

SELECT MEDICAL HOLDINGS CORP

Form 424B4

September 25, 2009

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Filed Pursuant to Rule 424(b)(4)
File Number 333-152514

30,000,000 Shares

Select Medical Holdings Corporation

Common Stock

This is an initial public offering of shares of common stock of Select Medical Holdings Corporation. We are offering 30,000,000 shares of our common stock.

Prior to this offering, there has been no public market for our common stock. The initial public offering price of our common stock is \$10.00 per share. Our common stock has been approved for listing on the New York Stock Exchange under the symbol SEM.

See Risk Factors beginning on page 14 to read about factors you should consider before buying shares of the common stock.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Select Medical Holdings Corporation
Per Share	\$ 10.00	\$ 0.60	\$ 9.40
Total	\$ 300,000,000	\$ 18,000,000	\$ 282,000,000

To the extent the underwriters sell more than 30,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 4,500,000 shares from Select Medical Holdings Corporation at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on September 30, 2009.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Goldman, Sachs & Co.

Morgan Stanley

BofA Merrill Lynch

J.P.Morgan

Wells Fargo Securities

RBC Capital Markets

Prospectus dated September 25, 2009

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You should rely only on the information contained in this prospectus. Neither we nor the underwriters have authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor the underwriters are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus or other date stated in this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date, and we have an obligation to provide updates to this prospectus only to the extent that the information contained in this prospectus becomes materially deficient or misleading after the date on the front cover.

As used in this prospectus, unless the context otherwise indicates, the references to Holdings refer to Select Medical Holdings Corporation, and the references to Select refer to Select Medical Corporation (a wholly-owned subsidiary of Holdings) and references to our company, us, we and our refer to Holdings together with Select and its subsidiaries.

Unless otherwise indicated or the context otherwise requires, financial data in this prospectus reflects the consolidated business and operations of Select Medical Holdings Corporation and its wholly-owned subsidiaries. Except where otherwise indicated, \$ indicates U.S. dollars.

Until October 20, 2009 (25 days after the date of this prospectus), all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus and is qualified in its entirety by more detailed information and consolidated financial statements included elsewhere in this prospectus. Because it is a summary, it does not contain all of the information that you should consider before investing in our common stock. You should read this prospectus carefully, including the section entitled Risk Factors and the consolidated financial statements and the related notes to those statements included elsewhere in this prospectus. The information in this prospectus, other than historical financial information, gives effect to a reverse 1 to .30 common stock split, which was completed on September 24, 2009.

Our Business

Overview

We believe that we are one of the largest operators of both specialty hospitals and outpatient rehabilitation clinics in the United States based on number of facilities. As of June 30, 2009, we operated 87 long term acute care hospitals and five inpatient rehabilitation facilities in 25 states, and 948 outpatient rehabilitation clinics in 37 states and the District of Columbia. We also provide medical rehabilitation services on a contract basis at nursing homes, hospitals, assisted living and senior care centers, schools and worksites. We began operations in 1997 under the leadership of our current management team, including our co-founders, Rocco A. Ortenzio and Robert A. Ortenzio, who have a combined 68 years of experience in the healthcare industry. Under this leadership, we have grown our business from its founding to a business that generated net operating revenue of \$2,153.4 million for the year ended December 31, 2008.

Business Segments and Strategy

We manage our company through two business segments, our specialty hospital and our outpatient rehabilitation segments, which accounted for approximately 69% and 31%, respectively, of our net operating revenues for the year ended December 31, 2008. Our specialty hospital segment consists of hospitals designed to serve the needs of long term stay acute patients and hospitals designed to serve patients who require intensive inpatient medical rehabilitation. Our outpatient rehabilitation business consists of clinics and contract services that provide physical, occupational and speech rehabilitation services.

Specialty Hospitals

The key elements of our specialty hospital strategy are to:

Focus on Specialized Inpatient Services. We serve highly acute patients and patients with debilitating injuries that cannot be adequately cared for in a less medically intensive environment, such as a skilled nursing facility. Generally, patients in our specialty hospitals require longer stays and higher levels of clinical care than patients treated in general acute care hospitals. Our patients' average length of stay in our specialty hospitals was 24 days for the six months ended June 30, 2009.

