

COMMUNITY HEALTH SYSTEMS INC

Form DEF 14A

April 11, 2008

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A

**PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §. 240.14a-12

COMMUNITY HEALTH SYSTEMS, INC.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i) (4) and 0-11.
 1. Title of each class of securities to which transaction applies:
 2. Aggregate number of securities to which transaction applies:
 3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 4. Proposed maximum aggregate value of transaction:
 5. Total fee paid:
- Fee paid previously with preliminary materials.

- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount previously paid:
 2. Form, Schedule or Registration Statement No.:
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 4. Date Filed:
-

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**COMMUNITY HEALTH SYSTEMS, INC.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on May 20, 2008**

To Our Stockholders:

Notice is hereby given that the Annual Meeting of Stockholders of Community Health Systems, Inc. will be held on Tuesday, May 20, 2008 at 8:00 a.m. (Eastern Daylight Time) at The St. Regis Hotel, 5th Avenue at 55th Street, New York, New York 10022, to consider and act upon the following matters:

1. To elect two (2) Class II Directors;
2. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for our fiscal year ending December 31, 2008; and
3. To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The close of business on March 31, 2008, has been fixed as the record date for the determination of stockholders entitled to notice of and to vote at the meeting and any adjournment or postponement thereof.

YOU ARE REQUESTED, WHETHER OR NOT YOU PLAN TO BE PRESENT AT THE MEETING, TO MARK, DATE, SIGN AND RETURN PROMPTLY THE ACCOMPANYING PROXY IN THE ENCLOSED ENVELOPE. IF YOU ATTEND THE MEETING AND WISH TO VOTE YOUR SHARES PERSONALLY, YOU MAY DO SO AT ANY TIME BEFORE THE PROXY IS EXERCISED.

By Order of the Board of Directors,

Rachel A. Seifert
Senior Vice President, Secretary and
General Counsel

Franklin, Tennessee
April 11, 2008

**ANNUAL MEETING OF STOCKHOLDERS
OF
COMMUNITY HEALTH SYSTEMS, INC.**

PROXY STATEMENT

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**ANNUAL MEETING OF STOCKHOLDERS
OF
COMMUNITY HEALTH SYSTEMS, INC.
4000 Meridian Boulevard
Franklin, Tennessee 37067**

**PROXY STATEMENT
April 11, 2008**

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON MAY 20, 2008: THIS PROXY STATEMENT, PROXY CARD AND THE 2007 ANNUAL REPORT TO STOCKHOLDERS ARE AVAILABLE AT WWW.CHS.NET.

INTRODUCTION

Solicitation

This Proxy Statement, the accompanying proxy card and the Annual Report to Stockholders (with Form 10-K) of Community Health Systems, Inc. (the Company) are being mailed on or about April 11, 2008. The Board of Directors of the Company (the Board or the Board of Directors) is soliciting your proxy to vote your shares at the 2008 Annual Meeting of Stockholders (the Meeting). The Board is soliciting your proxy to give all stockholders of record the opportunity to vote on matters that will be presented at the Meeting. This Proxy Statement provides you with information on these matters to assist you in voting your shares.

When and where will the meeting be held?

The meeting will be held on Tuesday, May 20, 2008 at 8 a.m. (Eastern Daylight Time) at The St. Regis Hotel, 5th Avenue at 55th Street, New York, New York 10022.

What is a proxy?

A proxy is your legal designation of another person (the proxy) to vote on your behalf. By completing and returning the enclosed proxy card, you are giving the President or the Secretary of the Company the authority to vote your shares in the manner you indicate on your proxy card.

Why did I receive more than one proxy card?

You will receive multiple proxy cards if you hold your shares in different ways (e.g., joint tenancy, trusts, and custodial accounts) or in multiple accounts. If your shares are held by a broker, bank, or other nominee (i.e., in street name), you will receive your proxy card or other voting information from your broker, bank or other nominee, and you will return your proxy card or cards to your broker, bank, or other nominee. You should vote on and sign each proxy card you receive.

