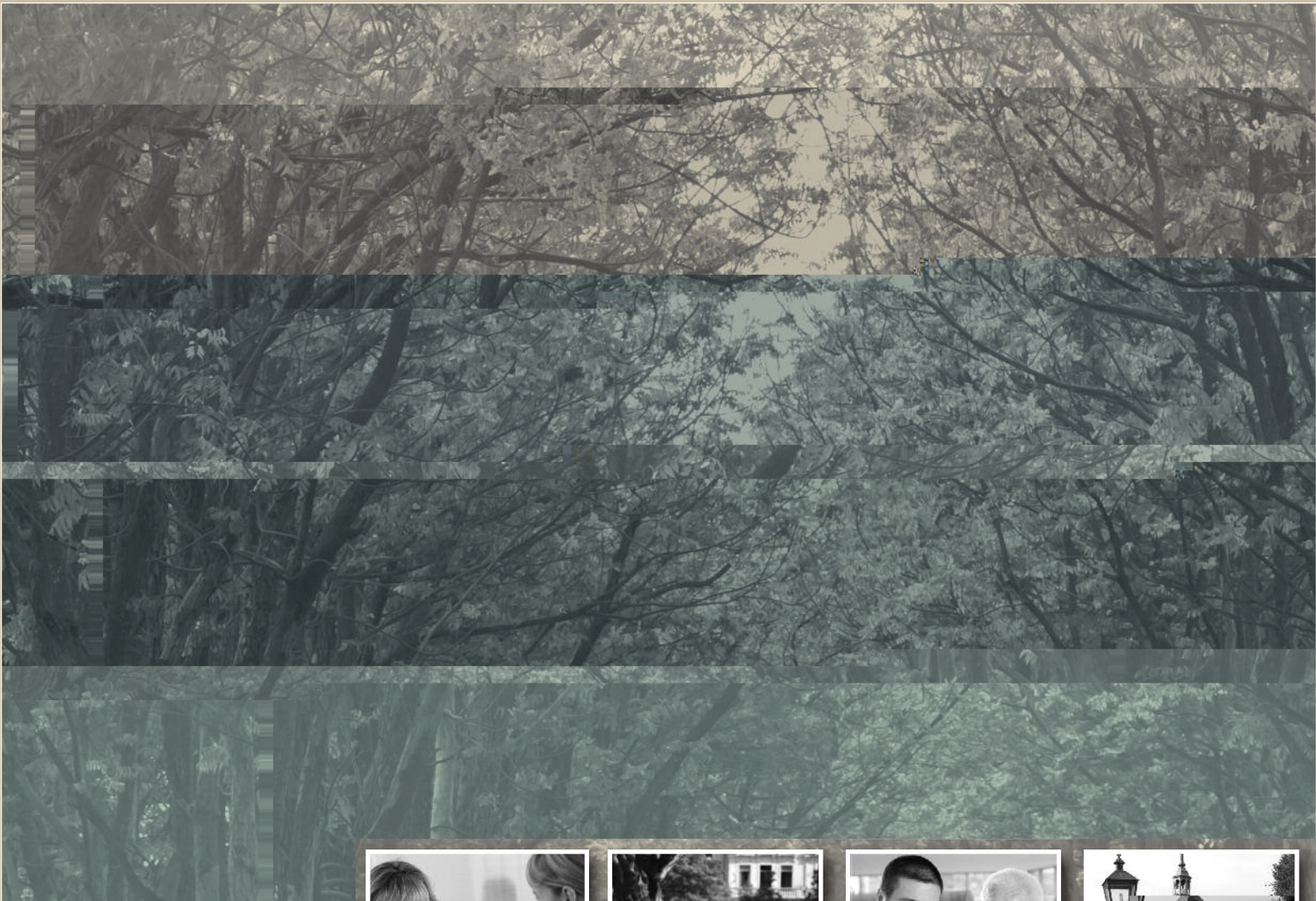




**Community Health Systems, Inc.**

Annual Report to Stockholders 2011



Located in the Nashville, Tennessee, suburb of Franklin, Community Health Systems, Inc. is one of the largest publicly-traded hospital companies in the United States and a leading operator of general acute care hospitals in non-urban and mid-size markets throughout the country. Through its subsidiaries, the Company currently owns, leases or operates 134 hospitals in 29 states with an aggregate of approximately 20,000 licensed beds. (as of March 1, 2012). Its hospitals offer a broad range of inpatient and surgical services, outpatient treatment and skilled nursing care. In addition, through its subsidiary, Quorum Health Resources, LLC, the Company provides management and consulting services to non-affiliated general acute care hospitals located throughout the United States.

