

COMMUNITY HEALTH SYSTEMS INC

Form DEF 14A

April 05, 2018

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES

EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under §240.14a-12

COMMUNITY HEALTH SYSTEMS, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

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Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

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3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

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1. Amount previously paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

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April 5, 2018

DEAR FELLOW STOCKHOLDERS,

I am pleased to announce the Community Health Systems, Inc. 2018 Annual Meeting. The attached Notice of Annual Meeting of Stockholders and Proxy Statement describe the business to be considered and voted on during that meeting. I encourage you to read the Proxy Statement carefully for more information.

It is important that your shares be represented at the Annual Meeting. Whether or not you plan on attending the meeting, the Company would appreciate your efforts to vote your shares. Additional information on this process can be found in the Proxy Statement.

I do not believe that communication begins and ends with the Annual Meeting. We look forward to a continuing dialogue with our stockholders in the future. Thank you for your investment in Community Health Systems, Inc. and your support.

Sincerely,

Wayne T. Smith

Chairman and Chief Executive Officer

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COMMUNITY HEALTH SYSTEMS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Tuesday, May 15, 2018

8:00 a.m. (Central Time)

Franklin Marriott Cool Springs, 700 Cool Springs Blvd., Franklin, Tennessee 37067

The Annual Meeting of Stockholders of Community Health Systems, Inc. will be held on Tuesday, May 15, 2018 at 8:00 a.m. (Central Time) at Franklin Marriott Cool Springs, 700 Cool Springs Blvd., Franklin, Tennessee 37067, to consider and act upon the following matters:

1. To elect ten (10) directors, each to serve for a term of one year to expire at the 2019 Annual Meeting of Stockholders;
2. To hold an advisory vote on executive compensation;
3. To approve the amendment and restatement of the Community Health Systems, Inc. 2009 Stock Option and Award Plan, as previously amended and restated (the 2009 Plan), which was approved by our Board of Directors on March 14, 2018, subject to stockholder approval at the Meeting;
4. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018;
5. To consider a stockholder proposal described in the accompanying proxy statement if the stockholder proposal is properly presented for consideration at the Annual Meeting; and
6. To transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

The close of business on March 19, 2018, has been fixed as the record date for the determination of stockholders entitled to notice of and to vote at the meeting and any adjournment or postponement thereof.

YOU ARE REQUESTED, WHETHER OR NOT YOU PLAN TO BE PRESENT AT THE MEETING, TO VOTE OVER THE INTERNET, BY TELEPHONE, OR COMPLETE, DATE, SIGN AND RETURN THE

ACCOMPANYING PROXY IN THE ENCLOSED ENVELOPE. IF YOU ATTEND THE MEETING AND WISH TO VOTE YOUR SHARES PERSONALLY, YOU MAY DO SO AT ANY TIME BEFORE THE PROXY IS EXERCISED. IF YOU HOLD YOUR SHARES THROUGH A BANK, BROKER OR OTHER NOMINEE, YOU MAY VOTE YOUR SHARES BY THE METHODS SPECIFIED ON THE VOTING INSTRUCTION FORM THAT THEY PROVIDE. WE ENCOURAGE YOU TO VOTE YOUR SHARES AS SOON AS POSSIBLE.

By Order of the Board of Directors,

Christopher G. Cobb

Vice President and Corporate Secretary

Franklin, Tennessee

April 5, 2018

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**ANNUAL MEETING OF STOCKHOLDERS OF
COMMUNITY HEALTH SYSTEMS, INC.**

PROXY STATEMENT

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FORWARD-LOOKING STATEMENTS

This Proxy Statement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995 that involve risk and uncertainties. All statements in this Proxy Statement other than statements of historical fact, including statements regarding projections, expected operating results, and other events that depend upon or refer to future events or conditions or that include words such as expects, anticipates, intends, plans, believes, estimates, thinks, and similar expressions, are forward-looking statements. Although the Company believes that these forward-looking statements are based on reasonable assumptions, these assumptions are inherently subject to significant economic and competitive uncertainties and contingencies, which are difficult or impossible to predict accurately and may be beyond the control of the Company. Accordingly, the Company cannot give any assurance that its expectations will in fact occur and cautions that actual results may differ materially from those in the forward-looking statements. A number of factors could affect the future results of the Company or the healthcare industry generally and could cause the Company's expected results to differ materially from those expressed in this Proxy Statement. These factors including, without limitation, the risks and uncertainties disclosed in our public filings with the Securities and Exchange Commission, including in our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on February 28, 2018. We undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events, or otherwise.

Table of Contents**SUMMARY**

This summary highlights information about Community Health Systems, Inc. (the Company, we, our, or us) and certain information contained elsewhere in this Proxy Statement. Our stockholders will be asked to consider and vote on the matters listed below at our 2018 Annual Meeting of Stockholders. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement before voting. In addition, for more complete information about the Company's business and details about the Company's 2017 performance highlights and the financial measures mentioned in this Proxy Statement, please review the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 28, 2018.

2017 FINANCIAL PERFORMANCE HIGHLIGHTS

During 2017, we executed on a number of changes to our business, with a focus on improving our overall performance and efficiency. To that end, the Company made progress across strategic initiatives, such as improving our patient safety and quality, reinforcing our competitive position in core markets, enhancing our patient connectedness, and investing in our operational efficiency. A few examples of progress in these areas include our continued reduction in our Serious Safety Event Rate (SSER), investment in new patient access points, growth of our patient transfer and access program, and streamlining our corporate divisional structure. We believe this focus and investment has strengthened the Company and positioned us for improved performance going forward.

In addition to the investments in our core operations, we have also completed a number of divestitures as part of our portfolio rationalization strategy, allowing us to shift more of our resources to our most attractive and sustainable markets moving forward. In 2017, we completed the divestiture of all 30 of our previously announced hospital divestitures. In addition, in 2018, we are pursuing the divestiture of additional hospitals that together accounted for approximately \$2.0 billion of net revenue during 2017. We expect that our divestiture plan will allow us to lower our overall debt and shift our focus to hospitals and networks with stronger market position which we believe have higher growth potential to enhance shareholder value.

Our performance highlights during 2017 and 2016 are reflected in the chart below.

Performance Highlights

For the Years Ended December 31, 2017 and 2016

(dollars in millions, except per share amounts)

	2017	2016	% Increase/ (Decrease)
Key Metrics	Results	Results	

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Net Operating Revenues ⁽¹⁾	\$15,353	\$18,438	(16.7)%
Net loss attributable to Community Health Systems Inc. stockholders	\$(2,459)	\$(1,721)	(42.9)%
Net loss attributable to Community Health Systems Inc. stockholders as a % of net operating revenues	(16.0)%	(9.3)%	(72.0)%
Adjusted EBITDA ⁽²⁾	\$1,703	\$2,225	(23.5)%
Adjusted EBITDA as a percentage of net operating revenues ⁽¹⁾⁽²⁾	11.1%	12.1%	(8.3)%
Cash Flow from Operations	\$773	\$1,137	(32.0)%
Loss per Diluted Share from Continuing Operations, as reported	\$(21.89)	\$(15.41)	(42.1)%
(Loss) income per Diluted Share from Continuing Operations, excluding Adjustments ⁽¹⁾⁽²⁾	\$(1.20)	\$0.46	(360.9)%
Stock Price as of December 31	\$4.26	\$5.59	(23.8)%

(1) Includes a \$591 million adjustment for the adverse impact of the change in estimate for contractual allowances and provision for bad debts recorded during the three months ended December 31, 2017. This adjustment reduced net operating revenues by \$591 million and income from continuing operations by \$378 million, or \$3.38 per share (diluted), for the year ended December 31, 2017.

(2) Adjusted EBITDA and Income per Diluted Share from Continuing Operations, excluding adjustments, are non-GAAP financial measures. For a definition of these non-GAAP financial measures and why we believe these non-GAAP financial measures present useful information to investors, as well as a reconciliation of these non-GAAP financial measures to the most comparable GAAP measures, see Annex A.

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(1) Includes a \$169 million increase in the Company's allowance for doubtful accounts on the December 31, 2015 consolidated balance sheet and a corresponding \$169 million increase to the provision for bad debts related to a change in estimate recorded during the three months ended December 31, 2015. This adjustment reduced net operating revenues and adjusted EBITDA by \$169 million and income from continuing operations by \$108 million, or \$0.94 per share (diluted) for the year ended December 31, 2015.

(2) Includes a \$591 million adjustment for the adverse impact of the change in estimate for contractual allowances and provision for bad debts recorded during the three months ended December 31, 2017. This adjustment reduced net operating revenues by \$591 million and income from continuing operations by \$378 million, or \$3.38 per share (diluted), for the year ended December 31, 2017.

(3) Income (Loss) per Diluted Share from Continuing Operations, as adjusted, reflects our reported Income (Loss) per Diluted Share from Continuing Operations for the periods presented adjusted for certain items as reflected on Annex A. For a definition and reconciliation of Adjusted EBITDA and Income per Diluted Share from Continuing Operations excluding adjustments, to the most comparable GAAP measures, and why we believe these non-GAAP financial measures present useful information to investors, see Annex A.

Table of Contents**BOARD OF DIRECTORS NOMINEES**

Upon the recommendation of our Governance and Nominating Committee, our Board of Directors has nominated ten (10) people for election at this Annual Meeting to hold office until the next annual meeting and the election of their successors. A more detailed biography of each director can be found on pages 18 to 23 of the Proxy Statement.

Name/Experience/Occupation	Director Since	Committee Memberships
<p>John A. Clerico</p> <p>Mr. Clerico brings executive leadership experience to the Board. He has held positions of chairman of the board, chief executive officer, co-chief operating officer, chief financial officer and treasurer during various points in his career working for such notable companies as Praxair and Union Carbide. He is currently chairman and registered financial advisor of ChartMark Investments.</p>	2003	<p>Compensation*, Audit & Compliance</p>
<p>Michael Dinkins</p> <p>Mr. Dinkins brings extensive experience as a board member and chief financial officer of Integer Holdings Corp., a publicly-traded company to the Board, as well as knowledge of complex financial and operational issues facing large organizations and an understanding of operations and financial strategy in challenging environments.</p>	2017	<p>Audit & Compliance</p>
<p>James S. Ely III</p> <p>Mr. Ely founded PriCap Advisors LLC in 2009 and has served as its chief executive officer since inception. He has extensive banking experience having worked as senior banker and managing director in JP Morgan's syndicated and leveraged finance group.</p>	2009	<p>Audit & Compliance*</p>
<p>John A. Fry</p>	2004	<p>Compensation,</p>

Mr. Fry currently serves as president of Drexel University in Philadelphia, Pennsylvania. Prior to that, he served as president of Franklin & Marshall College in Lancaster, Pennsylvania. Mr. Fry has unique experience as the president of an academic institution along with prior experience with the University of Pennsylvania health system.

Governance & Nominating

Tim L. Hingtgen

Mr. Hingtgen is our President and Chief Operating Officer and joined the company in 2008. Mr. Hingtgen has over 20 years of healthcare management experience and is a highly accomplished hospital operator with a track record of successfully optimizing hospital operations and developing regional healthcare networks.

2017

William Norris Jennings, M.D.

Dr. Jennings is currently retired after more than 43 years as a practicing family medicine physician, most recently with KentuckyOne Health in Louisville, Kentucky. He brings a recently-practicing physician's perspective to the Board and has hands on experience managing large physician practices.

2008

Governance & Nominating

K. Ranga Krishnan, MBBS

Dr. Krishnan's service as the dean of two medical schools, including Rush and Duke-NUS, and as an executive and administrator at a large medical center provides the Board with valuable experience in the management of physician practices and in maintaining compliance with the complex regulatory requirements of the hospital and healthcare industries.

2017

Governance & Nominating

Julia B. North

Ms. North is our Lead Director. She is currently retired. Ms. North has served in many senior executive positions including president of consumer services for Bellsouth Telecommunications. She currently serves on the board of directors of Acuity Brands, Inc.

2004

Governance & Nominating*, Compensation

Wayne T. Smith

1997

Chairman of the Board

Mr. Smith is our Chairman and Chief Executive Officer. Mr. Smith joined the company in 1997 and was subsequently elected to the Board. He has over 30 years of experience in the hospital and

managed care industry. He also serves on the board of Praxair and on the board of trustees of Auburn University and is the chair of the board of the Federation of American Hospitals.

H. James Williams, Ph.D.

Dr. Williams currently serves as the president of Mount St. Joseph University in Cincinnati, Ohio. Prior to that, he served as president of Fisk University in Nashville, Tennessee. He brings diverse experience in finance, law and higher education to the Board.

2015 **Audit &
Compliance**

** Chairman of Committee*

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CORPORATE GOVERNANCE HIGHLIGHTS

Annual election of directors	Risk oversight by full Board and Board Committees	99% Board and Committee meeting attendance in 2017
Directors elected by majority vote	Stock ownership guidelines for directors and executive officers aligned with industry standards	Annual Board and Board Committee Self-Evaluations
Added two new independent directors to the Board in 2017	Policy prohibiting pledging and hedging of our stock	Board participation in executive succession planning sessions
Independent directors comprise super-majority of the Board	Strong compliance program	Compensation clawback policy
Comprehensive Code of Conduct and Corporate Governance Guidelines	Resignation policy for directors who do not receive more votes than against their election	Strong pay-for-performance philosophy
Written charters for all Board Committees which are reviewed annually	All Board Committees consist solely of independent directors	One class of voting shares outstanding
Limits on the number of other public company boards on which our directors may serve	Independent Lead Director of the Board, who presides at regularly scheduled executive sessions of our Board	

STOCKHOLDER ENGAGEMENT

We value our stockholders' perspective on our business and each year interact with stockholders through a variety of stockholder engagement activities. In 2017, our key stockholder engagement activities included attendance at fourteen investor conferences, seven large group investor and prospective investor meetings at our corporate offices, and our 2017 Annual Meeting of Stockholders. Our Investor Relations department is the contact point for stockholder interaction with the Company. Stockholders may also access investor information about the Company through our website www.chs.net/investor-relations. For questions concerning Investor Relations, you may call (615) 465-7000 or email us from the Contact Us section on our website (www.chs.net/contact-us/).

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ALIGNING PAY AND PERFORMANCE

2017 Executive Compensation

At our 2017 Annual Meeting of Stockholders, approximately 95% of the votes cast by our stockholders, excluding broker non-votes, were voted in favor of the Company's advisory Say-on-Pay proposal with respect to the compensation of our Named Executive Officers as described in our 2017 Proxy Statement. As our Compensation Committee has continued to review our compensation practices, it is mindful of the level of support received from our stockholders with respect to this Say-on-Pay proposal.

