



HealthSouth Finalizes Transaction to Sell 8.8 Million Shares of Common Stock for \$150 Million

BIRMINGHAM, Ala. - HealthSouth Corporation (the "Company") (NYSE: HLS) today announced it has finalized the issuance and sale of 8.8 million shares of common stock of the Company to J.P. Morgan Securities Inc. for net proceeds of approximately \$150 million. The Company will use the net proceeds of the offering primarily for redemption and repayment of short-term or long-term borrowings. Amounts not used to reduce debt will be used for general corporate purposes including acquisitions of or investments in businesses or assets, capital expenditures, and working capital.

"The closing of this transaction represents another step taken to continue to reduce our total debt outstanding, deleverage our balance sheet, and reduce our cash interest obligations," said HealthSouth President and Chief Executive Officer, Jay Grinney. "By doing so, we will be able to apply more of the cash that our business generates to invest in growth opportunities and for other general corporate purposes."

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 nation's preeminent provider of inpatient rehabilitation services.

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,