
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

March 3, 2006 (March 1, 2006)

Date of Report (date of earliest event reported)

COMMUNITY HEALTH SYSTEMS, INC.

(Exact name of Registrant as specified in charter)

Delaware
(State or other jurisdiction
of incorporation)

001-15925
(Commission File Number)

13-3893191
(I.R.S. Employer
Identification No.)

7100 Commerce Way, Suite 100
Brentwood, Tennessee 37027
(Address of principal executive offices)

Registrant's telephone number, including area code: (615) 465-7000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 1.01. Entry into a Material Agreement.

On March 1, 2006, the Board of Directors of Community Health Systems, Inc. (the "Company") met and approved and ratified the prior actions and recommendations of the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") in respect of the compensation arrangements for the Company's Named Executive Officers. The following arrangements were approved:

Incentive Compensation Payments for 2005 under the 2004 Employee Performance Incentive Plan

The following payments in respect of 2005 incentive compensation targets, under the Company's 2004 Employee Performance Incentive Plan (the "Cash Incentive Plan") were approved, the Named Executive Officers having been found to have met or exceeded their performance goals:

Name and Position	2005 Incentive Compensation Payment
Wayne T. Smith, Chairman, President and Chief Executive Officer	\$ 1,900,000
W. Larry Cash, Director, Executive Vice President and Chief Financial Officer	\$ 900,000
David L. Miller, Senior Vice President, Group Operations	\$ 378,000
Gary D. Newsome, Senior Vice President, Group Operations	\$ 385,000
Michael T. Portacci, Senior Vice President, Group Operations	\$ 385,000

The Compensation Committee has also established performance goals for each of the Named Executive Officers for fiscal year 2006 under the Cash Incentive Plan.

2006 Base Salaries

The following base salary amounts for the Company's Named Executive Officers were approved. None of our executive officers has a written employment agreement.

Name and Position	2006 Base Salary
Wayne T. Smith, Chairman, President and Chief Executive Officer	\$ 990,000
W. Larry Cash, Director, Executive Vice President and Chief Financial Officer	\$ 625,000
David L. Miller, Senior Vice President, Group Operations	\$ 365,000
Gary D. Newsome, Senior Vice President, Group Operations	\$ 365,000
Michael T. Portacci, Senior Vice President, Group Operations	\$ 365,000

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Option Grants and Restricted Stock Awards

Pursuant to the Company's Amended and Restated 2000 Stock Option and Award Plan (the "Plan"), the Compensation Committee approved the following equity grants to its Named Executive Officers:

<u>Name and Position</u>	<u>Non-Qualified Stock Options</u>	<u>Performance Based Restricted Shares</u>
Wayne T. Smith, Chairman, President and Chief Executive Officer	100,000	100,000
W. Larry Cash, Director, Executive Vice President and Chief Financial Officer	50,000	65,000
David L. Miller, Senior Vice President, Group Operations	20,000	30,000
Gary D. Newsome, Senior Vice President, Group Operations	20,000	30,000
Michael T. Portacci, Senior Vice President, Group Operations	20,000	30,000
All other executive officers as a group (only 30,000 of the restricted shares awarded were performance based, the balance, 60,000 shares, were granted with 3-year time vesting restrictions only)	65,000	90,000

Form of Performance Based Restricted Stock Award Agreement

On February 28, 2006, the Compensation Committee approved a form of Performance Based Restricted Stock Award Agreement (the "Form Agreement") to be utilized for performance based restricted stock awards made under the Plan. As approved by the Compensation Committee and as provided in the Form Agreement, there is a performance objective that must be met, and then once met, the award is subject to further vesting requirements. Generally, the performance objective is the Company's attainment for calendar year 2006 of seventy-five percent (75%) or more of the low end of the range of projected earnings per share from continuing operations, as stated in the Company's earnings release filed with the Securities and Exchange Commission on Form 8-K on February 22, 2006. If the performance objective is not attained, the awards will be forfeited in their entirety. Once the performance objective has been attained, restrictions will lapse in one-third (1/3) increments on each of the first three anniversaries of the award date. Notwithstanding the performance objectives and the vesting requirements set forth in the Form Agreement, the restrictions will lapse earlier in the event of the death, disability or retirement of the grantee, or in the event of a change in control of the Company.