Despite the progress made in some areas, the Company did not meet several of its financial expectations in 2017, as initially set forth in the Company's earnings release issued in February 2017. Consistent with the Company's pay-for-performance philosophy, this resulted in the annual cash incentive compensation and total compensation paid to our named executive officers for 2017 being significantly less than the target cash incentive award and target total compensation that could have been earned if the Company had achieved all of its financial goals. In addition, as a result of the fact that, from 2014 through 2017, the Company granted its named executive officers approximately the same number of restricted shares each year (absent any change in responsibility, competitive positioning as compared to the peers, etc.), the grant date fair value of equity incentive awards made to our named executive officers in 2017 was greatly reduced as compared to the grant date fair value of the awards made in 2015 and 2016 due to the decline in our stock price since 2015.

We are committed to a continuing dialogue between stockholders and the Company to fully understand and consider stockholder concerns on executive compensation and other topics that are important to our stockholders. In this regard, following the results of the advisory vote on our Say-on-Pay proposal at our 2016 Annual Meeting, we undertook a thorough re-evaluation of our executive compensation program. As a result of that evaluation, our Compensation Committee and management, in consultation with Mercer, proposed several changes to our executive compensation program for 2017. We consulted with stockholders that held a majority of our shares outstanding at that time and solicited their feedback on our existing executive compensation program as well as the proposed changes.

Our Compensation Committee considered the feedback and suggestions we received in light of both market best practices and what we believed was necessary to execute a best-in-class compensation program that successfully addresses our senior executive talent attraction and retention needs. After considering all of these factors, our Compensation Committee made several changes to our executive compensation program for 2017. For 2017, the total target cash incentive compensation bonus opportunity for each of our named executive officers was reduced to provide for a lower incentive compensation bonus opportunity for fully achieving the Company's target financial goals. The Compensation Committee also revised the long-term incentive methodology for our named executive officers to provide for three-year, rather than one-year, performance targets. In addition, our Chief Executive Officer and former Chief Financial Officer (who retired in May 2017) did not receive any increase in their base salary for 2016 or 2017.

Going forward, we will continue to evaluate our executive compensation program in light of stockholder feedback, governance best practices, regulatory requirements, economic and industry factors, current trends in public company pay practices, and competitive considerations. We intend to continue to make changes, as applicable, that both ensure the alignment between the interests of our stockholders and our executives and reflect industry-leading executive compensation programs.

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KEY FEATURES OF OUR COMPENSATION SYSTEM

What We Do	What We Don't Do
<p>Pay for Performance A significant portion of the compensation for our NEOs is in the form of at-risk variable compensation.</p>	<p>Excessive Perquisites Perquisites represent less than 1% of our NEOs' compensation.</p>
<p>Multiple Performance Metrics Cash incentive compensation is based on multiple measures to encourage balanced initiatives.</p>	<p>Employment Agreements All of our NEOs are employed on an at-will basis.</p>
<p>Long-Term Performance Focus Half of the long-term equity awards for our NEOs are tied to three-year financial goals.</p>	<p>Excise Tax Gross-ups are not offered for any new executives covered under the Company's Change-in-Control Severance Agreements.</p>
<p>Total Shareholder Return is a factor in the Chief Executive Officer's and Chief Financial Officer's incentive compensation.</p>	<p>Single-trigger change-in-control cash severance payments Company's Plan documents prohibit single-trigger change-in-control cash severance payments.</p>
<p>Stock Ownership Guidelines All NEOs are subject to our stock ownership guidelines.</p>	<p>Pledging or Hedging Company policy prohibits directors, executives, and certain other employees from pledging or hedging their stock in the Company.</p>
<p>Clawback Provisions Our policy provides for the adjustment or recovery of compensation in certain circumstances.</p>	<p>Repricing of underwater stock options Company's Plan documents prohibit any repricing.</p>
<p>Award Caps All of our annual cash incentive compensation plans have caps on plan formulas.</p>	
<p>Risk Assessment The Compensation Committee regularly assesses the risk levels of the Company's executive compensation program.</p>	
<p>Use a representative and relevant peer group.</p>	

Use an independent compensation consultant.

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The Company's executive compensation philosophy is to develop and utilize a combination of compensation elements that reward current period performance, continued service, and attainment of future goals, and is designed to encourage the retention of executive talent. The key elements of executive compensation are linked either directly or indirectly to enhancing stockholder value. Attainment of annual incentive compensation requires achievement of targets with challenging thresholds and incentive compensation for above-target performance is capped. The Company continues to develop its compensation policies, programs, and disclosures to provide transparency and accountability to all of its stakeholders.

ELEMENT	PURPOSE	KEY CHARACTERISTICS
BASE SALARY	Reflects responsibility, leadership, tenure, qualifications and contribution to the Company and the competitive marketplace for our industry.	Fixed compensation that is reviewed annually and adjusted if and when appropriate.
EMPLOYEE PERFORMANCE INCENTIVE PLAN	Motivates executives to achieve our short-term business objectives that drive long-term benefit.	At Risk annual cash awards based on corporate performance compared to multiple pre-established short-term performance goals.
RESTRICTED STOCK AWARDS	Motivates executives to achieve our business objectives by tying incentives to the performance of our common stock over the long term; links the interest of our executives and stockholders; serves as a retention tool by mitigating swings in incentive values.	In 2017, rather than one-year performance targets for performance-based restricted stock, our named executive officers were granted one-half of their 2017 long-term incentive awards in the form of performance-based restricted stock with three-year performance targets. The other half of the long-term incentive awards granted to each named executive officer was in the form of time-based restricted stock that vests in one-third increments on each of the first three anniversaries of the grant date. The ultimate value realized for restricted stock awards varies with our common stock price.
RETIREMENT AND DEFERRED COMPENSATION	Motivates executives to encourage and reward their continued service through their most productive years.	Supplemental benefit after retirement that is based on years of service and annual retirement benefit.
OTHER BENEFITS	Provides benefits that promote employee health and work-life balance, which assist	Other benefits consist of health and welfare plans and minimal perquisites.

in attracting and retaining our executives.

Our Compensation Pay Mix

We believe that at risk compensation focuses our management on achieving our key financial, strategic and business goals. For fiscal 2017, approximately 76% of the Chief Executive Officer's target direct compensation value, and more than 66% of our other named executive officers' average target direct compensation value, was at risk in the form of short-term cash incentive awards and performance-based restricted stock awards. Actual amounts realized for these programs are dependent upon our annual or longer-term performance and in the case of such stock awards subject to fluctuations in our stock price. The graphs to the right regarding targeted pay reflect the base salary, target short-term cash incentive opportunity and grant date fair value of our annual equity grants made in 2017. In addition, the graphs to the right regarding actual pay reflect 2017 base salary, actual 2017 cash incentive actually paid and grant date fair value of our annual equity grants made in 2017 (in addition, both the actual and the target graphs exclude benefits, and elements included in the All Other Compensation column of the Summary Compensation Table). These tables illustrate the alignment between our executives' annual compensation and the Company's actual performance.

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ROAD MAP OF VOTING ITEMS

VOTING ITEM	BOARD RECOMMENDATION	PAGE REFERENCE
PROPOSAL 1. ELECTION OF DIRECTORS	FOR	31
We are asking stockholders to vote on each director nominee to our Board. The Board and the Governance and Nominating Committee believe that the director nominees have the qualifications, experience and skills necessary to represent our stockholders' interests through service on the Board.	each nominee	
PROPOSAL 2. ADVISORY VOTE ON EXECUTIVE COMPENSATION	FOR	32
The Company has designed its executive compensation program with a mix of compensation elements with the purpose of generating a compensation package that is competitive with an appropriate peer group, provides for the attainment of performance and growth objectives through annual target incentive cash compensation and long-term incentive awards of stock-based compensation, aligns the interests of executive management with stockholders, and retains and attracts valuable executive talent. We are submitting to our stockholders a nonbinding advisory vote to enable them to express their views with respect to the compensation of our named executive officers as described in this proxy statement. The Board values stockholders' opinions and the Compensation Committee will take into account the outcome of the advisory vote when considering future executive compensation decisions.		
PROPOSAL 3. APPROVAL OF THE AMENDMENT AND RESTATEMENT OF THE COMMUNITY HEALTH SYSTEMS, INC. 2009 STOCK OPTION AND AWARD PLAN, WHICH WAS APPROVED BY THE BOARD OF DIRECTORS AS OF MARCH 14, 2018, SUBJECT TO STOCKHOLDER APPROVAL	FOR	68
The Board of Directors proposes that the stockholders approve the amendment and restatement of the Community Health Systems, Inc. 2009 Stock Option and Award Plan, which was approved by the Board on March 14, 2018, subject to stockholder approval at this Meeting. The amendment and restatement of this plan will increase the number of shares available for future grants by 7,000,000 shares and make certain other changes described herein.		

PROPOSAL 4. RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM **FOR** **82**

The Audit and Compliance Committee has appointed Deloitte & Touche to serve as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2018. The Audit and Compliance Committee believes that the continued retention of Deloitte & Touche to serve as the independent auditor is in the best interests of the Company and its stockholders. Stockholders are being asked to ratify the Audit and Compliance Committee’s selection of Deloitte & Touche.

PROPOSAL 5. STOCKHOLDER PROPOSAL ENTITLED CLEAN ENERGY RESOLUTION **AGAINST** **84**

The Board is recommending that stockholders vote against this stockholder proposal for the reasons described in the opposition statement beginning on page 85 of this Proxy Statement, including because we submit that our longstanding efforts to both reduce energy usage and evaluate renewable energy and to periodically report on our energy initiatives in our sustainability report appropriately address stockholder concerns in this area. We do not believe that additional reporting on this particular issue is necessary or appropriate at this time. Accordingly, we believe the adoption of this proposal would not be an efficient use of corporate resources and is not in the best interests of the Company or its stockholders.

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ANNUAL MEETING OF STOCKHOLDERS

OF

COMMUNITY HEALTH SYSTEMS, INC.

4000 Meridian Boulevard

Franklin, Tennessee 37067

PROXY STATEMENT

April 5, 2018

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON MAY 15, 2018: THIS PROXY STATEMENT, THE FORM OF PROXY CARD AND THE 2017 ANNUAL REPORT TO STOCKHOLDERS ARE AVAILABLE AT WWW.CHS.NET. ADDITIONALLY, AND IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION (SEC) RULES, YOU MAY ACCESS OUR PROXY MATERIALS AT WWW.PROXYVOTE.COM

INTRODUCTION

Solicitation

This Proxy Statement and the form of proxy card of Community Health Systems, Inc. (the Company) are being mailed or made available to stockholders beginning on or about April 5, 2018. The Board of Directors of the Company (the Board or the Board of Directors) is soliciting your proxy to vote your shares at the Company s 2018 Annual Meeting of Stockholders (the Meeting). The Board is soliciting your proxy to give all stockholders the opportunity to vote on matters that will be presented at the Meeting. This Proxy Statement provides you with information on these matters to assist you in voting your shares.

For simplicity of presentation throughout this Proxy Statement, we refer to employees of our indirect subsidiaries as employees of the Company, our employees or similar language. Notwithstanding this presentation style, the Company itself does not have any employees. Similarly, the healthcare operations and businesses described in this Proxy Statement are owned and operated and management services provided by distinct and indirect subsidiaries of the Company.

When and where will the Meeting be held?

The Meeting will be held on Tuesday, May 15, 2018 at 8:00 a.m. (Central Daylight Time) at the Franklin Marriott Cool Springs, 700 Cool Springs Boulevard, Franklin, Tennessee 37067.

Why did I receive a one-page notice in the mail regarding the internet availability of proxy materials instead of a full set of proxy materials?

Pursuant to SEC rules, the Company has elected to provide access to our proxy materials over the internet. Accordingly, we are sending to many of our stockholders a Notice of Internet Availability of Proxy Materials (a

Notice) instead of sending a paper copy of the proxy materials. All stockholders receiving a Notice will have the ability to access the proxy materials on a website referenced in the Notice or to request a printed set of proxy materials. Instructions on how to access the proxy materials over the internet or to request printed copies may be found in the Notice and in this proxy statement. In addition, the Notice contains instructions on how you may request to access proxy materials in printed form by mail or electronically on an ongoing basis. We encourage stockholders to take advantage of the availability of

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the proxy materials on the internet to help reduce the environmental impact of our annual meetings, and reduce the cost to the Company associated with the printing and mailing of proxy materials.

What is a proxy?

A proxy is your legal designation of another person (the proxy) to vote on your behalf. By completing and returning the enclosed proxy card, you are giving the Chief Executive Officer or the Executive Vice President, General Counsel and Assistant Secretary of the Company the authority to vote your shares in the manner you indicate on your proxy card.

Why did I receive more than one proxy card?

You will receive multiple proxy cards if you hold your shares in different ways (e.g., joint tenancy, trusts, and custodial accounts) or in multiple accounts. You should vote on and sign each proxy card you receive. If your shares are held by a broker, bank, trustee or other nominee (i.e., in street name), you will receive voting instructions from your broker, bank, trustee or other nominee regarding how you may vote such shares.

Voting Information

Who is qualified to vote?

You are qualified to receive notice of and to vote on the matters described in this Proxy Statement if you owned shares of common stock of the Company (Common Stock) at the close of business on our record date of Monday, March 19, 2018.

How many shares of Common Stock may vote at the Meeting?

As of March 19, 2018, there were 116,319,124 shares of Common Stock outstanding and entitled to vote. Each share of Common Stock is entitled to one vote on each matter presented.

What is the difference between a stockholder of record and a street name holder?

These terms describe how your shares are held. If your shares are registered directly in your name with American Stock Transfer & Trust Company, LLC, the Company's transfer agent, you are a stockholder of record. If your shares are held in the name of a brokerage, bank, trust or other nominee as a custodian, you are a street name holder.

How do I vote my shares?

If you are a stockholder of record who received printed copies of the proxy materials, you can vote your proxy by mailing in the enclosed proxy card or you can use one of the alternatives below:

To vote by telephone: 1-800-690-6903

To vote by internet: www.proxyvote.com

Please refer to the specific instructions set forth on the enclosed proxy card. In addition, please have the 16 digit control number, located on the proxy card, available when voting your shares. If you choose to vote your shares by telephone or through the internet, there is no need for you to mail back your proxy card.