Voting Information

Who is qualified to vote?

You are qualified to receive notice of and to vote at the Meeting if you own shares of Common Stock of the Company at the close of business on our record date of Monday, March 31, 2008.

How many shares of Common Stock may vote at the Meeting?

As of March 31, 2008, there were 96,227,831 shares of Common Stock outstanding and entitled to vote. Each share of Common Stock is entitled to one vote on each matter presented.

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What is the difference between a shareholder of record and a street name holder?

These terms describe how your shares are held. If your shares are registered directly in your name with BNY Mellon Shareholder Services, the Company's transfer agent, you are a stockholder of record. If your shares are held in the name of a brokerage, bank, trust or other nominee as a custodian, you are a street name holder.

How do I vote my shares?

If you are a stockholder of record, you can vote your proxy by mailing in the enclosed proxy card.

Please refer to the specific instructions set forth on the enclosed proxy card.

If you hold your shares in street name, your broker/bank/trustee/nominee will provide you with materials and instructions for voting your shares, which may allow you to use the internet or a toll free telephone number to vote your shares.

Can I vote my shares in person at the Meeting?

If you are a stockholder of record, you may vote your shares in person at the Meeting. If you hold your shares in street name, you must obtain a proxy from your broker, banker, trustee or nominee, giving you the right to vote the shares at the Meeting.

What are the Board's recommendations on how I should vote my shares?

The Board recommends that you vote your shares as follows:

- Proposal 1 **FOR** the election of each of the two nominees for Class II Directors John A. Fry and William Norris Jennings, M.D., with terms expiring at the 2011 Annual Meeting of Stockholders.
- Proposal 2 **FOR** the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm (independent auditors) for the fiscal year ending December 31, 2008.

What are my choices when voting?

Proposal 1 You may cast your vote in favor of or against electing each of the nominees as Directors or you may abstain from voting for one or both of them.

Proposal 2 You may cast your vote in favor of or against this proposal, or you may elect to abstain from voting your shares.

How would my shares be voted if I do not specify how they should be voted?

If you sign and return your proxy card without indicating how you want your shares to be voted, the President or Secretary will vote your shares as follows:

- Proposal 1 **FOR** the election of each of the nominees for Class II Directors with terms expiring at the 2011 Annual Meeting of Stockholders.

Proposal 2 **FOR** the ratification of the appointment of Deloitte & Touch LLP as the Company's independent registered public accounting firm (independent auditors) for the fiscal year ending December 31, 2008.

How are abstentions and broker non-votes treated?

Abstentions are deemed as present at the Meeting, are counted for quorum purposes, and other than for Proposal 1, will have the same effect as a vote against the matter. Broker non-votes, if any, while counted for general quorum purposes, are not deemed to be present with respect to any matter for which a broker does

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not have authority to vote. In the case of Proposal 1, an abstention will not be deemed to be a vote cast either for or against any nominee.

Can I change my vote after I have mailed my proxy card?

You may revoke your proxy by doing one of the following:

By sending a written notice of revocation to the Secretary of the Company that is received prior to the Meeting, stating that you revoke your proxy;

By signing a later-dated proxy card and submitting it so that it is received prior to the Meeting in accordance with the instructions included in the proxy card(s);

By attending the Meeting and voting your shares in person; or

If you hold your shares in street name, your broker/bank/trustee/nominee will provide you with instructions to revoke your proxy.

What vote is required to approve each proposal?

Proposal 1 provides for the election of two (2) Class II Directors. For each nominee, the affirmative vote of a majority of the votes cast for that nominee is required to elect him as a director.

Proposal 2 requires the affirmative vote of a majority of those shares of Common Stock present in person or represented by proxy and entitled to vote thereon at the Meeting.

Who will count the votes?

Representatives from BNY Mellon Shareholder Services, our transfer agent, will count the votes and serve as our Inspectors of Election. The Inspectors of Election will be present at the Meeting.

Who pays the cost of proxy solicitation?

