



# *Delivering* Results

*Annual Report to Stockholders 2010*

Community Health Systems, Inc.





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 130 hospitals in 29 states with an aggregate of over 19,300 licensed beds (as of March 1, 2011). 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, L.V. 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  
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, Lutheran Rehabilitation Hospital  
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  
Louisia, Three Rivers Medical Center

### Louisiana

Lake Charles, Women & 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, 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

### North Carolina

Williamston, Martin General Hospital

### Ohio

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

### 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  
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  
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, Sky Ridge 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  
 Jourdananton, 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 Healthcare System  
 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

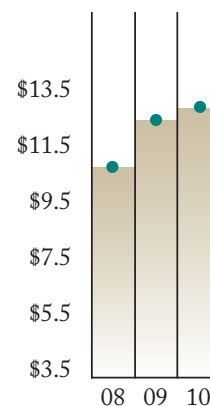
## Wyoming

Evanston, Evanston Regional Hospital

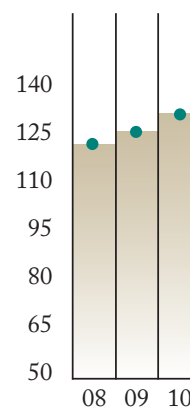
*Hospitals are owned or leased and operated by  
 subsidiaries of Community Health Systems, Inc.  
 Community Health Systems, Inc. does not have  
 any employees.*

## Operating Revenues

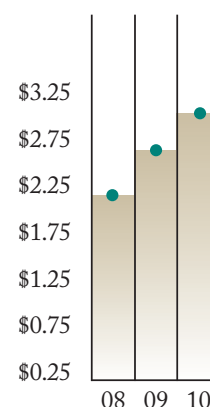
(in billions)



## Hospitals



## Earnings Per Share (diluted)





## Financial Highlights

(In thousands, except per share amounts)

	Year Ended December 31,	
	2010	2009
<b>Operating Results</b>		
Net operating revenues	\$ 12,986,500	\$ 12,107,613
Income from continuing operations	\$ 348,441	\$ 304,805
Income per share from continuing operations		
Diluted	\$ 3.01	\$ 2.64
Weighted average number of shares outstanding:		
Diluted	92,946	91,517

	As of December 31,	
	2010	2009
<b>Balance Sheet Data</b>		
Working capital	\$ 1,229,153	\$ 1,217,199
Total assets	14,698,123	14,021,472
Long-term debt	8,808,382	8,844,638
Stockholders' equity	2,189,464	1,950,635

	For The Year Ended December 31,					
	Consolidated			Same Store		
	2010	2009	% Change	2010	2009	% Change
<b>Selected Operating Data</b>						
Number of hospitals (at end of period)	130	125		125	125	
Licensed beds (at end of period)	19,372	18,140		18,273	18,140	
Beds in service (at end of period)	16,622	15,897		15,914	15,897	
Admissions	693,382	692,569	0.1%	675,086	692,569	-2.5%
Adjusted admissions	1,308,334	1,275,888	2.5%	1,269,467	1,275,888	-0.5%
Patient days	2,948,876	2,937,194		2,858,532	2,937,194	
Average length of stay (days)	4.3	4.2		4.2	4.2	
Occupancy rate (average beds in service)	50.0%	51.3%		49.8%	51.3%	
Net operating revenues	\$ 12,986,500	\$ 12,107,613	7.3%	\$ 12,582,406	\$ 12,105,938	3.9%
Net inpatient revenues as a % of total net operating revenues	48.9%	50.1%		49.3%	50.1%	
Net outpatient revenues as a % of total net operating revenues	48.9%	47.6%		48.6%	47.6%	
Income from operations	\$ 1,114,928	\$ 1,068,665	4.3%	\$ 1,139,501	\$ 1,083,805	5.1%
Income from operations as a % of net operating revenues	8.6%	8.8%		9.1%	9.0%	
Depreciation and amortization	\$ 609,839	\$ 566,211		\$ 595,482	\$ 566,219	
Equity in earnings of unconsolidated affiliates	\$ (45,432)	\$ (36,521)		\$ (45,220)	\$ (36,409)	
Liquidity Data:						
Adjusted EBITDA	\$ 1,770,199	\$ 1,671,397	5.9%			
Adjusted EBITDA as a % of net operating revenues	13.6%	13.8%				
Net cash provided by operating activities	\$ 1,188,730	\$ 1,076,429				
Net cash provided by operating activities as a % of net operating revenues	9.2%	8.9%				

## Letter to Stockholders:

Community Health Systems, Inc. celebrated its tenth anniversary as a public company during 2010. As we reflect on the past decade, we have many reasons to be proud of our Company and our accomplishments.

We have enjoyed a solid record of operational excellence and a pattern of steady growth that has positioned Community Health Systems, Inc. at the top of our industry. Our proven centralized operating platform leverages our scale and experience and continues to deliver favorable results. Above all, we have established strong relationships with the communities across the United States that we serve, and we are especially proud of the reputation we have earned as a trusted partner and consistent and effective health care provider.

We have successfully fulfilled our mission to enhance the level and quality of healthcare services in our local communities and, at the same time, delivered greater value for our stockholders. More importantly, through the investments we have made in our hospitals, our people and our communities, we have positioned the Company for continued success in the decades to come.