Provide High Quality Care and Service. We believe that our specialty hospitals serve a critical role in comprehensive healthcare delivery. Through our specialized treatment programs and staffing models, we treat patients with acute, complex and specialized medical needs who are typically referred to us by general acute care hospitals. Our specialized treatment programs focus on specific patient needs and medical conditions such

as ventilator weaning programs, wound care protocols and rehabilitation programs for brain trauma and spinal cord injuries. Our responsive staffing models ensure that patients have the appropriate clinical resources over the course of their stay. We believe that we are recognized for providing quality care and service, as evidenced by accreditation by The Joint Commission and the Commission on Accreditation of Rehabilitation Facilities. We also believe we develop brand loyalty in the local areas we serve allowing us to strengthen our relationships with physicians and other referral sources and drive additional patient volume to our hospitals.

Reduce Operating Costs. We continually seek to improve operating efficiency and reduce costs at our hospitals by standardizing operations and centralizing key administrative functions. These initiatives include optimizing staffing based on our occupancy and the clinical needs of our patients, centralizing

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administrative functions, standardizing management information systems and participating in group purchasing arrangements.

Increase Higher Margin Commercial Volume. With reimbursement rates from commercial insurers typically higher than the federal Medicare program, we have focused on continued expansion of our relationships with commercial insurers to increase our volume of patients with commercial insurance in our specialty hospitals. Although the level of care we provide is complex and staff intensive, we typically have lower relative operating expenses than a general acute care hospital because we provide a much narrower range of patient services at our hospitals. We believe that commercial payors seek to contract with our hospitals because we offer patients high quality, cost-effective care at more attractive rates than general acute care hospitals.

Develop New Inpatient Rehabilitation Facilities. By leveraging the experience of our senior management and dedicated development team, we intend to pursue new inpatient rehabilitation hospital development opportunities.

Pursue Opportunistic Acquisitions. In addition to our development initiatives, we may grow our network of specialty hospitals through opportunistic acquisitions. Our immediate focus is on acquisitions of inpatient rehabilitation facilities, although we will still consider acquisitions of long term acute care hospitals if they are at attractive valuations.

Outpatient Rehabilitation

The key elements of our outpatient rehabilitation strategy are to:

Provide High Quality Care and Service. We are focused on providing a high level of service to our patients throughout their entire course of treatment. This high quality of care and service allows us to strengthen our relationships with referring physicians, employers and health insurers and drive additional patient volume.

Increase Market Share. We strive to establish a leading presence within the local areas we serve. This allows us to realize economies of scale, heightened brand loyalty, workforce continuity and increased leverage when negotiating payor contracts.

Expand Rehabilitation Programs and Services. Through our local clinical directors of operations and clinic managers within their service areas, we assess the healthcare needs of the areas we serve. Based on these assessments, we implement additional programs and services specifically targeted to meet demand in the local community.

Optimize the Profitability of Our Payor Contracts. We rigorously review payor contracts up for renewal and potential new payor contracts to optimize our profitability. We believe that our size and our strong reputation enables us to negotiate favorable outpatient contracts with commercial insurers.

Maintain Strong Employee Relations. We seek to retain, motivate and educate our employees whose relationships with referral sources are key to our success.

Pursue Opportunistic Acquisitions. We may grow our network of outpatient rehabilitation facilities through opportunistic acquisitions. We significantly expanded our network with the 2007 acquisition of the outpatient rehabilitation division of HealthSouth Corporation, consisting of 569 clinics in 35 states and the District of Columbia, including 18 states in which we did not previously have outpatient rehabilitation facilities. We believe our size and centralized infrastructure allow us to take advantage of operational efficiencies and

increase margins at acquired facilities.

Our Competitive Strengths

We believe that the success of our business model is based on a number of competitive strengths, including:

Leading Operator in Distinct but Complementary Lines of Business. We believe that we are a leading operator in each of our principal business segments, based on number of facilities in the United States. Our leadership position and reputation as a high quality, cost-effective health care provider in each of our

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business segments allows us to attract patients and employees, aids us in our marketing efforts to payors and referral sources and helps us negotiate payor contracts.