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If you received a Notice instead of printed copies of the proxy materials, you should follow the voting instructions set forth in the Notice.

If you hold your shares in street name, your broker, bank, trustee or other nominee will provide you with materials and instructions for voting your shares, which may allow you to use the internet or a toll free telephone number to vote your shares.

Can I vote my shares in person at the Meeting?

If you are a stockholder of record, you may vote your shares in person at the Meeting. If you hold your shares in street name, you must obtain a proxy from your broker, bank, trustee or other nominee, giving you the right to vote the shares at the Meeting. In order to be admitted to the Meeting, you must present valid government-issued photo identification and proof of ownership of the Company's stock as of the record date. This can be a brokerage statement or letter from a bank indicating ownership on the record date, a proxy card, or a legal proxy provided by your broker, bank, trustee or other nominee.

What are the Board's recommendations on how I should vote my shares?

The Board recommends that you vote your shares as follows:

- | | |
|------------|--|
| Proposal 1 | FOR the election of each of the ten (10) nominees for director: John A. Clerico, Michael Dinkins, James S. Ely III, John A. Fry, Tim L. Hingtgen, William Norris Jennings, M.D., K. Ranga Krishnan, MBBS, Julia B. North, Wayne T. Smith, and H. James Williams, Ph.D. to one-year terms expiring at the 2019 Annual Meeting of Stockholders. |
| Proposal 2 | FOR the approval, on an advisory basis, of the compensation of our named executive officers, as disclosed in this Proxy Statement. |
| Proposal 3 | FOR the approval of the amendment and restatement of the 2009 Plan, which was approved by the Board as of March 14, 2018, subject to stockholder approval at this Meeting. |
| Proposal 4 | FOR the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm (independent auditors) for the fiscal year ending December 31, 2018. |
| Proposal 5 | AGAINST the stockholder proposal entitled Clean Energy Resolution. |
- How would my shares be voted if I do not specify how they should be voted?***

If you are a stockholder of record and you sign and return your proxy card without indicating how you want your shares to be voted, your shares will be voted in accordance with the Board's recommendations for the proposals listed above and in the discretion of the named proxies regarding any other matters properly presented for a vote at the Meeting.

If you are a beneficial owner of shares held in street name and do not provide the broker, bank, trustee or other nominee that holds your shares with specific voting instructions, under the rules of the New York Stock Exchange (NYSE), the broker, bank, trustee or other nominee that holds your shares may generally vote on routine matters without instructions from you. We expect the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018 (Proposal 4) to

be the only proposal that is

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considered a routine matter. Accordingly, if your shares are held through a broker, bank, trust or other nominee, that person will have discretion to vote your shares on only that matter if you fail to provide instructions.

On the other hand, under NYSE rules, your broker, bank, trustee or other nominee is not entitled to vote your shares on any non-routine matters if it does not receive instructions from you on how to vote. The election of directors (Proposal 1), the approval, on an advisory basis, of named executive officer, or NEO, compensation (Proposal 2), the proposal to approve the amendment and restatement of the 2009 Plan (Proposal 3), and the stockholder proposal entitled Clean Energy Resolution (Proposal 5) will be considered non-routine matters. Thus, if you do not give your broker, bank, trustee or other nominee specific instructions on how to vote your shares with respect to those proposals, your broker, bank, trustee or other nominee will inform the Inspectors of Election that it does not have the authority to vote on those matters with respect to your shares. This is generally referred to as a broker non-vote. A broker non-vote may also occur if your broker, bank, trustee or other nominee fails to vote your shares for any reason. *Therefore, if you hold your shares through a broker, bank, trustee or other nominee, please instruct that person regarding how to vote your shares on at least Proposals 1, 2, 3, and 5.*

How many votes must be present to hold the Meeting?

The presence, in person or represented by proxy, of the holders of a majority of the shares of Common Stock issued and outstanding on the record date for the Meeting will constitute a quorum for the transaction of business at the Meeting.

How are abstentions and broker non-votes treated?

Abstentions are deemed to be present at the Meeting, are counted for quorum purposes and, other than for the election of directors (Proposal 1), will have the same effect as a vote against the matter. In the case of Proposal 1, an abstention will not be deemed to be a vote cast either for or against any nominee. Broker non-votes, if any, while counted for general quorum purposes, will have no effect on the voting results for any non-routine matter in respect of which there may be broker non-votes.

Can I change my vote?

If you are a stockholder of record, you may revoke your proxy by doing one of the following:

- * By sending a written notice of revocation to the Secretary of the Company that must be received prior to the Meeting, stating that you revoke your proxy;
- * By signing a later-dated proxy card and submitting it so that it is received prior to the Meeting in accordance with the instructions included in the proxy card;
- * By submitting another vote by telephone or over the internet; or
- * By attending the Meeting and voting your shares in person before your proxy is exercised at the Meeting.

If you hold your shares in street name, your broker, bank, trustee or other nominee will provide you with instructions on how to revoke your proxy.

Table of Contents***What vote is required to approve each proposal?***

		Broker	
		Discretionary	
Proposal		Vote Required	Voting Allowed
Proposal 1	Election of ten (10) directors	Votes Cast for the Election of that Nominee Must Exceed Votes Cast Against the Election of that Nominee	No
Proposal 2	Advisory vote on executive compensation	Majority of the Shares Entitled to Vote and Present in Person or Represented by Proxy	No
Proposal 3	Approval of the amendment and restatement of the 2009 Plan, which was approved by the Board as of March 14, 2018, subject to stockholder approval at this Meeting	Majority of the Shares Entitled to Vote and Present in Person or Represented by Proxy	No
Proposal 4	Ratification of auditors for 2018	Majority of the Shares Entitled to Vote and Present in Person or Represented by Proxy	Yes
Proposal 5	Stockholder proposal entitled Clean Energy Resolution	Majority of the Shares Entitled to Vote and Present in Person or Represented by Proxy	No

With respect to Proposal 1, you may vote FOR, AGAINST or ABSTAIN with respect to each nominee. If you ABSTAIN from voting on Proposal 1 with respect to any nominee, the abstention will not have any effect on the outcome of the vote with respect to such nominee.

With respect to Proposals 2, 3, 4 and 5, you may vote FOR, AGAINST or ABSTAIN. If you ABSTAIN from voting on any of Proposals 2, 3, 4 and 5, the abstention will have the same effect as an AGAINST vote.

Who will count the votes?

Representatives from Broadridge Financial Solutions, Inc. will count the votes and serve as our Inspectors of Election. The Inspectors of Election will be present at the Meeting.

Who pays the cost of proxy solicitation?

The Company pays the costs of soliciting proxies. The Company has engaged Georgeson Inc. to aid in the solicitation of proxies for a fee of approximately \$14,500, plus reimbursement of reasonable expenses. Upon request, the Company will reimburse brokers, banks, trustees or their other nominees for reasonable expenses incurred by them in forwarding proxy materials to beneficial owners of shares of the Company's Common Stock. In addition, certain of our directors and officers, as well as employees of our management company, will aid in the solicitation of proxies. These individuals will receive no compensation in addition to their regular compensation.

Is this Proxy Statement the only way that proxies are being solicited?

No. As stated above, in addition to mailing or providing notice of the availability of these proxy materials, our proxy solicitor, Georgeson Inc., and certain of our directors and officers, as well as

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employees, may solicit proxies by telephone, e-mail or personal contact. These directors, officers and employees will not be specifically compensated for doing so.

If you have any further questions about voting your shares or attending the Meeting, including information regarding directions to the Meeting, please call our Corporate Secretary, Christopher G. Cobb, at (615) 465-7000.

GENERAL INFORMATION

How may I contact the Lead Director of the Board of Directors or other non-management members of the Board of Directors?

The Lead Director of the Company's Board of Directors is Julia B. North, who presides at regularly scheduled executive sessions of our Board. Ms. North is also the chair of the Governance and Nominating Committee of the Board of Directors. She and any of the other non-management directors may be contacted by any stockholder or other interested party in the following manner:

c/o Community Health Systems

4000 Meridian Boulevard

Franklin, TN 37067

Attention: Christopher G. Cobb, Vice President and Corporate Secretary

(615) 465-7000

Investor_Communications@chs.net

In the alternative, stockholders or other interested parties may communicate with our directors or our corporate compliance officer by accessing the Confidential Disclosure Program established under our Code of Conduct:

Corporate Compliance and Privacy Officer

Community Health Systems

4000 Meridian Boulevard

Franklin, TN 37067

(800) 495-9510

Generally, all materials that are appropriate director communications will be forwarded to the intended recipient; however, management may simultaneously conduct an investigation of any operational, compliance, or legal matter in accordance with its established policies and procedures. Management reserves the right to reject from this process any material that is harassing, unduly offensive or otherwise not credible, or that solicits business on behalf of the sender.

How is the Board of Directors organized and how is the independence of the Board of Directors determined?

The role of our Board of Directors is governed by the Company's Amended and Restated By-laws (the "By-laws"), and is further described in our Governance Guidelines (the "Governance Guidelines"). Currently, our Board of Directors has ten (10) members.

A majority of our directors must be independent under NYSE and Nasdaq Stock Market ("Nasdaq") rules. We became subject to Nasdaq requirements following our issuance of contingent value rights ("CVRs") (which do not have voting rights) in connection with the Company's acquisition of Health Management Associates, Inc. ("HMA") on January 27, 2014. In addition, our Governance Guidelines

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include independence standards established by our Board to assist it in determining independence in accordance with such rules for those directors who are not also members of management. To determine whether our directors and director nominees are independent, the Board evaluates any relationships of our directors and director nominees with the Company and the members of the Company's management, against the independence standards set forth in our Governance Guidelines and the applicable rules of the NYSE, Nasdaq and SEC. In making its independence determinations, the Board broadly considers all relevant facts and circumstances, including the responses of directors and director nominees to a questionnaire that solicited information about their relationships. The Board also considers any relationships between the Company and other organizations on which our directors serve as directors or with respect to which such directors are otherwise affiliated. The Board determined that each of our non-management directors satisfied all of the independence standards set forth in the Governance Guidelines (including the specific standards applicable to members of our Audit and Compliance Committee and Compensation Committee) and did not otherwise have a material relationship with the Company (either directly or as an officer, employee, shareholder or partner of an organization that has a relationship with the Company). After such evaluations, our Board of Directors has affirmatively determined that all of the following non-management directors are independent under the Governance Guidelines and the applicable rules of the NYSE, Nasdaq, and the SEC:

John A. Clerico

Michael Dinkins

James S. Ely III

John A. Fry

William Norris Jennings, M.D.

K. Ranga Krishnan, MBBS

Julia B. North

H. James Williams, Ph.D.

Messrs. Wayne T. Smith and Tim L. Hingtgen, who are also officers of the Company and employed by a subsidiary of the Company, are not independent.

Do the independent members of the Board of Directors meet in separate sessions?

The independent members of our Board meet frequently in executive sessions, typically at the end of each regularly scheduled Board meeting, and otherwise as needed. The Lead Director presides over those sessions and is in a position to take a leadership role in certain limited circumstances when leadership by the Chair, who is also our Chief Executive Officer, is not deemed advisable. The Lead Director also provides significant input into Board meeting agendas and presentation topics. During 2017, the independent members of our Board met in executive session eleven (11) times, either in conjunction with a Board meeting or a committee meeting at which the other independent members were present.

What is the leadership structure of the Board of Directors?

As set forth in the Company's Governance Guidelines, the Board believes that the most effective and appropriate leadership model for the Company is that of a combined Chair of the Board and Chief Executive Officer, balanced by certain practices and policies to assure that the independent members of the Board (who comprise a super-majority of the Board) provide the desired oversight, advice, and balance.

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The Board believes that the substantive duties of the Chair of the Board, including calling and organizing meetings and preparing agendas (in consultation with the Lead Director), are best performed by someone who has day-to-day familiarity with the business issues confronting the Company and an understanding of the specific areas in which management seeks advice and counsel from the Board. Given Mr. Smith's broad and lengthy leadership experience in the healthcare industry, including 21 years as the Chief Executive Officer of the Company, the Board believes that he is especially qualified to serve as both Chief Executive Officer and Chair of the Board.

The Board of Directors is responsible for broad corporate policy and overseeing the overall performance of the Company. Members of the Board are kept informed of the Company's business by various documents sent to them before each meeting and oral reports made to them during these meetings by the Company's Chair and Chief Executive Officer and other corporate executives. They are advised of actions taken by the various committees of the Board of Directors and are invited to, and frequently attend, meetings of Board committees on which they do not serve. Directors have access to the Company's books, records and reports, and members of management are available at all times to answer their questions.

The Governance and Nominating Committee, which consists entirely of independent directors, periodically examines the Board leadership structure, as well as other governance practices, and also conducts an annual assessment of the Board's and each committee's effectiveness. The Governance and Nominating Committee has determined that the present leadership structure continues to be effective and appropriate.

As indicated above, the independent members of the Board meet in executive sessions that are presided over by the Lead Director, currently Julia B. North. The Lead Director serves as the principal liaison between the independent directors and the Chair and other members of management. The Lead Director also has the authority to call meetings of the independent directors and prepare agendas for such meetings. The Lead Director also takes an active role in approving and setting agendas and presentation topics, and approving the materials to be sent to the Board of Directors prior to its meetings. Upon request, the Lead Director is also available for consultation and direct communication with major stockholders.

Board independence is further achieved through the completely independent composition of the three standing committees: Audit and Compliance, Compensation, and Governance and Nominating, each of which is supported by an appropriate charter and holds executive sessions without management present. Each of the Board's independent directors serves on one or more of these committees, and thus there is ample opportunity to meet and confer without any member of management present.

The Board has concluded that the structure and practices of the independent members of the Board of Directors assure effective independent oversight, as well as effective independent leadership while maintaining practical efficiency.

How does the Board of Directors oversee risk?

Risk management is primarily the responsibility of the Company's management team, which is administered through a broad-based committee that includes executives from our operations, internal audit, compliance, clinical quality, revenue management, accounting, risk management, finance, human resources, information technology, and legal departments. The Board of Directors is responsible for the overall supervision of the Company's risk management activities and annually performs a review of those activities along with a review of the Company's enterprise risk assessment. The Board's oversight of the material risks faced by the Company occurs at both the full board level and at the committee level.

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The Audit and Compliance Committee has oversight responsibility, not only for financial reporting with respect to the Company's major financial exposures and the steps management has taken to monitor and control such exposures, but also for the effectiveness of management's enterprise risk management process that monitors key business risks facing the Company. The Audit and Compliance Committee also oversees the delegation of responsibility for the oversight of specific risk areas among the other Board committees, consistent with the committees' charters and responsibilities.

