

## **Stock Ownership Guidelines**

The Board of Directors of Select Medical Holdings Company (the “Company”) has adopted these Stock Ownership Guidelines to further align the interests of its executive officers and directors with the interests of stockholders and further promote the Company's commitment to sound corporate governance.

### **Stock Ownership Guidelines for Named Executive Officers**

Stock ownership guidelines for the Company's named executive officers are determined as a multiple of the executive's base salary and then converted to a fixed number of shares. The guidelines for the Company's executive chairman, vice chairman and chief executive officer are set at three (3) times annual base salary. The guidelines for all other named executive officers are set at one-and-a-half (1.5) times the executive's annual base salary. This represents a minimum guideline; ownership of the Company's stock beyond this level is encouraged. The guidelines are initially calculated using the executive's base salary as of the later of (i) the date these guidelines were adopted and (ii) the date of his or her appointment to his position. The guidelines are re-calculated annually on December 31 of each year. Any newly appointed named executive officer will have three (3) years from the date of his or her appointment to his or her position to comply with these guidelines. Any named executive officer for whom the guideline changes, whether to change in position or otherwise, will have three (3) years from the date of such change to comply with the new guidelines for such named executive officer.

### **Stock Ownership Guidelines for Directors**

Stock ownership guidelines for the Company's directors require the directors to own stock of the Company's stock with a value at least five (5) times the director's annual cash compensation (excluding meeting attendance fees). This represents a minimum guideline; ownership of the Company's stock beyond this level is encouraged. The guidelines are re-calculated annually on December 31 of each year. Any newly appointed director will have three (3) years from the date of his or her appointment to comply with these guidelines.

### **Counting Shares Owned**

In determining satisfaction of the required ownership guidelines, the calculation includes stock held directly by the executive officer or director or owned either jointly with, or separately by, his or her immediate family members residing in the same household, shares held in trust for the benefit of the executive officer or director or his or her immediate family members and all restricted stock with time-based vesting, whether vested or unvested. Stock ownership does not include unexercised stock options, stock appreciation rights or the non-vested portion of any performance-based restricted stock.

### **Stock Option and Restricted Stock Holding Periods for Executive Officers and Directors**

Regardless of whether the applicable minimum ownership requirement has been met, each executive officer and director is prohibited from selling, assigning or otherwise transferring all shares received upon the exercise of any stock option or vesting of a service-based or performance-based restricted stock award for a one (1) year period beginning on the date the underlying stock option is exercised or the service-based or performance-based restricted stock award vests, in each case net of those shares required to pay the exercise price and any taxes due upon exercise or vesting.

### **Exceptions**

The guidelines may be waived at the discretion of the Company's Corporate Governance and Nominating Committee if compliance would create severe hardship or prevent an executive or director from complying with a court order. It is expected that these instances will be rare.