



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

January 30, 2015

Kevin H. Douglas
Bass, Berry & Sims PLC
kdouglas@bassberry.com

Re: Community Health Systems, Inc.

Dear Mr. Douglas:

This is in regard to your letter dated January 30, 2015 concerning the shareholder proposal submitted by Calvert Investment Management, Inc. on behalf of the Calvert VP S&P Mid Cap 400 Index Portfolio for inclusion in CHS's proxy materials for its upcoming annual meeting of security holders. Your letter indicates that the proponent has withdrawn the proposal and that CHS therefore withdraws its January 12, 2015 request for a no-action letter from the Division. Because the matter is now moot, we will have no further comment.

Copies of all of the correspondence related to this matter will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Evan S. Jacobson
Special Counsel

cc: Reed Montague
Calvert Investment Management, Inc.
reed.montague@calvert.com

Kevin H. Douglas
kdouglas@bassberry.com
(615) 742-7767

January 30, 2015

VIA ELECTRONIC MAIL (shareholderproposals@sec.gov)

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

**Re: Community Health Systems, Inc.
Shareholder Proposal Submitted by Calvert Investment Management, Inc.
Pursuant to Rule 14a-8 Regarding Sustainability Report**

Ladies and Gentlemen:

In a letter dated January 12, 2015, we requested that the staff of the Division of Corporate Finance concur that our client, Community Health Systems, Inc. (the "Company"), could exclude from its proxy statement and form of proxy for its 2015 Annual Meeting of Stockholders a shareholder proposal (the "Proposal") and statements in support thereof submitted by Calvert Investment Management, Inc. (the "Proponent").

Enclosed as Exhibit A is a letter from the Calvert Investment Management, Inc., dated January 30, 2015, withdrawing the Proposal on behalf of the Proponent. In reliance on this letter, we hereby withdraw the January 12, 2015 no-action request relating to the Company's ability to exclude the Proposal pursuant to Rule 14a-8 under the Securities Act of 1934.

If we can be of any further assistance in this matter, please do not hesitate to contact me at 615.742.7767 or Leigh Walton at 615.742.6201.

Sincerely,

Bass, Berry & Sims PLC


Kevin H. Douglas

Securities and Exchange Commission
January 30, 2015
Page 2

Enclosure

cc: Reed Montague (via email)
Rachel A. Seifert (Community Health Systems, Inc.)
Leigh Walton (Bass, Berry & Sims PLC)

EXHIBIT A

13916700.2

January 30, 2015

Ms. Rachel Seifert
Executive Vice President and General Counsel
Community Health Systems
4000 Meridian Blvd.
Franklin, TN 37067

Dear Ms. Seifert,

As we previously discussed, Calvert Investments would like to withdraw our 2014 shareholder proposal asking the company to produce a sustainability report. Calvert is agreeing to withdraw the resolution based on the following information from our conversations on December 8, 2014, January 8, 2015 and January 29, 2015:

- Community Health Systems had previously produced bi-annual sustainability reports and has committed to produce a full report in 2015 that will include also information on its hospitals acquired from Health Management Associates in early 2014.
- Community Health Systems already added new information to its website on the company's plans to produce a new sustainability report that will include disclosure of initiatives and sustainable practices.

Calvert appreciates the leadership Community Health Systems has taken on sustainability and we look forward to seeing more of that in the future. We encourage the company to take the following steps as part of the process in completing this year's sustainability report.

- Review the Global Reporting Initiative guidelines and use them as a frame of reference for your report – either formally or informally. Considering these guidelines during the preparation of this report will likely inform the thinking and process of those involved in the production of the report and may spark a focus on new or existing initiatives that can further enhance both the company's sustainability and its reporting.
- Begin the process to set public goals and targets on how to improve the company's sustainability process as you move forward.

As part of our withdrawal agreement with the company, we plan to communicate the status of the company's commitment to produce a new sustainability report in 2015 to our shareholders

and also maintain ongoing dialogue with Community Health Systems. As part of that effort, we would be happy to engage with the appropriate people working on the report as the company's efforts are underway. We often serve as a sounding board and resource for companies at various stages as they consider materiality and produce their reports. At times, we will review and provide feedback to a company's draft report as part of the stakeholder engagement process. We offer our support as Community Health Systems begins the process of producing its latest sustainability report and encourage you to reach out to us if we can be of assistance.

We also look forward to having an update meeting via phone in the second half of the year as appropriate – in either Q3 or Q4 – once the report is finished – to learn about the findings from the report, the progress Community Health Systems is making, and the status of the company's sustainability. Please do send us a copy of the report as soon as it is available.

Sincerely,

A handwritten signature in blue ink that reads "Reed Montague". The signature is written in a cursive, flowing style.

Reed Montague
Sustainability Analyst

Kevin H. Douglas
kdouglas@bassberry.com
(615) 742-7767

January 12, 2015

VIA ELECTRONIC MAIL (shareholderproposals@sec.gov)

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

**Re: Community Health Systems, Inc.
Shareholder Proposal Submitted by Calvert Investment Management, Inc.
Pursuant to Rule 14a-8 Regarding Sustainability Report**

Ladies and Gentlemen:

We are writing on behalf of our client, Community Health Systems, Inc., a Delaware corporation (the “Company”), pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended, to inform the Staff of the Division of Corporation Finance (the “Staff”) of the Securities and Exchange Commission (the “Commission”) that, pursuant to Rule 14a-8(i)(10), the Company plans to omit from its proxy statement and form of proxy (collectively, the “2015 Proxy Materials”) the shareholder proposal and the statements in support thereof (the “Proposal”) submitted by Calvert Investment Management, Inc. (the “Proponent”). The Company respectfully requests that the Staff concur with the Company’s view that the Proposal may properly be excluded from the Company’s 2015 Proxy Materials pursuant to Rule 14a-8(i)(10).

Pursuant to Staff Legal Bulletin No. 14D (“SLB 14D”), we are submitting this request for no-action relief under Rule 14a-8 by use of the Commission email address, shareholderproposals@sec.gov (in lieu of providing six additional copies of this letter pursuant to Rule 14a-8(j)), and the undersigned has included his name and telephone number both in this letter and the cover email accompanying this letter. We are simultaneously forwarding a copy of this letter to the Proponent as notice of the Company’s intent to omit the Proposal from the 2015 Proxy Materials.

A. Description of the Proponent’s Proposal

The resolution in the Proposal states as follows:

“RESOLVED: Shareholders request that Community Health Systems, Inc. prepare a sustainability report describing the company’s environmental, social and governance (ESG) risks and opportunities including patient and worker safety, privacy and security, environmental management, including energy and waste

minimization, and supply-chain risks. The report, prepared at reasonable cost and omitting proprietary information, should be published by October 31, 2015.”

A copy of the Proponent’s letter, which was received by the Company’s secretary on December 5, 2014, is attached hereto as Exhibit A.¹

B. Basis for Exclusion

We believe that the Proposal may properly be excluded from the 2015 Proxy Materials pursuant to Rule 14a-8(i)(10) because the Company has already substantially implemented the Proposal. In particular, the Company has previously prepared two comprehensive sustainability reports (in 2010 and 2012, respectively), which are both publicly available on its website at <http://www.chs.net/company-overview/sustainability/>. A copy of the Company’s 2012 sustainability report is attached hereto as Exhibit B. The Company originally began to publish sustainability reports following engagement with its shareholders regarding this topic in 2009. The Company believes that every 2 years is generally an appropriate timeframe to issue such reports (taking into account, among other matters, the significant time and resources required to prepare a sustainability report). The Company’s next sustainability report is expected to be completed and made available on its website by the end of 2015.² Such report is expected to be substantially similar in scope to its prior 2010 and 2012 reports.

C. Analysis

Rule 14a-8(i)(10) permits a company to exclude a shareholder proposal from its proxy materials “If the company has already substantially implemented the proposal.” The Commission has stated that the general policy underlying the substantial implementation basis for exclusion under Rule 14a-8(i)(10) is “to avoid the possibility of shareholders having to consider matters which have already been favorably acted upon by the management.” Release No. 34-12598 (July 7, 1976).

In 1983, the Commission adopted the current interpretation of the exclusion, under which a proposal need not be fully effected or implemented precisely as presented in a shareholder proposal in order for it to be excluded:

“In the past, the staff has permitted the exclusion of proposals under Rule 14a-8(c)(10) [the predecessor provision to Rule 14a-8(i)(10)] only in those cases where the action requested by the proposal has been fully effected. The Commission proposed an interpretative change to permit the omission of proposals that have been ‘substantially implemented by the issuer.’ While the new interpretative position will

¹ A copy of another purported letter to the Company dated November 25, 2014 (which was never received by the Company) was also included with the December 5 letter and is therefore included in Exhibit A.

² The Company had originally intended to publish a new sustainability report in 2014 but decided to defer this until 2015 following the completion of its acquisition of Health Management Associates, Inc. during the first quarter of 2014.

add more subjectivity to the application of the provision, the Commission has determined that the previous formalistic application of this provision defeated its purpose.” Release No. 34-20091 (August 16, 1983) (the “1983 Release”).

Since the 1983 Release, the Staff has stated that “a determination that the company has substantially implemented the proposal depends upon whether [the company’s] particular policies, practices and procedures compare favorably with the guidelines of the proposal.” Texaco, Inc. (avail. March 28, 1991). In order to meet this standard and exclude a shareowner proposal on the basis of substantial implementation, Rule 14a-8(i)(10) requires that a company’s actions have satisfactorily addressed the proposal’s underlying concerns and essential objective. See Pfizer Inc. (avail. January 11, 2013, recon. avail. March 1, 2013); the Coca-Cola Company (avail. January 25, 2012, recon. avail. February 29, 2012); Exelon Corporation (avail. February 26, 2010); Anheuser-Busch Companies, Inc. (avail. January 17, 2007); ConAgra Foods, Inc. (avail. July 3, 2006); Johnson & Johnson (avail. February 17, 2006).

In applying this policy, the Commission has made clear that Rule 14a-8(i)(10) permits exclusion of a shareowner proposal if the company has substantially implemented the essential objective of the proposal, even though the manner by which the company has implemented that objective does not correspond precisely to the actions sought by the shareowner proponent. See 1983 Release; see also the Coca-Cola Company (avail. January 25, 2012, recon. avail. February 29, 2012) (concurring in the exclusion of a proposal seeking a report on the company’s responses to public policy challenges associated with can linings containing Bisphenol A where the company had made available on its website certain information regarding the use of the products and its general priority of ensuring product safety and quality); Duke Energy Corp. (avail. February 21, 2012) (concurring in the exclusion of a proposal requesting that an independent board committee prepare a report on the company’s actions to build shareowner value and reduce greenhouse gases and other emissions where the company had provided certain disclosures regarding its energy efficiency programs and regulatory targets for renewable generation sources in its filings with the Commission and its sustainability report made available on its website); General Electric Company (avail. December 24, 2009) (concurring in the exclusion of a shareowner proposal requesting that the company reevaluate its policy of, and prepare a report regarding, designing and selling nuclear reactors for the production of electrical power, in light of safety and environmental risks, where the company made available on its website a report regarding its participation in the nuclear power business and its conclusion that nuclear power remained an important part of its energy business); Caterpillar Inc. (avail. March 11, 2008) (concurring in the exclusion of a shareowner proposal requesting that the company prepare a global warming report where the company had already published a report that contained certain information relating to its efforts to reduce carbon dioxide emissions); ConAgra Foods, Inc. (avail. July 3, 2006) (concurring in the exclusion of a shareowner proposal seeking a sustainability report where the company had already provided a corporate responsibility report containing certain information regarding its commitment to sustainability in several areas); Exxon Mobil Corporation (avail. March 18, 2004) (concurring in the exclusion of a shareowner proposal requesting that the board of directors prepare a report outlining recommendations regarding renewable energy sources where the company had already included certain information addressing renewable energy in its reports, filings with the Commission and other disclosures).

The Proponent's underlying concern is the Company's environmental, social and governance (ESG) risks and opportunities and its essential objective is for the Company to prepare a sustainability report (at reasonable cost and omitting proprietary information) by October 31, 2015. The Company believes, however, that the Proposal has already been substantially implemented through its existing practice of publishing periodic sustainability reports. As stated in the sustainability section of the Company's website:

"Our baseline Sustainability Report was published in 2010 with a follow-up report published in 2012. Our third Sustainability Report, originally scheduled for publication in 2014, will now be published in 2015, so that we may incorporate our understanding of the sustainability practices underway at hospitals that joined our organization through the acquisition of Health Management Associates, Inc. in January 2014."³

The Company's 2010 and 2012 sustainability reports are both publicly available on the Company's website. These reports describe the Company's ESG policies, programs and performance in a comprehensive manner, including in areas that are specifically referenced in the Proposal's resolution. In particular, the 2012 sustainability report includes information in the areas of patient and worker safety, privacy and security (see pages 5, 21-30), environmental management, including energy and waste minimization (see pages 7-16) and supply-chain risks (see pages 17-20). The 2012 Report additionally addresses key areas that are not referenced in the Proposal's resolution, such as governance (see pages 4-5) and community impact (see pages 31-36). The last page of the 2012 Report also provides contact information in the event that shareholders or other third parties wish to obtain further information about the Company and its sustainability initiatives.

Although not part of the Proposal itself, the Proponent's December 3, 2014 cover letter references the Company's 2012 sustainability report and the desire for "new company disclosure." Despite these statements, however, the Company believes its prior reports, including its 2012 sustainability report, are sufficient to meet the "substantially implemented" standard under Rule 14a-8(i)(10). See Target Corporation (avail. March 26, 2013) (concurring in the exclusion of a 2013 proposal requesting that the company state its philosophy regarding sustainability policies where the company had published a corporate responsibility report in 2011 that addressed the proponent's requests). Moreover, the Company has clearly stated on its website that it intends to publish its third sustainability report in 2015. The Company expects the 2015 report to be similar in scope (including with respect to the topics to be addressed) to the 2012 report.

