

COMMUNITY HEALTH SYSTEMS INC

Form S-4/A

November 18, 2013

Table of Contents

Registration No. 333-191339

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**AMENDMENT NO. 1**  
**TO**  
**FORM S-4**  
**REGISTRATION STATEMENT**  
***UNDER***  
***THE SECURITIES ACT OF 1933***

**COMMUNITY HEALTH SYSTEMS, INC.**  
**(Exact name of registrant as specified in its charter)**

**Delaware**  
**(State or Other Jurisdiction of**

**8062**  
**(Primary Standard Industrial**

**13-3893191**  
**(I.R.S. Employer**

**Incorporation or Organization)                      Classification Code Number)                      Identification Number)**

**4000 Meridian Boulevard**

**Franklin, Tennessee 37067**

**(615) 465-7000**

**(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)**

**Rachel A. Seifert**

**Community Health Systems, Inc.**

**Executive Vice President, Secretary and General Counsel**

**4000 Meridian Boulevard**

**Franklin, Tennessee 37067**

**(615) 465-7000**

**(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)**

*Copies to:*

**Stephen Fraidin**

**Steven E. Clifton**

**Michael J. Aiello**

**Thomas W. Christopher**

**Senior Vice President and General  
Counsel**

**Matthew J. Gilroy**

**Michael P. Brueck**

**Health Management Associates,  
Inc.**

**Weil, Gotshal & Manges LLP**

**Kirkland & Ellis LLP**

**5811 Pelican Bay Blvd.,**

**767 Fifth Avenue**

**601 Lexington Avenue  
New York, New York 10022**

**Suite 500  
Naples, Florida 34108**

**New York, New York 10153**

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable on or after the effective date of this registration statement after all other conditions to the completion of the merger described herein have been satisfied or waived.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

**Table of Contents**

**The information in this proxy statement/prospectus is not complete and may be changed. Community Health Systems, Inc. may not issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities and Community Health Systems, Inc. is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**PRELIMINARY COPY SUBJECT TO COMPLETION, DATED NOVEMBER 18, 2013**

**PROXY STATEMENT/PROSPECTUS**

**PROPOSED MERGER YOUR VOTE IS IMPORTANT**

Dear stockholders of Health Management Associates, Inc.:

On July 29, 2013, the boards of directors of Health Management Associates, Inc., or HMA, and Community Health Systems, Inc., or CHS, each approved an agreement and plan of merger, entered into on July 29, 2013 and amended on September 24, 2013 and, as amended, referred to as the merger agreement, providing for HMA to be acquired by CHS, which transaction is referred to as the merger. You are cordially invited to attend a special meeting of HMA stockholders to be held at the Ritz-Carlton Golf Resort Naples, 2600 Tiburón Drive, Naples, Florida 34109, at 8:00 a.m., local time, on January 8, 2014.

At the HMA special meeting, you will be asked to consider and vote upon a proposal to adopt the merger agreement, pursuant to which HMA would be acquired through a merger with a wholly owned subsidiary of CHS. If the merger contemplated by the merger agreement is completed, each share of common stock of HMA outstanding immediately prior to the effective time of the merger (other than treasury shares of HMA and any shares of HMA common stock owned by CHS or any subsidiary of CHS or HMA, and other than shares of HMA common stock as to which dissenters' rights have been properly exercised), pursuant to the General Corporation Law of the State of Delaware, will be converted into the right to receive (1) \$10.50 in cash, without interest, (2) 0.06942 shares of common stock of CHS and (3) one contingent value right issued by CHS, and is subject to any applicable withholding of taxes and the payment of cash in lieu of fractional shares. This is referred to as the merger consideration. CHS expects to issue approximately 18,361,256 shares of CHS common stock and approximately 264,495,187 CVRs in the merger. The implied value of the stock portion of the merger consideration will fluctuate as the market price of CHS common stock fluctuates. You should obtain current stock price quotations for CHS common stock and HMA common stock before deciding how to vote with respect to the adoption of the merger agreement. CHS common stock and HMA common stock are listed for trading on the New York Stock Exchange under the symbols CYH and HMA, respectively. In addition, the value, if any, of the CVRs is speculative.

At the HMA special meeting, you also will be asked to consider and vote upon a proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to HMA's named executive

officers that is based on or otherwise relates to the merger and a proposal to adjourn the HMA special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the HMA special meeting.

After careful consideration, on July 29, 2013, the HMA board of directors unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, fair to and in the best interests of HMA and its stockholders. On August 12, 2013, Glenview Capital Management, LLC, or Glenview, delivered written consents from holders of HMA common stock, or their duly authorized proxies, sufficient to replace the entire HMA board of directors with nominees of Glenview pursuant to a consent solicitation process that had previously been commenced by Glenview. As a result of Glenview's successful consent solicitation, HMA announced on August 16, 2013, following an independent inspector of election's certification of written consents, that all of the incumbent HMA board members were removed and replaced by the Glenview nominees. On November 12, 2013, after careful consideration, the new HMA board of directors unanimously determined to reaffirm the determination of the prior HMA board of directors that the merger agreement and the transactions contemplated by the merger agreement are advisable to and in the best interests of HMA and its stockholders. **The HMA board of directors unanimously recommends that you vote FOR the adoption of the merger agreement; FOR the approval, on a non-binding, advisory basis, of the compensation that may be paid or become payable to HMA's named executive officers that is based on or otherwise relates to the merger; and FOR the approval of the adjournment of the HMA special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the HMA special meeting.**

The accompanying document is a proxy statement of HMA and a prospectus of CHS, and provides you with information about HMA, CHS, the proposed merger and the special meeting of HMA stockholders. HMA and CHS encourage you to read the entire proxy statement/prospectus carefully.

You may also obtain more information about HMA and CHS from documents HMA and CHS have filed with the Securities and Exchange Commission.

**For a discussion of risk factors you should consider in evaluating the merger agreement you are being asked to adopt, see Risk Factors beginning on page 30 of the accompanying proxy statement/prospectus.**

**Your vote is important. Adoption of the merger agreement requires the approval of the holders of at least 70% of the outstanding shares of HMA common stock entitled to vote thereon. The failure of any stockholder to vote will have the same effect as a vote against adopting the merger agreement. Accordingly, whether or not you plan to attend the HMA special meeting, you are requested to promptly vote your shares by proxy electronically via the Internet, by telephone or by sending in the appropriate paper proxy card as instructed in these materials. If you sign, date and mail your proxy card without indicating how you wish to vote, your vote will be counted as a vote FOR each of the proposals described in the accompanying proxy statement/prospectus.**

Granting a proxy will not prevent you from voting your shares in person if you choose to attend the HMA special meeting.

We thank you for your continued support of HMA.

Sincerely,

*The board of directors of Health Management Associates, Inc.*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger described in the accompanying proxy statement/prospectus nor have they approved or disapproved of the issuance of the CHS common stock or the CVRs in connection with the merger, or determined if the accompanying proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

The accompanying proxy statement/prospectus is dated November [ ], 2013 and is first being mailed to HMA stockholders on or about November [ ], 2013

Table of Contents

**HEALTH MANAGEMENT ASSOCIATES, INC.**

**5811 Pelican Bay Boulevard**

**Suite 500**

**Naples, Florida 34108-2710**

**(239) 598-3131**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON JANUARY 8, 2014**

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Health Management Associates, Inc., or HMA, will be held at the Ritz-Carlton Golf Resort Naples, 2600 Tiburón Drive, Naples, Florida 34109, at 8:00 a.m., local time, on January 8, 2014. Holders of HMA common stock at the close of business on November 22, 2013 (such date and time, the record date) will be asked to:

- Proposal 1. consider and vote upon the adoption of the Agreement and Plan of Merger, dated as of July 29, 2013, as it may be amended from time to time, by and among HMA, Community Health Systems, Inc., or CHS, and FWCT-2 Acquisition Corporation (the merger agreement);
- Proposal 2. consider and vote, on a non-binding, advisory basis, to approve compensation that may be paid or become payable to HMA's named executive officers that is based on or otherwise relates to the merger contemplated by the merger agreement; and
- Proposal 3. consider and vote upon the approval of the adjournment of the HMA special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the HMA special meeting.

Please refer to the attached proxy statement/prospectus and the merger agreement for further information with respect to the business to be transacted at the HMA special meeting. HMA expects to transact no other business at the meeting. Holders of record of HMA common stock as of the record date will be entitled to notice of and to vote at the HMA special meeting with regard to Proposals 1-3 described above.

**The HMA board of directors unanimously recommends that you vote FOR the adoption of the merger agreement; FOR the approval, on a non-binding, advisory basis, of the compensation that may be paid or become payable to HMA's named executive officers that is based on or otherwise relates to the merger; and FOR the approval of the adjournment of the HMA special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the HMA special meeting.**

**Your vote is important regardless of the number of shares that you own.** Whether or not you plan on attending the HMA special meeting, we urge you to read the proxy statement/prospectus carefully and to please vote your shares as promptly as possible. You may vote your shares by proxy electronically via the Internet, by telephone, by completing and sending in the appropriate paper proxy card or in person at the HMA special meeting.

All HMA stockholders as of the record date are cordially invited to attend the HMA special meeting.

By Order of the Board of Directors

Kathleen K. Holloway

*Corporate Secretary*

Naples, Florida

November [ ], 2013



**Table of Contents**

**REFERENCES TO ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates by reference important business and financial information about each of CHS and HMA from documents that each company has filed or will file with the Securities and Exchange Commission, or the SEC, but that are not being included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You may read and copy the documents incorporated by reference in this proxy statement/prospectus and other information about each of CHS and HMA that is filed with the SEC under the Securities and Exchange Act of 1934, or the Exchange Act, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. You can also obtain such documents free of charge through the SEC's website, www.sec.gov, or by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

**For information about**

**For information about**

**Community Health Systems, Inc.:**

**Health Management Associates, Inc.:**

By Mail: Community Health Systems, Inc.  
4000 Meridian Boulevard  
Franklin, Tennessee 37067  
Attention: Investor Relations

By Mail: Health Management Associates, Inc.  
5811 Pelican Bay Boulevard, Suite 500  
Naples, Florida 34108  
Attention: Investor Relations

By Telephone: (615) 465-7000

By Telephone: (239) 598-3131

**If you would like to request any documents, please do so by December 26, 2013 in order to receive them before the HMA special meeting.**

For additional information on documents incorporated by reference in this proxy statement/prospectus, please see "Where You Can Find More Information" beginning on page 189. Please note that information contained on the websites of CHS or HMA is not incorporated by reference in, nor considered to be part of, this proxy statement/prospectus.

**ABOUT THIS PROXY STATEMENT/PROSPECTUS**

CHS has supplied all information contained in or incorporated by reference into this proxy statement/prospectus relating to CHS. HMA has supplied all information contained in or incorporated by reference into this proxy statement/prospectus relating to HMA. CHS and HMA have both contributed to information relating to the merger.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in or incorporated by reference into this proxy statement/prospectus. This proxy statement/prospectus is dated November [ ], 2013, and is based on information as of November [ ], 2013 or such other date as may be noted. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any other date. You should not assume that the information contained in any document incorporated or deemed to be incorporated by reference herein is accurate as of any date other than the date of such document. Any statement contained in a

document incorporated or deemed to be incorporated by reference into this proxy statement/prospectus will be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference into this proxy statement/prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this proxy statement/prospectus. Neither the mailing of this proxy statement/prospectus to the stockholders of HMA nor the taking of any actions contemplated hereby by CHS or HMA at any time will create any implication to the contrary.

**This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.**

Table of Contents

## TABLE OF CONTENTS

	Page
<u>DEFINED TERMS</u>	1
<u>QUESTIONS AND ANSWERS</u>	2
<u>SUMMARY</u>	10
<u>The Companies</u>	10
<u>The Merger</u>	11
<u>The Merger Agreement</u>	11
<u>The CVR Agreement</u>	12
<u>Merger Consideration</u>	12
<u>Merger Consideration Value</u>	12
<u>The HMA Board of Directors Reasons for the Merger</u>	12
<u>Opinions of Financial Advisors to HMA</u>	12
<u>Treatment of HMA Stock Options, Other Equity-Based Awards and Performance Cash Awards</u>	13
<u>Treatment of Rights under HMA Rights Agreement</u>	15
<u>Interests of HMA Directors and Executive Officers in the Merger</u>	15
<u>Conditions to the Completion of the Merger</u>	15
<u>Regulatory Approvals Required to Complete the Merger</u>	16
<u>Financing</u>	16
<u>Termination of the Merger Agreement</u>	17
<u>Non-Solicitation of Alternative Proposals</u>	18
<u>Expenses and Termination Fees Relating to the Merger</u>	19
<u>Accounting Treatment of the Merger</u>	19
<u>Material U.S. Federal Income Tax Consequences</u>	19
<u>Legal Proceedings Related to the Merger</u>	20
<u>Comparison of the Rights of Holders of CHS Common Stock and HMA Common Stock</u>	20
<u>Appraisal Rights in Connection with the Merger</u>	20
<u>HMA Special Meeting</u>	20
<u>SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA</u>	22
<u>Summary Historical Consolidated Financial Data of HMA</u>	25
<u>Unaudited Summary Pro Forma Condensed Combined Financial Information</u>	27
<u>Comparative Per Share Data</u>	28
<u>Comparative Market Value of Common Stock</u>	29
<u>RISK FACTORS</u>	30
<u>Risks Related to the Merger</u>	30
<u>Risks Related to the CVRs</u>	36
<u>Risks Related to the Combined Company Following the Merger</u>	38
<u>Other Risks Factors of CHS and HMA</u>	40
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	41
<u>INFORMATION ABOUT CHS</u>	42
<u>INFORMATION ABOUT HMA</u>	42
<u>SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF HMA</u>	46

<u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u>	48
<u>Note 1. Description of the Transaction</u>	52
<u>Note 2. Basis of Pro Forma Presentation</u>	53
<u>Note 3. Estimate of Consideration Expected to be Transferred</u>	53
<u>Note 4. Contingent Value Rights</u>	55
<u>Note 5. Adjustments to Unaudited Pro Forma Condensed Combined Financial Statements</u>	56

**Table of Contents**

	Page
<u>COMPARATIVE PER SHARE DATA</u>	61
<u>COMPARATIVE MARKET VALUE OF COMMON STOCK</u>	62
<u>COMPARATIVE STOCK PRICES AND DIVIDENDS</u>	63
<u>Market Prices and Dividend Data</u>	63
<u>HMA SPECIAL MEETING</u>	65
<u>Proxy Statement/Prospectus</u>	65
<u>Date, Time and Place of the HMA Special Meeting</u>	65
<u>Purpose of the HMA Special Meeting</u>	65
<u>Record Date and Voting</u>	65
<u>Vote Required</u>	65
<u>Recommendation of the HMA Board of Directors</u>	66
<u>Voting Electronically or by Telephone</u>	67
<u>Vote of HMA's Executive Officers</u>	67
<u>Revocability of Proxies</u>	67
<u>Inspector of Election</u>	67
<u>Attending the HMA Special Meeting</u>	67
<u>Voting Procedures</u>	68
<u>Proxy Solicitations</u>	68
<u>Householding</u>	68
<u>BENEFICIAL STOCK OWNERSHIP OF HMA'S DIRECTORS, EXECUTIVE OFFICERS AND PERSONS OWNING MORE THAN 5% OF THE OUTSTANDING SHARES OF HMA COMMON STOCK</u>	69
<u>PROPOSALS SUBMITTED TO HMA STOCKHOLDERS</u>	71
<u>Adoption of the Agreement and Plan of Merger</u>	71
<u>Non-Binding Advisory Vote on Golden Parachute Compensation</u>	71
<u>Adjournment Proposal</u>	72
<u>THE MERGER</u>	73
<u>Effects of the Merger</u>	73
<u>Financing for the Merger</u>	75
<u>Background of the Merger</u>	77
<u>Recommendation of the HMA Board of Directors and HMA's Reasons for the Merger</u>	88
<u>Opinions of Financial Advisors to HMA</u>	95
<u>Certain Unaudited HMA Forecasts</u>	117
<u>Interests of Certain Persons in the Merger</u>	120
<u>Equity and Performance Cash Awards Held by Executive Officers and Directors</u>	120
<u>Payments to HMA Executive Officers Contingent Upon the Merger</u>	122
<u>Golden Parachute Compensation</u>	124
<u>Board of Directors and Management of CHS after the Merger</u>	127
<u>HMA Director Compensation</u>	127
<u>Regulatory Approvals</u>	128
<u>New York Stock Exchange Listing of CHS Common Stock and CVRs; Deregistration of HMA Common Stock After the Merger</u>	129
<u>Exchange of Shares of HMA Common Stock</u>	129
<u>Distributions with Respect to Unexchanged Shares of HMA Common Stock</u>	130
<u>Fractional Shares</u>	130

<u>Lost, Stolen or Destroyed Certificates</u>	130
<u>Appraisal Rights</u>	130
<u>Litigation Related to the Merger</u>	134
<u>Accounting Treatment of the Merger</u>	135
<u>Material U.S. Federal Income Tax Consequences</u>	135

**Table of Contents**

	Page
<b><u>THE MERGER AGREEMENT</u></b>	143
<u>The Merger</u>	143
<u>Effective Time; Closing</u>	143
<u>Marketing Period</u>	143
<u>Merger Consideration</u>	144
<u>Withholding</u>	146
<u>Dividends and Distributions</u>	146
<u>Conditions to the Completion of the Merger</u>	147
<u>HMA Special Meeting</u>	149
<u>Non-Solicitation of Alternative Proposals</u>	150
<u>Financing Covenant; HMA Cooperation; Actions with Respect to Existing Debt</u>	154
<u>Regulatory Matters</u>	156
<u>Termination</u>	157
<u>HMA Termination Fee</u>	158
<u>Conduct of Business Pending the Merger</u>	159
<u>Litigation Related to the Merger</u>	160
<u>Public Announcements</u>	160
<u>Change of Control Provisions</u>	160
<u>Additional Covenants</u>	161
<u>Governance of the Surviving Company</u>	161
<u>Indemnification; Directors and Officers Insurance</u>	161
<u>Employee Matters</u>	162
<u>Representations and Warranties</u>	163
<u>Amendment and Waiver</u>	164
<u>Governing Law; Jurisdiction; Waiver of Jury Trial</u>	164
<u>Specific Performance</u>	165
<u>Merger Agreement Amendment</u>	165
<b><u>DESCRIPTION OF THE CVRS</u></b>	166
<u>Contingent Value Rights Agreement</u>	166
<u>Characteristics of the CVRs</u>	166
<u>CVR Payment Amount</u>	166
<u>CVR Payment Date</u>	167
<u>Calculation of CVR Payment Amount</u>	167
<u>Management of Existing Litigation</u>	167
<u>Issuance of CVRs</u>	167
<u>Transferability of CVRs; Listing</u>	168
<u>Registration and Transfers</u>	168
<u>Subordination</u>	168
<u>Reporting Obligations</u>	169
<u>Breach</u>	169
<u>Amendment of CVR Agreement without Consent of CVR Holders</u>	170
<u>Amendment of CVR Agreement with Consent of CVR Holders</u>	171
<u>Trust Indenture Act</u>	171
<u>Purchases by CHS and Affiliates</u>	171
<u>Cancellation of CVRs</u>	171
<b><u>DESCRIPTION OF CHS CAPITAL STOCK</u></b>	172
<u>Authorized Capital Stock</u>	172

<u>Certain Provisions Affecting Control of CHS</u>	172
<u>COMPARISON OF RIGHTS OF HOLDERS OF CHS COMMON STOCK AND HMA COMMON STOCK</u>	175



**Table of Contents**

	Page
<u>LEGAL MATTERS</u>	189
<u>EXPERTS</u>	189
<u>SUBMISSIONS OF HMA STOCKHOLDER PROPOSALS</u>	189
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	189
<b><u>ANNEXES</u></b>	
<u>ANNEX A MERGER AGREEMENT (AS AMENDED)</u>	A-1
<u>ANNEX B FORM OF CVR AGREEMENT</u>	B-1
<u>ANNEX C OPINION OF MORGAN STANLEY &amp; CO. LLC</u>	C-1
<u>ANNEX D OPINION OF LAZARD FRÈRES &amp; CO. LLC</u>	D-1
<u>ANNEX E OPINION OF UBS SECURITIES LLC</u>	E-1
<u>ANNEX F SECTION 262 OF THE DELAWARE GENERAL CORPORATION LAW</u>	F-1

Table of Contents

**DEFINED TERMS**

This proxy statement/prospectus generally avoids the use of technical defined terms, but a few frequently used terms may be helpful for you to have in mind at the outset. Unless otherwise specified or if the context so requires, this proxy statement/prospectus refers to:

the transaction pursuant to which CHS's wholly owned subsidiary, Merger Sub, will merge with and into HMA, and HMA will become a direct or indirect wholly owned subsidiary of CHS, and the conversion of shares of HMA common stock into rights to receive cash, shares of CHS common stock and contingent value rights issued by CHS, as the merger ;

the Agreement and Plan of Merger, dated as of July 29, 2013 (as it may be amended from time to time), by and among HMA, CHS and Merger Sub, pursuant to which the merger will be completed, as the merger agreement ;

the (1) \$10.50 in cash, without interest, (2) 0.06942 shares of CHS common stock to be paid by CHS and (3) one contingent value right issued by CHS in accordance with the terms of the CVR agreement in exchange for each share of HMA common stock pursuant to the terms of the merger agreement, as the merger consideration ;

Community Health Systems, Inc., a Delaware corporation, as CHS ;

the board of directors of CHS as the CHS board of directors ;

the by-laws of CHS, as amended and restated on February 27, 2008, as the CHS By-laws ;

the restated certificate of incorporation of CHS, as amended on May 18, 2010, as the CHS Charter ;

the common stock, par value \$0.01 per share, of CHS as CHS common stock ;

FWCT-2 Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of CHS, as Merger Sub ;

Health Management Associates, Inc., a Delaware corporation, as HMA ;

the board of directors of HMA as the HMA board of directors ;

the by-laws of HMA, as amended and restated on December 7, 2010, and as amended and restated as of August 12, 2013, as the HMA By-laws ;

the fifth restated certificate of incorporation of HMA, as amended on March 3, 1999, as the HMA Charter ;

the class A common stock, par value \$0.01 per share, of HMA as HMA common stock ;

the General Corporation Law of the State of Delaware, as the DGCL ;

the Contingent Value Rights Agreement as the CVR agreement ; and

a contingent value right issued by CHS in accordance with the terms of the CVR agreement as a CVR or contingent value right .

Table of Contents

**QUESTIONS AND ANSWERS**

The questions and answers below highlight only selected information from this proxy statement/prospectus. They do not contain all of the information that may be important to you. The HMA board of directors is soliciting proxies from its stockholders to vote at a special meeting of HMA stockholders, to be held at the Ritz-Carlton Golf Resort Naples, 2600 Tiburón Drive, Naples, Florida 34109, at 8:00 a.m., local time, on January 8, 2014, and any adjournment or postponement of that meeting. You should read carefully this entire proxy statement/prospectus and the additional documents incorporated by reference into this proxy statement/prospectus to fully understand the matters to be acted upon and the voting procedures for the HMA special meeting.

