Making a difference in your community. COMMUNITY
HEALTH SYSTEMS, INC.



Corporate Profile

Located in the Nashville, Tennessee, suburb of Franklin, Community Health Systems, Inc. is the leading operator of general acute care hospitals in non-urban communities throughout the country. Through its subsidiaries, the Company owned, leased or operated 77 hospitals in 22 states, as of December 31, 2006. Its hospitals offer a broad range of inpatient medical and surgical services, outpatient treatment and skilled nursing care. Shares in Community Health Systems, Inc. are traded on the New York Stock Exchange under the symbol "CYH."

Hospital Locations / COMMUNITY HEALTH SYSTEMS, INC

Alabama

Cherokee Medical Center, Centre DeKalb Regional Medical Center, Ft. Payne Hartselle Medical Center, Hartselle L.V. Stabler Memorial Hospital, Greenville Parkway Medical Center, Decatur South Baldwin Regional Medical Center, Foley Woodland Medical Center, Cullman

Arizona

Payson Regional Medical Center, Payson Western Arizona Regional Medical Center, Bullhead City

ARKANSAS

Forrest City Medical Center, Forrest City Harris Hospital, Newport Helena Regional Medical Center, Helena

California

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

FLORIDA

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

GEORGIA

Fannin Regional Hospital, Blue Ridge

Illinois

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

KENTUCKY

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

Louisiana

Byrd Regional Hospital, Leesville River West Medical Center, Plaquemine

Missouri

Mineral Area Regional Medical Center, Farmington Moberly Regional Medical Center, Moberly Northeast Regional Medical Center, Kirksville

New Jersey

Memorial Hospital of Salem County, Salem

NEW MEXICO

Alta Vista Regional Hospital, Las Vegas Eastern New Mexico Medical Center, Roswell Mimbres Memorial Hospital, Deming

NORTH CAROLINA

Martin General Hospital, Williamston

OKLAHOMA

Ponca City Medical Center, Ponca City

Pennsylvania

Berwick Hospital, Berwick
Brandywine Hospital, Coatesville
Chestnut Hill Hospital, Philadelphia
Easton Hospital, Easton
Jennersville Regional Hospital, West Grove
Lock Haven Hospital, Lock Haven
Phoenixville Hospital, Phoenixville
Pottstown Memorial Medical Center, Pottstown
Sunbury Community Hospital, Sunbury

South Carolina

Chesterfield General Hospital, Cheraw Marlboro Park Hospital, Bennettsville Springs Memorial Hospital, Lancaster

TENNESSEE

Bedford County Medical Center, Shelbyville Dyersburg Regional Medical Center, Dyersburg Haywood Park Community Hospital, Brownsville Henderson County Community Hospital, Lexington

Lakeway Regional Hospital, Morristown McKenzie Regional Hospital, McKenzie McNairy Regional Hospital, Selmer Regional Hospital of Jackson, Jackson Sky Ridge Medical Center, Cleveland Volunteer Community Hospital, Martin White County Community Hospital, Sparta

TEXAS

Big Bend Regional Medical Center, Alpine
Cleveland Regional Medical Center, Cleveland
Hill Regional Hospital, Hillsboro
Lake Granbury Medical Center, Granbury
Laredo Medical Center, Laredo
Scenic Mountain Medical Center, Big Spring
South Texas Regional Medical Center,
Jourdanton
Weatherford Regional Medical Center,
Weatherford

UTAH

Mountain West Medical Center, Tooele

VIRCINIA

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

WEST VIRGINIA Plateau Medical Center, Oak Hill

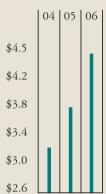
WYOMING

Evanston Regional Hospital, Evanston

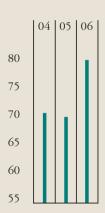
As of December 31, 2006.

*Hospitals are owned or leased and operated by subsidiaries of Community Health Systems, Inc.

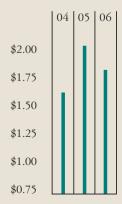
Operating Revenues (in billions)



Hospitals



Earnings Per Share (diluted)



FINANCIAL HIGHLIGHTS

	Year Ended December 31,	
(In thousands, except per share amounts)	2006	2005
Operating Results		
Net operating revenues	\$ 4,365,576	\$ 3,738,320
Income from continuing operations	\$ 171,479 ^(a)	\$ 190,138
Income per share from continuing operations		
Basic	\$ 1.81 ^{(a)(b)}	\$ 2.15
Diluted	\$ 1.78 ^{(a)(b)}	\$ 2.02 ^(c)
Weighted average number of shares outstanding:		
Basic	94,984	88,601
Diluted	96,233	98,580 ^(d)