Overall, the Company's existing policies, practices and procedures regarding the issuance of sustainability reports compare favorably with the terms of the Proposal by addressing the Proposal's underlying concerns and achieving its essential objectives, even if the Company has done so in a

³ See <http://www.chs.net/company-overview/sustainability/>.

manner that may not correspond precisely to the actions sought by the Proponent. For these reasons, the Proposal may be excluded under Rule 14a-8(i)(10) as substantially implemented.

D. Conclusion

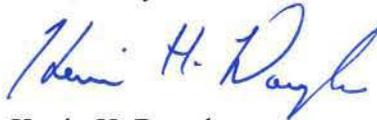
Based upon the foregoing analysis, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proponent's Proposal from its 2015 Proxy Materials pursuant to Rule 14a-8(i)(10).

In the event the Staff disagrees with any conclusion expressed herein, or should any information in support or explanation of the Company's position be required, we will appreciate an opportunity to confer with the Staff before issuance of its response. If the Staff has any questions regarding this request or requires additional information, please contact the undersigned at 615.742.7767 or Leigh Walton at 615.742.6201.

We appreciate your attention to this request.

Sincerely,

Bass, Berry & Sims PLC



Kevin H. Douglas

Enclosure

cc: Reed Montague (via email)
Rachel A. Seifert (Community Health Systems, Inc.)
Leigh Walton (Bass, Berry & Sims PLC)

EXHIBIT A



4550 Montgomery Avenue, Bethesda, MD 20814
301.951.4800 / www.calvert.com

RECEIVED

DEC 05 2014

RACHEL SEIFERT

December 3, 2014

Ms. Rachel Siefert
Corporate Secretary
Community Health Systems, Inc.
4000 Meridian Blvd.
Franklin, TN 37067

Dear Ms. Siefert:

Calvert Investment Management, Inc., a registered investment advisor, provides investment advice for the funds sponsored by Calvert Investments, Inc. As of December 1, 2014, Calvert had over \$13.5 billion in assets under management. .

The Calvert VP S&P Mid Cap 400 Index Portfolio (referred to as the Fund) is a beneficial owner of at least \$2,000 in market value of securities entitled to be voted at the next shareholder meeting (supporting documentation enclosed). Furthermore, the Fund has held these securities continuously for at least one year, and intends to continue to own the requisite number of shares in the Company through the date of the 2015 annual meeting of shareholders.

We are notifying you, in a timely manner, that the Fund is presenting the enclosed shareholder proposal for vote at the upcoming stockholders meeting. We submit it for inclusion in the proxy statement in accordance with Rule 14a-8 under the Securities Exchange Act of 1934 (17 C.F.R. § 240.14a-8).

As long-standing shareholders, we are filing the enclosed requesting that the Board of Directors commit to provide a sustainability report to shareholders, prepared at reasonable cost and omitting proprietary information, describing corporate policies, programs and performance on patient and worker safety, health and well-being of staff, privacy and security, product marketing, supply chain, and the environment, including waste minimization.

As noted in our November 25, 2014 letter (attached) to company Chairman of the Board and Chief Executive Officer Wayne Smith, Calvert's research is limited to publicly available information regarding Community Health Systems' programs, policies and strategies aimed at addressing the environmental, social, and governance (ESG) impacts of the company's business. We find limited new company disclosure in these areas and believe that both the company and investors would benefit from better disclosure on patient safety policies, programs and performance, as well as supply chain, environmental, health and safety issues, energy reductions and waste minimization, handling and disposal.

If prior to the annual meeting you agree to the request outlined in the resolution, we believe that this resolution would be unnecessary. Please direct any correspondence to Reed Montague, at 301-951-4815, or contact her via email at reed.montague@calvert.com.

We appreciate your attention to this matter and look forward to working with you.

Sincerely,



Ivy Wafford Duke
Vice President and Assistant Secretary, Calvert Variable Products, Inc.
Deputy General Counsel and Assistant Secretary, Calvert Investment Management, Inc.

Enclosures:

Resolution text
State Street letter
Calvert November 25, 2014 letter to Community Health Systems

Cc: Bennett Freeman, Senior Vice President for Social Research and Policy
Calvert Investment Management, Inc.
Stu Dalheim, Vice President, Shareholder Advocacy, Calvert Investment Management, Inc.
Reed Montague, Sustainability Analyst, Calvert Investment Management, Inc.

Sustainability Report Resolution

RESOLVED: Shareholders request that Community Health Systems, Inc. prepare a sustainability report describing the company's environmental, social and governance (ESG) risks and opportunities including patient and worker safety, privacy and security, environmental management, including energy and waste minimization, and supply-chain risks. The report, prepared at reasonable cost and omitting proprietary information, should be published by October 31, 2015.

SUPPORTING STATEMENT:

We believe tracking and reporting on ESG business practices make a company more responsive to a transforming business environment characterized by finite natural resources, changing legislation, concerns over healthcare and safety, and heightened public expectations for corporate accountability. Reporting also helps companies better integrate and gain strategic value from existing sustainability efforts, identify gaps and opportunities in products and processes, develop company-wide communications, publicize innovative practices and receive feedback.

Mainstream financial companies are continuing to recognize the links between environmental, social and governance ("ESG") performance and shareholder value. As such, the availability of ESG performance data is growing through a wide range of data providers, such as Bloomberg. Also, investment firms like Goldman Sachs and Deutsche Asset Management are increasingly incorporating corporate social and environmental practices into their investment decisions.

The United Nations' Principles for Responsible Investment has over 1,200 signatories who seek the integration of ESG factors in investment decision making. They collectively hold over \$45 trillion assets under management and require information on ESG factors to analyze fully the risks and opportunities associated with existing and potential investments.

We believe that disclosure of sustainability policies, programs and performance can help a company manage sustainability opportunities and risks and that such disclosure is increasingly becoming a competitive advantage. According to a John Hopkins University study, hospitals are the second largest waste producers after the food industry. This gives hospitals many opportunities to reduce their waste stream and enhance community reputation. Other high impact areas with opportunities for improvement include green cleaning, improving air quality for both staff and patients, water conservation and energy reduction, all of which offer further ways not only to improve sustainability but also cost saving measures. Patient safety, product marketing and quality of care, and quality of staff work life, are also areas of concern.

The report should include a company-wide review of policies, practices and metrics related to ESG performance using the GRI Index and checklist as a reference.



November 25, 2014

Mr. Wayne Smith
Chairman of the Board and Chief Executive Officer
Community Health Systems Professional Services Corporation
4000 Meridian Boulevard
Franklin, TN 37067

Dear Mr. Smith:

I am writing to you on behalf of Calvert Investment Management, Inc. Calvert has been a leader in the field of sustainable and responsible investing (SRI) for over 30 years, demonstrating that investors may manage risk and enhance long-term portfolio performance by investing in well-governed, sustainable and responsible companies. Based in Bethesda, MD, Calvert Investments has assets under management of over \$13.5 billion as of November 21, 2014.

Our research has found limited recent and updated publicly available information regarding Community Health Systems programs, policies and strategies aimed at addressing environmental, social and governance (ESG) impacts of the company's business. We believe that hospitals overall and your company in particular need to increase disclosure of its policies and programs on patient safety as well as to begin disclosing your safety records. We are interested in learning about the overall steps you are taking to strengthen and improve the safety culture and performance within your hospitals. While we know you published a sustainability report in 2012, we have not seen any further information, particularly details on sustainability-related goals and/or metrics. Given the impact of Hurricane Sandy on New York, what are your plans to handle patient safety and transportation issues due to emergencies? In addition, we are concerned about the supply chain and environmental, health, and safety issues as well as waste minimization, handling and disposal.

There are groups of sustainable and responsible investors who focus on these types of issues, including at U.S. SIF, the U.S. membership association for professionals, firms, institutions and organizations engaged in sustainable, responsible and impact investing. The United Nations Principles for Responsible Investment currently has 1,260 signatories worldwide with \$45 trillion in assets under management.

While managing and reporting ESG business practices helps companies compete in a global business environment characterized by finite natural resources, changing legislation, and heightened public expectations, it is important to point out that disclosure can take many forms. The Global Reporting Initiative (GRI) framework (<http://www.globalreporting.org>) is considered the gold standard and provides organizations with guidelines and procedures for reporting. The framework is designed to be flexible, and to assist companies to report incrementally as they build systems for data collection and analysis.

We look forward to your response and would welcome the opportunity to arrange a conference call with the appropriate staff to discuss the matters outlined in this letter by December 2, 2014. Please contact me by telephone at (301) 951-4815 or by email at reed.montague@calvert.com should you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Reed Montague". The signature is written in a cursive style with a large initial "R".

Reed Montague
Sustainability Analyst
Calvert Investments

Cc: . Stu Dalheim, Director, Shareholder Advocacy, Calvert Investments

Community Health Systems Investor Relations



STATE STREET

Investment Services
P.O. Box 5607
Boston, MA 02110

December 3, 2014

Calvert Investment Management, Inc.
4550 Montgomery Avenue, Suite 1000N
Bethesda, MD 20814

To Whom It May Concern:

This letter is to confirm that as of December 2, 2014 the Calvert Funds listed below held the indicated amount of shares of the stock of Community Health Systems, Inc. (Cusip 203668108). Also the funds held the amount of shares indicated continuously since 11/27/2013.

Fund	Fund Name	CUSIP Number	Security Name	Shares/Par Value 12/2/2014	Shares Held Since 11/27/2013
D895	Calvert VP S&P Mid Cap 400 Index Portfolio	203668108	Community Health Systems, Inc.	17,057	15,026

Please feel free to contact me if you need any further information.

Sincerely,

Carlos Ferreira
Account Manager
State Street Bank and Trust Company

Limited Access

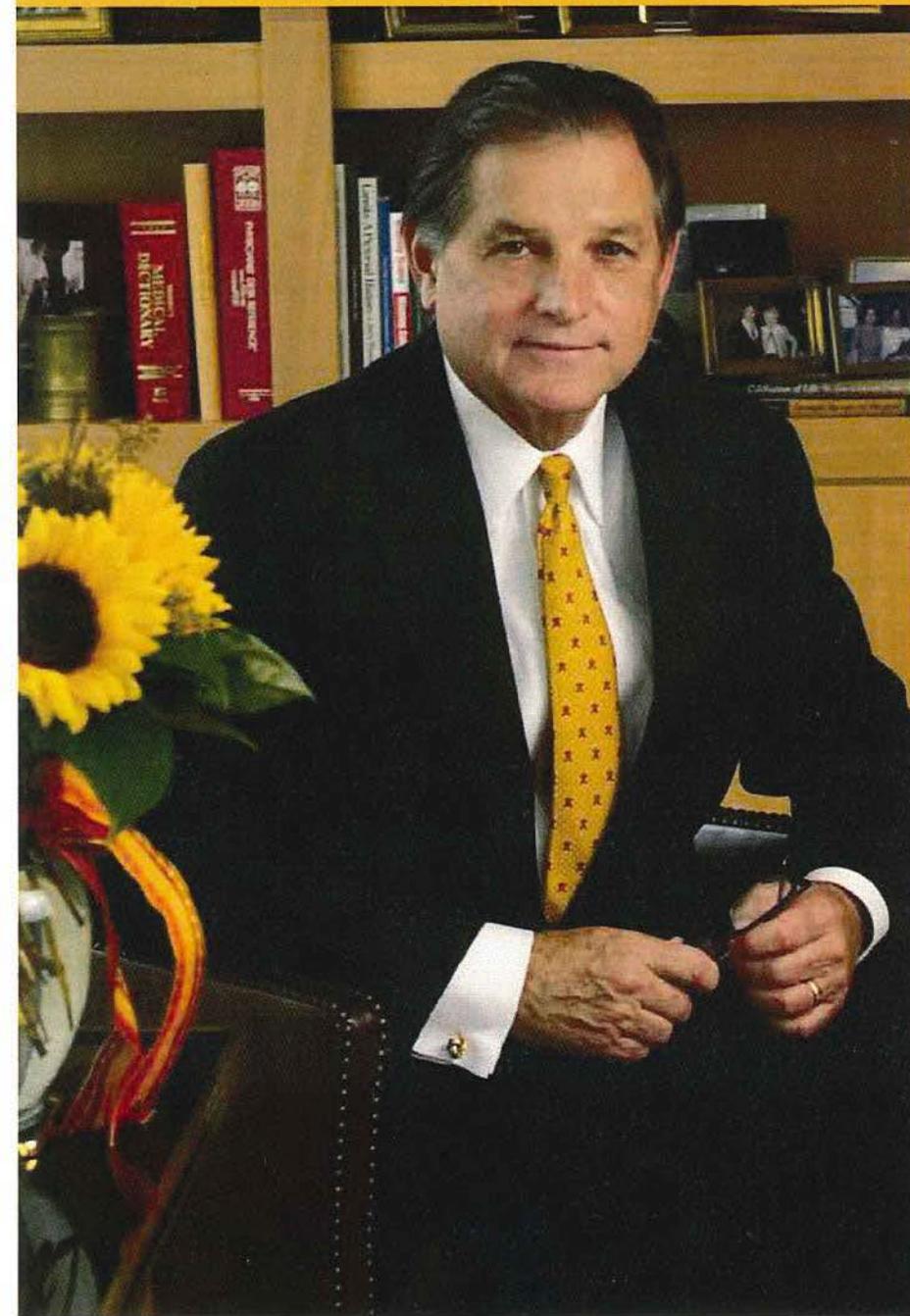
EXHIBIT B

13867040.3



SUSTAINABILITY

SUSTAINABILITY COMMITMENT



Our organization has a strong track record of growth and investment to support physicians and employees in their efforts to provide high-quality healthcare services. Now, we also consider the impact of our operations on our patients and neighbors, and the environment.

This is the second report outlining our sustainability initiatives, providing a snapshot of where we are today and how we have built from our baseline in 2009. We anticipate steady advancement toward meaningful, quantifiable plans to increase our sustainability in the coming years.

