

HEALTHSOUTH Announces Record Revenues; Operating Earnings Per Share of \$.22, Up 16% for Fourth Quarter

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BIRMINGHAM, Ala.

HEALTHSOUTH Corporation announced operating results for the quarter and year ended December 31, 2001. For the quarter, HEALTHSOUTH's revenues were \$1.115 billion, an increase of 3.5% as compared to \$1.077 billion for the fourth quarter of 2000 and an increase of 7.5% after adjusting in both periods for divestitures in 2001. Income before unusual and non-recurring items for the 2001 quarter was \$88.6 million, an increase of 15.2% compared to net income of \$76.9 million in the 2000 quarter. The comparable income per share (assuming dilution) was \$.22 for the 2001 quarter, consistent with consensus Wall Street estimates, an increase of 15.8% as compared to earnings per share (assuming dilution) of \$.19 in the 2000 quarter.

For the year ended December 31, 2001, HEALTHSOUTH's revenues were \$4.380 billion, compared to \$4.195 billion for 2000. Income before unusual and non-recurring items for 2001 was \$326.1 million, compared to net income of \$278.5 million for 2000. The comparable income per share (assuming dilution) for 2001 was \$.82, a 15.5% increase compared to net income per share (assuming dilution) of \$.71 for 2000.

"Our fourth quarter results reflect a strong finish to a very successful year," said Richard M. Scrusby, Chairman of the Board and Chief Executive Officer of HEALTHSOUTH. "The fundamentals of our business showed continued improvement, as same-store volume growth ranged from 6.5% to 13% in our outpatient lines of business compared to the fourth quarter of 2000. Pricing trends were also strong on both a sequential quarter and year-over-year basis, contributing to an increase in our EBITDA margin to 28.2%. Looking ahead, our early experience under the new inpatient rehabilitation prospective payment system is confirming our expectations for the positive impact that PPS will have on our business. In addition, during the fourth quarter, we held the groundbreaking on our new HEALTHSOUTH Medical Center in Birmingham, which will be a state-of-the-art, wireless, digital facility that we believe will represent a major new advance in the way healthcare is delivered. We are proud of our performance last year, and we are committed to strategic growth, continued innovation and strong financial performance in 2002."

Unusual and non-recurring items reduced net income by \$20.7 million in the fourth quarter. These items consisted of an \$11.4 million net loss on the sale of the company's United Kingdom diagnostic centers and four non-strategic rehabilitation hospitals and a \$9.3 million loss on the sale of certain properties in a sale-leaseback transaction, in each case net of income taxes. Net income for the year was also reduced by unusual and non-recurring items in the second quarter, which were discussed in that quarter's earnings announcement and which aggregated approximately \$103 million, net of income taxes. Management believes that income and income per share excluding such unusual and non-recurring items provide a clearer picture of the company's operational performance than net income and earnings per share standing alone.

HEALTHSOUTH is the nation's largest provider of outpatient surgery, diagnostic imaging and rehabilitative healthcare services, with approximately 1,900 locations in all 50 states, the United Kingdom, Australia, Puerto Rico and Canada. HEALTHSOUTH can be found on the Web at <http://www.healthsouth.com/>.

HEALTHSOUTH will hold a conference call to discuss its fourth quarter results at 9:00 a.m. Central Time on Tuesday, March 12. Simultaneously with the conference call, a "webcast" of the call will be available to interested parties at <http://www.healthsouth.com/> via an Internet link under the "Investor Relations" section. A replay of the call will be available at the same Internet site address for 15 days following the call.

Statements contained in this press release which are not historical facts are forward-looking statements. Without limiting the generality of the preceding statement, all statements in this press release concerning or relating to estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results 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 reflecting the best judgment of HEALTHSOUTH's senior management 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, 2000 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.

Summary Operating Results
(unaudited; in thousands, except per share data)

Three Months Ended Twelve Months Ended

	December 31,		December 31,	
	2001	2000	2001	2000
Revenues	\$1,115,152	\$1,077,001	\$4,380,477	\$4,195,115
Net income	\$67,898	\$76,888	\$202,387	\$278,465
Weighted average common shares outstanding	391,446	386,226	389,717	385,666
Weighted average common shares outstanding - assuming dilution	399,940	395,356	399,227	391,016
Net income per common share	\$0.17	\$0.20	\$0.52	\$0.72
Net income per common share - assuming dilution	\$0.17	\$0.19	\$0.51	\$0.71

