



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, Kosciuszko 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
 Jourdan, 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

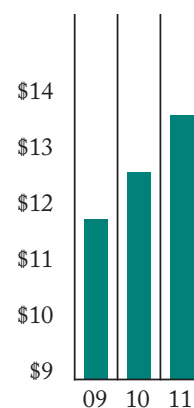
Bluefield, Bluefield Regional Medical Center
 Oak Hill, Plateau Medical Center
 Ronceverte, Greenbrier Valley Medical Center

Wyoming

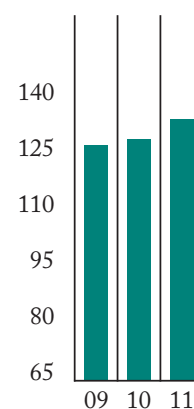
Evanston, Evanston Regional Hospital

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

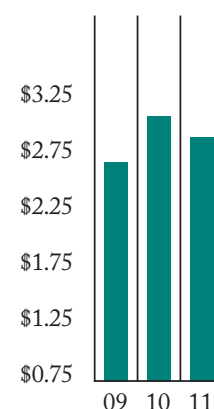
Operating
 Revenues
(in billions)



Hospitals



Earnings Per
 Share (diluted)



Financial Highlights

(In thousands, except per share amounts)

	Year Ended December 31,	
	2011	2010
Operating Results		
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

Balance Sheet Data

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
Selected Operating Data						
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)	
Liquidity Data:						
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%				

Letter to Stockholders:

Community Health Systems, Inc. produced solid operating and financial results for 2011, while facing significant headwinds from lower inpatient volume, weak economic growth, high unemployment and the ongoing legislative debate about healthcare reform. Despite these challenges, we continued to deliver operational excellence and consistent growth positioning Community Health Systems at the top of our industry. We have sustained this position by keeping a strategic focus on the fundamentals of our business - driving efficiencies in our hospitals, recruiting and retaining qualified physicians, making selective acquisitions and delivering high quality healthcare services in a cost-effective manner. Our success through the years demonstrates the strength of our operating model and the shared vision of everyone throughout our Company to fulfill our mission to enhance the level of healthcare in each of our local communities.

For the year, Community Health Systems' revenues reached a record \$13.6 billion, a 7.9 percent increase over the previous year. Income from continuing operations was \$335.9 million in 2011, including an after-tax charge of \$42.0 million from the early extinguishment of debt. Excluding this charge, income from continuing operations for 2011 was \$377.9 million, an increase of 6.4 percent compared with 2010. On a comparable basis, earnings per share were \$3.33 versus \$3.08, an increase of 8.1 percent. Cash flow from operations was \$1.3 billion, an increase of 6.2 percent over 2010.

Our operating platform supports our hospital networks, building financially strong facilities, integrating local healthcare and forging important community relationships. Over the last several years we have been linking hospitals into integrated healthcare systems such

as the Lutheran Health Network in Ft. Wayne, Indiana, and ValleyCare Health System of Ohio in Youngstown, Ohio. Although each hospital continues to operate under separate governance, these networks provide expanded services and a physician network as well as accessibility and convenience for patients in those communities. We recently united eight of our northeastern Pennsylvania hospitals under one network umbrella called Commonwealth Health. We strive to offer high quality affordable care so that patients can receive health care in their own community rather than traveling to more distant urban facilities. To meet this goal, we have focused on operational excellence, clinical initiatives and disciplined expense management at the individual hospital level, with particular efforts to drive improvements at our more recently acquired facilities.

Our proven ability to attract and retain qualified physicians in our communities has been a strong competitive advantage for our hospitals and integrated healthcare systems. During 2011, we recruited 1,864 new physicians and added 50 mid-level practitioners. We scored a 90 percent satisfaction level on our recent physician satisfaction survey. Additionally, we scored an 85 percent positive satisfaction result on our employee satisfaction survey.

We have also focused on quality and safety, which we believe are both vital to our overall mission. At the end of 2011, our core measures for standards of care improved to 98.6 percent, among the highest in the healthcare industry, demonstrating consistent improvement. Both our inpatient and outpatient core measures have continued to rank above the national average. We had 41 Community Health Systems hospitals named "Top Performers on Key Quality Measures" by The Joint Commission, or approximately



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

WAYNE T. SMITH

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,

A handwritten signature in dark ink, appearing to read 'Wayne T. Smith', with a stylized flourish at the end.

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) (2)}

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

James S. Ely III ⁽¹⁾

*Founder and Chief Executive Officer
Priority Capital Management LLC*

John A. Fry ^{(1) (3)}

*President
Drexel University*

William Norris Jennings, M.D. ⁽³⁾

*Former Managing Partner
Southend Medical Clinic*

Julia B. North ^{(2) (3)}

*Former President – Consumer Services
BellSouth Telecommunications*

H. Mitchell Watson, Jr. ⁽²⁾

*Former President and Chief Executive Officer
ROLM Company*

⁽¹⁾ Member of the Audit and
Compliance Committee

⁽²⁾ Member of the Compensation Committee

⁽³⁾ 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.

Corporate Information / Community Health Systems, Inc.

Corporate Office

Community Health Systems, Inc.
4000 Meridian Boulevard
Franklin, TN 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

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 15, 2012, 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 23, 2012, Community Health Systems had approximately 47 stockholders of record and 26,200 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

2011	High	Low
First Quarter	\$42.50	\$34.62
Second Quarter	\$41.09	\$22.33
Third Quarter	\$27.63	\$15.91
Fourth Quarter	\$21.92	\$14.61

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