The Company has determined that any risks arising from its compensation programs and policies are not reasonably likely to have a material adverse effect on the Company. For additional information regarding the Company's risk assessment of its compensation programs and practices, and relevant considerations in connection therewith, see Compensation Discussion and Analysis – Risk Assessment of Executive Compensation.

Management provides regular updates throughout the year to the respective Board committees regarding the management of the risks each committee oversees, and each of these committees discuss those risks with the full Board at either regular meetings of the Board or at committee meetings in which all Board members participate. At least once every year, the Audit and Compliance Committee reviews the allocation of risk responsibility among the Board's committees and implements any changes it deems appropriate. The Audit and Compliance Committee, together with the full Board of Directors, is actively involved in the oversight of risk issue identification and assessment at the Company and mitigation strategies employed by the Company with respect to each of these risks.

In addition to the reports from the committees, the Board receives presentations throughout the year from various department and business unit leaders that include discussions of possible risks. At each Board meeting, the Chair and Chief Executive Officer addresses, in a director-only session, matters of particular importance or concern, including any areas of risk that require attention from the Board. Additionally, through dedicated sessions focusing entirely on corporate strategy, the full Board reviews in detail the Company's short and long-term strategies, including consideration of risks facing the Company and their potential impact.

We believe that our approach to risk oversight, as described above, optimizes our ability to assess inter-relationships among the various risks, make informed cost-benefit decisions, and approach emerging risks in a proactive manner for the Company. We also believe that our risk structure complements our current Board leadership structure, as it allows our independent directors, through the three fully independent Board committees, as well as the Lead Director, to exercise effective oversight of the actions of management, led by Mr. Smith as Chair and Chief Executive Officer, in identifying risks and implementing effective risk management policies and controls.

Table of Contents***What are the standing committees of the Board of Directors?***

Our Board of Directors has three standing committees: Audit and Compliance, Compensation, and Governance and Nominating. Each of these committees is comprised solely of independent directors, and each independent director meets the additional criteria for committee membership, as set forth in the applicable committee charter. Each standing committee operates pursuant to a committee charter. The current composition of our Board's standing committees is as follows:

<i>Audit and Compliance Committee</i>	<i>Compensation Committee</i>	<i>Governance and Nominating Committee</i>
James S. Ely III, Chair	John A. Clerico, Chair	Julia B. North, Chair
John A. Clerico	John A. Fry	John A. Fry
Michael Dinkins	Julia B. North	William Norris Jennings, M.D.
H. James Williams, Ph.D.		K. Ranga Krishnan, MBBS

How many times did the Board of Directors and its committees meet in 2017? What was the attendance by the members? What are the duties of the Board's committees?

Directors are encouraged to attend our annual meeting of stockholders; all of our then-serving directors, other than H. Mitchell Watson, Jr., who was not standing for re-election, were present at our 2017 Annual Meeting of Stockholders. The annual meeting of the Board of Directors in 2017 was held immediately after the 2017 Annual Meeting of Stockholders.

In 2017, the Board of Directors held five (5) regular meetings and one (1) special meeting. Each director attended at least 75% of the Board meetings and meetings of the committees of the Board on which he/she served during the period in which he/she served in 2017.

The Audit and Compliance Committee held ten (10) meetings during 2017. A number of the meetings held by the Audit and Compliance Committee also included the other independent members of the Board of Directors. As set forth in its charter, the Audit and Compliance Committee's responsibility is to provide advice and counsel to management regarding, and to assist the Board of Directors in its oversight of: (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; (iii) the requirements of the Corporate Integrity Agreement, dated July 28, 2014, between the Company and the Office of Inspector General of the United States Department of Health and Human Services, and any amendments thereto (the "CIA"); (iv) the independent registered public accounting firm's qualifications and independence; (v) the performance of the Company's internal audit function and its independent registered public accounting firm; and (vi) the Company's policy on the use of derivative products. The Audit and Compliance Committee report is incorporated herein by reference to Part III of the Company's Annual Report on Form 10-K filed with the SEC on February 28, 2018 under Item 10. Directors, Executive Officers and Corporate Governance.

The Compensation Committee held three (3) meetings during 2017. The primary purpose of the Compensation Committee is to: (i) assist the Board of Directors in discharging its responsibilities relating to compensation of the Company's executives; (ii) administer the Community Health Systems, Inc. 2004 Employee Performance Incentive Plan, as amended and restated from time to time, with regard to the Company's executives; (iii) approve awards and grants and administer outstanding awards and grants of equity-based compensation arrangements to directors, employees, and others pursuant to the Company's stock option and award plan, as amended and restated from time to time; and (iv) produce an annual report on executive compensation for inclusion in the Company's Proxy

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Statement in accordance with applicable rules and regulations under the Securities Exchange Act of 1934, as amended (the Exchange Act). The Compensation Committee's report is set forth later in this Proxy Statement.

As set forth in its charter, the primary responsibilities of the Compensation Committee are to oversee the elements of the compensation arrangements available to the Company and its subsidiaries that are used to compensate the Company's executive officers, and in particular, the Chief Executive Officer. The Compensation Committee also approves the goals and objectives relevant to the compensation of the Chief Executive Officer and the other executive officers and determines whether targets have been attained in connection with target-based compensation awards and equity grants.

Pursuant to its charter, the Compensation Committee has authority to engage its own executive compensation consultants and legal advisors. Since 2005, Mercer Human Resources Consulting, or Mercer, which is a wholly-owned subsidiary of March & McClellan Companies, Inc., or MMC, has served as the independent executive compensation consultant to the Compensation Committee. A representative of Mercer attends meetings of the Compensation Committee and communicates with the Compensation Committee chair between meetings on matters related to executive compensation. Mercer's fees for serving as the Compensation Committee's independent executive compensation consultant in 2017 were approximately \$180,000. During 2017, the Company, at the direction of management, also retained MMC or its affiliates to provide limited consulting services to management, which services were limited primarily to conducting actuarial analyses of the Company's Supplemental Executive Retirement Plan and select insurance brokerage services. In 2017, the total amount paid to MMC or its affiliates for such services was approximately \$273,000. Although the Compensation Committee is aware that the Company uses MMC or its affiliates for such services, it does not specifically approve those services. The Compensation Committee has assessed Mercer's independence pursuant to the independence factors set forth for compensation consultants in the NYSE listing standards, the Nasdaq Global Market Listing Rules and in the Compensation Committee's charter and has determined that no conflicts of interest exist.

The Governance and Nominating Committee met two (2) times during 2017. The primary purpose of the Governance and Nominating Committee is to (i) recommend to the Board a set of corporate governance guidelines applicable to the Company; (ii) review at least annually the Company's Governance Guidelines and make any recommended changes, additions or modifications; (iii) identify individuals qualified to become Board members and to select, or recommend that the Board select, the director nominees for the next annual meeting of stockholders; (iv) assist the Board by making recommendations regarding compensation for directors; and (v) subject to Delaware law, review and approve the Company's policies on and responses to important stockholder issues and proposals, and recommend to the Board the placement of stockholder proposals, and the Board's response thereto, in the proxy statement.

Who are the Company's audit committee financial experts?

Our Board has determined that all four of the members of our Audit and Compliance Committee are audit committee financial experts as defined by the Exchange Act—John A. Clerico, Michael Dinkins, James S. Ely III, and H. James Williams, Ph.D.

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Does the Company have limitations regarding service on other boards by the Company's directors?

Yes, in order to ensure that our directors have sufficient time to devote to Company matters, under the Company's Governance Guidelines, no non-management director of the Company may serve on more than four other public companies' boards of directors. In addition, no member of the Company's Audit and Compliance Committee may serve on more than two other companies' audit committees. The Company's Chief Executive Officer may not serve on more than two other public companies' boards of directors and is required to obtain the approval of the Governance and Nominating Committee prior to accepting any such nomination or appointment. A director of the Company is required to notify the chair of the Company's Governance and Nominating Committee and the secretary of the Company in a timely fashion of his or her appointment to or resignation from the board of directors of another public company. Any member of the Audit and Compliance Committee is also required to notify the chair of the Company's Governance and Nominating Committee and the secretary of the Company of his or her appointment to or resignation from another company's audit committee.

Does the Company have a code of conduct?

The Company has a robust compliance program, the cornerstone of which is our Code of Conduct. Our Code of Conduct has been adopted and implemented throughout our organization and is applicable to all members of the Board of Directors and our officers, as well as employees of our subsidiaries. A variation of this Code of Conduct has been in effect at our Company since 1997.

Where can I obtain a copy of the Company's Board of Directors' governance documents?

Copies of the current version of our Governance Guidelines, including our independence standards, along with current versions of our By-laws, Code of Conduct and Board committee charters are posted on our internet website in the Company Overview - Corporate Governance section (www.chs.net/company-overview/corporate-governance/). These items are also available in print to any stockholder who requests them by writing to Community Health Systems, Inc., Investor Relations, at 4000 Meridian Boulevard, Franklin, TN 37067.

How are the Company's Directors compensated?

Our Board of Directors has approved a compensation program for non-management directors, which consists of both cash and equity-based compensation. Non-management director compensation is typically reviewed annually by the Governance and Nominating Committee, in consultation with the Compensation Committee's independent executive compensation consultant, Mercer Human Resources Consulting, and adjusted if needed, on the same cycle as is our executive compensation. In addition, to further align directors' interests with the long-term interests of stockholders, the Company requires that at least one-half of the non-management directors' annual compensation be paid in the form of equity in the Company.

For 2017, consistent with past practice, the non-management directors' compensation package was reviewed by the Governance and Nominating Committee, in consultation with Mercer. For 2017, Mercer advised that, based on a review of the board compensation paid by our peer group as set forth below under Compensation Discussion and Analysis - Components of the Executive Compensation Program - Peer Group Companies (for 2017 Compensation Cycle), the annual total compensation package of \$290,000 paid to our non-management directors in 2016 continued to be generally consistent with the median total director compensation package paid by companies within our peer group. Consistent with this analysis, except as noted below, in 2017, each non-management director

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received a cash stipend of \$120,000 as well as an equity award with a grant date fair value of approximately \$170,000 (which were the same amounts awarded to our non-management directors in 2016). For 2017, the additional annual stipends paid to the three committee chairs were unchanged from 2016, and were as follows: Audit and Compliance Committee chair, \$20,000; Compensation Committee chair, \$15,000; and Governance and Nominating Committee chair, \$12,250.

The annual cash stipend of \$120,000 to all non-management directors and the additional annual stipends for the three committee chairs were paid in quarterly installments in 2017. Directors who served for only a portion of the year received a pro rata portion of the annual cash stipend. No separate meeting attendance fees are paid to the directors. All directors are reimbursed for their out-of-pocket expenses arising from attendance at meetings of the Board and its committees.

In March 2017, each of our then-serving non-management directors who were expected to stand for re-election at the 2017 Annual Meeting was granted 18,498 restricted stock units in respect of the equity portion of the non-management directors' compensation at the same time that management's long-term incentive awards were granted. On the date of grant, these awards had an actual award value of \$169,997 per non-management director, which represented the number of restricted stock units valued at \$170,000 rounded to the nearest whole number of units.

Any non-management director who joins our Board of Directors during the first six months of the year will receive the same number of restricted stock units as is awarded to the other non-management directors as stock-based compensation for that year; however, if a non-management director's appointment occurs during the last six months of the year such non-management director will receive no stock-based compensation until the following year. For example, Mr. Dinkins and Dr. Krishnan joined the Board of Directors during the fourth quarter of 2017; therefore, they did not receive any stock-based compensation for 2017. The restricted stock unit awards to our non-management directors vest in one-third increments on each of the first three anniversaries of the grant date for so long as the director is a member of the Board. If a non-management director's service as a member of the Board terminates as a result of death, disability, or for any other reason (other than for cause), all unvested restricted stock units held by such non-management director will vest as of the date of termination.

At any time prior to the beginning of the calendar year, a non-management director may elect to defer some or all of their cash compensation for the upcoming year into a cash account or stock unit account pursuant to the Company's Directors' Fees Deferral Plan, amended and restated as of December 10, 2008. When making a deferral election, a non-management director may elect to receive payment for the deferred amounts in a lump sum or in installments beginning either upon the last day of the fiscal quarter following his or her separation from service with the Company or his or her attainment of an age specified by the non-management director.

Management directors do not receive any additional compensation for their service on the Board.

Table of Contents**Non-Management Director Compensation**

The following table summarizes the aggregate fees earned and the value of equity-based awards earned by our non-management directors in 2017:

Name	Fees Earned or Paid in Cash (\$ (1))	Restricted Stock Unit Awards (\$ (2))	Total Compensation (\$)
John A. Clerico	137,500	169,997	307,497
Michael Dinkins	6,522		6,522
James S. Ely III	130,000	169,997	299,997
John A. Fry	120,000	169,997	289,997
William Norris Jennings, MD	120,000	169,997	289,997
K. Ranga Krishnan, MBBS	6,522		6,522
Julia B. North	132,250	169,997	302,247
H. Mitchell Watson, Jr.	50,811		50,811
H. James Williams, Ph.D.	120,000	169,997	289,997

- (1) This amount includes the annual cash stipend paid to all non-management directors and the additional annual cash stipends paid to the chairs of the Board's three committees. All fees for 2017 were paid in cash to each outside director. The amounts paid to Messrs. Dinkins and Watson and Dr. Krishnan reflect the prorated cash stipends payable to such directors in 2017 as a result of the fact that Mr. Watson did not stand for re-election to the Board at the 2017 annual meeting of stockholders held on May 16, 2017, and Mr. Dinkins and Dr. Krishnan joined the Board in the fourth quarter of 2017.
- (2) This amount reflects the aggregate grant date fair value of director compensation earned in the form of restricted stock unit awards. This grant is based on the portion of his or her annual compensation that is allocated to equity. For 2017, this value-based award amount was for 18,498 restricted stock units granted on March 1, 2017 (\$9.19 per share). The grant date fair value was computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (ASC 718). As of December 31, 2017, each then-serving non-management director had 28,918 restricted stock units outstanding, except for Dr. Williams (who had 27,488 restricted stock units outstanding) and Mr. Dinkins and Dr. Krishnan (who did not hold any restricted stock units) as the result of their more recent appointment to the Board of Directors, for a total of 172,078 restricted stock units outstanding.

How are Directors nominated by the Company?

The Governance and Nominating Committee has responsibility for the director nomination process.