**Q: Why have I received this proxy statement/prospectus?**

A: You are receiving this document because you were a stockholder of record of HMA on the record date for the HMA special meeting. On July 29, 2013, the boards of directors of HMA and CHS each approved the merger agreement, entered into on July 29, 2013, providing for HMA to be acquired by CHS. On November 12, 2013, after careful consideration, the new HMA board of directors unanimously determined to reaffirm the determination of the prior HMA board of directors that the merger agreement and the transactions contemplated by the merger agreement are advisable to and in the best interests of HMA and its stockholders. A copy of the merger agreement is attached to this proxy statement/prospectus as *Annex A*, which we encourage you to review. In order to complete the merger, HMA stockholders must vote to adopt the merger agreement. Adoption of the merger agreement requires the approval of the holders of at least 70% of the outstanding shares of HMA common stock entitled to vote thereon.

This document is being delivered to you as both a proxy statement of HMA and a prospectus of CHS. It is a proxy statement because the HMA board of directors is soliciting proxies from its stockholders to vote on the adoption of the merger agreement at a special meeting of HMA stockholders as well as the other matters set forth in the notice of the meeting and described in this proxy statement/prospectus, and your proxy will be used at the meeting or at any adjournment or postponement of the meeting. It is a prospectus because CHS will issue CHS common stock and CVRs to HMA stockholders in the merger. On or about November [ ], 2013, HMA intends to begin to deliver to its stockholders of record as of the close of business on November 22, 2013, printed versions of these materials.

Your vote is important.

**Q: What is the merger transaction upon which I am being asked to vote?**

A: Holders of HMA common stock as of the record date are being asked to vote on the adoption of the merger agreement, pursuant to which a wholly owned subsidiary of CHS, FWCT-2 Acquisition Corporation, referred to as Merger Sub, will merge with and into HMA, with HMA surviving as a direct or indirect wholly owned subsidiary of CHS.

**IF HMA STOCKHOLDERS FAIL TO ADOPT THE MERGER AGREEMENT, THE MERGER CANNOT BE COMPLETED.**

**Q: What will I receive for my shares of HMA common stock in the merger?**

A: Subject to certain limitations set forth in the merger agreement, HMA stockholders will receive the following in exchange for each share of HMA common stock in the merger:

\$10.50 in cash, without interest,

**Table of Contents**

0.06942 shares of CHS common stock, and

one contingent value right, or CVR, issued by CHS and payable upon final resolution of certain existing legal matters involving HMA.

The implied value of the stock portion of the merger consideration will fluctuate as the market price of CHS common stock fluctuates. You should obtain current stock price quotations for CHS common stock and HMA common stock before deciding how to vote with respect to the adoption of the merger agreement. CHS common stock and HMA common stock are listed for trading on the New York Stock Exchange under the symbols CYH and HMA, respectively. In addition, the value, if any, of the CVRs is speculative.

**Q: What are the terms of the CVR?**

A: Upon the closing of the merger, CHS and a trustee mutually acceptable to CHS and HMA will enter into a Contingent Value Rights Agreement governing the terms of the CVRs. A holder of a CVR will be entitled to receive a cash payment of up to \$1.00 per CVR following and conditioned upon the final resolution of certain existing legal matters involving HMA. If the amount of certain specified losses (including attorney's fees and expenses) arising out of or relating to such legal matters exceeds a deductible of \$18,000,000, the amount payable in respect of each CVR will be reduced (but not below zero) by a pro rata portion (based on the total number of CVRs outstanding at the time of final resolution of such legal matters) of \$0.90 for each dollar of losses in excess of the \$18,000,000 deductible. To the extent such specified losses arising out of such legal matters exceeds approximately \$318,000,000, the amount payable in respect of each CVR will be zero. For purposes of calculating the payment to the CVR holders, the amount of such losses will be net of any amounts actually recovered by CHS under insurance policies. After the closing of the merger, CHS will control the management and disposition of the above mentioned legal matters involving HMA, including with respect to the defense, negotiation and settlement thereof. The CVRs do not have a finite payment date.

For more information on the terms of the CVRs, see the section entitled "Description of the CVRs" beginning on page 166 and see the form of CVR agreement attached as *Annex B* to this proxy statement/prospectus.

**Q: Where will the CHS common stock and the CVR that I receive in the merger be traded?**

A: CHS will apply to have the new shares of CHS common stock issued in the merger listed on the New York Stock Exchange, which we refer to as the NYSE, upon the closing of the merger. CHS common stock is traded on the NYSE under the symbol CYH. CHS will apply to have the CVRs approved for listing on NASDAQ, provided, that, in the event the CVRs are unable to be approved for listing on NASDAQ, CHS will use its reasonable best efforts to cause the CVRs to be approved for listing on any other national securities exchange, the OTC Markets Group (f/k/a Pink Sheets) or the OTC Bulletin Board.

**Q: How does the HMA board recommend that HMA stockholders vote?**

A: On July 29, 2013, the HMA board unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of HMA and its stockholders. On November 12, 2013, after careful consideration, the new HMA board of directors unanimously determined to reaffirm the determination of the prior HMA board of directors that the merger agreement and the transactions contemplated by the merger agreement are advisable to and in the best interests of HMA and its stockholders. The HMA board of directors unanimously recommends that HMA stockholders vote **FOR** the proposal to adopt the merger agreement and approve the transactions contemplated thereby, **FOR** the approval on an advisory (non-binding) basis of the compensation that may be paid or become

**Table of Contents**

payable to HMA's named executive officers that is based on or otherwise relates to the merger and **FOR** the proposal to adjourn the HMA special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the HMA special meeting.

**Q: What effect, if any, will the replacement of all of the incumbent directors of HMA with directors nominated by Glenview have on the merger?**

A: On August 12, 2013, Glenview Capital Management, LLC, or Glenview, delivered written consents from HMA stockholders, or their duly authorized proxies, sufficient to replace the entire HMA board of directors with nominees of Glenview pursuant to a consent solicitation process that had previously been commenced by Glenview. As a result of the Glenview consent solicitation, on August 16, 2013, all of the incumbent HMA board members were removed and replaced by the Glenview nominees.

Subject to certain limited exceptions, including those described in the section entitled "Non-Solicitation of Alternative Proposals" beginning on page 150, the merger agreement is a binding commitment on the part of HMA to take the actions necessary to consummate the merger, including (i) recommending that HMA stockholders adopt the merger agreement, (ii) using reasonable best efforts to obtain all regulatory consents and approvals necessary to consummate the merger, (iii) cooperating with CHS in preparing this proxy statement/prospectus, filing it with the SEC and having the SEC declare it effective as promptly as practicable, and (iv) holding a meeting of HMA stockholders to adopt the merger agreement.

**Q: When is the merger expected to be completed?**

A: CHS and HMA expect the merger to be completed by the end of the first quarter of 2014. However, CHS and HMA cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

As more fully described in this proxy statement/prospectus and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others, the adoption of the merger agreement by holders of at least 70% of HMA's common stock entitled to vote thereon, the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSR Act, the receipt of certain healthcare regulatory approvals, the absence of certain governmental adverse events occurring with respect to HMA, the absence of any law or regulation that prohibits the completion of the merger, no acceleration of a material amount of HMA's debt having occurred and the approval for listing of the shares of CHS common stock and CVRs to be issued in the merger. Each party's obligation to complete the merger is also subject to the material accuracy of the representations and warranties of the other party in the merger agreement and the compliance in all material respects with covenants of the other party in the merger agreement and the absence of a material adverse effect (as defined in the merger agreement) on the other party. The merger agreement does not include a financing condition.

**Q: Are there risks associated with the merger that I should consider in deciding how to vote?**



A: Yes. There are a number of risks related to the merger and the other transactions contemplated by the merger agreement that are discussed in this proxy statement/prospectus and in the documents incorporated by reference or referred to in this proxy statement/prospectus. Please read with particular care the detailed description of the risks described in Risk Factors beginning on page 30 and in HMA's and CHS's respective SEC filings referred to in Where You Can Find More Information beginning on page 189.

**Table of Contents**

**Q: Will HMA stockholders be subject to U.S. federal income tax on the merger consideration received in the merger?**

A: The exchange of shares of HMA common stock for cash, CHS common stock and CVRs pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes.

For more information regarding the amount and timing of any income, gain or loss with respect to the merger, please see The Merger Material U.S. Federal Income Tax Consequences.

**All HMA stockholders should contact their own tax advisors to determine the particular tax consequences to them of exchanging HMA common stock pursuant to the merger, including the application and effect of any state, local, foreign or other tax laws.**

**Q: When and where is the HMA special meeting?**

A: The HMA special meeting will be held at the Ritz-Carlton Golf Resort Naples, 2600 Tiburón Drive, Naples, Florida 34109, at 8:00 a.m., local time, on January 8, 2014.

**Q: What matters are to be voted on at the HMA special meeting?**

A: At the HMA special meeting, holders of HMA common stock as of the close of business on November 22, 2013 (the record date ) will be asked to:

Proposal 1. consider and vote upon the adoption of the merger agreement;

Proposal 2. consider and vote, on a non-binding, advisory basis, to approve compensation that may be paid or become payable to HMA's named executive officers that is based on or otherwise relates to the merger contemplated by the merger agreement; and

Proposal 3. consider and vote upon the approval of any adjournment of the HMA special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the HMA special meeting.

**Q: What is a quorum?**

A: In order for business to be conducted at the HMA special meeting, a quorum must be present. The quorum requirement for holding the HMA special meeting and transacting business at the HMA special meeting is the presence, in person or by proxy, of a majority of the issued and outstanding shares of HMA common stock as of the record date entitled to vote at the HMA special meeting.

**Q: What is the effect of broker non-votes?**

A: Under the rules of the New York Stock Exchange, brokers, banks and other nominees are not permitted to exercise voting discretion on any of the proposals to be voted upon at the HMA special meeting. Therefore, if a beneficial holder of shares of HMA common stock does not give the broker, bank or other nominee specific voting instructions on Proposals 1, 2 or 3, the holder's shares of HMA common stock will not be, entitled to vote, and will not be voted, on those proposals. Broker non-votes (if any) will have the same effect as a vote against Proposal 1 and will have no effect on the voting results of Proposals 2 or 3.

**Q: Who can vote at the HMA special meeting?**

A: Holders of record at the close of business as of the record date of HMA common stock will be entitled to notice of and to vote at the HMA special meeting. Each of the shares of HMA common stock issued and outstanding on the record date is entitled to one vote at the HMA special meeting with regard to each of the proposals described above.

**Table of Contents**

**Q: Why am I being asked to consider and vote upon a proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to HMA's named executive officers that is based on or otherwise relates to the merger?**

A: Under SEC rules, HMA is required to seek a non-binding, advisory vote with respect to the compensation that may be paid or become payable to HMA's named executive officers that is based on or otherwise relates to the merger, or golden parachute compensation.

**Q: What will happen if HMA stockholders do not approve the golden parachute compensation?**

A: Approval of the compensation that may be paid or become payable to HMA's named executive officers that is based on or otherwise relates to the merger is not a condition to completion of the merger. The vote is an advisory vote and will not be binding on HMA. Therefore, if the merger agreement is adopted by HMA stockholders and the merger is completed, this compensation, including amounts that HMA is contractually obligated to pay, could still be payable regardless of the outcome of the advisory vote, subject only to the conditions applicable thereto.

**Q: What stockholder approvals are needed?**

A: Proposal 1 requires the affirmative vote of the holders of at least 70% of the outstanding shares of HMA common stock entitled to vote thereon to be approved. Proposals 2 and 3 require the affirmative vote of holders of a majority of the HMA common stock present in person or represented by proxy at the HMA special meeting. As of November 22, 2013, the record date for determining stockholders of HMA entitled to vote at the HMA special meeting, there were 264,495,187 shares of HMA common stock outstanding and entitled to vote at the HMA special meeting, held by approximately 9,000 holders of record.

**Q: Are CHS stockholders voting on the merger?**

A: No. No vote of CHS stockholders is required to complete the merger.

**Q: If I beneficially own restricted shares of HMA common stock as of the record date issued pursuant to any of HMA's equity incentive plans, will I be able to vote on the matters to be voted upon at the HMA special meeting?**

A: Yes. Holders who beneficially own restricted shares of HMA common stock as of the record date issued pursuant to any of HMA's equity incentive plans may vote on the adoption of the merger agreement and on the other matters to be voted on at the HMA special meeting.

**Q: Will any other matters be presented for a vote at the HMA special meeting?**

A: HMA is not aware of any other matters that will be presented for a vote at the HMA special meeting. However, if any other matters properly come before the HMA special meeting, the proxies will have the discretion to vote upon such matters in their discretion.

**Q: Who can attend the HMA special meeting?**

A: You are entitled to attend the HMA special meeting only if you are a HMA stockholder of record or a beneficial owner as of the record date, or you hold a valid proxy for the HMA special meeting.

## **Table of Contents**

If you are a HMA stockholder of record and wish to attend the HMA special meeting, please so indicate on the appropriate proxy card or as prompted by the telephone or Internet voting system. Your name will be verified against the list of HMA stockholders of record prior to your being admitted to the HMA special meeting.

If a broker, bank or other nominee is the record owner of your shares of HMA common stock, you will need to have proof that you are the beneficial owner to be admitted to the HMA special meeting. A recent statement or letter from your bank or broker confirming your ownership as of the record date, or presentation of a valid proxy from a broker, bank or other nominee that is the record owner of your shares of HMA common stock, would be acceptable proof of your beneficial ownership.

You should be prepared to present photo identification for admittance. If you do not provide photo identification or comply with the other procedures outlined above upon request, you may not be admitted to the HMA special meeting.

Regardless of whether you intend to attend the HMA special meeting, you are encouraged to vote your shares of HMA common stock as promptly as possible. Voting your shares will not impact your ability to attend the HMA special meeting.

### **Q: How do I vote my shares?**

A: You may vote your shares of HMA common stock by proxy electronically via the Internet, by telephone, by sending in the appropriate paper proxy card or in person at the HMA special meeting. You can specify how you want your shares of HMA common stock voted on each proposal by indicating your vote on each proposal via the Internet or telephone, marking the appropriate boxes on the appropriate proxy card or voting in person at the HMA special meeting. Please review the voting instructions on the proxy card and read the entire text concerning the proposals in this proxy statement/prospectus prior to voting.

Whether you vote your proxy electronically via the Internet, by telephone or by mail, HMA will treat your proxy the same way. The individuals appointed as proxy holders will be Steven Shulman and Kathleen Holloway. The shares of HMA common stock represented by valid proxies that HMA receives in time for the HMA special meeting will be voted as specified in such proxies. Valid proxies include all proxies submitted electronically via the Internet and by telephone and all properly executed, written paper proxy cards received pursuant to this solicitation that are not later revoked. Executed proxy cards that do not provide express voting instructions will be voted **FOR** Proposals 1, 2 and 3.

### **Q: How do I vote if my shares of HMA common stock are held in street name by a broker, bank or other nominee?**

A: If you hold your shares of HMA common stock in street name, you have the right to direct your broker, bank or other nominee how to vote the shares. You should complete a voting instruction card provided to you by your broker, bank or other nominee or provide your voting instructions electronically via the Internet or by telephone, if made available by your broker, bank or other nominee. If you wish to vote in person at the meeting, you must first obtain from your broker, bank or other nominee a proxy issued in your name.

**Q: If my shares of HMA common stock are held in street name, will my broker, bank or other nominee vote my shares for me?**

A: If you hold your shares of HMA common stock in street name and do not provide voting instructions to your broker, bank or other nominee, your shares will not be voted on the proposals described above because your broker, bank or other nominee does not have discretionary authority to vote on these proposals. You should follow the directions your broker, bank or other nominee provides. Shares of HMA common stock

**Table of Contents**

that are not voted because you do not properly instruct your broker, bank or other nominee will have the effect of a vote against Proposal 1. Shares of HMA common stock that are not voted because you do not properly instruct your broker, bank or other nominee will have no effect on the outcome of Proposal 2 or 3.

**Q: Can I change my vote after I have delivered my proxy?**

A: Yes. You can change your vote at any time before your proxy is voted at the HMA special meeting. If you are a holder of record you can do so by:

filing a written notice of revocation with HMA's Corporate Secretary, at 5811 Pelican Bay Boulevard, Suite 500, Naples, Florida 34108-2710, Attention: Corporate Secretary;

submitting a new proxy electronically via the Internet or by telephone at a later date (in which case only the last proxy is counted);

submitting a new written proxy card before the HMA special meeting (in which case only the last proxy card received is counted); or

attending the HMA special meeting and voting in person. Attendance at the HMA special meeting will not in and of itself constitute a revocation of a proxy.

If you hold shares of HMA common stock registered in the name of a broker, bank or other nominee, you may change your vote only by submitting new voting instructions to your broker, bank or other nominee. If the HMA special meeting is postponed or adjourned, it will not affect the ability of stockholders of record as of the record date to exercise their voting rights or to revoke any previously granted proxy using the methods described above.

**Q: What if I do not vote?**

A: If you fail to respond with a vote on Proposal 1, or if you respond and indicate that you are abstaining from voting on such proposal, it will have the same effect as a vote against Proposal 1. If you fail to respond with a vote on Proposal 2 or 3, or if you respond and indicate that you are abstaining from voting on Proposal 2 or 3, it will have no effect on the outcome of Proposal 2 or 3.

**Q: What if I receive more than one proxy card?**

A: If you receive more than one proxy card, your shares of HMA common stock are registered in more than one name or are registered in different accounts. Please complete, date, sign and return each appropriate proxy card to ensure that all your shares are voted.



**Q: What do I need to do now?**

A: After carefully reading and considering the information contained in this proxy statement/prospectus, please respond by completing, signing and dating the appropriate proxy card or voting instruction card and returning in the enclosed postage-paid envelope, or, if available, by submitting your voting instruction electronically via the Internet or by telephone, as soon as possible so that your shares of HMA common stock may be represented and voted at the HMA special meeting. In addition, you may also vote your shares in person at the HMA special meeting. If you hold shares registered in the name of a broker, bank or other nominee, that broker, bank or other nominee has enclosed, or will provide, instructions for directing your broker, bank or other nominee how to vote those shares.

**Table of Contents**

**Q: Should I send in my stock certificates (or evidence of shares in book-entry form) with my proxy card?**

A: No. Please do NOT send your HMA stock certificates (or evidence of shares in book-entry form) with your proxy card.

**Q: Who can help answer my questions?**

A: If you have any questions about the HMA special meeting, the matters to be voted upon, including the merger, or questions about how to submit your proxy, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card or voting instruction card, you should contact Georgeson Inc. at [HMA@georgeson.com](mailto:HMA@georgeson.com) (e-mail) or call toll-free: 1-888-613-9817.

**Table of Contents**

**SUMMARY**

*This summary highlights selected information described in more detail elsewhere in this proxy statement/prospectus and the documents incorporated herein by reference and may not contain all of the information that is important to you. To understand the merger and the other matters to be voted on by HMA stockholders at the HMA special meeting more fully, and to obtain a more complete description of the terms of the merger agreement, you should carefully read this entire proxy statement/prospectus, including the Annexes, and the documents to which CHS and HMA refer you. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled *Where You Can Find More Information* beginning on page 189. We have included page references parenthetically to direct you to a more complete description of the topics presented in this summary.*

**The Companies**

***Community Health Systems, Inc. (See page 42)***

Community Health Systems, Inc.

4000 Meridian Boulevard

Franklin, Tennessee 37067

(615) 465-7000

CHS is one of the largest publicly-traded operators of hospitals in the United States in terms of number of facilities and net operating revenues. It provides healthcare services through the hospitals that it owns and operates in non-urban and selected urban markets throughout the United States. As of September 30, 2013, CHS owned or leased 135 hospitals, comprised of 131 general acute care hospitals and four stand-alone rehabilitation or psychiatric hospitals. These hospitals are geographically diversified across 29 states, with an aggregate of approximately 20,000 licensed beds. CHS generates revenues by providing a broad range of general and specialized hospital healthcare services and other outpatient services to patients in the communities in which it is located. Services provided through its hospitals and affiliated businesses include general acute care, emergency room, general and specialty surgery, critical care, internal medicine, obstetrics, diagnostic, psychiatric and rehabilitation services. CHS also provides additional outpatient services at urgent care centers, occupational medicine clinics, imaging centers, cancer centers, ambulatory surgery centers and home health and hospice agencies.

CHS's common stock is listed on the New York Stock Exchange under the symbol *CYH*. CHS was originally founded in 1986 and was reincorporated in 1996 as a Delaware corporation. CHS became public in 2000.

Additional information about CHS is included in documents incorporated by reference into this proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 189.

***Merger Sub***

FWCT-2 Acquisition Corporation

c/o Community Health Systems, Inc.

4000 Meridian Boulevard

Franklin, Tennessee 37067

(615) 465-7000

FWCT-2 Acquisition Corporation, a Delaware corporation, referred to as Merger Sub, is a wholly owned subsidiary of CHS. Merger Sub was formed by CHS solely for the purpose of engaging in the transactions contemplated by the merger agreement and, prior to the merger, will not have engaged in any other business activities other than those relating to the transactions contemplated by the merger agreement. In the merger, Merger Sub will merge with and into HMA, and Merger Sub will cease to exist.

**Table of Contents**

***Health Management Associates, Inc. (See page 42)***

Health Management Associates, Inc.

5811 Pelican Bay Boulevard

Suite 500

Naples, Florida 34108

(239) 598-3131

HMA, by and through its subsidiaries, operates general acute care hospitals and other health care facilities in non-urban communities. As of September 30, 2013, HMA operated 71 hospitals with a total of approximately 10,782 licensed beds in Alabama, Arkansas, Florida, Georgia, Kentucky, Mississippi, Missouri, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Washington and West Virginia. Services provided by HMA's hospitals include general surgery, internal medicine, obstetrics, emergency room care, radiology, oncology, diagnostic care, coronary care and pediatric services. HMA also provides outpatient services such as one-day surgery, laboratory, x-ray, respiratory therapy, cardiology and physical therapy. Additionally, some of HMA's hospitals provide specialty services in, among other areas, cardiology (e.g., open-heart surgery, etc.), neuro-surgery, oncology, radiation therapy, computer-assisted tomography scanning, magnetic resonance imaging, lithotripsy and full-service obstetrics. HMA's facilities benefit from centralized resources, such as purchasing, information technology, finance and accounting systems, legal services, facilities planning, physician recruiting, administrative personnel management, marketing and public relations.

HMA's class A common stock is listed on the New York Stock Exchange under the symbol HMA. HMA was incorporated in Delaware in 1979 but began operations through a subsidiary that was formed in 1977. HMA became public in 1991.

Additional information about HMA and its subsidiaries is included in documents incorporated by reference into this proxy statement/prospectus. See [Where You Can Find More Information](#) beginning on page 189.