A multi-disciplinary team is engaged in identifying sustainable practices to improve efficiency, maximize resources and minimize environmental impact. Representatives from operations, facilities management, materials management, quality and resource management, patient safety, employee safety, human resources, legal, and more share their expertise and understanding of the sustainable practices in their areas.

One advantage we have as a large organization is the exposure to diverse ideas and connectivity of a large peer network. We value the opportunity to learn from each other and share ideas, whether clinical best practices to provide optimal outcomes or lessons learned to reduce energy use.

We remain steadfast in our most fundamental objectives – providing patients with quality care and the best possible experience. We strive for excellence at every level as we work to achieve our operational goals, including controlling costs. We will continue making the investments necessary to innovate, lead our industry and serve the communities that depend on us.

Wayne T. Smith

Chairman, President & Chief Executive Officer

Company Overview

Community Health Systems, Inc. is one of the leading operators of general acute care hospitals. As of July 31, 2012, the organization's affiliates owned, operated or leased 135 hospitals in 29 states, with an aggregate of approximately 20,000 licensed beds. In more than 55 percent of the markets served, CHS-affiliated hospitals are the sole provider of healthcare services.

The consolidated organization owns and leases community hospitals that offer quality, cost-effective healthcare including a range of inpatient medical and surgical services, outpatient treatment and skilled nursing care.



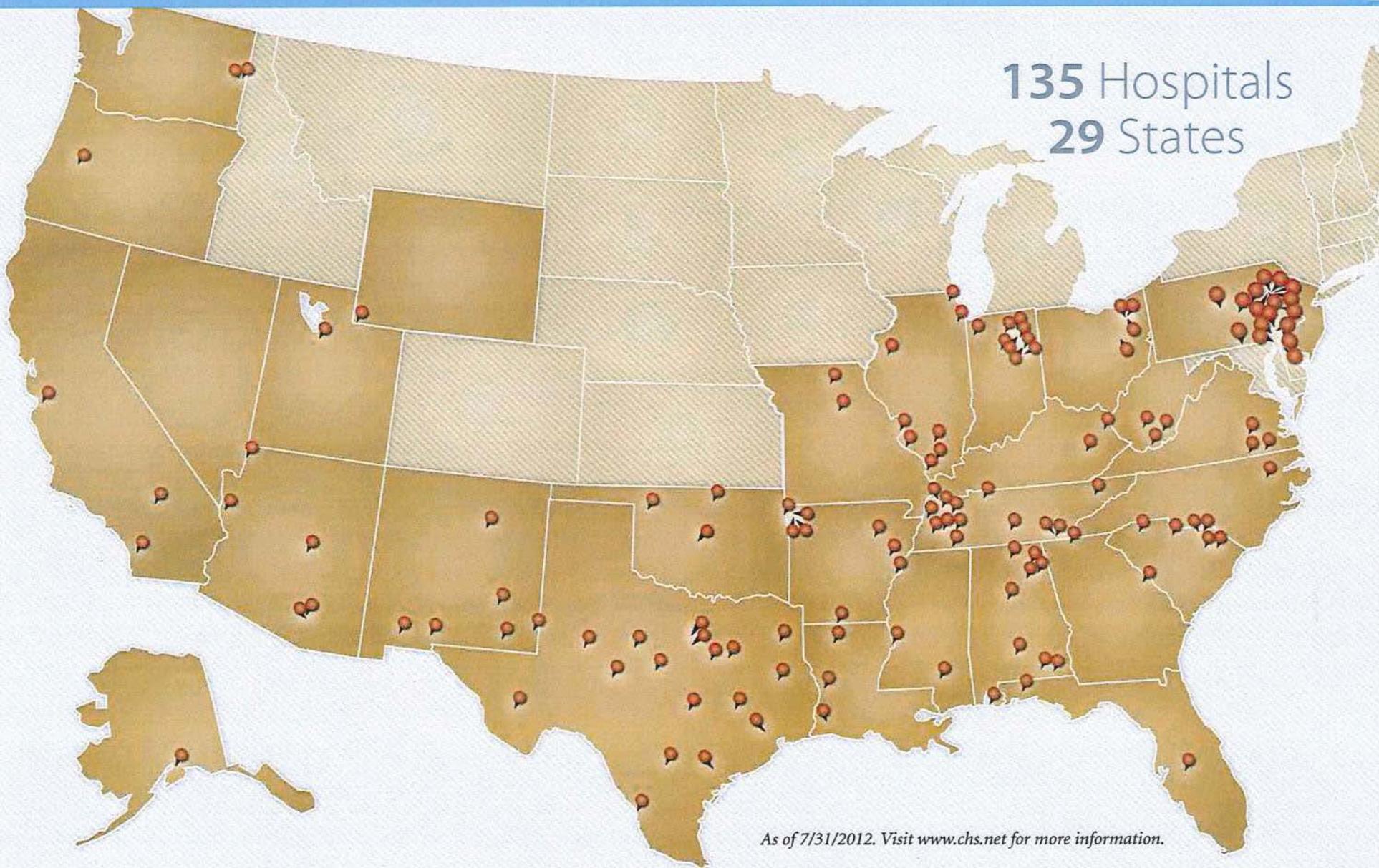
Key Operating Statistics*	2008	2009	2010	2011
Number of Hospitals	121	122	127	131
Licensed Beds	17,411	17,557	19,004	19,695
Admissions	668,526	675,902	678,284	675,050
Adjusted Admissions	1,207,756	1,242,647	1,277,235	1,330,988
Patient Days	2,835,795	2,874,125	2,891,699	2,970,044
Net Operating Revenues (In thousands)	\$10,919,095	\$11,742,454	\$12,623,274	\$13,626,168
Income From Continuing Operations (In thousands)	\$233,727	\$305,811	\$355,213	\$335,894

* as of 12/31/2011

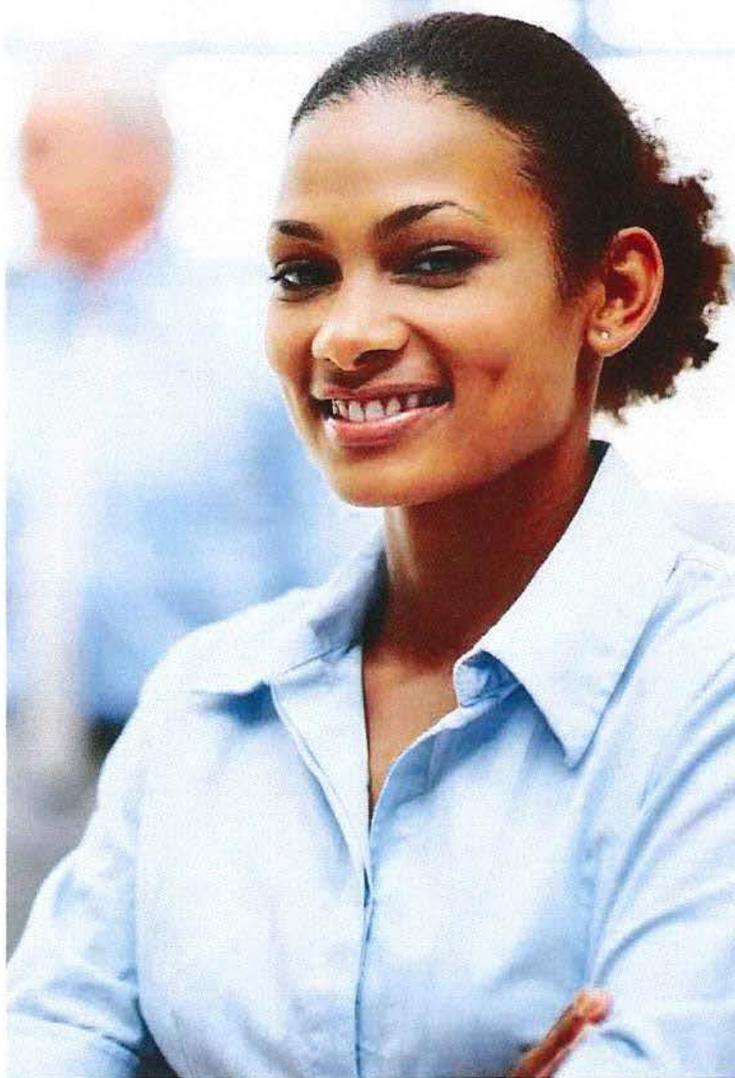
HOSPITAL LOCATIONS



135 Hospitals
29 States



As of 7/31/2012. Visit www.chs.net for more information.



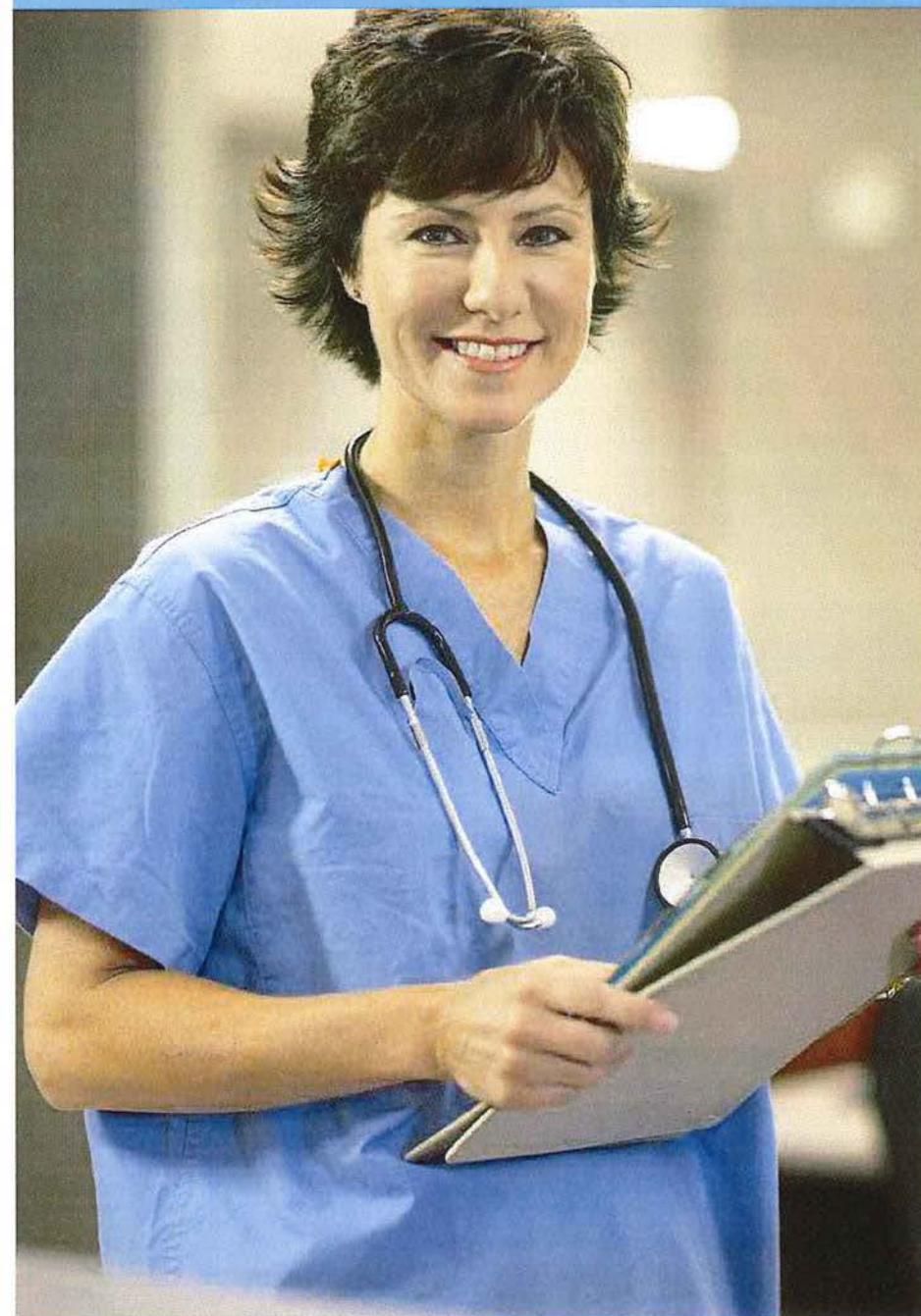
Governance

We recognize that investor confidence in public companies is essential. We are committed to corporate governance guidelines and practices that protect the shareholders' interests. Community Health Systems, Inc. is fortunate to have a very strong board of independent directors who are actively involved in the leadership and oversight of our business, with particular attention to our compliance with accounting, financial and regulatory standards. We have the highest confidence in our system of internal controls, practices, and policies, and, above all, in the integrity of our employees.

Code of Conduct

The CHS Code of Conduct (the "Code") is designed to provide all persons and businesses associated with Community Health Systems, Inc. and its subsidiaries (collectively "CHS" or the "organization") including directors, officers, employees, physicians, contractors, and agents with guidance to perform their daily activities in accordance with the organization's ethical standards and all federal, state, and local laws, rules, and regulations. The Code is an integral component of the organization's Compliance Program and reflects our commitment to achieve our goals within the framework of the law through a high standard of business ethics and compliance. This Code of Conduct has been adopted by the Board of Directors of Community Health Systems, Inc. and by each subsidiary.

STATEMENT OF BELIEFS



Our organization believes that each community served is different and that the success of each hospital depends upon the actions of each employee, physician, contractor, and agent of that hospital. We have adopted the following Statement of Beliefs that summarizes the commitments of the organization's constituents to our patients, employees, physicians, and the communities served.

- We are dedicated to providing personalized, caring, and efficient service to our patients with total satisfaction as our top priority.
- We recognize the value of each employee in providing high quality, personalized care to our patients.
- We encourage employee involvement in quality improvement to improve processes on an ongoing basis.
- We advocate employee participation in community activities.
- We are committed to involving physicians in partnership, both as consumers of service and as providers in ensuring quality care.
- We are devoted through services, quality, and innovation to provide continued healthcare leadership in the communities we serve.
- We are dedicated to compliance with all federal, state, and local laws, rules, and regulations, including privacy and security of patient health information, coding, billing, and documentation guidelines, and financial arrangements.

