

E-022-15

Galesburg

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR EXEMPTION FOR THE
CHANGE OF OWNERSHIP FOR AN EXISTING HEALTH CARE FACILITY

ORIGINAL

RECEIVED

SEP 18 2015

1. INFORMATION FOR EXISTING FACILITY

Current Facility Name **Galesburg Cottage Hospital**

Address **695 N. Kellog Street**

City **Galesburg**

Zip Code **61401**

County **Knox**

Name of current licensed entity for the facility **Galesburg Hospital Corporation d/b/a Galesburg Cottage Hospital**

Does the current licensee: own this facility OR lease this facility _____ (if leased, check if sublease)

Type of ownership of the current licensed entity (check one of the following:): _____ Sole Proprietorship

_____ Not-for-Profit Corporation For Profit Corporation _____ Partnership _____ Governmental

_____ Limited Liability Company _____ Other, specify _____

Illinois State Senator for the district where the facility is located: **Sen. John Sullivan**

State Senate District Number **47** Mailing address of the State Senator: **M120 State Capitol Building, Springfield, IL 62706**

Illinois State Representative for the district where the facility is located: **Rep. Norine Hammond**

State Representative District Number **94** Mailing address of the State Representative: **213-N Stratton Office Building, Springfield, IL 62706**

2. **OUTSTANDING PERMITS.** Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes No . If yes, refer to Section 1130.520(f), and indicate the projects by Project # **N/A**

3. **NAME OF APPLICANT** (complete this information for each co-applicant and insert after this page).

Exact Legal Name of Applicant **Quorum Health Corporation**

Address _____

City, State & Zip Code _____

Type of ownership of the current licensed entity (check one of the following:): _____ Sole Proprietorship

_____ Not-for-Profit Corporation For Profit Corporation _____ Partnership _____ Governmental

_____ Limited Liability Company _____ Other, specify _____

4. **NAME OF LEGAL ENTITY THAT WILL BE THE LICENSEE/OPERATING ENTITY OF THE FACILITY NAMED IN THE APPLICATION AS A RESULT OF THIS TRANSACTION.**

Exact Legal Name of Entity to be Licensed **No Change - See Above #1**

Address _____

City, State & Zip Code _____

Type of ownership of the current licensed entity (check one of the following:): _____ Sole Proprietorship

_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental

_____ Limited Liability Company _____ Other, specify _____

5. **BUILDING/SITE OWNERSHIP. NAME OF LEGAL ENTITY THAT WILL OWN THE "BRICKS AND MORTAR" (BUILDING) OF THE FACILITY NAMED IN THIS APPLICATION IF DIFFERENT FROM THE OPERATING/LICENSED ENTITY**

Exact Legal Name of Entity That Will Own the Site **No Change - See Above #1**

Address _____

City, State & Zip Code _____

Type of ownership of the current licensed entity (check one of the following:): _____ Sole Proprietorship

_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental

_____ Limited Liability Company _____ Other, specify _____

6. TRANSACTION TYPE. CHECK THE FOLLOWING THAT APPLY TO THE TRANSACTION:

- Purchase resulting in the issuance of a license to an entity different from current licensee;
- Lease resulting in the issuance of a license to an entity different from current licensee;
- Stock transfer resulting in the issuance of a license to a different entity from current licensee;
- Stock transfer resulting in no change from current licensee;
- Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee;
- Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee;
- Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity;
- Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets;
- Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility;
- Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee;
- Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets, and explain in "Attachment 3 Narrative Description"

7. **APPLICATION FEE.** Submit the application fee in the form of a check or money order for \$2,500 payable to the Illinois Department of Public Health and append as **ATTACHMENT #1.**

8. **FUNDING.** Indicate the type and source of funds which will be used to acquire the facility (e.g., mortgage through Health Facilities Authority; cash gift from parent company, etc.) and append as **ATTACHMENT #2.**

9. **ANTICIPATED ACQUISITION PRICE:** \$ Not applicable – See Form 8K as part of Attachment 2

10. **FAIR MARKET VALUE OF THE FACILITY:** \$75,356,000.00 to \$86,122,000.00 (estimated)
(to determine fair market value, refer to 77 IAC 1130.140)

11. **DATE OF PROPOSED TRANSACTION:** 1st Quarter 2016 – on or before 03/31/16

12. **NARRATIVE DESCRIPTION.** Provide a narrative description explaining the transaction, and append it to the application as **ATTACHMENT #3.** **NOTE:** For transactions involving related parties the reason the change of ownership is taking place must be provided.

13. **BACKGROUND OF APPLICANT** (co-applicants must also provide this information). Corporations and Limited Liability Companies must provide a current Certificate of Good Standing from the Illinois Secretary of State. Limited Liability Companies and Partnerships must provide the name and address of each partner/ member and specify the percentage of ownership of each. Append this information to the application as **ATTACHMENT #4.**

14. **FINANCIAL STATEMENTS.** (Co-applicants must also provide this information) Provide a copy of the applicants latest audited financial statements AND footnotes and an "A" or better bond rating, and append it to this application as **ATTACHMENT #5.** If the applicant is a newly-formed entity and financial statements are not available, please indicate by checking YES X , and indicate the date the entity was formed **July 27, 2015**

15. **LETTER OF INTENT:** A signed and notarized letter of intent must be provided that contains the following information: the terms of the transaction, name and background of the parties, structure of the transaction, the person who will be the licensed or certified entity after the transaction is complete; the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, the fair market value of assets to be transferred, the purchase price or other form of consideration to be provided for these assets and a statement that the transaction will not be completed until after approval of the Illinois Health Facilities and Services Review Board. Append as **ATTACHMENT #6.**
NOTE: For transactions involving related parties a letter of intent is not required.

- 16. PRIMARY CONTACT PERSON.** Individual representing the applicant to whom all correspondence and inquiries pertaining to this application are to be directed. (Note: other persons representing the applicant not named below will need written authorization from the applicant stating that such persons are also authorized to represent the applicant in relationship to this application).

