

COMMUNITY  
HEALTH SYSTEMS, INC.



LEADING  
THE WAY...



## CORPORATE PROFILE

Located in the Nashville, Tennessee, suburb of Franklin, Community Health Systems, Inc. is the largest publicly-traded hospital company 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 120 hospitals in 29 states with an aggregate of over 17,000 licensed beds (as of March 1, 2009). Its hospitals offer a broad range of inpatient and surgical services, outpatient treatment and skilled nursing care. In addition, through its QHR subsidiary, the Company provides management and consulting services to over 150 independent 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  
Siloam Springs, Siloam Springs Memorial Hospital  
Springdale, Northwest Medical Center Springdale

Arizona

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

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, Lutheran Musculoskeletal Center  
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

Kirkville, 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 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  
Cleveland, Cleveland Regional Medical Center  
College Station, College Station Medical Center  
Corsicana, Navarro Regional Hospital  
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

Washington

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

West Virginia

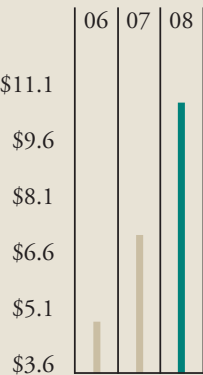
Oak Hill, Plateau Medical Center  
Ronceverte, Greenbrier Valley Medical Center

Wyoming

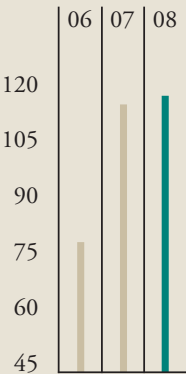
Evanston, Evanston Regional Hospital

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

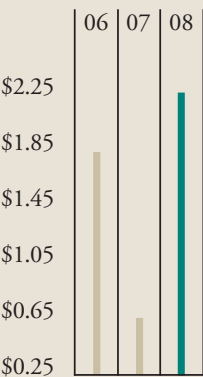
Operating Revenues  
(in billions)



Hospitals



Earnings Per Share (diluted)



# Financial Highlights

(In thousands, except per share amounts)

## Operating Results

	Year Ended December 31,	
	2008	2007
Net operating revenues	\$ 10,840,098	\$ 7,063,775
Income from continuing operations	\$ 206,658	\$ 57,714
Income per share from continuing operations		
Diluted	\$ 2.19	\$ 0.61
Weighted average number of shares outstanding:		
Diluted	94,289	94,642

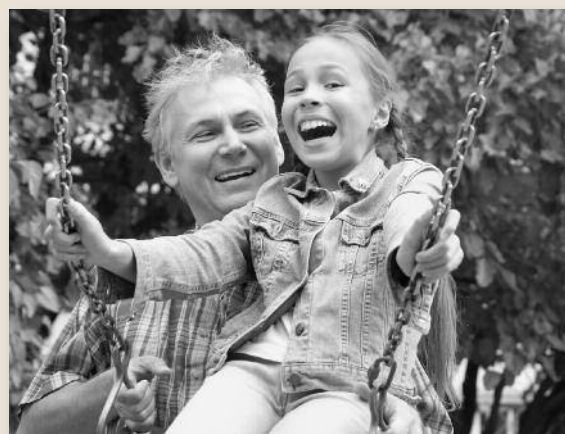
## Balance Sheet Data

	As of December 31,	
	2008	2007
Working capital	\$ 1,071,080	\$ 1,104,963
Total assets	13,818,254	13,493,643
Long-term debt	8,937,984	9,077,367
Stockholders' equity	1,672,865	1,710,804

	Year Ended December 31,					
	Consolidated			Same Store		
	2008	2007	% Change	2008	2007	% Change
<b>Selected Operating Data</b>						
Number of hospitals (at end of period)	118	115		116	115	
Licensed beds (at end of period)	17,245	16,716		16,734	16,716	
Beds in service (at end of period)	15,063	14,446		14,552	14,446	
Admissions	663,328	459,046	44.5%	651,211	638,635	2.0%
Adjusted admissions	1,196,602	842,368	42.1%	1,174,600	1,149,284	2.2%
Patient days	2,808,247	1,923,457	46.0%	2,754,336	2,763,735	-0.3%
Average length of stay (days)	4.2	4.2		4.2	4.3	
Occupancy rate (average beds in service)	52.0%	52.2%		52.1%	52.8%	
Net operating revenues	\$10,840,098	\$ 7,063,775	53.5%	\$10,620,627	\$ 9,962,447	6.6%
Net inpatient revenue as a % of total net operating revenues	50.3%	49.2%		50.2%	49.6%	
Net outpatient revenue as a % of total net operating revenues	47.5%	48.8%		47.5%	47.8%	
Income from operations	\$ 983,574	\$ 478,726	105.5%	\$ 981,365	\$ 621,983	57.8%
Income from operations as a % of net operating revenues	9.1%	6.7%		9.2%	6.2%	
Depreciation and amortization	\$ 499,085	\$ 311,122		\$ 487,637	\$ 446,254	
Equity in earnings of unconsolidated affiliates	\$ 42,064	\$ 25,132		\$ 42,064	\$ 48,796	
<b>Liquidity Data:</b>						
Adjusted EBITDA	\$ 1,524,723	\$ 814,980	87.1%			
Adjusted EBITDA as a % of net operating revenues	14.1%	11.5%				
Net cash provided by operating activities	\$ 1,057,281	\$ 687,738				
Net cash provided by operating activities as a % of net operating revenue	9.8%	9.7%				