**The Merger**

The boards of directors of HMA and CHS have each approved a merger agreement, entered into on July 29, 2013, providing for HMA to be acquired by CHS. On November 12, 2013, after careful consideration, the new HMA board of directors unanimously determined to reaffirm the determination of the prior HMA board of directors that the merger agreement and the transactions contemplated by the merger agreement are advisable to and in the best interests of HMA and its stockholders. At the HMA special meeting, you will be asked to consider and vote upon a proposal to adopt the merger agreement, pursuant to which HMA would be acquired through a merger with a wholly owned subsidiary of CHS.

The effect of the merger will be that HMA will be acquired by CHS and shares of HMA common stock will no longer be publicly traded.

HMA stockholders are receiving this proxy statement/prospectus in connection with HMA's solicitation of proxies for its special meeting of stockholders.

**The Merger Agreement (See page 143)**

A copy of the merger agreement is attached as *Annex A* to this proxy statement/prospectus. CHS and HMA encourage you to read the entire merger agreement carefully because it is the principal document governing the merger.

## **Table of Contents**

### **The CVR Agreement (See page 166)**

A copy of the form of CVR agreement is attached as *Annex B* to this proxy statement/prospectus. CHS and HMA encourage you to read the entire form of CVR agreement carefully because it is the principal document governing the CVRs.

### **Merger Consideration (See page 144)**

At the effective time of the merger, each share of HMA common stock issued and outstanding immediately prior to the effective time of the merger (other than treasury shares of HMA and any shares of HMA common stock owned by CHS or any subsidiary of CHS (including Merger Sub) or HMA, and other than shares of HMA common stock as to which dissenters' rights have been properly exercised) will be cancelled and converted automatically into the right to receive, in accordance with the terms of the merger agreement, (1) \$10.50 in cash, without interest, (2) 0.06942 shares of CHS common stock and (3) one contingent value right issued pursuant to the terms of the CVR agreement. CHS expects that it will issue approximately 18,361,256 shares of CHS common stock and approximately 264,495,187 CVRs in the merger.

### **Merger Consideration Value (See page 62)**

Based on the closing price of CHS common stock on the New York Stock Exchange on May 24, 2013, the final trading day prior to the public announcement of the implementation of HMA's shareholder rights plan, the merger consideration represented approximately \$13.50 in value for each share of HMA common stock when excluding any value attributable to the CVRs (and approximately \$14.50 in value for each share of HMA common stock assuming the holders of each CVR receive the \$1.00 nominal face value of the CVR). Based on the closing price of CHS common stock on the New York Stock Exchange on June 11, 2013 (the last trading day prior to the public announcement that HMA had engaged Weil Gotshal & Manges LLP, referred to as Weil, and Morgan Stanley & Co. LLC, referred to as Morgan Stanley, in connection with its ongoing consideration of strategic alternatives and opportunities available), the merger consideration represented approximately \$13.97 in value for each share of HMA common stock when excluding any value attributable to the CVRs (and approximately \$14.97 in value for each share of HMA common stock assuming the holders of each CVR receive the \$1.00 nominal face value of the CVR). Based on the closing price of CHS common stock on the New York Stock Exchange on November 15, 2013, the latest practicable date before the date of this proxy statement/prospectus, the merger consideration represented approximately \$13.46 in value for each share of HMA common stock when excluding any value attributable to the CVRs (and approximately \$14.46 in value for each share of HMA common stock assuming the holders of each CVR receive the \$1.00 nominal face value of the CVR). CHS will not issue any fractional shares of CHS common stock in the merger. Holders of HMA common stock who would otherwise be entitled to a fractional share of CHS common stock will receive a cash payment in lieu of fractional shares. The value, if any, of the CVRs is speculative, and there can be no assurance that each CVR will have a value of \$1.00, or any value at all.

### **The HMA Board of Directors' Reasons for the Merger (See page 88)**

In the course of reaching its decision to approve the merger agreement, the HMA board of directors considered a number of factors in its deliberations. Those factors are described in *The Merger Recommendation of the HMA Board of Directors and HMA's Reasons for the Merger* beginning on page 88.

### **Opinions of Financial Advisors to HMA (See page 95)**

In connection with the merger, Morgan Stanley, HMA's financial advisor, rendered to the HMA board of directors its oral opinion, subsequently confirmed in writing, that as of July 29, 2013, and based upon and subject to the various assumptions, procedures, factors, qualifications and limitations set forth in the written opinion, the



---

**Table of Contents**

consideration to be received by the holders of shares of HMA common stock pursuant to the merger agreement was fair from a financial point of view to such holders. The full text of the written opinion of Morgan Stanley, dated July 29, 2013, is attached as *Annex C* to this proxy statement/prospectus and is incorporated by reference in this proxy statement/prospectus in its entirety. The opinion sets forth, among other things, the various assumptions made, procedures followed, factors considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. The summary of the opinion of Morgan Stanley in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. **Morgan Stanley's opinion is directed to the HMA board of directors and addresses only the fairness from a financial point of view of the consideration to be received by the holders of shares of HMA common stock pursuant to the merger agreement as of the date of the opinion and does not address the fairness of the amount or nature of the compensation to any of HMA's officers, directors or employees, or any class of such persons, relative to the consideration to be received by the holders of shares of HMA's common stock in the transactions contemplated by the merger agreement. Morgan Stanley's opinion did not in any manner address the prices at which HMA's common stock, CHS's common stock or the CVR will trade following consummation of the merger or at any time. Morgan Stanley's opinion does not constitute a recommendation to any holder of HMA common stock as to how to vote at any stockholders' meeting held in connection with the merger or whether to take any other action with respect to the merger.**

In connection with its evaluation of the merger, on September 24, 2013, the new HMA board of directors engaged each of Lazard Frères & Co. LLC, referred to as Lazard, and UBS Securities LLC, referred to as UBS, as financial advisors to the new HMA board of directors. Each of Lazard and UBS rendered to the new HMA board of directors its oral opinion, subsequently confirmed in writing, to the effect that, as of November 12, 2013, and based upon and subject to the various assumptions, procedures, factors, qualifications and limitations set forth in the respective written opinions, the merger consideration to be received by the holders of shares of HMA common stock pursuant to the merger agreement was fair from a financial point of view to such holders. The full text of the written opinion of Lazard, dated November 12, 2013, is attached as *Annex D* to this proxy statement/prospectus and the full text of the written opinion of UBS, dated November 12, 2013, is attached as *Annex E* to this proxy statement/prospectus and, in each case, is incorporated by reference in this proxy statement/prospectus in its entirety. The opinions of both Lazard and UBS set forth, among other things, the various assumptions made, procedures followed, factors considered and qualifications and limitations on the scope of the reviews undertaken by Lazard and UBS in rendering their opinions. The summaries of the Lazard and UBS opinions in this proxy statement/prospectus are qualified in their entirety by reference to the full text of the applicable opinion.

**The opinions of Lazard and UBS were provided for the benefit of the new HMA board of directors (in its capacity as such) in connection with, and for the purpose of, its evaluation of the merger consideration to be received by holders of HMA common stock in the merger from a financial point of view and does not address any other aspect of the merger. The opinions of Lazard and UBS do not address the relative merits of the merger as compared to other business strategies or transactions that might be available with respect to HMA or the underlying business decision of HMA to effect the merger. The opinions of Lazard and UBS do not constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to the merger. Holders of HMA common stock are encouraged to read the opinions of Lazard and UBS carefully in their entirety.**

**Treatment of HMA Stock Options, Other Equity-Based Awards and Cash Awards (See page 73)**

On August 12, 2013, Glenview delivered written consents from HMA stockholders, or their duly authorized proxies, sufficient to replace the entire HMA board of directors with nominees of Glenview pursuant to a consent solicitation process that had previously been commenced by Glenview. As a result of the Glenview consent solicitation, on

August 16, 2013, all of the incumbent HMA board members were removed and replaced by the

## **Table of Contents**

Glenview nominees. Such event constituted a change in control pursuant to HMA's 1996 Executive Incentive Compensation Plan and 2006 Outside Director Restricted Stock Award Plan. As a result of such change in control and pursuant to the terms of HMA's 1996 Executive Incentive Compensation Plan and 2006 Outside Director Restricted Stock Award Plan and the applicable award agreements, all of the outstanding and unvested equity and performance cash awards held by HMA's executive officers and incumbent directors became vested. At such time an aggregate of approximately 7,279,000 shares of HMA common stock were subject to unvested HMA restricted stock and HMA deferred stock awards held by approximately 350 employees of HMA (including 1,093,207 shares subject to awards held by HMA's executive officers and directors). In addition, approximately 440 employees of HMA held an aggregate of approximately \$38,164,000 of HMA cash awards (including \$3,402,074 of performance cash awards held by executive officers). Currently none of HMA's executive officers or incumbent directors holds any unvested equity or cash awards. However, each of the members of the new HMA board of directors has received a deferred stock award under HMA's 1996 Executive Incentive Compensation Plan as part of HMA's director compensation program.

### ***Treatment of HMA Stock Options***

Immediately prior to the effective time of the merger, each option to acquire shares of HMA common stock that is then outstanding, whether or not then vested, will be cancelled and terminated in exchange for the right to receive a number of shares of HMA common stock equal to the number of shares of HMA common stock subject to such stock option minus the number of shares of HMA common stock subject to such option which, when multiplied by the per share closing price of HMA common stock as reported on the New York Stock Exchange the day before the effective time of the merger, is equal to the aggregate exercise price of such option. Any shares of HMA common stock issued in respect of HMA stock options will be cancelled and converted into the right to receive the merger consideration at the effective time of the merger. In the event that the per share exercise price of any option to acquire shares of HMA common stock is equal to or greater than the per share closing price of HMA common stock as reported on the New York Stock Exchange the day before the effective time of the merger, then such option will be cancelled and terminated without payment.

### ***Treatment of HMA Restricted Stock Awards***

Immediately prior to the effective time of the merger, each HMA restricted stock award that is then outstanding, whether or not then vested, will vest in full (assuming, in the case of any HMA restricted stock award that is subject to performance based vesting, that the performance goals are satisfied at a level of 100%) and will be treated in the merger as an outstanding share of HMA common stock, except that any merger consideration due with respect to a restricted stock award that was granted pursuant to HMA's 2006 Outside Director Restricted Stock Award Plan will be paid in cash as required by the terms of such plan and the award agreements issued thereunder.

### ***Treatment of HMA Deferred Stock Awards***

Immediately prior to the effective time of the merger, each HMA deferred stock award that is then outstanding, whether or not then vested, will vest in full (assuming, in the case of any HMA deferred stock award that is subject to performance-based vesting, that the performance goals are satisfied at a level of 100%) and will be cancelled and exchanged for a number of shares of HMA common stock underlying such HMA deferred stock award so cancelled, which shares will be treated in the merger as outstanding shares of HMA common stock. Any dividend equivalent distributions that are accrued pursuant to the terms of any HMA deferred stock award that are unpaid as of the effective time of the merger will be paid in cash, without interest, to the holder thereof as promptly as practicable after the effective time of the merger.



## **Table of Contents**

### ***Treatment of HMA Performance Cash Awards***

Immediately prior to the effective time of the merger, each HMA performance cash award that is then outstanding, whether or not then vested, will vest in full and be cancelled in exchange for the right to receive a lump sum cash payment determined as if the applicable performance objectives had been achieved at a level of 100%.

### **Treatment of Rights under HMA Rights Agreement**

Under HMA's Rights Agreement, dated as of May 24, 2013 and amended on July 29, 2013, between HMA and the rights agent named therein (the "HMA Rights Agreement"), the merger is an exempt event. As a result, no consideration will be paid, or is payable, to holders of any such rights.

### **Interests of HMA Directors and Executive Officers in the Merger (See page 120)**

You should be aware that HMA's executive officers and directors may have economic interests in the merger that are different from, or in addition to, those of HMA stockholders generally. These interests may include, but are not limited to: the treatment of equity awards held by HMA's executive officers and directors (including the acceleration of any unvested stock options, restricted stock awards, deferred stock awards and performance cash awards), the potential acceleration of supplemental retirement benefits provided to HMA's executive officers and directors, the potential payment of retention, severance and other benefits to HMA's executive officers, the potential payment of tax gross-ups to HMA's executive officers and directors and the continuation of certain rights to indemnification and of coverage under directors' and officers' liability insurance policies following the completion of the merger. The HMA board of directors was aware of and considered those interests, among other matters, in reaching its decision to approve the merger agreement and recommend that HMA stockholders adopt the merger agreement.

### **Conditions to the Completion of the Merger (See page 147)**

CHS and HMA currently expect to complete the merger in the first quarter of 2014, subject to receipt of required stockholder and regulatory approvals and the satisfaction or waiver of the other conditions to the merger. As more fully described in this proxy statement/prospectus and in the merger agreement, each party's obligation to complete the merger depends on a number of conditions being satisfied or, where legally permissible, waived, including the following:

the adoption of the merger agreement by holders of at least 70% of HMA's common stock entitled to vote thereon;

the expiration or termination of the applicable waiting period under the HSR Act and any other required antitrust approvals;

the authorization of the shares of CHS common stock to be issued in the merger for listing on the New York Stock Exchange;

the effectiveness of the registration statement (of which this proxy statement/prospectus is a part) relating to the issuance of the shares of CHS common stock and the CVRs to be issued in the merger; and

the absence of any legal injunction, restraint, or prohibition on the completion of the merger.

The obligation of CHS and Merger Sub to complete the merger is subject to the following additional conditions:

the accuracy of the representations and warranties of HMA, subject to certain materiality standards as described under [The Merger Agreement Conditions to the Completion of the Merger](#) beginning on page 147;

**Table of Contents**

performance by HMA in all material respects of its obligations under the merger agreement;

the absence of a material adverse effect with respect to HMA;

the absence of certain governmental adverse events;

the absence, since March 31, 2013, of any acceleration of any principal or interest amount under certain of HMA's credit agreements or other material indebtedness that is continuing;

the receipt of an officer's certificate certifying that the foregoing conditions have been satisfied; and

HMA must have obtained a certificate of need from the West Virginia Health Care Authority with respect to HMA's Williamson Memorial Hospital, solely to the extent such hospital is owned by HMA at the time of the closing date of the merger.

The obligation of HMA to complete the merger is subject to the following additional conditions:

the accuracy of the representations and warranties of CHS, subject to certain materiality standards as described under "The Merger Agreement - Conditions to the Completion of the Merger" beginning on page 147;

performance by CHS in all material respects of its obligations under the merger agreement;

the absence of a material adverse effect with respect to CHS;

the receipt of an officer's certificate certifying that the foregoing conditions have been satisfied;

the execution and delivery of the CVR agreement by CHS and the CVR trustee; and

the listing of the CVRs on either the New York Stock Exchange or NASDAQ (or if unable to be approved for listing on such exchanges, any other national securities exchange, the OTC Markets Group or the OTC Bulletin Board).

**Regulatory Approvals Required to Complete the Merger (See page 128)**

CHS and HMA have agreed to cooperate and use reasonable best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement. For an acquisition transaction meeting certain size thresholds, such as the merger, the HSR Act requires the parties to file notification and report forms with the Antitrust Division of the United States Department of Justice, or the DOJ, and the Federal Trade Commission, or the FTC, and

to observe specified waiting period requirements before completing the merger. CHS and HMA have filed the required notifications with the Antitrust Division of the DOJ and the FTC. In addition, HMA must have obtained a certificate of need from the West Virginia Health Care Authority with respect to HMA's Williamson Memorial Hospital, solely to the extent such hospital is owned by HMA at the time of the closing of the merger.

**Financing (See page 75)**

CHS's obligation to complete the merger is not conditioned upon its obtaining financing to pay the cash portion of the merger consideration. In connection with the merger, CHS has entered into financing commitments to provide for a \$750,000,000 2016 term facility and a \$1,510,000,000 2020/2021 term facility, up to a \$2,205,000,000 secured bridge loan facility and a \$2,375,000,000 unsecured bridge loan facility (minus cash proceeds from notes issued on or prior to the closing date and other specified amounts as agreed), the proceeds of which CHS expects to be sufficient to fund, together with other financial resources, the cash portion of the merger consideration and to pay the fees and expenses related to the merger, which may include the repayment of outstanding indebtedness of HMA. CHS has made no final determination with respect to the financing transactions and is continuing to review and consider all alternatives. In no event shall any disclosure contained herein be deemed indicative of the final financing that CHS will choose to adopt.



**Table of Contents**

**Termination of the Merger Agreement (See page 157)**

HMA and CHS may terminate the merger agreement at any time before the effective time of the merger under the following circumstances:

by mutual written consent of HMA and CHS;

if the merger has not been completed on or before April 30, 2014; however, if as of such date all of the conditions to closing have been satisfied (other than the conditions relating to the receipt of required antitrust clearances and the absence of legal restraints in respect of any antitrust and competition laws, and other than those conditions that by their terms are to be satisfied at the closing), then this termination date may be extended by CHS with the written consent of HMA (which consent may not be unreasonably withheld, conditioned or delayed) until July 30, 2014 or such earlier date as agreed by CHS and HMA (the latest such date, the end date ) (however, the right to terminate the merger agreement under this provision will not be available to any party whose failure to fulfill any obligation under the merger agreement has been a principal cause of the failure of the merger to be consummated before such date);

if any governmental entity of competent authority issues a final, non-appealable order or enacts a law that prohibits, restrains or makes illegal the consummation of the merger; or

if the HMA stockholders have not adopted the merger agreement at a duly convened meeting of the stockholders of HMA.

In addition, HMA may terminate the merger agreement under the following circumstances:

at any time before the effective time of the merger, if CHS or Merger Sub has breached any representation, warranty, covenant or agreement contained in the merger agreement, or if any representation or warranty of CHS or Merger Sub has become untrue, in each case, such that the conditions to closing relating to the accuracy of CHS's and Merger Sub's representations and warranties or the performance by CHS and Merger Sub of their obligations under the merger agreement could not be satisfied as of the closing date; however, HMA may not terminate the merger agreement under this provision unless any such breach or failure to be true has not been cured within 30 business days after written notice by HMA to CHS, except that no cure period is required for a breach that cannot be cured by the end date and HMA may not terminate the merger agreement if HMA is then in breach of the merger agreement in any material respect; or

prior to adoption of the merger agreement by the HMA stockholders, in order to enter into a definitive written agreement providing for a superior proposal in compliance with the non-solicitation provisions of the merger agreement.

In addition, CHS may terminate the merger agreement under the following circumstances:

at any time before the effective time of the merger, if HMA has breached any representation, warranty, covenant or agreement contained in the merger agreement, or if any representation or warranty of HMA has become untrue, in each case, such that the conditions to closing relating to the accuracy of HMA's representations and warranties or the performance by HMA of its obligations under the merger agreement could not be satisfied as of the closing date; however, CHS may not terminate the merger agreement under this provision unless any such breach or failure to be true has not been cured within 30 business days after written notice by CHS to HMA, except that no cure period is required for a breach that cannot be cured by the end date and CHS may not terminate the merger agreement if CHS is then in breach of the merger agreement in any material respect;

prior to adoption of the merger agreement by the HMA stockholders, if a company adverse recommendation change (as described in The Merger Agreement Non-Solicitation of Alternative Proposals ) has occurred;

**Table of Contents**

prior to adoption of the merger agreement by the HMA stockholders, if HMA has breached or be deemed to have breached in any material respect the non-solicitation provision of the merger agreement; however, CHS may not terminate the merger agreement under this provision if CHS is then in breach of the merger agreement in any material respect; or

at any time before the effective time of the merger, if a governmental adverse event has occurred and is not cured within 60 days following such occurrence.

In some cases, termination of the merger agreement may require HMA to pay a termination fee to CHS as described below.

**Non-Solicitation of Alternative Proposals (See page 150)**

The merger agreement contains detailed provisions prohibiting HMA from seeking an alternative transaction to the merger. Under these no solicitation provisions, HMA has agreed that, from the time of the execution and delivery of the merger agreement until the earlier of the effective time of the merger or the termination of the merger agreement in accordance with its terms, HMA will not and will cause its subsidiaries not to, and will use its reasonable best efforts to cause its and its subsidiaries respective directors, officers, employees, accountants, consultants, legal counsel, financial advisors and agents and other representatives not to:

solicit, seek, initiate or knowingly facilitate or encourage (including by furnishing non-public information) any inquiries regarding or the making of any submission or announcement of a proposal or offer that constitutes or would reasonably be expected to result in an acquisition proposal (as described in The Merger Agreement Non-Solicitation of Alternative Proposals );

engage in, continue or otherwise participate in any discussions or negotiations regarding or furnish to any other person any non-public information in connection with or for the purpose of encouraging or facilitating any acquisition proposal;

approve, endorse or recommend any acquisition proposal;

enter into any letter of intent, memorandum of understanding, acquisition agreement, merger agreement or similar agreement (other than certain acceptable confidentiality agreements);

grant any waiver, amendment or release under any standstill or confidentiality agreement, takeover law, or the company s rights plan or otherwise fail to enforce any of the foregoing (except to the extent HMA s board of directors determines in good faith, after such consultation with its financial advisor(s) and outside legal counsel, that the failure to take such action would be inconsistent with the directors fiduciary duties under applicable law); or

resolve or agree to do any of the foregoing relating to any acquisition proposal.

Notwithstanding these restrictions, the merger agreement also provides that if, at any time prior to the adoption of the merger agreement by HMA's stockholders, HMA receives a bona fide acquisition proposal which did not result from a breach of the non-solicitation provisions of the merger agreement, HMA is permitted to contact the person or group of persons who made the acquisition proposal to clarify terms for the sole purpose of HMA's board of directors informing itself about such acquisition proposal. In the event that HMA's board of directors determines in good faith, after consultation with its financial advisor(s) and outside legal counsel, that such acquisition proposal constitutes or is reasonably expected to lead to a superior proposal (as described below) and that failure to take such action would be inconsistent with the directors' fiduciary duties under applicable law, then HMA is also permitted to:

furnish, pursuant to an acceptable confidentiality agreement, information (including non-public information) with respect to HMA and its subsidiaries to the person or group of persons who has made

## **Table of Contents**

such acquisition proposal, provided that HMA promptly (and in any event within 24 hours) provides or makes available to CHS all information concerning HMA or its subsidiaries that is provided or made available to such person which was not previously provided to CHS or its representatives; and

engage in or otherwise participate in discussions or negotiations with the person or group of persons making such acquisition proposal.

Further, the HMA board of directors may, at any time after the date of the merger agreement and prior to the adoption of the merger agreement by HMA's stockholders, in response to a superior proposal that did not result from a breach of the non-solicitation provisions of the merger agreement, effect a company adverse recommendation change and/or terminate the merger agreement to accept the superior proposal (after paying the termination fee as described below) if the HMA board of directors determines in good faith, after consultation with its financial advisor and outside legal counsel, that failing to take any such action would be inconsistent with the directors' fiduciary duties under applicable law, and if certain other conditions which are described elsewhere in this proxy statement/prospectus are satisfied. In such an event, HMA may be required to pay CHS a termination fee of \$109 million.