Shares in Community Health Systems, Inc. are traded on the New York Stock Exchange under the symbol "CYH."



## Hospital Locations

### Alabama

Birmingham, Trinity Medical Center  
Centre, Cherokee Medical Center  
Dothan, Flowers Hospital  
Enterprise, Medical Center Enterprise  
Foley, South Baldwin Regional Medical Center  
Fort Payne, DeKalb Regional Medical Center  
Gadsden, Gadsden Regional Medical Center  
Greenville, LV Stabler Memorial Hospital  
Huntsville, Crestwood Medical Center

### Alaska

Palmer, Mat-Su Regional Medical Center

### Arizona

Bullhead City, Western Arizona Regional Medical Center  
Oro Valley, Northwest Medical Center  
Oro Valley  
Payson, Payson Regional Medical Center  
Tucson, Northwest Medical Center

### Arkansas

Bentonville, Northwest Medical Center - Bentonville  
El Dorado, Medical Center of South Arkansas  
Forrest City, Forrest City Medical Center  
Helena, Helena Regional Medical Center  
Johnson, Willow Creek Women's Hospital  
Newport, Harris Hospital  
Siloam Springs, Siloam Springs Memorial Hospital  
Springdale, Northwest Medical Center - Springdale

### California

Barstow, Barstow Community Hospital  
Fallbrook, Fallbrook Hospital  
Watsonville, Watsonville Community Hospital

### Florida

Crestview, North Okaloosa Medical Center  
Lake Wales, Lake Wales Medical Center

### Georgia

Augusta, Trinity Hospital of Augusta  
Blue Ridge, Fannin Regional Hospital

### Illinois

Anna, Union County Hospital  
Blue Island, MetroSouth Medical Center  
Galesburg, Galesburg Cottage Hospital  
Granite City, Gateway Regional Medical Center  
Marion, Heartland Regional Medical Center  
Mt. Vernon, Crossroads Community Hospital  
Red Bud, Red Bud Regional Hospital  
Waukegan, Vista Medical Center East  
Waukegan, Vista Medical Center West

### Indiana

Bluffton, Bluffton Regional Medical Center  
Fort Wayne, Dupont Hospital  
Fort Wayne, Lutheran Hospital  
Fort Wayne, Lutheran Musculoskeletal Center  
Fort Wayne, Rehabilitation Hospital of Ft. Wayne  
Fort Wayne, St. Joseph's Hospital  
Peru, Dukes Memorial Hospital  
Valparaiso, Porter Hospital  
Warsaw, Kosciusko Community Hospital

### Kentucky

Fulton, Parkway Regional Hospital  
Jackson, Kentucky River Medical Center  
Louisa, Three Rivers Medical Center

### Louisiana

Lake Charles, Women and Children's Hospital  
Leesville, Byrd Regional Hospital  
Ruston, Northern Louisiana Medical Center

### Mississippi

Hattiesburg, Wesley Medical Center  
Vicksburg, River Region Health System

### Missouri

Kirkville, Northeast Regional Medical Center  
Moberly, Moberly Regional Medical Center

### Nevada

Mesquite, Mesa View Regional Hospital

### New Jersey

Salem, The Memorial Hospital of Salem County

### New Mexico

Carlsbad, Carlsbad Medical Center  
Deming, Mimbres Memorial Hospital  
Hobbs, Lea Regional Medical Center  
Las Cruces, Mountain View Regional Medical Center  
Las Vegas, Alta Vista Regional Hospital  
Roswell, Eastern New Mexico Medical Center

### North Carolina

Williamston, Martin General Hospital

### Ohio

Massillon, Affinity Medical Center  
Warren, Hillside Rehabilitation Hospital  
Warren, Trumbull Memorial Hospital  
Youngstown, Northside Medical Center

### Oklahoma

Oklahoma City, Deaconess Hospital  
Ponca City, Ponca City Medical Center  
Woodward, Woodward Regional Hospital

