

HealthSouth Settles Litigation With Senior Housing Properties Trust

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HealthSouth Corporation announced today that it has reached a settlement in its long- running litigation with Senior Housing Properties Trust .

In January of 2002, HealthSouth leased two hospitals in Massachusetts from Senior Housing Properties Trust "SNH," Braintree Rehabilitation Hospital in Boston and New England Rehabilitation Hospital in Woburn. An accounting fraud, perpetrated against HealthSouth by members of its former management team, was uncovered in March of 2003 and prevented HealthSouth from providing timely and accurate financials for a period of several months while the financials were reconstructed and restated.

Shortly after discovery of the accounting fraud, litigation was commenced and the lease was ultimately terminated. HealthSouth continued to operate the hospitals until Oct. 1, 2006.

"We are pleased that this matter is behind us so we can focus on our strategic plan for HealthSouth's future," stated John Workman, HealthSouth Chief Financial Officer. "It's unfortunate that members of our past management team put us in this position, but we thank the staff of both Braintree Rehabilitation Hospital and New England Rehabilitation Hospital for their dedication over the years and wish them well as they move forward."

Under the terms of the settlement, HealthSouth has agreed to pay an amount and all litigation and other disputes between SNH and HealthSouth and their various affiliates have been dismissed.

Additional details of the settlement were not disclosed.

About HealthSouth

HealthSouth strives to be the healthcare company of choice for its patients, employees, physicians and shareholders. Operating across the country, HealthSouth is one of the nation's largest providers of inpatient rehabilitative services, outpatient rehabilitation centers, surgery centers, and diagnostic imaging centers. 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 consummation of the proposed settlement of pending litigation relating to HealthSouth's prior reporting and financial practices; significant changes in HealthSouth's management team; HealthSouth's ability to successfully consummate transactions related to its previously announced strategic repositioning; 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; Form 10-Qs for the quarters ended March 31, 2006 and June 30, 2006.

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