Proven Financial Performance and Strong Cash Flow. We have established a track record of improving the financial performance of our facilities due to our disciplined approach to revenue growth, expense management and an intense focus on free cash flow generation.

Significant Scale. By building significant scale in each of our business segments, we have been able to leverage our operating costs by centralizing administrative functions at our corporate office. As a result, we have been able to minimize our general and administrative expense as a percentage of revenues, which was 2.3% for the six months ended June 30, 2009.

Well-Positioned to Capitalize on Consolidation Opportunities. We believe that we are well-positioned to capitalize on consolidation opportunities within each of our business segments and selectively augment our internal growth. With our geographically diversified portfolio of facilities in the United States, we believe that our footprint provides us with a wide-ranging perspective on multiple potential acquisition opportunities.

Experience in Successfully Completing and Integrating Acquisitions. From our inception in 1997 through June 30, 2009, we completed six significant acquisitions for approximately \$894.8 million in aggregate consideration. We believe that we have improved the operating performance of these facilities over time by applying our standard operating practices and by realizing efficiencies from our centralized operations and management.

Experienced and Proven Management Team. Prior to co-founding our company with our current Chief Executive Officer, our Executive Chairman founded and operated three other healthcare companies focused on inpatient and outpatient rehabilitation services. In addition, our four senior operations executives have an average of over 31 years of experience in the healthcare industry, including extensive experience working together for our company and for past companies focused on operating acute rehabilitation hospitals and outpatient rehabilitation facilities.

Industry

In the United States, spending on healthcare was expected to be 16.6% of the gross domestic product in 2008, according to the Centers for Medicare & Medicaid Services. An important factor driving healthcare spending is increased consumption of services due to the aging of the population. The number of individuals age 65 and older has grown 1.2% compounded annually over the past 20 years and is expected to grow 2.9% compounded annually over the next 20 years, approximately three times faster than the overall population, according to the U.S. Census Bureau. We believe that an increasing number of individuals age 65 and older will drive demand for our specialized medical services.

For individuals age 65 and older, the primary source of health insurance is the federal Medicare program. Medicare utilizes distinct payment methodologies for services provided in long term acute care hospitals, inpatient rehabilitation facilities and outpatient rehabilitation clinics. In the federal fiscal year 2007, Medicare payments for long term acute care hospital services accounted for 1.0% of overall Medicare outlays and Medicare payments for inpatient rehabilitation services accounted for 1.4%, according to the Medicare Payment Advisory Commission.

Risk Factors

Before you invest in our shares, you should carefully consider all of the information in this prospectus, including matters set forth under the heading Risk Factors, such as:

Highly regulated industry. The healthcare services industry is subject to extensive federal, state and local laws and regulations. We conduct business in a heavily regulated industry and changes in regulations, new interpretations of existing regulations or violations of regulations could have a material adverse effect on our business, financial condition and results of operations.

Reliance on Medicare reimbursement. Approximately 46% and 47% of our net operating revenues for the year ended December 31, 2008 and the six months ended June 30, 2009, respectively, came from the highly regulated federal Medicare program. President Obama has proposed comprehensive reforms to the

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healthcare system, including changes to the methods for, and amounts of, Medicare reimbursement. If these or other changes are made to the rates or methods of government reimbursements for our services, our business, financial condition and results of operations could decline.

Changes in federal regulations applicable to hospitals within hospitals. At June 30, 2009, 65 of our 87 long term acute care hospitals operated as hospitals within hospitals or as satellites. Recent federal regulations have lowered rates of reimbursement for services we provide to certain Medicare patients admitted to long term acute care hospitals operated as hospitals within hospitals or as satellites. Compliance with such changes in federal regulations may have an adverse effect on our future net operating revenues and profitability.

Changes in federal regulations applicable to free-standing hospitals and grandfathered long term acute care hospitals operated as hospitals within hospitals or satellites. At June 30, 2009, 22 of our 87 long term acute care hospitals operated as free-standing hospitals and three qualified as grandfathered long term acute care hospitals operated as hospitals within hospitals or satellites. Recent federal regulations have lowered rates of reimbursement for services we provide to certain Medicare patients admitted to free-standing long term acute care hospitals and grandfathered long term acute care hospitals operated as hospitals within hospitals or satellites. Significant aspects of these federal regulations have been postponed for a three year period for annual cost reporting periods beginning on or after July 1, 2007. If these recent federal regulations are applied as currently written at the end of the three year moratorium, they will have an adverse effect on our future net operating revenues and profitability.