- For periods prior to the Company's July 25, 2007, acquisition of Triad, the consolidated operating results and statistical data reflect only Community Health Systems, Inc. and its subsidiaries.
- 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 portion of the year ended December 31, 2007, prior to the Company's acquisition of Triad (i.e. January 1 thru July 24, 2007).





## LETTER TO STOCKHOLDERS

This past year was highlighted by a number of important accomplishments for Community Health Systems, Inc. and its subsidiaries as we extended our record of profitable growth. We are especially pleased with our performance during a period of unprecedented changes driven primarily by economic issues that have affected not only our industry, but also the communities where we operate. These changes have presented unique challenges and the ability to execute has never been more critical. Our success in this uncertain environment is largely due to our proven operating strategy and an accomplished and experienced management team. As a result, the Company continued to lead the way in 2008 as the largest operator of general acute care hospitals in non-urban and mid-size markets in the United States.

Our accomplishments for the year included record annual revenues of over \$10.8 billion and over \$1.0 billion of cash provided by operating activities. Income from continuing operations was \$206.7 million, or \$2.19 per share (diluted), and we reported net income to shareholders of \$218.3 million, or \$2.32 per share (diluted). In addition to these impressive financial metrics, we were pleased with our overall volume trends for the year. For the year, total admissions were up over 44 percent on a consolidated basis, primarily due to the expansion of the Company's hospital portfolio in 2007. On a same-store basis, a more meaningful measure of our growth, admissions were up 2.0 percent, adjusted

admissions were up 2.2 percent and net operating revenues increased 6.6 percent, compared with the prior year. More importantly, these metrics represent the best annual same-store growth trends for the Company since 2005. Our proven operating model, combined with volume growth, also produced solid margin expansion on both a consolidated and same-store basis in 2008.

While we are proud of our financial accomplishments, we believe the true measure of our success is reflected in our strong relationships with the communities we serve and the favorable reputation we have developed in the marketplace as a trusted partner and consistent and effective operator. Our unwavering commitment to improve the quality of healthcare for the people who live and work in these communities has yielded positive results. At the same time, we have met our goal of bringing essential healthcare services close to home – where they should be.

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. While the expected macroeconomic trends indicate that hospital volumes will continue to come under pressure, we believe our continued success in enhancing essential healthcare services, driving

efficiencies, and recruiting and retaining qualified physicians in our markets will continue to support our long term strategies through this uncertain environment. We also believe that the non-urban and the mid-size markets represent the most attractive opportunity for the future with strong prospects for continued growth. We are the sole provider in approximately 65 percent of our markets, giving us a distinct advantage as it protects these facilities from direct competition from other acute care providers.

Our operating strategy has always been built around a standardized and centralized business model and the implementation of best practices in all of our facilities across the country. This strategy has proven, over time, to be the key driver in improving revenue and operating performance at both our existing and acquired facilities. With the downturn in the economy, we are even more mindful of the critical need to manage our costs and effectively utilize our capital. We do have the ability to leverage the size of our operations to drive both greater economies of scale and increased operating efficiencies across our hospital network.

Perhaps more than any other aspect of our business, our physician recruiting success has continued to produce strong volume trends across all regions. The strength of the medical staff is vital to the performance of the local community hospital. Not only do we believe it is critical to identify and recruit qualified physicians to join our medical staffs, we also work hard to achieve and maintain high levels of satisfaction and productivity with an important focus on practice development. This strategy has yielded good physician retention levels for the Company, which in turn benefits both the hospitals and patients with quality care.

