

COMMUNITY HEALTH SYSTEMS INC

Form DEF 14A

April 10, 2009

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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.:

3. Filing Party:

4. Date Filed:

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**COMMUNITY HEALTH SYSTEMS, INC.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on May 19, 2009**

To Our Stockholders:

Notice is hereby given that the Annual Meeting of Stockholders of Community Health Systems, Inc. will be held on Tuesday, May 19, 2009 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 three (3) Class III Directors and one (1) Class II Director;
2. To approve the Community Health Systems, Inc. 2000 Stock Option and Award Plan, amended and restated as of March 24, 2009;
3. To approve the Community Health Systems, Inc. 2004 Employee Performance Incentive Plan, amended and restated as of March 24, 2009;
4. To approve the Community Health Systems, Inc. 2009 Stock Option and Award Plan, adopted as of March 24, 2009;
5. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for our fiscal year ending December 31, 2009; and
6. 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, 2009, 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 10, 2009

**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 10, 2009**

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON MAY 19, 2009: THIS PROXY STATEMENT, PROXY CARD AND THE 2008 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 10, 2009. The Board of Directors of the Company (the Board or the Board of Directors) is soliciting your proxy to vote your shares at the 2009 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.

For simplicity of presentation throughout this Proxy Statement, we refer to employees of our indirect subsidiaries as employees of the Company, our employees or similar language. Notwithstanding this presentation style, the Company itself does not have any employees.

When and where will the meeting be held?

The meeting will be held on Tuesday, May 19, 2009 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, trustee or other nominee (i.e., in street name), you will receive your proxy card or other voting information from your broker, bank, trustee or other nominee, and you should return your proxy card or cards to your broker, bank, trustee 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 Tuesday, March 31, 2009.

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

As of March 31, 2009, there were 92,458,514 shares of Common Stock outstanding and entitled to vote. Each share of Common Stock is entitled to one vote on each matter presented.

What is the difference between a stockholder 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 three nominees for Class III Directors: John A. Clerico, Julia B. North, and Wayne T. Smith, with terms expiring at the 2012 Annual Meeting of Stockholders, and for the one nominee for Class II Director: James S. Ely III, with a term expiring at the 2011 Annual Meeting of Stockholders.
- Proposal 2 **FOR** the approval of the Community Health Systems, Inc. 2000 Stock Option and Award Plan, amended and restated as of March 24, 2009.
- Proposal 3 **FOR** the approval of the Community Health Systems, Inc. 2004 Employee Performance Incentive Plan, amended and restated as of March 24, 2009.
- Proposal 4 **FOR** the approval of the Community Health Systems, Inc. 2009 Stock Option and Award Plan, adopted as of March 24, 2009.
- Proposal 5 **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, 2009.

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 all 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 for this proposal.

Proposal 3 You may cast your vote in favor of or against this proposal, or you may elect to abstain from voting your shares for this proposal.

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Proposal 4 You may cast your vote in favor of or against this proposal, or you may elect to abstain from voting your shares for this proposal.

Proposal 5 You may cast your vote in favor of or against this proposal, or you may elect to abstain from voting your shares for this proposal.

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 III Directors with terms expiring at the 2012 Annual Meeting of Stockholders and for the one nominee for Class II Director with a term expiring at the 2011 Annual Meeting of Stockholders.
- Proposal 2 **FOR** the approval of the Community Health Systems, Inc. 2000 Stock Option and Award Plan, amended and restated as of March 24, 2009.
- Proposal 3 **FOR** the approval of the Community Health Systems, Inc. 2004 Employee Performance Incentive Plan, amended and restated as of March 24, 2009.
- Proposal 4 **FOR** the approval of the Community Health Systems, Inc. 2009 Stock Option and Award Plan, adopted as of March 24, 2009.
- Proposal 5 **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, 2009.

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 and will have no effect on the voting results for that matter. 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 three (3) Class III Directors and one (1) Class II Director. For each nominee, the affirmative vote of a majority of the votes cast for the election of that nominee is required to elect him or her 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.

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Proposal 3 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.

Proposal 4 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.

Proposal 5 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. The Company has engaged Georgeson Inc. to aid in the solicitation of proxies for a fee of approximately \$15,000, plus reasonable expenses. Upon request, the Company will reimburse brokers, dealers, banks, trustees or their other 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 of our management company will aid in the solicitation of proxies. These individuals will receive no compensation in addition to their regular compensation.

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

No. As stated above, in addition to mailing these proxy materials, our proxy solicitor, Georgeson Inc., and certain of our directors, officers or employees may solicit proxies by telephone, e-mail or personal contact. Our directors, officers or employees 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 stockholder proposals for the 2010 annual meeting of stockholders?

If a stockholder seeks to have a proposal included in our Proxy Statement for the 2010 annual meeting pursuant to the rules under the Securities and Exchange Act of 1934, as amended (the Exchange Act), the proposal must be submitted by no later than December 11, 2009. Any stockholder proposal (other than pursuant to the rules under the Exchange Act) or director nominations submitted by a stockholder for consideration at our 2010 annual meeting must be received by the Company in the manner and by the deadline set forth under How can I submit Stockholder Proposals or Nominations for Directors as set forth later in this Proxy Statement. In general, a director nomination or stockholder proposal, submitted in proper form, must be received no earlier than January 25, 2010, and no later than February 24, 2010.

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How may I contact the non-management members of the Board of Directors?

Julia B. North is the Chair of the Governance and Nominating Committee of the Board of Directors. She 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

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

Generally, all materials that are appropriate director communications will be forwarded to the intended recipient; however, management may simultaneously conduct an investigation of any operational, compliance, or legal matter in accordance with its established policies and procedures. Management reserves the right to reject from this process any material that is harassing, unduly offensive, anonymous or otherwise not credible, or solicits business on behalf of the sender.

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

Our Board of Directors is governed by the Bylaws of the Company and is further guided by the Governance Guidelines for the Board of Directors. In March 2009, the size of our Board of Directors was increased from eight (8) members to nine (9) members, creating a vacancy on the Board. James S. Ely III has been nominated to fill this vacancy. Our Governance Guidelines include independence standards for those directors who are not also members of management. To determine whether our directors and director nominees are independent, the Board evaluates the relationships of our directors and director nominees, as disclosed to us by them, with the Company and the members of the Company's management, against the Independence Standards of our Governance Guidelines. In making its independence determinations, the Board broadly considers all relevant facts and circumstances, including directors and director nominees' responses to a questionnaire that solicited information about their relationships. The Board also considers relationships between the Company and organizations on which our directors or director nominees serve as directors. The Board determined that our directors and director nominee did not have an indirect material interest in the applicable relationships and the relationships did not and will not impede our directors' or director nominee's exercise of independent judgment. After such evaluations, our Board of Directors has affirmatively determined that 100% of the non-management members of our current Board and our Class II Director nominee are independent. These directors and nominee are:

John A. Clerico
John A. Fry

William N. Jennings, M.D.
Harvey Klein, M.D.
Julia B. North
H. Mitchell Watson, Jr.
James S. Ely III (nominee)

Messrs. Wayne Smith and Larry Cash, who are employee-officers of the Company, are not 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 or at the end of a committee meeting at which a majority of the non-management directors are present, and otherwise as needed. An independent director presides over those sessions and the identity of that director is determined by the subject matter of the meeting. In the absence of a particular committee related subject matter, the Chair of the Governance and Nominating Committee, currently Ms. North, presides at the executive sessions. As a result of adopting this procedure, the Company no longer has a Lead Director. During 2008, the non-management members of our Board met in executive session five (5) times.

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.	H. Mitchell Watson, Jr., Chair John A. Clerico Julia B. North	Julia B. North, Chair John A. Fry William N. Jennings, M.D. Harvey Klein, M.D.

It is anticipated that Mr. Ely will be appointed to the Audit and Compliance Committee upon his election to the Board of Directors.

How many times did your Board and its committees meet in 2008? 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 2008 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 and are invited to, and frequently do, attend all committee meetings. Directors have access to all our books, records and reports, and members of management are available at all times to answer their questions.

In 2008, the Board of Directors held four (4) regular meetings, one (1) special meeting, and acted one (1) time 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 2008. 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 seven (7) meetings during 2008. 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

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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 under the Exchange Act. The Compensation Committee's report is set forth later in this Proxy Statement.

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 three (3) times during 2008. 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. Upon his appointment to the Audit and Compliance Committee, James S. Ely III will also be an audit committee financial expert.

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' Corporate Governance section of our internet website www.chs.net. These items are also available in print to any stockholder 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 2008, 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; the Chair of the Governance and Nominating Committee received an additional stipend of \$7,500; and the Chair of the Governance and Nominating Committee also received a Lead Director stipend of \$10,000. Eligible directors also

received \$1,500 for each Board meeting attended and \$1,000 for each committee meeting attended. Eligible directors received 6,000 shares of restricted stock upon their initial appointment to the Board and receive 3,000 shares of restricted stock on the first business day after January 1 of each calendar year, provided such director is a director on such date. These awards are

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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 eligible director is a member of the Board. If an eligible director's service as a member of the Board terminates as a result of death or disability, all unvested shares of the restricted stock will vest as of the date of termination. This restricted stock program was originally established in 2002. In addition, our eligible 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 eligible directors received a special, one-time grant of 10,000 restricted shares, which restrictions will lapse in equal amounts on the first two (2) anniversary dates of the grant.

In December 2008, with a further modification in February 2009, our Board of Directors amended its compensation program for eligible directors to more closely align it with those of similarly sized companies and to conform to current trends in director compensation. Both the cash portion and the equity portion of the compensation program were amended. The cash portion was amended to eliminate separate fees for Board and committee meetings, and each eligible director is paid a cash stipend of \$70,000 per year, payable in quarterly installments. The additional annual stipends for the three committee chairs were retained and adjusted as follows: Audit and Compliance Committee: \$15,000; Compensation Committee: \$10,000; and Governance and Nominating Committee: \$10,000. The annual grant of 3,000 shares of restricted stock was eliminated, and in lieu thereof, each eligible director receives a grant of a number of shares of phantom stock based on the portion of his or her annual compensation that is allocated to equity. Typically, this grant is made at the end of February of each year. For 2009, the value of the award was \$130,000, or 7,151 shares of phantom stock, per eligible director. Eligible directors who join our Board of Directors within the first six months of the year will receive the same award as the other eligible directors. However, if an eligible director's appointment occurs within the last six months of the year, such eligible director will receive no stock-based compensation until the following year. These phantom stock awards vest 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 an eligible director's service as a member of the Board terminates as a result of death, disability or otherwise (other than for cause) all unvested shares of the phantom stock awards will vest as of the date of termination. In connection with the other amendments to the 2000 Stock Option and Award Plan, phantom stock awards have been eliminated going forward; future awards to eligible directors will be made in the form of restricted stock units with the same terms and conditions as applicable to the phantom stock awards. All directors are reimbursed for their out-of-pocket expenses arising from attendance at meetings of the Board and its committees.

Management directors did not receive any compensation for their service on the Board.

Director Compensation

The following table summarizes the aggregate fees paid or earned and the value of equity-based awards earned by our non-employee directors in 2008:

Name	Fees Earned or Paid in	Restricted Stock	Total Compensation
	Cash (\$)	Awards (\$) (1)	(\$)
John A. Clerico	73,500	323,872	397,372
Dale F. Frey(2)	20,375	550,618	570,993
John A. Fry	58,500	323,872	382,372
William N. Jennings, MD	36,500	45,321	81,821
Harvey Klein, M.D.	50,500	323,872	374,372

Julia B. North	68,125	323,872	391,997
H. Mitchell Watson, Jr.	69,500	323,872	393,372

(1) This amount reflects the dollar amount recognized for financial reporting purposes for the year ended December 31, 2008 in accordance with FAS 123(R) for restricted stock awards granted under the 2000 Stock Option and Award Plan and thus may include amounts from awards granted in 2008 or in prior

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years. Assumptions used in the calculation of these amounts are included in note 2 to the Company's audited financial statements for the year ended December 31, 2008, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 27, 2009. The FAS 123(R) amounts will likely vary from the actual amount ultimately realized by the non-management directors. The grant date fair value of awards granted in 2008 was \$108,750 for each of Messrs. Clerico, Fry and Watson, Dr. Klein and Ms. North and \$220,560 for Dr. Jennings. As of December 31, 2008, the non-management directors had restricted stock awards for the following number of shares; Mr. Clerico, 11,000; Mr. Fry, 11,000; Dr. Jennings, 6,000; Dr. Klein, 11,000; Ms. North, 11,000 and Mr. Watson, 11,000; and the non-management directors had stock option awards for the following number of shares; Mr. Clerico, 20,000; Mr. Fry, 15,000; Dr. Jennings, 0; Dr. Klein, 25,000; Ms. North, 10,000; and Mr. Watson, 15,000.

