

FORM 11-K – For Annual Reports of Employee Stock Purchase, Savings and Similar Plans Pursuant to Section 15(d) of the Securities Exchange Act of 1934

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

- ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934 (FEE REQUIRED)

For the year ended December 31, 2004

OR

- TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from ___ to ___

Commission file number 001-15925

COMMUNITY HEALTH SYSTEMS, INC. 401(k) PLAN

COMMUNITY HEALTH SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

155 Franklin Road, Suite 400
Brentwood, Tennessee

(Address of principal executive offices)

Registrant's telephone number, including area code:

13-3893191

I.R.S. Employer
Identification Number)

37027
(Zip Code)

(615) 373-9600

COMMUNITY HEALTH SYSTEMS, INC. 401(k) PLAN

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Schedules other than that listed above have been omitted due to the absence of the conditions under which they are required.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Retirement Committee of Community Health Systems, Inc. 401(k) Plan
Brentwood, Tennessee

We have audited the accompanying statements of net assets available for benefits of Community Health Systems, Inc. 401(k) Plan (“the Plan”) as of December 31, 2004 and 2003, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2004 and 2003, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held as of December 31, 2004 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan’s management. Such supplemental schedule has been subjected to the auditing procedures applied in our audit of the 2004 basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP
Nashville, Tennessee
June 28, 2005

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STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2004 AND 2003**

| | <u>2004</u> | <u>2003</u> |
|--|-----------------------|-----------------------|
| ASSETS | | |
| Investments: | | |
| Investments | \$ 192,779,365 | \$ 132,043,315 |
| Participant notes receivable | 4,002,822 | 2,728,993 |
| Total investments | <u>196,782,187</u> | <u>134,772,308</u> |
| Receivables: | | |
| Participant contributions | 1,209,781 | 1,101,851 |
| Employer matching contribution | 8,079,140 | 6,498,968 |
| Total receivables | <u>9,288,921</u> | <u>7,600,819</u> |
| TOTAL ASSETS | <u>206,071,108</u> | <u>142,373,127</u> |
| LIABILITIES | | |
| Forfeitures in suspense | 394,864 | 141,610 |
| Administrative fees | 120,787 | 103,460 |
| Excess participant contributions | <u>23,450</u> | <u>78,095</u> |
| TOTAL LIABILITIES | <u>539,101</u> | <u>323,165</u> |
| NET ASSETS AVAILABLE FOR BENEFITS | <u>\$ 205,532,007</u> | <u>\$ 142,049,962</u> |

See notes to financial statements.

[Table of Contents](#)**COMMUNITY HEALTH SYSTEMS, INC. 401(k) PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2004 AND 2003**

| | <u>2004</u> | <u>2003</u> |
|--|----------------------|----------------------|
| Additions (deductions) to net assets attributed to: | | |
| Investment income: | | |
| Net appreciation (depreciation) in fair value of investments | \$ 11,833,354 | \$ 22,846,488 |
| Interest | 139,152 | 117,171 |
| Dividends | 2,759,067 | 1,778,519 |
| Total investment income (loss) | <u>14,731,573</u> | <u>24,742,178</u> |
| Contributions: | | |
| Participant | 34,147,115 | 26,662,315 |
| Conversions | 18,138,726 | 1,770,857 |
| Rollovers | 2,687,399 | 2,789,437 |
| Employer matching | 8,094,202 | 6,498,968 |
| Total contributions | <u>63,067,442</u> | <u>37,721,577</u> |
| Total additions | <u>77,799,015</u> | <u>62,463,755</u> |
| Deductions from net assets attributed to: | | |
| Benefits paid to participants | 13,450,119 | 8,737,365 |
| Forfeitures in suspense | 394,864 | 141,610 |
| Participant paid administrative fees | 448,537 | 390,007 |
| Excess participant contributions | 23,450 | 78,095 |
| Total deductions | <u>14,316,970</u> | <u>9,347,077</u> |
| Net increase | 63,482,045 | 53,116,678 |
| Net assets available for benefits: | | |
| Beginning of year | 142,049,962 | 88,933,284 |
| End of year | <u>\$205,532,007</u> | <u>\$142,049,962</u> |