ADJUSTMENT TO EXCLUDE UNUSUAL AND NON-RECURRING EXPENSES IN 2001

Net income	\$67,898	\$76,888	\$202,387	\$278,465
Unusual and non-recurring expenses, net of minority interests	\$34,244	--	\$199,150	--
Income tax benefit of unusual and non-recurring expenses	(\$13,527)	--	(\$75,405)	--
Income excluding effects of unusual and non-recurring expenses	\$88,615	\$76,888	\$326,132	\$278,465
Weighted average common shares outstanding - assuming dilution	415,442	395,356	414,729	391,016
Income per common share excluding effects of unusual and non-recurring expenses - assuming dilution	\$0.22	\$0.19	\$0.82	\$0.71

HEALTHSOUTH Corporation and Subsidiaries
Consolidated Statements of Income
(UNAUDITED - In thousands, except per share amounts)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2001	2000	2001	2000
Revenues	\$1,115,152	\$1,077,001	\$4,380,477	\$4,195,115
Operating unit expenses	731,542	710,037	2,905,043	2,816,363
Corporate general and administrative expenses	44,380	40,893	167,206	148,023
Provision for doubtful accounts	24,649	25,555	107,871	98,037
Depreciation and amortization	95,039	91,746	375,270	360,847
Impairment of unamortized loan fee costs	--	--	6,475	--
Loss on sale of assets	34,244	--	174,127	--
Interest expense	52,519	59,715	218,100	221,595
Interest income	(1,607)	(1,770)	(7,349)	(9,104)
	980,766	926,176	3,946,743	3,635,761
Income before income taxes and minority interests	134,386	150,825	433,734	559,354
Provision for income taxes	46,274	50,199	139,467	181,808
Income before minority interests	88,112	100,626	294,267	377,546
Minority interests	(20,214)	(23,738)	(91,880)	(99,081)

Net income	\$67,898	\$76,888	\$202,387	\$278,465
Weighted average common shares outstanding	391,446	386,226	389,717	385,666
Net income per common share	\$0.17	\$0.20	\$0.52	\$0.72
Weighted average common shares outstanding - assuming dilution	399,940	395,356	399,227	391,016
Net income per common share - assuming dilution	\$0.17	\$0.19	\$0.51	\$0.71
Add-back to income for diluted earnings per share: Interest and amortization on convertible debt *	--	--	--	--
	*	*	*	*

* The effect of these securities was antidilutive during these periods.

HEALTHSOUTH Corporation and Subsidiaries
Consolidated Statements of Income Before Unusual and Non-Recurring Items
(UNAUDITED - In thousands, except per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2001	2000	2001	2000
Revenues	\$1,115,152	\$1,077,001	\$4,380,477	\$4,195,115
Operating unit expenses	731,542	710,037	2,905,043	2,816,363
Corporate general and administrative expenses	44,380	40,893	158,958	148,023
Provision for doubtful accounts	24,649	25,555	97,571	98,037
Depreciation and amortization	95,039	91,746	375,270	360,847
Impairment of unamortized loan fee costs	--	--	--	--
Loss on sale of assets	--	--	--	--
Interest expense	52,519	59,715	218,100	221,595
Interest income	(1,607)	(1,770)	(7,349)	(9,104)
	946,522	926,176	3,747,593	3,635,761
Income before income taxes and minority interests	168,630	150,825	632,884	559,354
Provision for income taxes	59,801	50,199	214,872	181,808
Income before minority interests	108,829	100,626	418,012	377,546
Minority interests	(20,214)	(23,738)	(91,880)	(99,081)
Net income	\$88,615	\$76,888	\$326,132	\$278,465
Weighted average common shares outstanding	391,446	386,226	389,717	385,666
Net income per common share	\$0.23	\$0.20	\$0.84	\$0.72
Weighted average common shares outstanding - assuming dilution	415,442	395,356	414,729	391,016
Net income per common share - assuming dilution	\$0.22	\$0.19	\$0.82	\$0.71
Add-back to income for diluted earnings per share: Interest and amortization on convertible debt *	\$3,112	--	\$12,448	--
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* The effect of these securities was antidilutive during these periods.