Failure to maintain certifications as long term acute care hospitals. All of our 87 long term acute care hospitals are currently certified by Medicare as long term acute care hospitals. If our long term acute care hospitals fail to meet or maintain the standards for certification as long term acute care hospitals, such as minimum average length of patient stay, they will receive significantly less Medicare reimbursement than they currently receive for their patient services.

Modifications to the admissions policies for our inpatient rehabilitation facilities. All of our five acute medical rehabilitation hospitals are currently certified by Medicare as inpatient rehabilitation facilities. Changes to federal regulations have made significant changes to the inpatient rehabilitation facilities certification process. In order to comply with the Medicare inpatient rehabilitation facility certification criteria, it may be necessary for us to implement more restrictive admissions policies at our inpatient rehabilitation facilities and not admit patients whose diagnoses fall outside the specified conditions. Such policies may result in a reduction of patient volume at these hospitals and, as a result, may reduce our future net operating revenues and profitability.

Company Information

Select was formed in December 1996 by Rocco A. Ortenzio and Robert A. Ortenzio and commenced operations during February 1997 upon the completion of its first acquisition. Holdings was formed in October 2004. On February 24, 2005, EGL Acquisition Corp., a wholly-owned subsidiary of Holdings, was merged with Select, with Select continuing as the surviving corporation and a wholly-owned subsidiary of Holdings. We refer to this merger and the related transactions collectively as the Merger Transactions. Holdings was formerly known as EGL Holding Company. Holdings primary asset is its investment in Select. Holdings is owned by an investor group that includes Welsh, Carson, Anderson & Stowe IX, L.P., WCAS Capital Partners IV, L.P. and WCAS Management Corporation, Thoma Cressey Bravo and members of our senior management. We refer to Welsh, Carson, Anderson & Stowe IX, L.P., WCAS Capital Partners IV, L.P. and WCAS Management Corporation, collectively as Welsh Carson and Thoma Cressey Bravo as Thoma Cressey.

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Select Medical Holdings Corporation was incorporated on October 14, 2004 as a Delaware corporation. Our principal executive office is located at 4714 Gettysburg Road, Mechanicsburg, Pennsylvania 17055 and our telephone number is (717) 972-1100.

Our website address is www.selectmedicalcorp.com. Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this prospectus or the registration statement of which it forms a part.

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THE OFFERING

Shares of common stock offered by us	30,000,000 shares, or 34,500,000 shares if the underwriters exercise their over-allotment option in full.
Conversion of preferred stock	All 22,148,453 shares of our issued and outstanding participating preferred stock shall be converted into 64,276,974 shares of our common stock upon consummation of the offering.
Common stock to be outstanding after this offering	156,092,873 shares, or 160,592,873 shares if the underwriters exercise their over-allotment option in full.
Use of proceeds	<p>We estimate that our net proceeds from the sale of shares of our common stock in this offering will be \$278.7 million, or \$321.0 million if the underwriters exercise their over-allotment option in full, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds of this offering to:</p> <p> repay at least \$139.4 million of term loans outstanding under our senior secured credit facility, and any related prepayment costs; and</p> <p> make payments to executive officers under our Long Term Cash Incentive Plan in the amount of approximately \$18.0 million.</p> <p>Any remaining net proceeds will be used for repayment or repurchase of indebtedness or for general corporate purposes.</p> <p>Affiliates of J.P. Morgan Securities Inc., Wells Fargo Securities, LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, underwriters in this offering, are parties to our senior secured credit facility and will receive a portion of the proceeds from this offering. See Use of Proceeds and Underwriters.</p>
Dividend policy	<p>We do not anticipate paying any dividends on our common stock in the foreseeable future. Any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant. In addition, our ability to declare and pay dividends is restricted by covenants in our senior secured credit facility and the indentures governing Select's senior subordinated notes due 2015, which we refer to as Select's 75/8% senior subordinated notes, and our senior floating rate notes due 2015, which we refer to as the senior floating rate notes. See Description of Indebtedness - Senior Secured Credit Facility - Restrictive Covenants and Other Matters and Risk Factors.</p>

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Proposed New York Stock Exchange
symbol

SEM.

