



Building *on* Success

Community Health Systems, Inc.

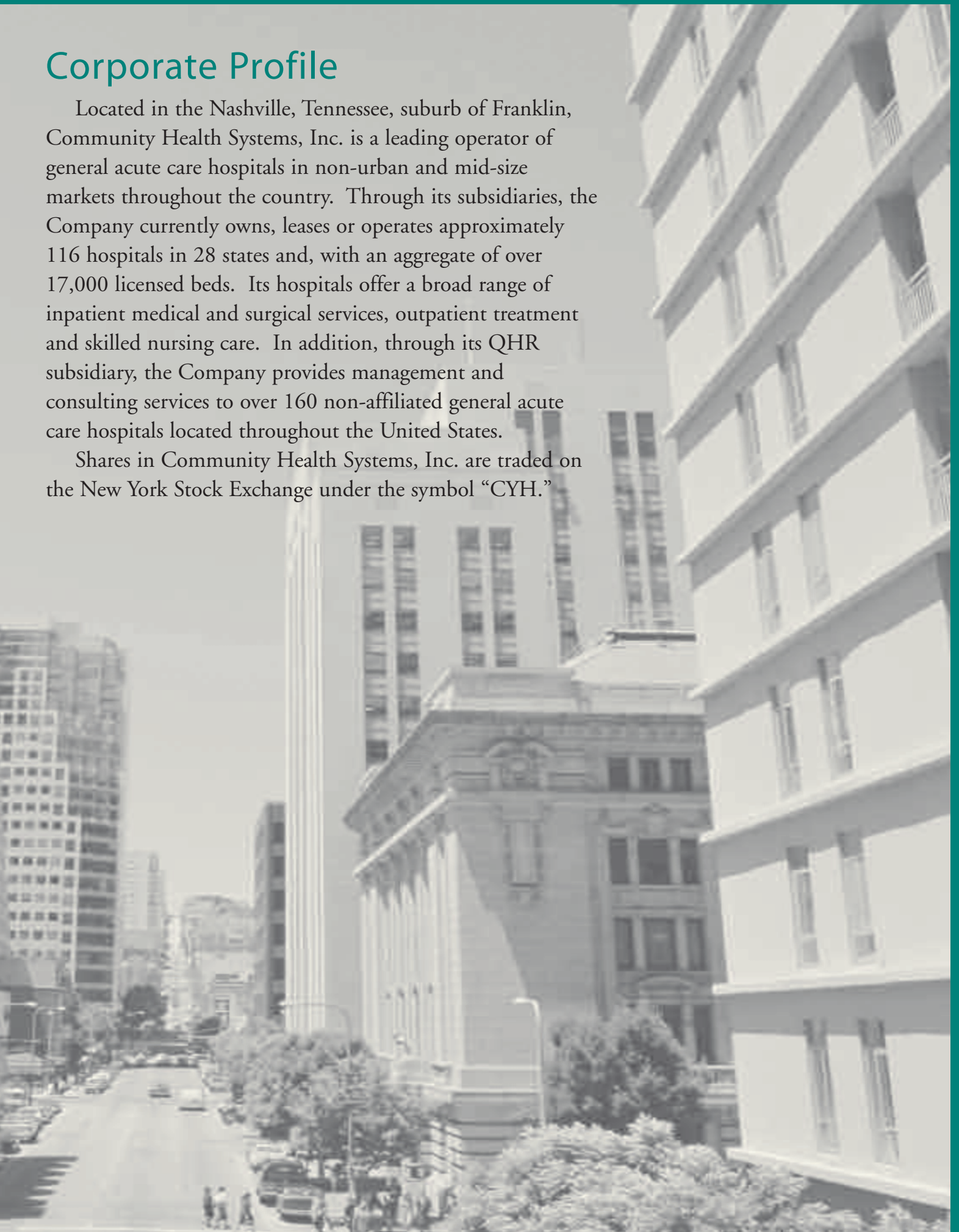
Annual Report 2007



Corporate Profile

Located in the Nashville, Tennessee, suburb of Franklin, Community Health Systems, Inc. is 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 approximately 116 hospitals in 28 states and, with an aggregate of over 17,000 licensed beds. Its hospitals offer a broad range of inpatient medical and surgical services, outpatient treatment and skilled nursing care. In addition, through its QHR subsidiary, the Company provides management and consulting services to over 160 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 / Community Health Systems, Inc.