(2) Mr. Frey's Class II Director's term expired at the 2008 Annual Meeting.

The Governance and Nominating Committee, which is responsible for making non-management director compensation recommendations to the Board of Directors, evaluates the compensation program for the non-management directors not less than every two years.

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.

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 three (3) Class III Directors are as follows: John A. Clerico, Julia B. North and Wayne T. Smith. Each of these three are incumbent directors. The nominee at the Meeting for the recently created vacancy for one (1) Class II Director (which vacancy resulted from the increase in the size of the Board of Directors

from eight (8) to nine (9) members) is James S. Ely III. The nomination of Mr. Ely followed the above-described process.

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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 and any business that stockholders seek to bring before an annual meeting. 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 (other than pursuant to the rules under the Exchange Act). 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 Governance and Nominating Committee will conduct the same analysis that it conducts with respect to its director nominees of any director nominations properly submitted by a stockholder and, as a result of that process, will formulate its recommendation to support or oppose that person's election as a member of the Board of Directors. Please see page 4 under "What is the deadline for submitting stockholder proposals for the 2010 annual meeting of stockholders?" for the deadlines related to the 2010 annual meeting of stockholders.

A stockholder's notice to the Secretary for director nominee recommendations must set forth as to each proposed nominee (a) the name, age, business address and residence address of the nominee, (b) the principal occupation or employment of the nominee, (c) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by the nominee, (d) a statement as to whether the nominee acknowledges the Company's policy on director resignations following such nominee's failure to receive the required vote for re-election at any future meeting at which such nominee would face re-election and (e) a statement from the nominee that he or she consents to being named in the proxy statement relating to the stockholders' meeting at which the election of such nominee would take place and will serve as a director if elected. In addition, a stockholder giving the notice for director nominee recommendations must provide (a) the name and record address of such stockholder, (b) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by such stockholder, (c) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nominations are to be made by such stockholder and (d) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the nominee(s) named in its notice.

A stockholder's notice to the Secretary for any business such stockholder seeks to bring before an annual meeting (other than pursuant to the rules under the Exchange Act) must set forth as to each matter such stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address of such stockholder, (c) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by such stockholder, (d) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (e) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

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. In March 2009, the Board of Directors increased the size of our Board from eight (8) members to

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nine (9) members, creating a vacancy on the Board. The Board of Directors created the additional position of a Class II Director to maintain the equal division of the Board among the three classes. The Board of Directors also desired to submit the new nominee to the vote of the stockholders at the earliest possible date. Accordingly, the term of the new nominee will be aligned with the other Class II Directors and will expire at the 2011 annual meeting. 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.

Class III Directors terms expire at our 2009 Annual Meeting. Upon the recommendation of the Governance and Nominating Committee, the three (3) persons listed in the table below as Class III Directors are nominated for election to serve as a Class III Director for a term of three (3) years and until their respective successors are elected and qualify, and the one (1) person listed in the table below as a Class II Director is nominated for election to serve as a Class II Director for a period of two (2) years and until his successor is elected and qualifies. Each of the Class III Director nominees are incumbent directors.

Name	Age	Position
John A. Clerico	67	Director (Class III)
Julia B. North	61	Director (Class III)
Wayne T. Smith	63	Chairman of the Board, President, Chief Executive Officer and Director (Class III)
James S. Ely III (nominee)	51	Director (Class II)

John A. Clerico**Director Since 2003**

*Audit and Compliance Committee Chair
Compensation Committee Member*

Since 2000, when Mr. Clerico co-founded ChartMark Investments, Inc., he has served as its chairman and as a registered financial advisor. In October 2008, Mr. Clerico agreed to serve as Executive Chairman and Interim Chief Executive Officer of Global Industries, Ltd for a period of one year. 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 currently serves on the Board of Directors of (i) Educational Development Corporation, and on its audit and executive committees; and (ii) Global Industries, Ltd.

Julia B. North**Director Since 2004**

*Governance and Nominating Committee Chair
Compensation Committee Member*

Ms. North 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 and governance committees.

Wayne T. Smith**Director Since 1997**

Chairman of the Board

Mr. Smith is our 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 committee (chair). Mr. Smith is a member of the board of directors and a past chairman of the Federation of American Hospitals.

Table of Contents**James S. Ely III****Nominee**

Mr. Ely is founder (2008) and chief executive officer of Priority Capital Management LLC. From 1995 to 2008, he was a senior banker and managing director in J.P. Morgan's Syndicated and Leveraged Finance Group, where he was responsible for structuring and arranging syndicated loans and high yield issues in the healthcare, aerospace, defense and other sectors. Mr. Ely's service with J.P. Morgan's predecessor institutions commenced in 1987. He is a director of Select Medical Corporation.

The remaining incumbent directors, whose terms of office have not expired (Class I Directors' terms will expire in 2010, and Class II Directors' terms will expire in 2011), are set forth below.

Name	Age	Position
W. Larry Cash	60	Executive Vice President, Chief Financial Officer and Director (Class I)
John A. Fry	48	Director (Class II)
William N. Jennings, M.D.	65	Director (Class II)
Harvey Klein, M.D.	71	Director (Class I)
H. Mitchell Watson, Jr.	71	Director (Class I)

W. Larry Cash**Director Since 2001**

Mr. Cash serves as our Executive Vice President and Chief Financial Officer. Prior to joining us, 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. 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 to 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 the Board of Trustees of Delaware Investments, with oversight responsibility for all of the portfolios in that mutual fund family.

William N. Jennings, M.D.**Director Since 2008**

Governance and Nominating Committee Member

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.

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.

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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, the Chairman of the Brevard Music Center, and a Trustee of Union Theological Seminary, New York, New York.

PROPOSALS SUBMITTED FOR A VOTE OF STOCKHOLDERS

PROPOSAL 1 ELECTION OF CLASS III DIRECTORS AND CLASS II DIRECTOR

Upon the recommendation of the Governance and Nominating Committee, the three (3) persons listed below are nominated for election to serve as Class III Directors for a term of three (3) years and until their respective successors are elected and qualify, and the one (1) person listed below is nominated for election to serve as a Class II Director for a term of two (2) years and until his successor is elected and qualifies.

The nominees for directors are John A. Clerico, Julia B. North, and Wayne T. Smith, each of which is currently serving a term as a Class III Director that expires at the Meeting, and James S. Ely III, who is a nominee as a Class II Director. Each of the nominees has consented to being named as a director nominee in this Proxy Statement and agreed to serve for the three-year or two-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 designate.

Required Vote

For each director nominee, the affirmative vote of a majority of the votes cast for that nominee is required to elect him or her as a Director. Abstentions and broker non-votes in connection with the election of directors have no effect on such election since directors are elected by a majority of the votes cast at the meeting. If any director nominee does not receive more votes for his or her election than against, then pursuant to Board of Directors policy, that nominee is required to promptly submit his or her resignation to the Board of Directors. Within ninety (90) days following the certification of the vote, the Governance and Nominating Committee is required to determine whether to accept the director's resignation and publicly disclose its decision and reasons.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR EACH OF THE NOMINEES FOR ELECTION AS A CLASS II OR CLASS III DIRECTOR.

PROPOSAL 2 APPROVAL OF THE COMMUNITY HEALTH SYSTEMS, INC. 2000 STOCK OPTION AND AWARD PLAN, AMENDED AND RESTATED AS OF MARCH 24, 2009

The Board of Directors proposes that the stockholders approve our 2000 Stock Option and Award Plan, amended and restated as of March 24, 2009.

The Board amended and restated the plan as of March 24, 2009 to increase the number of shares available for options and awards by 3,000,000. Prior to its amendment and restatement, approximately 571,750 shares of our Common Stock were available for issuance under the plan. Accordingly, if this proposal is approved by our stockholders, there would be 3,571,750 shares of our Common Stock available for issuance under the 2000 Stock Option and Award Plan.

The Board of Directors believes that the plan, as amended and restated, is necessary to continue the Company's effectiveness in attracting, motivating and retaining officers, employees, directors and consultants with appropriate experience, to increase the grantees' alignment of interest with the stockholders and to ensure the Company's compliance with the requirements of Section 162(m) of the IRC.

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Our Board of Directors adopted the 2000 Stock Option and Award Plan in April 2000, and the stockholders approved it in April 2000, prior to our initial public offering. The plan was amended and restated in February 2003 and approved by our stockholders in May 2003; further amendments and restatements occurred in February 2005 and March 2007, which were approved by our stockholders in May 2005 and May 2007, respectively. The plan provides for the grant of incentive stock options intended to qualify under Section 422 of the IRC and for the grant of stock options which do not so qualify, stock appreciation rights, restricted stock, restricted stock units, performance-based shares or units, and other share awards. The plan is also designed to comply with the conditions for exemption from the short-swing profit recovery rules under Rule 16b-3 under the Exchange Act.

The following information is provided as an update to the outstanding award information presented in the Company's 2008 Annual Report on Form 10-K filed with the SEC on February 27, 2009. As of March 1, 2009, after giving effect to certain vesting, lapsing, grants, and share forfeiture events that occurred immediately prior thereto, the following table reflects the outstanding awards under the 2000 Stock Option and Award Plan:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)
Non-qualified stock options and stock appreciation rights outstanding at March 1, 2009	9,931,162	\$ 29.47	6.2
Full-value awards outstanding at March 1, 2009(1)	2,268,833	n/a	n/a
Common Shares outstanding at March 31, 2009	92,458,514	n/a	n/a
Shares available for grant at March 1, 2009	571,750	n/a	n/a

(1) Full-value awards may include restricted stock, restricted stock units, performance-based shares or units, and other share awards.

The remaining shares available for grant under the 2000 Stock Option and Award Plan are far less than what will be needed to make awards in February 2010 to the executives and other employees of the Company, consistent with our current compensation philosophy.

The following is a summary of the material terms of the 2000 Stock Option and Award Plan, amended and restated as of March 24, 2009. The summary is qualified in its entirety by reference to the full text of the plan, a copy of which is attached to this Proxy Statement as Annex A.

Purpose.

The purpose of the plan is to strengthen the Company and its subsidiaries by providing an incentive to employees, officers, consultants and directors and thereby encouraging them to devote their abilities and industry to the success of the Company's and its subsidiaries' business enterprises.

Administration.

The plan is administered by the Compensation Committee of our Board of Directors, which consists of three of our independent directors, each of whom has never served as an officer of the Company. Members of the Compensation Committee serve at the pleasure of the Board of Directors until they cease to be directors or until removed by our Board of Directors. The Compensation Committee has the authority under the plan, among other things, to select the individuals to whom awards will be granted, to determine the type, size, purchase price and other terms and conditions of awards, and to construe and interpret the plan and any awards granted under the plan. Furthermore, with respect to options and awards that are not intended to qualify as performance-based compensation under Section 162(m) of the IRC, the Compensation Committee may generally delegate to one or more officers of the Company the authority to grant options or awards and/or to determine the number of shares subject to each such option or award. All decisions and determinations by the Compensation Committee in the exercise of its power are final, binding and conclusive.

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Eligible Individuals.

Generally, officers, employees, directors and consultants of the Company or any of our subsidiaries are eligible to participate in the plan. Awards are made to eligible individuals at the discretion of the Compensation Committee and therefore, we cannot determine who will receive a future grant at this time. As of March 31, 2009, there were twenty-two (22) officers, six (6) independent directors, and approximately six-hundred thirty (630) other employees who were eligible to participate in the plan.

Shares Subject to Plan.

Prior to the amendment and restatement of the plan in March 2009, 571,750 shares of our Common Stock remained available for grants under the plan. The Board of Directors amended and restated the plan as of March 24, 2009 to, among other things, increase the number of shares available for such grants by an additional 3,000,000. Thus, subject to the approval of our stockholders, the plan as amended and restated will have available a total of 3,571,750 shares for future grants.