The Governance and Nominating Committee believes that the minimum qualifications that must be met by any director nominee, including any director nominee who is recommended by stockholders, include (i) a reputation for the highest ethical and moral standards, (ii) good judgment, (iii) a positive record of achievement, (iv) if on other boards, an excellent reputation for preparation, attendance, participation, interest and initiative, (v) business knowledge and experience relevant to the Company, and (vi) a willingness to devote sufficient time to carrying out his

or her duties and responsibilities effectively.

The qualities and skills necessary in a director nominee are governed by the specific needs of the Board at the time the Governance and Nominating Committee determines to nominate a candidate for

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director. The specific requirements of the Board will be determined by the Governance and Nominating Committee and will be based on, among other things, the Company's then existing strategies and business, market and regulatory environments, and the mix of perspectives, experience and competencies then represented by the other Board members. The Governance and Nominating Committee will also take into account the Chair and Chief Executive Officer's views as to areas in which management desires additional advice and counsel.

When the need to recruit a director arises, the Governance and Nominating Committee will consult the other directors, including the Chair and Chief Executive Officer and, when deemed appropriate, utilize fee-paid third-party recruiting firms to identify potential candidates. The candidate evaluation process may include inquiries as to the candidate's reputation and background, examination of the candidate's experiences and skills in relation to the Board's requirements at the time, consideration of the candidate's independence as measured by the Company's independence standards, and other considerations as the Governance and Nominating Committee deems appropriate at the time. Prior to formal consideration by the Governance and Nominating Committee, any candidate who passes such screening would be interviewed by the chair of the Governance and Nominating Committee and the Chair and Chief Executive Officer.

Pursuant to a final order of settlement in the derivative actions *In re Community Health Systems, Inc. Shareholder Derivative Litigation* (the Settlement Agreement) entered into by the Company in January 2017, the Company sought the names of prospective candidates for the Board of Directors from its stockholders (excluding employees of the Company) who had continuously held at least one percent (1%) of the Company's outstanding common stock for a period of at least one (1) year. Mr. Dinkins and Dr. Krishnan were identified in this process. Our Chair and Chief Executive Officer then introduced Mr. Dinkins and Dr. Krishnan to the Governance and Nominating Committee for its consideration as potential additions to the Board. Following the above-described evaluation process, the Governance and Nominating Committee nominated Mr. Dinkins and Dr. Krishnan for appointment to our Board, and the Board elected Mr. Dinkins and Dr. Krishnan to the Board in December 2017.

What diversity considerations are evaluated in nominating Directors?

As set forth in the charter of the Governance and Nominating Committee, the nominating criteria require the committee to determine as necessary the portfolio of skills, experience, perspective and background required for the effective functioning of the Board. The most robust selection process occurs at the time a new director is being added. The Governance and Nominating Committee takes into account a variety of factors in selecting and nominating individuals to serve on the Board of Directors, including:

- * The Board's and the Company's needs for input and oversight about the strategy, business, regulatory environment, and operations of the Company;
- * The management directors' views as to areas in which additional advice and counsel could be provided by the Board;
- * The mix of perspectives, experience and competencies currently represented on the Board; while this is primarily directed to the professional acumen of an individual, it may also include gender, ethnic and cultural diversity;

- * The results of the Board's annual self-assessment process; and

- * As to incumbent directors, meeting attendance, participation and contribution, and the director's current independence status.

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The Governance and Nominating Committee seeks candidates with broad backgrounds and experience that will enable them to serve on and contribute to any of the Board's three standing committees. The Governance and Nominating Committee also believes that every director nominee should demonstrate a strong record of integrity and ethical conduct, an absence of conflicts that might interfere with the exercise of his or her independent judgment, and a willingness and ability to represent all stockholders of the Company.

The experience, skills and diversity contributions of each of the members of the Board of Directors is described below under Members of the Board of Directors.

How can stockholders nominate or recommend individuals to serve on the Company's Board?

There are three ways in which stockholders can participate in the nomination process.

- * First, the By-laws provide a means for stockholders to nominate directors and have their nominee's names included in the Company's proxy statement. The procedures and applicable dates for proxy access nominees are referenced below in *How can I submit a stockholder proposal or nominate a Director for the 2019 Annual Meeting of Stockholders?*
- * Second, pursuant to the Settlement Agreement referenced above, the Company's Board, subject to the exercise of its fiduciary duties, is required through January 17, 2021 to include two independent Directors on the Board who are elected by the Board from a pool of qualified candidates who are recommended for nomination to the Board by the Governance and Nominating Committee after being identified by one or more stockholders of the Company who have continuously held at least one percent (1%) of the Company's outstanding Common Stock for at least one year. Recommendations for candidates to fill these positions are thereafter subject to the same evaluation process as all other director nominees. These positions are currently filled by Mr. Dinkins and Dr. Krishnan, who were identified pursuant to this process as discussed in *How are Directors nominated by the Company?*
- * Finally, the Governance and Nominating Committee will consider candidates for election to our Board of Directors who are recommended by stockholders submitted in accordance with our advance notice by-law provisions. The procedures applicable for such nominations made pursuant to our advance notice by-law provisions are referenced below in *How can I submit a stockholder proposal or nominate a Director for the 2019 Annual Meeting of Stockholders?*. The Governance and Nominating Committee will conduct the same analysis that it conducts with respect to its director nominees or other potential candidates recommended by a Board member, management, search firm or other source in order to evaluate any director nominations properly submitted by a stockholder.

How can I submit a stockholder proposal or nominate a Director for the 2019 Annual Meeting of Stockholders?

If a stockholder seeks to have a proposal included in the Company's Proxy Statement for the 2019 Annual Meeting of Stockholders pursuant to Rule 14a-8 under the Exchange Act, the proposal must be received by the Company no later than December 6, 2018 and be submitted in accordance with applicable SEC rules and regulations. Such proposals must be delivered to Community Health Systems, Inc., Attn: Corporate Secretary, 4000 Meridian Boulevard, Franklin, TN 37067.

In addition, the proxy access provisions in the By-laws permit a stockholder, or a group of up to 20 stockholders, owning in the aggregate 3% or more of the Company's outstanding common stock continuously for at least three years to nominate and include in the Company's proxy materials for its

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annual meeting of stockholders nominees for election to the Company's Board of Directors constituting up to the greater of (x) two individuals or (y) 20% of the number of Directors currently serving on the Company's Board, provided that the stockholder(s) and the nominee(s) comply with the proxy access procedures described in the By-laws. For the Company's 2019 Annual Meeting of Stockholders, the Secretary must receive notice of such proxy access director nomination no earlier than November 6, 2018 and no later than December 6, 2018 (or, if the annual meeting is called for a date that is not within 30 days of May 15, 2019, the notice must be received by the later of the date that is 180 days prior to such annual meeting or the 10th day following the date such annual meeting is first publicly announced or disclosed). Any nominations made pursuant to the proxy access provisions of the By-laws must be in proper written form and must meet the detailed disclosure and other requirements applicable to the proxy access nominations set forth in the By-laws.

If a stockholder seeks to bring business before our annual meeting that is not the subject of a proposal submitted for inclusion in the proxy statement under Rule 14a-8, or seeks to make a director nomination, and that is not made pursuant to the proxy access provisions noted in the previous paragraph, such stockholder must comply with the advance notice procedures described in the By-laws. For the Company's 2019 Annual Meeting of Stockholders, the Secretary must receive notice of such business or director nomination no earlier than January 20, 2019 and no later than February 19, 2019 (or, if the annual meeting is called for a date that is not within 30 days of May 15, 2019, the notice must be received by the later of the date that is 90 days prior to such annual meeting or the 10th day following the date such annual meeting is first publicly announced or disclosed).

All such stockholder proposals or director nominations made pursuant to the advance notice provisions of the By-laws must be in proper written form and must meet the detailed disclosure requirements set forth in the By-laws. The By-laws also require that stockholder proposals concerning nomination of directors provide additional disclosure and information regarding any nominee. Any stockholder proposals or director nominations made pursuant to the Company's advance notice by-laws must be in proper written form and must meet the detailed disclosure and other requirements applicable to such stockholder proposals or director nominations set forth in the By-laws.

Table of Contents**MEMBERS OF THE BOARD OF DIRECTORS**

Each of the Company's director nominees are nominated for election to a term of one (1) year. Upon the recommendation of the Governance and Nominating Committee, the ten (10) persons listed in the table below are nominated for election at the Meeting, each to serve as a director for a term of one (1) year and until his or her successor is elected and qualified.

Name	Age	Position
John A. Clerico	76	Director
Michael Dinkins	64	Director
James S. Ely III	60	Director
John A. Fry	57	Director
Tim L. Hingtgen	50	President, Chief Operating Officer, and Director
William Norris Jennings, M.D.	74	Director
K. Ranga Krishnan, MBBS	61	Director
Julia B. North	70	Director
Wayne T. Smith	72	Chairman of the Board, Chief Executive Officer, and Director
H. James Williams, Ph.D.	63	Director

John A. Clerico**Director Since 2003***Compensation Committee Chair**Audit and Compliance Committee Member*

Since 2000, when Mr. Clerico co-founded ChartMark Investments, Inc., a registered investment advisor providing portfolio management, investment consulting and financial planning solutions to individuals, small businesses and institutions, he has served as its chairman and as a registered financial advisor. From 2006 until 2012, Mr. Clerico served on the board of directors of Global Industries, Ltd., a provider of solutions for offshore oil and gas construction, engineering, project management and support services, with prior service on its audit, compensation and finance (chair) committees. In 2008, Mr. Clerico resigned from these committees upon his appointment as chairman of the board and interim chief executive officer. He stepped down as Global Industries, Ltd.'s interim chief executive officer in 2010 but continued to serve as chairman of its board through 2011, when Global Industries, Ltd. was acquired by Technip S.A. From 1992 to 2000, he served as an executive vice president and chief financial officer and on the board of directors of Praxair, Inc., a supplier of industrial gases and coatings and related services and technologies. From 1983 until its spin-off of Praxair, Inc. in 1992, he served as an executive officer of Union Carbide Corporation in various financial and accounting areas. Mr. Clerico currently serves on the board of directors of Educational Development Corporation, a trade publisher and distributor of children's books, and serves on its audit (chair), compensation, executive, and nominating and corporate governance (chair) committees. He previously served on the board of MacroSolve, Inc., a provider of consulting services related to the development, marketing and financing of mobile app businesses that also focuses on intellectual property licensing and enforcement of its mobile app market development patent where he also served on its audit (chair) and compensation committees.

Mr. Clerico brings executive leadership experience and skills to the Board of Directors. He has held the positions of chairman of the board, chief executive officer, co-chief operating officer, chief financial officer and treasurer at various points of his career. His extensive experience in industries (chemical and industrial gases) with a high risk

profile give him a unique perspective on risk oversight. His years of service on our Board's Audit and Compliance Committee, including serving as one of its audit committee financial experts and prior service as chair of that committee, lend important continuity to

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the Board's financial, audit, and compliance oversight functions. Finally, having formed and operated his own investment company, Mr. Clerico also brings the investor perspective to the Board's review activities.

Michael Dinkins**Director Since 2017***Audit and Compliance Committee Member*

Mr. Dinkins was appointed to our Board of Directors in December 2017. Since October 2017, Mr. Dinkins has been president and chief executive officer of Dinkins LLC, a consulting firm that helps small businesses gain access to capital. From 2008 until May 2012, Mr. Dinkins served on the board of directors of Integer Holdings Corporation (formerly known as Greatbatch, Inc.), a medical device outsource manufacturer and developer of high-end batteries for niche applications in medical and energy markets, where he also served on its audit committee and compensation and organization committee. In May 2012, Mr. Dinkins resigned from Integer Holdings Corporation's board of directors and its committees in conjunction with his appointment as senior vice president (later executive vice president) and chief financial officer of Integer Holdings Corporation, a position he held until his retirement in March 2017. From 2008 until 2012, Mr. Dinkins served as executive vice president and chief financial officer of USI Insurance Services, an insurance intermediary company. From 2005 until 2008, he was executive vice president and chief financial officer of Hilb Rogal & Hobbs Co., an insurance and risk management services company. Mr. Dinkins was vice president, global control & reengineering at Guidant Corporation from 2004 to 2005, and vice president and chief financial officer for NCR Worldwide Customer Service Operation from 2002 to 2004. Prior to 2002, he held senior positions at Access Worldwide Communications, Inc., Cadmus Communications Group and General Electric Company. Mr. Dinkins is also a former director of LandAmerica Financial Group, Inc. Mr. Dinkins has served on the National Council on Compensation Insurance since 2015, including service on its finance committee and governance committee and former service on its audit committee.

Mr. Dinkins brings extensive experience as a board member and a chief financial officer of a publicly-traded company to the Board of Directors, as well as knowledge of complex financial and operational issues facing large organizations and an understanding of operations and financial strategy in challenging environments. Through his role as a chief financial officer, he has also overseen the information technology risk assessment processes of a company. In addition, Mr. Dinkins brings the perspective of the insurance industry and the medical device industry to the Board, both of which are important related industries for the Company.

James S. Ely III**Director Since 2009***Audit and Compliance Committee Chair*

Mr. Ely founded PriCap Advisors, LLC in 2009 and has served as its chief executive officer since its inception. From 1995 to 2008, he was a senior banker and managing director in J.P. Morgan's Syndicated and Leveraged Finance Group, where he was responsible for structuring and arranging syndicated loans and high yield issues in the healthcare, aerospace, defense and other sectors. Mr. Ely's service with J.P. Morgan's predecessor institutions commenced in 1987. He serves on the board of directors of Select Medical Holdings Corporation, a provider of long-term hospitalization services, and serves on its audit and compliance committee (chair).

Mr. Ely's educational background (MBA in finance and accounting from the University of Chicago) and extensive (over twenty years) experience in the financing industry, and in the healthcare sector in particular, provide a needed area of expertise among the independent Board members. He is able to assist the Board members and management in

evaluating financing opportunities, as he has specific experience in financing the types of indebtedness reflected on the Company's balance sheet.

