Bank of America Merrill Lynch

Leveraged Finance Conference

November 30, 2011

Forward-Looking Statements

This presentation may contain forward-looking statements based on current management expectations. Numerous factors, including those related to market conditions and those detailed from time-to-time in the Company's filings with the Securities and Exchange Commission, may cause results to differ materially from those anticipated in the forward-looking statements. Many of the factors that will determine the Company's future results are beyond the ability of the Company to control or predict. These statements are subject to risks and uncertainties and, therefore, actual results may differ materially. Readers should not place undue reliance on forward-looking statements, which reflect management's views only as of the date hereof. The Company undertakes no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise. All references to "Select" used throughout this presentation refer to Select Medical Holdings Corporation and its subsidiaries.

Select Medical Today

$2.7 Billion Net Revenue LTM Q3 '11

$358 Million Pro Forma Adjusted EBITDA LTM Q3 '11[1]

28,500 Employees in the United States

Specialty Hospitals Segment

110 LTAC Hospitals
109 owned with 4,627 beds and 1 managed. Hospitals is 28 states.

9 Inpatient Rehab Facilities (IRF)
6 owned with 508 beds, 3 managed, and 4 managed units. Facilities in 5 states.

Outpatient Rehabilitation Segment

952 Outpatient Rehab Clinics in 34 states and the District of Columbia.

534 Contract Therapy locations in 31 states and the District of Columbia.

Note: Statistics as of September 30, 2011

[1] *Pro Forma Adjusted EBITDA per Credit Agreement – see slide 30 for non-GAAP reconciliation*

Recent Events

- $150 million Share Buyback Program
  - Increased from $100 million in August 2011
- June 1, 2011 – Debt Refinancing
- Baylor Health System Rehab Joint Venture – April 1, 2011
- Miami Rehab addition – January 1, 2011

Operating and Growth Strategy

Organic

- **LTAC** – maturing hospitals/census growth
- **Regency** – margin improvement
- **Outpatient Rehab** – margin improvement HealthSouth Clinics

Joint Venture

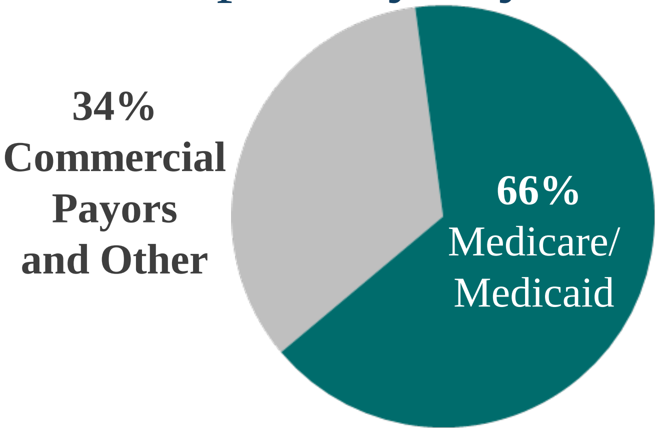
- Draw on reputation for JV development
- Expand into existing and contiguous markets
  - Focus on leading systems and university hospitals
  - 1 to 2 per year

Acquisition

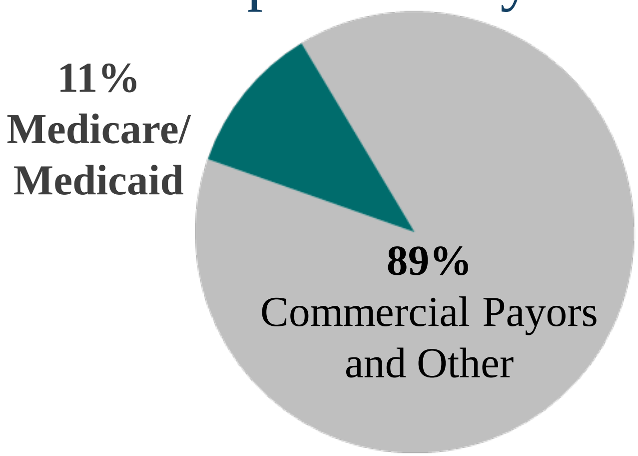
- Made opportunistic acquisition
  - Regency Hospital Company – Sep. 2010