In no event will an eligible individual in any calendar year receive a grant of options or awards that is in the aggregate in respect of more than 1,000,000 shares. In applying these individual limits, awards granted under the 2009 Stock Option and Award Plan will be aggregated with awards granted under this plan. In addition, no more than 30,000 shares may be issued in any calendar year upon the exercise of incentive stock options under the plan. Awards granted after March 30, 2007 and through March 24, 2009 are made in the form of full value awards (including restricted stock, restricted stock units, performance-based shares or units, and other share awards), such awards will reduce the number of shares available under the plan by 2.24 shares for each share awarded. For full value awards made after March 24, 2009, this ratio will be 1.52 shares for each share awarded. On March 31, 2009, our Common Stock closed at \$15.34 per share on the New York Stock Exchange.

Shares subject to awards which expire, are canceled, are forfeited, are settled in cash or otherwise terminate for any reason without having been exercised or without payment having been made in respect of the entire award will again be available for issuance under the plan; with regard to shares that are subject to awards of restricted stock, restricted stock units, performance-based shares or units, and other awards that are granted after March 30, 2007 and through March 24, 2009 as full value awards, for each share that is cancelled, forfeited, settled in cash or otherwise terminated, 2.24 shares may again be the subject of options or awards under the plan. For full value awards made after March 24, 2009, this ratio will be 1.52 shares for each share awarded. In the event of any increase or reduction in the number of shares, or any change (including a change in value) in the shares or an exchange of shares for a different number or kind of shares of the Company or another corporation, by reason of, among other things, a recapitalization, merger, reorganization, spin-off, split-up, stock dividend or stock split, the Compensation Committee will appropriately adjust the maximum number and class of Common Stock issuable under the plan, the number of shares of Common Stock or other securities which are subject to outstanding awards, and/or the exercise price applicable to any of such outstanding awards.

Types of Awards Available.

Stock Options

The Compensation Committee may grant both nonqualified stock options and incentive stock options within the meaning of Section 422 of the IRC, the terms and conditions of which will be set forth in an option agreement; provided, however, that incentive stock options may only be granted to eligible individuals who are employees of the Company or its subsidiaries. The Compensation Committee has complete discretion in determining the number of shares that are to be subject to options granted under the plan and whether any such options are to be incentive stock

options or nonqualified stock options. Options granted prior to 2005 have a ten (10) contractual term, options granted in 2005 through 2007 have an eight (8) year contractual term, and options granted after 2007 have a ten (10) year contractual term.

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The exercise price of any option granted under the plan will be determined by the Compensation Committee. However, the exercise price of any option granted under the plan may not be less than the fair market value of a share of our Common Stock on the date of grant. The fair market value of a share of our Common Stock on any date generally will be the closing sales price of a share of such Common Stock as reported by the New York Stock Exchange on that date.

The duration of any option granted under the plan will be determined by the Compensation Committee. Generally, however, no option may be exercised more than ten (10) years from the date of grant; provided, however, that the Compensation Committee may provide that a stock option may, upon the death of the grantee, be exercised for up to one (1) year following the date of death even if such period extends beyond ten (10) years.

The Compensation Committee also has the discretion to determine the vesting schedule of any options granted under the plan and may accelerate the exercisability of any option (or portion of any option) at any time. In the event of a change in control of the Company (as defined in the plan), each option held by the optionee as of the date of the change in control will become immediately and fully vested and exercisable. In addition, the option will remain exercisable for a period of six (6) months after a change in control of the Company, but in no event after the expiration of the stated term of the option.

Stock Appreciation Rights

The Compensation Committee may grant stock appreciation rights either alone or in conjunction with a grant of an option. In conjunction with an option, a stock appreciation right may be granted either at the time of grant of the option or at any time thereafter during the term of the option, and will generally cover the same shares covered by the option and be subject to the same terms and conditions as the related option. In addition, a stock appreciation right granted in conjunction with an option may be exercised at such times and only to the extent that the related option is exercisable. Any exercise of stock appreciation rights will result in a corresponding reduction in the number of shares available under the related option. In the event that the related option is exercised instead, a corresponding reduction in the number of shares available under the stock appreciation right will occur.

Upon exercise of a stock appreciation right which was granted in connection with an option, a grantee will generally receive a payment equal to the excess of the fair market value of a share of our Common Stock on the date of the exercise of the right over the per share exercise price under the related option, multiplied by the number of shares with respect to which the stock appreciation right is being exercised.

A stock appreciation right may be granted at any time and, if independent of an option, may be exercised upon such terms and conditions as the Compensation Committee, in its sole discretion, imposes on the stock appreciation right. However, the stock appreciation right may generally not have a duration that exceeds ten (10) years; provided, however, that the Compensation Committee may provide that a stock appreciation right may, upon the death of the grantee, be exercised for up to one (1) year following the date of death even if such period extends beyond ten (10) years.

Upon exercise of a stock appreciation right which was granted independently of an option, the optionee will generally receive a payment equal to the excess of the fair market value of a share of our Common Stock on the date of exercise of the right over the fair market value of our Common Stock on the date of grant, multiplied by the number of shares with respect to which the stock appreciation right is being exercised.

Notwithstanding the foregoing, the Compensation Committee may limit the amount payable with respect to a grantee's stock appreciation right (whether granted in conjunction with an option or not) by including such limit in the agreement evidencing the grant of the stock appreciation right at the time of grant. In addition, in the event of a

change in control of the Company, each stock appreciation right held as of the change in control of the Company will become immediately and fully vested and exercisable and remain exercisable for a period of six (6) months after the date of the change in control of the Company, but in no event after the expiration of the stated term of the stock appreciation right.

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Restricted Stock and Restricted Stock Units

Restricted stock and restricted stock units may be awarded under the plan, which will be evidenced by a restricted stock or restricted stock unit agreement, as applicable, containing such restrictions, terms and conditions as the Compensation Committee may, in its discretion, determine.

Shares of restricted stock will be issued in the grantee's name as soon as reasonably practicable after the award is made and after the grantee executes the restricted stock agreement, appropriate blank stock powers and any other agreements or documents which the Compensation Committee requires that the grantee execute as a condition to the issuance of such shares. Generally, restricted shares issued under the plan will be deposited together with the stock powers with an escrow agent (which may be us) designated by the Compensation Committee, and upon delivery of the shares to the escrow agent, the grantee will have all of the rights of a stockholder with respect to such shares, including the right to vote the shares and to receive all dividends or other distributions paid or made with respect to the shares. The Compensation Committee may also grant restricted stock units, each of which represents a right equivalent to one hypothetical share of our Common Stock.

Restrictions on shares and units awarded under the plan will lapse at such time and on such terms and conditions as the Compensation Committee may determine (which may include the occurrence of a change in control of the Company), which restrictions will be set forth in the restricted stock award agreement. The Compensation Committee may impose restrictions on any of the shares of restricted stock that are in addition to the restrictions under applicable federal or state securities laws, and may place a legend on the certificates representing such shares to give appropriate notice of any restrictions.

Upon the lapse of the restrictions on restricted shares or units, the Compensation Committee will cause a stock certificate to be delivered to the grantee with respect to such shares (or in other acceptable form, such as electronic), free of all restrictions under the plan, and, in the case of restricted stock units, such restricted stock units may also be settled in cash at the discretion of the Compensation Committee.

Performance Units and Performance Shares

The Compensation Committee may grant performance units and performance shares subject to the terms and conditions determined by the Compensation Committee in its discretion and set forth in the agreement evidencing the grant.

Performance units represent, upon attaining certain performance goals, a grantee's right to receive a payment generally equal to (i) the fair market value of a share of our Common Stock determined on the date the performance unit was granted, the date the performance unit became vested or any other date specified by the Compensation Committee or (ii) a percentage (which may be more than 100%) of the amount described in (i) above depending on the level of the performance goal attained. Each agreement evidencing a grant of a performance unit will specify the number of performance units to which it relates, the performance goals which must be satisfied in order for performance units to vest and the performance cycle within which such performance goals must be satisfied.

The Compensation Committee must establish the performance goals to be attained in respect of the performance units, the various percentages of performance unit value to be paid out upon the attainment, in whole or in part, of the performance goals and such other performance unit terms, conditions and restrictions as the Compensation Committee deems appropriate. Payment in respect of vested performance units will generally be made as soon as practicable after the last day of the performance cycle to which the award relates.

Payments may be made entirely in shares of our Common Stock valued at fair market value, entirely in cash, or in such combination of shares and cash as the Compensation Committee may determine in its discretion. If the Compensation Committee in its discretion determines to make the payment entirely or partially in restricted shares, the Compensation Committee must determine the extent to which such payment will be in restricted shares and the terms of such shares at the time the performance unit award is granted.

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Performance shares are subject to the same terms as described with respect to restricted stock (described above), except that the Compensation Committee will establish the performance goals to be attained in respect of the performance shares, the various percentages of performance shares to be paid out upon attainment, in whole or in part, of the performance goals and such other performance share terms, conditions and restrictions as the Compensation Committee deems appropriate.

Performance objectives established by the Compensation Committee for performance unit or performance share awards may be expressed in terms of (i) earnings per share, (ii) net revenue, (iii) adjusted EBITDA, (iv) share price, (v) pre-tax profits, (vi) net earnings, (vii) return on equity or assets or (viii) any combination of the foregoing. Performance objectives may be in respect of the performance of the Company or any of our subsidiaries or divisions or any combination thereof. Performance objectives may be absolute or relative (to prior performance of the Company or to the performance of one or more other entities or external indices) and may be expressed in terms of a progression within a specified range. The Compensation Committee may provide for the manner in which performance will be measured against the performance objectives (or may adjust the performance objectives) to reflect the impact of specified corporate transactions, accounting or tax law changes and other extraordinary or nonrecurring events.

The agreements evidencing a grant of performance units or performance shares may provide for the treatment of such awards in the event of a change in control of the Company, including provisions for the adjustment of applicable performance objectives.

Other Share-Based Awards

The Compensation Committee may also grant any other share-based award on such terms and conditions as the Compensation Committee may determine in its sole discretion. The Compensation Committee may award shares to participants as additional compensation for service to the Company or any of its subsidiaries or in lieu of cash or other compensation to which participants have become entitled.

Transferability of Options and Awards.

Options and unvested awards, if any, are generally not transferable except by will or under the laws of descent and distribution, and all rights with respect to such options and awards are generally exercisable only by the optionee or grantee during his or her lifetime, except that the Compensation Committee may provide that, in respect of any nonqualified stock option granted to an optionee, the option may be transferred to his or her spouse, parents, children, stepchildren and grandchildren and the spouses of such parents, children, stepchildren and grandchildren. In addition, the Compensation Committee may permit the nonqualified stock option to be transferred to trusts solely for the benefit of the optionee's family members and to partnerships in which the family members and/or trusts are the only partners.

A nonqualified stock option or a stock appreciation right may also be transferred pursuant to a domestic relations order. A stock appreciation right granted in conjunction with an option will not be transferable except to the extent that the related option is transferable.

Certain Transactions.

In the event of a liquidation, dissolution, merger or consolidation of the Company, the plan and the options and awards issued under the plan will continue in accordance with the respective terms and any terms set forth in an agreement evidencing the option or award. Notwithstanding the foregoing, following any such transaction, options and awards will be treated as provided in the agreement entered into in connection with the transaction. If not so provided in that agreement, following any such transaction, the optionee or grantee will be entitled to receive in respect of each share of our Common Stock subject to his or her option or award, upon the exercise of any such option

or upon the payment or transfer related to any such award, the same number and kind of stock, securities, cash, property, or other consideration that each holder of a share of Common Stock of the Company was entitled to receive in the transaction in respect of such share. The stock, securities, cash, property, or other consideration will remain subject to all of the conditions, restrictions and performance criteria which were applicable to the option or award prior to the transaction.

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Amendment or Termination.

The plan will terminate on March 23, 2019, the day preceding the tenth anniversary of the Board of Directors' approval of the plan, as amended and restated, and no option or award may be granted after such date. In addition, our Board of Directors may sooner terminate the plan and may amend, modify or suspend the plan at any time or from time to time. However, no amendment, suspension or termination may impair or adversely alter the rights of an optionee or grantee with respect to options or awards granted prior to such action, or deprive an optionee or grantee of any shares which may have been acquired under the plan, unless his or her written consent is obtained. To the extent necessary under any applicable law, regulation or exchange requirement, no amendment will be effective unless approved by our stockholders in accordance with such applicable law, regulation or exchange requirement. In addition, no option or stock appreciation right will be repriced without stockholder approval.

No modification of an agreement evidencing an option or award may adversely alter or impair any rights or obligations under the option or award unless the consent of the optionee or grantee is obtained.

No Additional Rights.