Further, at any time after the date of the merger agreement and prior to the adoption of the merger agreement by HMA's stockholders, in contexts not involving an acquisition proposal but where certain intervening events as described elsewhere in this proxy statement/prospectus have occurred, the HMA board of directors may effect a company adverse recommendation change if the HMA board of directors determines in good faith, after consultation with its financial advisor and outside counsel, that failure to take such action would be inconsistent with the directors' fiduciary duties under applicable law, and if certain other conditions which are described elsewhere in this proxy statement/prospectus are satisfied. In such an event, HMA may be required to pay CHS a termination fee of \$109 million.

### **Expenses and Termination Fees Relating to the Merger (See page 158)**

Generally, all fees and expenses incurred in connection with the merger agreement will be paid by the party incurring those fees and expenses. Following termination of the merger agreement under specified circumstances, HMA may be required to pay CHS a termination fee of \$109 million. HMA may also be required to pay CHS expense reimbursement of \$40 million if HMA stockholders fail to adopt the merger agreement.

### **Accounting Treatment of the Merger (See page 135)**

The merger will be accounted for by CHS as a business combination under the acquisition method of accounting.

### **Material U.S. Federal Income Tax Consequences (See page 135)**

The exchange of HMA common stock for the merger consideration in the merger will be a taxable transaction for U.S. federal income tax purposes and may also be taxable under state, local and non-U.S. income and other tax laws. Please carefully review the information under **The Merger Material U.S. Federal Income Tax Consequences** beginning on page 135 for a description of the material U.S. federal income tax consequences of the merger and of owning CHS common stock and CVRs received in the merger to U.S. holders and non-U.S. holders (in each case as defined in **The Merger Material U.S. Federal Income Tax Consequences**). The tax consequences to you will depend on your situation. We urge you to consult your tax advisors as to the specific tax consequences to you of the merger and your receipt of the merger consideration, including the applicability and effect of U.S. federal, state, local and non-U.S. income and other tax laws in light of your particular circumstances.



## Table of Contents

### **Legal Proceedings Related to the Merger (See page 134)**

Since the announcement on July 30, 2013 of the execution of the merger agreement, HMA, CHS, Merger Sub and the members of the HMA board of directors have been named as defendants in several putative class action complaints challenging the proposed merger. The lawsuits generally allege, among other things, that the merger fails to properly value HMA, that the individual defendants breached their fiduciary duties in approving the merger agreement and that those breaches were aided and abetted by CHS. The lawsuits seek, among other things, injunctive relief to enjoin the defendants from completing the merger on the agreed upon terms, monetary relief and attorneys' fees and costs.

### **Comparison of the Rights of Holders of CHS Common Stock and HMA Common Stock (See page 175)**

As a result of the completion of the merger, holders of HMA common stock, options to acquire HMA common stock, restricted shares of HMA common stock, and HMA deferred stock awards will become holders of CHS common stock. Each of CHS and HMA is a Delaware corporation governed by the DGCL, but the rights of CHS stockholders currently are, and from and after the merger will be, governed by the CHS Charter and the CHS By-laws, while the rights of HMA stockholders are currently governed by the HMA Charter and the HMA By-laws. This proxy statement/prospectus includes summaries of the material differences between the rights of HMA stockholders and CHS stockholders arising because of difference in the charters and by-laws of the two companies.

### **Appraisal Rights in Connection with the Merger (See page 130)**

Pursuant to Section 262 of the DGCL, holders of HMA common stock who do not vote in favor of adoption of the merger agreement and who comply with the applicable requirements of Section 262 of the DGCL and do not otherwise withdraw or lose the right to appraisal under Delaware law have the right to seek appraisal of the fair value of their shares of HMA common stock, as determined by the Delaware Court of Chancery, if the merger is completed. The fair value of your shares of HMA common stock as determined by the Delaware Court of Chancery may be more or less than, or the same as, the value of the merger consideration per share that you are otherwise entitled to receive under the terms of the merger agreement. Holders of HMA common stock who wish to preserve any appraisal rights they may have must so advise HMA by submitting a demand for appraisal prior to the vote to adopt the merger agreement, and must otherwise follow the procedures prescribed by Section 262 of the DGCL. A person having a beneficial interest in shares of HMA common stock held of record in the name of another person, such as a broker, bank or other nominee, must act promptly to cause the record holder to follow the steps summarized in this proxy statement/prospectus and in a timely manner to perfect appraisal rights. **In view of the complexity of Section 262 of the DGCL, HMA stockholders who may wish to pursue appraisal rights should consult their legal and financial advisors.**

### **HMA Special Meeting (See page 65)**

The HMA special meeting will be held at the Ritz-Carlton Golf Resort Naples, 2600 Tiburón Drive, Naples, Florida 34109, at 8:00 a.m., local time, on January 8, 2014.

Holders of record of HMA common stock at the close of business on the record date will be entitled to notice of and to vote at the HMA special meeting with regard to Proposals 1-3. On the record date, there were 264,495,187 shares of HMA common stock outstanding and entitled to vote at the HMA special meeting, held by approximately 9,000 holders of record. Each share of HMA common stock issued and outstanding on the record date is entitled to one vote on each proposal to be voted upon at the HMA special meeting.

As of the record date, HMA's directors and executive officers, and their affiliates, as a group, owned and were entitled to vote 388,845 shares of HMA common stock, or approximately 0.15% of the outstanding shares of HMA common stock. HMA currently expects that its directors and executive officers will vote their shares



**Table of Contents**

FOR Proposals 1, 2 and 3, but none of HMA's directors or executive officers have entered into any agreement obligating them to do so. Proposal 1 requires the affirmative vote of the holders of at least 70% of the outstanding shares of HMA common stock entitled to vote thereon to be approved. Proposals 2 and 3 require the affirmative vote of holders of a majority of the HMA common stock present in person or represented by proxy at the HMA special meeting to be approved.

**Table of Contents****SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA****Summary Historical Consolidated Financial Data of CHS**

The following table presents summary historical consolidated financial and operating data for CHS as of and for the fiscal years ended December 31, 2008, 2009, 2010, 2011 and 2012 and as of and for the nine months ended September 30, 2012 and 2013. The summary historical financial information presented below for each of the five years ended December 31, 2012 has been derived from CHS's audited consolidated financial statements. The summary historical financial information presented below for the nine months ended September 30, 2012 and 2013 has been derived from CHS's unaudited interim condensed consolidated financial statements. In the opinion of CHS's management, the unaudited interim financial data include all adjustments, consisting of only normal non-recurring adjustments, considered necessary for a fair presentation of this information.

The information should be read in conjunction with CHS's consolidated financial statements and the related notes thereto and the information under the heading "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in CHS's Annual Report on Form 10-K filed with the SEC on February 27, 2013, and the unaudited interim condensed consolidated financial statements and the related notes thereto and the information under the heading "Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in CHS's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2013 filed with the SEC on October 31, 2013, which are incorporated by reference in this proxy statement/prospectus. For additional information on documents incorporated by reference in this proxy statement/prospectus, please see "Where You Can Find More Information" beginning on page 189.

	2008	Year Ended December 31,			Nine Months Ended September 30,		
		2009	2010	2011	2012	2012	2013
		(Dollars in millions)					
<b>Consolidated Statement of Income Data</b>							
Operating revenues (net of contractual allowances and discounts)	\$ 10,563	\$ 11,742	\$ 12,623	\$ 13,626	\$ 14,988	\$ 11,227	\$ 11,335
Provision for bad debts	1,165	1,409	1,531	1,720	1,959	1,475	1,569
Net operating revenues	9,399	10,334	11,092	11,906	13,029	9,752	9,766
Total operating costs and expenses	8,429	9,269	9,971	10,772	11,819	8,825	9,102
Income from operations	970	1,065	1,121	1,134	1,210	927	664
Income from continuing operations before income taxes	366	448	519	474	504	382	234
Income from continuing operations	238	306	355	336	346	261	165
Income (loss) from discontinued operations, net of taxes	14	1	(7)	(58)			
Net income	253	306	348	278	346	261	165
	34	63	68	76	80	57	52

Less: Net income attributable to noncontrolling interests								
Net income attributable to Community Health Systems, Inc. stockholders	\$ 218	\$ 243	\$ 280	\$ 202	\$ 266	\$ 203	\$ 113	

**Consolidated Statement of Cash Flow Data**

Net cash provided by operating activities	\$ 1,057	\$ 1,076	\$ 1,189	\$ 1,262	\$ 1,280	\$ 778	\$ 441	
Net cash used in investing activities	(665)	(867)	(1,044)	(1,196)	(1,383)	(1,088)	(685)	
Net cash (used in) provided by financing activities	(304)	(85)	(190)	(235)	361	421	(1)	

**Table of Contents**

	Year Ended December 31,					Nine Months Ended	
	2008	2009	2010	2011	2012	2012	2013
	(Dollars in millions)						
<b>Other Financial Data</b>							
Adjusted EBITDA(1)	\$ 1,498	\$ 1,652	\$ 1,761	\$ 1,837	\$ 1,978	\$ 1,496	\$ 1,283
<b>Operating Data</b>							
Number of hospitals (at end of period)	118	122	127	131	135	135	135
Licensed beds (at end of period)(2)	17,043	17,557	19,004	19,695	20,334	20,357	20,196
Beds in service (at end of period)(3)	14,836	15,539	16,264	16,832	17,265	17,274	17,370
Admissions(4)	650,701	675,902	678,284	675,050	701,837	528,445	499,800
Adjusted admissions(5)	1,174,525	1,242,647	1,277,235	1,330,988	1,418,472	1,065,547	1,032,649
Patient days(6)	2,768,024	2,874,125	2,891,699	2,970,044	3,058,931	2,302,714	2,210,028
Average length of stay (days)(7)	4.3	4.3	4.3	4.4	4.4	4.4	4.4
Occupancy rate (beds in service)(8)	52.3%	51.3%	50.2%	49.1%	48.6%	48.9%	46.9%
Net operating revenues	\$ 9,399	\$ 10,334	\$ 11,092	\$ 11,906	\$ 13,029	\$ 9,752	\$ 9,766
Net inpatient revenues as a % of operating revenues before provision for bad debts	51.7%	50.4%	49.3%	46.1%	44.7%	45.1%	43.8%
Net outpatient revenues as a % of operating revenues before provision for bad debts	48.3%	47.3%	48.5%	51.9%	53.4%	53.1%	54.4%

**Consolidated  
Balance Sheet  
Data (end of  
period)**

Working Capital	\$ 1,096	\$ 1,217	\$ 1,229	\$ 935	\$ 1,276	\$ 1,226	\$ 1,337
Property and equipment, net	5,894	6,132	6,324	6,856	7,152	7,106	7,068
Cash and cash equivalents	221	345	299	130	388	241	144
Total assets	13,818	14,021	14,698	15,209	16,606	16,241	16,722
Long-term debt	8,938	8,845	8,808	8,783	9,451	9,473	9,368
Other long-term liabilities	889	859	1,002	950	1,039	999	1,016
Total Community Health Systems, Inc. stockholders equity	1,611	1,951	2,189	2,397	2,731	2,654	2,990

(1) EBITDA consists of net income attributable to Community Health Systems, Inc. before interest, income taxes, depreciation and amortization. Adjusted EBITDA is EBITDA adjusted to exclude discontinued operations, gain/loss from early extinguishment of debt, impairment of long-lived assets and net income attributable to noncontrolling interests. CHS has from time to time sold noncontrolling interests in certain of its subsidiaries or acquired subsidiaries with existing noncontrolling interest ownership positions. CHS believes that it is useful to present adjusted EBITDA because it excludes the portion of EBITDA attributable to these third-party interests and clarifies for investors its portion of EBITDA generated by continuing operations. CHS uses adjusted EBITDA as a measure of liquidity, and the most comparable GAAP measure is net cash provided by operating activities. CHS has included this measure because CHS believes it provides investors with additional information about CHS's ability to incur and service debt and make capital expenditures. Adjusted EBITDA is the basis for a key component in the determination of CHS's compliance with some

**Table of Contents**

of the covenants under CHS's senior secured credit facility, as well as to determine the interest rate and commitment fee payable under the senior secured credit facility (although adjusted EBITDA does not include all of the adjustments described in the senior secured credit facility).

Adjusted EBITDA is not a measurement of financial performance or liquidity under generally accepted accounting principles. It should not be considered in isolation or as a substitute for net income, operating income, cash flows from operating, investing or financing activities, or any other measure calculated in accordance with generally accepted accounting principles. The items excluded from adjusted EBITDA are significant components in understanding and evaluating financial performance and liquidity. CHS's calculation of adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

The following table reconciles Adjusted EBITDA, as defined, to CHS's net cash provided by operating activities as derived directly from CHS's consolidated financial statements for the years ended December 31, 2008, 2009, 2010, 2011 and 2012 and for the nine months ended September 30, 2012 and 2013:

	<b>Year Ended December 31,</b>					<b>Nine Months Ended September 30,</b>	
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2012</b>	<b>2013</b>
	<b>(Dollars in millions)</b>						
Adjusted EBITDA	\$ 1,498	\$ 1,652	\$ 1,761	\$ 1,837	\$ 1,978	\$ 1,496	\$ 1,283
Interest expense, net	(643)	(644)	(648)	(644)	(623)	(462)	(465)
Provision for income taxes	(136)	(142)	(164)	(138)	(158)	(121)	(69)
Deferred income taxes	160	34	97	107	53		
Income (loss) from operations of entities sold	5	1	(7)	(8)			
Depreciation and amortization of discontinued operations	21	16	15	5			
Stock compensation expense	52	45	39	43	41	31	29
(Excess tax benefit) income tax payable increase relating to stock-based compensation	(1)	3	(10)	(5)	(4)	(2)	(7)
Other non-cash expenses, net	3	24	14	28	34	22	48
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:							
Patient accounts receivable	(50)	58	(27)	(138)	(204)	(228)	(231)
Supplies, prepaid expenses and other current assets	(34)	(35)	(40)	(43)	(100)	(68)	(60)
Accounts payable, accrued liabilities and income taxes	120	86	162	246	246	103	(206)
Other	62	(22)	(3)	(28)	17	7	20
Net cash provided by operating activities	\$ 1,057	\$ 1,076	\$ 1,189	\$ 1,262	\$ 1,280	\$ 778	\$ 441

- (2) Licensed beds are the number of beds for which the appropriate state agency licenses a facility regardless of whether the beds are actually available for patient use.
- (3) Beds in service are the number of beds that are readily available for patient use.
- (4) Admissions represent the number of patients admitted for inpatient treatment.
- (5) Adjusted admissions is a general measure of combined inpatient and outpatient volume. CHS computed adjusted admissions by multiplying admissions by gross patient revenues and then dividing that number by gross inpatient revenues.
- (6) Patient days represent the total number of days of care provided to inpatients.
- (7) Average length of stay (days) represents the average number of days inpatients stay in CHS's hospitals.
- (8) CHS calculated occupancy rate percentages by dividing the average daily number of inpatients by the weighted-average number of beds in service.

**Table of Contents****Summary Historical Consolidated Financial Data of HMA**

The following table presents summary historical consolidated financial and operating data for HMA as of and for the fiscal years ended December 31, 2008, 2009, 2010, 2011 and 2012 and as of and for the nine months ended September 30, 2012 and 2013. The summary historical financial information presented below for each of the five years ended December 31, 2012 has been derived from HMA's audited consolidated financial statements. The summary historical financial information presented below for the nine months ended September 30, 2012 and 2013 has been derived from HMA's unaudited interim condensed consolidated financial statements. In the opinion of HMA's management, the unaudited interim financial data include all adjustments, consisting of only normal non-recurring adjustments, considered necessary for a fair presentation of this information.

The information should be read in conjunction with HMA's consolidated financial statements and the related notes thereto and the information under the heading "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in HMA's Annual Report on Form 10-K/A filed with the SEC on November 13, 2013, and the unaudited interim condensed consolidated financial statements and the related notes thereto, and the information under the heading "Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in HMA's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2013 filed with the SEC on November 13, 2013, which are incorporated by reference in this proxy statement/prospectus. For additional information on documents incorporated by reference in this proxy statement/prospectus, please see "Where You Can Find More Information" beginning on page 189.

	2008	Year Ended December 31,			Nine Months Ended September 30,		
		2009	2010	2011	2012	2012	2013
		(Dollars in millions)					
<b>Consolidated Statement of Income Data</b>							
Net revenue before the provision for doubtful accounts	\$ 4,279	\$ 4,535	\$ 5,090	\$ 5,803	\$ 6,748	\$ 5,034	\$ 5,101
Provision for doubtful accounts	479	554	625	717	882	640	730
Net revenue	3,800	3,981	4,465	5,086	5,866	4,394	4,371
Total operating costs and expenses(1)	3,476	3,744	4,182	4,781	5,592	4,185	4,460
Income (loss) from continuing operations before income taxes	324	237	283	305	274	209	(89)
Income (loss) from continuing operations	207	159	183	201	185	142	(40)
(Loss) income from discontinued operations, including gains/losses on disposals, net of income taxes	(26)	3	(14)	(2)	(8)	(6)	
Consolidated net income (loss)	181	162	169	199	177	136	(40)
Less: Net income attributable to noncontrolling interests	16	26	22	25	27	22	13
Less: Accretion of redeemable equity securities							20
Net income (loss) attributable to Health Management Associates, Inc.	\$ 166	\$ 136	\$ 147	\$ 173	\$ 150	\$ 114	\$ (73)





**Table of Contents**

	Year Ended December 31,					Nine Months Ended	
	2008	2009	2010	2011	2012	September 30, 2012	2013
	(Dollars in millions)						
<b>Consolidated Statement of Cash Flow Data</b>							
Net cash provided by continuing operating activities	\$ 412	\$ 437	\$ 435	\$ 544	\$ 597	\$ 458	\$ 120
Net cash used in investing activities	(170)	(357)	(394)	(976)	(474)	(388)	(318)
Net cash (used in) provided by financing activities	(199)	(128)	(49)	401	(126)	(97)	140
<b>Operating Data</b>							
Licensed beds at the end of the period, excluding inactive facilities(2)	7,821	8,220	8,839	9,868	10,562	10,527	10,782
Admissions(3)	296,233	306,184	323,917	338,431	349,508	264,548	253,677
Adjusted admissions(4)	510,647	533,101	586,060	635,547	692,767	521,459	514,397
Emergency room visits(5)	1,277,920	1,352,044	1,413,831	1,562,028	1,820,009	1,338,884	1,352,418
Surgeries(6)	260,835	281,285	314,564	342,427	394,939	297,177	293,598
Patient days(7)	1,263,420	1,281,093	1,350,697	1,424,500	1,478,632	1,120,123	1,089,642
Acute care average length of stay in days(8)	4.3	4.2	4.2	4.2	4.2	4.2	4.3
Occupancy rates(9)	45.4%	45.3%	43.9%	42.6%	36.9%	40.5%	38.1%
<b>Consolidated Balance Sheet Data (end of period)</b>							
Total assets	\$ 4,560	\$ 4,607	\$ 4,909	\$ 6,003	\$ 6,386	\$ 6,303	\$ 6,625
Long-term debt and capital	3,214	3,048	3,025	3,582	3,567	3,576	3,748

lease obligations(10)								
Redeemable equity securities	49	182	201	201	212	213	272	
Stockholders equity, including noncontrolling interests(11)	283	359	528	774	995	942	1,008	

- (1) Includes interest expense of approximately \$251 million, \$227 million, \$212 million, \$223 million and \$311 million in 2008, 2009, 2010, 2011 and 2012, respectively, and \$241 million and \$212 million in the nine months ended September 30, 2012 and 2013, respectively.
- (2) Licensed beds are beds for which a hospital has obtained approval to operate from the applicable state licensing agency.
- (3) Admissions are patients admitted to HMA hospitals for inpatient treatment. This statistic is a measure of inpatient volume.
- (4) Adjusted admissions are total admissions adjusted for outpatient volume. Adjusted admissions are computed by multiplying admissions (inpatient volume) by the sum of gross inpatient charges and gross outpatient charges and then dividing the resulting amount by gross inpatient charges. This statistic is a measure of total inpatient and outpatient volume.
- (5) The number of emergency room visits is an operational measure that is used to gauge HMA patient volume. Much of the inpatient volume is a byproduct of a patient's initial encounter with one of the HMA hospitals through an emergency room visit.
- (6) The number of surgeries includes both inpatient and outpatient surgeries. This statistic is indicative of overall patient volume and business trends.

**Table of Contents**

- (7) Patient days are the total number of days that patients are admitted in HMA hospitals. This statistic is a measure of inpatient volume.
- (8) Acute care average length of stay in days represents the average number of days admitted patients stay in HMA hospitals. This statistic is a measure of HMA utilization of resources.
- (9) Occupancy rates are affected by many factors, including the population size and general economic conditions within individual market service areas, the degrees of variation in medical and surgical products, outpatient use of hospital services, quality and treatment availability at competing hospitals and seasonality. This statistic is a measure of inpatient volume.
- (10) See Note 3 to the Consolidated Financial Statements under the heading Part II. Item 8. Financial Statements and Supplementary Data of HMA's Annual Report on Form 10-K/A for the year ended December 31, 2012 filed with the SEC on November 13, 2013, which is incorporated by reference into this proxy statement/prospectus, for a discussion of HMA's debt restructuring that was completed on November 18, 2011.
- (11) HMA has not declared or paid any dividends during the years presented in the above table.

**Unaudited Summary Pro Forma Condensed Combined Financial Information**

The following table presents unaudited summary pro forma condensed combined financial information about CHS's consolidated statements of operations and balance sheet after giving effect to the merger. The information under Summary Pro Forma Condensed Combined Income Information in the table below gives effect to the merger as if it had been completed on January 1, 2012. The information under Summary Pro Forma Condensed Combined Balance Sheet Information in the table below assumes the merger and related financing transactions had been completed on September 30, 2013. This unaudited summary pro forma condensed combined financial information was prepared using the acquisition method of accounting with CHS considered the acquirer of HMA. Accordingly, the merger consideration has been allocated to assets and liabilities of HMA based upon their estimated fair values as of the date of completion of the merger. Any amount of the merger consideration that is in excess of the estimated fair values of assets acquired and liabilities assumed in the merger will be recorded as goodwill in CHS's balance sheet after the completion of the merger.

The unaudited summary pro forma condensed combined financial information has been derived from and should be read in conjunction with the more detailed unaudited pro forma condensed combined financial statements (the Statements ) appearing elsewhere in this proxy statement/prospectus and the accompanying notes to the Statements. In addition, the Statements are based on and should be read in conjunction with the historical consolidated financial statements and related notes of each of CHS and HMA as of and for the applicable periods, which have been incorporated in this proxy statement/prospectus by reference. See Where You Can Find More Information beginning on page 189 and Unaudited Pro Forma Condensed Combined Financial Information beginning on page 48.

The unaudited summary pro forma condensed combined financial information is being provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations or the consolidated financial position of CHS would have been had the merger occurred on the dates assumed, nor are they necessarily indicative of CHS's future consolidated results of operations or consolidated financial position. The unaudited summary pro forma condensed combined financial information is based upon currently available information and estimates and assumptions that CHS management believes are reasonable as of the date hereof. Any of the factors underlying these estimates and assumptions may change or prove to be materially different, and the estimates and assumptions may not be representative of facts existing at the closing date of the merger.



