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We are the largest non-urban provider of general hospital healthcare services in the United States in terms of number of facilities and net operating revenues. As of December 31, 2005, we owned, leased or operated 70 hospitals, geographically diversified across 21 states, with an aggregate of 7,974 licensed beds, which excludes one hospital held for sale. In approximately 85% of our markets, we are the sole provider of these services. In all but one of our other markets, we are one of two providers of these services. For the fiscal year ended December 31, 2005, we generated \$3.7 billion in net operating revenues, and \$167.5 million in net income. Since 1997, Wayne T. Smith has led our company as President and Chief Executive Officer, and since 2001, also as Chairman of our Board of Directors. Accomplishments achieved during Mr. Smith's tenure which we believe are key components of our continued strategy include:

- standardization and centralization of operations across key business areas;
- implementation of a disciplined acquisition program;
- expansion and improvement of the services and facilities at our hospitals;
- implementation of quality of care improvement programs at our hospitals; and
- recruitment of additional physicians to the markets in which our hospitals are located.

A product of achieving these initiatives has been net operating revenue growth of 16.7% in 2005, 19.7% in 2004, and 31.3% in 2003. We also obtained net income growth of 10.6% in 2005, 15.2% in 2004, and 31.5% in 2003.

We target hospitals in growing, non-urban healthcare markets because of their favorable demographic and economic trends and competitive conditions. Because non-urban service areas have smaller populations, there are generally fewer hospitals and other healthcare service providers in these communities and generally a lower level of managed care presence in these markets. We believe that smaller populations support less direct competition for hospital-based services. Also, we believe that non-urban communities generally view the local hospital as an integral part of the community.

Our Internet address is www.chs.net and the investor relations section of our website is located at www.chs.net/investor.relations. We make available free of charge, through the investor relations section of our website, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K as well as amendments to those reports, as soon as reasonably practical after they are filed with the Securities and Exchange Commission. Our filings are also available to the public at the website maintained by the Securities and Exchange Commission, www.sec.gov.

We also make available free of charge, through the investor relations section of our website, the Company's Governance Principles, its Code of Conduct and the charters of the Audit and Compliance Committee, the Compensation Committee and the Governance and Nominating Committee.

We have included the Chief Executive Officer and the Chief Financial Officer certifications regarding the company's public disclosure required by Section 302 of the Sarbanes-Oxley Act of 2002 as Exhibits 31.1 and 31.2 of this report. The Company timely submitted to the New York Stock Exchange (the "NYSE") the 2005 Annual CEO certification regarding the Company's compliance with the NYSE's corporate governance listing standards as required by NYSE Rule 303A.