CHS Community Health Systems, Inc.

Earnings Presentation
1st Quarter, 2018

Forward-Looking Statements

This presentation 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 presentation 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 presentation. These factors include, among other things: general economic and business conditions, both nationally and in the regions in which we operate; the impact of changes made to the Affordable Care Act, the potential for repeal or additional changes to the Affordable Care Act, its implementation or its interpretation (including through executive orders), as well as changes in other federal, state or local laws or regulations affecting our business; the extent to which states support increases, decreases or changes in Medicaid programs, implement health insurance exchanges or alter the provision of healthcare to state residents through regulation or otherwise; the future and long-term viability of health insurance exchanges and potential changes to the beneficiary enrollment process; risks associated with our substantial indebtedness, leverage and debt service obligations, and the fact that a substantial portion of our indebtedness will mature and become due in the near future, including our ability to refinance such indebtedness on acceptable terms or to incur additional indebtedness; demographic changes; changes in, or the failure to comply with, governmental regulations; potential adverse impact of known and unknown government investigations, audits, and federal and state false claims act litigation and other legal proceedings; our ability, where appropriate, to enter into and maintain provider arrangements with payors and the terms of these arrangements, which may be further affected by the increasing consolidation of health insurers and managed care companies and vertical integration efforts involving payors and healthcare providers; changes in, or the failure to comply with, contract terms with payors and changes in reimbursement rates paid by federal or state healthcare programs or commercial payors; any potential additional impairments in the carrying value of goodwill, other intangible assets, or other long-lived assets, or changes in the useful lives of other intangible assets; changes in inpatient or outpatient Medicare and Medicaid payment levels and methodologies; the effects related to the continued implementation of the sequestration spending reductions and the potential for future deficit reduction legislation; increases in the amount and risk of collectability of patient accounts receivable, including decreases in collectability which may result from, among other things, self-pay growth and difficulties in recovering payments for which patients are responsible, including co-pays and deductibles; the efforts of insurers, healthcare providers, large employer groups and others to contain healthcare costs, including the trend toward value-based purchasing; our ongoing ability to demonstrate meaningful use of certified electronic health record technology and recognize income for the related Medicare or Medicaid incentive payments, to the extent such payments have not expired; increases in wages as a result of inflation or competition for highly technical positions and rising supply and drug costs due to market pressure from pharmaceutical companies and new product releases; liabilities and other claims asserted against us, including self-insured malpractice claims; competition; our ability to attract and retain, at reasonable employment costs, qualified personnel, key management, physicians, nurses and other healthcare workers; trends toward treatment of patients in less acute or specialty healthcare settings, including ambulatory surgery centers or specialty hospitals; changes in medical or other technology; changes in U.S. generally accepted accounting principles; the availability and terms of capital to fund any additional acquisitions or replacement facilities or other capital expenditures; our ability to successfully make acquisitions or complete divestitures, including the disposition of hospitals and non-hospital businesses pursuant to our portfolio rationalization and deleveraging strategy, our ability to complete any such acquisitions or divestitures on desired terms or at all (including to realize the anticipated amount of proceeds from contemplated dispositions), the timing of the completion of any such acquisitions or divestitures, and our ability to realize the intended benefits from any such acquisitions or divestitures; the impact that changes in our relationships with joint venture or syndication partners could have on effectively operating our hospitals or ancillary services or in advancing strategic opportunities; our ability to successfully integrate any acquired hospitals, or to recognize expected synergies from acquisitions; the impact of seasonal severe weather conditions, including the timing and amount of insurance recoveries in relation to severe weather events such as Hurricanes Harvey and Irma; our ability to obtain adequate levels of general and professional liability insurance; timeliness of reimbursement payments received under government programs; effects related to outbreaks of infectious diseases; the impact of prior or potential future cyber-attacks or security breaches; any failure to comply with the terms of the Corporate Integrity Agreement; the concentration of our revenue in a small number of states; our ability to realize anticipated cost savings and other benefits from our current strategic and operational cost savings initiatives; changes in interpretations, assumptions and expectations regarding the Tax Act; and the other risk factors set forth in our other public filings with the Securities and Exchange Commission.