ITEM 9.01. Financial Statements and Exhibits.

Exhibit 10.1 Form of Performance Based Restricted Stock Award Agreement (Most Highly Compensated Executive Officers)

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: March 3, 2005

COMMUNITY HEALTH SYSTEMS, INC.
(Registrant)

By: /s/ Wayne T. Smith
Wayne T. Smith
Chairman of the Board, President and Chief Executive Officer
(principal executive officer)

By: /s/ W. Larry Cash
W. Larry Cash
Executive Vice President, Chief Financial Officer and Director
(principal executive officer)

FORM OF
PERFORMANCE BASED RESTRICTED STOCK AWARD AGREEMENT
(MOST HIGHLY COMPENSATED EXECUTIVE OFFICERS)

COMMUNITY HEALTH SYSTEMS, INC.

THIS AGREEMENT, made as of the ____ day of _____, 2006 (the "Date of Grant"), between Community Health Systems, Inc., a Delaware corporation (the "Company"), and _____ (the "Grantee").

WHEREAS, the Company has adopted the Community Health Systems, Inc. Amended and Restated 2000 Stock Option and Award Plan (the "Plan") in order to provide additional incentive to certain employees and directors of the Company and its Subsidiaries;

WHEREAS, the Compensation Committee (the "Committee") of the Board of Directors (as described in Section 3.1 of the Plan) has determined to grant to the Grantee an Award of Restricted Stock as provided herein to encourage the Grantee's efforts toward the continuing success of the Company;

WHEREAS, the Committee has determined to place a performance-based restriction on the Award of Restricted Stock to better align the economic interests of the Grantee with those of the other stockholders of the Company and to ensure that the compensation attributable to the Award of Restricted Stock constitutes "qualified performance-based compensation" pursuant to IRC Section 162(m) and the regulations promulgated thereunder; and

WHEREAS, the Committee has established the Performance Objective (as defined in Section 3.1 below) (a) utilizing objectively determinable criteria, (b) on a date which is prior to the ninetieth (90th) day of the Company's fiscal year, and (c) at a time when the attainment of the Performance Objective is substantially uncertain.

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of Restricted Stock.

1.1 The Company hereby grants to the Grantee an award of _____ Shares of Performance Based Restricted Stock (the "Award"). The Shares of Performance Based Restricted Stock granted pursuant to the Award shall be issued in the form of book entry Shares in the name of the Grantee as soon as reasonably practicable after the Date of Grant and shall be subject to the execution and return of this Agreement by the Grantee (or the Grantee's estate, if applicable) to the Company as provided in Section 9 hereof.

1.2 This Agreement shall be construed in accordance and consistent with, and subject to, the provisions of the Plan (the provisions of which are hereby incorporated by reference) and, except as otherwise expressly set forth herein, the capitalized terms used in this Agreement shall have the same definitions as set forth in the Plan.

2. Restrictions on Transfer.

The Shares of Performance Based Restricted Stock issued under this Agreement may not be sold, transferred or otherwise disposed of and may not be pledged or otherwise hypothecated until all

restrictions on such Performance Based Restricted Stock shall have lapsed in the manner provided in Section 3, 4 or 5 hereof.