See notes to financial statements

COMMUNITY HEALTH SYSTEMS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2004 AND 2003

1. DESCRIPTION OF THE PLAN

General. Effective February 1, 1987, Community Health Investment Corporation, a wholly-owned subsidiary of Community Health Systems, Inc. (the “Company”, the “Plan Administrator”, or “CHS”), adopted and approved the creation of the Community Health Systems, Inc. 401(k) Plan, (the “Plan”). Subsequently, the Plan was adopted by the Company and its wholly-owned and majority-owned subsidiaries. The Plan and related trust are maintained for the exclusive benefit of the Plan participants, and no part of the trust may ever revert to the Company, except forfeitures of any unvested portion of a participant’s “Matching Account”, which may offset future Company contributions. Participants should refer to the Plan agreement for a complete description of the Plan’s provisions.

For those participating facilities of the Company, including the corporate offices, participation in the Plan is available to primarily all full-time employees after completion of six months of eligible service, as defined in the Plan document, or upon reaching his/her 21st birthday, whichever is later. Company employment includes all previous service with an acquired employer. All employees of the Company are entitled to participate except individuals covered by a collective bargaining contract and those employees covered by other retirement plans to which the Company is required to contribute.

The Plan has been amended and/or restated from time to time. The Plan’s most recent determination letter was received in 2004. The Company believes that the Plan is currently designed and is being operated in compliance with applicable requirement of the Internal Revenue Code.

Lake Wales Medical Center was acquired on December 1, 2002 and commenced participation into the Plan on January 1, 2003.

Seven hospitals located in West Tennessee, which includes, Jackson Hospital, Dyersburg Hospital, Lexington Hospital, McKenzie Hospital, McNairy Hospital, Volunteer Hospital and Brownsville Hospital were acquired January 1, 2003 and commenced participation into the Plan on February 1, 2003. Pottstown Memorial Medical Center was acquired on July 1, 2003 and commenced participation into the Plan on August 1, 2003. Southside Regional Medical Center was acquired on August 1, 2003 and commenced participation into the Plan on that date. Laredo Medical Center was acquired on October 1, 2003 and commenced participation into the Plan on November 1, 2003.

Galesburg Cottage Hospital was acquired and commenced participation into the Plan on July 1, 2004. Phoenixville Hospital was acquired and commenced participation into the Plan on August 1, 2004.

Randolph County Medical Center and Sabine Medical Center was disposed of on August 1, 2004 and ceased participation in the Plan on that date.

Berrien County Hospital was disposed of on November 1, 2003 and ceased participation in the Plan on that date.

Administration. The Plan is administered by the Company’s Retirement Committee of not less than three persons, all appointed by the Company’s Board of Directors. The Retirement Committee is responsible for carrying out the provisions of the Plan, including the selection of the trustee. Scudder Trust Company

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(“Trustee”) serves as trustee for the Plan. The Trustee holds, invests and administers the trust assets and contributions of the Plan.

Contributions. Eligible employees electing to participate in the Plan may make contributions by payroll deductions of 1% to 25% of basic compensation as defined in the Plan document, to the extent not exceeding Internal Revenue Service (“IRS”) imposed limitations on contributions (\$13,000 for 2004 and \$12,000 for 2003 Plan years). Participants who have attained age 50 before the close of the calendar year shall be eligible to make catch-up contributions up to \$3,000 for 2004. Employee contributions beyond specific Plan thresholds are reimbursed to the participants and classified as excess participant contributions in the financial statements. Prior to each Plan year, employer contribution percentages are determined by the Plan Administrator. Employer matching contributions for 2004 and 2003 were 33.34% to 66.67% of the first 6% of eligible compensation the employee contributes to the Plan. The employer matching contribution may be made in the form of cash or shares of Company common stock. Matching contributions in the form of cash are initially used to purchase Company stock on the open market. The employer matching contributions deposited into the participant’s accounts in the subsequent plan year consisted of \$8,079,140 in cash for 2004 and \$6,151,215 in CHS company stock and \$347,753 in cash for 2003. Any matching contribution made to the participant’s account is initially held by the participant in the form of stock. Participants are permitted to instruct the Trustee to sell the stock and transfer the funds to another permitted investment at any time.