Alaska

Palmer, Mat-Su Regional Medical Center

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, L.V. Stabler Memorial Hospital
Huntsville, Crestwood Medical Center

Arkansas

Bentonville, Northwest Medical Center Bentonville
Forrest City, Forrest City Medical Center
Helena, Helena Regional Medical Center
Johnson, Willow Creek Women's Hospital
Newport, Harris Hospital
Springdale, Northwest Medical Center Springdale

Arizona

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

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
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

Indiana

Bluffton, Bluffton Regional Medical Center
Fort Wayne, Dupont Hospital
Fort Wayne, Lutheran Hospital of Indiana
Fort Wayne, St. Joseph Hospital
Peru, Dukes Memorial Hospital
Valparaiso, Porter Health
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

Missouri

Kirksville, Northeast Regional Medical Center
Moberly, Moberly Regional Medical Center

Mississippi

Hattiesburg, Wesley Medical Center
Vicksburg, River Region Health System

North Carolina

Williamston, Martin General Hospital

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, MountainView Regional Medical Center
Las Vegas, Alta Vista Regional Hospital
Roswell, Eastern New Mexico Medical Center

Ohio

Massillon, Affinity Medical Center, Doctors and Massillon Campuses

Oklahoma

Claremore, Claremore Regional Hospital
Oklahoma City, Deaconess Hospital
Ponca City, Ponca City Medical Center
Tulsa, SouthCrest Hospital
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
Philadelphia, Chestnut Hill Hospital
Phoenixville, Phoenixville Hospital
Pottstown, Pottstown Memorial Medical Center
Sunbury, Sunbury Community Hospital
West Grove, Jennersville Regional Hospital

South Carolina

Bennettsville, Marlboro Park Hospital
Cheraw, Chesterfield General Hospital
Florence, Carolinas Hospital System
Lancaster, Springs Memorial Hospital
Spartanburg, Mary Black Healthcare

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, Bedford County 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
Cleveland, Cleveland Regional Medical Center
College Station, College Station Medical Center
Corsicana, Navarro Regional Hospital
Denton, Presbyterian Hospital of Denton
Granbury, Lake Granbury Medical Center
Hillsboro, Hill Regional Hospital
Jourdanton, 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
Victoria, DeTar Hospital North and 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

West Virginia

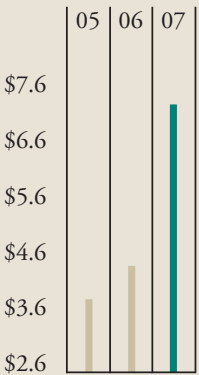
Oak Hill, Plateau Medical Center
Ronceverte, Greenbrier Valley Medical Center

Wyoming

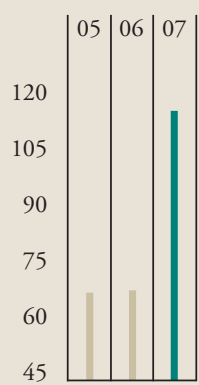
Evanston, Evanston Regional Hospital

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

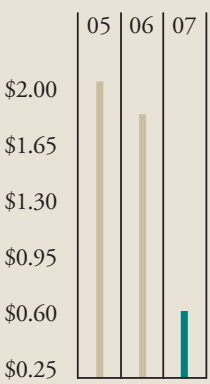
Operating Revenues
(in billions)



Hospitals



Earnings Per Share (diluted)



Financial Highlights ^{(a) (b)}

(In thousands, except per share amounts)

	Year Ended December 31,	
	2007 ^(c)	2006
Operating Results		
Net operating revenues	\$ 7,127,494	\$ 4,180,136
Income from continuing operations	\$ 59,897	\$ 177,695
Income per share from continuing operations		
Basic	0.64	\$ 1.87
Diluted	\$ 0.63	\$ 1.85
Weighted average number of shares outstanding:		
Basic	93,517	94,984
Diluted	94,642	96,233

(a) Continuing operating results exclude discontinued operations for all periods presented.

