

HealthSouth Files 8-K With Financial Statements to Update Previously Provided Financial Information for Certain Facilities Treated as Discontinued Operations

Does Not Represent a Restatement of Previously Issued Financial Statements

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HealthSouth Corporation (OTC Pink Sheets: HLSH) announced today that, in connection with a financing transaction, it has filed a Current Report on Form 8-K with the Securities and Exchange Commission containing certain revised financial statements and other financial information. The financial statements and other financial information have been updated to present previously provided financial information on a basis that is comparable to the financial statements and financial information which the Company prepared and reported in its Form 10-Q for the quarter ended March 31, 2006, which treats certain facilities as discontinued operations. The updated financial statements and other financial information do not represent a restatement of previously issued financial statements.

"In the first quarter of 2006, we treated seven of our outpatient facilities and one other facility in our corporate segment as discontinued operations that previously had been treated as continuing operations. In order to allow users of our financial statements, including those who may participate in our financing transaction, to compare our results of operations, financial position and other financial data, it was necessary to update certain of our previously reported financial information. The effect of the update for the discontinued operations is not material," said John Workman, HealthSouth Chief Financial Officer.

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 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 and involve a number of risks and uncertainties. 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 investigation by the Department of Justice into HealthSouth's financial reporting and related activity calling into question the accuracy of the company's previously filed financial statements; the consummation of the proposed settlement of pending litigation relating to these matters; significant changes in HealthSouth's management team; 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; HealthSouth's ability to successfully remediate its internal control weaknesses; 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; competitive pressures in the healthcare industry and HealthSouth's response thereto; HealthSouth's ability to obtain and retain favorable arrangements with third-party payors; HealthSouth's ability to attract and retain nurses, therapists, and other healthcare professionals in a highly competitive environment with often severe staffing shortages; 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, including HealthSouth's Form 10-K for the year ended December 31, 2005 and Form 10-Q for the quarter ended March 31, 2006.

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

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