### Oregon

Springfield, McKenzie-Willamette Medical Center

### Pennsylvania

Berwick, Berwick Hospital Center  
Coatesville, Brandywine Hospital  
Easton, Easton Hospital  
Lock Haven, Lock Haven Hospital  
Nanticoke, Special Care Hospital  
Peckville, Mid-Valley Hospital  
Philadelphia, Chestnut Hill Hospital  
Phoenixville, Phoenixville Hospital  
Pottstown, Pottstown Memorial Medical Center  
Scranton, Moses Taylor Hospital



Scranton, Regional Hospital of Scranton  
 Sunbury, Sunbury Community Hospital  
 Tunkhannock, Tyler Memorial Hospital  
 West Grove, Jennersville Regional Hospital  
 Wilkes-Barre, First Hospital Wyoming Valley  
 Wilkes-Barre, Wilkes-Barre General Hospital

**South Carolina**

Bennettsville, Marlboro Park Hospital  
 Cheraw, Chesterfield General Hospital  
 Florence, Carolinas Hospital System -  
 Florence  
 Lancaster, Springs Memorial Hospital  
 Mullins, Marion Regional Hospital  
 Spartanburg, Mary Black Memorial Hospital

**Tennessee**

Brownsville, Haywood Park Community  
 Hospital  
 Clarksville, Gateway Medical Center  
 Cleveland, SkyRidge Medical Center  
 Dyersburg, Dyersburg Regional Medical  
 Center  
 Jackson, Regional Hospital of Jackson  
 Lexington, Henderson County Community  
 Hospital  
 Martin, Volunteer Community Hospital  
 McKenzie, McKenzie Regional Hospital  
 Morristown, Lakeway Regional Hospital  
 Selmer, McNairy Regional Hospital  
 Shelbyville, Heritage Medical Center

**Texas**

Abilene, Abilene Regional Medical Center  
 Alpine, Big Bend Regional Medical Center  
 Big Spring, Scenic Mountain Medical Center  
 Brownwood, Brownwood Regional Medical  
 Center  
 Cedar Park, Cedar Park Regional Medical  
 Center  
 College Station, College Station Medical  
 Center  
 Corsicana, Navarro Regional Hospital  
 Granbury, Lake Granbury Medical Center  
 Hillsboro, Hill Regional Hospital  
 Jourdanon, South Texas Regional Medical  
 Center

Laredo, Laredo Medical Center  
 Longview, Longview Regional Medical Center  
 Lufkin, Woodland Heights Medical Center  
 San Angelo, San Angelo Community  
 Medical Center  
 Tomball, Tomball Regional Medical Center  
 Victoria, DeTar Hospital Navarro  
 Weatherford, Weatherford Regional Medical  
 Center

**Utah**

Tooele, Mountain West Medical Center

**Virginia**

Emporia, Southern Virginia Regional  
 Medical Center  
 Franklin, Southampton Memorial Hospital  
 Petersburg, Southside Regional Medical  
 Center

**Washington**

Spokane, Deaconess Medical Center  
 Spokane Valley, Valley Hospital and Medical  
 Center

**West Virginia**

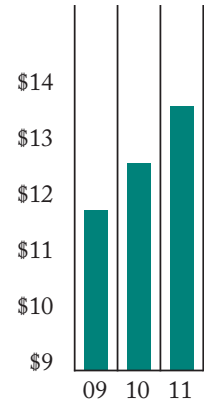
Bluefield, Bluefield Regional Medical Center  
 Oak Hill, Plateau Medical Center  
 Ronceverte, Greenbrier Valley Medical Center

**Wyoming**

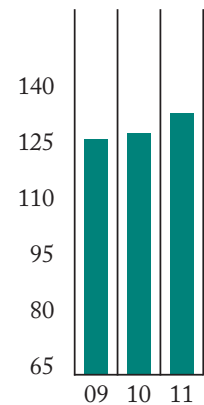
Evanston, Evanston Regional Hospital

*Hospitals are owned or leased and operated by  
 subsidiaries of Community Health Systems, Inc.  
 Community Health Systems, Inc. does not have  
 any employees.*