The Company pays the costs of soliciting proxies. Upon request, the Company will reimburse brokers, dealers, banks and trustees, or their nominees, for reasonable expenses incurred by them in forwarding proxy materials to beneficial owners of shares of the Company's Common Stock. In addition, certain of our directors, officers, and employees will aid in the solicitation of proxies. These individuals will receive no compensation in addition to their regular salaries.

Is this Proxy Statement the only way that proxies are being solicited?

No. As stated above, in addition to mailing these proxy materials, certain directors, officers or employees of the Company may solicit proxies by telephone, e-mail or personal contact. They will not be specifically compensated for doing so.

If you have any further questions about voting your shares or attending the Meeting (including information regarding directions to the Meeting) please call our Secretary and General Counsel, Rachel Seifert, at 615-465-7000.

GENERAL INFORMATION

What is the deadline for submitting proxy statement proposals for the 2009 annual meeting of stockholders?

Each year the Board of Directors submits to the stockholders at the Meeting its nominations for election of directors. In addition, the stockholders are requested to ratify the selection of our independent registered public accounting firm. Other proposals may be submitted by the Board of Directors or stockholders for inclusion in the Proxy Statement for action at the Meeting. Any proposal submitted by a stockholder for inclusion in the 2009 Annual Meeting Proxy Statement must be received by the Company in the manner and

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by the deadline set forth under Stockholder Proposals and Nominations for Directors as set forth later in this Proxy Statement. In general, a director nomination, submitted in proper form, must be received no earlier than January 26, 2009, and no later than February 25, 2009. If a stockholder seeks to have a proposal included in our Proxy Statement for the 2009 Annual Meeting, the proposal must be submitted by not later than December 12, 2009.

How may I contact the Lead Director of the Board of Directors or other non-management members of the Board of Directors?

The Lead Director of the Company's Board of Directors is Dale F. Frey, who presides at regularly scheduled executive sessions of our Board. Mr. Frey is also the Chair of the Governance and Nominating Committee of the Board of Directors. He and any of the other non-management directors may be contacted by any stockholder or other interested party in the following manner:

c/o Community Health Systems
4000 Meridian Boulevard
Franklin, TN 37067
Attention: Rachel A. Seifert
Corporate Secretary
615-465-7000
Investor_Communications@chs.net

Mr. Frey will be retiring from the Board after the Meeting, which is the end of his current term. An independent Board member will be appointed as our new Lead Director at the annual meeting of the Board of Directors to be held immediately following the Meeting.

In the alternative, stockholders or other interested parties may communicate with our directors or our corporate compliance officer by accessing the Confidential Disclosure Program established under our Code of Conduct:

Corporate Compliance and Privacy Officer
Community Health Systems
4000 Meridian Boulevard
Franklin, TN 37067
800-495-9510

How is the Board of Directors organized and what are the standing committees of the Board of Directors?

Our Board of Directors, which consists of (8) members, is governed by the Bylaws of the Company and is further guided by the Governance Guidelines for the Board of Directors. Our Governance Guidelines include independence standards for those directors who are not also members of management. By evaluating the relationships of the Board of Directors with the Company and any members of management, as disclosed to us by them, against the independence standards of the Governance Guidelines our Board of Directors has affirmatively determined that the following six members are independent:

John A. Clerico
Dale F. Frey
John A. Fry
Harvey Klein, M.D.
Julia B. North
H. Mitchell Watson, Jr.

Messrs. Wayne Smith and Larry Cash, who are employee-officers of the Company, are not independent. Accordingly, 75% of the members of our Board of Directors are independent.

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The non-management members of our Board meet periodically in executive sessions, typically at the end of each regularly scheduled board meeting, but otherwise as needed. The Lead Director presides over those sessions and is in a position to take a leadership role in certain limited circumstances when leadership by the Chairman, who is also our President and Chief Executive Officer, would not be appropriate. The Lead Director also provides significant input into Board meeting agendas and presentation topics.