Risk factors

Investment in our common stock involves substantial risks. You should read this prospectus carefully, including the section entitled Risk Factors and the consolidated financial statements and the related notes to those statements included elsewhere in this prospectus before investing in our common stock.

Conflicts of Interest

From time to time, certain of the underwriters and/or their respective affiliates have directly and indirectly engaged in various financial advisory, investment banking and commercial banking services for us and our affiliates, for which they received customary compensation, fees and expense reimbursement. In particular, affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities Inc. and Wells Fargo Securities, LLC, underwriters in this offering, are parties to our senior secured credit facility. In addition, affiliates of J.P. Morgan Securities Inc. have in the past provided treasury and security services to us for customary fees. Our senior secured credit facility was negotiated on an arms length basis and contains customary terms pursuant to which the lenders receive customary fees. We will use a portion of the proceeds from this offering to repay amounts outstanding under this credit facility. See Use of Proceeds. As a result of these repayments, Wells Fargo Securities, LLC will receive 5% or more of the net proceeds from this offering. Accordingly, this offering will be conducted in compliance with the applicable provisions of NASD Rule 2720 of Financial Industry Regulatory Authority (FINRA). Pursuant to those rules, a qualified independent underwriter, as defined by the FINRA rules, must participate in the preparation of the prospectus and perform its usual standard of due diligence with respect to the prospectus. Goldman, Sachs & Co. has agreed to act as qualified independent underwriter for the offering and to perform a due diligence investigation and review and participate in the preparation of the prospectus. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future. See Underwriting Conflicts of Interest.

Our stockholders approved an amendment to our restated certificate of incorporation that provides that upon consummation of this offering each share of our outstanding preferred stock will convert into a number of common shares to be determined by:

dividing the original cost of a share of the preferred stock (\$26.90 per share of preferred stock) plus all accrued and unpaid dividends thereon less the amount of any previously declared and paid special dividends, or the accreted value of such preferred stock, by the initial public offering price per share in this offering net of any expenses incurred and underwriting commissions or concessions paid or allowed in connection with this offering; plus

.30 shares of common stock for each share of participating preferred stock owned.

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The number of shares of our common stock to be outstanding after this offering is based on 156,092,873 shares outstanding upon consummation of this offering and excludes:

63,000 shares of our common stock issuable upon exercise of options granted under our director equity incentive plan. See Management Compensation Discussion and Analysis Director Compensation Table Option Awards ; and

1,425,002 shares of our common stock issuable upon exercise of options granted under the Select Medical Holdings Corporation 2005 Equity Incentive Plan. See Management Compensation Discussion and Analysis Elements of Compensation Equity Compensation.

Unless otherwise noted, all information in this prospectus:

other than historical financial information, gives effect to a reverse 1 to .30 common stock split;

assumes that the underwriters do not exercise their over-allotment option; and

other than historical financial information, reflects the conversion of 22,148,453 shares of our issued and outstanding preferred stock into 64,276,974 shares of common stock upon consummation of the offering.

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SUMMARY HISTORICAL AND OTHER FINANCIAL DATA

The following table sets forth, for the periods and dates indicated, our summary historical and other financial data. We have derived the statements of operations data for the years ended December 31, 2006, 2007 and 2008, and the balance sheet data as of December 31, 2007 and 2008 from our audited consolidated financial statements appearing elsewhere in this prospectus. We have derived the statements of operations data for the six months ended June 30, 2008 and 2009 and balance sheet data as of June 30, 2009 from our unaudited consolidated financial statements appearing elsewhere in this prospectus. The summary financial data presented below represent portions of our financial statements and are not complete. You should read this information in conjunction with Use of Proceeds, Capitalization, Selected Historical Consolidated Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes included elsewhere in this prospectus.