Participant Accounts. The Retirement Committee utilizes the services of an outside firm to maintain individual accounts of each participant and record separately all activity as follows:

| | |
|------------------------|--|
| “The Deferred Account” | The value of participants’ employee contributions and earnings on those contributions are maintained in this account. |
| “The Rollover Account” | The value of any rollover contributions from another qualified plan and associated earnings are maintained in this account. |
| “The Matching Account” | The value of matching contributions made by the Company on behalf of participants and associated earnings is maintained in this account. |

The Plan was amended on January 1, 2003 so that effective May 12, 2003, a reporting person, defined as (a) a director, (b) the direct or indirect beneficial owner of more than 10% of any class of any equity security of the Employer which is registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or (c) certain officers who have been so designated registrant affiliate of the Employer, who are required to file a statement with the SEC pursuant to Section 16 of the Exchange Act, must have (i) any portion of their account invested in the CHS Company Stock Fund liquidated, and the proceeds invested in the investment options available to the Plan in accordance with their investment elections, and (ii) no portion of their account invested in the CHS Company Stock Fund.

The First Amendment to the Plan was effective on January 1, 2004 to redefine the “Formula for Determining Employer Contributions”, to increase the maximum elective deferral percentage available under the Plan and to allow catch-up contributions. The Employer may allocate in its sole discretion and in a non-discriminatory manner a different matching contribution for the Plan Year to participants at each of its different facilities, as amended time to time by the Plan Administrator. The amendment also increased the maximum elective deferral percentage from 15% to 25%. Also, employees who are eligible to make elective deferrals under the Plan and who have attained age 50 before the close of the calendar year shall be eligible to make catch-up contributions. To make catch-up contributions, the employee must contribute the maximum available to the employee through regular 401 (k) deductions. The limit for

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2004 is \$3,000. This limit increases by \$1,000 each year until it reaches \$5,000 in 2006. After 2006, the limit will be indexed for inflation.

The Second Amendment to the Plan was effective on January 1, 2004 to allow for installment and other forms of distribution of benefits. The Plan Administrator, pursuant to the election of the participant, shall direct the Trustee to distribute to a participant or such participant's beneficiary any amount to which the participant is entitled under the Plan in one or more of the following methods: a) one lump sum cash payment; b) partial cash payments; or c) partial cash payments over a period certain in monthly, quarterly, semi-annual or annual installments. The period over which such payment is to be made shall not extend beyond the participant's life expectancy (or the life expectancy of the participant and the participant's designated beneficiary). The Plan was also amended to redefine that only Participants who are actively employed at the beginning of the last day of the Plan Year by the Employer or an Affiliated Employer whose Employees are eligible for a matching contribution under Section 4.1(b) shall be eligible to share in the Employer Matching Contributions for the year.

The following amendments were made to plans at specific hospitals:

Effective January 1, 2003, a revision was made to the Plan regarding Watsonville Hospital Corporation. Only highly compensated employees that are not governed by a collective bargaining agreement will be eligible to participate in the Plan.

Effective for the period beginning August 1, 2003 and ending December 31, 2003, bargaining unit employees of Pottstown Hospital Company, LLC (Pottstown Memorial Medical Center and Pottstown Coventry Medical Group) and employees who are hospital-based physicians are not eligible to participate in the Plan. Effective August 1, 2003, each employee of Pottstown Hospital Company, LLC who is a participant in the Plan is not eligible for any employer contributions. Effective January 1, 2004, each employee of Pottstown Hospital Company, LLC who is a participant in the Plan, is a highly compensated employee and is eligible to share in employer matching contributions, will be eligible to receive an employer match of 33.34% of the first 6% of eligible compensation the employee contributes to the Plan. Also, each Pottstown physician employee who is not hospital-based and non-highly compensated shall receive an employer match of 50% of the first 6% of eligible compensation the employee contributes to the Plan.