(b) The Company updated its analysis of the fair value of the assets and liabilities acquired in the Triad acquisition and revised our purchase price allocation of the Triad acquisition based upon the most current estimates. This purchase price allocation remains preliminary and material adjustments to the fair value of assets, liabilities and goodwill may result upon completion of the Company's analyses.

(c) The effective date of the Triad acquisition was July 25, 2007.

	As of December 31,	
	2007	2006
Balance Sheet Data		
Working capital	\$ 1,104,963	\$ 446,101
Total assets	13,493,643	4,506,579
Long-term debt	9,077,367	1,905,781
Stockholders' equity	1,710,804	1,723,673

	Year Ended December 31,					
	Consolidated			Same Store		
	2007	2006	% Change	2007	2006	% Change
Selected Operating Data						
Number of hospitals (at end of period)	115	70		112	112	
Licensed beds (at end of period)	16,971	8,406		16,434	16,544	
Beds in service (at end of period)	14,604	6,753		14,159	14,066	
Admissions	463,212	307,964	50.4%	434,317	439,056	-1.1%
Adjusted admissions	848,707	570,969	48.6%	792,190	789,184	0.4%
Patient days	1,941,887	1,264,256	53.6%	1,824,399	1,872,581	-2.6%
Average length of stay (days)	4.2	4.1		4.2	4.3	
Occupancy rate (average beds in service)	52.4%	54.3%		52.6%	54.4%	
Net operating revenues	\$ 7,127,494	\$ 4,180,136	70.5%	\$ 6,571,528	\$ 6,308,656	4.2%
Net inpatient revenue as a % of total net operating revenues	49.3%	50.0%		49.5%	50.9%	
Net outpatient revenue as a % of total net operating revenues	48.6%	48.8%		48.4%	46.7%	
Income from operations	\$ 485,685	\$ 385,057	26.1%	\$ 460,110	\$ 550,519	-16.4%
Income from operations as a % of net operating revenues	6.8%	9.2%		7.0%	8.7%	
Depreciation and amortization	\$ 316,215	\$ 179,282		\$ 293,977	\$ 279,485	
Equity in earnings of unconsolidated affiliates	\$ 25,132	\$ —		\$ 23,627	\$ 20,105	
Liquidity Data:						
Adjusted EBITDA	\$ 827,032	\$ 564,339	46.5%			
Adjusted EBITDA as a % of net operating revenues	11.6%	13.5%				
Net cash provided by operating activities	\$ 687,738	\$ 350,255				
Net cash provided by operating activities as a % of net operating revenues	9.6%	8.4%				

• Continuing operating results and statistical data exclude discontinued operations for all periods presented.

• Same-store operating results and statistical data include comparable information for hospitals acquired in the Triad acquisition for the months of August through December 2007 and 2006.

Letter to Shareholders



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

Since becoming a public company in 2000, Community Health Systems, Inc. has continued to build momentum with an impressive record of profitable growth. In 2007, this momentum increased at an unprecedented pace, driven by our acquisition of Triad Hospitals, Inc., as we substantially increased our overall scale and market reach. Today, we are proud of our distinction as the largest operator of general acute care hospitals in non-urban and mid-size markets in the United States. We believe we have created an opportunity to build on our past success and leverage these acquired assets to deliver greater value to our shareholders.

We believe the true measure of our success is reflected in the manner in which we have built our business, and the favorable reputation we have developed in the marketplace. Community Health Systems, Inc. is a company built on trust – a trust we have created as the result of our relationships with the communities we serve and our unwavering

commitment to improve the quality of healthcare for the people who live and work in these communities. At the same time, we have continued to focus on our ultimate objective of bringing healthcare close to home – where it should be.