Balanced Payor Mix

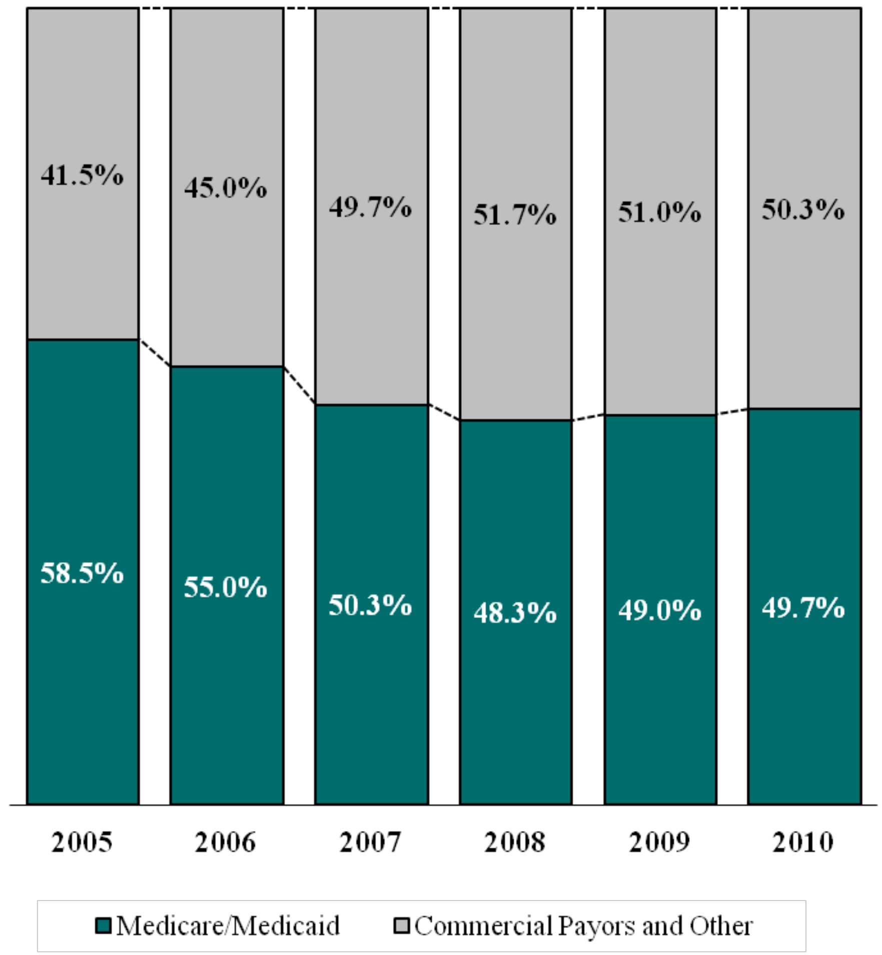
Specialty Payor Mix



Outpatient Payor Mix



Overall Payor Mix



Note: LTM Q3'11

Specialty Hospitals

Long Term Acute Care

LTACH Overview

Overview of LTACHs

- Major provider of LTACH services in U.S.
- 110 hospitals
  - 79 are hospital-in-hospital (2,720 beds)
  - 30 are freestanding (1,907 beds)
  - 1 managed freestanding hospital

Maturing New Hospitals

New Hospitals Added
2008-09 → 10 LTACs and 2 Rehab

- Adjusted EBITDA 2008 ($25.0)M
- Adjusted EBITDA 2009 ($ 1.6)M
- Adjusted EBITDA 2010 $ 8.3 M
- Adjusted EBITDA YTD 09/2011 $20.6 M

Regency Acquisition

- On September 1, 2010, Select closed the acquisition of Regency Hospitals for $210M less assumed liabilities
- 23 long-term acute care hospitals with 898 licensed beds in 9 states
- Corporate services and back office functions fully integrated
- Synergies and margin enhancement
  - Corporate Costs
    - Pre-Acquisition – $ ≈ 25M
    - Post acquisition – $ ≈ 4-5M
  - Facility level – Margins

LTACH Regulatory Environment

- MMSEA 2007 – extended through December 2012
  - Hospital in Hospital Rules – suspended at 50%
  - Very Short Stay Outlier Rule – suspended
  - Moratorium on new LTAC hospital licenses
- Future – post-2012
  - Patient/Facility Criteria (Supported by Industry, AHA, FAH, etc.)
  - Extension of 2012 legislation (status quo)
  - Lapse (25% Rule introduction, de novo facilities)
- Budget Sequestration

Specialty Hospitals

Inpatient Rehabilitation

Rehabilitation Hospitals

- Six owned hospitals – 508 beds
  - Kessler Institute (3)
  - Miami FL (1)
  - Penn State Hershey Rehabilitation (1)
  - SSM Rehabilitation (1), and one managed unit
- Three managed hospitals
  - Baylor (2) – non-consolidated, and three managed units
  - Denton, TX (1) – non-consolidated

Rehabilitation Overview

Kessler INSTITUTE FOR REHABILITATION
A Division of Select Medical

Kessler Overview

- Founded in 1948
- Largest licensed rehab hospital in U.S. (three campuses)
- 19 consecutive years *U.S. News & World Report* best hospital
- One of six rehab hospitals in U.S. to have model system designation for head injury <u>and</u> spinal cord injury

U.S. News & World Report
Best Rehabilitation Hospital Rankings 2011-2012

#1	Rehabilitation Institute of Chicago, Chicago, IL
#2	Kessler Institute for Rehabilitation, West Orange, NJ
#3	University of Washington Medical Center, Seattle, WA
#4	TIRR Memorial Hermann, Houston, TX
#5	Spaulding Rehabilitation Hospital, Boston, MA
#6	Mayo Clinic, Rochester, MN
#7	Craig Hospital, Englewood, CO
#8	Rusk Institute, NYU Langone Medical Center, New York, NY
#9	Moss Rehab, Elkins Park, PA
#10	Shepherd Center, Atlanta, GA