Table of Contents**John A. Fry****Director Since 2004***Compensation Committee Member**Governance and Nominating Committee Member*

Mr. Fry has served as president of Drexel University in Philadelphia, Pennsylvania since 2010. Prior to becoming president of Drexel University, Mr. Fry served as president of Franklin & Marshall College in Lancaster, Pennsylvania from 2002 until 2010. From 1995 to 2002, he was executive vice president of the University of Pennsylvania and served as the chief operating officer of the university and as a member of the executive committee of the University of Pennsylvania Health System. Mr. Fry is a member of the board of trustees of Delaware Investments Dividend and Income Fund, Inc., an asset management firm, with oversight responsibility for all of the portfolios in that mutual fund family; he also serves as chair of its nominating and corporate governance committee. Mr. Fry also serves on the board of directors of vTV Therapeutics Inc., a clinical-stage pharmaceutical company focused on the discovery and development of human therapeutics.

Mr. Fry's experience as the president of an academic institution, together with his prior experience with the University of Pennsylvania Health System and service on the boards of a number of non-profit institutions, brings two important perspectives to the Board of Directors. His familiarity with the governance issues faced by non-profit organizations assists the Board in understanding the competitive environment in which many of the Company's competitors and acquisition targets operate. His educational background (MBA in accounting from New York University) and his experience in financial management, financial reporting, audit and compliance, and risk management are all skill sets available to and needed by the Board.

Tim L. Hingtgen**Director Since 2017**

Mr. Hingtgen has served as our President and Chief Operating Officer since September 2016. In this role, he is responsible for strategic and operational priorities of the Company and leads the division and regional president who directly support the Company's affiliated hospitals. In 2017, he was elected to our Board of Directors. Mr. Hingtgen joined us in 2008 as a vice president of division operations, and, in January 2014, he was promoted to division president. In that position, he oversaw the operations of our affiliated hospitals in Alaska, Arizona, California, Nevada, New Mexico, Oklahoma, Oregon, Utah, Washington and Wyoming. In May 2016, Mr. Hingtgen was promoted again to executive vice president of operations. In that position he worked directly with the Company's chief executive officer, chief operating officer and chief financial officer to advance the Company's strategic priorities and to help elevate operational and financial performance in key markets. Mr. Hingtgen has over 20 years of healthcare management experience. Prior to joining us, he held chief operating officer and chief executive officer positions at for-profit hospitals in Arizona, Indiana and Nevada from 2001 to 2008. Mr. Hingtgen has a master's degree in business administration from the University of Nevada, Las Vegas.

As the Company's chief operating officer, Mr. Hingtgen brings a deep perspective on the strategic development of the Company and its business lines, as well as the operation of hospitals, outpatient care centers, and integrated network delivery systems. His vision and implementation of the corporate-wide efforts to strengthen the Company's overall operations and support of organic growth and the delivery of high quality healthcare services are needed inputs on the Board's development of its agenda.

Table of Contents**William Norris Jennings, M.D.****Director Since 2008***Governance and Nominating Committee Member*

Dr. Jennings is currently retired. For more than 43 years, he was a practicing family medicine physician, most recently with KentuckyOne Health, in Louisville, Kentucky, which was formed by the merger of Jewish Hospital & St. Mary's HealthCare with Saint Joseph Health System in 2012. He served on KentuckyOne Health's quality committee and formerly served as the quality committee chair for The Physician Group, which was affiliated with Jewish Hospital & St. Mary's HealthCare prior to its merger with Saint Joseph Health System. From 1971 until 2005, when the practice was acquired by Jewish Hospital, Dr. Jennings was in private practice with Southend Medical Clinic, PSC, serving as its managing partner.

Dr. Jennings brings the perspective of a physician to the Board of Directors. His career in a community practice setting is typical to that of most of the Company's facilities and he provides advice to the Board and management about trends in both medicine and the organization and operation of physician practices. His experience managing large physician practices, with particular focus in the areas of risk and quality oversight, brings counterpoint and balance to the perspectives presented by management leadership. He also brings practitioner insight to quality measures and reporting, electronic health record implementation, and federal government regulation of practitioner-hospital relationships.

K. Ranga Krishnan, MBBS**Director Since 2017***Governance and Nominating Committee Member*

Dr. Krishnan was appointed to our Board of Directors in December 2017. He has served as the dean and as a professor in the department of psychiatry at Rush Medical College since 2015. Dr. Krishnan is also senior vice president of Rush University Medical Center, an internationally known academic health center and health system in Chicago, Illinois. He serves as a member of the board of directors of Singapore Health Services (SingHealth), the largest healthcare system in Singapore, and also serves as chairman of the National Medical Research Council and the National Health Innovation Center Singapore. From 2008 to 2015, Dr. Krishnan served as dean at the Duke-NUS Medical School, a joint venture between Duke University, in Durham, North Carolina and the National University of Singapore, in Singapore. Prior to and during his tenure in Singapore, Dr. Krishnan was a professor in the department of psychiatry and behavioral sciences at Duke University Medical Center, including serving as chairman of psychiatry and behavioral sciences from 1998 to 2009. He is a member of several professional societies, including the American Psychiatric Association, the American Association for the Advancement of Science, the New York Academy of Sciences, and the Institute of Medicine of the National Academies of Science.

Dr. Krishnan's service as the dean of two medical schools and as an executive and administrator at a large medical center provides the Board of Directors with valuable experience in the management of physician practices and in maintaining compliance with the complex regulatory requirements of the hospital and healthcare industries.

Julia B. North**Director Since 2004***Lead Director**Governance and Nominating Committee Chair*

Compensation Committee Member

Ms. North serves as our Lead Director. She is currently retired. Over the course of her career, Ms. North served in many senior executive positions, including as president of consumer services for

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BellSouth Telecommunications, Inc. from 1994 to 1997. After leaving BellSouth in 1997, she served as the president and chief executive officer of VSI Enterprises, Inc., a manufacturer of video conferencing systems, until 1999. She currently serves on the board of directors of Acuity Brands, Inc., a provider of lighting fixtures and related products and services, and serves on its compensation committee and governance committee, with previous service on its audit committee. From 2011 until 2016, Ms. North served on the board of directors of Lumos Networks Corp., a fiber-based telecommunications service provider, where she served on its compensation committee (chair). She also previously served on the boards of directors of NTELOS Holdings Corp., a provider of wireless and wireline communications services, where she also served on its compensation committee and nominating and governance committee (chair); Simtrol, Inc., a developer of enterprise-class software solutions, where she also served on its audit committee and compensation committee; Winn-Dixie Stores, Inc., a food retailer, where she also served on its compensation committee (chair), nominating and governance committee (chair), and audit committee; and MAPICS, Inc., a business application software and consulting company, where she also served on its compensation committee.

Ms. North has extensive experience serving on boards of directors and brings those experiences to her service as our Lead Director and on the Board's Compensation Committee and Governance and Nominating Committee. The breadth of the industries in which she has worked provides risk assessment perspectives that are different from the Company's operations. Her operational experience in customer service, marketing, technical network design, and strategic planning bring those skill sets to the Board's functions.

Wayne T. Smith*Chairman of the Board***Director Since 1997**

Mr. Smith is our Chairman and Chief Executive Officer. Mr. Smith joined us in January 1997 as President, a position he held until January 2014. Since April 1997, he has served as our Chief Executive Officer and as a member of the Board of Directors. In 2001, he was elected Chairman of our Board of Directors. Prior to joining us, Mr. Smith was president and chief operating officer of Humana Inc., where he served in various management positions during 23 years with that company, and as a director from 1993 to 1996. He currently serves on the board of directors of Praxair, Inc. and serves on its compensation committee (former chair). Mr. Smith also serves on the board of trustees of Auburn University. He previously served on the board of directors of Citadel Broadcasting Corporation, an owner and operator of radio stations and producer and distributor of radio programming, where he also served on its audit committee. Mr. Smith is the chair of the board of the Federation of American Hospitals. He is also the past-chair and a current board member of both the Nashville Area Chamber of Commerce and the Nashville Health Care Council.

Mr. Smith is one of the most tenured executives in the healthcare industry, with decades of experience in both the hospital sector and the managed care sector. He has been named one of the 100 Most Influential People in Healthcare each of the 16 years *Modern Healthcare* has published the peer voted list, ranking number 46 in 2017. *Institutional Investor* magazine has also named Smith a Top CEO for the healthcare facilities sector several times over the past decade. His experience serving on other companies' boards of directors provides him with insights and experiences to support his leadership of the Company and its Board of Directors. Mr. Smith has been honored on several occasions as being one of the top chief executive officers in the institutional provider segment of the healthcare sector.

Table of Contents**H. James Williams, Ph.D.****Director Since 2015***Audit and Compliance Committee Member*

Dr. Williams has served as president of Mount St. Joseph University in Cincinnati, Ohio since March 2016. Mount St. Joseph University provides interdisciplinary liberal arts and professional curricula to its students, including a number of graduate and doctoral healthcare programs. Prior to that, he served as president of Fisk University, a leading liberal arts university located in Nashville, Tennessee, from February 2013 until September 2015. Fisk University is renowned for its leadership role and history in the education of African-American students. Dr. Williams also served as dean and a professor of accounting at the Seidman College of Business of Grand Valley State University in Grand Rapids, Michigan from 2004 until 2013. From 2006 until 2013, Dr. Williams served on the board of trustees of St. Mary's Hospital, a non-profit hospital in Grand Rapids, Michigan. From 1999 until 2004, he was dean and a professor of accounting at the School of Business of North Carolina Central University in Durham, North Carolina. From 1994 to 1999, Dr. Williams was dean of the School of Management and a professor of accounting at Delaware State University in Dover, Delaware. Prior to that, he held faculty positions in the business schools at several universities. Dr. Williams also serves on the boards of several non-profit organizations. He previously served on the advisory board of Fifth Third Bank of Tennessee and as a member of the Metropolitan Nashville Airport Authority's Air Service Coalition. Dr. Williams has also practiced law, primarily in the areas of partnership and corporate tax, as well as contract law. He started his diverse career as an accountant with Ernst & Young where he worked in the audit division with companies in the banking, textiles, automotive and shipping industries.

Dr. Williams' educational background (MBA in accounting from the University of Wisconsin-Madison; Ph.D. in accounting from University of Georgia; and J.D. and LL.M. degrees from Georgetown University Law Center) and his extensive teaching experience provide additional accounting expertise to the Board of Directors. Additionally, his diverse experience, including serving as president of academic institutions and service on the boards of a number of non-profit institutions and a bank, bring a unique perspective to the Board.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of March 1, 2018, except as otherwise footnoted, with respect to ownership of our Common Stock by:

each person known by us to be a beneficial owner of more than 5% of our Company's Common Stock;

each of our directors and nominees;

each of our executive officers named in the Summary Compensation Table on page 56 of this Proxy Statement; and

all of our directors and executive officers as a group.

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Except as otherwise indicated, the persons or entities listed below have sole voting and investment power with respect to all shares of Common Stock beneficially owned by them, except to the extent such power may be shared with a spouse. Ownership percentages are calculated based on 116,319,124 shares of our Common Stock outstanding as of March 19, 2018.

Name	Shares Beneficially Owned ⁽¹⁾	
	Number	Percent
5% Stockholders:		
Shanda Asset Management Holdings Limited	27,484,473 ⁽²⁾	23.6%
Blackrock, Inc.	14,960,922 ⁽³⁾	12.9%
The Vanguard Group	10,118,857 ⁽⁴⁾	8.7%
Dimensional Fund Advisers, LP	8,029,393 ⁽⁵⁾	6.9%
Saba Capital Management, L.P.	6,828,207 ⁽⁶⁾	5.9%
Directors and Nominees:		
John A. Clerico	118,277 ⁽⁷⁾	*
Michael Dinkins	⁽⁸⁾	*
James S. Ely III	68,277 ⁽⁹⁾	*
John A. Fry	49,980 ⁽¹⁰⁾	*
Tim L. Hingtgen	357,774 ⁽¹¹⁾	*
William N. Jennings, M.D.	50,456 ⁽¹²⁾	*
K. Ranga Krishnan, MBBS	⁽¹³⁾	*
Julia B. North	73,906 ⁽¹⁴⁾	*
Wayne T. Smith	2,609,581 ⁽¹⁵⁾	2.2%
H. James Williams, Ph.D.	15,156 ⁽¹⁶⁾	*
Other Named Executive Officers:		
Thomas J. Aaron	326,705 ⁽¹⁷⁾	*
Benjamin C. Fordham	168,253 ⁽¹⁸⁾	*
Lynn T. Simon, M.D.	228,417 ⁽¹⁹⁾	*
Directors and Executive Officers as a Group (16 persons)	4,426,717 ⁽²⁰⁾	3.8%
Retired Named Executive Officer:		
W. Larry Cash	661,152 ⁽²¹⁾	*

- (1) For purposes of this table, a person or group of persons is deemed to have beneficial ownership of any shares of Common Stock when such person or persons have the right to acquire them within 60 days after March 19, 2018. For purposes of computing the percentage of outstanding shares of Common Stock held by each person or group of persons named above, any shares which such person or persons have the right to acquire within 60 days after March 19, 2018 is deemed to be outstanding but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

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- (2) Shares beneficially owned are based on Schedule 13D/A filed with the SEC on January 11, 2018, by Tianqiao Chen (Mr. Chen), Shanda Media Limited, Shanda Investment Group Limited, Shanda Technology Overseas Capital Company Limited and Shanda Asset Management Holdings Limited (the Shanda Entities). Each of Mr. Chen and the Shanda Entities has shared voting and dispositive power with respect to 27,484,473 shares of Common Stock. The address of each of Mr. Chen and the Shanda Entities is 8 Stevens Road, Singapore 257819.
- (3) Shares beneficially owned are based on Schedule 13G/A filed with the SEC on January 19, 2018, by BlackRock, Inc. (BlackRock). BlackRock has sole voting power with respect to 14,580,890 shares of Common Stock and sole dispositive power with respect to 14,960,922 shares of Common Stock. The address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055.
- (4) Shares beneficially owned are based on Schedule 13G/A filed with the SEC on February 9, 2018, by The Vanguard Group, Inc. (The Vanguard Group). The Vanguard Group has sole voting power with respect to 114,771 shares of Common Stock; shared voting power with respect to 11,973 shares of Common Stock; sole dispositive power with respect to 10,003,352 shares of Common Stock and shared dispositive power with respect to 115,505 shares of Common Stock. The address of The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.
- (5) Shares beneficially owned are based on Schedule 13G filed with the SEC on February 9, 2018, by Dimensional Fund Advisers LP (Dimensional Fund Advisers). Dimensional Fund Advisers has sole voting power with respect to 7,786,547 shares of Common Stock and sole dispositive power with respect to 8,029,393 shares of Common Stock. The address of Dimensional Fund Advisers is Building One, 6300 Bee Cave Road, Austin, Texas 78746.
- (6) Shares beneficially owned are based on Schedule 13G/A filed with the SEC on February 12, 2018, by Boaz R. Weinstein (Mr. Weinstein) and Saba Capital Management, L.P. (Saba Capital). Each of Mr. Weinstein and Saba Capital has shared voting and dispositive power with respect to 6,828,207 shares of Common Stock. The address of Mr. Weinstein and Saba Capital is 405 Lexington Avenue, 58th Floor, New York, New York 10174.
- (7) Includes 0 shares subject to options which are currently exercisable or exercisable within 60 days of March 19, 2018 and 0 shares subject to restricted stock awards with performance measures that have not been met as of March 19, 2018.
- (8) Includes 0 shares subject to options which are currently exercisable or exercisable within 60 days of March 19, 2018 and 0 shares subject to restricted stock awards with performance measures that have not been met as of March 19, 2018.
- (9) Includes 0 shares subject to options which are currently exercisable or exercisable within 60 days of March 19, 2018 and 0 shares subject to restricted stock awards with performance measures that have not been met as of March 19, 2018.

