auditing these documents and is taking steps to ensure a thorough review," said HealthSouth CFO John Workman. "We have been working extensively with external resources to ensure that our accounting records are reconstructed thoroughly and our financial statements and other disclosures are prepared properly. This process has consumed more than 500 man-years of external labor resources and required millions of lines of adjusting journal entries. It is our intention to not rush a process of this importance to reach an earlier, self-imposed deadline."

About HealthSouth

HealthSouth is one of the nation's largest providers of outpatient surgery, diagnostic imaging and rehabilitative healthcare services, operating facilities nationwide. 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. 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. While it is impossible to identify all such factors, factors which could cause actual results to differ materially from those estimated by HealthSouth include, but are not limited to: the investigations by the Department of Justice and the Securities and Exchange Commission into HealthSouth's financial reporting and related activity calling into question the accuracy of the Company's previously filed financial statements; HealthSouth's statement that as a result of the investigations, the Company's previously filed financial statements should no longer be relied upon and may result in the Company restating its prior financial statements; the withdrawal by HealthSouth's former accountants of their audit reports on all of the Company's previously filed financial statements; the outcome of pending litigation relating to these matters; significant changes in HealthSouth's management team; HealthSouth's ability to successfully amend, restructure and/or renegotiate its existing indebtedness or cure or receive a waiver of the events of default under such agreements, the failure of which may result in HealthSouth filing a voluntary petition for bankruptcy; HealthSouth's ability to continue to operate in the ordinary course and manage its relationships with its creditors, including its lenders, bondholders, vendors and suppliers, employees and customers; changes, delays in or suspension of reimbursement for HealthSouth's services by governmental or private payors; changes in the regulation of the healthcare industry at either or both of the federal and state levels; changes to or delays in the implementation of the prospective payment system for inpatient rehabilitation services; competitive pressures in the healthcare industry and HealthSouth's response thereto; HealthSouth's ability to obtain and retain favorable arrangements with third-party payors; general conditions in the economy and capital markets; and other factors which may be identified from time to time in the Company's SEC filings and other public announcements.

Media Contact

Andy Brimmer, 205-410-2777

SOURCE: HealthSouth Corporation

CONTACT: Andy Brimmer of HealthSouth Corporation, +1-205-410-2777

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

<http://healthsouth.mediaroom.com/2005-03-17-HealthSouth-Announces-Delay-in-2004-Form-10-K-Filing>