Name: **Clare Connor Ranalli**
Address: **McDermott Will & Emery, 227 W. Monroe Street**
City, State & Zip Code: **Chicago, IL 60606**
Telephone **(312) 984-3365**

- 17. ADDITIONAL CONTACT PERSON.** Consultant, attorney, other individual who is also authorized to discuss this application and act on behalf of the applicant.

Name: **Kevin Howard**
Address: **CHSPSC, LLC, 4000 Meridian Blvd.**
City, State & Zip Code: **Franklin, TN 37607**
Telephone **(615) 465-7355**

18. CERTIFICATION

I the undersigned certify that the above information and all attached information are true and correct to the best of my knowledge and belief.

I the undersigned certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois.

I the undersigned certify that I am fully aware that a change in ownership will void any permits for projects that have not been completed unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(f) prior to the effective date of the proposed ownership change.

I the undersigned certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

I the undersigned certify that the health care facility will not adopt a charity care policy that is more restrictive than the policy in effect during the year prior to the transaction.

I the undersigned certify that within 90 days after the closing of the transaction that I will provide a letter stating that the change of ownership has been completed in accordance with the letter of intent provided in the application for exemption. If the terms of the letter of intent have changed, those changes will be provided with this letter. I understand if the State Board determines that terms of the transaction have changed a new application for exemption will be submitted to the State Board.

Signature of Authorized Officer *Rachel A. Seifert*

Typed or Printed Name of Authorized Officer: Rachel A. Seifert

Title of Authorized Officer: Executive Vice President, Quorum Health Corporation

Address: 4000 Meridian Blvd.

City, State & Zip Code: Franklin, TN ~~37027~~ 37067

Telephone (615) 465-7000

Date: 9/16/15

Notary Signature *[Handwritten Signature]*



Date: Sept 16, 2015

exp 9/9/18

NOTE: complete a separate signature page for each co-applicant and insert following this page.

19. CERTIFICATION

I the undersigned certify that the above information and all attached information are true and correct to the best of my knowledge and belief.

I the undersigned certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois.

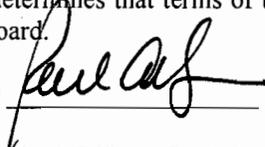
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Signature of Authorized Officer



Typed or Printed Name of Authorized Officer: Rachel A. Seifert

Title of Authorized Officer: Executive Vice President, General Counsel & Secretary, Community Health Systems, Inc.

Address: 4000 Meridian Blvd.

City, State & Zip Code: Franklin, TN ~~37027~~ 37067

Telephone (615) 465-7000

Date:

9/10/15

Notary Signature



Date:

Sept 10, 2015



exp 9/9/18

NOTE: complete a separate signature page for each co-applicant and insert following this page.

20. CERTIFICATION

I the undersigned certify that the above information and all attached information are true and correct to the best of my knowledge and belief.

I the undersigned certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois.

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Signature of Authorized Officer *Rachel A. Seifert*

Typed or Printed Name of Authorized Officer: Rachel A. Seifert

Title of Authorized Officer: Executive Vice President, Galesburg Hospital Corporation d/b/a Galesburg Cottage Hospital

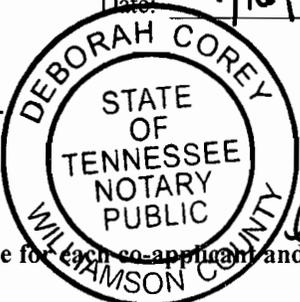
Address: 4000 Meridian Blvd.

City, State & Zip Code: Franklin, TN ~~37027~~ 37067

Telephone (615) 465-7000

Date: 9/10/15

Notary Signature *[Signature]*



Date: Sept 10, 2015

exp 9/9/18

NOTE: complete a separate signature page for each co-applicant and insert following this page.

APPENDIX A**Facility Bed Capacity and Utilization**

1. Complete the following chart as applicable. Complete a separate chart for each facility that is part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest 12 month period for which data is available. Any bed capacity discrepancy from the Inventory will result with the application being deemed incomplete.

FACILITY NAME **Galesburg Cottage Hospital**CITY **Galesburg**

REPORTING PERIOD DATES: From 01/01/2014 to 12/31/2014

Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	87	1,498	7,539	0	87
Pediatrics	18	19	56	0	18
Obstetrics	10	427	1,000	0	10
Intensive Care	12	514	2,106	0	12
Neonatal ICU					
Acute Mental Illness	12	182	2,325	0	12
Rehabilitation					
Nursing Care	34	467	5,971	0	34
Sheltered Care					
Other (identify)					
Other (identify)					
Other (identify)					
TOTALS	173	3,107	18,997	0	173

0 Observation days reported.

Application Fee

A \$2,500 fee was submitted with this application.

Funding

The assets of the licensee are not changing ownership, nor is the direct control of day to day operations. Community Health Systems, Inc. is spinning off 38 hospitals and Quorum Health Resources, LLC (a hospital management and consulting company) to a newly-formed publicly-traded company, Quorum Health Corporation. This spin-off is intended to be tax free to its investors.

Attached is the Community Health Systems, Inc. "Current Report on Form 8-K" (filed August 3, 2015).

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934

Date of Report (date of earliest event reported): August 3, 2015 (August 3, 2015)

COMMUNITY HEALTH SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-15925
(Commission
File Number)

13-3893191
(I.R.S. Employer
Identification No.)

4000 Meridian Boulevard
Franklin, Tennessee 37067
(Address of principal executive offices)

Registrant's telephone number, including area code: (615) 465-7000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

Item 7.01 Regulation FD Disclosure

On August 3, 2015, Community Health Systems, Inc. (the "Company") issued a press release announcing that it plans to create a new publicly traded hospital company by spinning off to Company stockholders a group of 38 hospitals and Quorum Health Resources, LLC. The spin-off is intended to be tax-free to the Company and its stockholders and is expected to be completed in the first quarter of 2016. A copy of the press release making this announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference into this Item 7.01.