- (10) Includes 0 shares subject to options which are currently exercisable or exercisable within 60 days of March 19, 2018 and 0 shares subject to restricted stock awards with performance measures that have not been met as of March 19, 2018.

- (11) Includes 3,834 shares subject to options which are currently exercisable or exercisable within 60 days of March 19, 2018 and 112,500 shares subject to restricted stock awards with performance measures that have not been met as of March 19, 2018.

- (12) Includes 0 shares subject to options which are currently exercisable or exercisable within 60 days of March 19, 2018 and 0 shares subject to restricted stock awards with performance measures that have not been met as of March 19, 2018.

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- (13) Includes 0 shares subject to options which are currently exercisable or exercisable within 60 days of March 19, 2018 and 0 shares subject to restricted stock awards with performance measures that have not been met as of March 19, 2018.
- (14) Includes 0 shares subject to options which are currently exercisable or exercisable within 60 days of March 19, 2018 and 0 shares subject to restricted stock awards with performance measures that have not been met as of March 19, 2018.
- (15) Includes 140,000 shares subject to options which are currently exercisable or exercisable within 60 days of March 19, 2018 and 180,000 shares subject to restricted stock awards with performance measures that have not been met as of March 19, 2018. On February 26, 2018, an option to purchase 200,000 shares expired unexercised, and as such the shares that were subject to this option are not reflected in the chart set forth above.
- (16) Includes 0 shares subject to options which are currently exercisable or exercisable within 60 days of March 19, 2018 and 0 shares subject to restricted stock awards with performance measures that have not been met as of March 19, 2018.
- (17) Includes 0 shares subject to options which are currently exercisable or exercisable within 60 days of March 19, 2018 and 62,500 shares subject to restricted stock awards with performance measures that have not been met as of March 19, 2018.
- (18) Includes 0 shares subject to options which are currently exercisable or exercisable within 60 days of March 19, 2018 and 55,000 shares subject to restricted stock awards with performance measures that have not been met as of March 19, 2018.
- (19) Includes 14,000 shares subject to options which are currently exercisable or exercisable within 60 days of March 19, 2018 and 55,000 shares subject to restricted stock awards with performance measures that have not been met as of March 19, 2018.
- (20) Includes 492,261 shares subject to options which are currently exercisable or exercisable within 60 days of March 19, 2018 and 575,500 shares subject to restricted stock awards with performance measures that have not been met as of March 19, 2018.
- (21) Includes 80,000 shares subject to options which are currently exercisable or exercisable within 60 days of March 19, 2018 and 16,000 shares subject to restricted stock awards with performance measures that have not been met as of March 19, 2018. On February 26, 2018, an option to purchase 60,000 shares expired unexercised, and as such the shares that were subject to this option are not reflected in the chart set forth above.

* Less than 1%

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers, directors and persons who beneficially own greater than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC. These persons are required by regulation to furnish us with copies of all Section 16(a) reports that they file. Based solely on our review of copies of these reports that we have received and on representations from all reporting persons who are our directors and executive officers, we believe that during 2017 all of our officers, directors and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements.

Table of Contents**RELATIONSHIPS AND CERTAIN TRANSACTIONS BETWEEN THE COMPANY AND ITS OFFICERS, DIRECTORS AND 5% BENEFICIAL OWNERS AND THEIR FAMILY MEMBERS**

On March 31, 2017, CHSPSC, LLC entered into a consulting agreement with Rachel A. Seifert, the Company's former Executive Vice President, Secretary and General Counsel, upon her retirement. The Company believes that the compensation paid to Ms. Seifert under her consulting agreement is on terms as favorable to the Company as could have been maintained with an unrelated third party. Pursuant to the consulting agreement, Ms. Seifert provides certain consulting services related to legal matters as requested by our Chief Executive Officer. The term of the consulting agreement is from April 1, 2017 to March 31, 2019. During the term of the consulting agreement, Ms. Seifert receives consulting fees of \$20,833 per month, and she is subject to restrictions on competing with the Company or its affiliates. For the duration of the consulting agreement, Ms. Seifert's previously granted stock options will remain in effect in accordance with the applicable terms of their grant. During the term of the consulting agreement, Ms. Seifert will also continue to vest in previously granted restricted stock of the Company in accordance with the applicable time-vesting schedule.

On May 16, 2017, CHSPSC, LLC, a wholly-owned subsidiary of the Company, entered into a consulting agreement with W. Larry Cash, the Company's former President of Financial Services and Chief Financial Officer, upon his retirement. The Company believes that the compensation paid to Mr. Cash under his consulting agreement is on terms as favorable to the Company as could have been maintained with an unrelated third party. Pursuant to the consulting agreement, Mr. Cash provides certain consulting services related to matters of financial service operations, healthcare management and other assignments as requested by our Chief Executive Officer. The term of the consulting agreement is from May 17, 2017 to March 31, 2020. During the term of the consulting agreement, Mr. Cash receives consulting fees of \$25,000 per month, and he is subject to restrictions on competing with the Company or its affiliates. For the duration of the consulting agreement, Mr. Cash's previously granted stock options will remain in effect in accordance with the applicable terms of their grant. During the term of the consulting agreement, Mr. Cash will also continue to vest in previously granted restricted stock of the Company in accordance with the applicable vesting schedule.

On December 1, 2017, CHSPSC, LLC, a wholly-owned subsidiary of the Company, entered into a consulting agreement with Michael T. Portacci, upon his retirement as Division President - Division II Operations. The Company believes that the compensation to be paid to Mr. Portacci under his consulting agreement is on terms as favorable to the Company as could have been maintained with an unrelated third party. Pursuant to the consulting agreement, Mr. Portacci provides certain consulting services related to matters of administration, healthcare operations, healthcare management and other matters as requested by our Chief Executive Officer. The term of the consulting agreement is from December 4, 2017 to March 31, 2020. During the term of the consulting agreement, Mr. Portacci receives consulting fees of \$12,500 per month from December 2017 through November 2019 (with no consulting fees payable for the period from December 2019 through March 2020), and he is subject to restrictions on competing with the Company or its affiliates. For the duration of the consulting agreement, Mr. Portacci's previously granted stock options will remain in effect in accordance with the applicable terms of their grant. During the term of the consulting agreement, Mr. Portacci will also continue to vest in previously granted restricted stock of the Company in accordance with the applicable vesting schedule.

The Company employs Brad Cash, son of W. Larry Cash. In 2017, Brad Cash received a base salary of \$338,168 and earned a bonus of \$133,125 for 2017, which was paid in 2018. He also earned an additional bonus totaling \$15,000 for his leadership in transactions at certain hospitals. In 2017, he also received grants of restricted stock awards with an aggregate grant date fair value of \$134,960 while serving as a financial executive with responsibility for coordinating the efforts of all of our

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divisional financial executives. The Company believes that the compensation paid to Brad Cash was on terms as favorable to the Company as could have been maintained with an unrelated third party.

In 2005, the Company's subsidiary CHS/Community Health Systems, Inc. established the Community Health Systems Foundation, a tax exempt charitable foundation. One of the purposes of the foundation is to match, subject to certain conditions, charitable contributions made by the Company's directors and officers up to an aggregate maximum per year of \$25,000 per individual.

There were no loans outstanding during 2017 from the Company to any of its directors, nominees for director, executive officers, or any beneficial owner of 5% or more of our equity securities, or any family member of any of the foregoing.

The Company applies the following policy and procedure with respect to related person transactions, including each of the related person transactions described above. All such transactions are first referred to our General Counsel to determine if they are within the scope of the Company's written related party transactions policy. Under the Company's policy, a related person transaction means those transactions, arrangements or relationships involving the Company and any of its subsidiaries, on the one hand, and any related person, on the other hand, excluding any exempted transactions (as described below). Under this policy, a related person is defined to mean any person who is a director (or nominee) or an executive officer, any immediate family member of any of the foregoing persons, any person who is a beneficial owner of 5% or more of the Company's Common Stock (our only class of voting securities) or any immediate family member of such owner, or any entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which any of the foregoing persons has a 5% or more beneficial ownership interest. The Company's policy exempts related person transactions if it is determined by our General Counsel that the direct or indirect interest a related person had, has or will have in the transaction is not material or that such transaction is not otherwise required to be disclosed pursuant to Item 404(a) of Regulation S-K. If any such transaction is within the scope of the Company's related party transactions policy, the transaction must be reviewed by the Audit and Compliance Committee to consider and determine whether, among other factors, the benefits of the relationship outweigh the potential conflicts inherent in such relationships and whether the transaction is otherwise in compliance with the Company's Code of Conduct and other policies, including for example, the independence standards of the Governance Guidelines of the Board of Directors. Related person transactions are reviewed not less frequently than annually if they are to continue beyond the year in which the transaction is initiated.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2017, H. Mitchell Watson, Jr. (until May 16, 2017), John A. Clerico, John A. Fry and Julia B. North served as members of the Compensation Committee. None of these persons has at any time been an officer or employee of the Company or any of its subsidiaries. In addition, there are no relationships among our executive officers, members of the Compensation Committee or entities whose executives serve on the Board of Directors or the Compensation Committee that require disclosure under applicable rules of the SEC.

Table of ContentsINFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following sets forth information regarding our executive officers as of March 19, 2018. Each of our executive officers holds an identical position with CHS/Community Health Systems, Inc., and CHSPSC, LLC, two of our wholly-owned subsidiaries:

Name	Age	Position
Wayne T. Smith	72	Chairman of the Board and Chief Executive Officer
Tim L. Hingtgen	50	President, Chief Operating Officer and Director
Lynn T. Simon, M.D.	58	President of Clinical Operations and Chief Medical Officer
Thomas J. Aaron	56	Executive Vice President and Chief Financial Officer
Beryl O. Ramsey	59	Division President Division Operations
P. Paul Smith	54	Division President Division Operations
Benjamin C. Fordham	65	Executive Vice President, General Counsel and Assistant Secretary
Kevin J. Hammons	52	Senior Vice President, Assistant Chief Financial Officer and Chief Accounting Officer

Wayne T. Smith The principal occupation and employment experience of Mr. W. Smith during the last five years is set forth on page 22 of this Proxy Statement.

Tim L. Hingtgen The principal occupation and employment experience of Mr. Hingtgen during the last five years is set forth on page 20 of this Proxy Statement

Lynn T. Simon, M.D. serves as President of Clinical Operations and Chief Medical Officer. She has leadership responsibilities for all aspects of clinical operations, including quality and safety, clinical service lines, nursing, and case management. She also oversees medical staff relations, physician practice management, clinical integration and telemedicine initiatives, medical informatics and corporate support areas such as pharmacy and clinical documentation improvement. Upon joining us in 2010 and until she assumed her current position in January 2014, Dr. Simon served as senior vice president and chief quality officer. She serves on the board of directors of Kindred Healthcare, Inc., a provider of post-acute care services, and also serves on its audit committee and its quality of care and patient outcomes committee. Dr. Simon also serves on the board of directors of Ascend Learning, LLC, a leading provider of educational content, software and analytics to institutions, students and employers in healthcare and other high-growth, licensure-driven professions, and also serves on its audit committee. Prior to joining us, Dr. Simon served as vice president of medical affairs at Jewish Hospital in Louisville, Kentucky from 2004 to 2005 and as senior vice president and chief medical officer of Jewish Hospital & St. Mary's HealthCare from 2005 to 2010, following the merger of Jewish Hospital and St. Mary's HealthCare. She was a full-time practicing neurologist in Louisville, Kentucky from 1989 until 2005. She has a medical degree from the University of Louisville and a master's degree in business administration from Bellarmine University in Louisville. Dr. Simon was named to *Modern Healthcare's* 50 Most Influential Physician Executives and Leaders list the last three years and to *Modern Healthcare's* biennial Top 25 Women in Healthcare list in 2015 and 2017.

Thomas J. Aaron serves as Executive Vice President and Chief Financial Officer. Mr. Aaron joined us in November 2016 as Senior Vice President - Finance, and, in May 2017, he was promoted to Executive Vice President and Chief Financial Officer. Prior to joining us, he was with Deloitte & Touche LLP for 32 years. Mr. Aaron served as Deloitte's Tennessee Managing partner from 2006 to 2016. His healthcare industry experience at Deloitte included audits of public and private companies, strategy and operations improvement consulting, mergers and acquisitions, financing and public equity offering

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services, and participation in numerous board and committee meetings. As a partner at Deloitte, Mr. Aaron was the lead client service and lead assurance partner on our external audit from 1996 to 2003 and from 2008 to 2013. He serves as a Master's of Accounting Advisory Board member for the University of Kentucky.

Beryl O. Ramsey serves as Division President – Division II Operations. Ms. Ramsey joined us in September, 2015 as a vice president of division operations. In that role, she supported operations in affiliated hospitals in Alaska, Arizona, Arkansas, Louisiana, New Mexico and Texas. In February 2018, Ms. Ramsey was promoted to Division President. She oversees the operations of affiliated hospitals in Alaska, Arizona, Arkansas, Louisiana, Missouri, New Mexico, Oklahoma, and Texas. Ms. Ramsey has over 25 years of for-profit and non-profit healthcare leadership experience. From 2009 until August 2015, Ms. Ramsey was a senior vice president at Houston Methodist, a non-profit health system comprised of a leading academic medical center in the Texas Medical Center and six community hospitals serving the Greater Houston, Texas area, where she also served as chief executive officer of Houston Methodist Willowbrook Hospital, a 312-bed full-service acute care hospital serving northwest Houston. Prior to that, Ms. Ramsey held chief executive officer and other senior management positions with various for-profit and non-profit hospitals in Texas and Louisiana, including hospitals owned by another hospital management company. She holds a master's degree in business administration from The University of Houston and is a Fellow of the American College of Healthcare Executives.