We are pleased that 2010 not only marked an important anniversary milestone, but also extended our record of delivering solid financial and operating performance. Revenues for the year were a record \$13.0 billion, surpassing the previous year's record of \$12.1 billion by 7.3 percent. Income from continuing operations increased to \$348.4 million in 2010, up 14 percent over the prior year. We also delivered increased earnings to our shareholders as net income increased by 15.1 percent to \$280 million, or \$3.01 per diluted share, compared with \$243.2 million, or \$2.66 per diluted share, in 2009.

Today, more than ever, the hospital industry faces a variety of challenges across the country and many of our communities are experiencing economic hardships. Proposed legislative changes to our national healthcare system continue to evolve, creating another level of uncertainty. Our track record demonstrates that Community Health Systems, Inc. has the ability to meet these challenges head on and succeed in a dynamic environment. As a national hospital company with facilities in 29 states, our geographically diverse portfolio has provided a competitive advantage, especially in an uncertain economic environment. Our hospitals have strong positions in each of their respective markets and no one state represents a disproportionate percentage of our revenues or admissions. Even in difficult market conditions, we have been able to consistently drive cost efficiencies, recruit and retain qualified physicians, and implement administrative and clinical best practices in all of our hospitals.

As we have added more hospital facilities to our portfolio, we have also made the necessary capital investments to expand and enhance the level of healthcare services, keep pace with technological advancements and improve the patient experience. While each of our markets has unique strengths and needs, our shared goal is to ensure we have the right infrastructure, technologies and clinical services for all of our hospitals. In 2010, we spent over \$667 million on major capital improvement projects, including \$36 million for replacement hospital facilities. We believe our ongoing commitment to make the appropriate capital investments for organic growth has continued to drive market share expansion. Over time, we have demonstrated that these investments have provided incremental benefits for both the Company and the communities we serve.



Even in difficult market conditions, we have been able to consistently drive cost efficiencies, recruit and retain qualified physicians, and implement administrative and clinical best practices in all of our hospitals.

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

Perhaps more than any other aspect of our business strategy, effective physician recruitment and retention is essential to our success. Qualified physicians play a vital role, particularly in local community hospitals, in providing the right complement of healthcare services on a consistent basis. This, in turn, keeps patients close to home, drives volumes in our hospitals and creates additional revenue streams from new specialty services. Our proven ability to attract and retain qualified physicians in our communities has been a strong competitive advantage for our organization. Last year was our most successful to date as we exceeded our stated recruitment goals and added 1,852 new physicians to our ranks, including a number of clinical specialists. At the same time, we have maintained a strong physician retention rate as a result of our intense focus on practice development and ongoing support.

Throughout 2010, we have continued to extend our market reach through selective acquisitions, adding five new hospitals. Our strategy has always been focused on identifying hospital facilities with the most opportunity for growth that meet our operating profile. We have a proven track record for the successful integration of these facilities with improved operating results, earning us a very favorable reputation as a trusted partner in the communities we serve. With the current healthcare regulatory climate, we believe there are significant opportunities for us to pursue additional acquisitions with a greater number of independent hospitals and health systems looking for established and operationally-focused partners. We can provide the experience and financial resources to support and maintain these local community hospitals. We look forward to working together with each new hospital partner as we deliver on our commitment to provide quality healthcare close to home.

We are proud of our performance in 2010 and even more proud of what Community Health Systems, Inc. represents and the significance of what our people have accomplished this past year. The dedication and commitment to excellence can be seen throughout the organization and in each and every one of our hospitals. We are fortunate to benefit from an exceptional management team and board of directors, with the support of an unrivaled team of dedicated physicians, nurses and hospital administrators. We are especially appreciative to the people who live and work in the communities we serve — for believing in what we stand for and in our ability to deliver results.

We are excited about the future, and remain confident in our continued success in 2011 and beyond. We close by thanking you, our fellow stockholders, for sharing that confidence through your investment in Community Health Systems, Inc.

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 and  
Chief Accounting Officer*

**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*

**Robert A. Horrar**

*Vice President – Administration*

**Tim G. Marlette**

*Vice President – Materials Management*

**Kathie G. Thomas**

*President – Home Health Services*

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, TN 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

Registrar and Transfer Company  
10 Commerce Drive  
Cranford, NJ 07016 - 3572  
800-456-0596

### Independent Auditors

Deloitte & Touche LLP  
Nashville, TN

### Annual Stockholders' Meeting

The annual meeting of stockholders will be held on Tuesday, May 17, 2011, at 8:00 a.m. local time at The St. Regis Hotel, 2 East 55th Street, New York, NY.

### Common Stock Information

The Company's common stock trades on the New York Stock Exchange under the symbol CYH. As of March 25, 2011, Community Health Systems had approximately 39 stockholders of record and 32,350 beneficial holders of its common stock. 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

2010	High	Low
First Quarter	\$40.84	\$31.00
Second Quarter	\$42.30	\$33.21
Third Quarter	\$34.11	\$25.63
Fourth Quarter	\$38.00	\$29.08

2009	High	Low
First Quarter	\$21.60	\$12.96
Second Quarter	\$28.79	\$13.95
Third Quarter	\$35.50	\$24.42
Fourth Quarter	\$38.00	\$29.35

C O M M U N I T Y   H E A L T H   S Y S T E M S ,   I N C .

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