

SELECT MEDICAL HOLDINGS CORP
Form 8-K
March 04, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 26, 2014**

SELECT MEDICAL HOLDINGS CORPORATION
SELECT MEDICAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	001-34465	20-1764048
	001-31441	23-2872718
Delaware (State or other jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

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4714 Gettysburg Road, P.O. Box 2034

Mechanicsburg, PA 17055

(Address of principal executive offices) (Zip Code)

(717) 972-1100

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 **Entry into a Material Definitive Agreement**

On February 26, 2014, Select Medical Holdings Corporation (Holdings) entered into a Stock Purchase Agreement (the Agreement) with Welsh, Carson, Anderson & Stowe IX, L.P. and WCAS Capital Partners IV, L.P. (together, Welsh Carson) providing for Holdings to repurchase 10,000,000 shares of its common stock at a price of \$10.95 per share for an aggregate purchase price of \$109.5 million. The closing of the transactions under the Agreement is scheduled to occur on the later of (i) two business days after the date on which Welsh Carson has been advised by Holdings' transfer agent that the relevant share certificates have been received by the transfer agent and (ii) effectiveness of Amendment No. 5 summarized below. Following the consummation of the transactions contemplated by the Agreement, Welsh Carson and their affiliate, WCAS Management Corporation (together, the Welsh Carson Affiliates) will continue to own a substantial portion of Holdings' common stock. Two of Holdings' directors, Russell L. Carson and Thomas A. Scully, are general partners of the Welsh Carson Affiliates.

On March 4, 2014, Select Medical Corporation (Select) and Holdings entered into Amendment No. 5 (the Amendment) to Select's senior secured credit facility with JPMorgan Chase Bank, N.A., as administrative agent. The Amendment (1) converted the remaining Series B Term Loan to a new term loan tranche, which we refer to as the Series D Term Loan, and lowered the interest rate payable on the Series D Term Loan from Adjusted LIBO plus 3.25%, or Alternate Base Rate plus 2.25%, to Adjusted LIBO plus 2.75%, or Alternate Base Rate plus 1.75%, (2) set the maturity date of the Series D Term Loan at December 20, 2016, (3) converted the remaining Series C Term Loan to a new term loan tranche, which we refer to as the Series E Term Loan, and lowered the interest rate payable on the Series E Term Loan from Adjusted LIBO plus 3.00% (subject to an Adjusted LIBO rate floor of 1.00%), or Alternate Base Rate plus 2.00%, to Adjusted LIBO plus 2.75% (subject to an Adjusted LIBO rate floor of 1.00%), or Alternate Base Rate plus 1.75%, (4) set the maturity date of the Series E Term Loan at June 1, 2018, (5) beginning with the first quarter ending March 31, 2014, increased the quarterly compliance threshold set forth in the leverage ratio financial maintenance covenant to a level of 5.00 to 1.00 from 4.50 to 1.00, (6) provided for a prepayment premium of 1.00% if the senior secured credit facilities are amended at any time prior to September 4, 2014 in the case of the Series D Term Loans and March 4, 2015 in the case of the Series E Term Loans and such amendment reduces the yield applicable to such loans, (7) amended the definition of Available Amount in a manner the effect of which was to increase the amount available for investments, restricted payments and the payment of specified indebtedness and (8) made certain other technical amendments. These changes provide Holdings and Select with additional flexibility to make certain restricted payments, including the repurchase of common stock under the Agreement.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized.

SELECT MEDICAL HOLDINGS CORPORATION
SELECT MEDICAL CORPORATION

Date: March 4, 2014

By:

/s/ Michael E. Tarvin
Michael E. Tarvin
Executive Vice President, General Counsel and
Secretary