An optionee does not have any rights as a stockholder of the Company with respect to any shares of our Common Stock issuable upon exercise of an option generally until the Company issues and delivers shares (whether or not certificated) to the optionee, a securities broker acting on behalf of the optionee or other nominee of the optionee.

Federal Income Tax Consequences of Options.

The following discussion is a general summary of the principal United States federal income tax consequences under current federal income tax laws relating to stock options granted under the plan. This information is not a definitive explanation of the tax consequences of such awards nor is this summary intended to be exhaustive as it, among other things, does not describe state, local or foreign income tax and other tax consequences.

Generally.

An optionee will not recognize any taxable income upon the grant of a nonqualified option, and the Company will not be entitled to a tax deduction with respect to such grant. Generally, upon exercise of a nonqualified option, the excess of the fair market value of the Company's Common Stock on the date of exercise over the exercise price will be taxable as ordinary income to the optionee. The Company will generally be entitled to a federal income tax deduction in the amount that the optionee includes in his or her gross income upon exercise and at the same time as he or she recognizes such income, subject to any deduction limitation under Section 162(m) or 280G of the IRC (each of which is discussed below). The optionee's tax basis for the Common Stock received pursuant to such exercise will equal the sum of the compensation income recognized by the optionee and the exercise price he or she paid. The holding period with respect to such Common Stock will commence upon exercise of the option. The optionee's subsequent disposition of shares acquired upon the exercise of a nonqualified option will ordinarily result in capital gain or loss, which may be long term or short term, depending on how long he or she holds the shares.

Subject to the discussion below, the optionee will not recognize taxable income at the time of grant or exercise of an incentive stock option, and the Company will not be entitled to a tax deduction with respect to such grant or exercise. However, the exercise of an incentive stock option may result in an alternative minimum tax liability to the optionee.

Generally, if the optionee holds the shares acquired upon the exercise of an incentive stock option for at least one (1) year after the date of exercise and for at least two (2) years after the date of grant of the incentive stock option, upon his or her disposition of the shares, the difference, if any, between the sales price of the shares and the exercise

price will be treated as long-term capital gain or loss to the optionee. Generally, upon a sale or other disposition of shares acquired upon the exercise of an incentive stock option within one (1) year after the date of exercise or within two (2) years after the date of grant of the incentive stock option (any such disposition being referred to as a disqualifying disposition), any excess of the fair market value of the shares at the time of exercise of the option over the exercise price of such option will constitute ordinary income to the optionee. Subject to any deduction limitation under Section 162(m) or 280G of the IRC, the

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Company will be entitled to a deduction equal to the amount of such ordinary income included in the optionee's gross income. Any excess of the amount realized by the optionee on the disqualifying disposition over the fair market value of the shares on the date of exercise will generally be capital gain and will not be deductible by us. If the sale proceeds from a disqualifying disposition are less than the fair market value of the shares on the date of exercise, the amount of the optionee's ordinary income will be limited to the gain (if any) realized on the sale.

If the option is exercised through the use of shares of our Common Stock previously owned by the optionee, such exercise generally will not be considered a taxable disposition of the previously owned shares and thus no gain or loss will be recognized by the optionee with respect to the use of such shares upon exercise of the option. The basis and the holding period of such shares (for purposes of determining capital gain) will carry over to a like number of shares acquired upon exercise of the option. In the case of any nonqualified stock option, ordinary income (treated as compensation) will be recognized by the optionee on the additional shares of Common Stock acquired upon exercise of the option and will be equal to the fair market value of such shares on the date of exercise less any additional cash paid. Special rules apply in computing the amount and character of the optionee's income (or loss) (i) in connection with the exercise of an incentive stock option where the exercise price is paid by the optionee's delivery of previously owned shares and (ii) in connection with the exercise of a nonqualified stock option if the previously owned shares of Common Stock were acquired by the optionee on the exercise of an incentive stock option and the holding period requirement for these shares is not satisfied at the time they are used to pay the exercise price of the option.

Section 162(m) of the Internal Revenue Code.

Section 162(m) of the IRC generally disallows a federal income tax deduction to any publicly held corporation for compensation paid in excess of \$1 million in any taxable year to the Chief Executive Officer or any of the three other most highly compensated executive officers who are employed by the corporation on the last day of the taxable year (other than the Chief Financial Officer) (collectively, the "covered employees"). However, Section 162(m) provides that compensation constituting "qualified performance-based compensation" is not taken into account in determining whether the \$1 million threshold is exceeded. Grants of options, stock appreciation rights and performance awards made under the plan can be made in a manner so as to qualify as "qualified performance-based compensation" for purposes of Section 162(m).

Section 280G of the Internal Revenue Code.

Under certain circumstances, the accelerated vesting or exercise of options or other share awards in connection with a change in control of the Company might be deemed an "excess parachute payment" for purposes of the golden parachute tax provisions of Section 280G of the IRC. To the extent that any such event is considered to have occurred under the plan, the optionee would be subject to a 20% excise tax, and we would lose the ability to deduct the excess parachute payment. Under the Amended and Restated Change in Control Severance Agreements entered into on December 31, 2008, between us, Community Health Systems Professional Services Corporation (the employer of each of our officers), and each of our officers, under certain circumstances the excise tax will be grossed up and paid by us.

New Plan Benefits.

Generally, the grant of options and awards under the plan are subject to the discretion of the Compensation Committee and therefore are not determinable at this time.

Required Vote

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 is necessary for the approval of the 2000 Stock Option and Award Plan,

amended and restated as of March 24, 2009. Abstentions will be considered a vote against this proposal and broker non-votes will have no effect on such matter since these votes will not be considered present and entitled to vote for this purpose.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE COMMUNITY HEALTH SYSTEMS, INC. 2000 STOCK OPTION AND AWARD PLAN, AMENDED AND RESTATED AS OF MARCH 24, 2009.

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PROPOSAL 3 APPROVAL OF THE COMMUNITY HEALTH SYSTEMS, INC. 2004 EMPLOYEE PERFORMANCE INCENTIVE PLAN, AMENDED AND RESTATED AS OF MARCH 24, 2009

The Board of Directors proposes that the stockholders approve our 2004 Employee Performance Incentive Plan, amended and restated as of March 24, 2009.

The incentive plan provides for annual incentive payments to participating employees of the Company based upon the Company's performance. A central element of the Company's pay-for-performance philosophy has been to link a significant portion of annual cash compensation to the attainment of the Company's annual financial objectives. This incentive plan is intended to continue this direct linkage between Company performance and compensation.

The Board of Directors believes that the plan as amended and restated is necessary to continue its effectiveness in attracting, motivating and retaining officers, employees, directors and consultants with appropriate experience, to increase the grantees' alignment of interest with the stockholders, and to ensure the Company's compliance with the requirements of Section 162(m) of the IRC. Pursuant to regulations promulgated under Section 162(m) of the IRC, the material terms of the incentive plan must be disclosed to and reapproved by stockholders no later than the stockholders' meeting occurring in the fifth year after the plan was last approved by stockholders. Since the material terms of the incentive plan were last approved by stockholders in 2004, they must be reapproved at this Meeting so that the Company can continue to comply with the requirements of Section 162(m) with respect to the incentive plan. The material terms that must be disclosed to and approved by the stockholders are (i) the class of employees eligible to receive awards under the plan, (ii) the business criteria on which the performance goals are based, and (iii) a description of the maximum amount of compensation that may be paid to a specific employee during a given year.

The Board amended and restated the 2004 Employee Performance Incentive Plan as of March 24, 2009. The material changes to the plan include (i) provision for deferred bonus awards and (ii) revisions and additions to the performance criteria and objectives on which awards may be based.

The following is a summary of the material terms of the 2004 Employee Performance Incentive Plan, amended and restated as of March 24, 2009. The summary is qualified in its entirety by reference to the full text of the plan, a copy of which is attached to this Proxy Statement as Annex B.

Background.

The incentive plan is intended to comply with the terms of the "qualified performance-based compensation" exclusion in Section 162(m) of the IRC (as described below) with respect to the Company's Chief Executive Officer and each of the three other most highly compensated executive officers who are employed by the Company on the last day of the taxable year (other than the Chief Financial Officer) ("covered employees") whose compensation in a given year may be subject to non-deductibility.

Section 162(m) of the IRC generally disallows a federal income tax deduction to a publicly held corporation for compensation paid in excess of \$1 million in any taxable year to the covered employees. However, Section 162(m) provides that compensation constituting "qualified performance-based compensation" is not taken into account in determining whether the \$1 million threshold is exceeded.

The Company intends to structure awards under the incentive plan so that compensation paid under the incentive plan to our covered employees would constitute "qualified performance-based compensation" eligible for deductibility for tax purposes. To allow the Company to qualify for such deduction, the Company is seeking approval of the material terms of the 2004 Employee Performance Incentive Plan, amended and restated as of March 24, 2009.

The incentive plan allows for individual awards that may not exceed \$10 million in any one-year period. Payments under the incentive plan are made in cash.

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Eligible Employees.

Any employee of the Company is eligible to receive an award under the incentive plan. Generally, all of our executive officers participate in the incentive plan and many of our other employees are selected from time-to-time to participate in the incentive plan. In 2008, approximately 1,100 employees participated in the incentive plan.

Plan Administration.

The incentive plan will generally be administered under the supervision of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer of the Company, except as otherwise noted herein. With regard to covered employees, the Compensation Committee of the Board of Directors will administer the incentive plan. The Compensation Committee will at all times be composed entirely of non-employee directors who meet the criteria of outside director under Section 162(m) of the IRC. As applicable, the Chief Executive Officer and the Chief Financial Officer or the Compensation Committee will select the employees who will receive awards under the incentive plan, the target awards, maximum pay-out level, the performance goals and whether the award will be a deferred award payable on a fixed date or on a payment schedule determined on the date of grant.

Performance Criteria.

Section 162(m) of the IRC requires that performance awards be based upon objective performance measures. For covered employees, the performance criteria will be performance goals under one or more of the following objective financial-based criteria: net revenue; earnings per share (EPS); corporate adjusted EBITDA; EBITDA margin; EBITDA margin improvement; bad debt expense; cash flows from operating activities; cash receipts targets; uncompensated care expense; and days net revenue in net patient accounts receivable; or the following objective qualitative-based criteria: key operating and financial statistics; case/resource management; productivity management; quality indicators/clinical compliance; operating expenses per equivalent patient day; physician recruitment; capital expenditures; and exceeding industry performance. Performance criteria may relate to the Company as a whole or any business unit. Performance goals may be set at a specific level or may be expressed as relative to the comparable measures for prior periods or relative to the performance of one or more other entities or external indices. The Compensation Committee may not increase the award payable to any covered employee above the maximum amount determined by the applicable performance measure. However, the Compensation Committee may, in its discretion, reduce the portion of an award that is based on any of the qualitative-based performance criteria described above. The Compensation Committee may, without adversely affecting the treatment of an award as qualified performance-based compensation, provide for the manner in which the performance will be measured or may adjust the performance objectives to reflect the impact of change in the Company's stock, specified corporate transactions, special charges, changes in tax or accounting laws, change in government reimbursement policies and other extraordinary or nonrecurring events.

Payment of Awards.

The Compensation Committee will certify the attainment of performance goals before payment of any awards or deferred awards to covered employees. Awards (other than deferred awards) are payable no later than two and one-half (2 1/2) months following the end of the fiscal year for which such award was earned. Deferred awards will also be determined on a fiscal year basis but will be payable on a payment date or payment dates, established at the time the award is granted, which will be more than one year following the end of the fiscal year for which the award is earned. Generally, no award will be paid to a Participant who is not employed by the Company on the date that his or her award payment is due under the Plan. However, if a participant's employment is terminated by death, disability, by the Company without cause or by the participant for good reason for those participants who are a party to a change in control agreement, the participant will be eligible to receive a pro-rata award based on the actual level of achievement

attained during the fiscal year and the number of days employed during his or her participation period. If such termination

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occurs after the end of the applicable fiscal year, the participant will be entitled to receive the entire earned award.

Term; Termination and Amendment of the Plan.

The 2004 Employee Performance Incentive Plan, amended and restated as of March 24, 2009, will be effective for all fiscal years beginning with 2009, subject to the approval of the Company's stockholders at the Meeting. The incentive plan may be amended or terminated by the Board of Directors at any time. However, no amendment may increase the maximum payment which may be made to any covered employee in any fiscal year above the award limit outlined above. Generally, no amendment of the incentive plan will impair or adversely alter any awards theretofore granted under the incentive plan, except with the consent of the affected participant.