Our Board of Directors has three standing committees: Audit and Compliance, Compensation, and Governance and Nominating. Each of these committees is comprised solely of independent directors, and each meets the additional criteria for committee membership as set forth in the applicable committee charter. Each committee operates pursuant to a committee charter. The current composition of our Board's Committees is as follows:

<i>Audit and Compliance Committee</i>	<i>Compensation Committee</i>	<i>Governance and Nominating Committee</i>
John A. Clerico, Chair John A. Fry H. Mitchell Watson, Jr.	Dale F. Frey Julia B. North H. Mitchell Watson, Jr., Chair	Dale F. Frey, Chair John A. Fry Harvey Klein, M.D. Julia B. North

How many times did your Board and its committees meet in 2007? What was the attendance by the members? What are the duties of the Board's committees?

Directors are encouraged to attend our annual meeting of stockholders; all eight (8) of our then serving directors were present at our 2007 annual meeting of stockholders, which was followed immediately by the annual meeting of the Board of Directors.

The Board of Directors is responsible for broad corporate policy and the overall performance of the Company. Members of the Board are kept informed of the Company's business by various documents sent to them before each meeting and oral reports made to them during these meetings by the Company's Chairman, President and Chief Executive Officer and other corporate executives. They are advised of actions taken by the various committees of the Board of Directors. Directors have access to all our books, records and reports, and members of management are available at all times to answer their questions.

In 2007, the Board of Directors held four (4) regular meetings, five (5) special meetings, and acted twice by written consent. Each director attended at least 75% of the Board meetings and meetings of the Committees of the Boards on which he/she served.

The Audit and Compliance Committee held eight (8) regular meetings during 2007. As set forth in the Committee's Charter, the Audit and Compliance Committee's responsibility is to provide advice and counsel to management regarding, and to assist the Board of Directors in, its oversight of, (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; (iii) the independent registered public accounting firm's qualifications and independence; and (iv) the performance of the Company's internal audit function and its independent registered public accounting firm. The Audit and Compliance Committee report is set forth later in this Proxy Statement.

The Compensation Committee held six (6) meetings during 2007. The primary purpose of the Compensation Committee is to (i) assist the Board of Directors in discharging its responsibilities relating to compensation of the Company's executives; (ii) approve awards and grants of equity-based compensation arrangements to directors, employees, and others pursuant to the Community Health Systems, Inc. Amended and Restated 2000 Stock Option

and Award Plan; (iii) administer the Community Health Systems, Inc. 2004 Employee Performance Incentive Plan with regard to the employees to whom Section 162(m) of the Internal Revenue Code (the IRC) applies; (iv) assist the Board of Directors by making recommendations regarding compensation programs for directors; and (v) produce an annual report on executive compensation for inclusion in the Company s proxy statement in accordance with applicable rules and regulations of the Securities Exchange Act of 1934, as amended (the Exchange Act). The Compensation Committee s report is set forth later in this Proxy Statement.

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As set forth in the Committee's Charter, the primary responsibilities of the Compensation Committee are to oversee the elements of the compensation arrangements available to the Company's subsidiaries that are used to compensate the Company's executive officers, and in particular, the Chief Executive Officer. The Committee also approves the goals and objectives of the Chief Executive Officer and the other executive officers and determines whether targets have been attained in connection with target based compensation awards and equity grants. Pursuant to the Compensation Committee's Charter, the Committee has authority to engage its own executive compensation consultants and legal advisors. Since 2005, Mercer Human Resources Consulting has served as the independent executive compensation consultant to the Compensation Committee.

The Governance and Nominating Committee met two (2) times during 2007. The primary purpose of the Governance and Nominating Committee is to (i) recommend to the Board of Directors a set of corporate governance guidelines applicable to the Company; (ii) review at least annually the Company's corporate Governance Guidelines and make any recommended changes, additions or modifications; and (iii) identify individuals qualified to become Board members and to select, or recommend that the Board of Directors select, the director nominees for the next annual meeting of stockholders; and (iv) evaluate the qualification and performance of incumbent directors.

