

Encompass Health Corporation Announces Plan to Spin Off Home Health and Hospice Business under the New Brand Enhabit Home Health & Hospice

BIRMINGHAM, Ala., Jan. 19, 2022 /PRNewswire/ -- Encompass Health Corporation ("Encompass Health" or the "Company") (NYSE: EHC), a national leader in integrated healthcare, offering facility-based and home-based patient care through its network of inpatient rehabilitation hospitals and home health and hospice agencies, today announced its intention to spin off its home health and hospice business to form an independent, publicly traded company (the "HH&H Business") and to rebrand the HH&H Business as Enhabit Home Health & Hospice.

The Encompass Health Board of Directors believes that the separation of its inpatient rehabilitation business and the HH&H Business into two independent, publicly traded companies will provide significant benefits to both businesses and their stakeholders, including improving the strategic and operational flexibility of each business, increasing the focus of each management team on its business strategy and operations, allowing each business to adopt a capital structure and investment policy best suited to its financial profile and business needs, and providing each company with its own equity currency to facilitate acquisitions and to better incentivize management.



The spin-off, which is expected to be tax-free to Encompass Health's shareholders, will result in Encompass Health's shareholders owning stock in both companies. The Company intends to consummate the spin-off in the first half of 2022, subject to various conditions, including the effectiveness of a Form 10 registration statement, regulatory approvals and receipt of a favorable IRS private letter ruling.

The establishment of Enhabit Home Health & Hospice will further strengthen Enhabit's focus on high-quality, cost-effective care delivered in the home setting. Enhabit Home Health & Hospice chose the name Enhabit because it intuitively is linked to the home. Drawn from the word "inhabit," the name evokes a sense of comfort and well-being with that promise enlivened by the quality of care Enhabit's clinicians bring to every patient's home. The "en" of Enhabit connects the company to its Encompass legacy, signaling to patients that they can expect the same level of excellence and compassion that they received from Encompass Health. The rebranding is expected to begin in mid-April 2022 and to be largely completed by the consummation of the spin-off.

Citigroup Global Markets Inc. and Goldman Sachs & Co. LLC are acting as financial advisors and Wachtell, Lipton, Rosen & Katz and Bradley Arant Boult Cummings LLP are serving as legal advisors to Encompass Health.

About Encompass Health

As a national leader in integrated healthcare services, Encompass Health (NYSE: EHC) offers both facility-based and home-based patient care through its network of inpatient rehabilitation hospitals, home health agencies and hospice agencies. With a national footprint that includes 145 hospitals, 251 home health locations, and 96 hospice locations in 42 states and Puerto Rico, the Company provides high quality, cost-effective integrated healthcare. Encompass Health is ranked as one of Fortune's 100 Best Companies to Work For. For more information, visit encompasshealth.com, or follow us on our [newsroom](#), [Twitter](#), [Instagram](#) and [Facebook](#).

Forward-Looking Statements

Statements contained in this press release which are not historical facts, such as the separation of the HH&H Business from Encompass Health and the related rebranding, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, Encompass Health, through its senior management, may from time to time make forward-looking public statements concerning the matters described herein. All such estimates, projections, and forward-looking information speak only as of the date hereof, and Encompass Health undertakes no duty to publicly update or revise such forward-looking information, whether as a result of new information, future events, or otherwise. Such forward-looking statements are necessarily estimates and speculative based upon current information, and involve a number of risks and uncertainties about Encompass Health's business plans and strategies, and actual events or results may differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including, equity and general market conditions, the expected benefits and costs of the spin-off transaction, the expected timing of the completion of the spin-off transaction and the transaction terms, and the possibility that Encompass Health may decide not to undertake the spin-off or any separation transaction or that it is not able to consummate the spin-off or other separation transaction or the related rebranding due to, among other things, market, regulatory and other factors, the potential for disruption to Encompass Health's business resulting from the undertaking of any transactions or rebranding, any potential adverse effects on Encompass Health's stock price resulting from the announcement of the potential spin-off or the results thereof or the rebranding, the effect of the announcement of the transaction and the rebranding on Encompass Health's

ability to retain and hire key personnel and maintain relationships with its customers, suppliers, operating results and business generally, and adverse conditions in the healthcare services industry, including any effects associated with the COVID-19 or other pandemic, and those factors which may be identified from time to time in Encompass Health's SEC filings and other public announcements, including Encompass Health's current reports on Form 8-K, quarterly reports on Form 10-Q and its latest annual report on Form 10-K for the year ended December 31, 2020. No assurance can be given that the transactions described herein will be consummated or as to the ultimate terms of any such transactions.

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