NEWS RELEASE

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Select Medical Corporation Announces Results for Second Quarter Ended June 30, 2009

MECHANICSBURG, PENNSYLVANIA - - August 13, 2009 - - Select Medical Corporation ("Select") today announced results for its second quarter ended June 30, 2009.

For the second quarter ended June 30, 2009, net operating revenues increased 3.8% to $559.5 million compared to $538.8 million for the same quarter, prior year. Income from operations increased 35.0% to $65.4 million compared to $48.4 million for the same quarter, prior year. Net income attributable to Select Medical Corporation increased to $25.5 million compared to $12.6 million for the same quarter, prior year. Additionally, net income before interest, income taxes, depreciation and amortization, gain on early retirement of debt, stock compensation expense, other income(expense) and non-controlling interest ("Adjusted EBITDA") for the second quarter increased 25.2% to $83.6 million compared to $66.8 million for the same quarter, prior year. A reconciliation of net income to Adjusted EBITDA is attached to this release.

For the six months ended June 30, 2009, net operating revenues increased 3.1% to $1,120.7 million compared to $1,087.1 million for the same period, prior year. Income from operations increased 29.4% to $133.0 million compared to $102.8 million for the same period, prior year. Net income attributable to Select Medical Corporation increased to $57.2 million compared to $24.2 million for the same period, prior year. Additionally, Adjusted EBITDA for the six months ended June 30, 2009 increased 21.5% to $169.3 million compared to $139.3 million for the same period, prior year.

Specialty Hospitals

At June 30, 2009, Select operated 87 long term acute care hospitals and five acute medical rehabilitation hospitals. This compares to 88 long term acute care hospitals and four acute medical rehabilitation hospitals operated at June 30, 2008. For the second quarter of 2009, net operating revenues for all of Select's hospitals increased 5.2% to $386.3 million compared to $367.3 million for the same quarter, prior year. Total patient days for the second quarter of 2009 were 252,710, admissions were 10,504 and net revenue per patient day was $1,502. This compares to 252,727 days, 10,178 admissions and net revenue per patient day of $1,425 for the same quarter, prior year. For the hospitals opened or acquired as of January 1, 2008 and operated by Select throughout both periods, patient days in the second quarter of 2009 were 235,648 and admissions were 9,811, compared to 243,334 days and 9,789 admissions in the same quarter, prior year. Adjusted EBITDA for the segment increased 28.5% to $71.0 million compared to $55.2 million for the same quarter, prior year. The Adjusted EBITDA margin for the segment was 18.4% for the second quarter of 2009, compared to 15.0% for the same quarter, prior year. The Adjusted EBITDA margin for the hospitals opened or acquired as of January 1, 2008 and operated by Select throughout both periods was 20.1% for the second quarter of 2009, compared to 16.9% for the same quarter, prior year.

For the six months ended June 30, 2009, net operating revenues for all of Select's hospitals increased 4.5% to $779.6 million compared to $745.9 million for the same period, prior year. Total patient days for the six months ended June 30, 2009 were 508,983, admissions were 21,309 and net revenue per patient day was $1,505. This compares to 512,286 days, 20,914 admissions and net revenue per patient day of $1,428 for the same period, prior year. For the hospitals opened or acquired as of January 1, 2008 and operated by Select throughout both periods, patient days for the six months ended June 30, 2009 were 474,183, and admissions were 19,860, compared to 494,621 days and 20,180 admissions in the same period, prior year. Adjusted EBITDA for the segment for the six months ended June 30, 2009 increased 24.7% to $147.7 million compared to $118.5 million for the same period, prior year. The Adjusted EBITDA margin for the segment for the six months ended June 30, 2009 was 19.0%, compared to 15.9% for the same period, prior year. The Adjusted EBITDA margin for the hospitals opened or acquired as of January 1, 2008 and operated by Select throughout both periods was 20.6% for the six months ended June 30, 2009, compared to 18.0% for the same period, prior year.

Outpatient Rehabilitation

At June 30, 2009, Select operated 948 outpatient clinics. This compares to 970 outpatient clinics at June 30, 2008. For the second quarter of 2009, net operating revenues for the segment increased 1.0% to $173.2 million compared to $171.5 million for the same quarter, prior year. Adjusted EBITDA for the segment for the second quarter increased 6.5% to $25.3 million compared to $23.7 million for the same quarter, prior year. The Adjusted EBITDA margin for the segment for the quarter was 14.6% compared to 13.8% in the same quarter, prior year. Patient visits for the quarter were 1,163,341 compared to 1,167,702 for the same quarter, prior year. Net revenue per visit was $101 for the quarter ended June 30, 2009 compared to $102 for the same quarter, prior year.