Who are your Audit Committee Financial Experts?

All three of the members of our Audit and Compliance Committee are audit committee financial experts as defined by the Exchange Act: John A. Clerico, John A. Fry, and H. Mitchell Watson, Jr.

Does the Company have a Code of Conduct?

The Company has an internal compliance program, the keystone of which is our Code of Conduct. Our Code of Conduct has been adopted and implemented throughout our organization and is applicable to all members of the Board of Directors, officers, and employees of our subsidiaries. A variation of this Code of Conduct has been in effect at our Company since 1997.

Where can I obtain a copy of your Board of Directors' organizational documents?

A copy of the current version of our Board of Directors Governance Guidelines, including our Independence Standards, along with current versions of our Code of Conduct, the Board of Directors Governance Guidelines and committees' charters are posted on the Investor Relations section of our internet website: www.chs.net. These items are also available in print to any shareholder who requests them by writing to Community Health Systems, Inc., Investor Relations, at 4000 Meridian Boulevard, Franklin, TN 37067.

How are your Directors Compensated?

Our Board of Directors has approved a compensation program for directors who are not members of management (eligible directors), which consists of both cash and equity-based compensation. In 2007, eligible directors received an annual stipend of \$40,000. The Chair of the Audit and Compliance Committee received an additional annual stipend of \$15,000; the Chair of the Compensation Committee received an additional annual stipend of \$10,000; and the Chair of the Governance and Nominating Committee received an additional stipend of \$7,500. Our Lead Director also received an additional stipend of \$10,000. Eligible directors also received \$1,500 for each Board meeting attended and \$1,000 for each committee meeting attended. The independent members of our Board of Directors received 6,000 shares of restricted stock upon their initial appointment to the Board and 3,000 shares of restricted stock on the first business day after January 1 of each calendar year, provided the eligible director is a director on such date. These awards are made under our Amended and Restated 2000 Stock Option and Award Plan. The restrictions on these shares lapse in equal one-third increments on each of the first three anniversaries of the award date for so long as the

director is a member of the Board. If a director's service as a member of the Board terminates as a result of death, disability or for any reason other than for cause (as defined in the Amended and Restated 2000 Stock Option and Award Plan) all unvested shares of the restricted stock will vest as of the date of termination. All

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directors are reimbursed for their out-of-pocket expenses arising from attendance at meetings of the Board and its committees. Prior to establishing this program in December 2002, some of our directors were granted stock options upon joining our Board of Directors, but received no other compensation other than reimbursement of expenses for attending meetings. Beginning December 2002 until a modification on December 15, 2005, our directors received stock options upon joining our Board of Directors along with annual grants of stock options. In addition, our directors received a restricted share grant in February 2005. In July 2007, in connection with the closing of our acquisition of Triad Hospitals, Inc. (Triad), each of our independent directors received a special, one-time grant of 10,000 restricted shares, which restrictions will lapse in equal amounts on the first two anniversary dates of the grant.

Director Compensation

The following table summarizes the aggregate fees paid or earned and the value of equity-based awards earned by our directors in 2007:

Name	Fees Earned or Paid in Cash (\$)	Restricted Stock Awards (\$) (1)	Total Compensation (\$)
Dale F. Frey	79,000	169,759	248,759
Dr. Harvey Klein	55,000	169,759	224,759
John A Clerico	77,500	169,759	247,259
John A. Fry	62,000	169,759	231,759
H. Mitchell Watson, Jr.	76,000	169,759	245,759
Julia B. North	60,000	169,759	229,759

- (1) This amount reflects the dollar amount recognized for financial reporting purposes for the year ended December 31, 2007 in accordance with FAS 123(R) of restricted stock awards granted under the Community Health Systems, Inc. Amended and Restated 2000 Stock Option Award Plan and thus may include amounts from awards granted in 2007 or in prior years. Assumptions used in the calculation of these amounts are included in footnote 2 to the Company's audited financial statements for the year ended December 31, 2007, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the SEC) on February 28, 2008. The FAS 123(R) amounts likely will vary from the actual amount ultimately realized. As of December 31, 2007, each non-employee director had restricted stock awards relating to 16,334 shares; and the non-employee directors had stock option awards for the following number of shares; Mr. Frey, 15,000; Dr. Klein, 25,000; Mr. Clerico, 20,000; Mr. Fry, 15,000; Mr. Watson, 15,000; and Ms. North, 0.