New Plan Benefits.

Future awards under the incentive plan are not determinable because they depend upon certain unknown factors, including the extent to which the financial targets for any performance period are achieved. The following table sets forth information concerning the amounts that have been paid pursuant to the incentive plan for the year ended December 31, 2008. These awards are not necessarily indicative of the awards that may be made in the future under the incentive plan. Non-employee directors do not participate in the incentive plan.

New Plan Benefits

Name And Position	2008 Awards Under 2004 Employee Performance Incentive Plan
Wayne T. Smith Chairman of the Board, President and Chief Executive Officer	\$ 1,855,440
W. Larry Cash Executive Vice President and Chief Financial Officer	825,352
William S. Hussey President Division Operations	435,600
David L. Miller President Division Operations	323,100
Michael T. Portacci President Division Operations	310,950
All current executive officers as a group (9 persons including those named above)	4,806,437
All employees, including all current officers who are not executive officers, as a group	\$ 31,919,075

Required Vote

Approval of the 2004 Employee Performance Incentive Plan, amended and restated as of March 24, 2009, requires the affirmative vote of a majority of the shares of our Common Stock present in person or represented by proxy and entitled to be voted on the proposal at the annual meeting. Abstentions will be considered a vote against this proposal and broker non-votes will have no effect on such matter since these votes will not be considered present and entitled to vote for this purpose.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMMUNITY HEALTH SYSTEMS, INC. 2004 EMPLOYEE PERFORMANCE INCENTIVE PLAN, AMENDED AND RESTATED AS OF MARCH 24, 2009.

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PROPOSAL 4 APPROVAL OF THE COMMUNITY HEALTH SYSTEMS, INC. 2009 STOCK OPTION AND AWARD PLAN

The Board of Directors proposes that the stockholders approve the 2009 Stock Option and Award Plan.

The Board of Directors adopted the 2009 Stock Option and Award Plan as of March 24, 2009. The plan provides for the grant of incentive stock options intended to qualify under Section 422 of the IRC and for the grant of stock options which do not so qualify, stock appreciation rights, restricted stock, restricted stock units, performance-based shares or units, and other share awards. The plan is also designed to comply with the conditions for exemption from the short-swing profit recovery rules under Rule 16b-3 under the Exchange Act.

The Board of Directors believes that the plan is necessary to continue the Company's effectiveness in attracting, motivating and retaining officers, employees, directors and consultants with appropriate experience, to increase the grantees' alignment of interest with the stockholders and to ensure the Company's compliance with the requirements of Section 162(m) of the IRC.

The Company is seeking stockholders' approval of this new stock award plan, in addition to seeking approval for additional shares under the 2000 Stock Option and Award Plan (see Proposal 2, starting at page 13) for a number of reasons. The Company believes that stockholders should take the following matters into consideration:

The number of additional shares requested under Proposal 2 was limited to 3,000,000 to comply with voting guidance issued by third party corporate governance advisors and institutional investors and takes into account awards outstanding, the number of shares remaining available under the 2000 Stock Option and Award Plan, the overhang, dilution levels created by adding additional shares, and cost implications of the additional shares.

A significant aspect limiting the number of shares that can be added to the 2000 Stock Option and Award Plan under this voting guidance is the level of overhang, that is the number of the plan's shares that have been granted but not exercised (currently in excess of 12 million shares). In the case of the Company's executives, the following should be noted:

in excess of 2.5 million of the overhang shares are underwater option shares (i.e. options that have exercise prices that are below the current market price of our Common Stock) that were awarded prior to 2005, which were in the money options prior to the stock price declines in the fourth quarter of 2008. We believe that the tendency of the Company's executives to remain invested in the Company for long periods of time should not hinder the Company in serving its future compensation objectives;

approximately 5.9 million of the overhang shares are option shares that were awarded between 2005 and 2008, which were either never or only very modestly in the money and are currently underwater; and

the Company is not seeking repricing of any of these options because repricing of these options is not permitted by the 2000 Stock Option and Award Plan and would not be favored under the prevailing above the 52-week high voting guidance model.

As a result of the Triad acquisition, which doubled the size of the Company, a greater number of shares is needed to compensate the increased responsibilities and the number of executives within the organization.

Stock-based compensation awards are designed to serve as both reward and retention tools for the Company's executives. The Company will need to continue to award stock-based compensation to its executives to

encourage and reward their performance and retention within the Company. If Proposal 2 is approved, the shares available under the 2000 Stock Option and Award Plan will be slightly less than the amount needed to make awards in 2010 comparable to awards made in recent past years. Accordingly, share awards would need to be reduced and/or stockholders approval will be needed in

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2010 to make further awards, causing the Company to deviate from its compensation philosophy to effectively compensate and retain its executives.

Given the limitations the Company faces in adding shares to the 2000 Stock Option and Award Plan, as described in the first two bulleted items above, the Company is seeking an additional 3,500,000 shares for use as stock-based compensation awards through the 2009 Stock Option and Award Plan to provide it with the flexibility to make awards for future compensation cycles.

The following is a summary of the material terms of the 2009 Stock Option and Award Plan. The summary is qualified in its entirety by reference to the full text of the plan, a copy of which is attached to this Proxy Statement as Annex C.

Purpose.

The purpose of the plan is to strengthen the Company and its subsidiaries by providing an incentive to employees, officers, consultants and directors and thereby encouraging them to devote their abilities and industry to the success of the Company's and its subsidiaries' business enterprises.

Administration.

The plan is administered by the Compensation Committee. The Compensation Committee has the authority under the plan, among other things, to select the individuals to whom awards will be granted, to determine the type, size, purchase price and other terms and conditions of awards, and to construe and interpret the plan and any awards granted under the plan. Furthermore, with respect to options and awards that are not intended to qualify as performance-based compensation under Section 162(m) of the IRC, the Compensation Committee may generally delegate to one or more officers of the Company the authority to grant options or awards and/or to determine the number of shares subject to each such option or award. All decisions and determinations by the Compensation Committee in the exercise of its power are final, binding and conclusive.

Eligible Individuals.

Generally, officers, employees, directors and consultants of the Company or any of our subsidiaries are eligible to participate in the plan. Awards are made to eligible individuals at the discretion of the Compensation Committee and therefore, we cannot determine who will receive a future grant at this time.

Shares Subject to Plan.

A total 3,500,000 shares of our Common Stock are available for grant under the plan.

In no event will an eligible individual in any calendar year receive a grant of options or awards that is in the aggregate in respect of more than 1,000,000 shares. In applying these individual limits, awards granted under the 2000 Stock Option and Award Plan, amended and restated as of March 24, 2009, will be aggregated with the awards granted under this plan. In addition, no more than 30,000 shares may be issued in any calendar year upon the exercise of incentive stock options under the plan. In the event any awards are made in the form of full value awards (including restricted stock, restricted stock units, performance-based shares or units, and other share awards), such awards will reduce the number of shares available under the plan by 1.52 shares for each share awarded.

Shares subject to awards which expire, are canceled, are forfeited, are settled in cash or otherwise terminate for any reason without having been exercised or without payment having been made in respect of the entire award will again

be available for issuance under the plan; with regard to shares that are subject to awards of restricted stock, restricted stock units, performance-based shares or units, and other awards that are granted as full value awards, for each share that is cancelled, forfeited, settled in cash or otherwise terminated, 1.52 shares may again be the subject of options or awards under the plan. In the event of any increase or reduction in the number of shares, or any change (including a change in value) in the shares or an exchange of shares for a different number or kind of shares of the Company or another corporation, by reason

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of, among other things, a recapitalization, merger, reorganization, spin-off, split-up, stock dividend or stock split, the Compensation Committee will appropriately adjust the maximum number and class of Common Stock issuable under the plan, the number of shares of Common Stock or other securities which are subject to outstanding awards, and/or the exercise price applicable to any of such outstanding awards.

Types of Awards Available.

Stock Options

The Compensation Committee may grant both nonqualified stock options and incentive stock options within the meaning of Section 422 of the IRC, the terms and conditions of which will be set forth in an option agreement; provided, however, that incentive stock options may only be granted to eligible individuals who are employees of the Company or its subsidiaries. The Compensation Committee has complete discretion in determining the number of shares that are to be subject to options granted under the plan and whether any such options are to be incentive stock options or nonqualified stock options.

The exercise price of any option granted under the plan will be determined by the Compensation Committee. However, the exercise price of any option granted under the plan may not be less than the fair market value of a share of our Common Stock on the date of grant. The fair market value of a share of our Common Stock on any date generally will be the closing sales price of a share of such Common Stock as reported by the New York Stock Exchange on that date.

The duration of any option granted under the plan will be determined by the Compensation Committee. Generally, however, no option may be exercised more than ten (10) years from the date of grant; provided, however, that the Compensation Committee may provide that a stock option may, upon the death of the grantee, be exercised for up to one (1) year following the date of death even if such period extends beyond ten (10) years.

The Compensation Committee also has the discretion to determine the vesting schedule of any options granted under the plan and may accelerate the exercisability of any option (or portion of any option) at any time. In the event of a change in control of the Company (as defined in the plan), each option held by the optionee as of the date of the change in control of the Company will become immediately and fully vested and exercisable. In addition, the option will remain exercisable for a period of six (6) months after a change in control of the Company, but in no event after the expiration of the stated term of the option.

Stock Appreciation Rights

The Compensation Committee may grant stock appreciation rights either alone or in conjunction with a grant of an option. In conjunction with an option, a stock appreciation right may be granted either at the time of grant of the option or at any time thereafter during the term of the option, and will generally cover the same shares covered by the option and be subject to the same terms and conditions as the related option. In addition, a stock appreciation right granted in conjunction with an option may be exercised at such times and only to the extent that the related option is exercisable. Any exercise of stock appreciation rights will result in a corresponding reduction in the number of shares available under the related option. In the event that the related option is exercised instead, a corresponding reduction in the number of shares available under the stock appreciation right will occur.

Upon exercise of a stock appreciation right which was granted in connection with an option, a grantee will generally receive a payment equal to the excess of the fair market value of a share of our Common Stock on the date of the exercise of the right over the per share exercise price under the related option, multiplied by the number of shares with respect to which the stock appreciation right is being exercised.

A stock appreciation right may be granted at any time and, if independent of an option, may be exercised upon such terms and conditions as the Compensation Committee, in its sole discretion, imposes on the stock appreciation right. However, the stock appreciation right may generally not have a duration that exceeds ten (10) years; provided, however, that the Compensation Committee may provide that a stock appreciation right

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may, upon the death of the grantee, be exercised for up to one (1) year following the date of death even if such period extends beyond ten (10) years.

Upon exercise of a stock appreciation right which was granted independently of an option, the optionee will generally receive a payment equal to the excess of the fair market value of a share of our Common Stock on the date of exercise of the right over the fair market value of our Common Stock on the date of grant, multiplied by the number of shares with respect to which the stock appreciation right is being exercised.

Notwithstanding the foregoing, the Compensation Committee may limit the amount payable with respect to a grantee's stock appreciation right (whether granted in conjunction with an option or not), by including such limit in the agreement evidencing the grant of the stock appreciation right at the time of grant. In addition, in the event of a change in control of the Company, each stock appreciation right held as of the change in control of the Company will become immediately and fully vested and exercisable and remain exercisable for a period of six (6) months after the date of the change in control of the Company, but in no event after the expiration of the stated term of the stock appreciation right.

Restricted Stock and Restricted Stock Units

Restricted stock and restricted stock units may be awarded under the plan, which will be evidenced by a restricted stock or restricted stock unit agreement, as applicable, containing such restrictions, terms and conditions as the Compensation Committee may, in its discretion, determine.

Shares of restricted stock will be issued in the grantee's name as soon as reasonably practicable after the award is made and after the grantee executes the restricted stock agreement, appropriate blank stock powers and any other agreements or documents which the Compensation Committee requires that the grantee execute as a condition to the issuance of such shares. Generally, restricted shares issued under the plan will be deposited together with the stock powers with an escrow agent (which may be us) designated by the Compensation Committee, and upon delivery of the shares to the escrow agent, the grantee will have all of the rights of a stockholder with respect to such shares, including the right to vote the shares and to receive all dividends or other distributions paid or made with respect to the shares. The Compensation Committee may also grant restricted stock units, each of which represents a right to one hypothetical share of our Common Stock.