The consolidated operating results for the three months ended March 31, 2018, are not necessarily indicative of the results that may be experienced for any future periods. The Company cautions that the projections for calendar year 2018 set forth in this presentation are given as of the date hereof based on currently available information. The Company undertakes no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

Community Health Systems

Wayne T. Smith
Chairman and CEO

Tim L. Hingtgen
President and COO

Thomas J. Aaron
Executive Vice President and CFO

Lynn T. Simon
President and CMO

Income Summary

(Amounts in millions, except margin and EPS)

	Three Months Ended March 31,		
	2018	2017	Change
Net Operating Revenues	$ 3,689	$ 4,486	-17.8%
Adjusted EBITDA[(1)]	$ 440	$ 527	-16.5%
Adjusted EBITDA Margin[(1)]	11.9%	11.7%	20 BPS
EPS from Continuing Operations Excluding Adjustments[(2)]	$ 0.13	$ 0.08	62.5%
Shares Outstanding (Weighted and Fully Diluted)	112	111	

(1) See the Unaudited Supplemental Information contained in this presentation for a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA, as defined, to net loss attributable to Community Health Systems, Inc. stockholders as derived directly from our consolidated financial statements for the three months ended March 31, 2018 and 2017 (slides 15 and 16).

(2) See reconciliation of diluted EPS excluding adjustments on slide 5.

Diluted EPS – Excluding Adjustments

	Three Months Ended March 31,	
	2018	2017
Net loss, as reported	$ (0.22)	$ (1.79)
Adjustments:		
Discontinued operations	-	0.01
Loss from early extinguishment of debt	0.03	0.12
Impairment and (gain) loss on sale of businesses, net	0.24	1.92
Expense (income) from government and other legal settlements and related costs	0.04	(0.23)
Expense from fair value adjustments and legal expenses related to cases covered by the CVR	0.03	0.04
Expense related to employee termination benefits and other restructuring charges	0.01	-
Income from continuing operations, excluding adjustments	$ 0.13	$ 0.08

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

Q1 2018 Highlights

	Q1 2018 Compared to Q1 2017	
	Consolidated	**Same Store**
Net Operating Revenues	-17.8%	1.6%
Admissions	-19.6%	-2.4%
Adjusted Admissions	-20.8%	-1.9%
Surgeries	-20.3%	-2.7%
ER Visits	-18.5%	0.1%

2018 Guidance Overview as of May 1, 2018

	2018 Projection Range
Net operating revenues (in millions)	$13,600 to $13,900
Adjusted EBITDA (in millions)	$1,550 to $1,650
Depreciation and amortization as a percentage of net operating revenues	5.0% to 5.1%
Interest expense as a percentage of net operating revenues	6.5% to 6.6%
Loss from continuing operations per share – diluted	$(1.50) to $(1.10)
Weighted-average diluted share (in millions)	113 to 114
Net cash provided by operating activities (in millions)	$700 to $800
Capital expenditures (in millions)	$475 to $575
Same-store adjusted admissions growth	(0.5)% to 0.5%
HITECH Incentives (in millions)	$0

2018 guidance reflects the impact of the anticipated timing of divestiture closings, which accounted for ~$2.0 billion of 2017 annual net revenue. Based on the anticipated timing of divestiture closings, we expect these divestitures to contribute ~$1.0 billion of net revenue in 2018.

Our comprehensive 2018 guidance has been provided on pages 15 and 16 on Form 8-K dated May 1st, 2018 and includes important assumptions and exclusions.