At its meeting in December 2006, the Governance and Nominating Committee of the Board of Directors established a policy to evaluate the elements and levels of the compensation for outside directors on a biannual basis and to rebalance the compensation awards to attain an allocation of compensation of approximately 50% in cash compensation and 50% in stock-based awards. The Compensation Committee's outside consultant has been engaged to perform a market analysis and make recommendations to the Governance and Nominating Committee. The compensation for outside directors will next be evaluated for adjustment in December 2008.

How are Directors Nominated?

The Governance and Nominating Committee has responsibility for the director nomination process.

The Governance and Nominating Committee believes that the minimum qualifications that must be met by any Director nominee, including any Director nominee who is recommended by stockholders, include (i) a reputation for the highest ethical and moral standards, (ii) good judgment, (iii) a positive record of achievement, (iv) if on other boards, an excellent reputation for preparation, attendance, participation, interest and initiative, (v) business knowledge and experience relevant to the Company and (vi) a willingness to devote sufficient time to carrying out his or her duties and responsibilities effectively.

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The qualities and skills necessary in a director nominee are governed by the specific needs of the Board at the time the Governance and Nominating Committee determines to add a director to the Board. The specific requirements of the Board will be determined by the Governance and Nominating Committee and will be based on, among other things, the Company's then existing strategies and business, market, regulatory environments, and the mix of perspectives, experience and competencies then represented by the other Board members. The Governance and Nominating Committee will also take into account the Chairman, President and Chief Executive Officer's views as to areas in which management desires additional advice and counsel.

When the need to recruit a director arises, the Governance and Nominating Committee will consult the other directors, including the Chairman, President and Chief Executive Officer and, when deemed appropriate, utilize fee-paid third party recruiting firms to identify potential candidates. The candidate evaluation process may include inquiries as to the candidate's reputation and background, examination of the candidate's experiences and skills in relation to the Board's requirements at the time, consideration of the candidate's independence as measured by the Company's Independence Standards, and other considerations as the Governance and Nominating Committee deems appropriate at the time. Prior to formal consideration by the Governance and Nominating Committee, any candidate who passes such screening would be interviewed by the Chair of the Governance and Nominating Committee and the Chairman, President and Chief Executive Officer.

The nominees at the Meeting for the two (2) Class II Directors are as follows: John A. Fry and William Norris Jennings, M.D. Mr. Fry is an incumbent and Dr. Jennings is a new nominee. The process described above was applied in effecting the nomination of Dr. Jennings. Mr. Dale F. Frey, the other incumbent Class II Director, is not standing for re-election.

How can I submit Stockholder Proposals or Nominations for Directors?

The Governance and Nominating Committee will consider candidate nominees for election as director who are recommended by stockholders. Recommendations should be sent to the Secretary of the Company and should include the candidate's name and qualifications and a statement from the candidate that he or she consents to being named in the proxy statement relating to the stockholder's meeting at which the election of such nominee would take place and will serve as a director if elected. For any candidate to be considered by the Governance and Nominating Committee and, if nominated, to be included in the proxy statement, such recommendation must be received by the Secretary at our principal executive offices (Secretary, Community Health Systems, Inc., 4000 Meridian Boulevard, Franklin, TN 37067) not less than 45 or more than 75 days prior to the first anniversary of the date on which we first mailed our proxy materials for the preceding year's annual meeting of stockholders. This same time requirement applies to any business a stockholder seeks to bring before an annual meeting of our stockholders. However, if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, to be timely, notice by the stockholder must be delivered no later than the close of business on the later of the 90th day prior to the annual meeting or the 10th day following the day on which the public announcement of the meeting is first made. The by-laws specify certain requirements as to the form and content of a stockholder's notice.