The pro forma as adjusted consolidated statements of operations for the year ended December 31, 2008 and for the six months ended June 30, 2009 give effect to (1) the 1 for .30 reverse split of our common stock that occurred on September 24, 2009, (2) the conversion of all shares of our issued and outstanding preferred stock into 63,559,714 shares of common stock upon consummation of the offering, based on the accreted value of the preferred stock on June 30, 2009, (3) the issuance of 30,000,000 shares of our common stock upon consummation of the offering, (4) the increase in our interest expense due to an increase of 1.75% in the interest rate on \$384.5 million principal amount of Tranche B-1 term loans that resulted from Amendment No. 3 to our senior secured credit facility which became effective on August 5, 2009, and (5) the decrease in interest expense resulting from the application of all of the estimated net proceeds from this offering to repay indebtedness under our senior secured credit facility and make payments to officers under our Long-Term Cash Incentive Plan as if they had occurred on January 1, 2008. The pro forma consolidated statement of operations excludes non-recurring charges directly attributable to this offering, including \$10.6 million (net of tax) related to payments under our Long Term Cash Incentive Plan and \$2.6 million (net of tax) related to restricted stock which will vest upon completion of this offering.

The pro forma as adjusted balance sheet data as of June 30, 2009 gives effect to (1) the 1 for .30 reverse split of our common stock that occurred on September 24, 2009, (2) the conversion of all shares of our preferred stock into 63,559,714 shares of common stock upon consummation of the offering, (3) the issuance of 30,000,000 shares of our common stock upon consummation of the offering, (4) the application of all of the estimated net proceeds from this offering to repay indebtedness under our senior secured credit facility and make payments to officers under our Long-Term Cash Incentive Plan as if they had occurred on June 30, 2009, and (5) the reduction in equity related to other non-recurring charges related to the offering. You should read this information in conjunction with Unaudited Pro Forma Consolidated Financial Information included elsewhere in this prospectus.

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	Year Ended December 31,			Pro Forma As Adjusted 2008
	2006⁽¹⁾	2007⁽¹⁾	2008⁽¹⁾	
	(in thousands, except per share data)			
Statement of Operations Data:				
Net operating revenues	\$ 1,851,498	\$ 1,991,666	\$ 2,153,362	\$ 2,153,362
Operating expenses ⁽²⁾⁽³⁾	1,546,956	1,740,484	1,885,168	1,885,168
Depreciation and amortization	46,668	57,297	71,786	71,786
Income from operations	257,874	193,885	196,408	196,408
Gain on early retirement of debt ⁽⁴⁾			912	912
Other expense		(167)		
Interest expense, net ⁽⁵⁾	(130,538)	(138,052)	(145,423)	(135,531)
Income from continuing operations before income taxes	127,336	55,666	51,897	61,789
Income tax expense	43,521	18,699	26,063	30,119
Income from continuing operations	83,815	36,967	25,834	31,670
Income from discontinued operations, net of tax	12,818			
Net income	96,633	36,967	25,834	31,670
Less: Net income attributable to non-controlling interests ⁽⁶⁾	1,754	1,537	3,393	3,393
Net income attributable to Select Medical Holdings Corporation	94,879	35,430	22,441	28,277
Less: Preferred dividends	22,663	23,807	24,972	
Net income (loss) available to common and preferred stockholders	\$ 72,216	\$ 11,623	\$ (2,531)	\$ 28,277
Income (loss) per common share ⁽⁷⁾ :				
Basic:				
Income (loss) from continuing operations	\$ 0.26	\$ 0.05	\$ (0.01)	
Income from discontinued operations, net of tax	0.06			
Net income (loss)	\$ 0.32	\$ 0.05	\$ (0.01)	
Diluted:				
Income (loss) from continuing operations	\$ 0.26	\$ 0.05	\$ (0.01)	
Income from discontinued operations, net of tax	0.06			
Net income (loss)	\$ 0.32	\$ 0.05	\$ (0.01)	

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Income (loss) per common share assuming the reverse stock split that occurred in connection with this offering:

Basic:

Income (loss) from continuing operations	\$	0.87	\$	0.17	\$	(0.03)	\$	0.18
Income from discontinued operations, net of tax		0.20						

Net income (loss)	\$	1.07	\$	0.17	\$	(0.03)	\$	0.18
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Diluted:

Income (loss) from continuing operations	\$	0.87	\$	0.17	\$	(0.03)	\$	0.18
Income from discontinued operations, net of tax		0.20						