HEALTHSOUTH Corporation and Subsidiaries
 Consolidated Statements of Income Before Unusual and Non-Recurring Items
 Three Months Ended December 31, 2001
 (UNAUDITED - In thousands, except per share amounts)

	Three Months Ended December 31, 2001	Less Unusual and Unusual Non-Recurring Items	Before Unusual and Non-Recurring Items
Revenues	\$1,115,152		\$1,115,152
Operating unit expenses	731,542		731,542
Corporate general and administrative expenses	44,380		44,380
Provision for doubtful accounts	24,649		24,649
Depreciation and amortization	95,039		95,039
Impairment of unamortized loan fee costs		--	
Loss on sale of assets	34,244	34,244	(1) --
Interest expense	52,519		52,519
Interest income	(1,607)		(1,607)
	980,766	34,244	946,522
Income before income taxes and minority interests	134,386	(34,244)	168,630
Provision for income taxes	46,274	(13,527)	59,801
Income before minority interests	88,112	(20,717)	108,829
Minority interests	(20,214)		(20,214)
Net income	\$67,898	\$(20,717)	\$88,615
Weighted average common shares outstanding	391,446		391,446
Net income per common share	\$0.17		\$0.23
Weighted average common shares outstanding - assuming dilution	399,940		415,442
Net income per common share - assuming dilution	\$0.17		\$0.22
Add-back to income for diluted earnings per share:			
Interest and amortization on convertible debt *	--		\$3,112

*

* The effect of these securities was antidilutive

(1) Loss related to the sale of certain facilities.

HEALTHSOUTH Corporation and Subsidiaries
 Consolidated Statements of Income Before Unusual and Non-Recurring Items
 Twelve Months Ended December 31, 2001
 (UNAUDITED - In thousands, except per share amounts)

	Twelve Months Ended December 31, 2001	Less Unusual and Unusual Non- Recurring Items	Unusual and Non- Recurring Items
Revenues	\$4,380,477		\$4,380,477

Operating unit expenses	2,905,043		2,905,043
Corporate general and administrative expenses		--	
	167,206	8,248 (1)	158,958
Provision for doubtful accounts	107,871	10,300 (3)	97,571
Depreciation and amortization	375,270		375,270
Impairment of unamortized loan fee costs	6,475	6,475 (2)	--
Loss on sale of assets	174,127	174,127 (3)	--
Interest expense	218,100		218,100
Interest income	(7,349)		(7,349)
	3,946,743	199,150	3,747,593
Income before income taxes and minority interests	433,734	(199,150)	632,884
Provision for income taxes	139,467	(75,405)	214,872
Income before minority interests	294,267	(123,745)	418,012
Minority interests	(91,880)		(91,880)
Net income	\$202,387	\$(123,745)	\$326,132

Weighted average common shares outstanding	389,717		389,717
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Net income per common share	\$0.52		\$0.84
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Weighted average common shares outstanding - assuming dilution	399,227		414,729
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Net income per common share - assuming dilution	\$0.51		\$0.82
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Add-back to income for diluted earnings per share:

Interest and amortization on convertible debt *	--		\$12,448
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* The effect of these securities was antidilutive

- (1) Charge related to settlement agreement with the United States Department of Justice.
- (2) Impairment charge related to the write-off of the unamortized balance of loan fees on retired debt.
- (3) Loss related to the sale of certain facilities.

HEALTHSOUTH Corporation Quarterly Statistics (Unaudited)

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
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Outpatient Division Total Visits:

(Revised to exclude Occupational Medicine)					
2000	2,212,042	2,266,260	2,195,908	2,271,269	8,945,479
2001	2,198,772	2,249,908	2,243,112	2,391,459	9,083,251

Inpatient Division Total Patient Days:

2000	647,575	643,441	668,451	650,987	2,610,454
2001	653,434	661,635	659,515	658,441	2,633,025

Medical Center Division Total Patient Days:

(Revised to Exclude Richmond Medical Center)					
2000	24,390	22,283	24,355	24,000	95,028
2001	29,271	24,243	24,238	22,766	100,518

Surgery Center Division Total Cases:

2000	217,505	220,593	212,647	219,321	870,066
2001	219,777	225,512	211,570	221,594	878,453

Diagnostic Division Total Procedures:

2000	213,505	221,052	242,647	250,621	927,825
2001	268,645	274,623	275,908	275,191	1,094,367

For more information, contact Richard M. Scrusby, Chairman & CEO, or Tadd McVay, Executive Vice President and Treasurer, at 205-967-7116

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SOURCE: HEALTHSOUTH Corporation

Contact: Richard M. Scrushy, Chairman & CEO, or Tadd McVay, Executive
Vice President and Treasurer, both of HEALTHSOUTH Corporation,
+1-205-967-7116

Website: <http://www.healthsouth.com/>