**Table of Contents****Summary Pro Forma Condensed Combined Income Information:**

(Dollars in millions, except per share amounts)	<b>Nine Months Ended September 30, 2013</b>	<b>Year Ended December 31, 2012</b>
Net operating revenues	\$ 14,137	\$ 18,895
Income from operations	775	1,778
Income (loss) from continuing operations before income taxes	(20)	592
Income from continuing operations	22	414

(Dollars in millions, except per share amounts)	<b>Nine Months Ended September 30, 2013</b>	<b>Year Ended December 31, 2012</b>
Basic earnings (loss) per share		
Income (loss) from continuing operations	\$ (0.57)	\$ 2.85
Diluted earnings (loss) per share		
Income (loss) from continuing operations	\$ (0.57)	\$ 2.84

**Summary Pro Forma Condensed Combined Balance Sheet Information:**

(Dollars in millions)	<b>As of September 30, 2013</b>
Total assets	\$ 26,650
Long-term debt	16,376
Total equity	3,707

**Comparative Per Share Data**

The following table shows, for the year ended December 31, 2012, and the nine months ended September 30, 2013, historical and pro forma equivalent per share data for HMA common stock and historical and pro forma combined per share data for CHS common stock. The information in the table is derived from each of HMA's and CHS's respective historical consolidated financial statements incorporated by reference herein, as well as the unaudited pro forma condensed combined financial information included elsewhere herein.

The pro forma equivalent information shows the effect of the merger from the perspective of an owner of HMA common stock. The information was computed by multiplying the pro forma combined income from continuing operations per share for the year ended December 31, 2012 and the nine months ended September 30, 2013, respectively, and pro forma combined book value per share as of September 30, 2013 by the exchange ratio of the stock portion of the merger consideration of 0.06942 shares of CHS common stock for each share of HMA common stock. These computations exclude any potential benefit to HMA stockholders from receiving any amount of cash as a component of the merger consideration.

The pro forma combined data below is presented for illustrative purposes only. The pro forma adjustments to the statement of income data are based on the assumption that the merger was completed on January 1, 2012, and the pro

forma adjustments to the balance sheet data are based on the assumption that the merger was completed on September 30, 2013.

Either company s actual historical financial condition and results of operations may have been different had the companies always been combined. You should not rely on this information as being indicative of the historical financial condition and results of operations that would have actually been achieved or of the future results of CHS after the completion of the merger.

**Table of Contents**

You should read the information below together with the historical consolidated financial statements and related notes of each of CHS and HMA, which are incorporated by reference in this proxy statement/prospectus, and with the information under the heading "Unaudited Pro Forma Condensed Combined Financial Information" beginning on page 48.

	HMA Common Stock		CHS Common Stock	
	Historical	Pro Forma Equivalent	Historical	Pro Forma Combined
<b>Income (loss) from Continuing Operations Per Share</b>				
Basic				
Year Ended December 31, 2012	\$ 0.62	\$ 0.20	\$ 2.98	\$ 2.85
Nine Months Ended September 30, 2013	\$(0.28)	\$(0.04)	\$ 1.22	\$(0.57)
Diluted				
Year Ended December 31, 2012	\$ 0.61	\$ 0.20	\$ 2.96	\$ 2.84
Nine Months Ended September 30, 2013	\$(0.28)	\$(0.04)	\$ 1.21	\$(0.57)
<b>Book Value Per Share</b>				
September 30, 2013	\$ 3.81	\$ 2.27	\$ 32.16	\$ 32.72
<b>Cash Dividends</b>				
Year Ended December 31, 2012	\$	\$ 0.02	\$ 0.25	\$ 0.25
Nine Months Ended September 30, 2013	\$	\$	\$	\$

**Comparative Market Value of Common Stock**

CHS common stock and HMA common stock are listed for trading on the New York Stock Exchange under the symbols CYH and HMA, respectively. The following table shows the closing prices per share of CHS common stock and HMA common stock as reported on May 24, 2013 (the final trading day prior to the public announcement of the implementation of HMA's shareholder rights plan), June 11, 2013 (the last trading day prior to the public announcement that HMA had engaged Weil and Morgan Stanley in connection with its ongoing consideration of strategic alternatives and opportunities available) and on November 15, 2013 (the latest practicable date prior to the date of this proxy statement/prospectus). This table also shows the implied value of the merger consideration for each share of HMA common stock when excluding the CVR, which was calculated by multiplying the closing price of CHS common stock on the relevant date by the exchange ratio of the stock portion of the merger consideration of 0.06942 shares of CHS common stock for each share of HMA common stock and adding the per share cash consideration of \$10.50, without interest, and the implied value of the merger consideration for each share of HMA common stock when assuming each holder of each CVR receives the \$1.00 nominal face value of the CVR.

	Closing Price of CHS Common Stock	Closing Price of HMA Common Stock	Implied Value of Merger Consideration (excluding CVR)	Implied Value of Merger Consideration (assuming \$1.00 CVR)
As of May 24, 2013	\$ 43.24	\$ 11.04	\$ 13.50	\$ 14.50



Edgar Filing: COMMUNITY HEALTH SYSTEMS INC - Form S-4/A

As of June 11, 2013	\$ 48.98	\$ 13.93	\$ 13.90	\$ 14.90
As of November 15, 2013	\$ 42.71	\$ 13.16	\$ 13.46	\$ 14.46

The market price of CHS common stock and HMA common stock will fluctuate prior to the HMA special meeting and before the merger is completed, which will affect the implied value of the merger consideration paid to HMA stockholders. You should obtain current market quotations for the shares before making any decisions with respect to the merger. In addition, the value, if any, of the CVRs is speculative, and there can be no assurance that each CVR will have a value of \$1.00, or any value at all.

---

**Table of Contents**

**RISK FACTORS**

*In addition to the other information included in and incorporated by reference into this proxy statement/prospectus, you should carefully read and consider the following risk factors in evaluating the proposals to be voted on at the HMA special meeting and in determining whether to vote for adoption of the merger agreement. If the merger agreement is adopted by HMA stockholders and all of the other conditions to the completion of the merger are satisfied or waived, and the merger is completed, holders of HMA common stock will become holders of CHS common stock and CVRs and will be subject to the risks and uncertainties of holders thereof. Please also refer to the additional risk factors of each of CHS and HMA identified in the periodic reports and other documents incorporated by reference into this proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 189.*

**Risks Related to the Merger**

***Because the market price of CHS common stock will fluctuate and because of the uncertainty of the ultimate realization of the CVRs, HMA's stockholders cannot be certain of the value of the merger consideration that they will be entitled to receive in the merger.***

At the completion of the merger, each outstanding share of HMA common stock will be converted into the right to receive (1) \$10.50 in cash, without interest, (2) 0.06942 shares of CHS common stock and (3) one CVR. The 0.06942 exchange ratio is fixed and will not be adjusted for changes in the market price of either HMA common stock or CHS common stock. The market value of the CHS common stock that HMA stockholders will be entitled to receive in the merger could vary significantly from the market value of CHS common stock on the date of the announcement of the merger agreement, the date that this proxy statement/prospectus was mailed to stockholders of HMA or the date of the HMA special meeting. For example, the closing sale price of CHS common stock on July 26, 2013, the last trading day prior to the execution of the merger agreement, was \$44.60 per share and, therefore, if the merger had closed on that date, the value of the merger consideration that HMA stockholders would have received for each share of HMA common stock, including the \$10.50 in cash consideration (but excluding any value relating to the CVR), would have been \$13.60. On November 15, 2013, the last trading day before the date of this proxy statement/prospectus, the closing sale price of CHS common stock was \$42.71 per share and, therefore, if the merger had closed on that date, the value of the merger consideration that HMA stockholders would have received for each share of HMA common stock, including the \$10.50 in cash consideration (but excluding any value relating to the CVR), would have been \$13.46. Moreover, the market value of CHS common stock will likely fluctuate after the completion of the merger. See *Comparative Per Share Data* and *Comparative Market Value of Common Stock* beginning on pages 61 and 62, respectively.

The merger agreement does not provide for any termination right by either party solely based on changes in the price or trading volume of CHS common stock or HMA common stock. Fluctuations in the market price of CHS common stock could result from changes in the business, operations or prospects of HMA or CHS prior to the completion of the merger or the combined company following the completion of the merger, regulatory considerations, general market and economic conditions and other factors both within and beyond the control of HMA or CHS. In addition, the value of the CVRs, if any, is speculative, and the CVRs may ultimately have a value substantially less than \$1.00 per CVR, or no value at all. For additional risks relating to the CVRs, see *Risks Related to the CVRs*.

***The issuance of CHS common stock in connection with the merger could decrease the market price of CHS common stock.***

Upon the completion of the merger, CHS expects to issue approximately 18.4 million shares of CHS common stock, or approximately 16% of the number of shares of CHS common stock outstanding as of November 13, 2013, to HMA

stockholders in the merger. The issuance of CHS common stock in the merger may result in fluctuations in the market price of CHS common stock, including a stock price decline.

**Table of Contents**

***The shares of CHS common stock to be received by HMA stockholders as a result of the merger will have different rights from the shares of HMA common stock.***

Upon completion of the merger, HMA stockholders will become CHS stockholders and their rights as stockholders will be governed by CHS's certificate of incorporation and CHS's by-laws. Certain of the rights associated with CHS common stock are different from, and may be viewed as less favorable than, the rights associated with HMA common stock. See "Comparison of Rights of Holders of CHS Common Stock and HMA Common Stock" beginning on page 175 for a discussion of the different rights associated with CHS common stock.

***The parties may be unable to satisfy the conditions to the completion of the merger and the merger may not be completed.***

Completion of the merger is conditioned on, among other things, the adoption of the merger agreement by holders of at least 70% of HMA's outstanding common stock entitled to vote thereon, the expiration or termination of the applicable waiting period under the HSR Act, the absence of any law or judgment that prohibits the completion of the merger, the absence of certain governmental adverse events occurring with respect to HMA, the receipt of certain healthcare regulatory approvals, no acceleration of a material amount of HMA's debt having occurred and the approval of the shares of CHS common stock to be issued in the merger for listing on the New York Stock Exchange. Each party's obligation to close the merger is also subject to, among other conditions, the accuracy of the representations and warranties of the other party in the merger agreement (subject to certain specified standards of materiality), the compliance in all material respects with covenants of the other party in the merger agreement and the absence of a material adverse effect (as defined in the merger agreement) on the other party.

These and other conditions to the completion of the merger may fail to be satisfied. In addition, satisfying the conditions to and completion of the merger may take longer, and could cost more, than HMA and CHS expect.

***HMA must obtain approval of its stockholders to consummate the merger, which, if delayed or not obtained, may jeopardize or delay the consummation of the merger.***

The merger is conditioned on the adoption of the merger agreement by holders of at least 70% of HMA's outstanding common stock entitled to vote thereon. If the HMA stockholders do not adopt the merger agreement, then HMA and CHS cannot consummate the merger. The merger agreement provides that HMA is required to pay expense reimbursement of \$40 million to CHS (irrespective of any amount of expenses incurred by CHS) if the merger agreement is terminated by either HMA or CHS because the HMA stockholders have not adopted the merger agreement at a duly convened meeting of the stockholders of HMA.

***Regulatory approvals that are required to complete the merger may not be received, may take longer than expected or may impose conditions which are not presently anticipated.***

Under the provisions of the HSR Act, the merger may not be completed until notification and report forms have been filed with the Antitrust Division of the DOJ and the FTC and the expiration of a 30 calendar day waiting period (unless the waiting period is set to expire on a weekend or federal holiday, in which case the waiting period is automatically extended until 11:59 p.m. of the next business day), or the early termination of that waiting period, following the parties' filing of their respective notification and report forms. If the Antitrust Division of the DOJ or the FTC issues a Request for Additional Information and Documentary Material prior to the expiration of the waiting period, the parties must observe a second 30 calendar day waiting period (unless the waiting period is set to expire on a weekend or federal holiday, in which case the waiting period is automatically extended until 11:59 p.m. of the next business day), which would begin to run only after both parties have substantially complied with the request for

information, unless the waiting period is terminated earlier. On September 3, 2013, HMA and CHS filed their respective notification and report forms under the HSR Act with

**Table of Contents**

the Antitrust Division of the DOJ and the FTC. On September 30, 2013, the parties received a Request for Additional Information and Documentary Materials (referred to in this joint proxy statement/prospectus as a second request ) from the FTC regarding the proposed transactions. The effect of the second request was to extend the waiting period imposed by the HSR Act until 30 days after each party has substantially complied with the second request, unless that period is terminated sooner by the FTC. The parties are continuing to work cooperatively with the FTC in connection with this review.

Private parties who may be adversely affected by the merger and individual states may bring legal actions under the antitrust laws in certain circumstances. Although the parties believe the completion of merger will not likely be prevented by antitrust law, there can be no assurance that a challenge to the merger on antitrust grounds will not be made or, if a challenge is made, what the result will be. Under the merger agreement, HMA and CHS have agreed to use their reasonable best efforts to obtain all regulatory clearances necessary to complete the merger as promptly as reasonably practicable. In addition, in order to complete the merger, CHS and HMA may be required to comply with conditions, terms, obligations or restrictions imposed by regulatory entities and such conditions, terms, obligations or restrictions may have the effect of delaying completion of the merger, imposing additional material costs on or materially limiting the revenues of CHS after the completion of the merger, or otherwise reducing the anticipated benefits to CHS of the merger. In addition, such conditions, terms, obligations or restrictions may result in the delay or abandonment of the merger.

***Legal proceedings in connection with the merger, the outcomes of which are uncertain, could delay or prevent the completion of the merger.***

Since the announcement on July 30, 2013 of the signing of the merger agreement, HMA, the members of the HMA board, CHS and Merger Sub have been named as defendants in several putative class action complaints challenging the proposed merger. The lawsuits generally allege, among other things, that the proposed merger fails to properly value HMA, that the individual defendants breached their fiduciary duties in approving the merger agreement and that those breaches were aided and abetted by CHS. The lawsuits seek, among other things, injunctive relief to enjoin the defendants from completing the merger on the agreed upon terms, monetary relief and attorneys' fees and costs.

One of the conditions to the closing of the merger is that no judgment (whether preliminary, temporary or permanent) or other order, legal restraint or prohibition by any court or other governmental entity shall be in effect that prevents, makes illegal or prohibits the consummation of the merger. Consequently, if the plaintiffs secure injunctive or other relief prohibiting, delaying, or otherwise adversely affecting the defendants' ability to complete the merger, then such injunctive or other relief may prevent the merger from becoming effective within the expected time frame or at all. If completion of the merger is prevented or delayed, it could result in substantial costs to CHS and HMA. In addition, CHS and HMA could incur significant costs in connection with the lawsuits, including costs associated with the indemnification of HMA's directors and officers.

***Since the approval of the merger agreement by HMA's board of directors, the entire HMA board has been replaced by nominees of Glenview Capital Management, and it is unclear what, if any, impact this change of control of the HMA board will have on the merger.***

On August 12, 2013, following the date on which the HMA board of directors approved the merger agreement, Glenview Capital Management, LLC, or Glenview, delivered written consents from HMA stockholders, or their duly authorized proxies, sufficient to replace the entire HMA board of directors with nominees of Glenview pursuant to a consent solicitation process that had previously been commenced by Glenview. As a result of the Glenview consent solicitation, on August 16, 2013, all of the incumbent HMA board members were removed and replaced by the Glenview nominees.

Subject to certain exceptions, the merger agreement is a binding commitment on the part of HMA to take the actions necessary to consummate the merger, including (i) recommending that HMA stockholders adopt the

**Table of Contents**

merger agreement, (ii) using reasonable best efforts to obtain all regulatory consents and approvals necessary to consummate the merger, (iii) cooperating with CHS in preparing this proxy statement/prospectus, filing it with the SEC and having the SEC declare it effective as promptly as practicable, and (iv) holding a meeting of HMA stockholders to adopt the merger agreement. However, it is unclear what, if any, impact this change of control of the HMA board could have on the performance of HMA's obligations under the merger agreement or the timely consummation of the merger.

***Failure to complete the merger could have material and adverse effects on HMA, including having a negative impact on the stock price and the future business and financial results of HMA.***

If the merger is not completed, the ongoing businesses of HMA may be adversely affected. HMA will be subject to a number of risks, including the following:

none of the benefits of the merger will be realized;

HMA may be required to pay CHS a termination fee of \$109 million or expense reimbursement of \$40 million if the merger agreement is terminated under certain circumstances, as described under "The Merger Agreement - HMA Termination Fee";

HMA will be required to pay its costs relating to the proposed merger if the merger is not completed;

under the merger agreement, HMA is subject to certain restrictions on the conduct of its business prior to completing the merger which may affect its ability to execute certain business strategies or pursue otherwise attractive business opportunities;

uncertainty regarding the completion of the merger may foster uncertainty among employees about their future roles, which could adversely affect the ability of HMA to attract and retain key personnel;

matters relating to the merger (including integration planning) may require substantial commitments of time and resources by HMA management, which could otherwise have been devoted to other opportunities that may have been beneficial to HMA as an independent company; and

if the merger is not completed, HMA may need to grant new long-term incentive awards to employees and other service providers in order to retain and incentivize such individuals and to replace the equity and performance cash awards that vested as a result of the Glenview consent solicitation.

In addition, HMA could be subject to litigation, including an action for specific performance, related to any failure to complete the merger. If the merger is not completed, any of the foregoing risks may materialize and may adversely affect HMA's business, financial results and the market price of HMA common stock.



***Any delay in completing the merger may substantially reduce the benefits that CHS expects to obtain from the merger.***

Satisfying the conditions to, and completion of, the merger may take longer than, and could cost more than, CHS and HMA expect. CHS and HMA cannot predict whether or when the conditions required to complete the merger will be satisfied, and satisfying the conditions to the merger could delay the effective time of the merger for a significant period of time or prevent it from occurring. Any delay in completing the merger or any additional conditions imposed in order to complete the merger may materially adversely affect the synergies and other benefits that CHS expects to achieve if the merger and the integration of the companies' respective businesses are completed within the expected timeframe. In addition, each of CHS and HMA may terminate the merger agreement if the merger is not completed by April 30, 2014, except that such date may be extended by CHS with the consent of HMA (not to be unreasonably withheld, conditioned or delayed) to July 30, 2014 if the only unsatisfied conditions to the completion of the merger are those regarding receipt of required antitrust clearances and the absence of legal restraints in respect of any antitrust or competition laws.

**Table of Contents**

***The integration of HMA may present significant challenges to CHS.***

Achieving the anticipated benefits of the merger will depend in part upon whether CHS and HMA can integrate their businesses in an efficient and effective manner. The integration of HMA involves a number of risks, including, but not limited to:

failure to implement CHS's business plan for the combined business;

costs, including legal and settlement costs, associated with HMA's legal proceedings, including as described in the Legal Proceedings section of HMA's Annual Report on Form 10-K/A and Quarterly Reports on Forms 10-Q/A and 10-Q and other costs, including legal and settlement costs, associated with HMA's other loss contingencies, in each case whether known or unknown and whether relating to past, present or future facts, events, circumstances or occurrences, any of which could be materially adverse to the business, results of operations, assets or financial condition of HMA and, following the merger, the financial position, results of operations and liquidity of CHS and the ability of CHS to achieve expected benefits of the merger;

potential deterioration in the financial performance of HMA, including any potential deviation in results of operations from historical levels;

higher integration costs than anticipated;

difficulties in the assimilation and retention of employees;

demands on management related to the increase in the size of CHS after the acquisition;

the diversion of management's attention from the management of daily operations to the integration of operations;

unanticipated changes in applicable laws and regulations;

difficulties and risks in the integration of departments and systems (including accounting, health information and management information systems), technologies (including software), books and records and procedures, as well as in maintaining uniform standards and controls (including internal control over financial reporting and related procedures and policies); and

other unanticipated issues, expenses, or liabilities that could impact, among other things, CHS's ability to realize any expected synergies on a timely basis, or at all.

If CHS cannot successfully integrate HMA, CHS may experience material negative consequences to its business, financial condition or results of operations. Successful integration of HMA will depend on CHS's ability to manage these operations, to realize opportunities for revenue growth and, to some degree, to eliminate redundant and excess costs. Because of difficulties in combining the two companies, CHS may not be able to achieve the benefits that it hopes to achieve as a result of the merger.

***The merger may be completed on different terms from those contained in the merger agreement.***

Prior to the completion of the merger, the parties may, by their mutual agreement, amend or alter the terms of the merger agreement, including with respect to, among other things, the merger consideration to be received by HMA stockholders, assets to be acquired, or any covenants or agreements with respect to the parties' respective operations during the pendency thereof (certain of these changes, including those with respect to the merger consideration to be received by HMA stockholders, may be made only prior to the requisite stockholder approval). Any such amendments or alterations may have negative consequences to HMA stockholders including, among other things, reducing the cash available for CHS's or HMA's operations or to meet respective obligations or restricting or limiting assets or operations of either of CHS or HMA. Under certain circumstances, HMA shareholders may be permitted or required to adopt any such amendments, which could delay the closing of the merger and subject HMA and CHS to additional expense.

---

**Table of Contents*****CHS will incur significant transaction and merger-related costs in connection with the merger.***

CHS expects to incur a number of non-recurring costs associated with combining the operations of the two companies. Most of these costs will be comprised of transaction costs, including fees paid to financial and legal advisors related to the merger and related financing arrangements, and employment-related costs, including change-in-control related payments made to certain HMA executives, further described in the Section entitled *Payments to HMA Executive Officers Contingent Upon the Merger* beginning on page 122. CHS will also incur transaction fees and costs related to formulating integration plans. Additional unanticipated costs may be incurred in the integration of the two companies businesses. Although CHS expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, should allow CHS to offset incremental transaction and merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

***CHS will incur substantial additional indebtedness in connection with the merger.***

In connection with the merger, CHS will enter into financing arrangements consisting of a term loan agreement and bridge loan agreement. CHS intends to use this financing from the term loan and, in certain circumstances, the bridge loan, to pay, in part, the cash portion of the merger consideration and a portion of the fees and expenses related to the merger, which may include the repayment of certain outstanding indebtedness of HMA. This additional indebtedness of CHS may limit the combined company's operating flexibility following the merger and may otherwise strain the company's liquidity and financial condition.

***As a result of the merger, CHS's goodwill, indefinite-lived intangible assets, and other intangible assets in its consolidated balance sheet will increase. If its goodwill, indefinite-lived intangible assets, or other intangible assets become impaired in the future, CHS would be required to record a material, non-cash charge to earnings, which would also reduce its stockholders' equity.***

Under GAAP, goodwill and indefinite-lived intangible assets are reviewed for impairment on an annual basis (or more frequently if events or circumstances indicate that their carrying value may not be recoverable) and other intangible assets if events or circumstances indicate that their carrying value may not be recoverable. If CHS's goodwill, indefinite-lived intangible assets, or other intangible assets are determined to be impaired in the future, CHS will be required to record a material, non-cash charge to earnings during the period in which the impairment is determined.