 Siloam Springs
Regional Hospital

EMERGENCY

The new Siloam Springs Regional Hospital
opened its doors in April 2012.



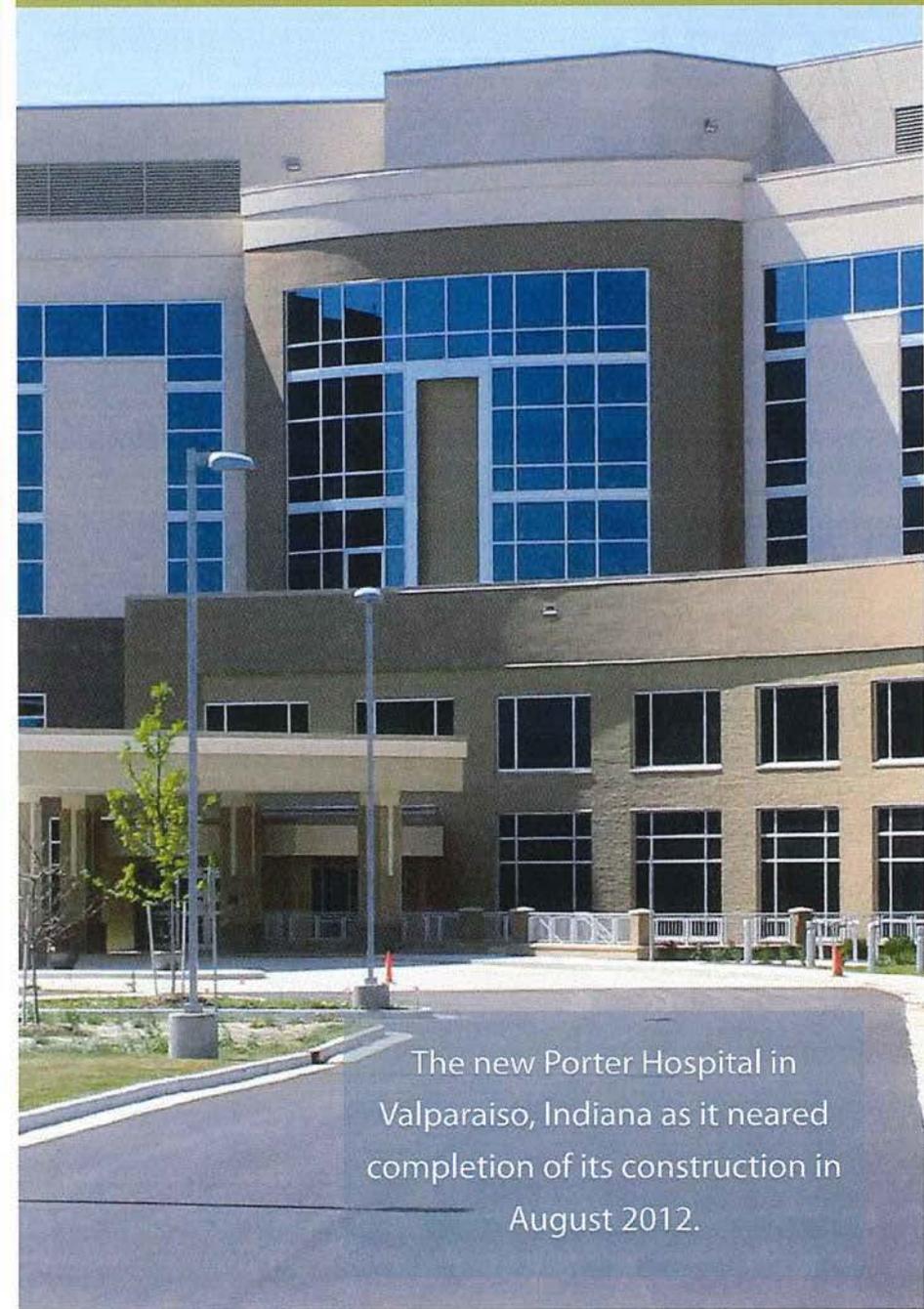
Hospitals and medical office buildings are specialized facilities sheltering the provision of patient care. As CHS-affiliated hospitals focus on providing quality healthcare, they are adopting practices to improve energy efficiency, water and waste management, and the sustainable design of new and existing facilities to create better health for our patients. These practices can reduce both our environmental impact and expenses, keeping more resources directed to patient care.

ENERGY

Professional energy audits and the Environmental Protection Agency (EPA) ENERGY STAR program are some of the tools CHS-affiliated hospitals are using to evaluate their buildings' performance. Energy consultants help hospitals reduce utility consumption by identifying actions that could save energy such as addressing inefficient operating systems and buying energy-efficient products. Last year, more than 70 CHS-affiliated hospitals invested in new air handlers, chillers, and cooling towers to operate more efficiently with better air quality and environmental control.

Professional Energy Audit

Nearly two-thirds of all CHS-affiliated hospitals have had a professional energy audit, doubling the number since 2009. More will have them each year. Audits review utility bills and other operating data to evaluate energy demand, rate structures, and the energy use profile. Interviews with operations personnel and a facility walk-through allow further understanding of building operations and identify any areas of energy waste or inefficiency. Corrective measures are prescribed with estimates of implementation cost, potential operating cost savings and payback periods to help prioritize energy-efficiency projects.



The new Porter Hospital in Valparaiso, Indiana as it neared completion of its construction in August 2012.

Energy Consultation

Since 2007, CHS-affiliated hospitals have consulted with Hayes Energy to improve their energy efficiency. The program began with the 15 hospitals with the highest energy consumption and has now been expanded to give all access to the service. Hayes conducts an on-site inspection of the hospital to evaluate the physical plant, the age of equipment and how it functions, then develops a list of potential programs that can be implemented. Hospitals that have implemented Hayes' recommendations have been able to reduce their energy use by an average of ten percent.

ENERGY STAR Portfolio Manager

The Environmental Protection Agency ENERGY STAR rating on a building is increasingly recognized as the hallmark of a fiscally and environmentally sound energy management strategy. ENERGY STAR labeled buildings consistently use, on average, 35 percent less energy than their peers and emit 35 percent less carbon dioxide.

Each year since 2008, all CHS-affiliated hospitals have entered energy data into the ENERGY STAR database to benchmark the energy efficiency. The ENERGY STAR performance scale assigns a score between 1 and 100, indicating how a building performs relative to similar buildings nationwide. Scores are automatically adjusted to account for differences in building attributes, operating characteristics, and weather variables.

The EPA designated 23 CHS-affiliated hospitals as ENERGY STAR buildings in 2011 in recognition of their scores of 75 or higher, meaning that their energy performance is better than 75 percent of hospitals nationwide; 64 of our facilities have scores greater than 50 percent. Certifications of performance and adherence to indoor air quality standards are also required to earn the ENERGY STAR label.

ENERGY STAR Products

Energy-efficient products such as personal computers, monitors, printers, and fax machines promoted through the EPA's voluntary labeling program – ENERGY STAR – are top performers in energy efficiency without sacrificing performance, quality or cost-effectiveness. We purchase ENERGY STAR rated products whenever they are available and fulfill our needs.

Lighting

Use of energy-efficient lighting can significantly reduce the pollution caused by buildings. Nearly 70 percent of CHS-affiliated hospitals have installed energy efficient lighting – compact fluorescent light bulbs or the equivalent indoors, and LED outdoors – and more do so each year. Retrofitting one 60-bed hospital with LED lighting has created an environmental impact equivalent to planting 61 acres of trees.

Steam Traps

Steam systems that power boilers to heat buildings and operate sterilizing equipment use tremendous amounts of fuel. In 2011, steam trap studies were performed at the 21 affiliated hospitals whose most recent energy study was more than five years prior. The organization then invested in repairs to retain steam within the system, thereby reducing unnecessary fuel use and minimizing CO₂ emissions. Over one year's time, the investments are projected to reduce fuel use by 75,000 pounds and keep more than 9 million pounds of CO₂ from being released, the equivalent of taking 784 cars off the road.

The organization is in the process of centralizing the payment of utilities for all affiliated facilities. Over time, this will allow the tracking of usage and emissions reductions.



WATER MANAGEMENT AND CONSERVATION

Wise use of water helps protect the environment and makes financial sense as supplies shrink and rates rise. CHS-affiliated hospitals have implemented a number of programs to reduce water use, including water-efficient irrigation and sprinkler systems, low-flow toilets, proximity sensors for hand-washing sinks, and regular inspections to identify and repair all leaks.

Digital Imaging

Traditional medical film development uses large amounts of water to rinse chemicals from the film and cool the processing equipment. CHS-affiliated hospitals are purchasing digital radiology equipment and installing Picture Archive and Communication Systems (PACS) for the medical benefits, patient record facilitation, and film and water use reduction. To date, nearly 95 percent of the hospitals have installed PACS.

Mechanical System Design

As CHS-affiliated hospitals need to replace their mechanical systems or new hospitals are built, we are moving from water-cooled to air-cooled chillers to reduce water consumption, based on evaluation of the local climate. For example, in the high-desert of the Southwest U.S., an air-cooled chiller will be installed due to the low humidity and the scarcity of water resources.

Well Water

Reducing potable water use reduces the process and treatment energy demand for the public water utility. Eighteen CHS-affiliated hospitals use wells on-site to provide water for equipment such as cooling towers, water-cooled vacuum pumps and air compressors, landscape irrigation and other operations that do not require treated water.



SUSTAINABLE DESIGN

Our construction and building operations are using new standards to maximize energy efficiency and minimize the environmental footprint. We embrace sustainable concepts that do not have significant first-year cost impact, and accept higher first-year costs if these can be recouped in a five-year period. This effort is based on the “Green Guide for Health Care” principles:

- Protect the immediate health of building occupants;
- Protect the health of the surrounding community;
- Protect the health of the global community and natural resources.

The Green Guide integrates environmental and health principles and practices into the planning, design, construction, operations and maintenance of healthcare facilities. It is a self-certifying metric toolkit of best practices that designers, owners, and operators use to guide and evaluate their progress towards high performance healing environments.



We use the Green Guide’s Integrated Design Process for all construction projects, whether new build or renovation. Architects, engineers, construction experts and the facility operators provide input from the start of design through the entire planning process. Virtual construction with computer modeling tests the plans to identify technical issues before construction begins, eliminating waste.

Sustainable practices have been used in designing the replacement hospital in Barstow, California, including reducing the possible effects of solar gains with white reflective single-ply roofing material, south-facing windows with integrated louver screens and recessed windows on north-facing patient rooms. The use of an outdoor trellis on the north building face reduces direct sunlight exposure to the two main public spaces while maximizing views towards the desert valley and mountains. The hospital is sited to take advantage of the natural slope and drainage.

Sustainable Construction

With all construction projects, including the new CHS corporate headquarters in 2006, we apply numerous sustainable practices including recycling construction debris and carpet, and using green-certified, low-emitting materials for paint, carpet, furniture, composite wood and laminate.



Corporate Headquarters

Energy use at the CHS corporate headquarters is managed through daylight responsive lighting, room occupancy sensors to control lights, and thermostats programmed with appropriate temperatures for daytime, nighttime and weekends. The building's white roofing system enhances durability and reduces heat transfer, cooling loads and energy use. This also reduces the urban heat island effect, the tendency of urban areas to reach temperatures three to eight degrees higher than outlying rural areas.

Two programs at the headquarters protect area waterways and reduce our water use. Restrooms are fitted with motion-sensitive, low-flow water fixtures. An on-site stormwater detention pond mitigates parking lot run-off, attenuates peak discharge rates to reduce flood risk, and minimizes the impact on downstream watersheds.

The sustainable practices used to build and operate the CHS office buildings have earned recognition from the City of Franklin, Tenn. CHS is acknowledged as a Live Green Business Partner at the highest level – platinum. The Live Green Partnership is a joint relationship with Leadership Franklin, Franklin Tomorrow, and the City of Franklin.



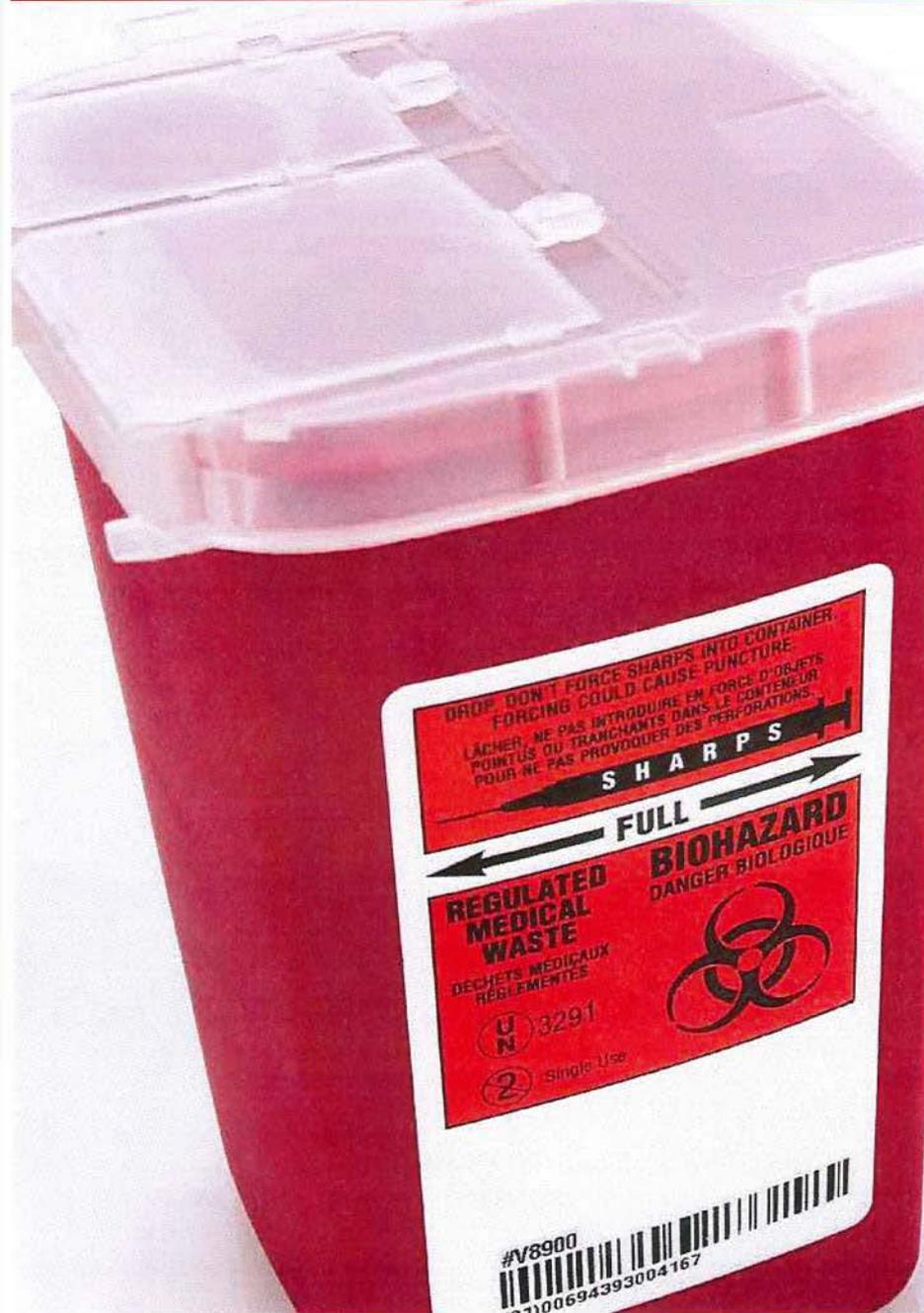
New Hospitals Qualify for Green Globes Certification

Green Globes CIEB healthcare addresses environmental assessment, improvement and certification of hospitals and other healthcare facilities using an online self-assessment survey, and a third party assessment process.

