



NEWS RELEASE

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BAYLOR HEALTH CARE SYSTEM AND SELECT MEDICAL CORPORATION ANNOUNCE PROPOSED JOINT VENTURE PARTNERSHIP

DALLAS, TEXAS — August 5, 2010 — Baylor Health Care System and Select Medical Corporation announced today a proposed partnership between Baylor Institute for Rehabilitation and a wholly-owned subsidiary of Select that is designed to create a regional rehabilitation network to serve the Dallas-Fort Worth metroplex. This joint venture is subject to governmental approvals and it is anticipated that the joint venture will be approved and finalized within the normal process for governmental review.

The proposed joint venture will expand access to comprehensive inpatient medical rehabilitation and outpatient physical rehabilitation care throughout the metroplex. It will encompass two freestanding medical rehabilitation hospitals (representing a total of 136 beds) and 30 outpatient physical rehabilitation centers. In addition, the joint venture will manage three Baylor rehabilitation units (representing a total of 57 beds).

The proposed joint venture will provide services as a component of the Baylor Health Care System and its daily operations will be managed by Kessler Rehabilitation Services, Inc., a Select Medical company and affiliate of Kessler Institute for Rehabilitation. Kessler Institute is the nation's largest single rehabilitation hospital and is ranked No. 2 on *U.S. News & World Report's* annual survey of the nation's best rehabilitation hospitals. The Baylor Institute for Rehabilitation has also earned repeat recognitions in the magazine's annual "America's Best Hospitals" list.

"We are always looking for opportunities to make quality health care more accessible to the patients and communities we serve," said Joel Allison, President and CEO of the Baylor Health Care System. "This proposed partnership will expand our ability to better provide safe, quality, compassionate health care in North Texas."

"Select Medical is pleased to team with Baylor Health Care System to propose the creation of an innovative regional rehabilitation network," said Robert Ortenzio, Chief Executive Officer of Select Medical Corporation. "Together, we will maximize each organization's expertise to best serve the needs of patients and advance their healing and recovery."

Proposed Joint Venture Operations

The proposed joint venture will include Baylor Institute for Rehabilitation, a 92-bed freestanding rehabilitation hospital in Dallas, and a 44-bed freestanding rehabilitation hospital being developed by Select Medical in Frisco, Texas. The Frisco hospital is not operational at the current time. The joint venture also includes a regional network of 30 convenient outpatient rehabilitation clinics. The partnership will unite 19 Select Physical Therapy clinics and 11 Baylor outpatient rehabilitation clinics that currently operate within the Dallas-Fort Worth metroplex.

In addition, the joint venture plans to manage three Baylor inpatient rehabilitation units: a 24-bed unit located within Baylor Medical Center at Garland, an 18-bed unit located within Baylor Medical Center at Irving, and a 15-bed unit located within Baylor All Saints Medical Center at Fort Worth.

About the Partners

Baylor Health Care System is a faith-based organization providing support and services to a network of acute care hospitals and related health care entities that provide patient care, medical education, research and community service. Baylor serves nearly 1.4 million patients each year and recorded \$3.4 billion in total operating revenue, \$3.9 billion in total assets and \$468 million in community benefit in fiscal year 2009. Baylor's network of 212 access points includes 26 owned/operated/ventured/affiliated hospitals, 21 ambulatory surgical/endoscopy centers, 31 satellite outpatient locations, four senior centers and 131 HealthTexas Provider Network physician clinics. HealthTexas Provider Network is the largest group of employed physicians in the state of Texas.

Based in Mechanicsburg, Pennsylvania, Select Medical Corporation is a leading provider of specialized health care encompassing inpatient medical rehabilitation, outpatient physical rehabilitation, contract therapy and long-term acute care. At present, the company has 22,500 employees and operates hospitals and outpatient clinics in 41 states and D.C. Its parent company is Select Medical Holdings Corporation, which is listed on the New York Stock Exchange as SEM.

Select Medical Holdings Corporation (NYSE: SEM) is a Public Company

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 but not limited to those described in Select Medical's filings with the Securities and Exchange Commission.