Q1 2018 Financial and Operating Results

Year-Over-Year Change as a Percentage of Same Store Net Operating Revenues

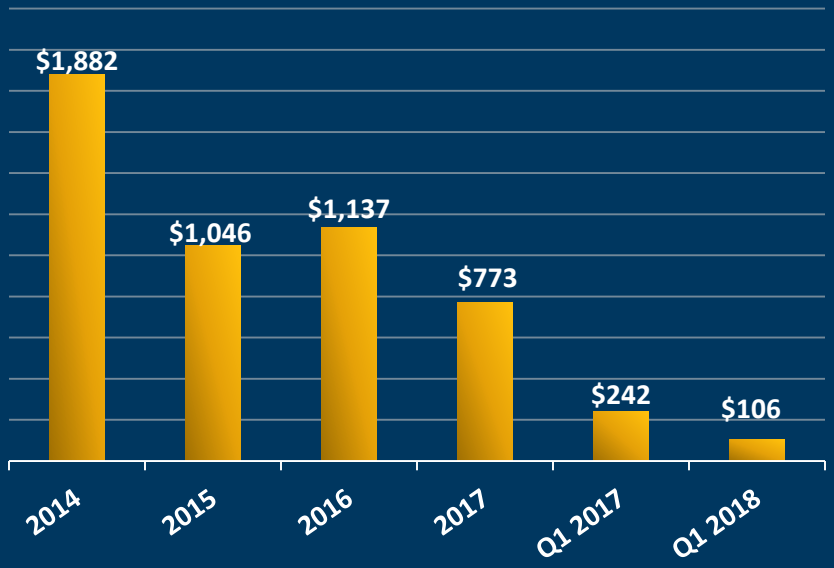
Same Store

- **Salaries and benefits** **-80BPS**
  - Driven by better FTE management.
- **Supplies expense** **+10BPS**
  - Driven by increased implant costs.
- **Other operating expenses** **+190BPS**
  - Driven by higher medical specialist fees, purchased services, taxes and insurance expense.
- **Electronic health records incentive reimbursement –** lower than the same period in the prior year by $3.6 million.

Cash Flow and Capital Expenditures

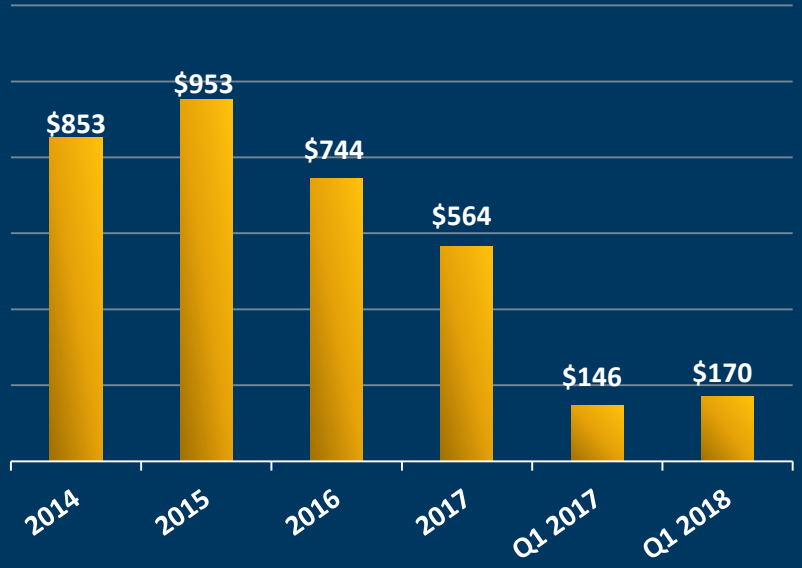
Cash Flows from Operations

($ in millions)



Capital Expenditures

($ in millions)



(1) Approximately $120 million was spent during the year ended December 31, 2015 for the replacement hospital, Grandview Medical Center in Birmingham, AL.

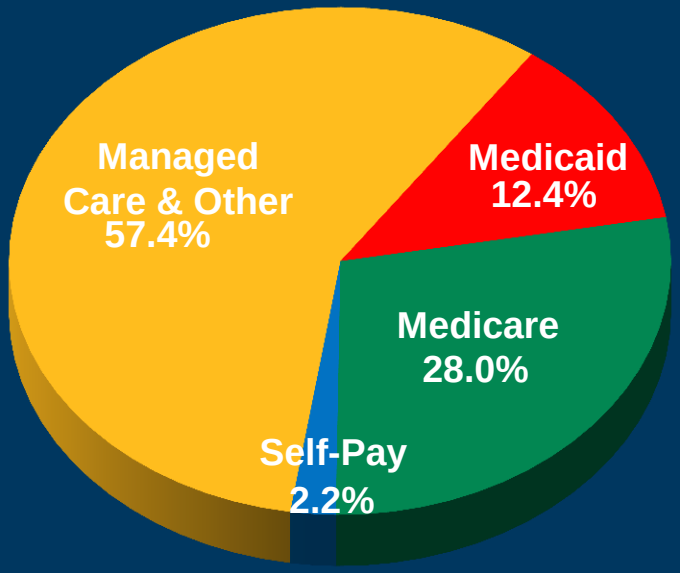
(2) The revenue used in this calculation excludes the $169 million change in estimate of the provision for bad debts recorded during the three months ended December 31, 2015.