For the six months ended June 30, 2009, net operating revenues were $341.0 million compared to $341.1 million for the same period, prior year. Adjusted EBITDA for the six months ended June 30, 2009 increased 6.2% to $46.6 million compared to $43.8 million for the same period, prior year. The Adjusted EBITDA margin for the six months ended June 30, 2009 was 13.7% compared to 12.9% in the same period, prior year. Patient visits for the six months ended June 30, 2009 were 2,259,637 compared to 2,323,609 for the same period, prior year. Net revenue per visit was $102 for the six months ended June 30, 2009 compared to $103 for the same period, prior year.

Credit Facility Amendment

Select and Select's parent corporation, Select Medical Holdings Corporation ("Holdings"), effective August 5, 2009 entered into Amendment No. 3 (the "Amendment") to Select's senior secured credit facility, dated as of February 24, 2005 (as amended to date, the "Credit Facility"), with a group of holders of Tranche B term loans and JPMorgan Chase Bank, N.A., as administrative agent. The Amendment extended the maturity of $384.5 million principal amount of Tranche B term loans from February 24, 2012 to August 22, 2014, and made related technical changes to the Credit Facility. The applicable rate for the Tranche B-1 term loans under the Credit Facility has increased to 3.75% for adjusted LIBOR loans and 2.75% for alternate base rate loans.

Conference Call

Select Medical Holdings Corporation ("Holdings"), the Parent of Select, has filed a registration statement on Form S-1 with the U.S. Securities and Exchange Commission ("SEC") in connection with the proposed initial public offering of its common stock. Based on advice of counsel, Select's regular quarterly earnings conference calls will be suspended while Holdings' registration statement is under review by the SEC.

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Select Medical Corporation is a leading operator of specialty hospitals in the United States. Select operates 87 long term acute care hospitals and five acute medical rehabilitation hospitals in 25 states. Select is also a leading operator of outpatient rehabilitation clinics in the United States, with approximately 948 locations in 37 states and the District of Columbia. Select also provides medical rehabilitation services on a contract basis at nursing homes, hospitals, assisted living and senior care centers, schools and worksites. Information about Select is available at http://www.selectmedicalcorp.com/

Certain statements contained herein that are not descriptions of historical facts are "forward-looking" statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). Because such statements include risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements due to factors including the following:

- additional changes in government reimbursement for our services may result in a reduction in net operating revenues, an increase in costs and a reduction in profitability;
- the failure of our long term acute care hospitals, or LTCHs, to maintain their status as such may cause our net operating revenues and profitability to decline;
- the failure of our facilities operated as "hospitals within hospitals," or HIHs, to qualify as hospitals separate from their host hospitals may cause our net operating revenues and profitability to decline;
- implementation of modifications to the admissions policies for our inpatient rehabilitation facilities, as required to achieve compliance with Medicare guidelines, may result in a loss of patient volume at these hospitals and, as a result, may reduce our future net operating revenues and profitability;
- a government investigation or assertion that we have violated applicable regulations may result in sanctions or reputational harm and increased costs;
- future acquisitions may prove difficult or unsuccessful, use significant resources or expose us to unforeseen liabilities;
- private third-party payors for our services may undertake future cost containment initiatives that limit our future net operating revenues and profitability;
- the failure to maintain established relationships with the physicians in our markets could reduce our net operating revenues and profitability;
- shortages in qualified nurses or therapists could increase our operating costs significantly;
- competition may limit our ability to grow and result in a decrease in our net operating revenues and profitability;
- the loss of key members of our management team could significantly disrupt our operations;
- the effect of claims asserted against us or lack of adequate available insurance could subject us to substantial uninsured liabilities;
- the ability to obtain any necessary or desired waiver or amendment from our existing lenders may be difficult due to the current uncertainty in the credit markets; and
- the inability to draw funds under our senior secured credit facility because of lender defaults.

Investor inquiries:

Joel Veit, 717/972-1100

I. Condensed Consolidated Statements of Operations
(In thousands)
(unaudited)
For the Three Months Ended June 30, 2008 and 2009

	2008	2009	% Change
Net operating revenues	$ 538,806	$ 559,535	3.8%
Costs and expenses:			
Cost of services	449,356	453,011	0.8%
General and administrative	12,654	12,885	1.8%
Bad debt expense	10,445	10,312	(1.3)%
Depreciation and amortization	17,930	17,939	0.1%
Income from operations	48,421	65,388	35.0%
Gain on early retirement of debt	-	3,562	N/M
Other income (expense)	1,791	(32)	N/M
Interest income	56	28	(50.0)%
Interest expense	(27,773)	(24,853)	(10.5)%
Income from operations before income taxes	22,495	44,093	96.0%
Income tax expense	9,123	18,207	99.6%
Net income	13,372	25,886	93.6%
Less: Net income attributable to non-controlling interests	762	391	(48.7)%
Net income attributable to Select Medical Corporation	$ 12,610	$ 25,495	102.2%