For the period beginning August 1, 2003 and ending December 31, 2003, employees of Pottstown Imaging Center, LLC shall only be eligible to participate in the Plan as to the allocation of a discretionary contribution. The employees shall receive an allocation in an amount of 3% of the participant's compensation for the same period. The vesting of this contribution is based upon years of service: less than 5 years = 0% and 5 or more years = 100%. For the period beginning January 1, 2004 and ending December 31, 2004, each employee of Pottstown Imaging Center, LLC who is a participant in the Plan, has at least 1,000 hours of service, is a non-highly compensated employee and is eligible to share in employer matching contributions will be eligible to receive an employer match of 33.34% of the first 6% of eligible compensation the employee contributes to the Plan.

For the period beginning August 1, 2003 and ending December 31, 2004, each employee of Pottstown Clinic Company, LLC who is a participant in the Plan, has at least 1,000 hours of service, is a non-highly compensated employee and is eligible to participate in the Plan is eligible for an employer match of 50% of the first 6% of eligible compensation the employee contributes to the plan.

For the period beginning January 1, 2003 and ending December 31, 2004 each employee of Southside Regional Medical Center, Southside School of Nursing and Southside Industrial Medicine, who is a

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participant in the Plan, has at least 1,000 hours of service and is eligible to share in employer matching contributions will be eligible to receive an employer match in an amount equal to:

- a) 33.34% of the first 6% of eligible compensation the employee contributes to the Plan if the participant has at least one (1) but no more than nine (9) years of service;
- b) 50% of the first 6% of eligible compensation the employee contributes to the Plan if the participant has at least ten (10) but no more than nineteen (19) years of service; and
- c) 66.67% of the first 6% of eligible compensation the employee contributes to the Plan if the participant has at least twenty (20) years of service.

Effective as of July 1, 2004, Employees of Pottstown Hospital Company, LLC whose employment is governed by a collective bargaining agreement between the Affiliated Employer and “employee representatives” under which retirement benefits were the subject of good faith bargaining shall be eligible to participate in the Plan.

For the period beginning January 1, 2004, and ending December 31, 2004, each Employee of Pottstown Imaging Center, LLC who is a Participant in the Plan and (i) has at least 1,000 Hours of Service for the Affiliated Employer during this applicable Plan Year, (ii) is a Non-Highly Compensated Employee, and (iii) is otherwise eligible to share in matching contributions shall receive a discretionary matching contribution in an amount equal to fifty percent (50%) of such Participant’s Elective Contribution for such Plan Year that does not exceed 6% of the Participant’s Compensation for the Plan Year.

Effective July 1, 2004, a “Merger and Transfer Agreement” was executed in order to merge the Galesburg Cottage Hospital Retirement Plan into the Community Health Systems, Inc. 401(k) Plan.

Effective September 30, 2004, a “Plan-To-Plan Transfer Agreement” was executed in order to transfer all of the outstanding shares of the capital stock in the Community Health Systems, Inc. 401(k) Plan of National Healthcare of Pocahontas Inc., Randolph County Clinic Corp., Sabine Medical Center, Inc. and Sabine Medical Clinic, Inc. into the Associated Healthcare Systems 401(k) Retirement Plan.

Vesting. The balance in the participants’ Deferred and Rollover Accounts is at all times fully vested and nonforfeitable. A participant becomes 20% vested in his/her “Matching Account” after one year of service and an additional 20% for each year of service thereafter until fully vested. A participant is credited with one year of service if he/she works 500 or more hours during the Plan year. Termination of participation in the Plan prior to the scheduled vesting period results in forfeiture of the unvested portion of a participant’s Matching Account. These forfeitures shall be applied to reduce the Company’s matching contribution payments made to the Plan in future periods. Forfeitures of \$394,864 and \$323,748 were applied against the Company’s matching contribution payments for the years ended December 31, 2004 and 2003, respectively.