The Company will hold a conference call on Tuesday, August 4, 2015 at 10:00 a.m. Central, 11:00 a.m. Eastern, to discuss the proposed spin-off. A copy of the investor presentation for the conference call is furnished as Exhibit 99.2 hereto and is incorporated herein by reference into this Item 7.01.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following exhibits are furnished herewith:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Community Health Systems, Inc. Press Release, dated August 3, 2015.
99.2	Investor Presentation.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 3, 2015

COMMUNITY HEALTH SYSTEMS, INC.
(Registrant)

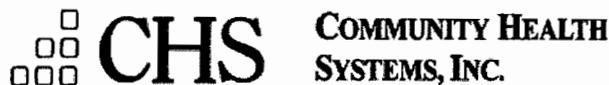
By: /s/ Wayne T. Smith
Wayne T. Smith
Chairman of the Board and Chief Executive Officer
(principal executive officer)

By: /s/ Larry Cash
W. Larry Cash
President of Financial Services, Chief Financial Officer
and Director
(principal financial officer)

By: /s/ Kevin J. Hammons
Kevin J. Hammons
Senior Vice President and Chief Accounting Officer
(principal accounting officer)

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Community Health Systems, Inc. Press Release, dated August 3, 2015.
99.2	Investor Presentation.



**COMMUNITY HEALTH SYSTEMS ANNOUNCES PLANS TO
SPIN OFF 38 HOSPITALS AND QUORUM HEALTH RESOURCES**

FRANKLIN, Tenn. (August 3, 2015) – Community Health Systems, Inc. (NYSE: CYH) (the “Company”) announced today that it plans to create a new publicly traded hospital company by spinning off to Community Health Systems’ stockholders a group of 38 hospitals and Quorum Health Resources, LLC, a leading hospital management and consulting business. The new company will be named Quorum Health Corporation to leverage the existing strength of the Quorum brand. The spin-off is intended to be tax-free to Community Health Systems and its stockholders and is expected to be completed in the first quarter of 2016.

Quorum Health Corporation will be headquartered in middle Tennessee and will operate independently with its own board of directors and management team. It will include a diversified portfolio of 38 hospitals with an aggregate of 3,635 licensed beds across 16 states. The hospitals that will comprise Quorum Health Corporation have strong market positions and are primarily located in cities or counties having populations of 50,000 or less. In 84 percent of these markets, the hospital is the sole provider of acute care hospital services. In 2014, The Joint Commission recognized 74 percent of the hospitals that will become part of Quorum Health Corporation as Top Performers in Key Quality Measures. The new company will also include Quorum Health Resources, which provides hospital management and consulting services to 150 non-affiliated hospitals across the United States, most of which are located in similar markets as Quorum Health Corporation’s sole provider hospitals.

In 2014, the businesses that will comprise Quorum Health Corporation generated unaudited annual net revenue of approximately \$2.1 billion and adjusted EBITDA of approximately \$255 million.

Benefits of the Transaction

- **Creates New Healthcare Company Poised for Growth.** With an attractive portfolio of high-quality community hospitals, streamlined management structure and independent access to capital markets, Quorum Health Corporation is expected to have an enhanced ability to drive growth by capitalizing on acquisition opportunities consistent with its portfolio, developing facility specific operating strategies aligned with its community needs and better leveraging its management and consulting capabilities.
- **Community Health Systems to Sharpen Focus and Growth Profile.** The spin-off will result in additional opportunities for profitable growth for Community Health Systems, as the Company will focus primarily on larger markets and on investing in strengthening its regional healthcare networks, while maintaining the benefits of scale from being one of the largest hospital companies in the country.
- **Designed to Increase Stockholder Value.** Community Health Systems stockholders will have the opportunity to realize the unique growth potential of two focused healthcare companies that will be better positioned to pursue their distinct business strategies.
- **Tax-Free Transaction to Community Health Systems Stockholders.** The distribution is intended to qualify as tax-free to Community Health Systems stockholders for U.S. federal income tax purposes.

-MORE-

August 3, 2015

“This significant transaction will realign our portfolio into two strong and focused companies that can respond to market demands with greater agility and that are better positioned to take advantage of growth opportunities, while creating additional value for our stockholders,” said Wayne T. Smith, chairman and chief executive officer of Community Health Systems, Inc. “Over the past 30 years, Community Health Systems has evolved from a collection of smaller hospitals into a much more complex and diversified portfolio of hospitals, outpatient services, and healthcare systems across the country. We know how important hospitals are to their communities and recognize that smaller facilities have distinct opportunities and different challenges than those in larger markets, where the majority of our assets are located.”

Smith continued, “This transaction will allow Quorum Health Corporation’s hospitals to focus on the changes in the healthcare delivery system, which are different in smaller community hospitals than in our larger and more urbanized markets. At the same time, the transaction will facilitate a sharper focus on the hospitals that are retained by Community Health Systems, especially in high-opportunity markets and in areas where we are building regional healthcare networks.”

Smith concluded, “Our stockholders have benefited from our acquisitiveness as we have grown the size and value of our company. We view this transaction as the best next step in our continuous effort to return value to our stockholders.”

Quorum Health Corporation will launch with the benefit of transitional services from Community Health Systems, including purchased services in select areas such as information technology, billing and collections and payroll services. When the transaction is complete, Community Health Systems, Inc. will remain one of the largest publicly traded U.S. hospital companies with 160 affiliated hospitals in 22 states.

The transaction is expected to qualify as a tax-free distribution to Community Health Systems and its stockholders. Quorum Health Corporation expects to file its Form 10 with the Securities and Exchange Commission before the end of the third quarter. The Form 10 will contain detailed information about the new company, its management team, the spin-off transaction, and other related matters.