Restrictions on shares and units awarded under the plan will lapse at such time and on such terms and conditions as the Compensation Committee may determine (which may include the occurrence of a change in control of the Company), which restrictions will be set forth in the restricted stock award agreement. The Compensation Committee may impose restrictions on any of the shares of restricted stock that are in addition to the restrictions under applicable federal or state securities laws, and may place a legend on the certificates representing such shares to give appropriate notice of any restrictions.

Upon the lapse of the restrictions on restricted shares or units, the Compensation Committee will cause a stock certificate to be delivered to the grantee with respect to such shares (or in other acceptable form, such as electronic), free of all restrictions under the plan, and, in the case of restricted stock units, such restricted stock units may also be settled in cash at the discretion of the Compensation Committee.

Performance Units and Performance Shares

The Compensation Committee may grant performance units and performance shares subject to the terms and conditions determined by the Compensation Committee in its discretion and set forth in the agreement evidencing the grant.

Performance units represent, upon attaining certain performance goals, a grantee's right to receive a payment generally equal to (i) the fair market value of a share of our Common Stock determined on the date the performance unit was granted, the date the performance unit became vested or any other date specified by the Compensation Committee or (ii) a percentage (which may be more than 100%) of the amount described in (i) above depending on the level of the performance goal attained. Each agreement evidencing a grant of a performance unit will specify the number of performance units to which it relates, the performance goals

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which must be satisfied in order for performance units to vest and the performance cycle within which such performance goals must be satisfied.

The Compensation Committee must establish the performance goals to be attained in respect of the performance units, the various percentages of performance unit value to be paid out upon the attainment, in whole or in part, of the performance goals and such other performance unit terms, conditions and restrictions as the Compensation Committee deems appropriate. Payment in respect of vested performance units will generally be made as soon as practicable after the last day of the performance cycle to which the award relates.

Payments may be made entirely in shares of our Common Stock valued at fair market value, entirely in cash, or in such combination of shares and cash as the Compensation Committee may determine in its discretion. If the Compensation Committee in its discretion determines to make the payment entirely or partially in restricted shares, the Compensation Committee must determine the extent to which such payment will be in restricted shares and the terms of such shares at the time the performance unit award is granted.

Performance shares are subject to the same terms as described with respect to restricted stock (described above), except that the Compensation Committee will establish the performance goals to be attained in respect of the performance shares, the various percentages of performance shares to be paid out upon attainment, in whole or in part, of the performance goals and such other performance share terms, conditions and restrictions as the Compensation Committee deems appropriate.

Performance objectives established by the Compensation Committee for performance unit or performance share awards may be expressed in terms of (i) earnings per share, (ii) net revenue, (iii) adjusted EBITDA, (iv) share price, (v) pre-tax profits, (vi) net earnings, (vii) return on equity or assets, or (viii) any combination of the foregoing. Performance objectives may be in respect of the performance of the Company or any of our subsidiaries or divisions or any combination thereof. Performance objectives may be absolute or relative (to prior performance of the Company or to the performance of one or more other entities or external indices) and may be expressed in terms of a progression within a specified range. The Compensation Committee may provide for the manner in which performance will be measured against the performance objectives (or may adjust the performance objectives) to reflect the impact of specified corporate transactions, accounting or tax law changes and other extraordinary or nonrecurring events.

The agreements evidencing a grant of performance units or performance shares may provide for the treatment of such awards in the event of a change in control of the Company, including provisions for the adjustment of applicable performance objectives.

Other Share-Based Awards

The Compensation Committee may also grant any other share-based award on such terms and conditions as the Compensation Committee may determine in its sole discretion. The Compensation Committee may award shares to participants as additional compensation for service to the Company or any of its subsidiaries or in lieu of cash or other compensation to which participants have become entitled.

Transferability of Options and Awards.

Options and unvested awards, if any, are generally not transferable except by will or under the laws of descent and distribution, and all rights with respect to such options and awards are generally exercisable only by the optionee or grantee during his or her lifetime, except that the Compensation Committee may provide that, in respect of any nonqualified stock option granted to an optionee, the option may be transferred to his or her spouse, parents, children, stepchildren and grandchildren and the spouses of such parents, children, stepchildren and grandchildren. In addition,

the Compensation Committee may permit the nonqualified stock option to be transferred to trusts solely for the benefit of the optionee's family members and to partnerships in which the family members and/or trusts are the only partners.

A nonqualified stock option or a stock appreciation right may also be transferred pursuant to a domestic relations order. A stock appreciation right granted in conjunction with an option will not be transferable except to the extent that the related option is transferable.

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Certain Transactions.

In the event of a liquidation, dissolution, merger or consolidation of the Company, the plan and the options and awards issued under the plan will continue in accordance with the respective terms and any terms set forth in an agreement evidencing the option or award. Notwithstanding the foregoing, following any such transaction, options and awards will be treated as provided in the agreement entered into in connection with the transaction. If not so provided in that agreement, following any such transaction, the optionee or grantee will be entitled to receive in respect of each share of our Common Stock subject to his or her option or award, upon the exercise of any such option or upon the payment or transfer related to any such award, the same number and kind of stock, securities, cash, property, or other consideration that each holder of a share of Common Stock of the Company was entitled to receive in the transaction in respect of such share. The stock, securities, cash, property, or other consideration will remain subject to all of the conditions, restrictions and performance criteria which were applicable to the option or award prior to the transaction.

Amendment or Termination.

The plan will terminate on March 23, 2019, which is the day preceding the tenth anniversary of the Board of Directors approval of the plan, and no option or award may be granted after such date. In addition, our Board of Directors may sooner terminate the plan and may amend, modify or suspend the plan at any time or from time to time. However, no amendment, suspension or termination may impair or adversely alter the rights of an optionee or grantee with respect to options or awards granted prior to such action, or deprive an optionee or grantee of any shares which may have been acquired under the plan, unless his or her written consent is obtained. To the extent necessary under any applicable law, regulation or exchange requirement, no amendment will be effective unless approved by our stockholders in accordance with such applicable law, regulation or exchange requirement. In addition, no option or stock appreciation right will be repriced without stockholder approval.

No modification of an agreement evidencing an option or award may adversely alter or impair any rights or obligations under the option or award unless the consent of the optionee or grantee is obtained.

No Additional Rights.

An optionee does not have any rights as a stockholder of the Company with respect to any shares of our Common Stock issuable upon exercise of an option generally until the Company issues and delivers shares (whether or not certificated) to the optionee, a securities broker acting on behalf of the optionee or other nominee of the optionee.

Federal Income Tax Consequences of Options.

For the federal income tax consequences of options granted under the 2009 Stock Option and Award Plan, refer to the discussion of this topic in Proposal 2 (beginning on page 13) of this Proxy Statement.

New Plan Benefits.

Generally, the grant of options and awards under the 2009 Stock Option and Award Plan will be subject to the discretion of the Compensation Committee and therefore are not determinable at this time.

Required Vote

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 is necessary for the approval of the 2009 Stock Option and Award Plan.

Abstentions will be considered a vote against this proposal and broker non-votes will have no effect on such matter since these votes will not be considered present and entitled to vote for this purpose.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE COMMUNITY HEALTH SYSTEMS, INC. 2009 STOCK OPTION AND AWARD PLAN.

Table of Contents***PROPOSAL 5 RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM***

The Board of Directors proposes that the stockholders ratify the appointment by the Board of Directors of Deloitte & Touche LLP as our independent registered public accounting firm for 2009. We expect that a representative of Deloitte & Touche LLP will be present at the Meeting and will be available to respond to appropriate questions submitted by stockholders at the Meeting. Deloitte & Touche LLP will have the opportunity to make a statement if it desires to do so.

Fees.

The following table summarizes the aggregate fees billed to the Company by Deloitte & Touche LLP:

	2008	2007
	(In thousands)	
Audit Fees(a)	\$ 6,437	\$ 8,738
Audit-Related Fees(b)	422	833
Tax Fees(c)	624	1,690
Total	\$ 7,483	\$ 11,261

(a) Fees for audit services billed in 2008 and 2007 consisted of:

Audit of the Company's annual consolidated financial statements (amounts include an attestation report on management's assessment of internal control over financial reporting);

Reviews of the Company's quarterly consolidated financial statements; and

Statutory and regulatory audits, consents and other services related to SEC matters.

(b) Fees for audit-related services billed in 2008 and 2007 consisted of:

Due diligence associated with acquisitions;

Financial accounting and reporting consultations;

Employee benefit plan audits; and

Agreed-upon procedures engagements.

(c) Fees for tax services billed in 2008 and 2007 consisted of:

Fees for tax compliance services totaled \$252,913 and \$389,000 in 2008 and 2007, respectively.

Tax compliance services are services rendered based upon facts already in existence or transactions that have already occurred to document, compute, and obtain government approval for amounts to

be included in tax filings and consisted of:

- (i) Federal, state and local income tax return assistance;
- (ii) Sales and use, property and other tax return assistance; and
- (iii) Assistance with tax audits and appeals.

Fees for tax planning and advice services totaled \$371,135 in 2008 and \$1,301,000 in 2007. Tax planning and advice are services rendered with respect to proposed transactions or that alter a transaction to obtain a particular tax result. Such services consisted of tax advice related primarily to the Triad acquisition in 2007.

In considering the nature of the services provided by the independent registered public accounting firm, the Audit and Compliance Committee determined that such services were compatible with the provision of independent audit services. The Audit and Compliance Committee discussed these services with the independent registered public accounting firm and Company management to determine that they were permitted under the rules and regulations concerning auditor independence promulgated by the SEC to implement the

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Sarbanes-Oxley Act of 2002, as well as the rules and regulations of the American Institute of Certified Public Accountants.

Pre-Approval of Audit and Non-Audit Services.

On December 10, 2002, the Board of Directors delegated to the Audit and Compliance Committee the sole authority to engage and discharge the Company's independent registered public accounting firm, to oversee the conduct of the audit of the Company's consolidated financial statements, and to approve the provision of all auditing and non-audit services. All audit and non-audit services performed by the independent registered public accounting firm during 2008 were pre-approved by the Audit and Compliance Committee prior to the commencement of such services. The Company's policy does not permit the retroactive approval for de minimus non-audit services.

Required Vote

Approval by the stockholders of the appointment of our independent registered public accounting firm is not required, but the Board believes that it is desirable to submit this matter to the stockholders. If holders of a majority of our Common Stock present and entitled to vote on the matter do not approve the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2009 at the Meeting, the selection of our independent registered public accounting firm will be reconsidered by the Audit and Compliance Committee. Abstentions will be considered a vote against this proposal and broker non-votes will have no effect on such matter since these votes will not be considered present and entitled to vote for this purpose.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2009.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of March 31, 2009, except as otherwise footnoted, with respect to ownership of our Common Stock by:

each person known by us to be a beneficial owner of more than five percent (5%) of our Company's Common Stock;

each of our directors;

each of our executive officers named in the Summary Compensation Table on page 48; and

all of our directors and executive officers as a group.

Except as otherwise indicated, the persons or entities listed below have sole voting and investment power with respect to all shares of common stock beneficially owned by them, except to the extent such power may be shared with a spouse.

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Name	Shares Beneficially Owned(1)	
	Number	Percent
5% Stockholders:		
Baron Capital Group, Inc./BAMCO, Inc./		
Baron Capital Management, Inc./Ronald Baron	9,268,990(2)	10.0%
Franklin Mutual Advisors, LLC	8,999,313(3)	9.7%
Wellington Management Company, LLC	7,773,100(4)	8.4%
FMR LLC/Edward C. Johnson 3d	7,125,561(5)	7.7%
Directors:		
W. Larry Cash	1,168,262(6)	1.3%
John A. Clerico	60,000(7)	*
James S. Ely III		
John A. Fry	33,000(8)	*
William N. Jennings, M.D.	7,000(9)	*
Harvey Klein, M.D.	45,000(10)	*
Julia B. North	31,000(11)	*
Wayne T. Smith	2,725,901(12)	2.9%
H. Mitchell Watson, Jr.	31,000(13)	*
Other Named Executive Officers:		
William S. Hussey	474,203(14)	0.5%
David L. Miller	537,503(15)	0.6%
Michael T. Portacci	481,695(17)	0.5%
All Directors and Executive Officers as a Group (15 persons)	6,204,954(16)	6.5%

* Less than 1%.