This has also made us a highly successful company by financial measures. In 2007, our total net operating revenues reached over \$7.1 billion, and we reported net income of \$30.3 million, or \$0.32 per share (diluted). Our consolidated financial results for the year reflect a 50.4 percent increase in total admissions compared with the prior year, primarily due to the hospitals we acquired during 2007, including the Triad acquisition. On a same-store basis, net operating revenues increased 4.2 percent, compared with the prior year. On a same-store basis, admissions decreased 1.1 percent, compared with 2006, reflecting a more challenging industry environment.

The Triad acquisition marks a significant milestone for our organization and establishes us as the largest publicly traded hospital management company in the United States. This acquisition complements our focus on non-urban hospital facilities by adding mid-size markets to our national footprint. Our hospitals have strong positions in each of their respective markets and are geographically diversified, which minimizes our operating risk as no one state represents a disproportionate percentage of our revenues or earnings. We strongly believe that the non-urban and the mid-size markets represent the

most attractive growth opportunity for the future. We are the sole provider of general acute care hospital services in approximately 65 percent of our markets, giving us a distinct advantage over those large urban providers who must address intense competition.

Our operating strategy has always been built around developing standardized and centralized business practices across most aspects of our business. As a result, we have a business model in place that has proven, over time, to be an important driver in improving revenue and operating performance at both our existing and acquired facilities. As we continue to integrate the Triad hospitals, we will focus our expertise on the further expansion of this model to drive improved returns on these additional assets. Since the completion of the acquisition, we have been able to identify operating synergies including improved supply costs, more centralized and targeted physician recruiting and a more efficient allocation of capital. As we continue to identify areas of improvement, we are also mindful of the need to effect these changes while maintaining strong physician and community relationships.

Physician recruitment has always been an important area of focus for our company ensuring the long-term success of our hospitals. Perhaps more than any other single factor, the strength of the medical staff and its member's ability to make the critical daily decisions for patient care are vital to the performance of the local



community hospital. The addition of qualified physicians creates the opportunity for increased admissions in our hospitals and, in particular, the availability of physicians in various specialties allows more patients to obtain healthcare services at the local level instead of traveling to an urban facility. Additionally, access to more specialty services further drives the necessary revenues that sustain the hospitals' operations. With respect to physician recruitment, we employ the same centralized process that has proven successful in other aspects of our operations. In 2007, we had another outstanding recruiting effort as we added a total of 769 new practitioners, representing a variety of clinical specialties, to our hospitals. Additionally, we are pleased with the enthusiastic reception we have received by the medical staffs at the former Triad facilities and we look forward to working together in our common mission to enhance the level of healthcare in their respective markets. Approximately 20 percent of the physicians recruited in 2007 were placed in former Triad facilities. We believe our physician recruitment initiatives and appropriate strategic investments in the type of physical plant and equipment and clinical services that attract and retain physicians, will continue to serve us well as we integrate the Triad facilities. As always, our goal is to seek out the best practitioners in their respective fields who not only raise the level of care in our hospitals, but also become an integral part of the community.

Since inception, Community Health Systems, Inc. has been highly successful in executing an aggressive acquisition strategy with a proven track record of improving operations at acquired facilities. Now, with that same execution, we are working diligently to ensure that the Triad hospitals we acquired continue to advance toward reaching their full potential. While this represents a challenge, it is an even more significant opportunity. Our track record demonstrates that we are well positioned to make the most of that opportunity with favorable results. Our proven ability to deliver on our promise and foster positive community relations has been, and will continue to be, a distinct competitive advantage for Community Health Systems.

In addition to the acquisition of the Triad hospitals, we acquired two other hospitals in 2007. While we expect to be disciplined acquirers again in the future, our strategic focus for 2008 will be on pursuing growth opportunities within our existing markets through disciplined capital spending programs focused on achieving both a favorable level of financial and operating performance and higher patient satisfaction. Toward that end, along with bringing new physicians to our communities, we will continue to make appropriate investments in new equipment, technologies and clinical services for our hospitals. Our definitive goal for all of these initiatives is the same - to provide a hospital that more effectively and conveniently meets the unique needs of its market.