- (a) Includes a \$65.0 million pre-tax increase to the provision for bad debts, which reduced adjusted EBITDA by \$65.0 million and income from continuing operations by \$40.0 million, or \$0.42 per share (diluted) for the year ended December 31, 2006. A significant increase in self-pay volume and related revenue, combined with lower cash collections experienced during the third quarter ended September 30, 2006, necessitated a review and analysis of the adequacy of the Company's allowance for doubtful accounts. Based on this review, the Company recorded a \$65.0 million increase to its allowance for doubtful accounts and changed its methodology for estimating its provision for bad debts and the related allowance for doubtful accounts effective September 30, 2006.
- (b) Includes additional compensation expense of \$0.10 per share (diluted) for the year ended December 31, 2006, respectively, resulting from stock-based compensation calculated under SFAS No. 123(R) "Share-Based Payment." The Company adopted SFAS No. 123(R) beginning January 1, 2006, using the modified prospective application transition method.
- (c) For purposes of calculating earnings per share for the year ended December 31, 2005, the convertible notes then outstanding were dilutive and accordingly after tax interest expense of \$2.2 million per quarter on the convertible notes was excluded from the calculation of earnings and 8.6 million shares were added to the number of shares outstanding to calculate fully diluted earnings per share.
- (d) Adjusted to include assumed exercise of employee stock options and assumed conversion of convertible notes. As of January 31, 2006, all of the convertible notes were redeemed. In connection with this redemption, 8,569,593 shares of common stock of the Company were issued upon conversion of the outstanding notes and \$0.4 million of the notes were redeemed in exchange for cash. There was no impact on earnings per share (diluted) as a result of this conversion since weighted average number of shares outstanding-diluted for the year ended December 31, 2006, included the shares issuable upon conversion of the convertible notes.

	As of December 31,		
	2006	2005	
Balance Sheet Data			
Working capital	\$ 446,101	\$ 476,806	
Total assets	4,506,579	3,934,218	
Long-term debt	1,905,781	1,648,500	
Stockholders' equity	1,723,673	1,564,577	

	Year Ended December 31,					
	Consolidated		Same Store			
	2006	2005	% Change	2006	2005	% Change
Selected Operating Data						
Number of hospitals (at end of period)	77	69		69	69	
Licensed beds (at end of period)	9,117	7,974		7,999	7,974	
Beds in service (at end of period)	7,341	6,476		6,524	6,476	
Admissions	326,235	291,633	11.9%	294,820	291,633	1.1%
Adjusted admissions	605,511	538,445	12.5%	543,074	538,445	0.9%
Patient days	1,334,728	1,204,001	10.9%	1,213,429	1,204,001	0.8%
Average length of stay (days)	4.1	4.1		4.1	4.1	
Occupancy rate (average beds in service)	53.0%	52.9%		53.3%	52.9%	
Net operating revenues	\$ 4,365,576	\$ 3,738,320	16.8%	\$ 4,000,828	\$ 3,737,607	7.0%
Net inpatient revenue as a % of						
total net operating revenues	50.0%	50.9%		50.2%	50.9%	
Net outpatient revenue as a % of						
total net operating revenues	48.7%	47.8%		48.6%	47.8%	
Net cash provided by operating activities	\$ 350,255	\$ 411,049				
"Net cash provided by operating activities as						
a % of net operating revenue"	8.0%	11.0%				



With each succeeding year, Community Health Systems, Inc. has continued to make significant progress and extend its consistent record of sustained growth. Our performance in 2006 was no exception as we delivered another solid financial and operating performance and expanded our portfolio of hospitals. Today, we are proud to be acknowledged as the leading operator of non-urban acute care hospitals in the United States, with the expertise and scale inherent in this position. More importantly, we are proud of our reputation for making a difference in the communities

we serve.



We achieved a number of important accomplishments in 2006 as we continued to focus on operating excellence in our hospitals while building the foundation for future success through

acquisitions, both strategies that we believe are important for creating long-term value for our shareholders. Our financial performance for the year reflects solid execution in an everchanging and often challenging healthcare environment. For 2006, we produced a 17 percent increase in revenues to \$4.4 billion from \$3.7 billion in 2005, reflecting strong volume growth across our network of hospitals throughout the country. Our financial results for the year

LETTER TO SHAREHOLDERS

included a change in estimate of the Company's bad debt accounting policy, reflecting unfavorable collection trends and recent increases in self-pay admissions, as hospitals nationwide continue to shoulder the burden of caring for the uninsured and underinsured. This change resulted in a \$65.0 million one-time charge recorded in the third quarter of 2006. Before giving effect to the increase in the provision for bad debts, income from continuing operations increased II.2 percent to \$2II.5 million compared with \$190.1 million last year, and net income was \$2.17 per diluted share, a 21 percent increase from \$1.79 per diluted share in 2005. After giving effect to the increase in the provision for bad debts, income from continuing operations was \$171.5 million, or \$1.78 per diluted share, and net income for the year was \$168.3 million, or \$1.75 per diluted share.