We have voluntarily purchased subscriptions to the Green Globes system for three new hospitals we built and opened in 2012 – Siloam Springs, Ark., Valparaiso, Ind., and Barstow, Cal. Each building's information has been entered into the environmental protocol questionnaire for the Continual Improvement of Existing Building (CIEB) tool. A score of 35% allowed the hospitals to enter into Green Globes formal certification.

The Green Globes system ensures that environmental impacts are comprehensively assessed on a 1,000 point scale in multiple categories – energy, water, resources, emissions and effluents, indoor environment and environmental management. Energy Performance credits are awarded based on Energy Star rating, and metering of water has been calculated by using sub metering factors such as analysis per bed, per gallon, and per year. Credits are given for good management practices and the system rewards hospitals for the things that they do right as well as outlining specific targets for improvement.





Healthcare is a highly regulated industry, with many federal agencies such as the Environmental Protection Agency and Department of Energy providing oversight. Regulations address hazardous and non-hazardous waste, air emissions, and wastewater to make sure that all is properly captured, recycled, and treated or disposed. All CHS-affiliated hospitals comply with the ever-growing number of regulations and strive to proactively minimize waste and pollution.

MEDICAL WASTE

While most hospital waste is similar to household waste – paper, food and beverages – regulated medical waste accounts for approximately 10 to 15 percent of U.S. hospital waste. Medical waste refers to the portion of the waste stream generated by healthcare facilities that may be contaminated by blood, body fluids or other potentially infectious materials.

Incinerators

All CHS-affiliated hospitals have eliminated the use of on-site medical waste incinerators and transitioned to a vendor for the collection, treatment and disposal of medical and biohazardous waste. This ensures maximum infection control and minimizes environmental risk.

Reusable Sharps Containers

In a typical sharps (e.g., needles, scalpel blades) disposal program, containers are picked up by environmental services staff and the entire container is sent for disposal as medical waste. In 2011, 47 percent of CHS-affiliated hospitals contracted with Stericycle to sterilize and reuse sharps containers. This has diverted 61,700 pounds of plastic and 2,600 pounds of cardboard from landfills and prevented nearly 36,000 pounds of hazardous CO₂ emissions from container incineration; disposal fee expenses have been reduced by eliminating the container weight. More CHS-affiliated hospitals will be adopting reusable sharps containers in the future.

NON-HAZARDOUS WASTE

United Waste Solutions is working with all CHS-affiliated hospitals to consolidate solid waste through improvements in recycling and disposal practices. From 2008 through 2011, following on-site instruction to improve compactor operations, hospitals have reduced the annual number of bin hauls by almost 1500.

Forty CHS-affiliated hospitals have recycling programs in place, and the number of hospitals doing so increases each year.

Our headquarters recycles paper, cardboard, and aluminum. Waste paper from shredded documents is sent to an approved recycler to be pulped and reintroduced into the paper production process.

Toner Cartridge Recycling

Since 2009, toner cartridges have been recycled in all affiliated hospitals and at the corporate office. Empty ink jet, laser, toner and fax cartridges are reprocessed and refilled, keeping thousands of these plastic and metal items from landfills each year.

HAZARDOUS WASTE

Through our Joint Commission preparation program, CHS-affiliated hospitals annually check and document compliance with all regulations regarding underground fuel storage tanks, refrigerants, asbestos, PCBs, and other hazardous materials.



To prevent potential risks to employees, patients and the environment, written procedures are in place for receiving, handling, storage and disposal of potentially hazardous substances used in hospitals. These may include solvents, inorganic compounds, caustic materials (acids/bases), prescription pharmaceuticals, disinfectants or other compounds that may be carcinogenic, mutagenic, or reproductive toxins. Employees working around these wastes are required to be trained at least every three years, or annually, depending on state regulations.

Laboratory Solvents

All hospitals manage the solvents used in laboratories such as micro-biological cultures, dyes and solvents, and formaldehyde, ethanol, and xylene from pathology operations, and we are reducing the quantities needed in two ways. As processors need to be replaced, CHS-affiliated hospitals are installing more efficient equipment that uses 25% less solvent, reducing the waste stream. And three hospitals are able to clean and reclaim solvents on-site, totaling approximately 650 gallons per year.

Fuel

All affiliated hospitals maintain logs for use and consumption of fuel, whether liquid or gas, and have policies and procedures that address management of the fuels.

Fuel Tanks

All CHS-affiliated hospitals monitor the condition of on-site fuel storage tanks, and replacement or repairs are made as needed to maintain compliance and tank integrity. Each facility has a training program and a plan to respond to spills or events from liquid storage devices in accordance with Spill Prevention Countermeasure and Control (SPCC), a federally mandated program for facilities that store more than 1,320 gallons of hazardous substances above ground. Employees working in this area receive training upon hire.

WASTE



Asbestos

Any hospitals that have or are suspected of having asbestos-containing building materials have an operations and maintenance plan with guidance to the staff and contractors for working around asbestos-containing materials. This also serves as a response plan for emergency situations where a material is, or has to be, breached for repairs. Any employees who work around asbestos take a two-hour awareness training module. Organization policy mandates that no hospital employee handle asbestos.

Computers and Electronics

We recycle old computers and electronics through Intechra, a zero percent landfill policy vendor that remarkets what it can then recycles the remainder via disassembly, part separation and raw material recovery. Since beginning the program in 2009, we have disposed of 27,574 units, including laptops, PCs, servers, monitors and PDAs; 171,752 pounds of equipment were reused and 821,037 pounds were recycled. This kept almost one million pounds of material out of the landfill.

Mercury

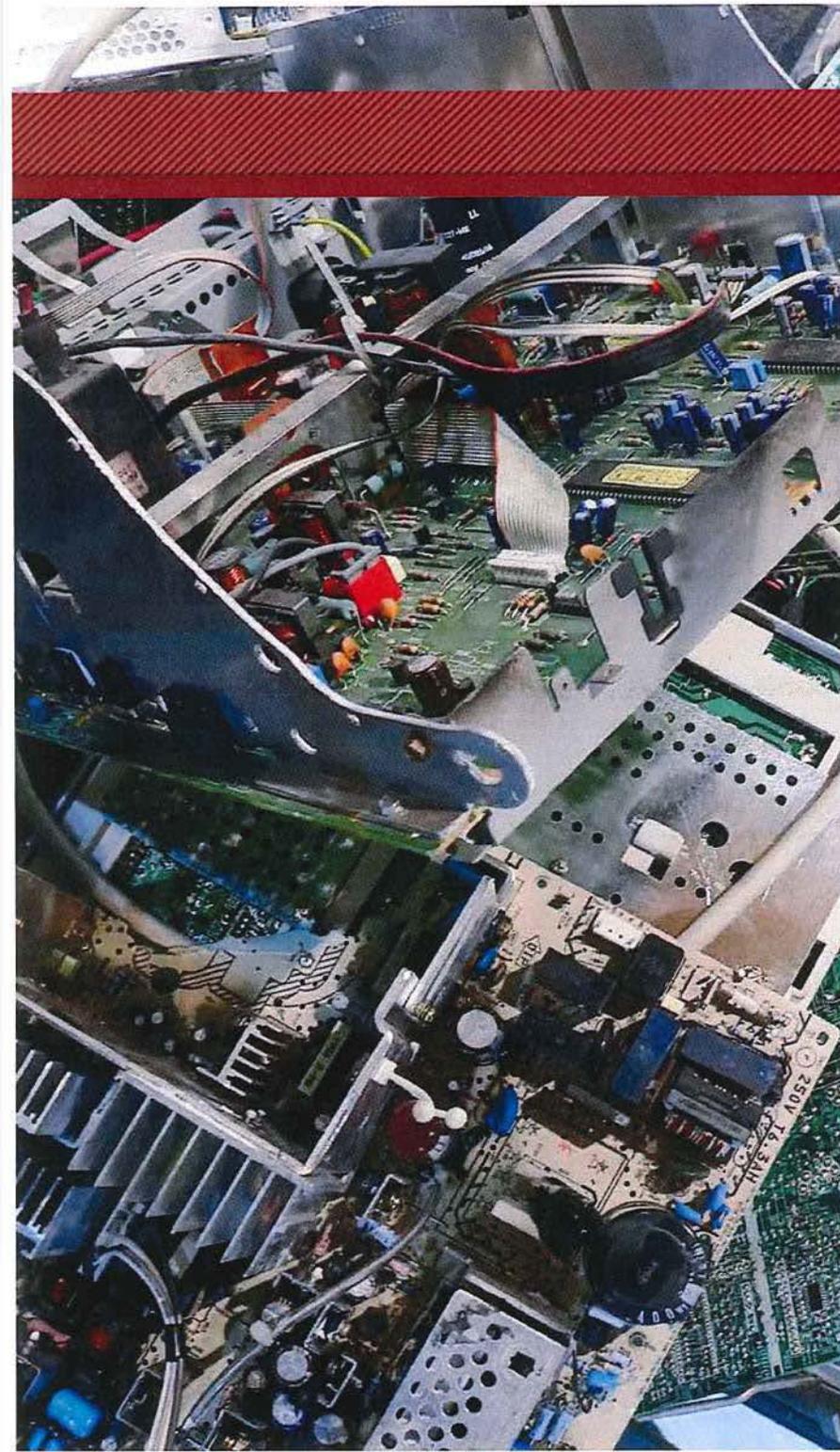
We have sought to remove all mercury-containing apparatus from our affiliated hospitals and adopted purchasing policies to ensure no new mercury is introduced. While we may find small amounts of mercury in the future, we consider all affiliated hospitals to be mercury-free.

Ethylene Oxide (EtO)

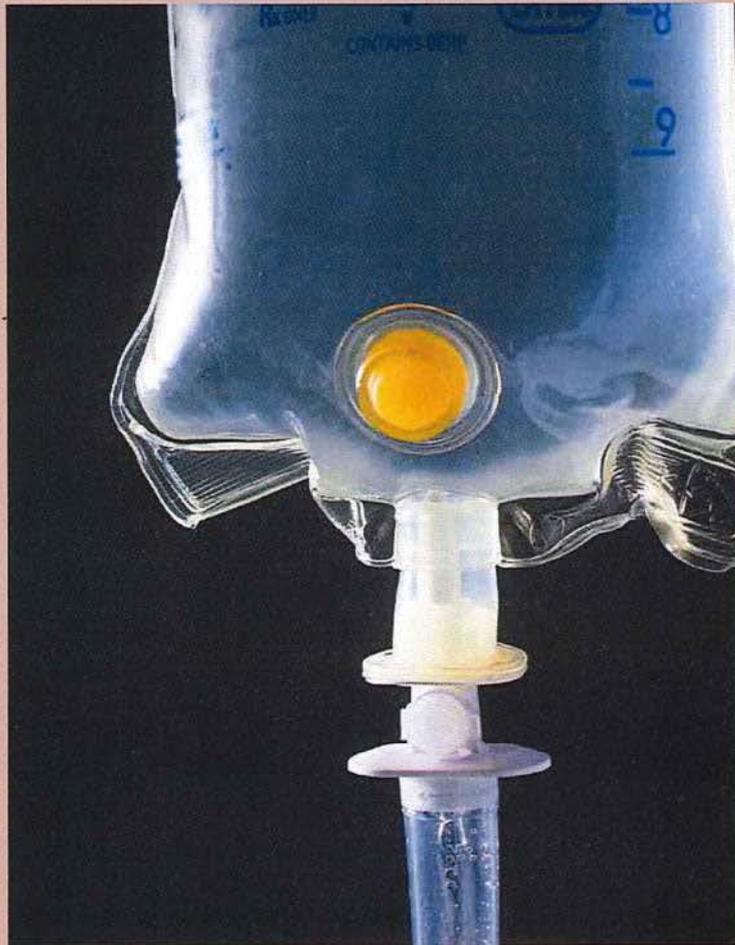
EtO is a biocide commonly used for a wide variety of sterilization purposes, and CHS-affiliated hospitals have a long-term goal to eliminate its use. The 20 hospitals that are still using EtO have special handling procedures to minimize emissions and reduce occupational exposure.