Payment of Benefits. A participant or his/her designated beneficiary is entitled to a distribution of the total value of his/her accounts upon his/her retirement at age 65, becoming totally and permanently disabled or death. Upon the termination of employment of a participant before reaching his/her 65th birthday for reasons other than death, he/she is entitled to receive the total value of his/her Deferred and Rollover Accounts and the vested portion of his/her Matching Account. While the participant is employed, he/she can withdraw only in the event of financial hardship. Such withdrawals are limited to the value of his/her Deferred and Rollover Accounts and the vested portion of his/her Matching account. The Retirement Committee shall require a participant requesting a hardship withdrawal to submit proof

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which demonstrates an immediate and heavy financial need which cannot be reasonably satisfied from other resources of the participant.

Funding. The Company shall transfer to the Trustee, as soon as practical, the full matching contribution after the close of the Plan year.

Investments Options. Contributions to the Plan shall be invested by the Trustee according to the participant's instruction in one or in a combination of several fund options. Participants may change their investment election or initiate transfers between funds on a monthly basis by giving notice to the Plan Administrator.

Plan Termination. Although it has not expressed any intent to do so, the Company's Board of Directors has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974. In the event of Plan termination, participants will become 100% vested in their respective accounts.

Participant Notes Receivable. Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. Loan transactions are treated as a transfer to (from) the investment fund from (to) the Participant Loan Fund. Loan terms range from 1-5 years or up to 15 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the Trustee. Interest rates range from 4.0% to 10.5% as of December 31, 2004. Principal and interest is paid ratably over the term of the loan through payroll deductions.

Reclassifications. Certain contributions presented in prior years' statement of changes in net assets available for benefits have been reclassified from participant contributions to conversions and rollovers to conform with the current year presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. The Plan's financial statements are prepared under the accrual method of accounting.

Use of Estimates. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets available for benefits and changes therein. Actual results could differ from these estimates. The Plan utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Valuation of Investments. The Plan's investments are stated at fair value. Securities traded on the national securities exchange are valued at the last reported sales price on the last business day of the plan year. Investments traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and asked prices. The fair values of the participation units owned by the Plan in pooled separate accounts are based on a redemption value established by the Record keeper. The Plan's investments in pooled separate accounts consist of investments in accounts established by the Record keeper solely for the purpose of investing the assets of one or more plans. Investments in collective investment funds or regulated investment companies are valued at the net asset value per share/unit on the valuation date. Short-term investments, if any, are stated

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at amortized cost, which approximates market value. Participant loans are valued at their outstanding balance, which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

Expenses. The participants of all funds are charged with expenses in connection with the purchase and sale of shares in each respective fund. Also, the participants in the Plan are charged a per-participant administrative fee. Participants paid \$431,210 and \$376,056 in administrative costs to the Trustee in 2004 and 2003, respectively. All other expenses incurred in the administration of the Plan are borne by the Company. The Company paid \$93,959 and \$49,324 for Plan expenses in 2004 and 2003, respectively.

Payment of Benefits. Benefits are recorded when paid.

3. TAX STATUS

The Plan received a determination letter dated June 16, 2004, in which the IRS stated that the Plan was in compliance with the applicable requirements of Section 401(a) and Section 501(c) of the Internal Revenue Code (“the Code”).

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Investments that represent five percent or more of the net assets available for benefits as of December 31, 2004 and 2003 are as follows:

| <u>Investment</u> | <u>Fair Value</u> |
|---|-------------------|
| December 31, 2004: | |
| Scudder Stable Value Fund (2) | \$25,918,018 |
| Scudder Flag Investment Value Builder A | 22,865,966 |
| CHS Stock Fund | 20,406,127 |
| Scudder Stock Index Fund (1) | 19,249,544 |
| Scudder Large Cap Value A | 17,392,109 |
| Growth Fund of America — A | 15,681,721 |
| Scudder Fixed Income Fund A | 13,430,598 |
| Scudder — Dreman Hi Return Equity — A | 9,995,604 |
| Templeton Foreign — A | 9,979,108 |
| Franklin Small-Mid Cap Growth A | 9,127,346 |
| Scudder Mid Cap Growth — A | 6,774,372 |
| December 31, 2003: | |
| Scudder Stable Value Fund II(2) | \$18,109,177 |
| Scudder Flag Investment Value Builder A | 18,015,558 |
| Scudder Stock Index Fund (1) | 16,044,410 |
| CHS Company Stock Fund | 14,175,644 |
| Scudder Contrarian A | 11,332,348 |
| Scudder Fixed Income Fund A | 9,407,258 |
| Growth Fund of America — A | 7,427,329 |
| Scudder — Dreman Hi Return Equity — A | 6,366,347 |
| Janus Worldwide | 6,168,217 |
| Scudder Technology — A | 6,162,333 |