***The merger agreement contains provisions that limit HMA's ability to pursue alternatives to the merger, which could discourage a potential acquirer of HMA from making an alternative transaction proposal or could result in a competing proposal being at a lower price than it might otherwise be and, in certain circumstances, could require HMA to pay CHS a significant termination fee.***

The merger agreement contains no shop provisions that, subject to limited exceptions, preclude HMA from (1) soliciting, seeking, initiating or knowingly facilitating or encouraging any inquiries regarding or the making of any submission of a proposal or offer which would reasonably be expected to result in an acquisition proposal, (2) engaging in, continuing or otherwise participating in any discussions or negotiations regarding or furnishing to any person non-public information in connection with or for the purpose of encouraging or facilitating any acquisition proposal, (3) approving, endorsing or recommending any acquisition proposal, (4) entering into any letter of intent, acquisition agreement or similar agreement (other than certain acceptable confidentiality agreements, or (5) resolving or agreeing to do any of the foregoing.

The merger agreement also provides that HMA will be required to pay a termination fee of \$109 million to CHS upon termination of the merger agreement under certain circumstances. These provisions might discourage a potential

competing acquiror that might have an interest in acquiring all or a significant part of HMA from considering or proposing an acquisition even if it were prepared to pay consideration with a higher per share market price than that proposed in the merger, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire HMA than it might otherwise have proposed to pay.

## **Table of Contents**

***The opinions delivered by Lazard, Morgan Stanley and UBS will not reflect changes in circumstances between the date of such opinions and the completion of the merger.***

The HMA directors have not obtained updated opinions as of the date of this proxy statement/prospectus from Lazard, Morgan Stanley and UBS, its financial advisors. Changes in the operations and prospects of HMA or CHS, general market and economic conditions and other factors that may be beyond their control, and on which the opinions were based, may alter the value of HMA or CHS, the prices of the HMA common stock or CHS common stock, or the value of the CVR, by the time the merger is completed. None of the opinions speak as of the time the merger will be completed or as of any date other than the date of such opinion. Because HMA does not anticipate asking Lazard, Morgan Stanley or UBS to update its respective opinions, each of the opinions only addresses the fairness of the merger consideration, from a financial point of view, as of the date of such opinion. Morgan Stanley's opinion is included as *Annex C* to this proxy statement/prospectus, Lazard's opinion is included as *Annex D* to this proxy statement/prospectus and UBS's opinion is included as *Annex E* to this proxy statement/prospectus. For a description of the opinions, please refer to "The Merger Opinions of Financial Advisors to HMA" beginning on page 95.

***HMA executive officers and directors have financial interests in the merger that may be different from, or in addition to, the interests of HMA stockholders.***

Executive officers of HMA negotiated the terms of the merger agreement with their counterparts at CHS, and the HMA board of directors unanimously determined that the transactions contemplated by the merger agreement, including the merger, are advisable and fair to, and in the best interests of, HMA and its stockholders, approved the merger agreement and declared advisable the merger and unanimously recommended that HMA stockholders adopt the merger agreement. In considering these facts and the other information contained in this proxy statement/prospectus, you should be aware that HMA's executive officers and directors have financial interests in the merger that may be different from, or in addition to, the interests of HMA stockholders. For a detailed discussion of the special interests that HMA's directors and executive officers may have in the merger, please see "The Merger Interests of Certain Persons in the Merger" beginning on page 120.

## **Risks Related to the CVRs**

***You may not receive any payment on the CVRs.***

Your right to receive any future payment on the CVRs will be contingent upon the final resolution of certain existing litigation against HMA. Specifically, the amount you would receive under the CVRs following any such resolution would be reduced in the event that the losses incurred by HMA in connection with such litigation exceed a deductible specified in the CVR agreement. Accordingly, the value, if any, of the CVRs is speculative, and the CVRs may ultimately have a value substantially less than \$1.00 per CVR, or no value at all. See "Description of the CVRs" beginning on page 166.

***Until final resolution of certain litigation pending against HMA, you will not be entitled to receive any amount under the CVRs, and the amount of any such payment will not be determinable, which makes it difficult to value the CVRs.***

If any payment is made on the CVRs, it will not be made until the final resolution of certain litigation against HMA, as further specified in the CVR agreement, and the amount of any such payment will not be determinable until the time of such final resolution. As such, it may be difficult to value the CVRs and it may be difficult or impossible for you to resell your CVRs. There is no way to predict when such litigation may conclude.

***The U.S. federal income tax treatment of the CVRs is unclear.***

There is no legal authority directly addressing the U.S. federal income tax treatment of the CVRs. Accordingly, the amount, timing and character of any gain, income or loss with respect to the CVRs are uncertain. For example, it is possible that payments received with respect to a CVR, up to the amount of the

---

**Table of Contents**

holder's adjusted tax basis in the CVR, may be treated as a non-taxable return of a holder's adjusted tax basis in the CVR, with any amount received in excess of such basis treated as gain from the disposition of the CVR, or possibly another method of basis recovery may apply. Further, it is not clear whether payments made with respect to a CVR may be treated as payments with respect to a sale or exchange of a capital asset or as giving rise to ordinary income. A holder who does not sell, exchange or otherwise dispose of a CVR may not be able to recognize a loss with respect to the CVR until the holder's right to receive CVR payments terminates. Although not entirely clear, a portion of any payment due more than six months following the consummation of the Merger, as the case may be, with respect to a CVR may constitute imputed interest taxable as ordinary income under Section 483 of the Internal Revenue Code of 1986, as amended (the Code). CHS has agreed with HMA, except to the extent any portion of a CVR payment is required to be treated as interest pursuant to applicable law, to treat the CVRs as an amount paid as consideration for the shares of HMA common stock, HMA stock options, restricted stock awards, deferred stock awards and performance cash awards. The parties have also agreed to determine imputed interest, if any, in accordance with Section 483 of the Code. See *The Merger Material U.S. Federal Income Tax Consequences* beginning on page 135.

***Any payments in respect of the CVRs are subordinated to the right of payment of CHS's other indebtedness.***

The CVRs are unsecured obligations of CHS and all payments under the CVRs, all other obligations under the CVR agreement and the CVRs and any rights or claims relating thereto will be subordinated in right of payment to the prior payment in full of all senior obligations of CHS. Senior obligations of CHS under the CVR agreement include the amount of certain specified losses arising out of or relating to certain existing litigation matters involving HMA and any existing or future obligations of CHS, including the principal of, premium (if any), interest on, and all other amounts owing thereon:

with respect to borrowed money;

evidenced by notes, debentures, bonds or other similar debt instruments;

with respect to the net obligations owed under interest rate swaps or similar agreements or currency exchange transactions;

reimbursement obligations in respect of letters of credit and similar obligations;

in respect of capital leases; and

guarantees in respect of the foregoing obligations, unless the instrument creating or evidencing the same provides otherwise.

CHS's senior obligations under the CVR agreement do not include, among other things:

the CVR agreement and the CVRs and any rights or claims relating thereto;



trade debt incurred in the ordinary course of business;

any intercompany indebtedness between CHS and any of its subsidiaries or affiliates;

indebtedness of CHS that is subordinated in right of payment to CHS's senior obligations;

indebtedness or other obligations of CHS that by its terms ranks equal or junior in right of payment to payments under the CVRs, all other obligations under the CVR agreement and the CVRs and any rights or claims relating thereto;

indebtedness of CHS that, by operation of applicable law, is subordinate to any general unsecured obligations of CHS;

indebtedness evidenced by any guarantee of indebtedness ranking equal or junior in right of payment to payments under the CVRs, all other obligations under the CVR agreement and the CVRs and any rights or claims relating thereto;

**Table of Contents**

indebtedness consisting of the deferred purchase price for property or services, including earn-out and milestone payments and contingent value rights; and

indebtedness that is contractually non-recourse to the general credit of CHS.

***An active public market for the CVRs may not develop or the CVRs may trade at low volumes, both of which could have an adverse effect on the resale price, if any, of the CVRs.***

Because there has not been any public market for the CVRs, the market price and trading volume of the CVRs may be volatile. Neither CHS nor HMA can predict the extent to which investor interest will lead to a liquid trading market in the CVRs or whether the market price of the CVRs will be volatile following the merger. The market price of the CVRs could fluctuate significantly for many reasons, including, without limitation, as a result of:

the risk factors listed in this proxy statement/prospectus;

the inability to reach final resolution of litigation matters involving HMA;

the amount of costs and expenses incurred in connection with litigation matters involving HMA;

the unfavorable resolution of litigation matters involving HMA;

market and investor perceptions, including reports by industry analysts;

legal or regulatory changes that could impact the business of HMA, or its ability to favorably resolve litigation matters involving it; and

general economic, securities markets and industry conditions.

It is a condition to the closing of the merger that the CVRs be approved for listing on either the New York Stock Exchange or NASDAQ or, if unable to be so approved, then on any other national securities exchange, the OTC Markets Group (f/k/a Pink Sheets) or the OTC Bulletin Board. Regardless of what exchange or market the CVRs may be listed or quoted, there may be little or no market demand for the CVRs, making it difficult or impossible to resell the CVRs, which would have an adverse effect on the resale price, if any, of the CVRs.

Holders of CVRs may incur brokerage charges in connection with the resale of the CVRs, which in some cases could exceed the proceeds realized by the holder from the resale of its CVRs. Neither CHS nor HMA can predict the price, if any, at which the CVRs will trade following the completion of the Merger.

***CHS may repurchase the CVRs.***

The CVR agreement expressly allows CHS or any of its subsidiaries or affiliates to acquire some or all of the CVRs, whether in open market transactions, private transactions or otherwise, subject to requirements that CHS must publicly disclose the amount of CVRs it has been authorized to acquire and the amount it has acquired. CHS cannot predict whether it may seek to repurchase any or all of the CVRs or the price at which CHS may seek to repurchase any or all of the CVRs.

**Risks Related to the Combined Company Following the Merger**

*The market price of CHS common stock and CHS's results of operations may be affected by factors different from those affecting the market price of HMA common stock and HMA's results of operations.*

HMA stockholders will be entitled to receive merger consideration that is partially comprised of CHS common stock and will thus become CHS stockholders upon the consummation of the merger. CHS's business is different from that of HMA, and CHS's results of operations, as well as the market price of CHS common stock, may be affected by factors different from those affecting HMA's results of operations and the market price of HMA common stock. The market price of CHS common stock may fluctuate significantly following the merger, including as a result of factors over which CHS has no control.

---

**Table of Contents**

***Failure to achieve expected benefits of the merger and to integrate HMA's operations with CHS's could adversely affect CHS following the completion of the merger and the market price of CHS common stock.***

Although CHS expects to realize strategic, operational and financial benefits as a result of the merger, CHS cannot be certain whether, and to what extent, such benefits will be achieved in the future. In particular, the success of the merger will depend on achieving efficiencies and cost savings, and no assurances can be given that CHS will be able to do so. For example, costs associated with HMA's legal proceedings and other loss contingencies may be greater than expected, and could exceed the amount of any reduction in payment under the CVRs. In addition, in order to obtain the benefits of the merger, CHS must integrate HMA's operations. Such integration may be complex and the failure to do so quickly and effectively may negatively affect earnings.

In addition, the market price of CHS common stock may decline as a result of the merger if the integration of CHS and HMA is unsuccessful, takes longer than expected or fails to achieve financial benefits to the extent anticipated by financial analysts or investors, or the effect of the merger on CHS's financial results is otherwise not consistent with the expectations of financial analysts or investors.

***HMA is the subject of legal proceedings that, if resolved unfavorably, could have an adverse effect on CHS following the merger, and HMA may be subject to other loss contingencies, both known and unknown.***

HMA is a party to various ongoing government investigations, legal proceedings and other related matters, including as described in the Legal Proceedings section of HMA's Annual Report on Form 10-K/A and Quarterly Reports on Form 10-Q/A and Form 10-Q. Those proceedings include, among other things, government investigations. In addition, HMA is and may become subject to other loss contingencies, both known and unknown, which may relate to past, present and future facts, events, circumstances and occurrences. Should an unfavorable outcome occur in some or all of HMA's legal proceedings or other loss contingencies, or if successful claims and other actions are brought against HMA in the future, there could be a material adverse impact on CHS's financial position, results of operations and liquidity following the merger and the ability of CHS to achieve expected benefits of the merger.

In particular, government investigations, as well as qui tam lawsuits, may lead to material fines, penalties, damages payments or other sanctions, including exclusion from government health care programs. The costs relating to these matters could exceed the amount of any reduction in payment under the CVRs. Settlements of lawsuits involving Medicare and Medicaid issues routinely require both monetary payments and corporate integrity agreements, each of which could have a materially adverse effect on CHS's business, financial condition, results of operations and/or cash flows following the merger.

***The pro forma financial statements included in this proxy statement/prospectus are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the merger.***

The pro forma financial statements contained in this proxy statement/prospectus are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates and may not be an indication of the combined company's financial condition or results of operations following the merger for several reasons. See Unaudited Pro Forma Condensed Combined Financial Information beginning on page 48. The actual financial condition and results of operations of the combined company following the merger may not be consistent with, or evident from, these pro forma financial statements. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the merger. Any potential decline in the combined company's financial condition or results of operations may cause significant variations in the stock price of CHS following the merger.



## **Table of Contents**

***HMA stockholders will have a reduced ownership and voting interest in CHS after the merger and, as a result, will be able to exert less influence over management.***

Following the merger, each HMA stockholder will become a stockholder of CHS with a percentage ownership of CHS after the merger that is smaller than the stockholder's percentage ownership of HMA. It is expected that the former stockholders of HMA as a group will own approximately 16% of the outstanding shares of CHS common stock immediately after the completion of the merger. Because of this, HMA stockholders will have substantially less influence on the management and policies of CHS after the merger than they now have with respect to the management and policies of HMA.

***CHS may be unable to hire and retain sufficient qualified personnel; the loss of any of its key executive officers could adversely affect CHS.***

CHS believes that its future success will depend in large part on its ability to attract and retain highly skilled, knowledgeable, sophisticated and qualified managerial and professional personnel, including, following the merger, key employees of HMA. Key employees of CHS or HMA may depart for a variety of reasons, including because of issues relating to the difficulty of integration or accelerated retirement as a result of amounts received in connection with the merger. Accordingly, no assurance can be given that CHS will be able to retain key employees of CHS or, following the merger, HMA.

***The combined company may require additional capital in the future, which may not be available to it on satisfactory terms, if at all.***

The combined company will require liquidity to fund its operations and make interest and principal payments on its debt. To the extent that the funds generated by the combined company's ongoing operations are insufficient to cover its liquidity requirements, it may need to raise additional funds through financings. If the combined company cannot obtain adequate capital or sources of credit on favorable terms, or at all, its business, operating results and financial condition could be adversely affected. Any future equity or debt financing may not be available on terms that are favorable to the combined company, if at all.

## **Other Risks Factors of CHS and HMA**

CHS's and HMA's businesses are and will be subject to the risks described above. In addition, CHS and HMA are, and will continue to be, subject to the risks described in CHS's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, and HMA's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2012, and as updated by subsequent Quarterly Reports on Form 10-Q and any amendments thereto, and Current Reports on Form 8-K, all of which are incorporated by reference into this proxy statement/prospectus. See [Where You Can Find More Information](#) beginning on page 189.

**Table of Contents**

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

A number of the statements made or incorporated by reference in this proxy statement/prospectus are forward-looking statements within the meaning of the Private Securities Litigation Reform Act, Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements are all statements made or incorporated by reference into this proxy statement/prospectus, other than statements of historical fact. In some cases, forward-looking statements can be identified by terminology such as anticipates, believes, estimates, expects, intends, may, projects, will, would, and similar expressions or expressions of the negative of these terms. These statements include statements regarding the intent, belief or current expectations of each of CHS and HMA and their respective subsidiaries, their directors and their officers with respect to, among other things, future events, including the merger, the respective financial results and financial trends expected to impact each of CHS and HMA prior to the completion of the merger, or if the merger is not completed, and expected to impact CHS thereafter, assuming the merger is completed.

Forward-looking statements are based upon certain underlying assumptions, including any assumptions mentioned with the specific statements, as of the date such statements were made. Such assumptions are in turn based upon internal estimates and analyses of market conditions and trends, management plans and strategies, economic conditions and other factors. Forward-looking statements and the assumptions underlying them are necessarily subject to risks and uncertainties inherent in projecting future conditions and results. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, those set forth under Risk Factors beginning on page 30, and those set forth under Forward-Looking Statements, Risk Factors or any similar heading in the documents incorporated by reference herein.

CHS and HMA caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this proxy statement/prospectus in the case of forward-looking statements contained in this proxy statement/prospectus, or the dates of the documents incorporated by reference in this proxy statement/prospectus in the case of forward-looking statements made in those incorporated documents. Except as may be required by law, neither CHS nor HMA has any obligation to update or alter these forward-looking statements, whether as a result of new information, future events or otherwise.

CHS and HMA expressly qualify in their entirety all forward-looking statements attributable to CHS or HMA or any person acting on either of their respective behalf by the cautionary statements contained or referred to in this section.

**Table of Contents**

**INFORMATION ABOUT CHS**

CHS is one of the largest publicly-traded operators of hospitals in the United States in terms of number of facilities and net operating revenues. It provides healthcare services through the hospitals that it owns and operates in non-urban and selected urban markets throughout the United States. As of September 30, 2013, CHS owned or leased 135 hospitals, comprised of 131 general acute care hospitals and four stand-alone rehabilitation or psychiatric hospitals. These hospitals are geographically diversified across 29 states, with an aggregate of approximately 20,000 licensed beds. CHS generates revenues by providing a broad range of general and specialized hospital healthcare services and other outpatient services to patients in the communities in which it is located. Services provided through its hospitals and affiliated businesses include general acute care, emergency room, general and specialty surgery, critical care, internal medicine, obstetrics, diagnostic, psychiatric and rehabilitation services. CHS also provides additional outpatient services at urgent care centers, occupational medicine clinics, imaging centers, cancer centers, ambulatory surgery centers and home health and hospice agencies.

CHS's common stock is listed on the New York Stock Exchange under the symbol CYH. CHS was originally founded in 1986 and was reincorporated in 1996 as a Delaware corporation. CHS became public in 2000.

Additional information about CHS is included in the documents incorporated by reference into this proxy statement/prospectus. See [Where You Can Find More Information](#) beginning on page 189.

**INFORMATION ABOUT HMA**

HMA, by and through its subsidiaries, operates general acute care hospitals and other health care facilities in non-urban communities. As of September 30, 2013, HMA operated 71 hospitals with a total of approximately 10,782 licensed beds in Alabama, Arkansas, Florida, Georgia, Kentucky, Mississippi, Missouri, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Washington and West Virginia. Services provided by HMA's hospitals include general surgery, internal medicine, obstetrics, emergency room care, radiology, oncology, diagnostic care, coronary care and pediatric services. HMA also provides outpatient services such as one-day surgery, laboratory, x-ray, respiratory therapy, cardiology and physical therapy. Additionally, some of HMA's hospitals provide specialty services in, among other areas, cardiology (e.g., open-heart surgery, etc.), neuro-surgery, oncology, radiation therapy, computer-assisted tomography scanning, magnetic resonance imaging, lithotripsy and full-service obstetrics. HMA's facilities benefit from centralized resources, such as purchasing, information technology, finance and accounting systems, legal services, facilities planning, physician recruiting, administrative personnel management, marketing and public relations.

HMA's class A common stock is listed on the New York Stock Exchange under the symbol HMA. HMA was incorporated in Delaware in 1979 but began operations through a subsidiary that was formed in 1977. HMA became public in 1991.

Additional information about HMA is included in the documents incorporated by reference into this proxy statement/prospectus. See [Where You Can Find More Information](#) beginning on page 189.



**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF CHS**

The following table presents summary historical consolidated financial and operating data for CHS as of and for the fiscal years ended December 31, 2012, 2011, 2010, 2009, and 2008 and as of and for the nine months ended September 30, 2012 and 2013. The summary historical financial information presented below for each of the five years ended December 31, 2012 has been derived from CHS' s audited consolidated financial statements. The summary historical financial information presented below for the nine months ended September 30, 2012 and 2013 has been derived from CHS' s unaudited interim condensed consolidated financial statements. In the opinion of CHS' s management, the unaudited interim financial data include all adjustments, consisting of only normal non-recurring adjustments, considered necessary for a fair presentation of this information.

The information should be read in conjunction with CHS' s consolidated financial statements and the related notes thereto and the information under the heading "Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations" included in CHS' s Annual Report on Form 10-K filed with the SEC on February 27, 2013 and the unaudited interim condensed consolidated financial statements and the related notes thereto and the information under the heading "Part I. Item 2. Management' s Discussion and Analysis of Financial Condition and Results of Operations" included in CHS' s Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2013 filed with the SEC on October 31, 2013, which are incorporated by reference in this proxy statement/prospectus. For additional information on documents incorporated by reference in this proxy statement/prospectus, please see "Where You Can Find More Information" beginning on page 189.