The transaction is subject to customary conditions, certain legal and valuation opinions, effectiveness of the Form 10 filing, and final approval and declaration of the distribution by the Community Health Systems, Inc. Board of Directors. The transaction is not subject to a stockholder vote. There can be no assurance regarding the ultimate timing of the spin-off or that it will be completed. Community Health Systems may, at any time, and for any reason until the proposed transaction is complete, abandon the spin-off or modify or change the terms. Quorum Health Corporation intends to have its common stock authorized for listing on the New York Stock Exchange. The Contingent Value Rights issued in connection with the Health Management Associates, Inc. transaction in January 2014 will be unaffected by this transaction.

-MORE-

Quorum Health Corporation Hospitals

Cherokee Medical Center	Centre, Alabama
DeKalbRegional Medical Center	Fort Payne, Alabama
L.V. Stabler Memorial Hospital	Greenville, Alabama
Forrest City Medical Center	Forrest City, Arkansas
Helena Regional Medical Center	Helena, Arkansas
Barstow Community Hospital	Barstow, California
Watsonville Community Hospital	Watsonville, California
Trinity Hospital of Augusta	Augusta, Georgia
Fannin Regional Hospital	Blue Ridge, Georgia
Clearview Regional Medical Center	Monroe, Georgia
Barrow Regional Medical Center	Winder, Georgia
Union County Hospital	Anna, Illinois
Metro South Medical Center	Blue Island, Illinois
Galesburg Cottage Hospital	Galesburg, Illinois
Gateway Regional Medical Center	Granite City, Illinois
Heartland Regional Medical Center	Marion, Illinois
Crossroads Community Hospital	Mt. Vernon, Illinois
Red Bud Regional Hospital	Red Bud, Illinois
Vista Medical Center	Waukegan, Illinois
Vista Medical Center – West	Waukegan, Illinois
Kentucky River Medical Center	Jackson, Kentucky
Three Rivers Medical Center	Louisa, Kentucky
Paul B. Hall Regional Medical Center	Paintsville, Kentucky
Mesa View Regional Hospital	Mesquite, Nevada
Mimbres Memorial Hospital	Deming, New Mexico
Alta Vista Regional Hospital	Las Vegas, New Mexico
Sandhills Regional Medical Center	Hamlet, North Carolina
Martin General Hospital	Williamston, North Carolina
Affinity Medical Center	Massillon, Ohio
McKenzie-Willamette Medical Center	Springfield, Oregon
Lock Haven Hospital	Lock Haven, Pennsylvania
Sunbury Community Hospital	Sunbury, Pennsylvania
Henderson County Community Hospital	Lexington, Tennessee
McKenzie Regional Hospital	McKenzie, Tennessee
Big Bend Regional Medical Center	Alpine, Texas
Scenic Mountain Medical Center	Big Spring, Texas
Mountain West Medical Center	Tooele, Utah
Evanston Regional Hospital	Evanston, Wyoming

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Conference Call

Community Health Systems, Inc. will hold a conference call on Tuesday, August 4, 2015 at 10:00 a.m. Central, 11:00 a.m. Eastern, to discuss this transaction and to review financial and operating results for the second quarter ended June 30, 2015. Investors will have the opportunity to listen to a live internet broadcast of the conference call by clicking on the Investor Relations link of the Company's website at www.chs.net. To listen to the live call, please go to the website at least fifteen minutes early to register, download and install any necessary audio software. For those who cannot listen to the live broadcast, a replay will be available shortly after the call and will continue to be available through September 5, 2015.

Advisors

Credit Suisse is serving as Community Health Systems' financial advisor, and Bass, Berry & Sims PLC and Bradley Arant Boult Cummings LLP are serving as legal advisors to Community Health Systems in connection with the proposed spin-off.

About Community Health Systems, Inc.

Community Health Systems, Inc. is one of the largest publicly traded hospital companies in the United States and a leading operator of general acute care hospitals in communities across the country. Through its subsidiaries, the company currently owns, leases or operates 198 affiliated hospitals in 29 states with an aggregate of approximately 30,000 licensed beds. The Company's headquarters are located in Franklin, Tennessee, a suburb of south Nashville. Shares in Community Health Systems, Inc. are traded on the New York Stock Exchange under the symbol "CYH." More information about the Company can be found on its website at www.chs.net.

Forward-Looking Statements

Certain statements contained in this communication may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements regarding the expected timing of the completion of the spin-off transaction, the benefits of the spin-off transaction to either Community Health Systems or Quorum Health Corporation, the tax-free treatment of the spin-off transaction, the anticipated management of the business to be spun off, the market position of the business to be spun off and other statements that are not historical facts. Such statements are based on the views and assumptions of the management of the Company and are subject to significant risks and uncertainties. There can be no assurance that the proposed transaction or these future events will occur as anticipated, if at all, or that actual results will be as expected. Actual future events or results may differ materially from these statements. Such differences may result from a number of factors, including but not limited to: the timing and completion of the proposed transaction; a failure to obtain necessary regulatory approvals; a failure to obtain assurances of anticipated tax treatment; a deterioration in the business or prospects of the Company or Quorum Health Corporation; adverse developments in the Company or Quorum Health Corporation's markets; adverse developments in the U.S. or global capital markets, credit markets or economies generally; the risk that the benefits of the proposed transaction may not be fully realized or may take longer to realize than expected; the impact of the proposed transaction on the Company's third-party relationships; the Company's ability following completion of the spin-off to identify and acquire additional hospitals in larger and more urbanized markets with terms that are attractive to the

-MORE-

August 3, 2015

Company and to integrate such acquired hospitals; and changes in regulatory, social and political conditions. Additional risks and factors that may affect results are set forth in the Company's filings with the Securities and Exchange Commission, including the Company's most recent Annual Report on Form 10-K.

The forward-looking statements speak only as of the date of this communication. The Company does not undertake any obligation to update these statements.