Rehab JV Overview

Select MEDICAL

SSM Rehabilitation Hospital
An SSM Select Medical Partnership

- 78 inpatient rehab beds (58 hospital beds and 20 bed unit)
- 33 outpatient locations
- 6 contract therapy locations/4 onsite rehab locations
- 3 occupational health clinics
- 3 day institute clinics
- Construction of new 60 bed facility on SSM DePaul Campus; expands hospital bed capacity to 95 upon completion
- Expansion of rehab services to network

BAYLOR Institute for Rehabilitation

- Two inpatient rehab hospitals with 136 beds
- Three managed inpatient rehab units with 57 beds
- 33 outpatient locations
- Expect immediate growth in the Outpatient business

PENNSTATE HERSHEY Rehabilitation Hospital
A Partnership with Select Medical Corporation

- 54 bed rehab facility

Inpatient Rehab Regulatory Environment

- 10/1/11 net 1.7% increase in Medicare rates
- Recent Obama proposal
  - Move 60% to 75%
  - Equalization payments between IRFs and SNFs
- Special committee sequestration

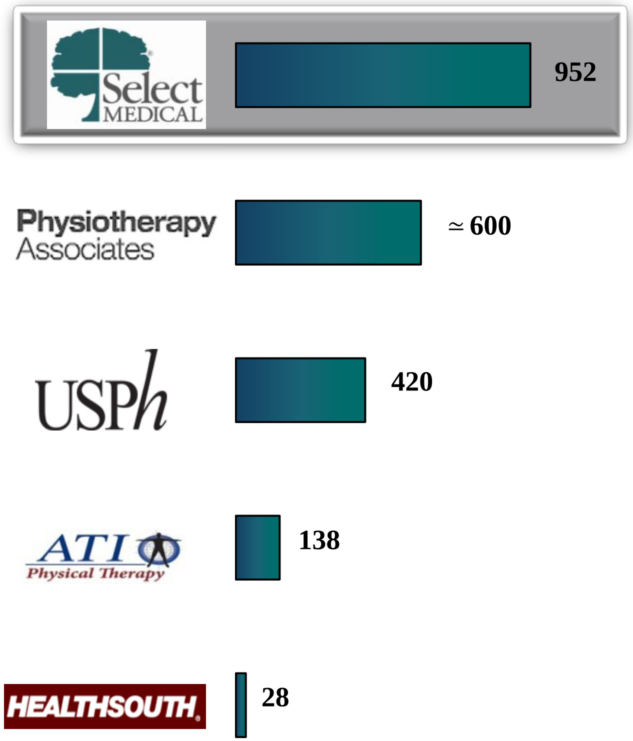
Outpatient Rehabilitation

Outpatient Rehab Clinics

Outpatient Rehab Clinics

Outpatient Rehab Facilities

(Number of Facilities)



Outpatient Margin Opportunity

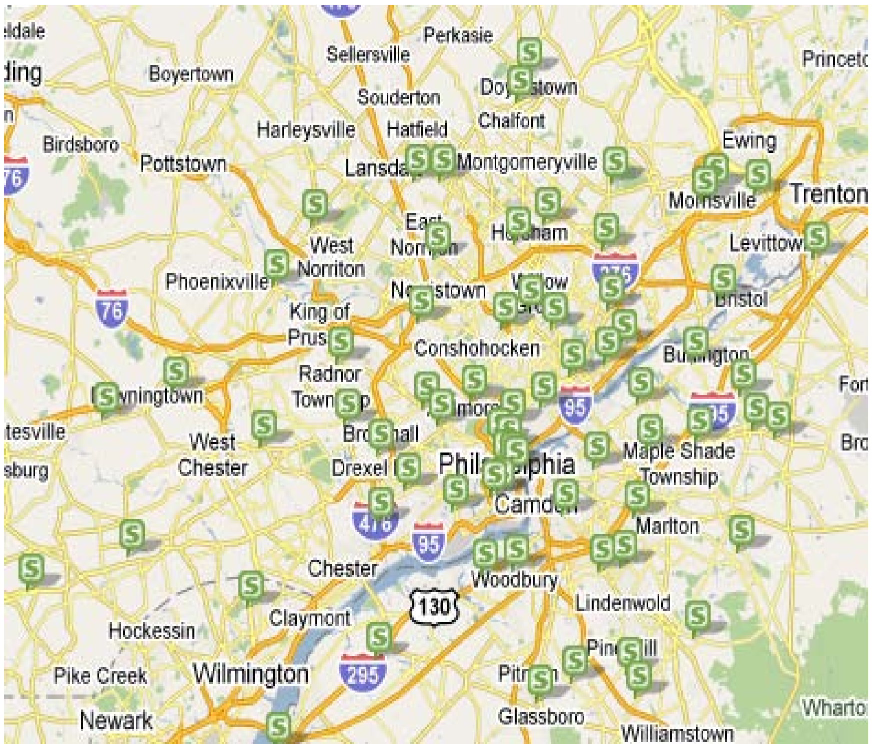
- Continue to expand former HealthSouth clinics’ EBITDA margins
  - 2009 EBITDA margin differential – greater than 5%
  - 2010 EBITDA margin differential – greater than 3%
  - Former HealthSouth clinics’ revenue – ≃ $200M
- Joint Venture outpatient opportunities

Source: Company public filings and websites as of September 30, 2011.