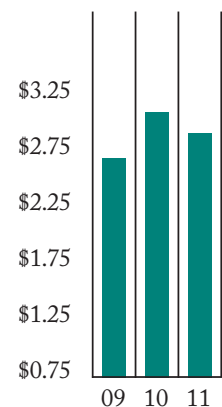
Operating  
 Revenues  
 (in billions)



Hospitals



Earnings Per  
 Share (diluted)



## Financial Highlights

(In thousands, except per share amounts)

	Year Ended December 31,	
	2011	2010
<b>Operating Results</b>		
Net operating revenues	\$ 13,626,168	\$ 12,623,274
Income from continuing operations	\$ 335,894	\$ 355,213
Income per share from continuing operations		
Diluted	\$ 2.87	\$ 3.08
Weighted average number of shares outstanding:		
Diluted	90,666	92,946

	As of December 31,	
	2011	2010
<b>Balance Sheet Data</b>		
Working capital	\$ 934,950	\$ 1,229,153
Total assets	15,208,840	14,698,123
Long-term debt	8,782,798	8,808,382
Stockholders' equity	2,397,096	2,189,464

	For The Year Ended December 31,					
	Consolidated			Same-Store		
	2011	2010	% Change	2011	2010	% Change
<b>Selected Operating Data</b>						
Number of hospitals (at end of period)	131	127		127	127	
Licensed beds (at end of period)	19,695	19,004		18,992	19,004	
Beds in service (at end of period)	16,832	16,264		16,207	16,264	
Admissions	675,050	678,284	-0.5%	640,302	678,284	-5.6%
Adjusted admissions	1,330,988	1,277,235	4.2%	1,267,860	1,277,235	-0.7%
Patient days	2,970,044	2,891,699		2,806,139	2,891,699	
Average length of stay (days)	4.4	4.3		4.4	4.3	
Occupancy rate (average beds in service)	49.1%	50.2%		48.9%	50.2%	
Net operating revenues	\$ 13,626,168	\$ 12,623,274	7.9%	\$ 13,083,230	\$ 12,618,026	3.7%
Net inpatient revenues as a % of total net operating revenues	46.1%	49.3%		45.7%	49.3%	
Net outpatient revenues as a % of total net operating revenues	51.9%	48.5%		52.3%	48.5%	
Income from operations	\$ 1,134,485	\$ 1,121,044	1.2%	\$ 1,188,176	\$ 1,131,850	5.0%
Income from operations as a % of net operating revenues	8.3%	8.9%		9.1%	9.0%	
Depreciation and amortization	\$ 652,674	\$ 594,997		\$ 633,417	\$ 594,997	
Equity in earnings of unconsolidated affiliates	\$ (49,491)	\$ (45,443)		\$ (49,507)	\$ (45,380)	
<b>Liquidity Data:</b>						
Adjusted EBITDA	\$ 1,836,650	\$ 1,761,484	4.3%			
Adjusted EBITDA as a % of net operating revenues	13.5%	14.0%				
Net cash provided by operating activities	\$ 1,261,908	\$ 1,188,730				
Net cash provided by operating activities as a % of net operating revenues	9.3%	9.4%				



*Community Health Systems has a solid history of profitable growth and a proven ability to succeed in a dynamic environment.*

W A Y N E T . S M I T H

ten percent of those hospitals recognized. We have implemented proven methodologies to reduce readmission rates. These procedures include post discharge phone calls and medication reconciliations. We have completed a trial on an infection surveillance software system that will be rolled out to most of our hospitals in 2012. We have also partnered with a national vendor for evidence-based order sets that will represent over 200 standardized groups of orders for specific conditions.

While we are actively focused on quality, we are also concentrating our efforts on safety standards in all of our hospitals. In 2011, we applied for and obtained listing by the Health and Human Services Agency for Healthcare Research and Quality as a component patient safety organization, or PSO, one of only 76 currently listed PSO's. As part of this important initiative, we are implementing practices that can reduce errors and prevent any serious safety events. These efforts, and the tangible benefits they are producing, confirm our commitment to clinical excellence across our hospitals.