Other Hazards

All CHS-affiliated hospitals manage universal waste as regulated by the EPA. A number of hospitals have established programs to recycle fluorescent light bulbs and oils, and more than half recycle batteries. The corporate office also recycles fluorescent light bulbs and batteries, diverting these from the landfill.



Managing Pharmaceutical Waste



Hospitals generate a substantial amount of pharmaceutical waste that requires proper disposal. Much of this is pharmaceuticals that have been partially dispensed, but not completely used.

To fully manage the issues surrounding this waste stream, all of our affiliated hospitals are using Stericycle Rx Waste Compliance services to help characterize, segregate, transport and properly dispose of their pharmaceutical waste, whether hazardous or not.

The American Society of Health-System Pharmacists and the National Institute for Occupational Safety and Health have established categories of drug waste and the Joint Commission has more than twenty standards acute care facilities must follow.

With Stericycle support, hospitals can achieve and maintain EPA, DOT and OSHA compliance, while reducing the risk associated with handling dangerous compounds. This comprehensive program covers formulary characterization and identification for EPA and DOT; staff training programs and materials; containers for facility-wide segregation and collection; packaging, documentation, and final destruction of hospital pharmaceutical waste.



A vast scope and volume of supplies, equipment and energy are required to operate hospitals and create a safe environment for patient care, such as cleaning supplies, linens, food, equipment, and water. We are reducing our reliance on hazardous materials including latex and PVC, and seek to purchase refurbished equipment when available. Once purchases reach the end of their initial purpose, we focus on reuse within the hospital, transfer to another user, and finally to recycling and proper waste disposal.

HealthTrust Purchasing Group

We expand our access to environmentally-friendly products and supplies and gain financial savings with volume purchasing through HealthTrust Purchasing Group (HPG). As an equity partner in HPG since 2008, CHS is able to influence its policies, including the formalized Sustainability and Environmentally Preferable Purchasing activities used as part of their contracting process for healthcare supplies and services.

HPG is a member of Practice Greenhealth, which offers information, best practices, and solutions for greening the many facets of the healthcare industry including environmental purchasing, clean energy, chemicals management, and waste management. Since 2009 HPG has won the Champion for Change Award three times at the Practice Greenhealth Environmental Excellence Awards in recognition of HPG's accomplishments in "greening" their own organization and assisting customers with improving their environmental performance. The Champion for Change Award is reserved for organizations supplying healthcare products and services that are considerate of the earth and its resources. HPG also participates in initiatives led by Health Care Without Harm and other environmental-interest groups.

Latex

We purchase only latex-free examination gloves and have minimized the number of latex products being used in recognition of allergy concerns latex may cause for patients and employees.

PVC/DEHP

Hospitals have implemented a plan for the reduction and ultimate phase-out of materials containing polyvinylchloride (PVC) which release dioxins to the environment during production and disposal and often contain vinyl plasticizers (softeners) known as phthalates. Through a vendor contract to supply IV tubing that is PVC/DEHP free, 619,111 PVC-containing sets are being diverted from the landfill each year.

Refurbished Equipment

CHS established its refurbished equipment program in 2002, committing to purchase refurbished equipment if it is available and provides the same clinical applications as new equipment. Since 2008, the refurbished equipment purchased for CHS-affiliated hospitals included 1,348 beds, 671 defibrillators, 98 EKG machines, 96 sterilizers, 87 surgical tables and 204 stretchers. In four years, this program has kept more than 3,100 items out of the landfill.



Linens

Sterile bedding, towels and uniforms are just a few of the fabric supplies that are managed to minimize hospital associated infections. More than a third of our affiliated hospitals contract with Angelica Corporation, a linen services vendor that uses the first EPA-registered oxygen bleach disinfectant; non-phosphated and NPE-free alkali, conditioners, and detergents; invests capital in more energy efficient equipment and water recycling systems; and takes other actions to reduce greenhouse gas emissions.

Redeploying Supplies

All materials managers send e-mails at least weekly to move supplies no longer utilized at their hospital to locations where they will be useful. The organization has instituted a virtual database to allow facilities to resell un-needed trauma implant supplies to other CHS-affiliated hospitals via intercompany transfer. More than 1,300 pieces were transferred in 2011.

Some supplies that are no longer of use to a hospital can be resources for other organizations. Many of our hospitals donate surplus supplies to charity organizations.



Reprocessing

Reprocessing is a Food and Drug Administration-approved system to clean, sterilize, inspect and repackage single-use medical devices to perform at their original level for one or more additional uses, conserving resources without placing patients at risk. In 2011, nearly half of all CHS-affiliated hospitals were contracted with a medical device reprocessing vendor, diverting more than 39 tons – 265,386 devices – from landfills.

Minority Vendors

HPG has a formalized vendor diversity program, seeking agreements with minority- and women-owned manufacturers, distributors and service providers as supply partners. HPG is proactive in pre-sourcing and sourcing minority- and women-owned businesses, creating an equal opportunity to compete for and earn contracts for the goods and services its members purchase. The organization also assists with strengthening the management skills of business owners and provides access to key personnel.

CHS increased the volume of materials purchased through minority vendors by 36% in 2011 over 2010. This volume has grown through building awareness of new minority vendors, contact information and areas of expertise is sent to materials managers in all affiliated hospitals.

Medical Device Refurbishment

Keeping up with the latest medical technology often involves replacing equipment before it reaches the end of its expected service life. Refurbishment of this still-valuable equipment puts these items to work and keeps them away from the landfill.

International standards for refurbishment stipulate steps to process used equipment, distinguishing refurbished from second-hand through actions such as repair, rework, software updating, and replacement of worn parts.

Defibrillators are one of the pieces of equipment our organization buys from Dixie Medical, a vendor specializing in the sale and recertification of medical equipment. At their Brentwood, Tenn. headquarters, Dixie's staff performs a 22-point inspection for each refurbished defibrillator. The devices are completely re-certified to adhere to all manufacturer guidelines and specifications.

Each parameter of device performance is scrutinized with testing equipment that is regularly calibrated and maintained according to factory recommendations. The defibrillators are then painstakingly detailed to ensure the device appearance is as close to new as possible. Before putting the equipment back in use, device information and destination are submitted to the manufacturer in accordance with FDA regulations.

All defibrillators refurbished by Dixie are manufactured in the U.S. Dixie technicians who test and maintain devices are trained and certified by the manufacturer.





PATIENTS

People come to hospitals at their most joyous and vulnerable times – the birth of a child, a health emergency, the end of life. We appreciate the trust they place in us and strive to ensure we meet their needs for quality healthcare and expectations of excellent service. Two programs our affiliated hospitals have adopted to support patient satisfaction and the delivery of quality care are hourly rounding and Emergency Department discharge follow-up calls.

Hourly Rounding

Among the benefits of hourly rounding are increased patient-caregiver communications, reduction in patient falls and skin breakdowns, and improved patient satisfaction. Regular bedside attention creates more opportunity for proactive care.

ED Discharge Calls

Calls to reinforce patient care are made within a day or two of emergency department treatment to help ensure post-visit care is on track, prescriptions are filled, pain is managed, and discharge instructions are understood. We were able to follow-up with more than a million of our discharged patients in 2011.



Counting On Accuracy

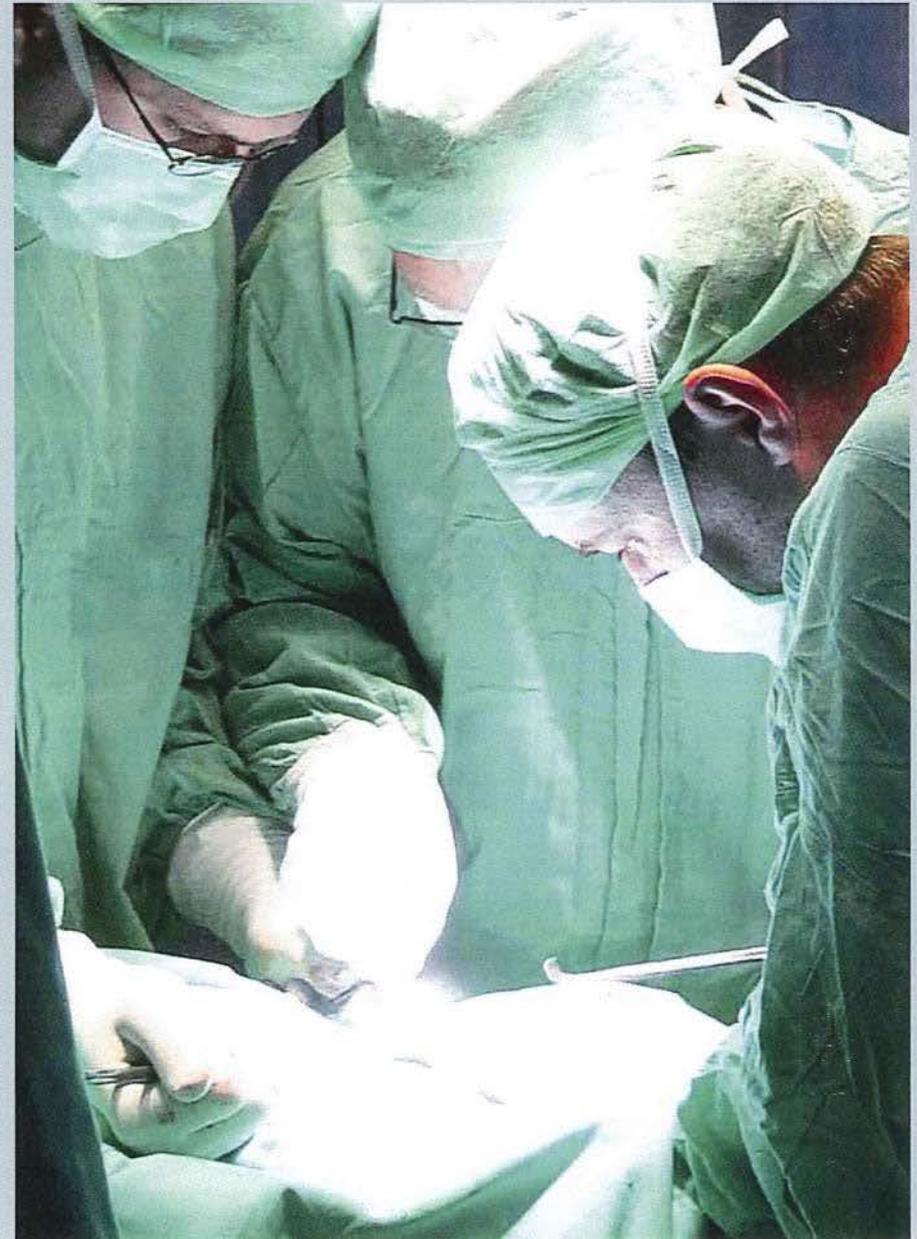
Barcodes now support accurate, real-time counts of surgical sponges during procedures. Mat-Su Regional Medical Center adopted the SurgiCount Safety-Sponge® System in late 2011 to validate their counting process and reduce the possibility of retained surgical sponges.

The system uses a small mobile computer and scanning device along with barcoded sponges. According to Martha Bush, director of surgery at Mat-Su, each sponge is scanned as it is used or removed. If a discrepancy is identified, the tracking helps providers identify where or how to look, depending on when the sponge was scanned during the procedure.

Surgical staff counting technique is reinforced by recording the number of sponges scanned into the case and reconciling the number of sponges scanned out. The SurgiCount system and unique barcodes prevent a sponge from being inadvertently counted "IN" or "OUT" more than once.

Surgical staff and physicians appreciate the validation of the previously manual count process. When discrepancies arise, the issue is raised and surgeons and staff work collaboratively to find the missing item.

The organization is investing in the SurgiCount system to support the standard of care provided to patients. Surgeries performed at all CHS-affiliated hospitals will use Surgicount by the end of 2012.





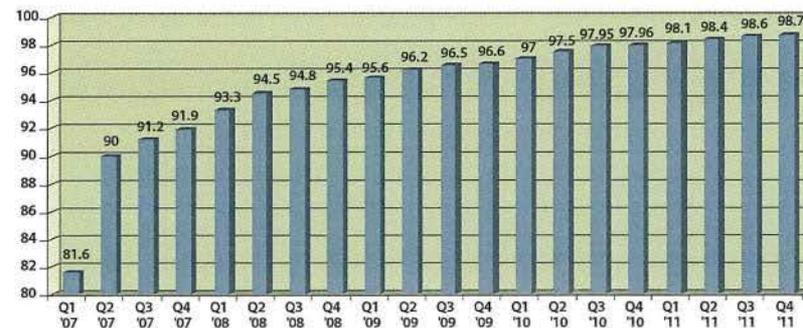
Quality and the Core Measures

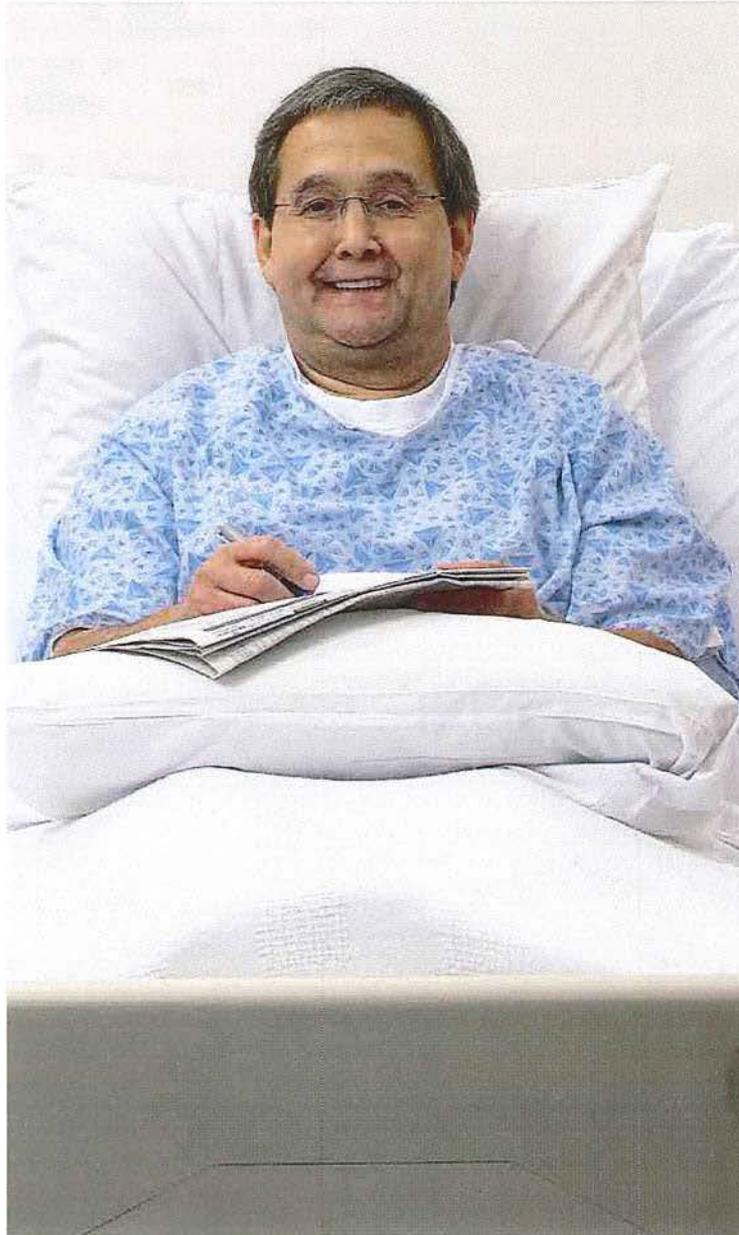
We are committed to delivering quality care and exceeding our patients' expectations about their hospital experience. Joint Commission accreditation and Centers for Medicare and Medicaid Services (CMS) Core Measures are just two of the tools that CHS and all hospitals across the country benchmark against to increase the quality of patient care.

