

## **HEALTHSOUTH Announces Planned Workforce Reductions As Part of Company-Wide Cost-Cutting Initiative**

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HEALTHSOUTH Corporation today announced that, as part of an overall company-wide cost-cutting initiative in response to the impact of Medicare Program Transmittal 1753, it plans to reduce its workforce by up to 2% nationwide over the next few months. The reductions, which will involve both corporate office and field-based personnel, will be primarily focused on non-clinical administrative and support positions and will be aimed at lowering costs and increasing operating efficiencies. In appropriate circumstances, where therapist positions are being eliminated due to the closure or consolidation of facilities in particular markets, efforts will be made to offer the therapists opportunities to relocate within the company's network of facilities.

"While it is always a difficult decision to let employees go, we have to respond to the current dynamics of our business," said Richard M. Scrushy, Chairman of the Board of HEALTHSOUTH. "As we have described, the developments in our outpatient rehabilitation business arising from changes in Medicare policy adversely affected our revenues in the third quarter, and we have to cut costs in all areas to respond to these changes. In our 2003 budgeting process, we have identified a number of positions where we believe we can generate savings without compromising our ability to provide high-quality, cost-effective services to our patients. We will be implementing these reductions over the next few months, and we are committed to ensuring that nothing we do will interfere with our ability to provide exceptional clinical outcomes."

William T. Owens, President and Chief Executive Officer of HEALTHSOUTH, added, "As our budgeting process has moved forward, we have been intensely focused on ways to lower costs and improve efficiencies throughout the company, both in the corporate office and in our field operations. While we continue to focus on restoring patient volumes, we believe that we can achieve meaningful savings in both operating and overhead costs."

HEALTHSOUTH is the nation's largest provider of outpatient surgery, diagnostic imaging and rehabilitative healthcare services, with approximately 1,800 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](http://www.healthsouth.com).

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 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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