Non-GAAP Financial Measures

EBITDA is a non-GAAP financial measure which consists of net income attributable to Quorum Health Corporation, before interest, income taxes, and depreciation and amortization. Adjusted EBITDA is EBITDA adjusted to exclude impairment of long-lived assets, net income attributable to noncontrolling interests, and expenses related to legal settlements and related costs. Community Health Systems believes that it is useful to present adjusted EBITDA because it clarifies for investors Quorum Health Corporation's portion of EBITDA generated by continuing operations. Community Health Systems uses adjusted EBITDA as a measure of liquidity. Community Health Systems has also presented Quorum Health Corporation's adjusted EBITDA in this communication because it believes it provides investors with additional information about Quorum Health Corporation's ability to incur and service debt and make capital expenditures.

Adjusted EBITDA is not a measurement of financial performance or liquidity under U.S. GAAP. 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 U.S. GAAP. The items excluded from adjusted EBITDA are significant components in understanding and evaluating financial performance and liquidity. This calculation of adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

Because certain terms of the spin-off have not yet been determined, including as to the balance sheet and statement of cash flows of Quorum Health Corporation, it is not reasonably possible at this time to provide the net income for Quorum Health Corporation or a reconciliation to the estimated adjusted EBITDA figure included in this communication. Historical GAAP financial information for Community Health Systems is included in its most recent Annual Report on Form 10-K filed with the SEC, and historical GAAP financial information for Quorum Health Corporation will be included in the Form 10 registration statement relating to the spin-off.

Investor Contact:

W. Larry Cash, 615-465-7000
President of Financial Services and Chief Financial Officer

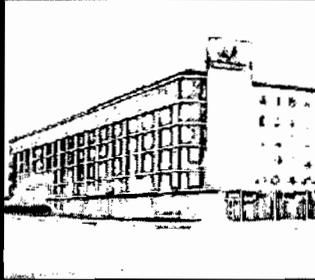
or

Media Contact:

Tomi Galin, 615-628-6607
Senior Vice President, Corporate Communications, Marketing and Public Affairs

-END-

 **CHS** Community Health Systems, Inc.



Proposed Spin-Off of Quorum Health Corporation
August 2015

Forward-Looking Statements

Certain statements contained in this presentation may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements regarding the expected timing of the completion of the spin-off transaction, the benefits of the spin-off transaction, the tax-free treatment of the spin-off transaction, the anticipated management of the business to be spun off, the market position of the business to be spun off and other statements that are not historical facts. Such statements are based on the views and assumptions of the management of the Community Health Systems, ("Company") and are subject to significant risks and uncertainties. There can be no assurance that the proposed transaction or these future events will occur as anticipated, if at all, or that actual results will be as expected. Actual future events or results may differ materially from these statements. Such differences may result from a number of factors, including but not limited to: the timing and completion of the proposed transaction; a failure to obtain necessary regulatory approvals; a failure to obtain assurances of anticipated tax treatment; a deterioration in the business or prospects of the Company or Quorum Health Corporation, ("Quorum Health"); adverse developments in the Company or Quorum Health's markets; adverse developments in the U.S. or global capital markets, credit markets or economies generally; the risk that the benefits of the proposed transaction may not be fully realized or may take longer to realize than expected; the impact of the proposed transaction on the Company's third-party relationships; the Company's ability following completion of the spin-off to identify and acquire additional hospitals in larger and more urbanized markets with terms that are attractive to the Company and to integrate such acquired hospitals; and changes in regulatory, social and political conditions. Additional risks and factors that may affect results are set forth in the Company's filings with the Securities and Exchange Commission, including the Company's most recent Annual Report on Form 10-K.

The forward-looking statements speak only as of the date of this communication. The Company does not undertake any obligation to update these statements.

Spin-Off Transaction Overview

Proposed Transaction

- Spinning off a group of 38 hospitals and Quorum Health Resources, a leading hospital management and consulting business (collectively, “Quorum Health”)
 - 2014 Revenue of \$2.1 billion ⁽¹⁾
 - 2014 Adjusted EBITDA of ~\$255 million ⁽¹⁾
- Transaction intended to qualify as a tax-free distribution to CHS and its stockholders
- Spin-off expected to be in first quarter of 2016

Rationale

- CHS has evolved from a collection of smaller hospitals into a much more complex and diversified portfolio of hospitals and healthcare systems
- These 38 hospitals and Quorum Health Resources face different challenges and distinct opportunities
- Realign portfolio to reduce complexity and create two strong companies that can respond to market demand with greater flexibility

Creates Two Focused Companies Executing Two Distinct Business Strategies

Benefits to CHS

- Enhance focus on larger markets
- Invest in and further strengthen regional healthcare networks
- Improve EBITDA margins

Benefits to Quorum Health

- Focus on cities and counties with populations of 50,000 or less
- Streamline management structure
- Direct access to capital and resources
- Optimize growth opportunities that might otherwise be lost



Las Vegas, NM



Monroe, GA



Watsonville, CA



Helena, AR

Provides CHS stockholders' ownership in two focused hospital companies
Precedents suggest potential for value creation

Quorum Health's Two Complementary Businesses

Quorum Health

2014 Revenue \$2.1 billion⁽¹⁾
2014 Adj. EBITDA ~\$255 million⁽¹⁾

Hospital Operations

- 38 Hospitals; 16 states; 3,635 licensed beds
- Sole hospital provider in 84% of markets
- 74% of hospitals named Top Performers on Key Quality Measures by the Joint Commission
- 7 states with \$100m or more in revenue
- Owns 32 of 38 hospitals

Quorum Health Resources

- Provides management and consulting services to 150 non-affiliated hospitals
- A leader in hospital management services
 - Managed hospitals located in similar markets as the group of 38 hospitals
- One of the leading healthcare consulting firms

Opportunity to capitalize on knowledge base, best practices and identify acquisition candidates