Outpatient Rehab

Select MEDICAL

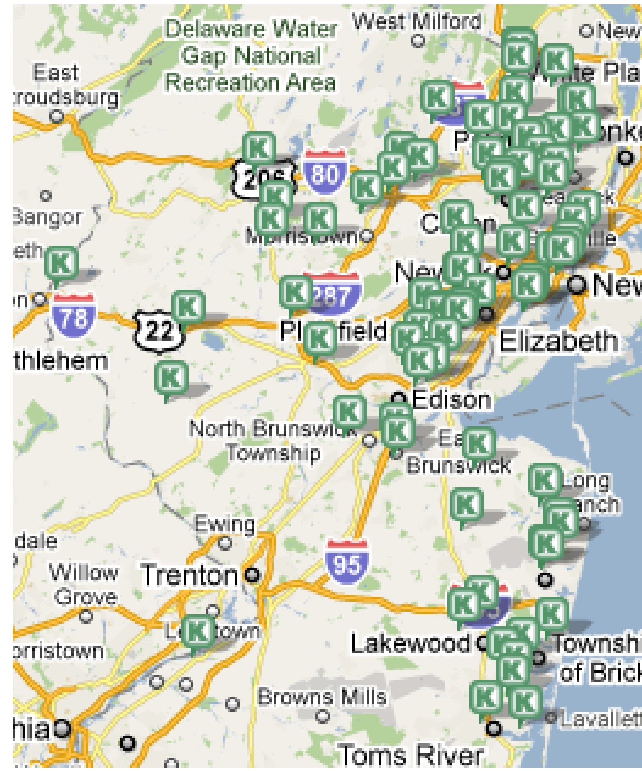
Philadelphia/South Jersey



NovaCare® REHABILITATION
A Division of Select Medical

116 locations

North Jersey



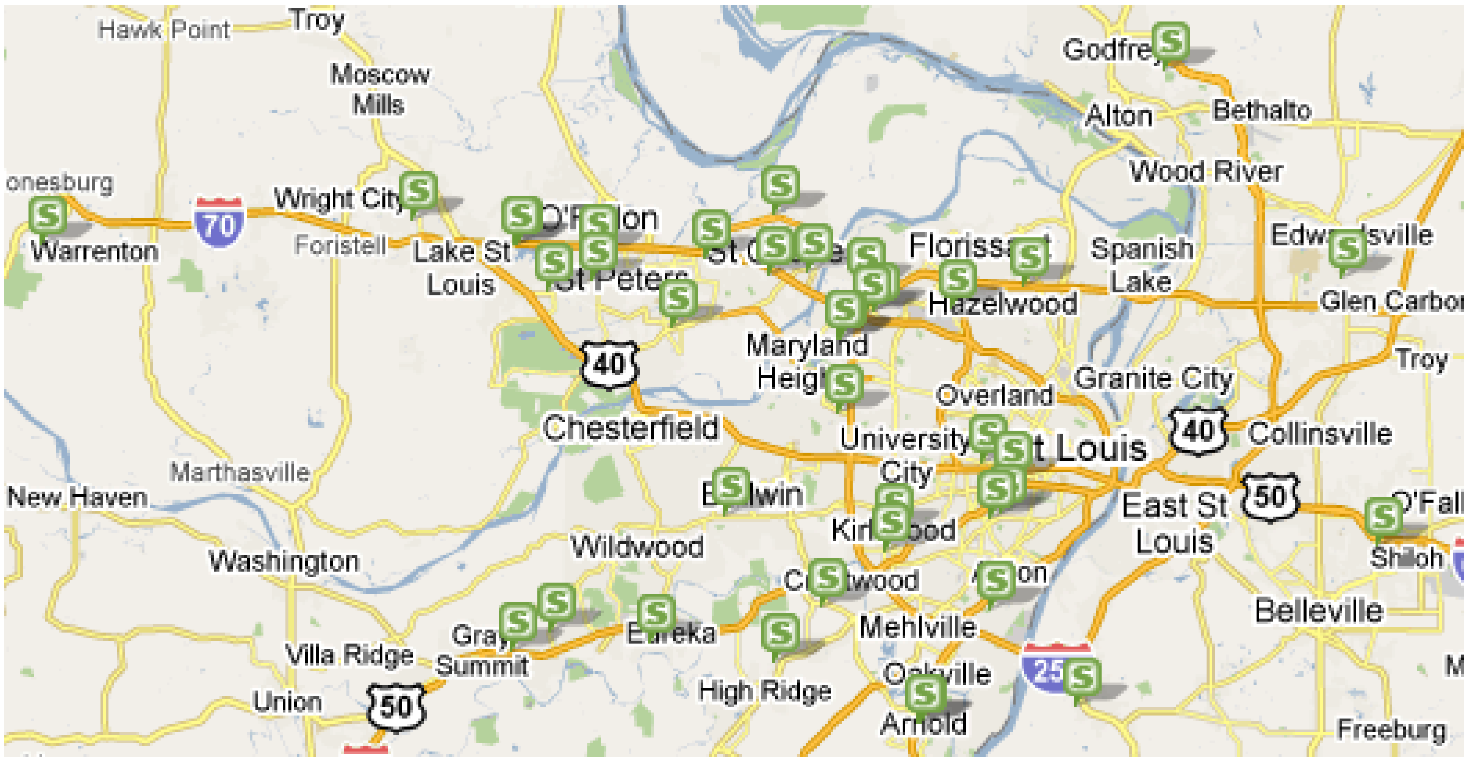
Kessler® INSTITUTE FOR REHABILITATION
A Division of Select Medical