3. Performance Objective; Lapse of Restrictions.

3.1 The Award is subject to the Company attaining the following "Performance Objective" (herein so called): The Company's "income per share from continuing operations for fiscal year 200___", as reported by the Company in its earnings release for fiscal year 200___, shall be not less than the amount which is seventy-five percent (75%) of the low end of the projected "income per share from continuing operations for fiscal year 200___," as stated in the Company's Form 8-K filed with the SEC on February ___, 200___. The Performance Objective shall be adjusted upward or downward in the event the Company enters into one or more material acquisition or divestiture transactions and as a result thereof or in connection therewith files one or more Forms 8-K issuing revised guidance to investors projecting a higher or lower "income per share from continuing operations for the fiscal year 200___" (but only to the extent such change in guidance is attributable to the material acquisition and/or divestiture transactions). The adjusted Performance Objective shall be seventy-five percent (75%) of the low end of the range of revised projected "income per share from continuing operations for fiscal year 200___." For purposes of this Agreement, "material acquisition" or "material divestiture" transaction shall mean any single transaction or series of related transactions in which the consideration exceeds fifteen percent (15%) of the Company's assets on a consolidated basis. The computation of "income per share from continuing operations" shall be adjusted for Changes in Capitalization (as defined in the Plan).

3.2 Except as provided in Sections 4, 5 and 6 hereof, if the Performance Objective is not attained, the Award shall lapse in its entirety.

3.3 Except as provided in Sections 4, 5 and 6 hereof, if the Performance Objective is attained, one-third (1/3) of the number of Shares of Performance Based Restricted Stock issued hereunder (rounded up to the next whole Share, if necessary) shall vest, and the restrictions with respect to such Performance Based Restricted Stock shall lapse, on each of the first three (3) anniversaries of the Date of Grant.

4. Effect of Certain Terminations of Employment.

If the Grantee's employment terminates as a result of the Grantee's death, Retirement or Disability, in each case if such termination occurs on or after the Date of Grant, all Shares of Performance Based Restricted Stock which have not become vested in accordance with Section 3 or 5 hereof shall vest, and the restrictions on such Performance Based Restricted Stock shall lapse, as of the date of such termination.

5. Effect of Change in Control.

In the event of a Change in Control at any time on or after the Date of Grant, all Shares of Performance Based Restricted Stock which have not become vested in accordance with Section 3 or 4 hereof shall vest, and the restrictions on such Performance Based Restricted Stock shall lapse, immediately.

6. Forfeiture of Performance Based Restricted Stock.

In addition to the circumstance described in Section 9(a) hereof, any and all Shares of Performance Based Restricted Stock which have not become vested in accordance with Section 3, 4 or 5 hereof shall be forfeited and shall revert to the Company upon the termination by the Grantee,

the Company or its Subsidiaries of the Grantee's employment for any reason other than those set forth in Section 4 hereof prior to such vesting.

7. Delivery of Restricted Stock.

7.1 Except as otherwise provided in Section 7.2 hereof, evidence of book entry Shares or, if requested by the Grantee prior to such lapse of restrictions, a stock certificate with respect to shares of Restricted Stock for which the restrictions have lapsed pursuant to Section 3, 4 or 5 hereof with respect to such shares of Restricted Stock, shall be delivered to the Grantee as soon as practicable following the date on which the restrictions on such Restricted Stock have lapsed, free of all restrictions hereunder.

7.2 Evidence of book entry Shares with respect to shares of Restricted Stock in respect of which the restrictions have lapsed upon the Grantee's death pursuant to Section 4 hereof or, if requested by the executors or administrators of the Grantee's estate upon such lapse of restrictions, a stock certificate with respect to such shares of Restricted Stock, shall be delivered to the executors or administrators of the Grantee's estate as soon as practicable following the Company's receipt of notification of the Grantee's death, free of all restrictions hereunder.

8. Dividends and Voting Rights.

Subject to Section 9(a) hereof, upon issuance of the Performance Based Restricted Stock, the Grantee shall have all of the rights of a stockholder with respect to such Stock, including the right to vote the Stock and to receive all dividends or other distributions paid or made with respect thereto; provided, however, that dividends or distributions declared or paid on the Performance Based Restricted Stock by the Company shall be deferred and reinvested in Shares of Performance Based Restricted Stock based on the Fair Market Value of a Share on the date such dividend or distribution is paid or made (provided that no fractional Shares will be issued), and the additional Shares of Performance Based Restricted Stock thus acquired shall be subject to the same restrictions on transfer, forfeiture and vesting schedule as the Performance Based Restricted Stock in respect of which such dividends or distributions were made.