CHS-affiliated hospitals have earned the Gold Seal of Approval™ from The Joint Commission and are accredited by numerous healthcare standard-bearers. Accreditation and other honors are earned through independent reviews of each hospital's performance against national quality and safety requirements.

Affiliated hospitals strive to continually improve scores in the CMS Core Measures and Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) surveys, and take every opportunity to further excel. We recognize this is one important and valuable measurement of our overall quality efforts and their impact. Tracking quality data, daily attention to process improvement, and collaboration between hospital staff and physicians have been, and will continue to be, the keys to our successful delivery of quality care.

Inpatient Core Measure Results: 20 Consecutive Quarters of Improvement





Patient Safety

The Joint Commission's National Patient Safety Goals bring attention to challenges facing all hospitals and provide evidence- and expert-based solutions. CHS's Patient Safety Committee has a parallel focus on continuous improvement that focuses on systemwide solutions, whenever possible.

The Committee draws on the knowledge and experience of an enterprise-wide group of physicians, nurses, risk managers, hospital administrators, IT specialists, pharmacists and other clinicians committed to patient safety initiatives and best practices. The group meets quarterly to consider issues and develop Patient Safety Alerts with recommended risk-reduction strategies for facility consideration.

All CHS-affiliated hospitals have a Quality Improvement Council and use a standardized methodology to promote safe and quality patient care through continuous monitoring and evaluation.

Patient Satisfaction

Ongoing inpatient satisfaction surveys help us track whether we meet expectations and identify opportunities for improvement. Since 2007, the "would recommend" the hospital score has steadily increased, demonstrating the effectiveness of our focus on goals related to HCAHPS and patient satisfaction.



EMPLOYEES

Our ability to deliver quality patient care is made possible by an outstanding workforce of individuals who are committed to our mission. CHS is committed to being a great company to work for, offering opportunities for professional growth, and a safe work environment that leads to very satisfied employees.

Employee Safety

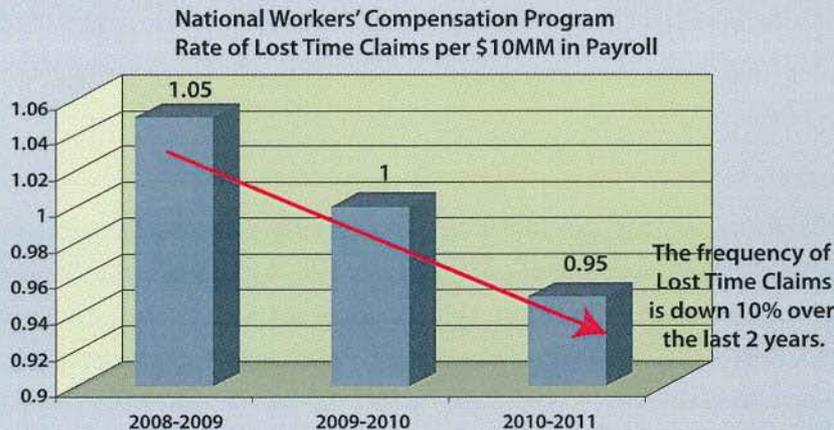
We strive to protect our greatest asset, employees, by providing safe work environments through continued communication, data analysis, equipment evaluations and education. Employee injury data for all CHS-affiliated facilities is reviewed quarterly, to identify issues of concern that can be addressed at individual hospitals or enterprise-wide. Corporate risk management assists individual facilities as they develop action plans to improve their employee safety programs.

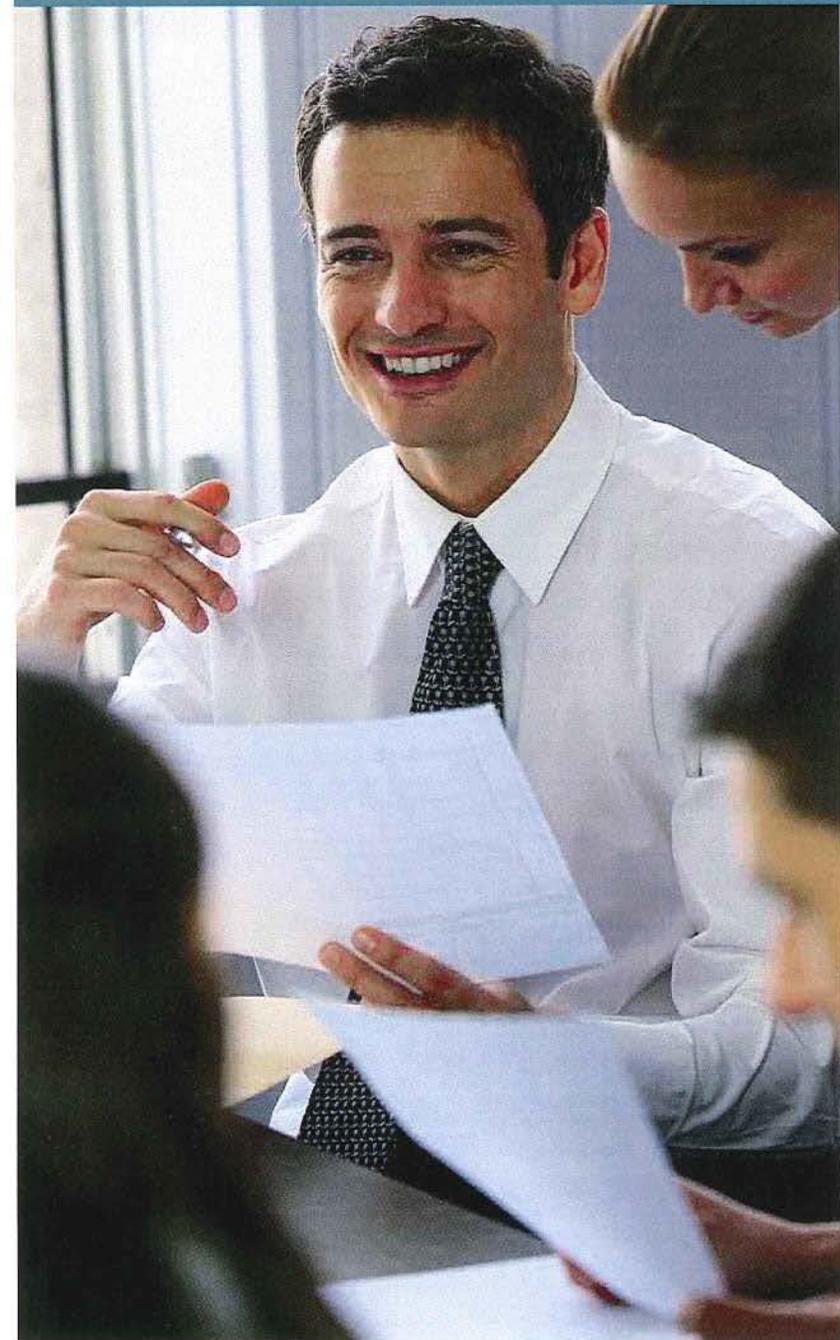


Backing Employee Safety

Eliminating manual lifting of patients can play a major role in back injury prevention for medical caregivers. Through our Safe Patient Handling and Transfer Program we have invested in equipment to assist patients with standing, raising or repositioning, making those acts safer and more comfortable for the patient and caregiver. Patient lifting devices and slide sheets assist caregivers in carrying out frequent tasks without the stress and strain associated with manual handling.

Employee benefits to the Safe Patient Handling and Transfer Program include fewer disabling injuries. Employees appreciate the investment in their protection that can extend their careers as they age. Since beginning the program in 2007, the severity of injuries related to the lifting and transfer of patients was reduced by 86 percent by the second year of participation, with some hospitals eliminating them completely. Company-wide, the frequency of lost time claims in the workers' compensation program has decreased by 10 percent over the past three years.





Professional Development

By fostering opportunities for encouragement, development, and education, employees are able to apply and enhance their skills. Self-directed individuals can take advantage of two internal company resources, the Advanced Learning Center, an online library of personal and professional development courses, and the Video Library of management and personal development topics. Tuition reimbursement is available for those who want to pursue training at an institution of higher learning.

Individuals who aspire to be in C-suite positions can develop their skills through assistant positions at the hospitals. On-the-job experience is gained through the Assistant Chief Executive Officer, Assistant Chief Financial Officer and Assistant Chief Nursing Officer education programs.

Several hospitals partner with graduate medical education residency programs; this provides residents with practical patient experience and builds the pool of practicing physicians.

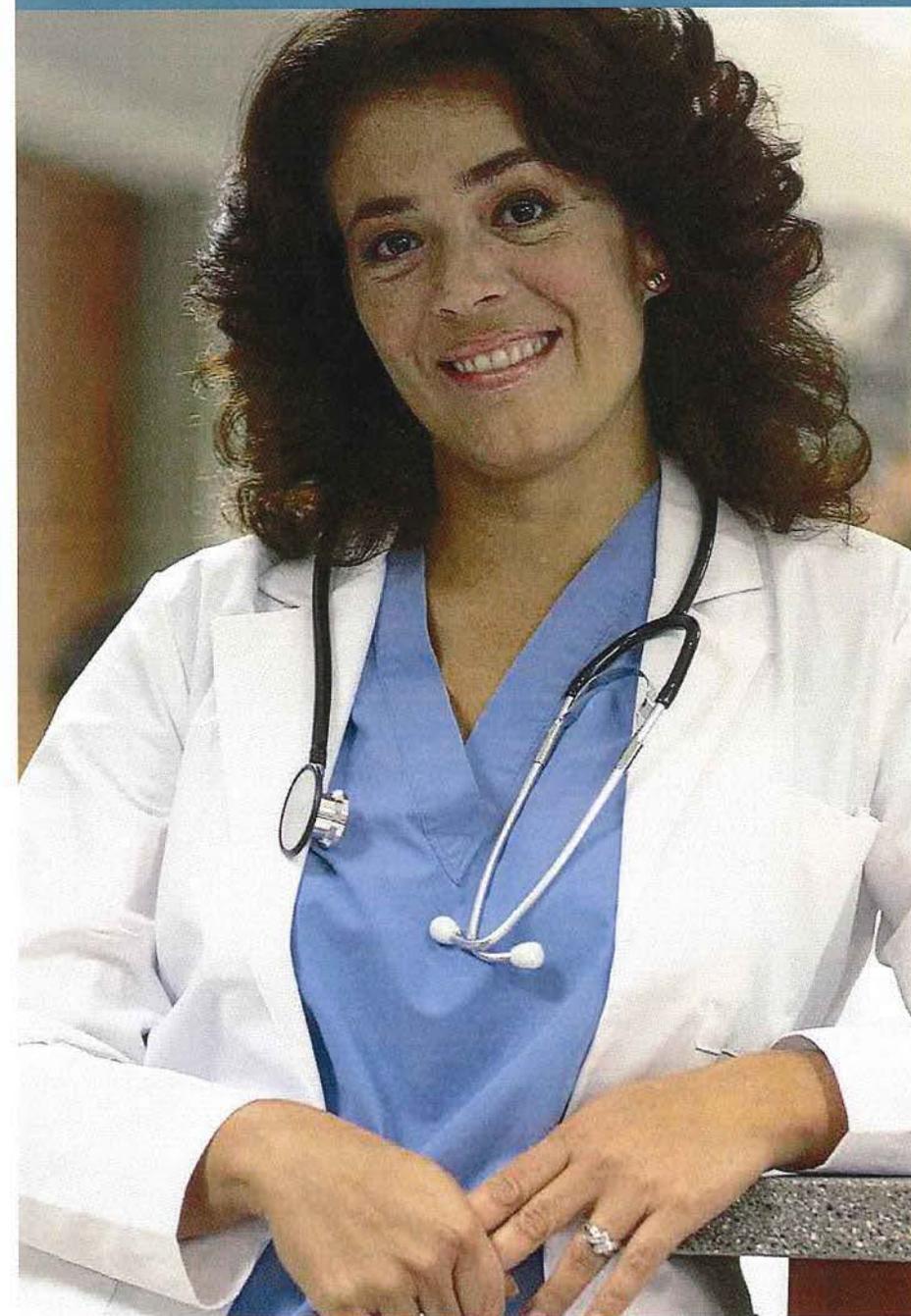
Workforce Satisfaction

Each year we survey all employees to gauge workforce morale, using the information to develop action plans to improve the work environment. Across the company, participation rates remain high, with nearly 65,000 employees participating in the 2012 survey. Of these, 85 percent said they were satisfied with the organization as a place to work, 90 percent are satisfied with the courtesy and respect they received from others in their department and 92 percent are highly motivated to contribute to the organization's success. From 2008 to 2012, we have seen a 10 percentage point increase in our "very satisfied" score for employees' overall satisfaction with their hospital as a place of employment.