Under SEC regulations, any stockholder wishing to submit a proposal to be included in the proxy materials relating to the 2009 Annual Meeting of Stockholders must submit the proposal in writing no later than December 12, 2008.

MEMBERS OF THE BOARD OF DIRECTORS

Our certificate of incorporation provides for a classified Board of Directors consisting of three classes. Each class consists, as nearly as possible, of one-third of the total number of directors constituting the entire Board. At each Annual Meeting of stockholders, successors to the class of directors whose term expires at that Annual Meeting will

be elected for a three-year term and until their respective successors are elected and qualified. A director may only be removed with cause by the affirmative vote of the holders of a majority of the outstanding shares of Common Stock entitled to vote in the election of directors.

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Class II directors' terms expire at our 2008 Annual Meeting. Upon the recommendation of the Governance and Nominating Committee, the two (2) persons listed in the table below are nominated for election to serve as a Class II Director for a term of three (3) years and until their respective successors are elected and qualify. Mr. Fry is an incumbent; Dr. Jennings is a new nominee.

Name	Age	Position
William Norris Jennings, M.D.	64	Director (Class II)
John A. Fry	47	Director (Class II)

John A. Fry**Director Since 2004***Audit and Compliance Committee Member**Governance and Nominating Committee Member*

Mr. Fry presently serves as President of Franklin & Marshall College. From 1995-2002, he was Executive Vice President of the University of Pennsylvania and served as the Chief Operating Officer of the University and as a member of the executive committee of the University of Pennsylvania Health System. Mr. Fry is a member of (i) the Board of Directors of Allied Security Holdings, LLC, and (ii) the Board of Trustees of Delaware Investments, with oversight responsibility for all of the portfolios in that mutual fund family.

William Norris Jennings, M.D.**New Nominee**

Dr. Jennings is a practicing family medicine physician employed by The Physician Group, which is affiliated with Jewish Hospital and St. Mary's Healthcare in Louisville, Kentucky. From 1971 until 2005, when the practice was acquired by Jewish Hospital, Dr. Jennings was in private practice with Southend Medical Clinic, PSC, serving as its managing partner.

The remaining incumbent directors, whose terms of office have not expired (Class I directors' terms will expire in 2010, and Class III directors' terms will expire in 2009), are set forth below.

Name	Age	Position
W. Larry Cash	59	Executive Vice President, Chief Financial Officer and Director (Class I)
John A. Clerico	66	Director (Class III)
Harvey Klein, M.D.	70	Director (Class I)
Julia B. North	60	Director (Class III)
Wayne T. Smith	62	Chairman of the Board, President and Chief Executive Officer (Class III)
H. Mitchell Watson, Jr.	70	Director (Class I)

W. Larry Cash**Director Since 2001**

Mr. Cash serves as the Executive Vice President and Chief Financial Officer. Prior to joining Community Health Systems, he served as Vice President and Group Chief Financial Officer of Columbia/HCA Healthcare Corporation

from September 1996 to August 1997. Prior to Columbia/HCA, Mr. Cash spent 23 years at Humana, Inc., most recently as Senior Vice President of Finance and Operations from 1993 to 1996. He is also a director of Cross Country Healthcare, Inc. and serves on its audit (chair) and compensation committees.

John A. Clerico

Director Since 2003

Audit and Compliance Committee Chair

Since 2000, when Mr. Clerico co-founded ChartMark Investments, Inc., he has served as its chairman and as a registered financial advisor. From 1992 to 2000, he served as an Executive Vice President and the Chief Financial Officer and a Director of Praxair, Inc. From 1983 until its spin-off of Praxair, Inc. in 1992, he served as an executive officer in various financial and accounting areas of Union Carbide Corporation. Mr. Clerico

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currently serves on the Board of Directors of (i) Educational Development Corporation, and on its audit and executive committees; and (ii) Global Industries, Ltd., and on its audit, compensation, and finance [chair] committees.