(1) A pooled separate account

(2) A collective investment fund

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The following schedule presents the net appreciation (depreciation) in fair value for each significant class of investment for the years ended December 31, 2004 and 2003:

| | <u>2004</u> | <u>2003</u> |
|-----------------------------------|----------------------|----------------------|
| Mutual funds | \$ 9,080,921 | \$ 15,772,874 |
| Common/collective trust funds (1) | 1,813,213 | 3,444,251 |
| CHS Company Stock Fund | 989,219 | 3,629,363 |
| | <u>\$ 11,883,353</u> | <u>\$ 22,846,488</u> |

(1) Includes pooled separate accounts and collective investment funds.

5. SUBSEQUENT EVENTS

The Fourth Amendment to the Plan was effective on March 28, 2005, to incorporate required provisions under the Economic Growth and Tax Relief Reconciliation Act of 2001. This revision redefines the section "Determination of Benefits upon Termination." If a Terminated Participant does not specify the designation of a distribution that is in excess of \$1,000 to be made to an eligible retirement plan in a direct rollover or does not elect to receive the distribution directly, the Administrator shall make a direct transfer of such distribution to an individual retirement plan designated by the Administrator.

During the first quarter of 2005, CHS sold five hospitals. The participant's plan assets aggregating approximately \$9.1 million are subject to future withdrawal from the Plan should these former participants choose to roll over such amounts to another qualified or self-directed retirement plan.

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COMMUNITY HEALTH SYSTEMS, INC. 401(k) PLAN

FORM 5500, SCHEDULE H, PART IV, LINE 4i -
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2004

| Identity of Issue, Borrower, Lessor or Similar Party | Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | Current Value |
|---|---|-----------------------|
| * Scudder Investments | Scudder Stable Value Fund | \$ 25,918,019 |
| * Scudder Investments | Scudder Stable Value Fund II | 2 |
| * Scudder Investments | Scudder Fixed Income Fund A | 13,430,598 |
| * Scudder Investments | Scudder Flag Investment Value Builder A | 22,865,966 |
| * Scudder Investments | Scudder Stock Index Fund | 19,249,544 |
| * Scudder Investments | Scudder-Dreman Hi Return Equity A | 9,995,604 |
| * Scudder Investments | Scudder Global Discovery A | 5,952,553 |
| * Scudder Investments | Scudder Large Cap Value A | 17,392,109 |
| Franklin Templeton | Franklin Small-Mid Cap Growth A | 9,127,346 |
| * Scudder Investments | Scudder Mid Cap Growth - A | 6,774,372 |
| Capital Research and Management Company | Growth Fund of America - A | 15,681,721 |
| Allianz Dresdner Asset Mgt of America | Pimco PEA Renaissance - A | 2,995,789 |
| Credit Suisse Asset Mgt, LLC | CS Small Cap Value A | 2,547,019 |
| * Scudder Investments | Scudder Pathway Conservative - A | 2,202,048 |
| * Scudder Investments | Scudder Pathway Growth - A | 3,341,862 |
| * Scudder Investments | Scudder Pathway Moderate - A | 4,865,055 |
| Templeton | Templeton Foreign - A | 9,979,108 |
| Templeton | Templeton Growth - A | 54,523 |
| * Community Health Systems, Inc. (CHS) | CHS Company Stock Fund | 20,406,127 |
| * Various participants | Participant notes receivable with interest rates ranging from 4.0% to 10.5% and maturities ranging from January 1, 2005 to August 29, 2014. | 4,002,822 |
| | | <u>\$ 196,782,187</u> |