82 locations

Outpatient Rehab – St. Louis, MO

SSM Rehabilitation Hospital

An SSM Select Medical Partnership



39 locations

Outpatient Rehabilitation

Contract Therapy

Contract Services

- 534 contracts in 31 states and the District of Columbia
- LTM Q3 ‘11 Revenue $153.2M
- Strong ROI with organic growth only

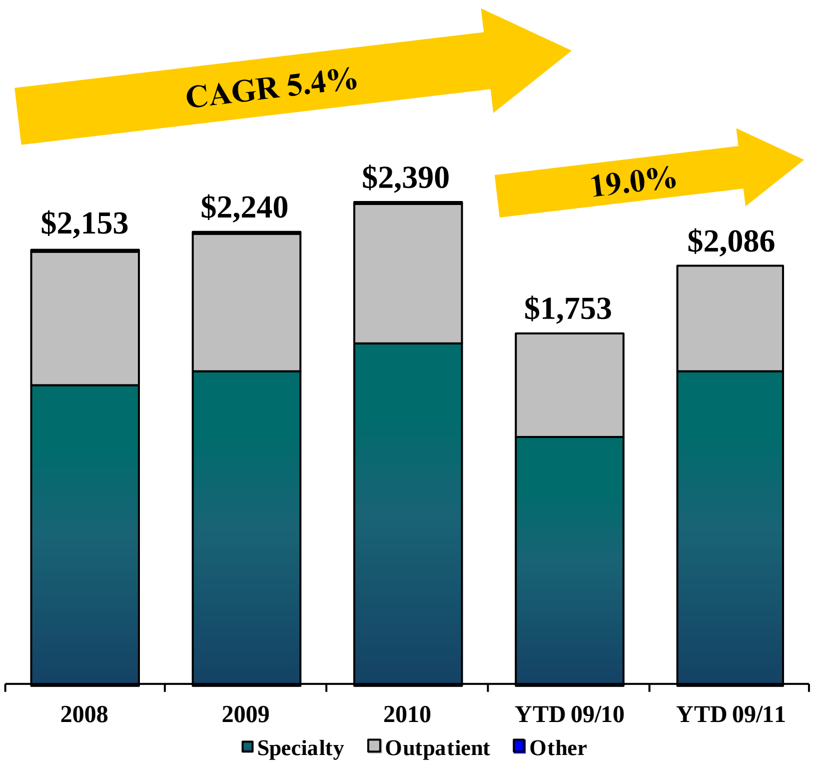
Outpatient Rehab Regulatory Environment

- Commercial - Stable
- Medicare
  - MPPR changes to therapy payments (effective Jan. 2011)
    - 25% reductions to practice expense component for 2nd and subsequent codes
- Contract Therapy rates