N/M = Not Meaningful

II. Condensed Consolidated Statements of Operations
(In thousands)
(unaudited)
For the Six Months Ended June 30, 2008 and 2009

	2008	2009	% Change
Net operating revenues	$ 1,087,084	$ 1,120,707	3.1%
Costs and expenses:			
Cost of services	901,627	904,405	0.3%
General and administrative	24,305	25,660	5.6%
Bad debt expense	23,060	21,958	(4.8)%
Depreciation and amortization	35,327	35,670	1.0%
Income from operations	102,765	133,014	29.4%
Gain on early retirement of debt	-	15,316	N/M
Other income (expense)	(2,502)	1,621	N/M
Interest income	182	80	(56.0)%
Interest expense	(56,008)	(50,822)	(9.3)%
Income from operations before income taxes	44,437	99,209	123.3%
Income tax expense	19,202	40,575	111.3%
Net income	25,235	58,634	132.4%
Less: Net income attributable to non-controlling interests	1,071	1,412	31.8%
Net income attributable to Select Medical Corporation	$ 24,164	$ 57,222	136.8%

N/M = Not Meaningful

III. Condensed Consolidated Balance Sheets
(In thousands)
(unaudited)

	December 31, 2008	June 30, 2009
ASSETS		
Cash	$ 64,260	$ 27,689
Accounts receivable, net	312,418	339,615
Current deferred tax asset	48,594	51,316
Prepaid income taxes	7,362	-
Other current assets	20,897	21,776
Total Current Assets	453,531	440,396
Property and equipment, net	471,065	460,420
Goodwill	1,506,661	1,506,661
Other identifiable intangibles	74,078	69,663
Assets held for sale	12,542	11,342
Other assets	44,548	39,818
Total Assets	$ 2,562,425	$ 2,528,300
LIABILITIES AND EQUITY		
Payables and accruals	$ 344,358	$ 331,761
Current portion of long-term debt	9,046	10,670
Total Current Liabilities	353,404	342,431
Long-term debt, net of current portion	1,460,276	1,375,046
Non-current deferred tax liability	42,918	51,967
Other non-current liabilities	67,709	62,248
Total equity	638,118	696,608
Total Liabilities and Equity	$ 2,562,425	$ 2,528,300

IV. Key Statistics
(unaudited)
For the Three Months Ended June 30, 2008 and 2009

	2008	2009	% Change
Specialty Hospitals (a)			
Number of hospitals - end of period	92	92	0.0%
Net operating revenues (,000)	$ 367,289	$ 386,331	5.2%
Number of patient days	252,727	252,710	(0.0)%
Number of admissions	10,178	10,504	3.2%
Net revenue per patient day (b)	$ 1,425	$ 1,502	5.4%
Adjusted EBITDA (,000)	$ 55,237	$ 70,960	28.5%
Adjusted EBITDA margin – all hospitals	15.0%	18.4%	22.7%
Adjusted EBITDA margin – same store hospitals (c)	16.9%	20.1%	18.9%
Outpatient Rehabilitation			
Number of clinics - end of period	970	948	(2.3)%
Net operating revenues (,000)	$ 171,495	$ 173,190	1.0%
Number of visits	1,167,702	1,163,341	(0.4)%
Revenue per visit (d)	$ 102	$ 101	(1.0)%
Adjusted EBITDA (,000)	$ 23,746	$ 25,294	6.5%
Adjusted EBITDA margin	13.8%	14.6%	5.8%

(a) Specialty hospitals consist of long term acute care hospitals and acute medical rehabilitation hospitals.

(b) Net revenue per patient day is calculated by dividing specialty hospital patient service revenue by the total number of patient days.

(c) Adjusted EBITDA margin - same store hospitals represents the Adjusted EBITDA margin for those hospitals opened or acquired before January 1, 2008 and operated throughout both periods.

(d) Net revenue per visit is calculated by dividing outpatient rehabilitation clinic revenue by the total number of visits. For purposes of this computation, outpatient rehabilitation clinic revenue does not include managed clinics or contract services revenue.

V. Key Statistics
(unaudited)
For the Six Months Ended June 30, 2008 and 2009

	2008	2009	% Change
Specialty Hospitals (a)			
Number of hospitals - end of period	92	92	0.0%
Net operating revenues (,000)	$ 745,893	$ 779,563	4.5%
Number of patient days	512,286	508,983	(0.6)%
Number of admissions	20,914	21,309	1.9%
Net revenue per patient day (b)	$ 1,428	$ 1,505	5.4%
Adjusted EBITDA (,000)	$ 118,480	$ 147,741	24.7%
Adjusted EBITDA margin – all hospitals	15.9%	19.0%	19.5%
Adjusted EBITDA margin – same store hospitals (c)	18.0%	20.6%	14.4%
Outpatient Rehabilitation			
Number of clinics - end of period	970	948	(2.3)%
Net operating revenues (,000)	$ 341,072	$ 341,009	(0.0)%
Number of visits	2,323,609	2,259,637	(2.8)%
Revenue per visit (d)	$ 103	$ 102	(1.0)%
Adjusted EBITDA (,000)	$ 43,843	$ 46,578	6.2%
Adjusted EBITDA margin	12.9%	13.7%	6.2%

(a) Specialty hospitals consist of long term acute care hospitals and acute medical rehabilitation hospitals.