	2008	Year Ended December 31,				Nine Months Ended	
	2008	2009	2010	2011	2012	2012	2013
	(Dollars in millions)						
<b>Consolidated Statement of Income Data</b>							
Operating revenues (net of contractual allowances and discounts)	\$ 10,563	\$ 11,742	\$ 12,623	\$ 13,626	\$ 14,988	\$ 11,227	\$ 11,335
Provision for bad debts	1,165	1,409	1,531	1,720	1,959	1,475	1,569
Net operating revenues	9,399	10,334	11,092	11,906	13,029	9,752	9,766
Total operating costs and expenses	8,429	9,269	9,971	10,772	11,819	8,825	9,102
Income from operations	970	1,065	1,121	1,134	1,210	927	664
Income from continuing operations before income taxes	366	448	519	474	504	382	234
Income from continuing operations	238	306	355	336	346	261	165
Income (loss) from discontinued operations, net of taxes	14	1	(7)	(58)			
Net income	253	306	348	278	346	261	165
Less: Net income attributable to	34	63	68	76	80	57	52

noncontrolling interests

Net income attributable to  
Community Health  
Systems, Inc.  
stockholders

\$ 218	\$ 243	\$ 280	\$ 202	\$ 266	\$ 203	\$ 113
--------	--------	--------	--------	--------	--------	--------

**Table of Contents**

	Year Ended December 31,					Nine Months Ended	
	2008	2009	2010	2011	2012	2012	2013
	(Dollars in millions)						
<b>Consolidated Statement of Cash Flow Data</b>							
Net cash provided by operating activities	\$ 1,057	\$ 1,076	\$ 1,189	\$ 1,262	\$ 1,280	\$ 778	\$ 441
Net cash used in investing activities	(665)	(867)	(1,044)	(1,196)	(1,383)	(1,088)	(685)
Net cash (used in) provided by financing activities	(304)	(85)	(190)	(235)	361	421	(1)
<b>Other Financial Data</b>							
Adjusted EBITDA(1)	\$ 1,498	\$ 1,652	\$ 1,761	\$ 1,837	\$ 1,978	\$ 1,496	\$ 1,283
<b>Operating Data</b>							
Number of hospitals (at end of period)	118	122	127	131	135	135	135
Licensed beds (at end of period)(2)	17,043	17,557	19,004	19,695	20,334	20,357	20,196
Beds in service (at end of period)(3)	14,836	15,539	16,264	16,832	17,265	17,274	17,370
Admissions(4)	650,701	675,902	678,284	675,050	701,837	528,445	499,800
Adjusted admissions(5)	1,174,525	1,242,647	1,277,235	1,330,988	1,418,472	1,065,547	1,032,649
Patient days(6)	2,768,024	2,874,125	2,891,699	2,970,044	3,058,931	2,302,714	2,210,028
Average length of stay (days)(7)	4.3	4.3	4.3	4.4	4.4	4.4	4.4
Occupancy rate (beds in service)(8)	52.3%	51.3%	50.2%	49.1%	48.6%	48.9%	46.9%

Net operating revenues	\$	9,399	\$	10,334	\$	11,092	\$	11,906	\$	13,029	\$	9,752	\$	9,766
Net inpatient revenues as a % of operating revenues before provision for bad debt		51.7%		50.4%		49.3%		46.1%		44.7%		45.1%		43.8%
Net outpatient revenues as a % of operating revenues before provision for bad debt		48.3%		47.3%		48.5%		51.9%		53.4%		53.1%		54.4%
<b>Consolidated Balance Sheet Data (end of period)</b>														
Working Capital	\$	1,096	\$	1,217	\$	1,229	\$	935	\$	1,276	\$	1,226	\$	1,337
Property and equipment, net		5,894		6,132		6,324		6,856		7,152		7,106		7,068
Cash and cash equivalents		221		345		299		130		388		241		144
Total assets		13,818		14,021		14,698		15,209		16,606		16,241		16,722
Long-term debt		8,938		8,845		8,808		8,783		9,451		9,473		9,368
Other long-term liabilities		889		859		1,002		950		1,039		999		1,016
Total Community Health Systems, Inc. stockholders equity		1,611		1,951		2,189		2,397		2,731		2,654		2,990

(1) EBITDA consists of net income attributable to Community Health Systems, Inc. before interest, income taxes, depreciation and amortization. Adjusted EBITDA is EBITDA adjusted to exclude discontinued operations, gain/loss from early extinguishment of debt, impairment of long-lived assets and net income attributable to noncontrolling interests. CHS has from time to time sold noncontrolling interests in certain of its subsidiaries or acquired subsidiaries with existing noncontrolling interest ownership positions. CHS believes that it is useful to present adjusted EBITDA because it excludes the portion of EBITDA attributable to these third-party interests and clarifies for investors its portion of EBITDA generated by continuing operations. CHS uses adjusted EBITDA as a measure of liquidity. CHS has included this measure because CHS believes it provides investors with additional information about CHS's ability to incur and service debt and make capital expenditures. Adjusted EBITDA is the basis for a key component in the determination of CHS's compliance with some of the covenants under CHS's

senior secured credit facility, as well as to determine the interest rate and commitment fee payable under the senior secured credit facility (although adjusted EBITDA does not include all of the adjustments described in the senior secured credit facility).

**Table of Contents**

Adjusted EBITDA is not a measurement of financial performance or liquidity under generally accepted accounting principles. It should not be considered in isolation or as a substitute for net income, operating income, cash flows from operating, investing or financing activities, or any other measure calculated in accordance with generally accepted accounting principles. The items excluded from adjusted EBITDA are significant components in understanding and evaluating financial performance and liquidity. CHS' s calculation of adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

The following table reconciles Adjusted EBITDA, as defined, to CHS' s net cash provided by operating activities as derived directly from CHS' s consolidated financial statements for the years ended December 31, 2008, 2009, 2010, 2011 and 2012 and for the nine months ended September 30, 2012 and 2013:

	Year Ended December 31,				Nine Months Ended September 30,		
	2008	2009	2010	2011	2012	2012	2013
	(Dollars in millions)						
Adjusted EBITDA	\$ 1,498	\$ 1,652	\$ 1,761	\$ 1,837	\$ 1,978	\$ 1,496	\$ 1,283
Interest expense, net	(643)	(644)	(648)	(644)	(623)	(462)	(465)
Provision for income taxes	(136)	(142)	(164)	(138)	(158)	(121)	(69)
Deferred income taxes	160	34	97	107	53		
Income (loss) from operations of entities sold	5	1	(7)	(8)			
Depreciation and amortization of discontinued operations	21	16	15	5			
Stock compensation expense	52	45	39	43	41	31	29
(Excess tax benefit) income tax payable increase relating to stock-based compensation	(1)	3	(10)	(5)	(4)	(2)	(7)
Other non-cash expenses, net	3	24	14	28	34	22	48
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:							
Patient accounts receivable	(50)	58	(27)	(138)	(204)	(228)	(231)
Supplies, prepaid expenses and other current assets	(34)	(35)	(40)	(43)	(100)	(68)	(60)
Accounts payable, accrued liabilities and income taxes	120	86	162	246	246	103	(206)
Other	62	(22)	(3)	(28)	17	7	20
Net cash provided by operating activities	\$ 1,057	\$ 1,076	\$ 1,189	\$ 1,262	\$ 1,280	\$ 778	\$ 441

(2) Licensed beds are the number of beds for which the appropriate state agency licenses a facility regardless of whether the beds are actually available for patient use.

(3) Beds in service are the number of beds that are readily available for patient use.

(4) Admissions represent the number of patients admitted for inpatient treatment.

- (5) Adjusted admissions is a general measure of combined inpatient and outpatient volume. CHS computed adjusted admissions by multiplying admissions by gross patient revenues and then dividing that number by gross inpatient revenues.
- (6) Patient days represent the total number of days of care provided to inpatients.
- (7) Average length of stay (days) represents the average number of days inpatients stay in CHS's hospitals.
- (8) CHS calculated occupancy rate percentages by dividing the average daily number of inpatients by the weighted-average number of beds in service.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF HMA**

The following table presents summary historical consolidated financial and operating data for HMA as of and for the fiscal years ended December 31, 2012, 2011, 2010, 2009, and 2008 and as of and for the nine months ended September 30, 2012 and 2013. The summary historical financial information presented below for each of the five years ended December 31, 2012 has been derived from HMA's audited consolidated financial statements. The summary historical financial information presented below for the nine months ended September 30, 2012 and 2013 has been derived from HMA's unaudited interim consolidated financial statements. In the opinion of HMA's management, the unaudited interim condensed financial data include all adjustments, consisting of only normal non-recurring adjustments, considered necessary for a fair presentation of this information.

The information should be read in conjunction with HMA's consolidated financial statements and the related notes thereto and the information under the heading "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in HMA's Annual Report on Form 10-K/A filed with the SEC on November 13, 2013 and the unaudited interim condensed consolidated financial statements and the related notes thereto and the information under the heading "Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in HMA's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2013 filed with the SEC on November 13, 2013, which are incorporated by reference in this proxy statement/prospectus. For additional information on documents incorporated by reference in this proxy statement/prospectus, please see "Where You Can Find More Information" beginning on page 189.

	Year Ended December 31,					Nine Months Ended	
	2008	2009	2010	2011	2012	2012	2013
	(Dollars in millions)						
<b>Consolidated Statement of Income Data</b>							
Net revenue before the provision for doubtful accounts	\$ 4,279	\$ 4,535	\$ 5,090	\$ 5,803	\$ 6,748	\$ 5,034	\$ 5,101
Provision for doubtful accounts	479	554	625	717	882	640	730
Net revenue	3,800	3,981	4,465	5,086	5,866	4,394	4,371
Total operating costs and expenses(1)	3,476	3,744	4,182	4,781	5,592	4,185	4,460
Income (loss) from continuing operations before income taxes	324	237	283	305	274	209	(89)
Income (loss) from continuing operations	207	159	183	201	185	142	(40)
(Loss) income from discontinued operations, including gains/losses on disposals, net of income taxes	(26)	3	(14)	(2)	(8)	(6)	
Consolidated net income (loss)	181	162	169	199	177	136	(40)
Less: Net income attributable to noncontrolling interests	16	26	22	25	27	22	13
Less: Accretion of redeemable equity securities							20
Net income (loss) attributable to Health Management Associates, Inc.	\$ 166	\$ 136	\$ 147	\$ 173	\$ 150	\$ 114	\$ (73)
<b>Consolidated Statement of Cash Flow Data</b>							



Net cash provided by continuing operating activities	\$ 412	\$ 435	\$ 435	\$ 544	\$ 597	\$ 458	\$ 120
Net cash used in investing activities	(170)	(357)	(394)	(976)	(474)	(388)	(318)
Net cash (used in) provided by financing activities	(199)	(127)	(49)	401	(126)	(97)	140

**Table of Contents**

	Year Ended December 31,					Nine Months Ended	
	2008	2009	2010	2011	2012	2012	2013
<b>(Dollars in millions)</b>							
<b>Operating Data</b>							
Licensed beds at the end of the period, excluding inactive facilities(2)	7,821	8,220	8,839	9,868	10,562	10,527	10,782
Admissions(3)	296,233	306,184	323,917	338,431	349,508	264,548	253,677
Adjusted admissions(4)	510,647	533,101	586,060	635,547	692,767	521,459	514,397
Emergency room visits(5)	1,277,920	1,352,044	1,413,831	1,562,028	1,820,009	1,338,884	1,352,418
Surgeries(6)	260,835	281,285	314,564	342,427	394,939	297,177	293,598
Patient days(7)	1,263,420	1,281,093	1,350,697	1,424,500	1,478,632	1,120,123	1,089,642
Acute care average length of stay in days(8)	4.2	4.2	4.2	4.2	4.2	4.2	4.3
Occupancy rates(9)	45.3%	45.3%	43.9%	42.6%	36.9%	40.5%	38.1%
<b>Consolidated Balance Sheet Data (end of period)</b>							
Total assets	\$ 4,560	\$ 4,607	\$ 4,909	\$ 6,003	\$ 6,386	\$ 6,303	\$ 6,625
Long-term debt and capital lease obligations(10)	3,214	3,048	3,025	3,582	3,567	3,576	3,748
Redeemable equity securities	49	182	201	201	212	213	272
Stockholders equity, including noncontrolling interests(11)	283	359	528	774	995	942	1,008

(1) Includes interest expense of approximately \$251 million, \$227 million, \$212 million, \$223 million and \$311 million in 2008, 2009, 2010, 2011 and 2012, respectively, and \$241 million and \$212 million in the nine months ended September 30, 2012 and 2013, respectively.

(2) Licensed beds are beds for which a hospital has obtained approval to operate from the applicable state licensing agency.

(3) Admissions are patients admitted to HMA hospitals for inpatient treatment. This statistic is a measure of inpatient volume.

(4) Adjusted admissions are total admissions adjusted for outpatient volume. Adjusted admissions are computed by multiplying admissions (inpatient volume) by the sum of gross inpatient charges and gross outpatient charges and then dividing the resulting amount by gross inpatient charges. This statistic is a measure of total inpatient and outpatient volume.

(5) The number of emergency room visits is an operational measure that is used to gauge HMA patient volume. Much of the inpatient volume is a byproduct of a patient's initial encounter with one of the HMA hospitals through an emergency room visit.

(6) The number of surgeries includes both inpatient and outpatient surgeries. This statistic is indicative of overall patient volume and business trends.

(7) Patient days are the total number of days that patients are admitted in HMA hospitals. This statistic is a measure of inpatient volume.

- (8) Acute care average length of stay in days represents the average number of days admitted patients stay in HMA hospitals. This statistic is a measure of HMA utilization of resources.
- (9) Occupancy rates are affected by many factors, including the population size and general economic conditions within individual market service areas, the degrees of variation in medical and surgical products, outpatient use of hospital services, quality and treatment availability at competing hospitals and seasonality. This statistic is a measure of inpatient volume.
- (10) The 2011 Debt Restructuring, which is discussed at Note 3 to the Consolidated Financial Statements in Item 8 of the Annual Report Form 10-K/A for the year ended December 31, 2012 and which is incorporated by reference into this proxy statement/prospectus, was completed on November 18, 2011.
- (11) HMA has not declared or paid any dividends during the years presented in the above table.

---

**Table of Contents**

**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The accompanying Unaudited Pro Forma Condensed Combined Statements of Income (the Pro Forma Income Statements ) for the nine months ended September 30, 2013 and the year ended December 31, 2012 combine the historical consolidated statements of income of CHS and HMA, giving effect to the merger as if it had been completed on January 1, 2012, the beginning of the earliest period presented. The accompanying Unaudited Pro Forma Condensed Combined Balance Sheet (the Pro Forma Balance Sheet ) as of September 30, 2013 combines the historical consolidated balance sheets of CHS and HMA, giving effect to the merger as if it had been completed on September 30, 2013.

The accompanying unaudited pro forma condensed combined financial statements (the Statements ) and related notes were prepared using the acquisition method of accounting with CHS considered the acquirer of HMA. Accordingly, the merger consideration to be paid in the merger has been allocated to assets and liabilities of HMA based upon their estimated fair values as of the date of completion of the merger. Any amount of the merger consideration that is in excess of the estimated fair values of assets acquired and liabilities assumed will be recorded as goodwill in CHS's balance sheet after the completion of the merger. As of the date of this proxy statement/prospectus, CHS has not completed the detailed valuation work necessary to arrive at the required estimates of the fair value of the HMA assets to be acquired and the liabilities to be assumed and the related allocation of purchase price, nor has it identified all adjustments necessary to conform HMA's accounting policies to CHS's accounting policies. A final determination of the fair value of HMA's assets and liabilities will be based on the actual net tangible and intangible assets and liabilities of HMA that exist as of the date of completion of the merger and, therefore, cannot be made prior to that date. Additionally, the value of a portion of the merger consideration to be paid by CHS to complete the merger will be determined based on the trading price of CHS common stock at the time of the completion of the merger. Accordingly, the accompanying unaudited pro forma purchase price allocation is preliminary and is subject to further adjustments as additional information becomes available and as additional analyses are performed. The preliminary unaudited pro forma purchase price allocation has been made solely for the purpose of preparing the accompanying Statements. The preliminary purchase price allocation was based on CHS's historical experience, data that was available through the public domain and CHS's due diligence review of HMA's business. Until the merger is completed, both companies are limited in their ability to share information with the other. Upon completion of the merger, valuation work will be performed. Increases or decreases in the fair value of relevant balance sheet amounts will result in adjustments to the balance sheet and/or statements of income until the purchase price allocation is finalized. There can be no assurance that such finalization will not result in material changes from the preliminary purchase price allocation included in the accompanying Statements.

The accompanying Statements and related notes are being provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated balance sheet of CHS would have been had the merger occurred on the dates assumed, nor are they necessarily indicative of CHS's future consolidated results of operations or consolidated financial position. The Statements are based upon currently available information and estimates and assumptions that CHS management believes are reasonable as of the date hereof. Any of the factors underlying these estimates and assumptions may change or prove to be materially different, and the estimates and assumptions may not be representative of facts existing at the closing date of the merger.

The accompanying Statements have been developed from and should be read in conjunction with the unaudited interim consolidated financial statements of CHS and HMA contained in their respective Quarterly Reports on Form 10-Q for the quarterly period ended September 30, 2013 and the audited consolidated financial statements of CHS contained in its Annual Report on Form 10-K for the fiscal year ended December 31, 2012, and of HMA contained in its Annual Report on Form 10-K/A for the fiscal year ended December 31, 2012, filed with the SEC on November 13, 2013, each of which is incorporated by reference in this proxy statement/prospectus.

The historical consolidated financial statements of HMA presented herein have been adjusted by condensing and disaggregating certain line items in order to conform with CHS's financial statement presentation.

**Table of Contents****UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME****For the nine months ended September 30, 2013***(In millions, except share and per share data)*

	<b>CHS, as reported</b>	<b>HMA, as reported</b>	<b>Adjustments</b>	<b>Pro Forma Combined</b>
Operating revenues (net of contractual allowances and discounts)	\$ 11,335	\$ 5,101	\$	\$ 16,436
Provision for bad debts	1,569	730		2,299
<i>Net operating revenues</i>	9,766	4,371		14,137
<i>Operating costs and expenses:</i>				
Salaries and benefits	4,675	2,014		6,689
Supplies	1,482	689		2,171
Other operating expenses	2,159	1,041		3,200
Government settlement and related costs reserve	98			98
Electronic health records incentive reimbursement	(110)	(24)		(134)
Rent	215	126		341
Change in control and other related expense		112		112
Depreciation and amortization	583	290	9 (e)	885
			3 (f)	
Interest expense		212	(212) (g)	
Total operating costs and expenses	9,102	4,460	(200)	13,362
<i>Income (loss) from operations</i>	664	(89)	200	775
Interest expense, net	465		212 (g)	830
			153 (d)	
Loss from early extinguishment of debt	1			1
Equity in earnings of unconsolidated affiliates	(36)			(36)
<i>Income (loss) from continuing operations before income taxes</i>	234	(89)	(165)	(20)
Provision (benefit) for income taxes	69	(49)	(62) (h)	(42)
<i>Income (loss) from continuing operations</i>	165	(40)	(103)	22
<i>Discontinued operations, net of taxes:</i>				
Loss from operations of entities sold				
Impairment of hospitals sold				

## Loss on sale, net

*Loss from discontinued operations, net of taxes*

<i>Net income (loss)</i>	165	(40)	(103)	22
Less: Net income attributable to noncontrolling interests	52	13		65
Less: Accretion of redeemable equity securities		20		20

Net income (loss) attributable to Community Health Systems, Inc. stockholders	\$	113	\$	(73)	\$	(103)	\$	(63)
-------------------------------------------------------------------------------	----	-----	----	------	----	-------	----	------

*Basic earnings (loss) per share attributable to Community Health Systems, Inc. common stockholders:*

Continuing operations	\$	1.22	\$	(0.28)	\$	(0.57)
Discontinued operations						

Net income	\$	1.22	\$	(0.28)	\$	(0.57)
------------	----	------	----	--------	----	--------

*Diluted earnings (loss) per share attributable to Community Health Systems, Inc. common stockholders:*

Continuing operations	\$	1.21	\$	(0.28)	\$	(0.57)
Discontinued operations						

Net income	\$	1.21	\$	(0.28)	\$	(0.57)
------------	----	------	----	--------	----	--------

*Weighted-average number of shares outstanding:*

Basic	92,384,270	258,911,000	(240,549,744)	(i)	110,745,526
Diluted	93,516,158	258,911,000	(240,549,744)	(i)	111,877,414

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

**Table of Contents****UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME****For the year ended December 31, 2012***(In millions, except share and per share data)*

	<b>CHS, as reported</b>	<b>HMA, as reported</b>	<b>Adjustments</b>	<b>Pro Forma Combined</b>
Operating revenues (net of contractual allowances and discounts)	\$ 14,988	\$ 6,748	\$	\$ 21,736
Provision for bad debts	1,959	882		2,841
<i>Net operating revenues</i>	13,029	5,866		18,895
<i>Operating costs and expenses:</i>				
Salaries and benefits	6,104	2,620		8,724
Supplies	1,973	904		2,877
Other operating expenses	2,870	1,310		4,180
Electronic health records incentive reimbursement	(127)	(75)		(202)
Rent	273	173		446
Depreciation and amortization	726	349	13 (e) 4 (f)	1,092
Interest expense		311	(311) (g)	
Total operating costs and expenses	11,819	5,592	(294)	17,117
<i>Income from operations</i>	1,210	274	294	1,778
Interest expense, net	623		311 (g) 169 (d)	1,103
Loss from early extinguishment of debt	115			115
Equity in earnings of unconsolidated affiliates	(42)			(42)
Impairment of long-lived assets	10			10
<i>Income from continuing operations before income taxes</i>				
Provision for income taxes	504	274	(186)	592
	158	89	(69) (h)	178
<i>Income from continuing operations</i>	346	185	(117)	414
<i>Discontinued operations, net of taxes:</i>				
Loss from operations of entities sold		(8)		(8)
Impairment of hospitals sold				
Loss on sale, net				



<i>Loss from discontinued operations, net of taxes</i>					
			(8)		(8)
<i>Net income</i>	346	177	(117)		406
Less: Net income attributable to noncontrolling interests	80	27			107
Net income attributable to Community Health Systems, Inc. stockholders	\$ 266	\$ 150	\$ (117)	\$	299
<i>Basic earnings (loss) per share attributable to Community Health Systems, Inc. common stockholders(1):</i>					
Continuing operations	\$ 2.98	\$ 0.62		\$	2.85
Discontinued operations	(0.01)	(0.03)			(0.08)
Net income	\$ 2.98	\$ 0.59		\$	2.78
<i>Diluted earnings (loss) per share attributable to Community Health Systems, Inc. common stockholders(1):</i>					
Continuing operations	\$ 2.96	\$ 0.61		\$	2.84
Discontinued operations	(0.01)	(0.03)			(0.07)
Net income	\$ 2.96	\$ 0.58		\$	2.76
<i>Weighted-average number of shares outstanding:</i>					
Basic	89,242,949	254,217,000	(235,855,749)	(i)	107,604,205
Diluted	89,806,937	256,710,000	(238,348,744)	(i)	108,168,193

(1) Total per share amounts may not add due to rounding.