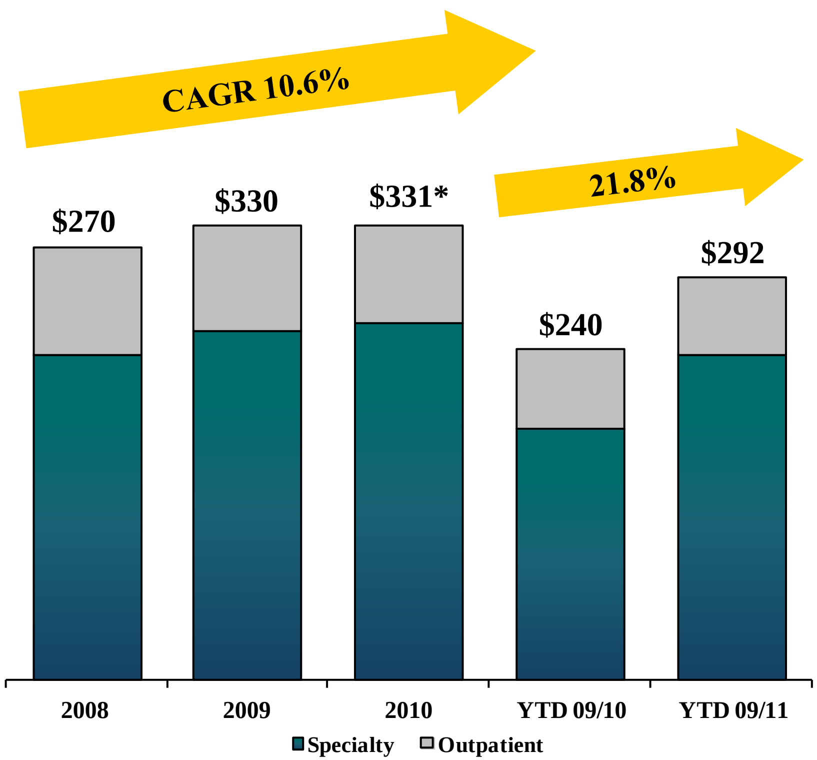
Financial Overview

Net Revenue and Adjusted EBITDA Trends

Net Revenue



Adjusted EBITDA



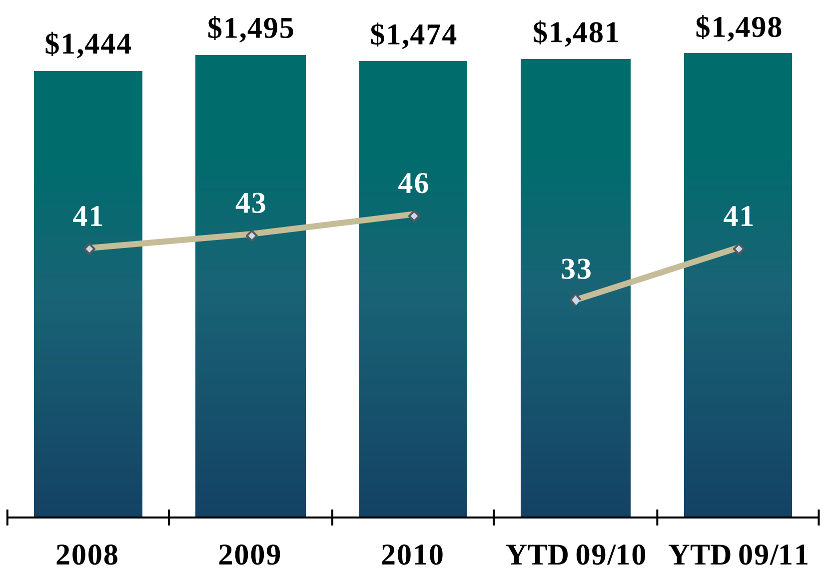
Note: In Millions ** 2010 EBITDA is credit agreement EBITDA Pro Forma for Regency*

Key Financial Metrics

Pricing and Volume Trends

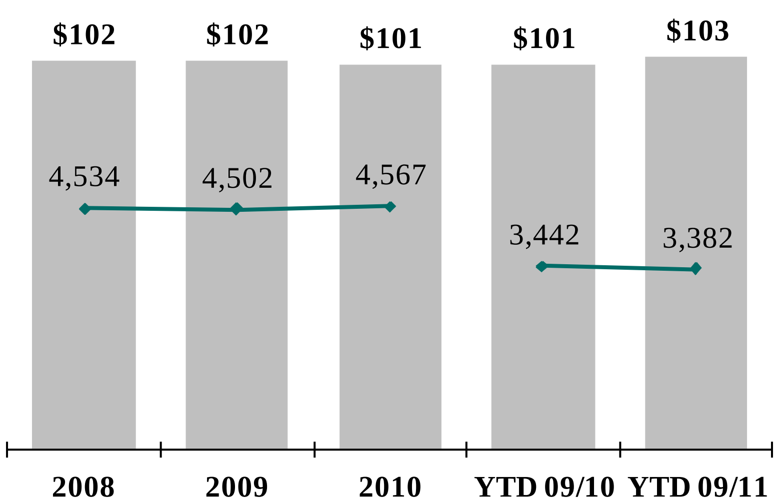
Specialty Hospital
Revenue per Patient Day[1] / Admissions

(Admissions in Thousands)