(3) The revenue used in this calculation excludes the $591 million change in estimate for contractual allowances and provision for bad debts recorded during the three months ended December 31, 2017.

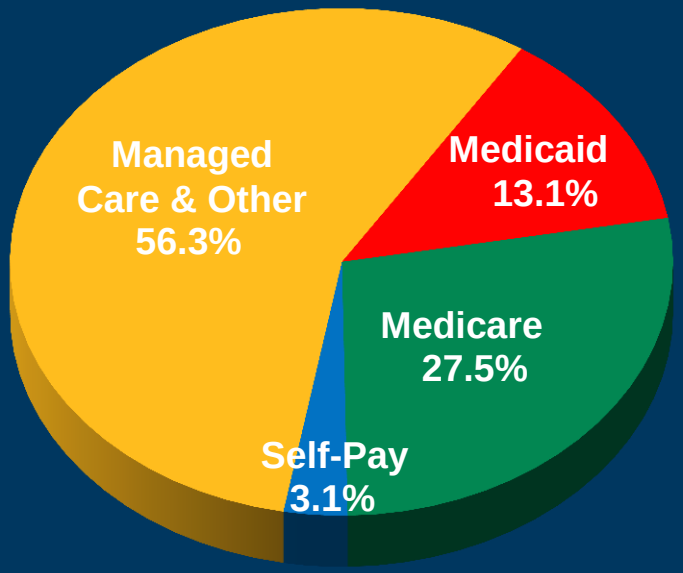
CapEx % of net revenue (includes replacement hospitals)					
4.6%	4.9%(1)(2)	4.0%	3.5%(3)	3.3%	4.6%
Replacement hospitals % of net revenue					
0.6%	0.6%(1)(2)	0.1%	0.0%(3)	0.1%	0.0%

Payor Mix (Consolidated)

Three Months Ended March 31, 2018



Three Months Ended March 31, 2017



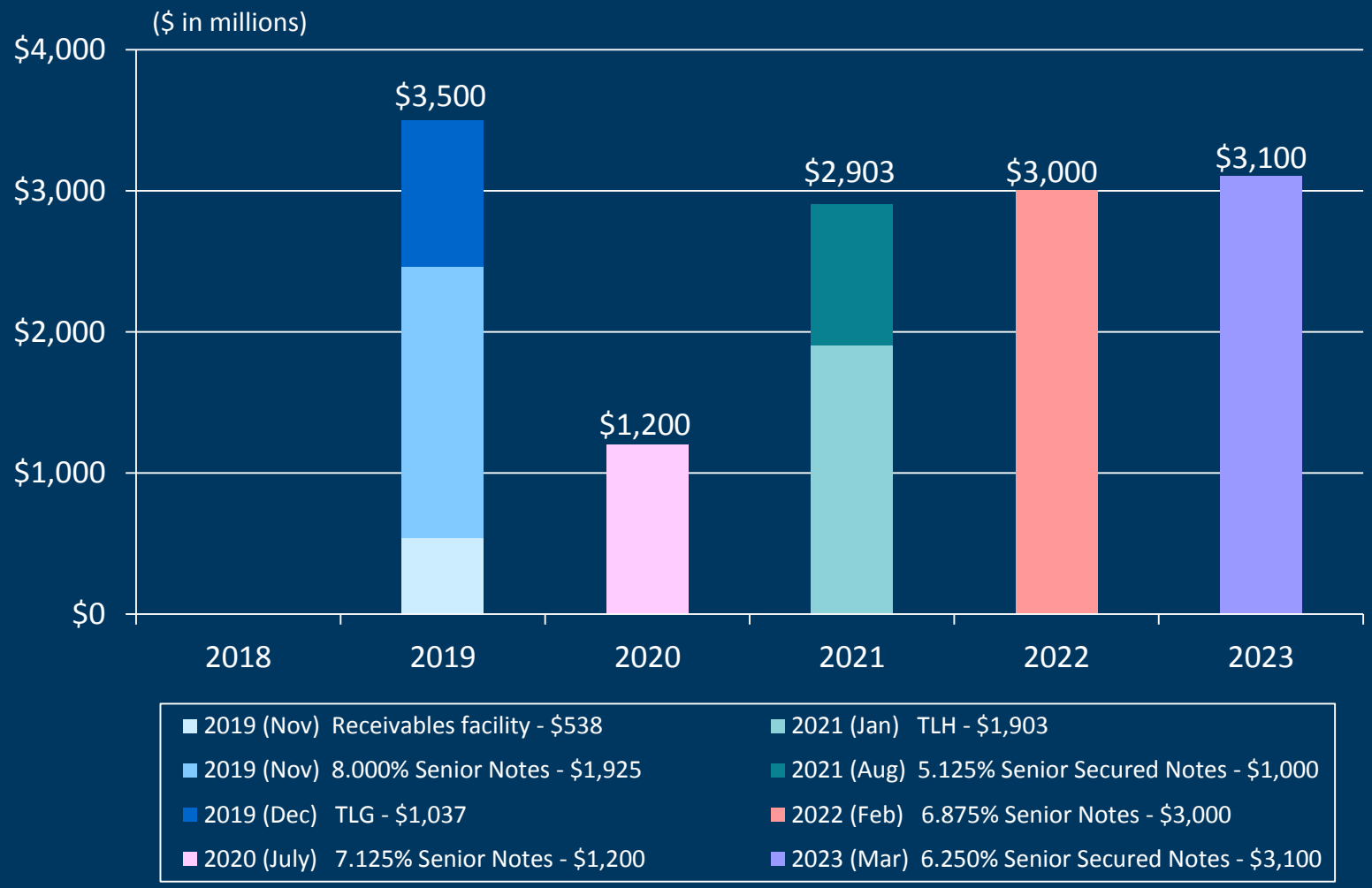
- Payor mix is presented as a percent of net revenue after the provision for uncollectible revenue (or, for 2017, provision for bad debt).
- Total consolidated uncompensated care as a percentage of adjusted net revenue (net revenue before the provision for uncollectible revenue + charity care + administrative self pay discount) for the three months ended March 31, 2018 was 29.8% compared to 27.1% for the same period in 2017.