9. Execution of Award Agreement.

(a) The Shares of Performance Based Restricted Stock granted to the Grantee pursuant to the Award shall be subject to the Grantee's execution and return of this Agreement to the Company or its designee (including by electronic means, if so provided) no later than the earlier of (i) September 30, 200__ and (ii) the date that is immediately prior to the date that the Performance Based Restricted Stock vest pursuant to Section 4 or 5 hereof (the "Grantee Return Date"); provided that if the Grantee dies before the Grantee Return Date, this requirement shall be deemed to be satisfied if the executor or administrator of the Grantee's estate executes and returns this Agreement to the Company or its designee no later than ninety (90) days following the Grantee's death (the "Executor Return Date"). If this Agreement is not so executed and returned on or prior to the Grantee Return Date or the Executor Return Date, as applicable, the Shares of Performance Based Restricted Stock evidenced by this Agreement shall be forfeited, and neither the Grantee nor the Grantee's heirs, executors, administrators and successors shall have any rights with respect thereto.

(b) If this Agreement is so executed and returned on or prior to the Grantee Return Date or the Executor Return Date, as applicable, all dividends and other distributions paid or made with respect to the Shares of Performance Based Restricted Stock granted hereunder prior to such Grantee Return Date or Executor Return Date shall be treated in the manner provided in Section 8 hereof.

10. No Right to Continued Employment.

Nothing in this Agreement or the Plan shall interfere with or limit in any way the right of the Company or its Subsidiaries to terminate the Grantee's employment, nor confer upon the Grantee any right to continuance of employment by the Company or any of its Subsidiaries or continuance of service as a Board member.

11. Withholding of Taxes.

Prior to the delivery to the Grantee (or the Grantee's estate, if applicable) of a stock certificate or evidence of book entry Shares with respect to shares of Performance Based Restricted Stock in respect of which all restrictions have lapsed, the Grantee (or the Grantee's estate) shall pay to the Company the federal, state and local income taxes and other amounts as may be required by law to be withheld by the Company (the "Withholding Taxes") with respect to such Performance Based Restricted Stock. By executing and returning this Agreement in the manner provided in Section 9 hereof, the Grantee (or the Grantee's estate) shall be deemed to elect to have the Company withhold a portion of such Restricted Stock having an aggregate Fair Market Value equal to the Withholding Taxes in satisfaction of the Withholding Taxes, such election to continue in effect until the Grantee (or the Grantee's estate) notifies the Company before such delivery that the Grantee (or the Grantee's estate) shall satisfy such obligation in cash, in which event the Company shall not withhold a portion of such Restricted Stock as otherwise provided in this Section 11.

12. Grantee Bound by the Plan.

The Grantee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof.

13. Modification of Agreement.

This Agreement may be modified, amended, suspended or terminated, and any terms or conditions may be waived, but only by a written instrument executed by both parties hereto.

14. Severability.

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

15. Governing Law.

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Tennessee without giving effect to the conflicts of laws principles thereof.

16. Successors in Interest.

This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Grantee's legal representatives. All obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be binding upon the Grantee's heirs, executors, administrators and successors.

17. Resolution of Disputes.

Any dispute or disagreement which may arise under, or as a result of, or in any way relate to, the interpretation, construction or application of this Agreement shall first be referred to the Chief Executive Officer for informal resolution, and if necessary, referred to the Committee for its determination. Any determination made hereunder shall be final, binding and conclusive on the Grantee, the Grantee's heirs, executors, administrators and successors, and the Company and its Subsidiaries for all purposes.

18. Entire Agreement.

This Agreement and the terms and conditions of the Plan constitute the entire understanding between the Grantee and the Company and its Subsidiaries, and supersede all other agreements, whether written or oral, with respect to the Award.

19. Headings.

The headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

20. Counterparts.

This Agreement may be executed simultaneously in two or more counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same agreement.

COMMUNITY HEALTH SYSTEMS, INC.

By: _____
Wayne T. Smith
Chairman, President
and Chief Executive Officer

Attest: GRANTEE

Rachel A. Seifert, Secretary

[Name of Grantee]