Outpatient Rehab
Revenue per Visit[2] / Visits

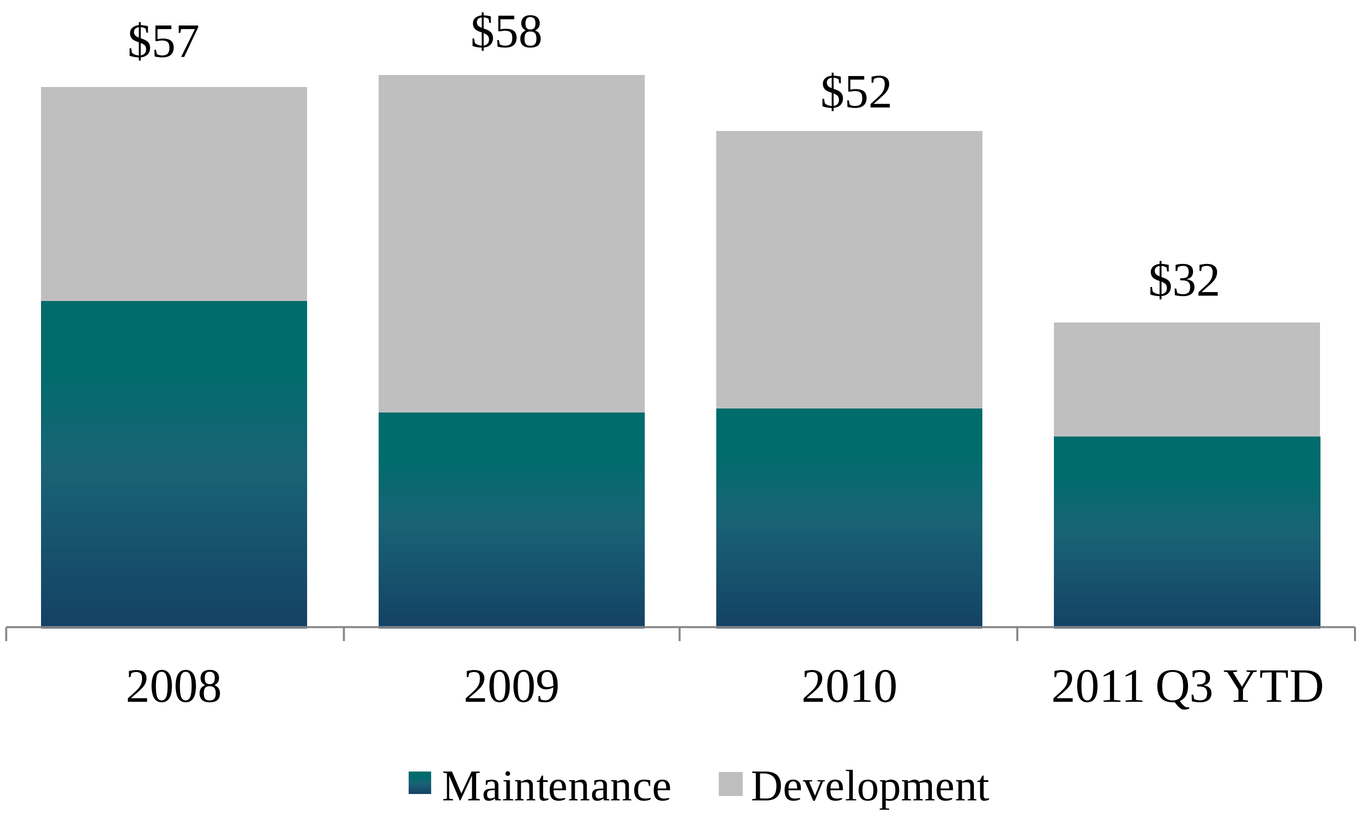
(Visits in Thousands)



[1] Net revenue per patient day is calculated by dividing specialty hospital direct patient service revenues by the total number of patient days
[2] 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 contract services revenue

