



FOR IMMEDIATE RELEASE

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NYSE Symbol: SEM

Select Medical Holdings Corporation Announces Potential Separation of Concentra

MECHANICSBURG, PENNSYLVANIA — January 3, 2024 — Select Medical Holdings Corporation (“Select Medical,” “we,” “us,” or “our”) (NYSE: SEM) today announced that its board of directors has approved a plan to pursue the separation of Select Medical’s wholly-owned occupational health services business, Concentra Group Holdings Parent, LLC (“Concentra” and such business, the “Concentra business”). If consummated, the potential separation would create two independent, publicly traded companies positioned for continued growth and market leadership. The potential separation aims to increase stockholder value and focus each company’s strategic priorities on its respective marketplace.

The potential separation is intended to be effected in a tax-free manner to Select Medical and its stockholders and be completed in late 2024.

Potential Separation Transaction Details

It is expected that after the separation, if consummated, Select Medical’s stockholders will retain their current shares of Select Medical and also receive a pro rata distribution of Concentra stock in a transaction that is intended to be tax free to Select Medical and its stockholders for U.S. federal income tax purposes. The number of shares to be distributed and the specific transaction structure will be determined before the potential separation is complete.

In connection with the proposed transaction, it is contemplated that Concentra would complete one or more financing transactions, the net proceeds from which will be used to repay intercompany debt or otherwise be distributed to Select Medical Corporation, and which will be used by Select Medical Corporation to repay a portion of its outstanding indebtedness.

Select Medical is committed to establishing strong capital allocation strategies for each business that align with each businesses’ long-term goals. Further details about capital structure, governance and other elements of the potential separation will be announced later.

Robert A. Ortenzio, Executive Chairman and Co-Founder of Select Medical, stated, “The board and management team regularly evaluate strategic alternatives to maximize stockholder value, while supporting our overall mission – providing an exceptional patient care experience that promotes healing and recovery in a compassionate environment. We are pursuing the potential separation of Concentra with the objective of enhancing success of each business by creating two companies that will be leaders in their respective markets.”

Private Letter Ruling and Other Conditions

As an initial measure, Select Medical has requested a private letter ruling from the U.S. Internal Revenue Service with respect to the tax-free status of the potential separation of the Concentra business.

The completion of the potential separation is subject to customary conditions, including favorable market conditions, completion of the necessary financing transactions, receipt of a private letter ruling and tax opinion, and final approval by the Select Medical board of directors. There can be no assurance regarding the timing of the potential separation, the specific terms or its completion.

Advisors

J.P. Morgan is serving as Select Medical’s exclusive financial advisor, and Dechert LLP is serving as Select Medical’s legal counsel.

About Concentra

Concentra is the largest provider of occupational health services in the United States. As of September 30, 2023, Concentra operated 539 stand-alone occupational health centers and 135 onsite clinics at employer worksites throughout 41 states. Concentra delivers occupational health services, consumer health, and other direct-to-employer care in its occupational health centers, virtually through its telemedicine program, and in its onsite clinics located at the workplaces of employer customers.

Concentra's occupational health services include workers' compensation injury and physical rehabilitation care as well as employer services consisting of substance abuse testing, physical exams, clinical testing, and preventive care. Consumer health consists of patient-directed urgent care treatment of injuries and illnesses. Direct-to-employer services consist of the services described above as well as advanced primary care at Concentra’s onsite clinics.

About Select Medical

Select Medical is one of the largest operators of critical illness recovery hospitals, rehabilitation hospitals, outpatient rehabilitation clinics, and occupational health centers in the United States based on number of facilities. Select Medical’s reportable segments include the critical illness recovery hospital segment, the rehabilitation hospital segment, the outpatient rehabilitation segment, and the Concentra segment.

As of September 30, 2023, Select Medical operated 107 critical illness recovery hospitals in 28 states, 33 rehabilitation hospitals in 13 states, 1,946 outpatient rehabilitation clinics in 39 states and the District of Columbia, and 539 occupational health centers in 41 states. At September 30, 2023, Select Medical had operations in 46 states and the District of Columbia. Information about Select Medical is available at www.selectmedical.com.

Forward-Looking Statements

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), including statements related to Select Medical’s evaluation of various strategic alternatives such as a separation or divestiture of the Concentra business. The words “believe,” “continue,” “could,” “expect,” “anticipate,” “intends,” “estimate,” “forecast,” “project,” “should,” “may,” “will,” “would” or the negative thereof and similar expressions are intended to identify such forward-looking statements. 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:

- adverse economic conditions including an inflationary environment could cause us to continue to experience increases in the prices of labor and other costs of doing business resulting in a negative impact on our business, operating results, cash flows, and financial condition;
- shortages in qualified nurses, therapists, physicians, or other licensed providers, and/or the inability to attract or retain qualified healthcare professionals could limit our ability to staff our facilities;
- shortages in qualified health professionals could cause us to increase our dependence on contract labor, increase our efforts to recruit and train new employees, and expand upon our initiatives to retain existing staff, which could increase our operating costs significantly;
- the continuing effects of the COVID-19 pandemic including, but not limited to, the prolonged disruption to the global financial markets, increased operational costs due to recessionary pressures and labor costs, additional measures taken by government authorities and the private sector to limit the spread of COVID-19, and further legislative and regulatory actions which impact healthcare providers, including actions that may impact the Medicare program;
- changes in government reimbursement for our services and/or new payment policies may result in a reduction in revenue, an increase in costs, and a reduction in profitability;
- the failure of our Medicare-certified long term care hospitals or inpatient rehabilitation facilities to maintain their Medicare certifications may cause our revenue and profitability to decline;
- the failure of our Medicare-certified long term care hospitals and inpatient rehabilitation facilities operated as “hospitals within hospitals” to qualify as hospitals separate from their host hospitals may cause our revenue and profitability to decline;
- a government investigation or assertion that we have violated applicable regulations may result in sanctions or reputational harm and increased costs;

- acquisitions or joint ventures may prove difficult or unsuccessful, use significant resources, or expose us to unforeseen liabilities;
- our plans and expectations related to our acquisitions and our ability to realize anticipated synergies;
- private third-party payors for our services may adopt payment policies that could limit our future revenue and profitability;
- the failure to maintain established relationships with the physicians in the areas we serve could reduce our revenue and profitability;
- competition may limit our ability to grow and result in a decrease in our revenue and profitability;
- the loss of key members of our management team could significantly disrupt our operations;
- the effect of claims asserted against us could subject us to substantial uninsured liabilities;
- a security breach of our or our third-party vendors' information technology systems may subject us to potential legal and reputational harm and may result in a violation of the Health Insurance Portability and Accountability Act of 1996 or the Health Information Technology for Economic and Clinical Health Act;
- failure to complete or achieve some or all the expected benefits of the potential separation of Concentra; and
- other factors discussed from time to time in our filings with the Securities and Exchange Commission (the "SEC"), including factors discussed under the heading "Risk Factors" of our quarterly reports on Form 10-Q and in our annual report on Form 10-K for the year ended December 31, 2022.

Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the SEC, we are under no obligation to publicly update or revise any forward-looking statements, whether as a result of any new information, future events, or otherwise. You should not place undue reliance on our forward-looking statements. Although we believe that the expectations reflected in forward-looking statements are reasonable, we cannot guarantee future results or performance.

Investor inquiries:

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SOURCE: Select Medical Holdings Corporation