

HealthSouth Announces Agreement To Purchase Cardinal Hill Rehabilitation Hospital In Lexington, Kentucky

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BIRMINGHAM, Ala., Feb. 3, 2015 /PRNewswire/ -- HealthSouth Corporation (NYSE: HLS) today announced it has entered into an agreement to purchase Cardinal Hill Rehabilitation Hospital in Lexington, Kentucky, from the Kentucky Easter Seal Society, Inc.

"Cardinal Hill Rehabilitation Hospital has a long history of providing high-quality care. The purchase of Cardinal Hill Rehabilitation Hospital by HealthSouth will uniquely position the hospital to continue its well-known and respected legacy as a premier provider of physical rehabilitation," said Central Region President for HealthSouth Barbara Jacobsmeyer. "We are pleased to welcome the hospital to our nationwide network and look forward to providing high-quality rehabilitation services to the residents of Lexington and the region who have experienced stroke, trauma, brain and orthopedic injuries or other major illnesses or injuries."

"We are delighted to be joining the HealthSouth organization. HealthSouth was selected based on its historical performance to an exhaustive set of criteria including: quality of patient care, expertise; innovation; integrated electronic medical record; ability to negotiate payor contracts; size; financial viability; and patient and staff satisfaction," said Chief Executive Officer of Cardinal Hill Rehabilitation Hospital Gary Payne. "The sale of the hospital will ensure Cardinal Hill Rehabilitation Hospital and the mission and philanthropic work of the Cardinal Hill Foundation (Kentucky Easter Seal Society) are in the best position possible to successfully navigate through times of change."

Cardinal Hill Rehabilitation Hospital, comprised of 158 licensed inpatient rehabilitation beds and 74 licensed skilled nursing beds, will continue to provide high-quality inpatient rehabilitation, skilled nursing, outpatient rehabilitation and home health services. The hospital will remain in the current location at 2050 Versailles Road in Lexington, Kentucky.

The agreement is subject to customary closing conditions including regulatory approvals. The parties expect to close the transaction in the first half of 2015.

About HealthSouth

HealthSouth is one of the nation's largest providers of post-acute healthcare services, offering both facility-based and home-based post-acute services in 33 states and Puerto Rico through its network of inpatient rehabilitation hospitals, home health agencies, hospice agencies and outpatient rehabilitation satellite clinics. HealthSouth can be found on the Web at www.healthsouth.com.

FORWARD-LOOKING STATEMENTS

Statements contained in this press release which are not historical facts, such as those relating to the likelihood, timing and effects of the completion of this acquisition, 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, involve a number of risks and uncertainties, and relate to, among other things, future events, HealthSouth's plan to repurchase its debt or equity securities, dividend strategies, effective income tax rates, HealthSouth's business strategy, its financial plans, its future financial performance, its projected business results or model, its ability to return value to shareholders, its projected capital expenditures, or its acquisition activities and opportunities. Actual events or results may differ materially from those 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 events or results to differ materially from those estimated by HealthSouth include, but are not limited to, the regulatory review and approval process, the satisfaction of other closing conditions; any adverse outcome of various lawsuits, claims, and legal or regulatory proceedings that may be brought by or against HealthSouth, including those related to yet undiscovered issues at the acquired hospital; litigation brought to prevent the closing of this transaction; the possibility this acquisition will experience other unexpected delays; the ability to successfully complete and integrate this acquisition consistent with HealthSouth's growth strategy, including realization of anticipated revenues, cost savings, and productivity improvements arising from the related operations and avoidance of unforeseen exposure to liabilities; changes in HealthSouth's or the acquired company'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 in this market and HealthSouth's response thereto; the ability to maintain

proper local, state and federal licensing where the acquired company does business; potential disruptions, breaches, or other incidents affecting the proper operation, availability, or security of HealthSouth's information systems, including the unauthorized access to or theft of patient or other sensitive information as well as any unforeseen issues related to integration of the acquired company's systems; the ability to attract and retain nurses, therapists, and other healthcare professionals in a highly competitive environment with often severe staffing shortages and the impact on HealthSouth's labor expenses from potential union activity and staffing shortages; changes, delays in (including in connection with resolution of Medicare payment reviews or appeals), or suspension of reimbursement for HealthSouth's services by governmental or private payors; general conditions in the economy and capital markets and their impact on our ability to fund this acquisition; 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, 2013 and Form 10-Q for the quarters ended March 31, 2014, June 30, 2014, and September 30, 2014.

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