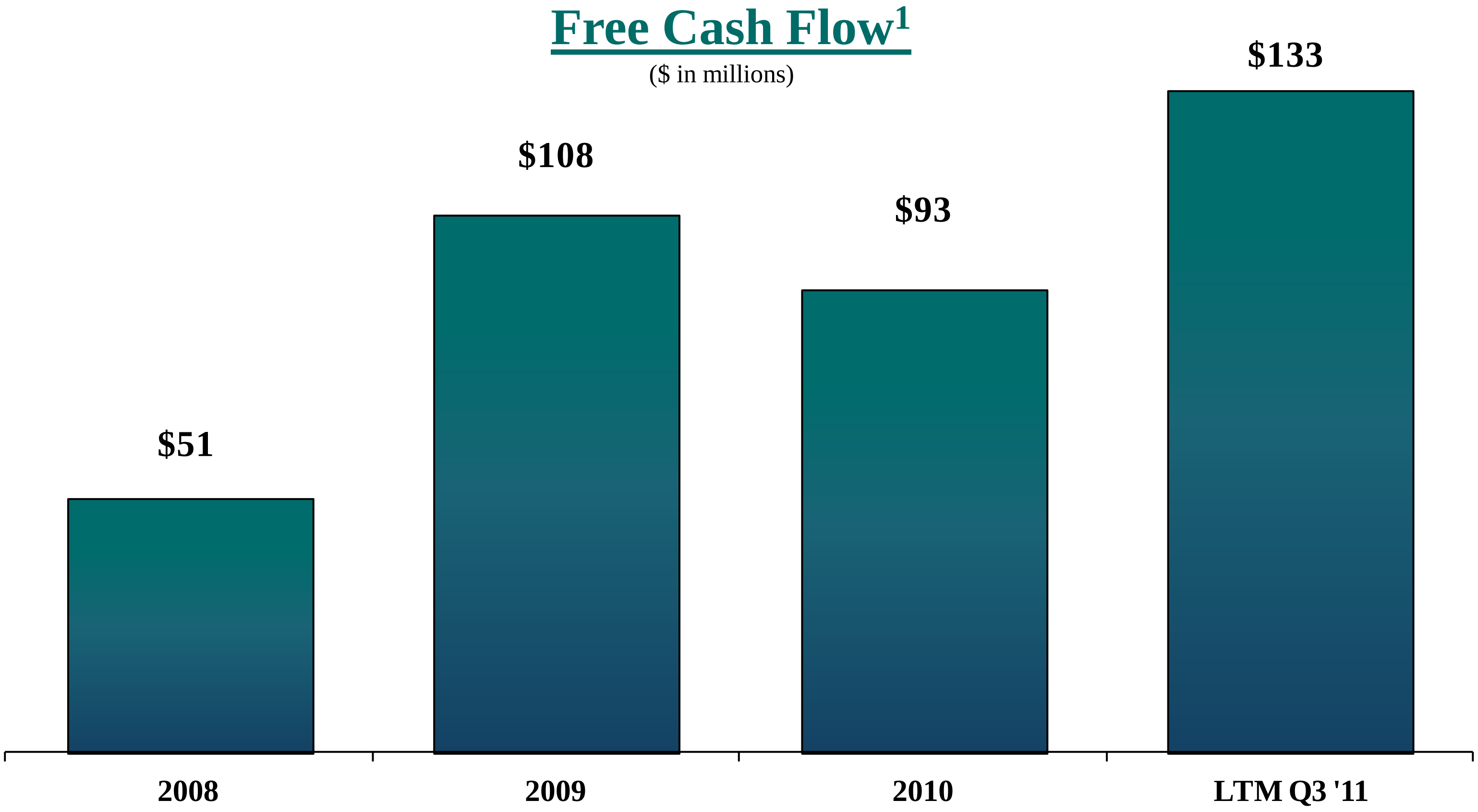
Annual Capital Expenditures

($ in millions)



Free Cash Flow

Intense Focus on Free Cash Flow Generation



Note: Free Cash Flow calculated as Net Cash Provided by Operating Activities less Purchases of Property and Equipment
[1] See slide 30 for non-GAAP reconciliation

Capitalization Details

($ in millions)

	As of 12/31/08	As of 12/31/09	As of 12/31/10	As of 9/30/11
Cash and Equivalents	$ 64	$ 84	$ 4	$ 10
Revolving Credit Facility ($300mm)	150	0	25	50
Term Loan B	657	483	482	840
Other Debt	5	6	6	5
Total Senior Debt	**811**	**489**	**513**	**895**
Sr. Sub. Notes due 2015	658	612	612	345
Total Op. Co. Debt	**$ 1,469**	**$ 1,101**	**$ 1,125**	**$ 1,240**
Op. Co. Net Debt / Adjusted LTM EBITDA[1]	5.2x	3.1x	3.4x	3.4x
Sr. Floating Rate Notes due 2015 (Hold Co.)	175	167	167	167
Sr. Sub. Notes due 2015 (Hold Co.)	136	137	139	0
Total Debt	**$ 1,780**	**$ 1,405**	**$ 1,431**	**$ 1,407**
Total Net Debt / Adjusted LTM EBITDA[1]	6.4x	4.0x	4.3x	3.9x

Revolving Credit Facility maturity 2016 & Term Loan B maturity 2018 post June 1, 2011 refinance.

[1] *See slide 30 for non-GAAP reconciliation - Pro Forma Leverage uses Adjusted EBITDA per existing credit agreement.*

Appendix: Additional Materials

Non-GAAP Reconciliation

($ in millions)

	2008	2009	2010	LTM Q3 '11
Net Income	$ 25	$ 79	$ 82	$ 97
(+) Income tax	26	37	42	58
(+/-) Equity in losses/(earnings) of unconsolidated subsidiaries	-	-	1	(1)
(+/-) Other expense / (income)	-	1	(1)	0
(+) Interest expense, net	146	132	112	100
(-/+) (Gain) / Loss on debt retirement	(1)	(13)	-	31
(+) Depreciation and Amortization	72	71	69	70
(+) Stock Based Compensation	2	23	2	4
Adjusted EBITDA	**$ 270**	**$ 330**	**$ 307**	**$ 359**
(+/-) Credit Agreement adjustments	0	(3)	24	(1)
Pro Forma Adjusted EBITDA*	**$ 270**	**$ 327**	**$ 331**	**$ 358**
Net Cash Provided by Operating Activities	$ 107	$ 166	$ 145	$ 178
(-) Purchase of Property and Equipment	56	58	52	45
Free Cash Flow	**$ 51**	**$ 108**	**$ 93**	**$ 133**

** Note: Pro Forma Adjusted EBITDA per the current Credit Agreement.*

Questions