P. Paul Smith serves as Division President – Division III Operations. Mr. P. Smith joined us in 2008 as a vice president of division operations, supporting operations in affiliated hospitals across the southeast. In January 2016, he was promoted to Division President. He oversees the operations of affiliated hospitals in Florida, Georgia, Indiana, New Jersey, North Carolina, Pennsylvania, South Carolina Virginia, and West Virginia. Prior to joining us, Mr. P. Smith was with another hospital management company for 14 years, where he served as a vice president and as chief executive officer of a hospital in North Carolina. He has master's degrees in both business and health administration from Georgia State University in Atlanta.

Benjamin C. Fordham serves as Executive Vice President, General Counsel and Assistant Secretary. He joined us as Vice President and Senior Litigation Counsel in 2007 with 29 years of private practice experience in litigation, mergers/acquisitions, general business and health law. In 2011, he was promoted to Vice President and Chief Litigation Counsel, and in 2015, he was promoted to Senior Vice President and Chief Litigation Counsel. In 2017, Mr. Fordham was promoted to Executive Vice President, General Counsel and Assistant Secretary. He has a law degree from Vanderbilt University where he was a Patrick Wilson Merit Scholar.

Kevin J. Hammons serves as Senior Vice President, Assistant Chief Financial Officer and Chief Accounting Officer. He is responsible for SEC reporting matters, as well as overseeing other accounting and financial reporting matters, including consolidations, budgeting and the design and implementation of financial systems and processes. Mr. Hammons joined us in 1997 and, in 2002, he was promoted to assistant vice president, financial reporting. In 2005, he was promoted to vice president, financial reporting. In 2012, he was promoted to vice president and chief accounting officer, and in January 2014, he was promoted to senior vice president. In 2017, he was also named assistant chief financial officer. Prior to joining us, he served in various positions in the assurance and advisory services practice at Ernst & Young LLP.

The executive officers named above were appointed by the Board of Directors to serve in such capacities until their respective successors have been duly appointed and qualified, or until their earlier death, resignation or removal from office.

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PROPOSAL 1 ELECTION OF DIRECTORS

Upon the recommendation of the Governance and Nominating Committee, the Board has nominated the ten (10) persons listed below for election to serve as directors, each for a term of one (1) year and until his or her successor is elected and qualified.

The nominees for director are:

John A. Clerico

Michael Dinkins

James S. Ely III

John A. Fry

Tim L. Hingtgen

William Norris Jennings, M.D.

K. Ranga Krishnan, MBBS

Julia B. North

Wayne T. Smith

H. James Williams, Ph.D.

Each of the nominees is an incumbent. Each of the nominees has consented to being named as a director nominee in this Proxy Statement and has agreed to serve for the one (1) year term to which he or she has been nominated, if elected. If any of the nominees are unable to serve or refuses to serve as a director, the proxies will be voted in favor of such other nominee(s), if any, as the Board of Directors may designate. The Company has no reason to believe that any director nominee will be unable or unwilling to serve if elected as a director.

Required Vote

Each director nominee will be elected if he or she receives more votes for his or her election than against his or her election. Abstentions and broker non-votes in connection with the election of directors have no effect on such election. If any director nominee does not receive more votes for his or her election than against, then pursuant to the Governance Guidelines, that nominee is required to promptly submit his or her resignation to the Board of Directors following certification of the vote. The Governance and Nominating Committee (excluding any member of such committee whose resignation is to be considered) is required to consider the resignation and recommend to the Board whether to accept or reject the resignation or whether other action should be taken. The Board is required to take action on the recommendation within 90 days following certification of the vote, and promptly thereafter to publicly disclose its decision and the reasons therefor.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR EACH OF THE NOMINEES FOR ELECTION AS A DIRECTOR.

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PROPOSAL 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION

Consistent with the Dodd-Frank Wall Street Reform and Consumer Protection Act, and as required by Section 14A of the Exchange Act, we are providing our stockholders with the opportunity to vote to express their views with respect to the compensation of our named executive officers. The vote is on an advisory basis and is non-binding and applies to the compensation disclosed in this Proxy Statement, which has been prepared in accordance with the compensation disclosure rules of the Securities and Exchange Commission.

As described in detail under the heading *Compensation Discussion and Analysis*, we seek to closely align the interests of our named executive officers with the interests of our stockholders. Our compensation programs are designed to retain and reward our named executive officers for the achievement of short-term and long-term strategic and operational goals and the achievement of increased total shareholder return.

The Company's executive compensation philosophy and program have consistently and proactively sought to be responsive to governance and stockholder concerns as evidenced by our stockholder outreach efforts and our responsiveness to feedback received in those efforts. Our executive compensation program is overseen by the Compensation Committee of our Board of Directors (which is wholly-comprised of independent members of the Board), and our Compensation Committee engages an independent executive compensation consultant, Mercer Human Resources Consulting, to provide advice to the Compensation Committee.

Our executive compensation program has been designed, reviewed and modified over time to conform to governance best practices and to respond to investor feedback regarding pay practices. All executives are subject to stock ownership guidelines, cash incentive compensation is capped and allocated among components to avoid undue risk, and each of our executives is an at-will employee.

Our Compensation Committee monitors changes in our industry and our business to ensure that the compensation elements continue to meet the goals of the program and the expectations of our stockholders and makes adjustments as necessary.

As described in detail under the heading *Compensation Discussion and Analysis*, our performance in 2017 fell below our financial targets, which significantly impacted the compensation paid to our named executive officers for 2017. In addition, in response to the stockholder advisory vote on our executive compensation at the 2016 Annual Meeting of Stockholders, we undertook a thorough re-evaluation of our executive compensation program, including seeking additional feedback from our stockholders. As a result of that evaluation, we made significant changes to our annual cash incentive compensation and long-term incentives programs for 2017.

The vote on this resolution is advisory, which means that the vote is not binding on the Company, our Board of Directors, or the Compensation Committee of the Board. To the extent there is any significant vote against our named executive officer compensation, the Compensation Committee will consider the results of this advisory vote and will evaluate whether any additional actions are necessary to address the concerns of stockholders.

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Accordingly, we ask our stockholders to vote on the following resolution at the Annual Meeting:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and narrative discussion, is hereby APPROVED.

Required Vote

The affirmative vote of a majority of the shares of Common Stock entitled to vote and present in person or represented by proxy at the Meeting is required to approve this Proposal 2. Abstentions will be considered a vote against this proposal and broker non-votes will have no effect on such matter since these votes will not be considered present and entitled to vote for this purpose.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

As a leader in the hospital sector of the healthcare industry, one of the nation's largest and most dynamic industries, the Company must ensure that it attracts and retains the leadership and managerial talent needed to sustain its position in this rapidly changing industry. To remain competitive in the Company's financial, capital and business markets, growth in earnings and profitability are paramount objectives of the Company's strategy. We believe these strategic imperatives are fundamental points of alignment between stockholder value and the compensation of executive management. In recent years, stockholders have focused on year-over-year stock price performance as a key measure of stockholder-executive compensation alignment. Accordingly, we include total stockholder return as a component in the annual incentive compensation plans for the Company's Chief Executive Officer and Chief Financial Officer.

In 2017, the Company continued to focus on its previously disclosed portfolio rationalization and deleveraging plan. In this regard, in 2017, we completed the divestiture of all 30 of our previously announced hospital divestitures. Looking forward, the Company is focused on becoming a market leader and increasing market share in the communities it serves; increasing productivity and operating efficiencies to enhance profitability; continuously improving patient safety and quality of care; and optimizing its portfolio through additional select divestitures of non-core assets while investing in markets with the best opportunities for growth. The Company believes that these efforts will ultimately result in a stronger Company.

Despite the progress made in these areas, the Company did not meet several of its financial expectations in 2017, as initially set forth in the Company's earnings release issued in February 2017. Consistent with the Company's pay-for-performance philosophy, this resulted in the annual cash incentive compensation and total compensation paid to our named executive officers for 2017 being significantly less than the target cash incentive award and target total compensation that could have been earned if the Company had achieved all of its financial goals. In addition, as a result of the fact that, from 2014 through 2017, the Company granted its named executive officers approximately the same number of restricted shares each year (absent any change in responsibility, competitive positioning as compared to the peers, etc.), the grant date fair value of equity incentive awards made to our named executive officers in 2017 was greatly reduced as compared to the grant date fair value of the awards made in 2015 and 2016 due to the decline in our stock price since 2015.

Executive Summary

Compensation Program Objectives and Best Practices

The primary objectives of the Company's executive compensation program are to:

- * Provide market competitive pay levels, compensation programs and incentive plan designs, all of which are underpinned by our strong pay for performance philosophy;

- * Attract and retain seasoned professionals with demonstrated abilities to capitalize on growth opportunities in both same-store and new markets (both geographic and business line);

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* Incorporate short-term and long-term components that align the interests of executive management with stockholders while also appropriately incentivizing our executives to drive Company performance and maximize value; and

* Adhering to rigorous expense management in an environment of ethical and compliant behavior. Our executive compensation program has been designed, reviewed and modified over time to conform to governance best practices and to respond to investor concerns regarding pay practices. For example, the Company, over the years, has implemented the following policies:

What We Do

Pay for Performance A significant portion of the compensation for our NEOs is in the form of at-risk variable compensation.

Multiple Performance Metrics Cash incentive compensation is based on multiple measures to encourage balanced initiatives.

Long-Term Performance Focus Half of the long-term equity awards for our NEOs are tied to three-year financial goals (EBITDA Growth and EPS Growth)

Total Shareholder Return is a factor in the Chief Executive Officer's and Chief Financial Officer's incentive compensation.

Stock Ownership Guidelines All NEOs are subject to our stock ownership requirements.

Clawback Provisions Our policy provides for the adjustment or recovery of compensation in certain circumstances.

Award Caps All of our annual cash incentive compensation plans have caps on plan formulas.

Risk Assessment The Compensation Committee regularly assesses the risk levels of the Company's executive compensation program.

Use a representative and relevant peer group.

What We Don't Do

Excessive Perquisites Perquisites represent less than 1% of our NEOs' compensation.

Employment Agreements All of our NEOs are employed on an at-will basis.

Excise Tax Gross-ups are not offered for any new executives covered under the Company's Change-in-Control Severance Agreements.

Single-trigger change-in-control cash severance payments Company's Plan documents prohibit single-trigger change-in-control cash severance payments.

Pledging or Hedging Company policy prohibits directors, executives, and certain other employees from pledging or hedging their stock in the Company.

Repricing of underwater stock options Company's Plan documents prohibit any repricing.

Use an independent compensation consultant.

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A more detailed discussion of these policies and actions can be found on the following pages.

Over the years, we have continued to adapt elements of the program, as appropriate, taking into account stockholder expectations and feedback in order to ensure that our executive compensation program continues to be structured in an optimal manner.

Key 2017 Compensation Decisions

Our financial performance in 2017 fell below our financial targets, which significantly impacted the compensation paid to our named executive officers. Given our commitment to link pay and performance, the following compensation-related decisions were made for 2017:

- * ***Annual cash incentive compensation achieved for 2017 was significantly below target:*** Annual cash incentive compensation paid to our named executive officers for 2017 was significantly less than the cash incentive award that could have been earned if the Company had achieved our targeted financial goals. For example, our Chief Executive Officer received only 21.6% of his target cash incentive award attainable for 2017.
- * ***Significant decline in grant date fair value of 2017 restricted stock awards:*** From 2014 through 2017, we granted our named executive officers approximately the same number of shares of restricted stock each year (absent any change in responsibility, competitive positioning as compared to the peers, etc.). As such, the value of these awards granted to our named executive officers over this period has declined as the result of the decline in the price of our stock. As an example, the grant date fair value of the Chief Executive Officer's 2017 restricted stock award was 40% less than the grant date fair value of his 2016 restricted stock award.
- * ***No salary increases:*** Our Chief Executive Officer and former Chief Financial Officer did not receive any increases in base salary for 2016 or 2017.

The chart below reflects the alignment between our Chief Executive Officer's annual compensation and the Company's actual performance. It demonstrates our belief that the compensation of our executives is aligned with our stockholders' interests.

2016 and 2017 Compensation**Wayne T. Smith, Chairman and Chief Executive Officer**

	2016	2017
Salary	\$ 1,600,000	\$ 1,600,000
Incentive Plan Compensation	640,000	812,000
Restricted Stock (grant date fair value) ⁽¹⁾	2,314,500	1,378,500
Total	\$ 4,554,500	\$ 3,790,500

(1) The closing price of the Company's stock on the respective grant dates was: \$15.43 per share on March 1, 2016 and \$9.19 per share on March 1, 2017. The number of shares granted was unchanged in 2017.

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Please see, *Management's Discussion and Analysis of Financial Condition and Results of Operations* in the Company's 2017 Annual Report on Form 10-K filed with the SEC on February 28, 2018, for more details about the Company's recent performance.

Stockholder Outreach and Responsiveness to Feedback

2017 Say on Pay Results and 2016 and 2017 Stockholder Outreach Efforts and 2017 Program Changes

At our annual meeting of stockholders in May 2017, approximately 95% of the votes cast by our stockholders, excluding broker non-votes, were voted in favor of the Company's advisory Say-on-Pay proposal with respect to the compensation of our Named Executive Officers as described in our 2017 Proxy Statement. As our Compensation Committee has continued to review our compensation practices, it is mindful of the level of support received from our stockholders with respect to this Say-on-Pay proposal.

We are committed to a continuing dialogue between stockholders and the Company to fully understand and consider stockholder concerns on executive compensation and other topics that are important to our stockholders. In this regard, following the results of the advisory vote on our Say-on-Pay proposal at our 2016 Annual Meeting, we undertook a thorough re-evaluation of our executive compensation program.

As a result of that evaluation, our Compensation Committee and management, in consultation with Mercer, proposed several changes to our executive compensation program for 2017. We consulted with stockholders that held a majority of our shares outstanding at that time and solicited their feedback on our existing executive compensation program as well as the proposed changes. Moreover, the members of our independent Compensation Committee and our other outside directors were available to speak directly with these stockholders if desired. Our Compensation Committee considered the feedback and suggestions we received in light of both market best practices and what we believe to be necessary to execute a best-in-class compensation program that successfully addresses our senior executive talent attraction and retention needs.