Workforce Diversity

This organization values the talents and skill sets of each colleague and applicant. CHS is determined to provide an equal opportunity environment and to comply with all laws, regulations, and policies regarding personnel actions. It is the policy of CHS to provide equal opportunity without regard to race, religion, color, national origin, age, gender, sexual orientation, gender identity, disability, marital status, veteran status, or any other characteristics protected by federal, state, or local laws.





PHYSICIANS

We work with more than 32,000 physicians to ensure quality care for patients across our network of CHS-affiliated hospitals, many of which are the sole healthcare resource in the community. In addition to medical staff oversight of credentialing, peer review and quality assurance, physicians provide professional input to hospital operations and services that best serve patients.

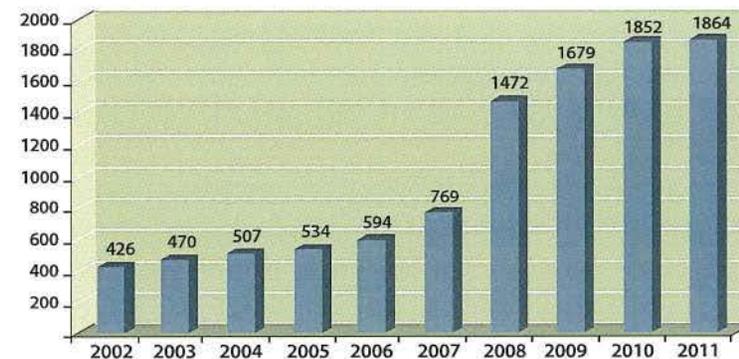
Physician Leadership

Medical staff representatives serve on the board of each hospital, providing leadership and influencing policy. Physician Leadership Groups increase alignment and collegiality among medical staff members and administration, creating an environment for meaningful dialogue and problem-solving.

Physician Recruitment

As an industry leader in physician recruitment, we identify qualified primary care physicians and specialists and pair them with the hospitals, physician groups, and communities that will support their practices. Effective physician recruitment raises the quality of care and expands the scope of services available in local communities.

CHS Physician Recruitment 2002 - 2011





National Medical Advisory Board

Primary care physicians and specialists from across the organization meet quarterly with the CEO and other members of the CHS senior management team to provide perspective on policy decisions and other issues that affect hospital operations and patient care.

Physician Leadership Groups

Each affiliated hospital has a Physician Leadership Group that meets regularly with the hospital CEO and other hospital leaders to discuss strategic issues, quality improvements, safety, and effective teamwork.

Physician Advisory Groups

Specific areas of medical specialty, such as cardiology or orthopedics, provide peer-to-peer networks for physicians to share best practices and build more successful clinical programs.

Physician Satisfaction

We survey our physicians annually to monitor their opinions regarding management and operational effectiveness and identify opportunities for improvement. Since 2008, overall physician satisfaction with the CHS-affiliated hospital where they practice has increased from 82 percent to 89 percent. Survey participation levels continue to be high, with a 57 percent response rate for the 2011 medical staff survey.



Hospitals serve many roles in their communities – healthcare provider, employer, educator, and health advocate – customizing their efforts in response to the unique needs of the population. Beyond investment in the healthcare resources available at our facilities, our financial commitment to the community includes the taxes we pay to support schools and other government services. We also provide emergency medical services for all patients, regardless of their ability to pay, providing \$3.2 billion in uncompensated care in 2011.

2011 Taxes

Tax	Paid or Accrued
Property Tax	\$95,945,000
Sales Tax	\$84,772,000
Other Taxes	\$52,561,809
Federal Income Tax	\$128,791,000
State Income Tax	\$8,862,000
Total Taxes 2011	\$370,931,810

Sponsorships

All affiliated hospitals support the local community to support causes and events that put focus on important health-related issues. From participating in Relay for Life and Go Red For Women, to little league baseball and school programs, hospitals are vital participants in their communities.

ADVOCACY

CHS supports and works closely with the major hospital associations at the federal level, including the American Hospital Association (AHA) and the Federation of American Hospitals (FAH), on key policy issues affecting the hospital community.

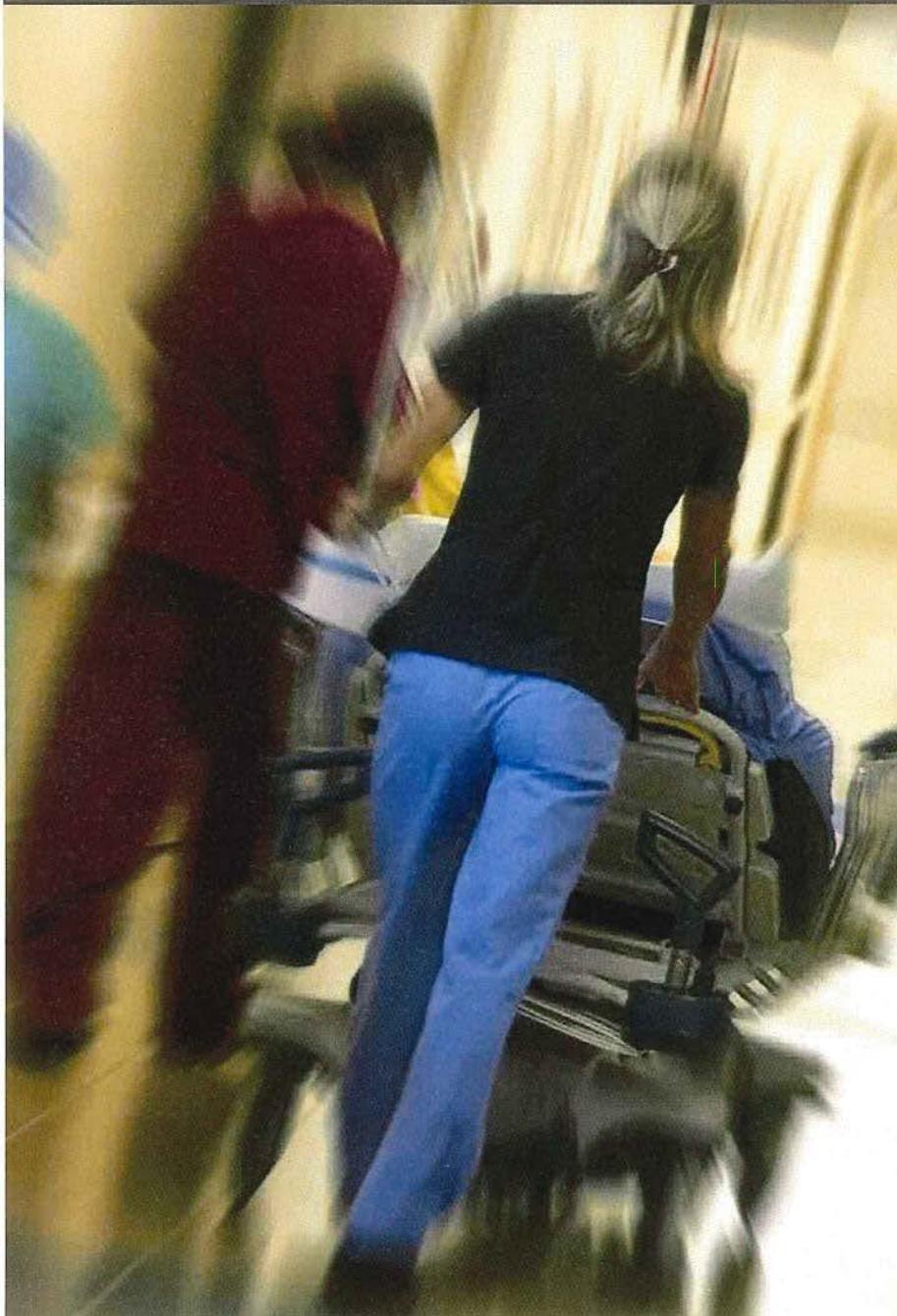
The AHA serves as the umbrella group for two major organizations that seek to promote sustainable hospital operations – the American Society for Healthcare Engineering (ASHE) and the American Society for Healthcare Environmental Services (ASHES). Together, these groups work with government agencies such as the EPA, FDA and CDC to address and shape key policy issues on sustainability that affect the hospital industry and provide tools to help hospitals reduce their environmental footprint. These groups have published a web site – www.hospitalsustainability.org – to further promote the importance of sustainability in the hospital community, and make tools available to hospitals regarding environmental issues.

State Hospital Associations

CHS-affiliated hospitals are active members in the hospital associations in 25 states, participating in activities that encourage each state's healthcare delivery system.

Grassroots Efforts

Individual hospitals engage in grassroots efforts with local, state, and federal officials to bring attention to issues that affect community well-being.



Nursing and Medical Education Scholarships

In 2008, the Community Health Systems Foundation committed \$1.5 million to the University of West Alabama to provide scholarships for both UWA graduates and employees of CHS-affiliated hospitals who wish to pursue bachelor's degrees in nursing. To date, 21 nurses have been awarded scholarships through the program. Following graduation and licensing, these new RNs will be provided with employment opportunities at CHS-affiliated Alabama hospitals. The partnership also funds scholarships through the Alabama Medical Education Consortium, enabling students to complete medical school and fulfill their residencies in Alabama. Founded at UWA in 2005, the Alabama Medical Education Consortium is a medical education pipeline providing primary care physicians to Alabama's underserved small towns, rural communities, and inner cities.

Emergency Preparedness

For more than 30 years, the Joint Commission has required hospitals to identify potential disasters that could affect their operations or their communities and develop emergency plans that address crisis prevention, preparation, response, and recovery. Every year, CHS-affiliated hospitals put those plans to the test by participating in disaster drills to help ensure they are ready to provide medical care under the most challenging circumstances and to help ensure the safety of their communities.

Some facilities participate in hospital-only drills, while others coordinate efforts with local or state organizations and emergency responders to organize community-wide responsiveness. Whether the disaster comes at the hand of man or by an act of Mother Nature, hospitals must be prepared at every level of the organization. From medical supplies, triage and transportation, to emergency generators, communication systems, and staffing, getting ready for possible disaster takes considerable thought and planning.

BUILDING HEALTHY COMMUNITIES

Healthy Woman

CHS-affiliated hospitals provide free monthly events designed to improve the emotional, physical and fiscal well-being of women and their families. Five hospitals initially launched Healthy Woman in 2004; today there are more than 50,000 Healthy Woman members and 102 hospital programs.



Senior Circle

CHS established the Senior Circle Association in 1999 to encourage a healthy and active lifestyle for seniors through programs that encourage continued learning, wellness, volunteering, and social activity. The organization has grown to 120 chapters with more than 95,000 members at the end of 2011.



Wellness Programs

Our affiliated hospitals provide a wide range of programming based on their individual community needs. Prenatal programs for expectant parents, women's health fairs, health support groups for breast cancer, tobacco free living, and post-partum adjustment, diabetes education, blood drives, blood pressure screenings, CPR classes, sports medicine, and healthy weight loss challenges are just a few of the thousands of events offered by hospitals to enhance community wellness each year.

American Health Facilities Development

Our subsidiary Quorum Health Resources, LLC (QHR) is helping hospitals create healthier environments for patients and staff. Their subsidiary, American Health Facilities Development is preparing hospitals for anticipated green building legislation with the AHFD Sustainability Survey. An extensive, on-site assessment and analysis of a hospital's current level of sustainability starts with a facility tour and review of existing systems to identify ways to improve efficiencies. Following a review of the environmental service products in use, AHFD recommends alternate products that, over time, can save the hospital money. Considering the hospital leadership's culture regarding sustainability and its willingness to implement sustainable initiatives, AHFD develops a roadmap of next steps to guide the hospital in its efforts to create a greener healthcare campus.

We Commit

Hospitals strengthen the community through their commitment to individual, organizational and community health. Beyond providing quality care within the facility, every CHS-affiliated hospital extends its commitment into the wellness, growth and vibrancy of the surrounding area.

The ten hospitals of Lutheran Health Network based in Fort Wayne, Ind. illustrate this outreach with their “We Commit” community reinvestment. Whether volunteering to help clean up a school playground, or supporting an organization that makes a difference in the lives of families, these hospitals are committed to creating healthy, vibrant communities so their region can continue to grow.



Collectively, they significantly impact the regional economy. From education and social services to infrastructure and economic development, the hospitals’ more than \$15 million in property



and sales taxes paid in 2011 are hard at work. Over the same period, the hospitals gave more than \$8 million in charitable contributions to support agencies such as AIDS Task Force, Fort Wayne Chamber of Commerce and Fort Wayne Children’s Zoo.

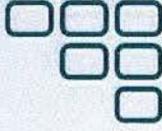
Just as important is the active participation of volunteering as agencies benefit from the skills and caring of hospital employees. Through board service, fundraising, event participation such as Walk a Mile in Her Shoes, or giving their skills, Lutheran Health Network is living its dedication through service, treatment and support.

The commitment to being a better healthcare provider is a way of life for employees who commit to provide the highest level of care and deliver a positive experience for every patient. Individual lives are touched as the hospitals provide emergency medical services regardless of the patient’s ability to pay. In 2011, uncompensated care at the hospitals of Lutheran Health Network totaled more than \$147 million.



For more information about CHS and its sustainability initiatives, please contact Corporate Communications at 615-465-7000 or e-mail corporate_communications@chs.net




 **CHS** Community
Health Systems