(b) Net revenue per patient day is calculated by dividing specialty hospital patient service revenue by the total number of patient days.

(c) Adjusted EBITDA margin - same store hospitals represents the Adjusted EBITDA margin for those hospitals opened or acquired before January 1, 2008 and operated throughout both periods.

(d) Net revenue per visit is calculated by dividing outpatient rehabilitation clinic revenue by the total number of visits. For purposes of this computation, outpatient rehabilitation clinic revenue does not include managed clinics or contract services revenue.

VI. Net Income to Adjusted EBITDA Reconciliation
(In thousands)
(unaudited)
For the Three and Six Months Ended June 30, 2008 and 2009

The following table reconciles net income to Adjusted EBITDA for Select. Adjusted EBITDA is used by Select to report its segment performance in accordance with SFAS No. 131. Adjusted EBITDA is defined as net income before interest, income taxes, depreciation and amortization, stock compensation expense, gain on early retirement of debt, other income, other expense and non-controlling interest. We believe that the presentation of Adjusted EBITDA is important to investors because Adjusted EBITDA is used by management to evaluate financial performance and determine resource allocation for each of our operating units.

Adjusted EBITDA is not a measure of financial performance under generally accepted accounting principles. Items excluded from Adjusted EBITDA are significant components in understanding and assessing financial performance. Adjusted EBITDA should not be considered in isolation or as an alternative to, or substitute for, net income, cash flows generated by operations, investing or financing activities, or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Because Adjusted EBITDA is not a measurement determined in accordance with generally accepted accounting principles and is thus susceptible to varying calculations, Adjusted EBITDA as presented may not be comparable to other similarly titled measures of other companies.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2009	2008	2009
Net income	$ 12,610	$ 25,495	$ 24,164	$ 57,222
Non-controlling interest	762	391	1,071	1,412
Income tax expense	9,123	18,207	19,202	40,575
Interest expense, net	27,717	24,825	55,826	50,742
Other expense (income)	(1,791)	32	2,502	(1,621)
Gain on early retirement of debt	-	(3,562)	-	(15,316)
Stock compensation expense				
Included in general and administrative	438	241	1,147	483
Included in cost of services	-	58	45	111
Depreciation and amortization	17,930	17,939	35,327	35,670
Adjusted EBITDA	$ 66,789	$ 83,626	$ 139,284	$ 169,278
Specialty hospitals	$ 55,237	$ 70,960	$ 118,480	$ 147,741
Outpatient rehabilitation	23,746	25,294	43,843	46,578
Other (1)	(12,194)	(12,628)	(23,039)	(25,041)
Adjusted EBITDA	$ 66,789	$ 83,626	$ 139,284	$ 169,278

(1) Other primarily includes Select's general and administrative costs.

The following tables reconcile specialty hospital same store information.

	Three Months Ended	
	June 30, 2008	June 30, 2009
Specialty hospitals net operating revenue	$ 367,289	$ 386,331
Less: Specialty hospitals in development, opened or closed after 1/1/08	12,726	25,257
Specialty hospitals same store net operating revenue	$ 354,563	$ 361,074
Specialty hospitals Adjusted EBITDA	$ 55,237	$ 70,960
Less: Specialty hospitals in development, opened or closed after 1/1/08	(4,692)	(1,749)
Specialty hospitals same store Adjusted EBITDA	$ 59,929	$ 72,709
All specialty hospitals Adjusted EBITDA margin	15.0%	18.4%
Specialty hospitals same store Adjusted EBITDA margin	16.9%	20.1%

	Six Months Ended	
	June 30, 2008	June 30, 2009
Specialty hospitals net operating revenue	$ 745,893	$ 779,563
Less: Specialty hospitals in development, opened or closed after 1/1/08	23,070	51,890
Specialty hospitals same store net operating revenue	$ 722,823	$ 727,673
Specialty hospitals Adjusted EBITDA	$ 118,480	$ 147,741
Less: Specialty hospitals in development, opened or closed after 1/1/08	(11,426)	(2,257)
Specialty hospitals same store Adjusted EBITDA	$ 129,906	$ 149,998
All specialty hospitals Adjusted EBITDA margin	15.9%	19.0%
Specialty hospitals same store Adjusted EBITDA margin	18.0%	20.6%