Our results for 2006 demonstrated strong volume trends. Total admissions increased II.9 percent and adjusted admissions increased 12.5 percent compared to 2005. In addition to strong organic growth, our results for the year reflect a robust pace of prior years' acquisitions and margin improvement at these acquired facilities. Our consistent focus on the key areas for success in our business an effective centralized and standardized operating platform, a disciplined acquisition strategy, effective cost management, a successful physician recruitment program, and a favorable reputation in the marketplace allowed us to move Community Health Systems forward in 2006. At the same time, we have enhanced the level of healthcare in more communities throughout the country and we believe this is perhaps the best measure of our success.

Each Community Health Systems affiliated hospital benefits from our wide range of standardized and centralized business practices across every aspect of our business. As we have continued to acquire new facilities and assimilate them into our system, we have established an impressive track record for improving margins at these acquired facilities and managing controllable costs. Additionally, our experienced local management teams have access to considerable corporate resources to improve the performance of their respective facilities, creating an opportunity to capture services that were previously sent out of market.

Regardless of the location, every individual in our organization is focused on the same mission. Our same store growth metrics are a key indicator that our operating strategy is working as we continued to increase revenues and drive admissions upward. On a same store basis, 2006 net operating revenues increased 7.0%, admissions increased I.I% and adjusted admissions increased 0.9%, compared with the last year.

Our hospitals are also supported by disciplined capital spending programs focused on achieving both a favorable level of financial and operating performance and higher patient satisfaction. In 2006, we invested \$269 million in capital projects designed to add and improve hospital services and facilities. Over the years, these investments have rewarded both Community Health Systems and our communities. Our investments may take different forms, but our ultimate

goal is always the same -



to provide a hospital that more effectively and conveniently meets the unique needs of each community.

We further extended our market reach in 2006 with the acquisition of eight hospitals. Community Health Systems has continued to pursue an aggressive acquisition strategy with a proven track record for finding suitable hospitals and successfully assimilating these facilities into our system. As we enter a new market, we become a partner in the community and work together with local leaders to ensure our hospitals meet their needs. With our strategic investments in attracting new physicians, adding services and upgrading facilities, we expect to serve more of the community's patients and continue to improve operating efficiencies. Our proven ability to deliver on our promise and foster positive community relations has continued to be a distinct competitive advantage for Community Health Systems. We believe our solid financial position, complemented by our strong track record of improving operations at acquired facilities, provides us with additional opportunities to continue making disciplined acquisition decisions going forward.

Perhaps more than any other single factor, the strength of the medical staff is vital to the performance of the local community hospital. The availability of qualified physicians drives admissions in our hospitals and, in particular, the availability of physicians in various specialties plays a critical role in being able to provide needed services to patients in the community instead of traveling to a larger urban facility. Accordingly, physician recruitment and practice development have always been important areas of focus for Community Health Systems to ensure the long-term success of our hospitals. Through our effective physician

recruitment initiatives, complemented by investments in the type of hospital facilities and clinical services that attract and retain physicians, we work hard to ensure that our hospitals can offer the same level of care as some larger urban facilities. Our hospitals continue to seek out qualified practitioners in their respective fields who not only raise the level of care in our hospitals, but also become active members of the community at large. In 2006, we surpassed our goal and added a total of 594 new practitioners, representing a variety of clinical specialties, to our hospitals. We are confident that these new physicians, in turn, will keep more patients within the local community and drive corresponding increases in patient and procedure volume.

Our success in 2006 reflects our ability to execute and a commitment by everyone associated with Community Health Systems to continually raise our standards of performance. We are grateful to our employees and local boards of trustees for their dedication, and to the many physicians, nurses and hospital administrators who work tirelessly each and every day to make a positive difference in the communities we serve. We also acknowledge the people who live and work in these communities and we are grateful for the trust they have placed in Community Health Systems. We understand that we must continue to earn that trust and stay focused on our mission to enhance the level of healthcare in more communities across the country. 2006 was another great year for Community Health Systems, but, as always, there is much more for us to accomplish.