Balance Sheet Data

($ in millions)	March 31, 2018	December 31, 2017
Working Capital	$ 1,730	$ 1,712
Total Assets	$ 17,311	$ 17,450
Long Term Debt	$ 13,855	$ 13,880
Stockholders' Deficit	$ (775)	$ (767)

- At March 31, 2018, approximately 91% of our debt was fixed, including swaps.
- Net debt (long-term debt, plus current maturities of long-term debt, less cash and cash equivalents) has been reduced by $1.53 billion since March 31, 2017.
- Days revenue outstanding, adjusted for the impact of receivables for state Medicaid supplemental payment programs, was 58 days at March 31, 2018 and 56 days at December 31, 2017.

Debt Maturity as of March 31, 2018



Rationalizing Our Portfolio

QHC Spin-off – Completed April 29th, 2016

- 38 hospitals in 16 states
  - *Net proceeds: $1.2 billion*

Sale of Joint Venture – Completed May 4th, 2016

- Located in Las Vegas, NV with Universal Health Services, Inc.
  - *$445 million in cash to CHS, including return of capital for a replacement hospital*

Divestitures Complete – Completed in 4th Quarter 2016

- Completed sale and leaseback of ten medical office buildings, announced December 22nd
  - *Gross proceeds: $163 million*
- Completed sale of 80% interest in our Home Care Division, announced January 3rd
  - *Annualized revenue: ~$200 million, gross proceeds: $128 million*

Hospital Divestitures (30 Hospitals) – Transactions Closed in 2017

- Completed the sale of 30 hospitals between April 28th and November 1st
- Hospital divestitures included: 11 in PA, 4 in WA, 4 in FL, 3 in OH, 3 in MS, 3 in TX, 1 in AL, and 1 in LA
  - *Annualized revenue: ~$3.4 billion, with mid-single digit EBITDA margins, gross proceeds, excluding working capital: ~$1.7 billion*

Hospital Divestitures – Transactions Closed in 2018

- Completed the sale of one hospital (in FL), announced April 2nd

Divestitures Underway in 2018

- 6 definitive agreements announced (4 in TN, 1 in LA, and 1 in FL)
- The total contemplated divestitures accounted for ~$2.0 billion of 2017 annual net revenue, with mid-single digit EBITDA margins
- Total estimated gross proceeds, excluding working capital of ~$1.3 billion
- Expect closing of these divestitures to occur during 2018
- Based on the anticipated timing of divestiture closings, we expect these divestitures to contribute ~$1.0 billion of net revenue in 2018

Additional Divestitures Expected

- Continue to optimize and further strengthen our portfolio

Refining our overall portfolio by eliminating these assets, future investments can be committed to our most attractive locations.

