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HEALTHSOUTH CORP
Form 8-K
February 21, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 21, 2006
(February 15, 2006)

HealthSouth Corporation
(Exact Name of Registrant as Specified in Charter)

Delaware (State or Other Jurisdiction of Incorporation)	000-14940 (Commission File Number)	63-0860407 (IRS Employer Identification No.)
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One HealthSouth Parkway Birmingham, Alabama (Address of Principal Executive Offices)	35243 (Zip Code)
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Registrant's telephone number, including area code: (205) 967-7116

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement

On February 15, 2006, HealthSouth Corporation (the "Company") entered into a consent and waiver (the "Consent") to the Senior Subordinated Credit Agreement, dated as of January 16, 2004 (the "Credit Agreement"), among the Company, the lenders party thereto and Credit Suisse (formerly known as Credit

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Suisse First Boston), as administrative agent and syndication agent. Pursuant to the terms of the Consent, the "required lenders" (as defined in the Credit Agreement) consented to the prepayment of all outstanding loans in full (together with all accrued and unpaid interest) on or prior to March 20, 2006 and waived certain provisions of the Credit Agreement to the extent such provisions prohibited such prepayment. In connection with the Consent, the Company agreed, to the extent such prepayment is made, to pay to each lender a prepayment premium equal to 15.00% of the principal amount of such lender's loans.

On February 15, 2006, the Company also entered into an amendment and waiver (the "Amendment") to the Term Loan Agreement, dated as of June 15, 2005 (the "Loan Agreement"), among the Company, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, Citicorp North America, Inc., as syndication agent, and J.P. Morgan Securities Inc. and Citigroup Global Markets Inc., as co-lead arrangers and joint bookrunners. Pursuant to the terms of the Amendment, the "required lenders" (as defined in the Loan Agreement) amended certain provisions of the Loan Agreement to the extent such provisions prohibited a prepayment of the loans thereunder prior to June 15, 2006. In connection with the Amendment, the Company agreed, to the extent such prepayment is made, to pay to each lender executing the Amendment on or prior to 5:00 p.m., February 15, 2006, a consent fee equal to 1.00% of the principal amount of such lender's loans.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HEALTHSOUTH CORPORATION

By: /s/ GREGORY L. DOODY

Name: Gregory L. Doody
Title: Executive Vice President,
General Counsel and Secretary

Date: February 21, 2006