On March 19, 2007, we announced that Community Health Systems, Inc. will acquire the stock of Triad Hospitals, Inc. for approximately \$6.8 billion, including \$1.7 billion of existing indebtedness. With this merger, we will be the largest publicly

traded hospital company in the United States with approximately I3O hospitals in 28 states. We believe this represents a significant growth opportunity that will substantially increase Community Health Systems' overall scale and enhance our geographic diversity. We are very excited about this opportunity to further expand our reach and scope with additional hospitals in mid-size markets around the country. We look forward to the integration and improvement of the Triad assets as we continue to build shareholder value.

Thank you for the support your investment provides.

Sincerely,

Toy Jan C

WAYNE T. SMITH
Chairman of the Board,
President and Chief Executive Officer

W. LARRY CASH

Executive Vice President and Chief Financial Officer



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 (1)

Co-founder and Chairman ChartMark Investments, Inc.

Dale F. Frey (2) (3)

Former Chairman and President General Electric Investment Corp.

John A. Fry (1) (3)

President Franklin & Marshall College

Harvey Klein, M.D. (3)

Professor of Clinical Medicine Cornell University Medical College

Julia B. North (2) (3)

Former President – Consumer Services BellSouth Telecommunications

H. Mitchell Watson, Jr. (1) (2)

Former President Sigma Group of America

Officers

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Chairman of the Board, President and Chief Executive Officer

W. Larry Cash

Executive Vice President and Chief Financial Officer

William S. Hussey

Senior Vice President – Group Operations

David L. Miller

Senior Vice President – Group Operations

Gary D. Newsome

Senior Vice President – Group Operations

Michael T. Portacci

Senior Vice President – Group Operations

Kenneth D. Hawkins

Senior Vice President – Acquisitions and Development

Carolyn S. Lipp

Senior Vice President – Quality and Resource Management

Martin G. Schweinhart

Senior Vice President – Operations

J. Gary Seay

Senior Vice President and Chief Information Officer

Rachel A. Seifert

Senior Vice President, Secretary and General Counsel

T. Mark Buford

Vice President and Corporate Controller

Larry M. Carlton

Vice President – Revenue Management

James W. Doucette

Vice President and Treasurer

Robert A. Horrar

Vice President – Administration

Robert O. Horrar

Vice President – Business Development

Tim G. Marlette

Vice President and Chief Purchasing Officer

Linda K. Parsons

Vice President – Human Resources

Kathie G. Thomas

Vice President – Home Health Group

Gerald A. Weissman

Vice President – Medical Staff Development

- (1) Member of the Audit and Compliance Committee
- (2) Member of the Compensation Committee
- (3) Member of the Governance and Nominating Committee

PERFORMANCE GRAPH

The following graph sets forth the cumulative return of the Company's common stock during the five year period ended December 31, 2006, as compared to the cumulative return of the Standard & Poor's 500 Stock Index (S&P 500) and the cumulative return of the Dow Jones Healthcare Index. The graph assumes an initial investment of \$100 in our common stock and in each of the foregoing indices and the reinvestment of dividends where applicable.



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.

Corporate Information / COMMUNITY HEALTH SYSTEMS, INC.

Corporate Office

Community Health Systems, Inc. 4000 Meridian Boulevard Franklin, Tennessee 37067 (615) 465-7000 www.chs.net

Form 10-K/Investor Contact

A copy of the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission, may be obtained from the Company at no charge. Requests for the Annual Report on Form 10-K and other investor information should be directed to Investor Relations at the Company's corporate office or at www.chs.net.

Registrar and Transfer Agent

Mellon Investor Services LLC 480 Washington Boulevard 29th Floor Jersey City, New Jersey 07310 (201) 680-5287

Independent Auditors

Deloitte & Touche LLP Nashville, Tennessee

Annual Shareholders' Meeting

The annual meeting of shareholders will be held on Tuesday, May 22, 2007, at 8:00 a.m. local time at The St. Regis Hotel, 2 East 55th Street, New York, New York.

Common Stock Information

The Company's common stock trades on the New York Stock Exchange under the symbol CYH. As of March 30, 2007, Community Health Systems had approximately 45,600 beneficial holders of its common stock. Of that total, 50 were stockholders of record. To date, the Company has not paid cash dividends on its common stock.

The following table sets forth the high and low sales price information as reported by the New York Stock Exchange during the period indicated.

Stock Price

2006	High	Low
First Quarter	\$39.96	\$35.33
Second Quarter	\$38.39	\$34.94
Third Quarter	\$39.18	\$35.70
Fourth Quarter	\$37.26	\$31.00

2005	High	Low
First Quarter	\$36.33	\$26.96
Second Quarter	\$38.60	\$33.14
Third Quarter	\$39.52	\$32.65
Fourth Quarter	\$40.72	\$35.62

COMMUNITY HEALTH SYSTEMS, INC.

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