(1) For purposes of this table, a person or group of persons is deemed to have beneficial ownership of any shares of Common Stock when such person or persons has the right to acquire them within 60 days after March 31, 2009. For purposes of computing the percentage of outstanding shares of common stock held by each person or group of persons named above, any shares which such person or persons have the right to acquire within 60 days after March 31, 2009 is deemed to be outstanding but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

(2) Shares beneficially owned are based on Schedule 13G filed with the SEC on March 10, 2009, by Baron Capital Group, Inc. (Baron Group), BAMCO, Inc. (Bamco), Baron Capital Management, Inc. (Baron Capital) and Ronald Baron. Baron Group has shared voting power with respect to 8,652,390 shares of Common Stock and shared dispositive power with respect to 9,268,990 shares of Common Stock; Bamco has shared voting power with respect to 8,346,400 shares of Common Stock and shared dispositive power with respect to 8,952,000 shares of Common Stock; Baron Capital has shared voting power with respect to 305,990 shares of Common Stock and shared dispositive power with respect to 316,990 shares of Common Stock; and Ronald Baron has shared voting power with respect to 8,652,390 shares of Common Stock and shared dispositive power with respect to 9,268,990 shares of Common Stock. The address of each of these persons is 767 Fifth Avenue, New York, NY 10153.

(3)

Shares beneficially owned are based on Schedule 13G filed with the SEC on January 15, 2009, by Franklin Mutual Advisers LLC (Franklin). Franklin has sole voting power and sole dispositive power with respect to these shares of Common Stock. The address of Franklin is 101 John F. Kennedy Parkway, Short Hills, NJ 07078.

- (4) Shares beneficially owned are based on Schedule 13G filed with the SEC on February 17, 2009, by Wellington Management Company, LLP (Wellington). Wellington has shared voting power with respect to 6,443,900 shares of Common Stock and shared dispositive power with respect to 7,773,100 shares of Common Stock. The address of Wellington is 75 State Street, Boston, MA 02109.

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- (5) Shares beneficially owned are based on Schedule 13G filed with the SEC on February 17, 2009, by FMR LLC (FMR) and Edward C. Jones 3d. FMR has sole voting power with respect to 25,200 shares of Common Stock and sole dispositive power with respect to 7,125,561 shares of Common Stock; and Edward C. Johnson 3d has no voting power with respect to any of these share of common stock and sole dispositive power with respect to 7,125,561 shares of Common Stock. The address of FMR and Edward C. Jones 3d is 82 Devonshire Street, Boston, MA 02109.
- (6) Includes 741,667 shares subject to options which are currently exercisable or exercisable within 60 days of March 31, 2009.
- (7) Includes 20,000 shares subject to options which are currently exercisable or exercisable within 60 days of March 31, 2009.
- (8) Includes 15,000 shares subject to options which are currently exercisable or exercisable within 60 days of March 31, 2009.
- (9) Includes 0 shares subject to options which are currently exercisable or exercisable within 60 days of March 31, 2009.
- (10) Includes 25,000 shares subject to options which are currently exercisable or exercisable within 60 days of March 31, 2009.
- (11) Includes 10,000 shares subject to options which are currently exercisable or exercisable within 60 days of March 31, 2009.
- (12) Includes 1,500,001 shares subject to options which are currently exercisable or exercisable within 60 days of March 31, 2009.
- (13) Includes 15,000 shares subject to options which are currently exercisable or exercisable within 60 days of March 31, 2009.
- (14) Includes 310,000 shares subject to options which are currently exercisable or exercisable within 60 days of March 31, 2009.
- (15) Includes 297,333 shares subject to options which are currently exercisable or exercisable within 60 days of March 31, 2009.
- (16) Includes 296,667 shares subject to options which are currently exercisable or exercisable within 60 days of March 31, 2009.
- (17) Includes 3,488,003 shares subject to options which are currently exercisable or exercisable within 60 days of March 31, 2009.

COMPLIANCE WITH EXCHANGE ACT SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING

Section 16(a) of the Exchange Act requires our executive officers, directors, and persons who beneficially own greater than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC. These persons are required by regulation to furnish us with copies of all Section 16(a) reports that they file.

Based solely on our review of copies of these reports that we have received and on representations from all reporting persons who are our directors and executive officers that no Form 5 report was required to be filed by them, we believe that during 2008 all of our officers, directors and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements.

RELATIONSHIPS AND CERTAIN TRANSACTIONS BETWEEN THE COMPANY AND ITS OFFICERS, DIRECTORS AND 5% BENEFICIAL OWNERS AND THEIR FAMILY MEMBERS

The Company employs Brad Cash, son of W. Larry Cash. In 2008, Brad Cash received compensation of \$295,400 while serving as the divisional financial executive for one of our corporate office division presidents. The Company believes that the compensation paid to Brad Cash was on terms as favorable to the Company as could have been maintained with an unrelated third party.

In 2005, the Company's subsidiary CHS/Community Health Systems, Inc. established the Community Health Systems Foundation, a tax exempt charitable foundation. One of the purposes of the foundation is to

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match charitable contributions made by the Company's directors and officers up to an aggregate maximum per year of \$25,000 per individual. The Company pledged \$1,000,000 to this foundation for the year 2008, to be paid in 2009.

There were no loans outstanding during 2008 from the Company to any of its directors, nominees for director, executive officer, or any beneficial owner of 5% or more of our equity securities, or any family member of any of the foregoing.

The Company applies the following policy and procedure with respect to related person transactions. All such transactions are first referred to the General Counsel to determine if they are exempted or included under the Company's written policy. If they are included, the transaction must be reviewed by the Audit and Compliance Committee to consider and determine whether the benefits of the relationship outweigh the potential conflicts inherent in such relationships and whether the transaction is otherwise in compliance with the Company's Code of Conduct and other policies, including for example, the independence standards of the Governance Principles of the Board of Directors. Related person transactions are reviewed not less frequently than annually if they are to continue beyond the year in which the transaction is initiated. Related person transaction means those financial relationships involving the Company and any of its subsidiaries, on the one hand, and any person who is a director (or nominee) or an executive officer, any immediate family member of any of the foregoing persons, any person who is a direct or beneficial owner of 5% or more of the Company's common stock (our only class of voting securities), or is employed by or in a principal position with such an owner, on the other hand. Exempted from related person transactions are those transactions in which the consideration in the transaction during a fiscal year is expected to be less than \$120,000 (aggregating any transactions conducted as a series of transactions).

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following sets forth information regarding our executive officers as of March 31, 2009. Each of our executive officers holds an identical position with CHS/Community Health Systems, Inc., and Community Health Systems Professional Services Corporation, two of our wholly-owned subsidiaries:

Name	Age	Position
Wayne T. Smith	63	Chairman of the Board, President and Chief Executive Officer and Director (Class III)
W. Larry Cash	60	Executive Vice President, Chief Financial Officer and Director (Class I)
William S. Hussey	60	Division President Division Operations
David L. Miller	60	Division President Division Operations
Thomas D. Miller	51	Division President Division Operations
Michael T. Portacci	50	Division President Division Operations
Martin D. Smith	41	Division President Division Operations
Rachel A. Seifert	49	Senior Vice President, Secretary and General Counsel
T. Mark Buford	55	Vice President and Corporate Controller

Wayne T. Smith The principal occupation and employment experience of Mr. Smith during the last five years is set forth on page 11 above.

W. Larry Cash The principal occupation and employment experience of Mr. Cash during the last five years is set forth on page 12 above.

William S. Hussey serves as Division President – Division IV Operations. Mr. Hussey joined us in June 2001 as a Group Assistant Vice President. In January 2003, he was promoted to Group Vice President to manage our acquisition of seven hospitals in West Tennessee, and in January 2004, he was promoted to Group Senior Vice President and assumed responsibility for additional hospitals. Mr. Hussey presently manages hospitals in Alaska, Arizona, California, Nevada, New Mexico, Oklahoma, Oregon, Utah, Washington and

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Wyoming. Prior to joining us, he served as President and CEO for a hospital facility in Ft. Myers, Florida (1998 to 2001). From 1992 to 1997, Mr. Hussey served as President Tampa Bay Division, for Columbia/HCA Healthcare Corporation. Mr. Hussey is a member of the board of directors of the Federation of American Hospitals.

David L. Miller serves as Division President Division I Operations. Mr. D. Miller joined us in November 1997 as a Group Vice President, and presently manages hospitals in Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Virginia. Prior to joining us, he served as a Divisional Vice President for Health Management Associates, Inc. from January 1996 to October 1997. From July 1994 to December 1995, Mr. D. Miller was the Chief Executive Officer of a facility owned by Health Management Associates, Inc.

Thomas D. Miller serves as Division President Division V Operations. Mr. T. Miller joined the Company in connection with the acquisition of Triad in July 2007, and is assigned oversight responsibility for the Company's hospitals in Illinois, Indiana, Kentucky, Missouri, Ohio, and West Virginia. From 1998 until he joined Triad, Mr. T. Miller served as the President and Chief Executive Officer of Lutheran Health Network in northeast Indiana, a system that includes five hospital facilities. For the ten years prior to 1998, he was with Hospital Corporation of America in various increasingly responsible positions of hospital and market leadership.

Michael T. Portacci serves as Division President Division II Operations. Mr. Portacci joined us in 1988 as a hospital administrator and became a Group Director in 1991. In 1994, he became Group Vice President, and presently oversees the management of our hospitals in Arkansas, Louisiana, and Texas.

Martin D. Smith serves as Division President Division III Operations. Mr. M. Smith joined us in 1998 as a hospital administrator and became a corporate office vice president in 2005. In December 2008, he was promoted to Division President, after a brief period as an interim division president, and presently oversees the management of our hospitals in Pennsylvania and Tennessee.

Rachel A. Seifert serves as Senior Vice President, Secretary and General Counsel. She joined us in January 1998 as Vice President, Secretary and General Counsel. From 1992 to 1997, she was Associate General Counsel of Columbia/HCA Healthcare Corporation and became Vice President-Legal Operations in 1994. Prior to joining Columbia/HCA in 1992, she was in private practice in Dallas, Texas. Ms. Seifert is a member of the board of directors of the Federation of American Hospitals and chairs its audit, ethics, compliance and administrative affairs committee.

T. Mark Buford, C.P.A., serves as Vice President and Corporate Controller. Mr. Buford has served as our Corporate Controller since 1986 and as Vice President since 1988.

The executive officers named above were appointed by the Board of Directors to serve in such capacities until their respective successors have been duly appointed and qualified, or until their earlier death, resignation or removal from office.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction.

As a leader in the hospital sector of the healthcare industry, the nation's largest and fastest growing domestic industry, the Company must ensure that it attracts and retains the leadership and managerial talent needed to sustain its position in this rapidly changing industry. To remain competitive in the Company's financial, capital, and business markets, continued Company growth in revenue and improvement in profitability are paramount objectives of the Company's

strategy. These strategic imperatives are the fundamental point of alignment between stockholder value and the compensation of executive management.

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The basic purposes of the Company's executive compensation program are to attract and retain seasoned professionals with demonstrated abilities to capitalize on growth opportunities in both same-store and new markets (both geographic and business line), while also adhering to rigorous expense management in an environment of ethical and compliant behavior. By developing a competitive executive compensation program that incorporates short-term and long-term components, components of which align the interests of executive management with stockholders and that retains valuable executive talent, the Company believes that stockholder value can best be maximized.

In 2007, the Company effectively doubled in size by acquiring Triad, elevating the Company to a position as one of the 250 largest publicly traded companies in the United States in terms of revenue. With the exception of the promotion of Thomas D. Miller from a market management position with Triad to the position of Division President with the Company, none of the former executive management of Triad continued with the Company following the acquisition. This dramatic growth and increase in responsibility presented a unique circumstance for the Company with respect to its retention objectives and compensation philosophy, both of which are discussed in more detail below.

Oversight of the Executive Compensation Program.

The Compensation Committee of the Board of Directors oversees the Company's executive compensation program. The current members of the Compensation Committee are John A. Clerico, Julia B. North, and H. Mitchell Watson, Jr., who serves as the Compensation Committee's chair. Ms. North and Mr. Watson have served on the Compensation Committee since 2004 and Mr. Clerico joined the Compensation Committee in 2008. Each of the Committee members is fully independent of management and has never served as an employee or officer of the Company or its subsidiaries. In addition to meeting the independence requirements of the New York Stock Exchange and the SEC (for Section 16(b) purposes), each member of the Compensation Committee also meets the independence requirements of Section 162(m) of the IRC.

Executive Compensation Philosophy and Core Principles.