Focused Strategy

Unaudited Supplemental Information

EBITDA is a non-GAAP financial measure which consists of net loss attributable to Community Health Systems, Inc. before interest, income taxes, and depreciation and amortization. Adjusted EBITDA, also a non-GAAP financial measure, is EBITDA adjusted to add back net income attributable to noncontrolling interests and to exclude the effect of discontinued operations, loss from early extinguishment of debt, impairment and (gain) loss on sale of businesses, gain on sale of investments in unconsolidated affiliates, expense incurred related to the spin-off of QHC, expense incurred related to the sale of a majority ownership interest in the Company's home care division, expense (income) related to government and other legal settlements and related costs, expense related to employee termination benefits and other restructuring charges, expense (income) from fair value adjustments on the CVR agreement liability accounted for at fair value related to the HMA legal proceedings and related legal expenses, and the overall impact of the change in estimate related to net patient revenue recorded in the fourth quarter of 2017 resulting from the increase in contractual allowances and the provision for bad debts. The Company has from time to time sold noncontrolling interests in certain of its subsidiaries or acquired subsidiaries with existing noncontrolling interest ownership positions. The Company believes that it is useful to present Adjusted EBITDA because it adds back the portion of EBITDA attributable to these third-party interests and clarifies for investors the Company's portion of EBITDA generated by continuing operations. The Company reports Adjusted EBITDA as a measure of financial performance. Adjusted EBITDA is a key measure used by management to assess the operating performance of the Company's hospital operations and to make decisions on the allocation of resources. Adjusted EBITDA is also used to evaluate the performance of the Company's executive management team and is one of the primary targets used to determine short-term cash incentive compensation. In addition, management utilizes Adjusted EBITDA in assessing the Company's consolidated results of operations and operational performance and in comparing the Company's results of operations between periods. The Company believes it is useful to provide investors and other users of the Company's financial statements this performance measure to align with how management assesses the Company's results of operations. Adjusted EBITDA also is comparable to a similar metric called Consolidated EBITDA, as defined in the Company's senior secured credit facility, which is a key component in the determination of the Company's compliance with some of the covenants under the Company's senior secured credit facility (including the Company's ability to service debt and incur capital expenditures), and is used to determine the interest rate and commitment fee payable under the senior secured credit facility (although Adjusted EBITDA does not include all of the adjustments described in the senior secured credit facility).

Adjusted EBITDA is not a measurement of financial performance under U.S. GAAP. It should not be considered in isolation or as a substitute for net income, operating income, or any other performance measure calculated in accordance with U.S. GAAP. The items excluded from Adjusted EBITDA are significant components in understanding and evaluating financial performance. The Company believes such adjustments are appropriate as the magnitude and frequency of such items can vary significantly and are not related to the assessment of normal operating performance. Additionally, this calculation of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

Unaudited Supplemental Information

The following table reflects the reconciliation of Adjusted EBITDA, as defined, to net loss attributable to Community Health Systems, Inc. stockholders as derived directly from the condensed consolidated financial statements (in millions):

	Three Months Ended March 31,	
	2018	2017
Net loss attributable to Community Health Systems, Inc. stockholders	$ (25)	$ (199)
Adjustments:		
(Benefit from) provision for income taxes	(7)	-
Depreciation and amortization	181	236
Net income attributable to noncontrolling interests	19	22
Loss from discontinued operations	-	1
Interest expense, net	228	229
Loss from early extinguishment of debt	4	21
Impairment and (gain) loss on sale of businesses, net	28	250
Expense (income) from government and other legal settlements and related costs	5	(41)
Expense from fair value adjustments and legal expenses related to cases covered by the CVR	5	7
Expense related to the sale of a majority interest in home care division	-	1
Expense related to employee termination benefits and other restructuring charges	2	-
Adjusted EBITDA	$ 440	$ 527