Harvey Klein, M.D.

Director Since 2001

Governance and Nominating Committee Member

Dr. Klein has been an Attending Physician at the New York Hospital since 1992. Dr. Klein serves as the William S. Paley Professor of Clinical Medicine at Cornell University Medical College, a position he has held since 1992. He also has been a Member of the Board of Overseers of Weill Medical College of Cornell University since 1997. Dr. Klein is a member of the American Board of Internal Medicine and American Board of Internal Medicine, Gastroenterology.

Julia B. North

Director Since 2004

Compensation Committee Member

Governance and Nominating Committee Member

Julia B. North was appointed to our Board of Directors in December 2004. She is presently retired. Over the course of her career, Ms. North has served in many senior executive positions, including as President of Consumer Services for BellSouth Telecommunications from 1994 to 1997. After leaving BellSouth Telecommunications in 1997, she served as the President and CEO of VSI Enterprises, Inc. until 1999. She currently serves on the Board of Directors of (i) Acuity Brands, Inc., and on its compensation and governance and nominating committees, and (ii) NTELOS Holdings Corp., and on its compensation committee.

Wayne T. Smith

Director Since 1997

Chairman of the Board

Mr. Smith is the Chairman, President and Chief Executive Officer. Mr. Smith joined us in January 1997 as President. In April 1997, we also named him our Chief Executive Officer and a member of the Board of Directors. In February 2001, he was elected Chairman of our Board of Directors. Prior to joining us, Mr. Smith spent 23 years at Humana Inc., most recently as President and Chief Operating Officer, and as a director, from 1993 to mid-1996. He is currently a member of the Board of Directors of (i) Citadel Broadcasting Corporation, and serves on its audit committee, and (ii) Praxair, Inc., and serves on its compensation and governance and nominating committees. Mr. Smith is a member of the board of directors and a past chairman of the Federation of American Hospitals.

H. Mitchell Watson, Jr.

Director Since 2004

Compensation Committee Chair

Audit and Compliance Committee Member

Mr. Watson is currently retired. From 1982 to 1989, Mr. Watson was a Vice President of IBM, serving from 1982 to 1986 as President, Systems Product Division, and from 1986 to 1989 as Vice President, Marketing. From 1989 to 1992, Mr. Watson was President and Chief Executive Officer of ROLM Company. Mr. Watson is a member of the Board of Directors of Praxair, Inc., and serves on its audit and governance and nominating committees. Mr. Watson is chairman emeritus of Helen Keller International and the Chairman of the Brevard Music Center.

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The following incumbent Class II director's term expires at the 2008 Annual Meeting. Mr. Frey will not stand for re-election at the 2008 Annual Meeting.

Dale F. Frey

Director Since 1997

Lead Director

Governance and Nominating Committee Chair

Compensation Committee Member

Mr. Frey was elected as our Lead Director in February 2004. Mr. Frey is currently retired. From 1984 until 1997, Mr. Frey was the Chairman of the Board and President of General Electric Investment Corporation. From 1980 to 1997, he was also Vice President of General Electric Company.

PROPOSALS SUBMITTED FOR A VOTE OF STOCKHOLDERS

PROPOSAL 1 ELECTION OF CLASS II DIRECTORS

Upon the recommendation of the Governance and Nominating Committee, the following two (2) persons listed below are nominated for election to serve as Class II Directors for a term of three (3) years and until their respective successors are elected and qualify.

The nominees for directors are John A. Fry and William Norris Jennings, M.D. Mr. Fry is currently serving a term as a Class II director that expires at the Meeting. Each of the nominees has agreed to serve for the three-year term to which they have been nominated. If any of the nominees are unable to serve or refuse to serve as directors, an event which the Board does not anticipate, the proxies will be voted in favor of such other person(s), if any, as the Board of Directors may determine.