Ultimately, Community Health System Inc.'s prospects for long-term growth and increased shareholder value rest on the collective strength of our individual hospitals and the many dedicated physicians, nurses and hospital administrators who work and live in the communities we serve. We are very proud of the team that represents our facilities in the market every day with our shared vision to enhance the level of healthcare in more communities. The clearest reflection of the caliber of this team is our long-term record of success and the commitment demonstrated by everyone associated with Community Health Systems in 2007 by delivering an outstanding performance in what proved to be a pivotal year for the Company. We intend to build on this success in 2008 and look forward to the opportunities ahead as we continue to build shareholder value. We close by thanking you, our fellow shareholders, 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 ⁽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

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

W. Larry Cash
*Executive Vice President
and Chief Financial Officer*

William S. Hussey
*President – Division IV
Operations*

David L. Miller
*President – Division I
Operations*

Thomas D. Miller
*President – Division V
Operations*

Gary D. Newsome
*President – Division III
Operations*

Michael T. Portacci
*President – Division II
Operations*

Kenneth D. Hawkins
*Senior Vice President –
Acquisitions and Development*

Barbara R. Paul, M.D.
*Senior Vice President and Chief
Medical Officer*

Carolyn S. Lipp
*Senior Vice President – Quality
and Resource Management*



Seated from
left to right:
*William S. Hussey
David L. Miller
Thomas D. Miller*

Standing from
left to right:
*Michael T. Portacci
W. Larry Cash
Gary D. Newsome*

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 – Materials
Management*

Linda K. Parsons
*Vice President – Human
Resources*

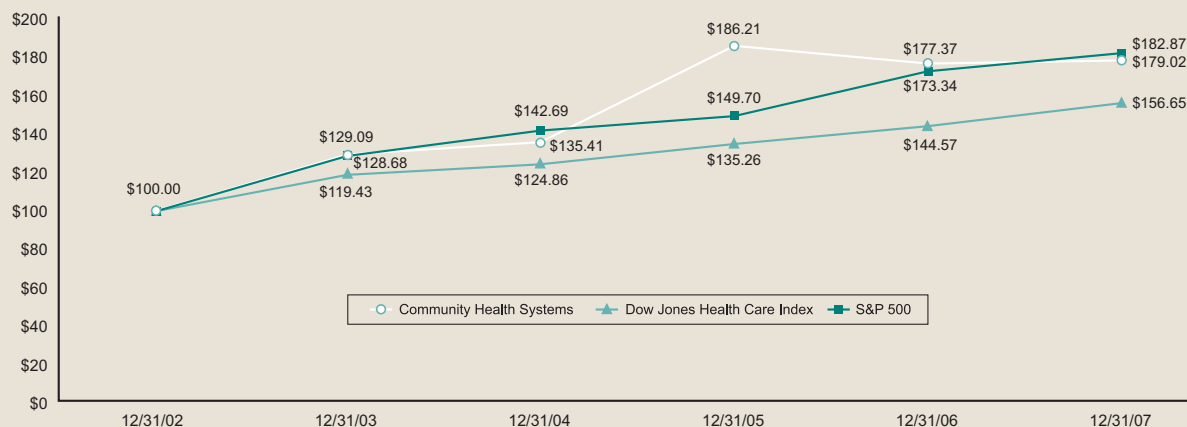
Kathie G. Thomas
*Vice President – Home Health
Services*

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, 2007, 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.
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Franklin, Tennessee 37067
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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

BNY Mellon Shareowner Services
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 20, 2008, at 8:00 a.m. local time at The St. Regis Hotel, La Maisonette I, 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, 2008, Community Health Systems had approximately 39,900 beneficial holders of its common stock. Of that total, 49 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

	High	Low
2007		
First Quarter	\$39.05	\$33.28
Second Quarter	\$41.72	\$34.86
Third Quarter	\$44.50	\$30.39
Fourth Quarter	\$37.50	\$27.70
2006		
First Quarter	\$39.96	\$35.33
Second Quarter	\$38.39	\$34.94
Third Quarter	\$39.18	\$35.70
Fourth Quarter	\$37.26	\$31.00

COMMUNITY HEALTH SYSTEMS, INC.

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