The Company's executive compensation philosophy is to develop and utilize a combination of compensation elements that rewards current period performance, continued service, and attainment of future goals, and is designed to encourage the retention of executive talent. The key elements of executive compensation are linked either directly or indirectly to preserving and/or maximizing stockholder value. The Company continues to develop its compensation policies, programs, and disclosures to provide transparency and accountability to all of its stakeholders.

The core principles applied by the Company in implementing this philosophy are to provide a mix of compensation vehicles that generates a compensation package that is competitive with appropriate peer groups, rewards in both short-term and long-term perspectives the attainment of performance and growth objectives, aligns the interests of executive management with stockholders, and retains valuable executive talent. While consistency of application of these principles is a goal, sufficient flexibility is maintained to ensure that the overall philosophical intent of the executive compensation program is achieved.

The tools currently used by the Company are:

Annual cash and other compensation that is competitive with the business peer group companies and also consistent with the general industry group companies (see below for our discussion of our peer groups);

Annual target incentive cash compensation that is predominantly at risk, performance-based, and indexed to the attainment of the Company's growth objectives;

Longer-term incentive awards of stock-based compensation that further align the interests of executive management with maximization of long-term stockholder value; and

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Provision of longer range savings, retirement, and other benefits, including appropriate perquisites, to encourage the retention of the most experienced and talented executives through their most productive and valuable years of employment service.

The current executive compensation policy seeks to achieve the following targets:

Base salary compensation for each executive is targeted to be within an approximate range of 15% of the 50th percentile for the appropriate business peer group executive;

Base salary plus target payout of annual cash incentive award plan for each executive is targeted to be within an approximate range of 15% of the 75th percentile for the appropriate peer group executive;

Total direct compensation, including the value of long-term incentives, is targeted to be approximately the 50th percentile for the appropriate business peer group executive; and

The allocation of total direct compensation among the at-risk elements of the compensation program utilized by the Company to provide an overall compensation structure that is balanced and competitive.

The Company believes that generally adhering to this policy, with the flexibility to make upward or downward adjustments as needed for individual or unusual market or extraordinary performance considerations, provides consistency and predictability to the Company's executives and alignment of interests and transparency to the Company's investors. Variations in pay levels for executives are based on competition, level of responsibility, and performance. Subject to the availability of timely information regarding peer group compensation at the time that compensation decisions are made, the Company believes that compensation for the named executive officers is within the established targets.

In establishing performance-based targets for cash incentive compensation to its executives, the Company sets targets that are (a) indexed to the Company's attainment of its budgeted operating performance, which correspond to its guidance to investors, and (b) linked, if applicable, to an individual executive's specific area of oversight. In the case of the Chief Executive Officer, the performance-based targets have three components—a continuing operations earnings per share target, an EBITDA (earnings before deductions for interest, taxes, depreciation, and amortization) target, and a net revenue target. The target performance-based incentive compensation plans for each executive provide both underachievement payments, albeit severely reduced, as well as overachievement opportunity. The Company believes that a scaled payout opportunity versus an all or nothing approach best fulfills the Company's objectives in providing these incentives.

The executive compensation process is implemented in annual cycles, commencing in the fall of each year with a compensation survey and study prepared by the Compensation Committee's consultant, Mercer Human Resources Consulting. The consultant's work includes the identification and review of peer group compensation data, utilizing the most recent proxy statement data, other publicly available data (i.e., Form 8-K and other SEC filed data), and the consulting group's proprietary database of executive compensation information. The peer group data is analyzed and the competitiveness of the compensation paid to the Company's executive officers is evaluated based on direct compensation and relative performance metrics, and an annual growth rate factor (because the data is approximately one year out-of-date) is computed to formulate proposed adjustments for the Company's next fiscal year. Management and the Compensation Committee evaluate the information and make joint recommendations for any proposed adjustments to executive compensation levels and elements. The process is a collaborative one, involving the Compensation Committee and its consultant and the Company's Chief Executive Officer, Chief Financial Officer, and human resources executives, except that these officers or human resources executives are not involved in setting their

own compensation. In February of each year, recommendations are reviewed in connection with the determination of which incentive compensation awards and other performance-based compensation awards for the prior year were attained. This determination coincides with the completion of the Company's annual financial statement audit and release of annual earnings. After earnings for the prior year are released to the public in the third week of February, final compensation adjustments are made by the Committee and reviewed and approved by the Board of Directors. At that time, base salaries are adjusted, prior year incentive payments are made, then current year target objectives are established, and equity awards are granted.

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The circumstance presented by the Triad acquisition was the type of unusual consideration that merited flexibility within the policy. In March 2007, the Company announced the Triad acquisition. The depth and experience of the entire management team was required to assess and effectuate the acquisition and integrate the operations of the acquired hospitals into the Company. Senior management and the Compensation Committee determined that a uniquely designed financial incentive would be required to ensure the retention and continuity of the management team through the entire transition period, which was estimated by them to be approximately two years after the completion of the Triad acquisition. After assessing the alternatives available, which included somewhat typical one-time cash bonuses or salary increases to acknowledge the executives' change in relative ranks within corporate peer groups or one-time equity grants, the Compensation Committee crafted a special, one-time equity grant that consisted of a combination of nonqualified stock options, with three-year vesting, and performance-based restricted stock awards that were each further divided into two equal components, with separate performance criteria. The vesting of the first half of these awards was subject to a target for the first twelve months of operations following the closing of the Triad acquisition (i.e., July 25, 2007 through June 30, 2008), which was attained, and vesting of the second half of these awards is subject to a separate target for the second twelve months following the closing of the Triad acquisition (i.e., July 1, 2008 through June 30, 2009). The targets for each of these performance-based restricted stock award grants is an alternative of net revenue attainment or earnings per share attainment.

The Compensation Committee deferred the analysis and selection of peer groups, as well as making any changes in the executive compensation program (except for the one-time grant described above), until the 2009 compensation cycle. As a result of the Triad acquisition, the Company doubled in size, as did the relative responsibilities of the Company's executives. A major focus of the compensation program is to ensure that the executives are and remain adequately and properly incentivized to continue the integration and internal growth execution with respect to the Triad acquisition, and to do so under the extremely volatile global economic circumstances that presented themselves beginning in the fourth quarter of 2008. While the general philosophies and principles of compensation have not changed dramatically at the Company, certain elements have been adjusted for 2009, as described below, to ensure that there is a very high level of compensation for extraordinary performance.

Compensation Clawback Policy.

In February 2009, the Board of Directors adopted a policy requiring that, in certain circumstances, the elected officers of the Company reimburse the Company for the amount and/or value of performance-based cash, stock or equity based awards received by such elected officers, and/or gains realized by such elected officers in connection with these awards. The circumstances triggering this recoupment require a determination by the Board of Directors, or an appropriate Committee of the Board of Directors, that fraud by an elected officer materially contributed to the Company having to restate all or a portion of its financial statements. The Board of Directors or Committee is granted the right to determine, in its discretion, the action necessary to remedy the misconduct. In determining what remedies to pursue, the Board or Committee will take into account all relevant factors, including consideration of fairness and equity, and may require reimbursement to the extent the value transferred to the elected officer can be reasonably attributed to the reduction in the restated financial statements and the amount of the award would have been lower than the amount actually paid, granted, or realized.

Employment Contracts; Change in Control Severance Agreements.

None of the Company's executive officers has a written employment agreement with the Company or any of its subsidiaries. In February 2007, on the recommendation of the Compensation Committee, the Board approved Change in Control Severance Agreements (the "CIC Agreements") among the Company, Community Health Systems Professional Services Corporation (the employer of each of our executives), and each officer of the Company (collectively, the "Covered Executives"), effective as of March 1, 2007. Newly appointed officers of the Company have also been made party to CIC Agreements.

Effective as of December 31, 2008, an Amended and Restated Change in Control Severance Agreement was entered into with each of the Covered Executives. The CIC Agreements were amended and restated to

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comply with certain provisions of recent regulations and interpretations of Sections 409A and 162(m) of the IRC. The CIC Agreements were also amended to provide for the term to start on December 31, 2008 and to remain in effect until December 31, 2010, with automatic renewals of one year commencing on December 31, 2009 and each December 31st thereafter unless either party provides ninety (90) days notice prior to December 31st of its intent to terminate. The Company does not believe these modifications were material amendments to the agreements that were executed in 2007.

The CIC Agreements provide for certain compensation and benefits in the event of termination of a Covered Executive's employment during the period following a change in control of the Company (as defined in the CIC Agreements), (A) by the Company, other than as a result of the Covered Executive's death or disability within thirty-six (36) months of the change in control or (B) by the Covered Executive, upon the happening of certain "good reason" events within twenty-four (24) months of the change in control, including, among other things, (i) certain changes in the Covered Executive's title, position, responsibilities or duties, (ii) a reduction in the Covered Executive's base salary, (iii) certain changes in the Covered Executive's principal location of work or (iv) the failure of the Company to continue in effect any material compensation or benefit plan. The thirty-six (36) and twenty-four (24) month time periods described in the preceding sentence apply to the CIC Agreements for the Company's President and Chief Executive Officer, the Executive Vice President and Chief Financial Officer, and each Senior Vice President. For the CIC Agreements with each Vice President of the Company, the applicable time periods are twenty-four (24) and twelve (12) months, respectively.

Compensation and benefits payable under the CIC Agreements include a lump sum payment equal to the sum of (i) unpaid base pay, (ii) accrued but unused paid vacation or sick pay and unreimbursed business expenses, (iii) any other compensation or benefits in accordance with the terms of the Company's existing plans and programs, (iv) a pro rata portion of incentive bonus that would have been earned by the Covered Executive for the year of termination based on actual performance and (v) three (3) times (two (2) times, in the case of each Vice President of the Company) the sum of base salary and the higher of (A) the highest incentive bonus earned during any of the three (3) fiscal years prior to the fiscal year in which the Covered Executive's termination of employment occurs or, if greater, the three fiscal years prior to the fiscal year in which change in control occurs and (B) the target incentive bonus for the fiscal year in which the Covered Executive's termination of employment occurs assuming the performance objectives were met in full. The Covered Executives will also be entitled to continuation of certain health and welfare benefits for thirty-six (36) months (twenty-four (24) months in the case of each Vice President) and reimbursement of up to \$25,000 for outplacement counseling and related benefits.

In addition, the Covered Executives will be entitled to receive certain "gross up" payments to offset any excise tax imposed by Section 4999 of the IRC on any payment or distribution by the Company to or for their benefit, including under any stock option, restricted stock or other agreement, plan or program; provided, however, that if a reduction in such payments or distributions by 10% or less would cause no excise tax to be payable, then the payments and distributions to the Covered Executive will be reduced by that amount and no excise tax gross up payment will be paid.

The Company's executive officers are employees of the Company's indirect, wholly-owned subsidiary, Community Health Systems Professional Services Corporation and hold the same elected officer titles with this entity as they do with the Company.

Components of the Executive Compensation Program.

In February 2008, the Compensation Committee approved management's recommendations for compensation levels, performance-based incentive compensation awards for 2007, the attainment of performance objectives for performance-based restricted stock awarded in 2007, performance-based incentive compensation targets for 2008, and

equity awards (stock options and performance-based restricted stock awards) for each of the named executive officers.

In accordance with the process described above, the Company utilized a benchmark peer group for the named executive officers. The peer group selected for this analysis included four hospital companies whose

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stock or debt securities are publicly traded and five health insurance/managed care providers whose stock is publicly traded, which is substantially the same group as was used in prior years except that Triad was deleted as a peer. The nine companies used for the 2008 business peer group analysis were:

Hospital Companies

HCA, Inc.
Universal Health Services, Inc.
Health Management Associates, Inc.
LifePoint Hospitals, Inc.

Managed Care Companies

UnitedHealth Group Incorporated
Wellpoint, Inc.
Aetna Inc.
Humana Inc.
Coventry Health Care, Inc.

The business peer group was revised for the 2009 compensation cycle, and now includes five (5) hospital/provider companies whose stock or debt securities are publicly traded and five (5) health insurance/managed care providers whose stock is publicly traded. This group is similar to the business peer group that has been used in the past, but has been adjusted to include certain larger companies and to eliminate one smaller company. The ten companies used for the 2009 business peer group analysis (the 2009 business peer group) were:

Business Peer Group Companies

HCA, Inc.

Tenet Healthcare, Inc.

Universal Health Services, Inc.

Health Management Associates, Inc.

Coventry Health Care, Inc.

UnitedHealth Group Incorporated

Wellpoint, Inc.

Aetna Inc.