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

**Table of Contents****UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET****September 30, 2013***(In millions, except share data)*

	<b>CHS, as reported</b>	<b>HMA, as reported</b>	<b>Adjustments</b>		<b>Pro Forma Combined</b>
<b>ASSETS</b>					
<i>Current assets</i>					
Cash and cash equivalents	\$ 144	\$ 1	\$ (2,965)	(a)	\$ 197
			(2,948)	(b)	
			5,965	(b)	
Patient accounts receivable, net	2,299	970			3,269
Supplies, prepaid expenses and other assets	887	492	70	(a)	1,449
Deferred income taxes	117				117
<b>Total current assets</b>	<b>3,447</b>	<b>1,463</b>	<b>122</b>		<b>5,032</b>
<i>Property and equipment</i>					
	10,439	5,832	(1,758)	(a)	14,513
Less accumulated depreciation and amortization	(3,371)	(2,241)	2,241	(a)	(3,371)
Property and equipment, net	7,068	3,591	483	(a)	11,142
<i>Goodwill</i>					
	4,437	1,033	(1,033)	(a)	8,150
			3,604	(a)	
			59	(a)	
			50	(c)	
<i>Other assets, net</i>	1,770	538	(193)	(a)	2,326
			93	(a)	
			168	(b)	
			(50)	(c)	
<b>Total assets</b>	<b>\$ 16,722</b>	<b>\$ 6,625</b>	<b>\$ 3,303</b>		<b>\$ 26,650</b>
<b>LIABILITIES AND EQUITY</b>					
<i>Current liabilities</i>					
Current maturities of long-term debt	\$ 180	\$ 111	\$ (140)	(b)	\$ 151
Accounts payable	744	161			905
Deferred income taxes		10			10
Accrued liabilities	1,186	571	(45)	(b)	1,712
<b>Total current liabilities</b>	<b>2,110</b>	<b>853</b>	<b>(185)</b>		<b>2,778</b>
<i>Long-term debt</i>	9,368	3,637	(2,594)	(b)	16,376

			5,965	(b)	
<i>Deferred income taxes</i>	808	387	147	(a)	1,342
<i>Other long-term liabilities</i>	1,016	469	264	(a)	1,749
<i>Total liabilities</i>	13,302	5,346	3,597		22,245
<i>Redeemable noncontrolling interests in equity of consolidated subsidiaries</i>	367	272	59	(a)	698
<b>EQUITY</b>					
<i>Stockholders' equity</i>					
<i>Preferred stock</i>					
Common stock	1	3	(3)	(a)	1
Additional paid-in capital	1,231	231	(231)	(a)	1,993
			762	(a)	
Treasury stock, at cost, 975,549 shares at June 30, 2013	(7)				(7)
Accumulated other comprehensive loss	(92)	(8)	8	(a)	(92)
Retained earnings	1,857	771	(771)	(a)	1,739
			(118)	(b)	
<i>Total stockholders' equity</i>	2,990	997	(353)		3,634
<i>Noncontrolling interests in equity of consolidated subsidiaries</i>	63	10			73
<i>Total equity</i>	3,053	1,007	(353)		3,707
<i>Total liabilities and equity</i>	\$ 16,722	\$ 6,625	\$ 3,303		\$ 26,650

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

---

**Table of Contents****NOTE 1. DESCRIPTION OF THE TRANSACTION**

As previously disclosed, CHS entered into the merger agreement with HMA and Merger Sub. Pursuant to the merger agreement, at the closing of the merger, Merger Sub will merge with and into HMA, with HMA surviving the merger and becoming a direct or indirect wholly owned subsidiary of CHS. At the closing of the merger, each outstanding share of HMA common stock (other than any shares of HMA common stock owned by CHS or any subsidiary of CHS or HMA, and other than shares of HMA common stock as to which dissenters' rights have been properly exercised) will be cancelled and converted automatically into the right to receive (subject to certain limitations set forth in the merger agreement) (1) \$10.50 in cash, without interest, (2) 0.06942 shares of CHS common stock, and (3) one CVR. A holder of a CVR will be entitled to receive a cash payment of up to \$1.00 per CVR following and conditioned upon the final resolution of certain existing legal matters involving HMA. If the amount of certain specified losses (including attorney's fees and expenses) arising out of or relating to such legal matters exceeds a deductible of \$18,000,000, the amount payable in respect of each CVR will be reduced (but not below zero) by a pro rata portion (based on the total number of CVRs outstanding at the time of final resolution of such legal matters) of \$0.90 for each dollar of losses in excess of the \$18,000,000 deductible. For purposes of calculating the payment to the CVR holders, the amount of such losses will be net of any amounts actually recovered by CHS under insurance policies. After the closing of the merger, CHS will control the management and disposition of the above mentioned legal matters involving HMA, including with respect to the defense, negotiation and settlement thereof. The CVRs do not have a finite payment date.

In addition, at the effective time of the merger: (i) each option to acquire shares of HMA common stock that is then outstanding, whether or not then vested, will be cancelled and terminated in exchange for the right to receive a number of shares of HMA common stock equal to the number of shares of HMA common stock subject to such stock option minus the number of shares of HMA common stock subject to such option which, when multiplied by the per share closing price of HMA common stock as reported on the New York Stock Exchange the day before the effective time of the merger, is equal to the aggregate exercise price of such option, and any shares of HMA common stock issued in respect of HMA stock options will be cancelled and converted into the right to receive the merger consideration defined above at the effective time of the merger; (ii) each HMA restricted stock award that is then outstanding, whether or not then vested, will vest in full (assuming, in the case of any HMA restricted stock award that is subject to performance based vesting, that the performance goals are satisfied at a level of 100%) and will be treated in the merger as an outstanding share of HMA common stock; (iii) each HMA deferred stock award that is then outstanding, whether or not then vested, will vest in full (assuming, in the case of any HMA deferred stock award that is subject to performance-based vesting, that the performance goals are satisfied at a level of 100%) and will be cancelled and exchanged for a number of shares of HMA common stock underlying such HMA deferred stock award so cancelled, which shares will be treated in the merger as outstanding shares of HMA common stock; and (iv) each HMA performance cash award that is then outstanding, whether or not then vested, will vest in full and be cancelled in exchange for the right to receive a lump sum cash payment determined as if the applicable performance objectives had been achieved at a level of 100%.

Based on the estimated number of shares of HMA common stock and CHS common stock outstanding on November 13, 2013, HMA stockholders will own approximately 16% of the outstanding shares of CHS common stock upon closing of the merger.

CHS has obtained commitments from Bank of America and Credit Suisse to provide debt financing for the merger, consisting of a \$750,000,000 2016 term loan facility and a \$1,510,000,000 2020/2021 term loan facility. CHS also expects to issue up to \$1,330,000,000 in aggregate principal amount of senior secured notes and up to \$2,375,000,000 in aggregate principal amount of senior unsecured notes through a private offering under Rule 144A of the Securities Act. If CHS is not able to complete such an offering, it has available commitments of up to a \$2,205,000,000 secured

bridge loan facility and a \$2,375,000,000 unsecured bridge loan facility (minus cash proceeds from notes issued on or prior to the closing date and other specified amounts as agreed). The obligations of Bank of America and Credit Suisse to provide this debt financing are subject to a number of

---

**Table of Contents**

customary conditions, including, without limitation, execution and delivery of certain definitive documentation. The merger agreement requires CHS to use its reasonable best efforts to obtain the financing on the terms and conditions described in the financing commitments. The obligation of CHS and Merger Sub to consummate the merger is not subject to a financing condition. The unaudited pro forma adjustments included in the Statements assume that CHS will replace the secured and unsecured bridge loan facilities on or prior to the closing date by issuing the senior secured and unsecured notes at corresponding amounts and interest rates. CHS has made no final determination with respect to the financing transactions and is continuing to review and consider all alternatives. In no event shall any disclosure contained herein be deemed indicative of the final financing that CHS will choose to adopt.

**NOTE 2. BASIS OF PRO FORMA PRESENTATION**

The Statements have been derived from the historical consolidated financial statements of CHS and HMA that are incorporated by reference into this proxy statement/prospectus. Certain financial statement line items included in HMA's historical presentation have been disaggregated or condensed to conform to corresponding financial statement line items included in CHS's historical presentation. For the unaudited pro forma condensed combined balance sheet, other long-term assets of HMA representing the fair value of leasehold rights to operate leased hospital facilities have been presented within property and equipment. Additionally, for the unaudited pro forma condensed combined statements of income, interest expense and other operating expense have been conformed to the CHS presentation. The reclassification of these items had no impact on the historical total assets, total liabilities, or stockholders' equity reported by CHS or HMA, respectively. The reclassifications also did not impact the historical earnings from continuing operations.

The merger is reflected in the Statements as an acquisition of HMA by CHS using the acquisition method of accounting, in accordance with business combination accounting guidance under accounting principles generally accepted in the United States (GAAP). Under these accounting standards, the total estimated purchase price will be calculated as described in Note 3 to the Statements, and the assets acquired and the liabilities assumed will be measured at estimated fair value. For the purpose of measuring the estimated fair value of the assets acquired and liabilities assumed, CHS has applied the accounting guidance under GAAP for fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The fair value measurements utilize estimates based on key assumptions in connection with the merger, including historical and current market data. The unaudited pro forma adjustments included herein are preliminary and will be revised at the time of the merger as additional information becomes available and as valuation work is performed. The final purchase price allocation will be determined after the completion of the merger, and the final allocations may differ materially from those presented.

**NOTE 3. ESTIMATE OF CONSIDERATION EXPECTED TO BE TRANSFERRED**

Based on the closing price per share of CHS common stock on the New York Stock Exchange on September 30, 2013 of \$41.50 and the number of shares of HMA common stock, options to purchase HMA common stock, restricted shares of HMA common stock, and HMA deferred shares outstanding at September 30, 2013, the total merger consideration would have been approximately \$3.8 billion, consisting of \$2.8 billion of cash, 18.4 million shares of CHS common stock, and \$264 million in the value of contingent value rights issued (assuming, solely for purposes of the Statements, full payment thereunder). Changes in the share price of CHS common stock, or the number of shares of HMA common stock, HMA restricted stock awards, HMA deferred stock awards or HMA performance cash awards, or change in the value of the CVRs at the closing of the merger could result in material differences in the merger consideration and, thus, the purchase price and related purchase price allocation in the merger. At the effective time of the merger, each outstanding share of HMA common stock (other than shares owned by HMA as treasury stock, shares owned by CHS or any subsidiary of CHS (including Merger Sub) or HMA, and shares held by holders

properly exercising appraisal rights under the Delaware

**Table of Contents**

General Corporation Law) will be cancelled and converted automatically into the right to receive (subject to certain limitations set forth in the merger agreement) (1) \$10.50 in cash, without interest, (2) 0.06942 shares of CHS common stock, and (3) one CVR.

The following is a preliminary estimate of the merger consideration to be paid by CHS in the merger, including consideration to be paid to holders of options to purchase HMA common stock, HMA restricted stock awards, HMA deferred stock awards and HMA performance cash awards, pursuant to the provisions above (in millions and assuming full payment under the CVRs solely for purposes of this estimate):

Cash paid for shares outstanding or issuable HMA shares	\$2,777
Estimated fair value of common stock of CHS	762
Estimated fair value of contingent value rights issued	264
 Total consideration	 \$3,803

The estimated value of the merger consideration reflected in these Statements does not purport to represent the actual value of the total merger consideration that will be received by HMA's stockholders and other equity holders when the merger is completed. In accordance with GAAP, the fair value of equity securities issued as part of the merger consideration will be measured on the closing date of the merger at the then-current market price. This requirement will likely result in a per share value component different from the \$41.50 assumed in these Statements and that difference may be material. For example, an increase or decrease by 10% in the price of CHS common stock on the closing date of the merger from the price of CHS common stock assumed in these Statements would increase or decrease the value of the merger consideration by approximately \$76 million, which would be reflected in these Statements as an equivalent increase or decrease to goodwill. In addition, the actual payment under the CVRs may be substantially less than \$1.00 per CVR, or no payment at all may be made to a holder of a CVR.

The allocation of the preliminary purchase price to the fair values of assets to be acquired and liabilities to be assumed in the merger includes unaudited pro forma adjustments to reflect the expected fair values of HMA's assets and liabilities at the completion of the merger. The allocation of the preliminary purchase price is as follows (in millions):

Current assets	\$ 1,463
Property and equipment	4,074
Goodwill	3,713
Other long-term assets	375
Amortizable intangible assets	13
Current liabilities	(742)
Other long-term liabilities	(1,003)
Long-term debt	(3,748)
Noncontrolling interests in consolidated subsidiaries	(342)
 Total consideration	 \$ 3,803

Goodwill will not be amortized but will be tested for impairment on an annual basis and whenever events or circumstances occur indicating that the goodwill may be impaired. The preliminary purchase price allocation for



HMA is subject to revision as more detailed analysis is completed and additional information on the fair values of HMA's assets and liabilities become available and as preacquisition contingencies are identified, and acquisition related costs, etc. are finalized. Any change in the fair value of the assets and liabilities of HMA will change the amount of the purchase price allocable to goodwill. The final purchase price allocation may differ materially from the allocation presented here.

---

**Table of Contents**

With respect to goodwill expected to be recognized in the merger, CHS management believes that the predominant portion of the goodwill expected to result from the merger relates to HMA as a going concern and the fair value of expected synergies from combining the CHS and HMA businesses. The going concern element represents the ability to earn a higher return on the combined assembled collection of assets and businesses of HMA than if those assets and businesses were to be acquired separately. The synergies from the combination of CHS and HMA are expected to be in the form of decreased costs. Cost synergies are expected to arise primarily from reduction of corporate costs. Other relevant elements of goodwill are expected to include the assembled work force that is not recorded separately from goodwill. The accompanying Statements do not reflect the costs of any integration activities or benefits that may result from realization of future cost savings from operating efficiencies, or any revenue, tax, or other synergies expected to result from the merger.

CHS has made preliminary allocation estimates based on limited access to information and will not have sufficient information to make final allocations until after completion of the merger. The final determination of the purchase price allocation is anticipated to be completed as soon as practicable after completion of the merger. CHS anticipates that the valuations of the acquired assets and liabilities will include, but not be limited to, fixed assets, Medicare licenses, certificates of need, and other potential intangible assets. The valuations will consist of physical appraisals, discounted cash flow analyses, or other appropriate valuation techniques to determine the fair value of the assets acquired and liabilities assumed.

The final merger consideration, and amounts allocated to assets acquired and liabilities assumed in the merger, could differ materially from the preliminary amounts presented in these Statements. A decrease in the fair value of assets acquired or an increase in the fair value of liabilities assumed in the merger from those preliminary valuations presented in these Statements would result in a dollar-for-dollar corresponding increase in the amount of goodwill that will result from the merger. In addition, if the value of the acquired assets is higher than the preliminary indication, it may result in higher amortization and depreciation expense than is presented in these Statements. See Note 6 for the effects of changes in estimated fair value of properties and amortizable intangible assets to be acquired in the merger on the calculation of pro forma depreciation and amortization expense.

**NOTE 4. CONTINGENT VALUE RIGHTS**

The unaudited pro forma condensed combined balance sheet as of September 30, 2013 includes CHS's estimate of the value of the total potential payments under the CVRs issued as part of the consideration paid to HMA shareholders, assuming full payment under the CVRs. At the completion of the merger, the liability for the CVRs will be recorded at its estimated fair value. At each reporting period subsequent to the merger, the liability related to the fair value of the CVRs will be remeasured to the then estimated fair value, with changes reflected as an adjustment to operating income. This pro forma adjustment does not represent CHS's estimate of the probable outcome of the contingencies involving such litigation, and the estimated fair values assigned by CHS in these unaudited pro forma condensed combined financial statements may not be indicative of the actual fair value of the CVRs or the ultimate payment to be made to the holders of the CVRs or the value at which the CVRs will trade following the completion of the merger. The actual fair value of the liability associated with the CVR that is ultimately recorded at the acquisition date could differ materially from that estimated above. Any change from the estimated amount will be an adjustment of goodwill recorded at the acquisition date.

**NOTE 5. CHANGE IN CONTROL AND OTHER COSTS**

On June 25, 2013, Glenview Capital Management, LLC and certain of its affiliated investment funds (collectively, Glenview ) filed with the Securities and Exchange Commission ( SEC ) a preliminary consent solicitation statement

which, among other things, sought consent from HMA stockholders to remove all of the members of HMA's then existing Board of Directors and replace them with the Glenview nominees. On July 19, 2013, Glenview filed its definitive consent solicitation statement with the SEC and solicited consent from our stockholders (the "Glenview Consent Solicitation Process"). As a result of the Glenview Consent Solicitation Process, on August 16, 2013, all of the incumbent board members were removed and replaced by the Glenview

**Table of Contents**

Nominees. Such event constituted a change in control (the Change in Control) pursuant to the Health Management Associates, Inc. amended and restated 1996 Executive Incentive Compensation Plan (EICP) and the 2006 Outside Director Restricted Stock Award Plan (2006 Director Plan). As a result of such Change in Control and pursuant to the terms of the EICP and 2006 Director Plan and the applicable award agreements, all of the outstanding and unvested equity and performance cash awards held became vested. At such time an aggregate of approximately 7.3 million shares of common stock were subject to unvested restricted stock and deferred stock awards. The vesting of the stock resulted in the recognition of approximately \$42 million of incremental stock compensation expense.

In addition, holders of stock options issued under the EICP were entitled to receive a cash payment due to the Change in Control and based on terms as defined in the EICP. This cash payment resulted in recognition of approximately \$4 million of incremental compensation expense.

Finally, certain employees held an aggregate of approximately \$39 million of unvested cash awards issued under the EICP. All such awards immediately vested upon the Change in Control.

Related to the merger agreement and the Glenview Consent Solicitation Process, HMA incurred substantial costs associated with various advisors, including bankers, attorneys and others, and HMA has also entered into certain retention and severance agreements with key personnel. Outside fees associated with these events were approximately \$12 million for the nine months ended September 30, 2013. Severance and retention costs were approximately \$15 million for the nine months ended September 30, 2013.

All of the above items have been recognized as Change in control and other related expense by HMA during the nine months ended September 30, 2013 and in the unaudited pro forma condensed combined statement of income for the nine months ended September 30, 2013.

**NOTE 6. ADJUSTMENTS TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

Pro forma adjustments are necessary to reflect the estimated purchase price, to adjust amounts related to HMA's assets and liabilities to a preliminary estimate of their fair values, to reflect financing transactions associated with the proposed transaction, to reflect changes in depreciation and amortization expense resulting from the estimated fair value adjustments to tangible and intangible assets, to reflect other transactions directly related to the transaction, and to reflect the income tax effects related to the pro forma adjustments. There were no intercompany transactions between CHS and HMA. Certain pro forma adjustments were required to conform HMA's accounting policies and presentation to CHS's accounting policies and presentation.

The accompanying unaudited pro forma condensed combined financial statements have been prepared as if the proposed transaction was completed on September 30, 2013 for balance sheet purposes and January 1, 2012 for income statement purposes, and reflect the following adjustments (in millions):

(a) To record the proposed transaction:

Estimated cash payments for:	
Purchase of outstanding HMA shares	\$2,777

HMA stock awards and other equity based instruments	
Transaction costs	188
	\$2,965

At September 30, 2013, there were no other outstanding stock awards or other equity based instruments that will receive consideration under the terms of the merger agreement.

Included in transaction costs are severance costs of \$26 million primarily resulting from change in control provisions, direct transaction costs of \$60 million, which primarily include estimated investment banker fees,

**Table of Contents**

attorneys' fees and accounting fees, and expenses of \$102 million related to the costs of refinancing HMA's existing long-term debt.

Elimination of existing HMA stockholders' equity:	
Common stock	\$ (3)
Additional paid-in capital	(231)
Accumulated other comprehensive loss	8
Retained earnings	(771)
	\$ (997)

The unaudited pro forma adjustment to equity also includes the recognition of approximately 18.4 million shares of CHS common stock expected to be issued in the merger (based on the number of shares of HMA common stock and shares of underlying compensation equity awards outstanding at September 30, 2013) and \$762 million of additional paid-in capital.

The adjustment to supplies, prepaid expenses and other assets reflects a \$70 million increase to prepaid income taxes resulting from the tax deductibility of one-time costs and transaction fees related to the merger, based on a combined statutory federal and state tax rate of 37.4%.

The unaudited pro forma adjustment of \$483 million to property and equipment, net includes the reclassification of \$183 million from other assets to property and equipment related to HMA's recorded intangible assets representing the value of leasehold interests in the hospitals acquired that are operated under a lease agreement. This adjustment conforms the presentation to the CHS policy of recording such as assets as part of the value of the leased property. Additionally, the increase in the preliminary estimated fair value of property and equipment acquired based on management's estimates of fair value and HMA's historical net book value of property and equipment is summarized as follows (in millions):

	<b>Historical Net Book Value</b>	<b>Estimated Fair Value</b>	<b>Estimated Increase</b>
Land	\$ 252	\$ 302	\$ 50
Buildings and improvements	2,500	2,750	250
Equipment	727	727	
Construction in progress	112	112	
	\$ 3,591	\$ 3,891	\$ 300

The final fair value amounts will be determined based upon management's final best estimate of fair value. Deferred income tax liabilities will increase by an estimated \$147 million to reflect the impact of the pro forma purchase price adjustments related to the increase in fair value of HMA's property and equipment and intangible assets. Estimates of additional goodwill and identifiable intangibles as a result of the purchase price allocation are detailed in Note 3 to these unaudited pro forma condensed financial statements.

As noted above, the unaudited pro forma adjustment to property and equipment reclassifies to property and equipment \$183 million of HMA's recorded intangible assets relating to the value of leasehold interests in the hospitals acquired that are operated under a lease agreement. The remaining adjustment to intangible assets eliminates the remaining HMA balance of \$10 million for a total adjustment of \$193 million. The unaudited pro forma adjustment also includes a \$93 million fair value adjustment to record the preliminary estimated fair value of HMA's identifiable intangible assets. Such assets include \$80 million for the estimated fair value of the Medicare licenses in place at HMA hospitals and \$13 million for the estimated fair value of certificates of need in place at those hospitals in states requiring such certificates. The intangible asset related to Medicare licenses is expected to have an indefinite life, so no amortization is expected and the asset will be evaluated on an annual basis for any indicators of impairment. The intangible asset related to certificates of need is expected to have a definite life, and as such will be amortized on a straight-line basis over an estimated useful life of 3 years.

**Table of Contents**

The unaudited pro forma adjustment to accrued liabilities reflects the elimination of \$32 million related to the termination of HMA's interest rate swap liability.

The unaudited pro forma adjustment of \$264 million to other long-term liabilities is to record the fair value of the total contingent value rights liability. See Note 4.

The unaudited pro forma adjustment of \$59 million to redeemable noncontrolling interests in equity of consolidated subsidiaries is to record the estimated value of a put option available to certain shareholders of an HMA subsidiary that becomes exercisable upon change in control.

Other adjustments to the HMA balance sheet are to conform the presentation of certain assets and liabilities to the CHS presentation.

(b) To record the payments to be made from the proceeds of the new indebtedness (in millions):

<b>Sources</b>	
New Senior Secured Term Loan Facility due 2016	\$ 750
New Senior Secured Term Loan Facilities due 2020/2021	1,510
Secured Notes	1,330
Unsecured Notes	2,375
Subtotal	\$ 5,965
<b>Uses</b>	
Cash payments related to HMA stock and transaction costs:	
Purchase HMA outstanding shares	\$(2,777)
HMA stock options and other equity-based instruments	
Transaction costs (\$118 net of tax)	(188)
Subtotal	\$(2,965)
Cash payments related to refinancing and debt repayment:	
CHS Term Loan B	\$ (60)
HMA Revolving Credit Facilities	(223)
HMA Term Loan A	(620)
HMA Term Loan B	(1,344)
HMA 6.125% Senior Notes due 2016	(399)
HMA 3.75% Convertible Senior Subordinated Notes due 2028	(89)
Accrued interest	(13)
Termination of interest rate swap liability	(32)
Financing fees(1)	(168)
Subtotal	(2,948)
Working Capital(2)	(52)



Total uses	\$ (5,965)
------------	------------

(1) Financing fees will be capitalized as deferred loan costs and amortized into interest expense.

(2) Working capital will be used for general corporate purposes.

The table above reflects CHS's assumption of \$875 million of HMA 7.375% Senior Notes due 2020 (the 7.375% Notes). However, CHS has availability under its secured borrowing financing commitments to incur additional indebtedness which may be used to repay all or a portion of the 7.375% Notes. CHS has made no final determination with respect to the financing transactions and is continuing to review and consider all alternatives. In no event shall the table above or any other disclosure herein be deemed indicative of the final financing that CHS will choose to adopt.

---

**Table of Contents**

The following table summarizes the impact on long-term debt from the financing transactions (in millions):

	<b>Current maturities of long-term debt</b>	<b>Long-term debt</b>	<b>Total Debt Increase</b>
Repayment of CHS Debt	\$ (60)	\$	\$ (60)
Repayment of HMA Debt	(80)	(2,594)	(2,674)
New debt expected to be incurred by CHS		5,965	5,965