

HealthSouth to Acquire RehabCare Rehabilitation Hospital in Midland, Texas

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HealthSouth Corporation today announced it has entered into a definitive agreement to acquire a 38-bed rehabilitation hospital in Midland, Texas, from RehabCare Group of Midland, L.P. The transaction is expected to close in the third quarter of 2008 and, at that time, the hospital's operations will relocate to HealthSouth Rehabilitation Hospital of Midland/Odessa.

"As the nation's largest provider of inpatient rehabilitation hospital services, we are very pleased to be able to offer HealthSouth's high quality services to more patients with this transaction," said Jay Grinney, HealthSouth's president and chief executive officer. "We have been privileged to serve the Midland/Odessa market since 1993 and look forward to continuing this tradition for many years to come."

HealthSouth currently operates 14 rehabilitation hospitals throughout Texas. Accredited by The Joint Commission, HealthSouth's inpatient rehabilitation hospitals provide a higher level of rehabilitative care to patients who are recovering from stroke and other neurological disorders, brain and spinal cord injury, amputations, orthopedic, cardiac and pulmonary conditions.

About HealthSouth

HealthSouth is the nation's largest provider of inpatient rehabilitation services. Operating in 26 states across the country and in Puerto Rico, HealthSouth serves more than 250,000 patients annually through its network of inpatient rehabilitation hospitals, long-term acute care hospitals, outpatient rehabilitation satellites, and home health agencies. HealthSouth strives to be the health care company of choice for its patients, employees, physicians and shareholders and 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. All such estimates, projections, and forward-looking information speak only as of the date hereof, and HealthSouth undertakes no duty to publicly update or revise such forward-looking information, whether as a result of new information, future events, or otherwise. 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, any adverse outcome of various lawsuits, claims, and legal or regulatory proceedings that may be brought against us or any adverse outcome relating to the settlement of the federal securities class action previously disclosed by us; 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; 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, 2007.

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