The availability of qualified physicians allows more patients to obtain healthcare services at the local level instead of traveling to an urban facility and increases admissions in our hospitals. Over the long term, a successful physician recruitment strategy, especially at the specialist level, leads to an improved case mix and additional volume. With respect to physician recruitment, we employ the same centralized process that has proven successful in other aspects of our operations. In 2008, we had another outstanding recruiting effort as we recruited a total of 1,472 new practitioners to our hospitals, compared with 769 the prior year, representing a variety of clinical specialties. 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.

Our commitment to make the necessary capital investments for growth and physical plant improvement also helped drive market share expansion in 2008. We spent over \$690 million on numerous major capital improvement projects, including \$123 million for replacement hospital facilities. While each of our markets has unique needs, our collective goal is to ensure we have the right equipment, technologies and clinical services for all of our hospitals. We continue to review our

capital expenditure decisions to maximize our returns. Over time, these investments reward both the company and the communities we serve.

Since we became a public company, Community Health Systems, Inc. has been highly successful in executing an aggressive acquisition strategy with a proven track record of improving both financial results and the quality of our acquired facilities. Following the acquisition of Triad Hospitals in 2007, we shifted our primary development efforts away from new acquisitions and focused more intently on driving additional value from our existing markets. We made measurable progress in 2008 in successfully integrating these additional facilities. However, we believe significant upside potential remains as we continue to work towards reaching our targeted synergies and improving top line growth. Our primary focus for 2009 will continue to be on improving our existing operations and gaining market share by executing on the key areas for success in our business – an effective centralized and standardized business platform, disciplined expense management, a successful physician recruitment program, and strategic capital investments. Together, these strategies help drive volume and grow market share. Our track record, we believe, demonstrates that we are well positioned to leverage our assets and capitalize on additional growth opportunities in the markets we serve with favorable results. We are constantly evaluating our markets to maintain our competitiveness and can quickly respond to changes in the economic and reimbursement environment.

We are proud of our accomplishments of the past year. Ultimately, Community Health System, Inc.'s success and reputation reflect the combined strength of our individual hospitals across the country, supported by an unrivaled team of dedicated physicians, nurses and hospital administrators who live and work in the communities we serve. Our Company has grown to be the market leader through their skill, dedication and professionalism. In turn, we are committed to providing the ongoing level of support and resources to provide a continuum of service that is commensurate with our shared vision to enhance the level of healthcare in more communities. By accomplishing this important objective, we are confident we are also creating additional shareholder value. While we acknowledge the challenges of an uncertain marketplace, we remain confident in our ability to execute and look forward to the opportunities ahead for Community Health Systems, Inc. Thank 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>  
*Executive Chairman and  
Interim Chief Executive Officer  
Global Industries, Ltd*

**John A. Fry** <sup>(1) (3)</sup>  
*President  
Franklin & Marshall College*

**William N. Jennings, M.D.** <sup>(3)</sup>  
*Former Managing Partner  
Southend Medical Clinic*

**Harvey Klein, M.D.** <sup>(3)</sup>  
*Professor of Clinical Medicine  
Cornell University Medical  
College*

**Julia B. North** <sup>(2) (3)</sup>  
*Former President –  
Consumer Services  
BellSouth Telecommunications*

**H. Mitchell Watson, Jr.** <sup>(1) (2)</sup>  
*Retired*

<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



*Standing:* W. Larry Cash, H. Mitchell Watson, Harvey Klein, Wayne T. Smith  
and John A. Clerico

*Sitting:* John A. Fry, Julia B. North and William N. Jennings

### 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*

**Michael T. Portacci**  
*President – Division II  
Operations*

**Martin D. Smith**  
*President – Division III  
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*

**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**  
*President – Home Health Services*

**Gerald A. Weissman**  
*Vice President – Medical Staff  
Development*

## Corporate Information/Community Health Systems, Inc.

### Corporate Office

Community Health Systems, Inc.  
4000 Meridian Boulevard  
Franklin, Tennessee 37067  
(615) 465-7000  
[www.chs.net](http://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](http://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 Stockholders' Meeting

The annual meeting of stockholders will be held on Tuesday, May 19, 2009, 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 31, 2009, Community Health Systems had approximately 32,600 beneficial holders of its common stock. Of that total, approximately 40 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

2008	High	Low
First Quarter	\$36.85	\$29.79
Second Quarter	\$40.05	\$32.40
Third Quarter	\$36.81	\$28.24
Fourth Quarter	\$28.38	\$10.47
2007	High	Low
First Quarter	\$39.05	\$33.28
Second Quarter	\$41.72	\$34.86
Third Quarter	\$44.50	\$30.39
Fourth Quarter	\$37.50	\$27.70



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