Attractive, Geographically Diversified Portfolio

38 Hospitals across 16 states with 3,635 licensed beds



Quorum Health's hospitals are typically located in cities and counties with populations of 50,000 or less

Poised for Success

Well Positioned Portfolio

- Strong Market Presence – sole hospital provider in 84% of markets
 - Geographically diversified – 38 hospitals across 16 states
 - Emphasis on Quality of Care – 28 hospitals (74%) named Top Performers on Key Quality Measures by Joint Commission
-

Compelling Growth Strategy

- Develop facility-specific operating and marketing strategies aligned with community needs
 - Expand service lines
 - Lower overhead costs and improve operating efficiency
 - Acquire similarly situated community hospitals and leverage resources and relationships
-

Attractive Financial Profile

- Creates an independent company with access to capital and equity currency
- Opportunity to drive revenue growth and margin expansion
- ACA expansion; 9 of 16 states (78% of revenues) have expanded Medicaid Coverage

Experienced Leadership Team

Management

- Independent executive management team dedicated to Quorum Health
- Executive management will consist of current CHS executives with experience and knowledge of the industry, markets and facilities
- These executives, along with other executives, will be named when the Form-10 is filed
- Transitional services from CHS to include information technology, billing and collections, and payroll services

Board of Directors

- Independent Board of Directors being identified
- Committed to best practices in corporate governance and building on CHS' legacy

Pro Forma CHS Better Positioned to Execute Growth Strategy

Strong Market Presence

- 160 hospitals across 22 states with 27,700 licensed beds
- Sole hospital provider in approximately 60% of markets
- 12 of 22 states generate over \$500 million of revenues
 - Combined, these states contributed 84% of total revenues in 2014

Focused Operating Strategy

- Enhance focus on larger markets
- Leverage standardized and centralized practices
- Invest in high opportunity markets and further strengthen regional healthcare networks to drive greater profitability
- Senior leadership team largely unchanged and committed to growth

Attractive Financial Profile

- Improved operating margin and profitability
- Cash from new debt raised by Quorum Health will be used to pay down secured indebtedness
 - Total leverage remains largely unchanged

CHS will remain as one of the largest publicly traded hospital companies

Process Overview

Transaction Timing

- Quorum Health intends to file initial Form 10 information statement with the SEC before the end of the third quarter of 2015
- Target completion in the first quarter of 2016

Distribution Process

- Distribution of Quorum Health common shares via a special distribution to CHS stockholders
- Following the distribution, current CHS stockholders will own shares in both CHS and Quorum Health
- Number of CHS shares owned by each stockholder will not change as a result of this distribution

Conditions Precedent

- Spin-off permitted under CHS debt documentation
- Declaration by SEC that Quorum Health's registration statement is effective
- Filing and approval of Quorum Health listing by NYSE
- Final approval and declaration of the distribution by CHS' Board of Directors
- Receipt of certain regulatory approvals and other customary conditions

Tax Considerations

- Intended to qualify as tax-free distribution to CHS and stockholders
- Quorum Health 2014 tax basis estimated to be \$1.27 billion

Appendix

Non-GAAP Financial Measures

EBITDA is a non-GAAP financial measure which consists of net income attributable to Quorum Health Corporation, before interest, income taxes, and depreciation and amortization. Adjusted EBITDA is EBITDA adjusted to exclude impairment of long-lived assets, net income attributable to non-controlling interests, and expenses related to legal settlements and related costs. Community Health Systems believes that it is useful to present Adjusted EBITDA because it clarifies for investors Quorum Health Corporation's portion of EBITDA generated by continuing operations. Community Health Systems uses Adjusted EBITDA as a measure of liquidity. Community Health Systems has also presented Quorum Health Corporation's Adjusted EBITDA in this presentation because it believes it provides investors with additional information about Quorum Health Corporation's ability to incur and service debt and make capital expenditures.

Adjusted EBITDA is not a measurement of financial performance or liquidity under U.S. GAAP. 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 U.S. GAAP. The items excluded from Adjusted EBITDA are significant components in understanding and evaluating financial performance and liquidity. This calculation of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

Because certain terms of the spin-off have not yet been determined, including as to the balance sheet and statement of cash flows of Quorum Health Corporation, it is not reasonably possible at this time to provide the net income for Quorum Health Corporation or a reconciliation to the estimated Adjusted EBITDA figures included in this presentation. Historical GAAP financial information for Community Health Systems is included in its most recent Annual Report on Form 10-K filed with the SEC, and historical GAAP financial information for Quorum Health Corporation will be included in the Form 10 registration statement relating to the spin-off.

Narrative Description

Currently, Galesburg Hospital Corporation owns and operates Galesburg Cottage Hospital. A copy of its license is attached hereto. The entity that, through various subsidiary entities has “final control” of Galesburg Hospital Corporation, per the rules and regulations of the Illinois HFSRB relating to certificates of need and exemption, is Community Health Systems, Inc. (“CHS”), a publicly-traded corporation. When the transaction is complete Quorum Health Corporation will be the entity with final control of Galesburg Hospital Corporation which does business as Galesburg Cottage Hospital.

Community Health Systems, Inc. (NYSE: CYH) (the “Company”) plans to create a new publicly-traded hospital company by spinning off to Community Health Systems’ stockholders a group of 38 hospitals and Quorum Health Resources, LLC, a leading hospital management and consulting business. The new company will be named Quorum Health Corporation, to leverage the existing strength of the Quorum brand. The spin-off is intended to be tax-free to Community Health Systems and its stockholders and is expected to be completed in the first quarter of 2016.

Quorum Health Corporation will be headquartered in Tennessee and will operate independently with its own board of directors and management team. It will include a diversified portfolio of 38 hospitals with an aggregate of 3,635 licensed beds across 16 states. In 84 percent of these markets, the hospital is the sole provider of acute care hospital services. In 2014, The Joint Commission recognized 74 percent of the hospitals that will become part of Quorum Health Corporation as Top Performers in Key Quality Measures. The new company will also include Quorum Health Resources, which provides hospital management and consulting services to 150 non-affiliated hospitals across the United States, most of which are located in similar markets as Quorum Health Corporation’s sole provider hospitals.

