

PSYCHIATRIC SOLUTIONS INC  
Form DFAN14A  
May 18, 2010

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  
(Rule 14a-101)

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 Pursuant to §240.14a-12

PSYCHIATRIC SOLUTIONS, INC.

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(Name of Registrant as Specified In Its Charter)

UNIVERSAL HEALTH SERVICES, INC.

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- 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:   |
| (2) | Aggregate number of securities to which transaction applies:  |
| (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:  |
| (5) | Total fee paid:   |

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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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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On May 17, 2010 Universal Health Services, Inc. hosted a call with investors to discuss the announced transaction with Psychiatric Solutions, Inc. A copy of a presentation made available to investors in connection with such transaction is as follows:

Universal Health Services:  
Strategic Acquisition of Psychiatric Solutions  
May 17, 2010

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UHS Strategic Acquisition of PSI

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Forward Looking Statements

This presentation may contain “forward-looking statements”. Forward-looking statements may be identified by words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words of similar meaning and include, but are not limited to, statements about the expected future businesses of UHS and PSI resulting from and following the proposed acquisition. These statements are based on the current expectations of UHS and PSI and are inherently subject to uncertainties and changes in circumstances. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are factors relating to the fulfillment of certain

closing conditions to the proposed acquisition, and changes in global, political, economic, business, competitive, market

and regulatory forces. UHS and PSI undertake 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. Please refer to UHS’s and PSI’s filings with the SEC, including its most recent Annual Report on Form 10-K, for more information on additional risks that could cause actual results to differ from the forward-looking statements made herein.

This communication may be deemed to be solicitation material in respect of the proposed acquisition of PSI by UHS. In

connection with the proposed acquisition, UHS and PSI intend to file relevant materials with the SEC, including PSI’s proxy statement on Schedule 14A.

**INVESTORS AND SECURITY HOLDERS OF UHS AND PSI ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING PSI’S PROXY STATEMENT, WHEN IT BECOMES AVAILABLE, BECAUSE THEY WILL CONTAIN**

**IMPORTANT INFORMATION ABOUT THE PROPOSED ACQUISITION.**

Investors and security holders will be able to obtain all such documents, when they become available, free of charge through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov), or by directing a request to Investor Relations, Universal Health Services, Inc., Universal Corporate Center, 367 South Gulph Road, P.O. Box 61558, King of Prussia, Pennsylvania

19406 (610-768-3300). Such documents are not currently available.

UHS and certain of its directors and executive officers and other persons, and PSI and its directors and certain executive

officers, may be deemed to be participants in the solicitation of proxies from the holders of PSI common stock in respect of the proposed acquisition. Information regarding such persons and a description of their interests in the transaction will be contained in the proxy statement when it is filed.

UHS Strategic Acquisition of PSI

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Transaction Overview

Consideration	§ \$33.75 per share in cash
	§ \$3.1 billion total consideration, including assumption of net debt
Financing	§ Committed financing from J.P. Morgan and Deutsche Bank
Accretion	§ Significantly accretive to UHS's EPS, excluding one-time costs
Synergies	§ \$35-45 million in identified annual cost synergies
	§ Full run-rate achieved within three years, front-end loaded
Approvals	§ PSI shareholder approval, regulatory clearance
Expected Close	§ Fourth quarter of 2010

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UHS Strategic Acquisition of PSI

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Strategic Rationale

- § Creates premier facilities-based healthcare provider with a premier behavioral health care platform
    - § Transaction significantly increases scale and geographic reach
      - § Pro forma revenues of more than \$7.0 billion
  - § Combined 196 behavioral health care & 25 acute care facilities across 37 states and territories
    - § Diminishes geographic concentration risk
      - § Provides substantial future growth opportunities
  - § Attractive behavioral health care sector dynamics, including strong demand
    - § Strong platform for further behavioral health care growth
      - § Financially attractive transaction
    - § Significant earnings accretion, including synergy opportunity
      - § Opportunity to improve PSI's operating margins
    - § Utilizes strong balance sheet to pursue compelling acquisition
  - A Unique Opportunity to Create the Leader in Behavioral Health Care and Deliver Increased Value for Shareholders
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UHS Strategic Acquisition of PSI

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Behavioral Sector: Highly Attractive Industry Dynamics

§ Inpatient behavioral segment = approximately \$20.0 billion

§ Estimated 73 million people in the U.S. with diagnosable mental illnesses

§ 4 of the 10 leading causes of disability in the U.S. are mental illnesses

§ Capacity rationalization in the early 1990s created a supply/demand imbalance

§ Stable pricing and inpatient ALOS combined with increased admissions and occupancy trends

§ Minimal exposure to uncompensated care

§ Lower capital requirements

§ Positive impact from parity legislation passed in October 2009

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UHS Strategic Acquisition of PSI

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A Premier Facilities-Based Healthcare Provider

	UHS	PSI	Pro Forma
2009 Revenue (\$bn)	\$5.2	\$1.8	\$7.0
2009 EBITDA (\$bn)	0.7	0.3	1.1
Behavioral Facilities/Schools	102	94	196
Acute Care Facilities	25	-	25
States	32	32	37
Licensed Behavioral Beds	7,921	11,290	19,211
Licensed Acute Care Beds	5,484	-	5,484
Largest State - Revenue %	24%	12%	18%

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UHS Strategic Acquisition of PSI

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Geographic Diversity

UHS States

Overlapping States

VT

AL

AK

CA

CO

CT

DE

FL

GA

IL

IN

IA

KS

KY

LA

MD

MA

MI

MS

MO

MT

NE

NV

NH

NJ

NY

NC

OH

OK

OR

PA

SC

SD

TN

TX

UT

WA

WY

HI

AK

ME

Puerto Rico

US Virgin Islands

AZ

ID

MN  
NM  
ND  
WV  
PSI States

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UHS Strategic Acquisition of PSI  
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Transforms UHS into  
Premier Provider of Behavioral Health Services  
UHS  
Total = \$0.3 Billion  
PSI  
Pro Forma  
64%  
36%  
Total = \$0.7 Billion  
Total = \$1.1 Billion  
46%  
54%  
Behavioral  
Acute Care  
100%  
2009 EBITDA Mix by Business Type  
2009 Revenue Mix by Business Type  
Total = \$1.8 Billion  
Total = \$5.2 Billion  
Total = \$7.0 Billion  
73%  
25%  
100%  
54%  
45%  
2%  
1%  
Other

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UHS Strategic Acquisition of PSI

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Transaction Summary - Capital Structure

Pro forma capitalization (\$bn)

Sources and uses (\$bn)

J.P. Morgan and Deutsche Bank have committed \$4.15bn in debt financing

Key Capital Considerations:

§ Maintain strong balance sheet and liquidity

§ Business provides attractive cash flow

§ Intends to use excess cash flow to repay debt

1 Includes fully phased in synergies

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UHS Strategic Acquisition of PSI

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A Compelling Transaction

Premier facilities-based healthcare provider with premier behavioral health platform

Substantial growth opportunities

Strong financial profile, significant earnings accretion

Increased scale and expanded reach

Well-positioned to deliver increased value to shareholders

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Universal Health Services:  
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