Community Health Systems has continued to build a strong foundation for future growth through our focus on acquisitions. In the current market environment, real challenges exist that threaten the economic stability of independent community hospitals. In turn, these hospitals are looking for established and operationally-focused partners with the financial resources and experience to keep these hospitals viable in the local community. During 2011, we were able to capitalize on opportunities in the marketplace and extend our market reach through selective acquisitions, adding four new hospitals. Thus far in 2012, we have acquired three hospitals. Our strategy has always been focused on

identifying hospital facilities that meet our operating profile with the most opportunity for growth. We have a strong track record of successfully integrating these facilities, improving operating results and establishing a favorable reputation as a trusted partner in the communities we serve.

Community Health Systems has a solid history of profitable growth and a proven ability to succeed in a dynamic environment. Our performance in 2011 further extended this record. More importantly, through the investments we have made in our hospitals, our people and our communities, we believe we have positioned Community Health Systems for continued success. Our confidence is due to the exceptional talent of everyone associated with Community Health Systems – our unrivaled team of physicians, nurses and hospital administrators across the country supported by the outstanding leadership of our management team and board of directors. Above all, we are proud of the dedication and commitment to excellence reflected in our hospitals and the communities we serve.

We look forward to the opportunities in the year ahead for Community Health Systems. We close by thanking you, our fellow stockholders, for the support your investment provides.

Sincerely,



Wayne T. Smith  
*Chairman of the Board, President and  
Chief Executive Officer*

## Board of Directors and Officers / Community Health Systems, Inc.

### Board of Directors

**Wayne T. Smith**

*Chairman of the Board  
President and  
Chief Executive Officer*

**W. Larry Cash**

*Executive Vice President and  
Chief Financial Officer*

**John A. Clerico** <sup>(1) (2)</sup>

*Co-founder and Chairman  
ChartMark Investments, Inc.*

**James S. Ely III** <sup>(1)</sup>

*Founder and Chief Executive Officer  
Priority Capital Management LLC*

**John A. Fry** <sup>(1) (3)</sup>

*President  
Drexel University*

**William Norris Jennings, M.D.** <sup>(3)</sup>

*Former Managing Partner  
Southend Medical Clinic*

**Julia B. North** <sup>(2) (3)</sup>

*Former President – Consumer Services  
BellSouth Telecommunications*

**H. Mitchell Watson, Jr.** <sup>(2)</sup>

*Former President and Chief Executive Officer  
ROLM Company*

<sup>(1)</sup> Member of the Audit and  
Compliance Committee

<sup>(2)</sup> Member of the Compensation Committee

<sup>(3)</sup> Member of the Governance  
and Nominating Committee

### Officers

**Wayne T. Smith**

*Chairman of the Board  
President and  
Chief Executive Officer*

**W. Larry Cash**

*Executive Vice President and  
Chief Financial Officer*

**Rachel A. Seifert**

*Executive Vice President,  
Secretary and General Counsel*

**William S. Hussey**

*President – Division IV Operations*

**David L. Miller**

*President – Division I Operations*

**Thomas D. Miller**

*President – Division V Operations*

**Michael T. Portacci**

*President – Division II Operations*

**Martin D. Smith**

*President – Division III Operations*

**T. Mark Buford**

*Senior Vice President – Internal Audit*

**Larry M. Carlton**

*Senior Vice President –  
Revenue Management*

**Kenneth D. Hawkins**

*Senior Vice President –  
Acquisitions and Development*

**Barbara R. Paul, M.D.**

*Senior Vice President and  
Chief Medical Officer*

**Martin G. Schweinhart**

*Senior Vice President – Operations*

**J. Gary Seay**

*Senior Vice President and  
Chief Information Officer*

**Lynn T. Simon, M.D.**

*Senior Vice President and  
Chief Quality Officer*

**James W. Doucette**

*Vice President and Treasurer*

**Kevin J. Hammons**

*Vice President and Chief Accounting Officer*

**Robert A. Horrar**

*Vice President – Administration*

**Tim G. Marlette**

*Vice President – Materials Management*

**Ronald J. Shafer**

*Vice President – Physician Practice Services*

**Kathie G. Thomas**

*President – The Home Care Division*

This Annual Report contains forward looking statements made pursuant to the “safe-harbor” provisions of the Private Securities Litigation Reform Act of 1995. Important factors that could cause our actual results to differ materially from the results contemplated by the forward looking statements are contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) and included with this Annual Report and in subsequent filings with the SEC.