In 2014, the businesses that will comprise Quorum Health Corporation generated unaudited annual net revenue of approximately \$2.1 billion and adjusted EBITDA of approximately \$255 million.

Benefits of the Transaction

- **Creates New Healthcare Company Poised for Growth.** With an attractive portfolio of high-quality community hospitals, streamlined management structure and independent access to capital markets, Quorum Health Corporation is expected to have an enhanced ability to drive growth by capitalizing on acquisition opportunities consistent with its portfolio, developing facility specific operating strategies aligned with its community needs and better leveraging its management and consulting capabilities.
- **Community Health Systems to Sharpen Focus and Growth Profile.** The spin-off will result in additional opportunities for profitable growth for Community Health Systems, as the Company will focus on investing in strengthening its regional healthcare networks, while maintaining the benefits of scale from being one of the largest hospital companies in the country.

Quorum Health Corporation will launch with the benefit of transitional services from Community Health Systems, including purchased services in select areas such as information technology, billing and collections and payroll services. When the transaction is complete, Community Health Systems, Inc. will remain one of the largest publicly-traded U.S. hospital companies with 160 affiliated hospitals in 22 states.

The Illinois Hospitals that will be under Quorum Health Corporation’s “final control” after the transaction include Union County Hospital, Metro South Medical Center, Galesburg Cottage Hospital, Gateway Regional Medical Center, Heartland Regional Medical Center, Cross Roads Community Hospital, Red Bud Regional Hospital, Vista Medical Center East, and Vista Medical Center West. Also impacted in

Illinois are the Monroe County Surgical Center, Edwardsville Surgery Center, Lindenhurst Surgery Center and Lindenhurst Free Standing Emergency Center.

There is no acquisition price, as the change of control is occurring as a result of a tax-free spin off from one publicly-traded company to another.

Background of Applicant(s)

See attached certificate of good standing for Quorum Health Corporation, Community Health Systems, Inc. and Galesburg Hospital Corporation.

Galesburg Cottage Hospital has had no adverse action, as that term is defined in the Illinois HFSRB rules and regulations, in the past three (3) years. It is a duly licensed health care facility in Illinois, in good standing (see attached).

DISPLAY THIS PART IN A
CONSPICUOUS PLACE

HF 108304

**Illinois Department of
PUBLIC HEALTH**



LICENSE PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Nirav D. Shah, M.D., J.D.
Director

Issued under the authority of
the Illinois Department of
Public Health

EXPIRATION DATE 06/30/2016	CATEGORY General Hospital	I.D. NUMBER 0005330
--------------------------------------	-------------------------------------	-------------------------------

Effective: 07/01/2015

**Galesburg Cottage Hospital
695 North Kellogg Street
Galesburg, IL 61402**

Exp. Date **06/30/2016**

Lic Number **0005330**

Date Printed **05/12/2015**

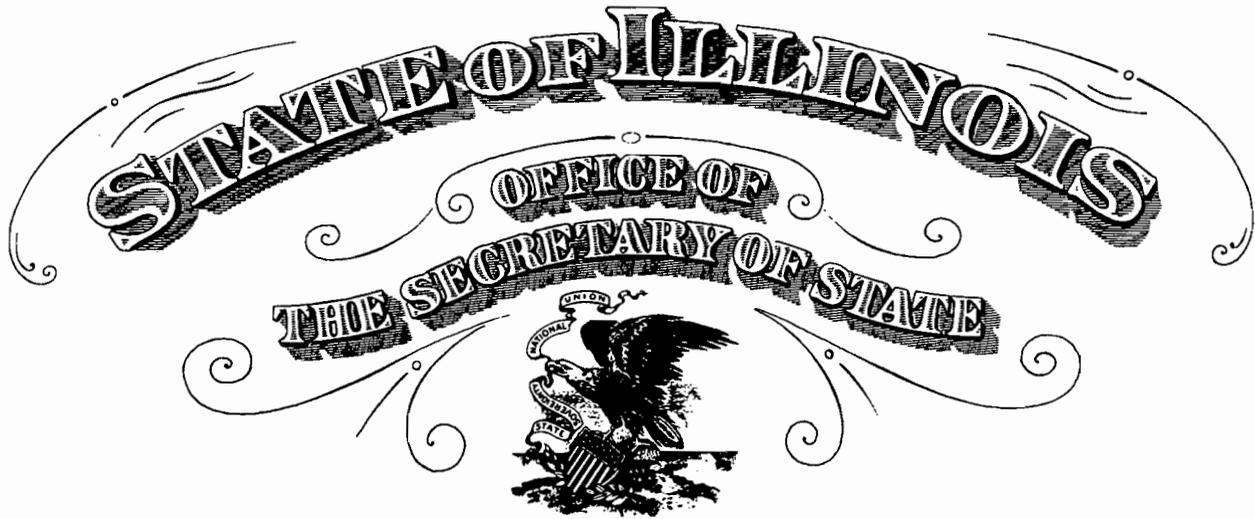
**Galesburg Cottage Hospital
695 North Kellogg Street
Galesburg, IL 61402**

FEE RECEIPT NO.

