



HealthSouth Commits to a Reimbursement Policy for Shareholder Proxy Nominations

BIRMINGHAM, Ala., Oct 26, 2009 /PRNewswire-FirstCall via COMTEX News Network/ -- HealthSouth Corporation (NYSE: HLS) today announced that its Board of Directors has authorized the Company to amend its bylaws to adopt procedures relating to shareholder nominations for the election of directors. At its October 22, 2009 regular meeting, the Board approved the general terms of an amendment to the Company's Bylaws that will provide for reimbursement of shareholder expenses in connection with a proxy solicitation campaign, subject to certain conditions including the Board's determination that reimbursement is consistent with its fiduciary duties. The Board expects to adopt the final form of this Bylaw amendment this week. The final amendment will be included in a Form 8-K to be filed with the Securities and Exchange Commission when approved.

HealthSouth will become one of first public companies to adopt an alternative to the various initiatives relating to proxy access.

"HealthSouth believes there is a close correlation between good governance and good performance," said Jon F. Hanson, non-executive Chairman of the Board. "By reimbursing shareholders under certain conditions for reasonable expenses relating to director nominations, we believe we will further enhance director accountability and permit shareholders to have a greater say in the running of their company. This far-reaching amendment to our Bylaws will be good for our shareholders, our Board and our Company."

The Board also approved the general terms of an executive compensation recoupment, or clawback, policy. This policy will allow the Company in certain instances to require return of any bonus or incentive compensation paid to a member of senior management after January 1, 2010 if that officer engages in certain misconduct. The final terms of the policy will be included in a Form 8-K to be filed with the SEC when approved.

"Given the history of HealthSouth under its prior management team, we believe this Company should be innovative and a leader in corporate governance issues among public companies," said Charles Elson, Director and Chairman of Nominating and Corporate Governance Committee. "Based on my experience, HealthSouth has become such a leader." Mr. Elson is the Edgar S. Woolard, Jr. Chair in Corporate Governance and has served as the director of the John L. Weinberg Center for Corporate Governance at the University of Delaware.

The Company's filings with the SEC will also be available after filing on the Company's Web site www.healthsouth.com in the investor section.

About HealthSouth

HealthSouth is the nation's largest provider of inpatient rehabilitative healthcare services. Operating in 26 states across the country and in Puerto Rico, HealthSouth serves patients through its network of inpatient rehabilitation hospitals, long-term acute care hospitals, outpatient rehabilitation satellites, and home health agencies. HealthSouth strives to be the nation's preeminent provider of inpatient rehabilitative healthcare services 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 may from time to time make forward-looking public statements concerning the matters described herein. All such forward-looking information speaks 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 speculations based upon current information and involve a number of risks and uncertainties. While it is impossible to identify all such factors, factors which could cause actual results to differ materially include, but are not limited to, any adverse outcome of various lawsuits, claims, and legal or regulatory proceedings that may be brought against the Company; significant changes in HealthSouth's management team; 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; general conditions in the economy and capital markets; and other factors which may be identified from time to time in HealthSouth's SEC filings and other public announcements, including HealthSouth's Form 10-K for the year ended December 31, 2008 and Form 10-Q for the quarters ended June 30, 2009 and March 31, 2009.

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