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #4012320-10M 3/12

File Number

0021369-1



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

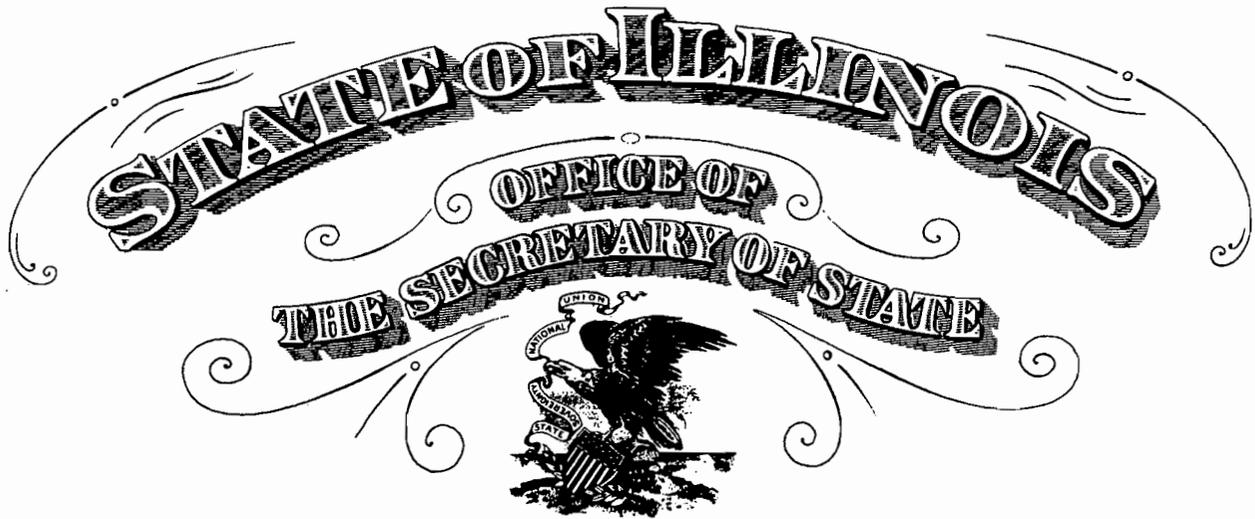
QUORUM HEALTH RESOURCES, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON AUGUST 06, 1998, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 19TH
day of AUGUST A.D. 2015 .

Jesse White

SECRETARY OF STATE



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

COMMUNITY HEALTH SYSTEMS, INC., INCORPORATED IN DELAWARE AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON MARCH 31, 2006, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 19TH day of AUGUST A.D. 2015 .

Jesse White

SECRETARY OF STATE

File Number

6337-215-3



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

GALESBURG HOSPITAL CORPORATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON FEBRUARY 27, 2004, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 19TH day of AUGUST A.D. 2015 .

Jesse White

SECRETARY OF STATE

Financial Statements

Quorum Health Corporation is a newly-formed company that will become a publicly-traded company upon the spin-off from Community Health Systems, Inc. (expected to occur during the first quarter of 2016). Attached is a copy of its Form 10. The Form 10 includes an information statement, which describes the spin-off in detail and contains important information about QHC, including historical combined financial statements, which was filed with the SEC, in connection with the planned spin-off. In addition, the continued operating revenue from the existing health care facility changing ownership will sustain current and future operations.

Letter of Intent

Given the nature of this transaction there is no letter of intent. This transaction is a result of a restructuring of a publicly-traded company. See Attachments 2 and 3 for further information.

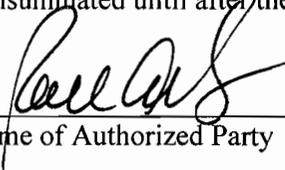
See also the attached Terms of the Change of Control.

Terms of Change of Control

Parties: Community Health Systems, Inc. and Quorum Health Corporation, both publicly-traded companies. Also, see attached pre and post transaction organization charts.

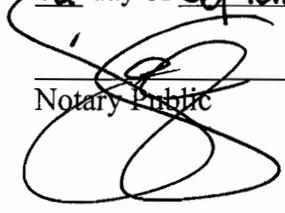
Structure of Transaction: Community Health Systems, Inc. plans to create a new publicly-traded hospital company, Quorum Health Corporation by spinning off a group of 38 hospitals and Quorum Health Resources, LLC (a hospital management and consulting company). Thirty-eight hospitals and their related entities will be subject to a change in corporate structure as a result, as their direct members will become subsidiaries of the new publicly-traded company.

Subsequent to the transaction the licensed person shall continue to be Galesburg Hospital Corporation d/b/a Galesburg Cottage Hospital. There is no acquisition price associated with this change in control and the estimated FMV of the facility is \$75,356,000.00 to \$86,122,000.00. The transaction shall not be consummated until after the Illinois Health Facilities and Services Review Board has approved same.

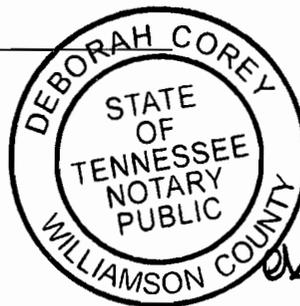


Name of Authorized Party

Subscribed and sworn to before me this
11 day of September, 2015

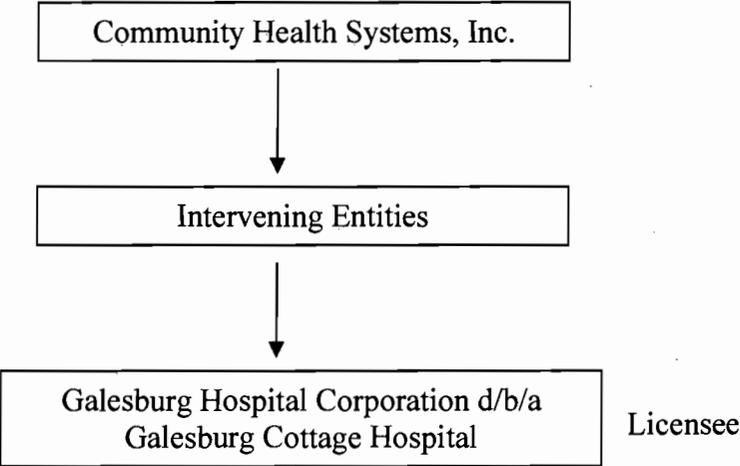


Notary Public



ok p 9/9/18

**Pre Transaction
Organization Chart**



**Post Transaction
Organization Chart**