* Identified party-in-interest

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

COMMUNITY HEALTH SYSTEMS, INC. 401(k) PLAN

Date: June 28, 2005

By: /s/ WAYNE T. SMITH
Wayne T. Smith
Chairman of the Board
President and Chief Executive Officer

Date: June 28, 2005

By: /s/ W. LARRY CASH
W. Larry Cash
Executive Vice President, Chief Financial Officer and
Director

Date: June 28, 2005

By: /s/ T. MARK BUFORD
T. Mark Buford
Vice President and Corporate Controller

EXHIBIT INDEX

| <u>Exhibit Number</u> | <u>Description</u> |
|---------------------------|---|
| 10.1 | First Amendment to the Community Health Systems, Inc. 401(k) Plan dated December 1, 2003. |
| 10.2 | Second Amendment to the Community Health Systems, Inc. 401(k) Plan dated January 1, 2004. |
| 10.3 | CHS/Community Health Systems, Inc. Officer's Certificate dated May 14, 2004. |
| 10.4 | Third Amendment to the Community Health Systems, Inc. 401(k) Plan dated May 18, 2004. |
| 10.5 | Merger and Transfer Agreement between Galesburg Cottage Hospital Retirement Plan and Community Health Systems, Inc. 401(k) Plan dated July 1, 2004. |
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FIRST AMENDMENT TO THE
COMMUNITY HEALTH SYSTEMS, INC. 401(K) PLAN

WHEREAS, CHS/Community Health Systems, Inc. (the "Company") has previously established and currently maintains the Community Health Systems, Inc. 401(k) Plan (the "Plan"); and

WHEREAS, the Company has retained the right to amend the Plan in Section 8.1 of the Plan; and

WHEREAS, the Company wishes to amend the Plan as a result of certain technical corrections to the Economic Growth and Tax Relief Reconciliation Act of 2001 under the Job Creation and Worker Assistance Act of 2002, and as a result of other Internal Revenue guidance, effective as of January 1, 2002; and

WHEREAS, the Company wishes to amend the definition of Compensation to clarify the exclusion of amounts received by a Plan Participant as severance pay, effective as of January 1, 2003; and

WHEREAS, the Company wishes to amend the definition of Eligible Employees to clarify the exclusion of "non-benefited" and Leased Employees, effective as of January 1, 2003; and

WHEREAS, the Company wishes to amend the definition of Normal Retirement Age, effective as of January 1, 2003; and

WHEREAS, the Company wishes to amend the Plan to increase the maximum elective deferral percentage available under the Plan and allow catch-up contributions, effective as of January 1, 2004; and

WHEREAS, the Board of Directors has approved of such changes to the Plan and this First Amendment.

NOW, THEREFORE, the Plan is hereby amended in the following respects, effective as of the dates set forth herein:

1. The first sentence of Section 1.10 of the Plan, "Compensation," is hereby deleted and replaced as follows, effective as of January 1, 2003:

"Compensation" with respect to any Participant means wages, salaries, and fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer to the extent the amounts are includible in gross income (including, but not limited to, commissions paid salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and

reimbursements, or other expense allowances under a nonaccountable plan (as described in Regulation 1.62-2(c)) and excluding the following: (a) Employer contributions to a plan of deferred compensation that are not includible in the Participant's gross income for the taxable year in which contributed, Employer contributions under a simplified employee pension plan, or any distributions from a plan of deferred compensation; (b) amounts realized from the exercise of a nonqualified stock option, or when restricted stock (or property) held by the Participant either becomes freely transferable or is no longer subject to a substantial risk of forfeiture; (c) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option; (d) other amounts that received special tax benefits, or contributions made by the Employer (whether or not under a salary reduction agreement) towards the purchase of an annuity described in Code Section 403(b) (whether or not the amounts are actually excludable from the gross income of the Participant); and (e) amounts received as severance pay.

2. The following paragraph shall be added as the second to the last paragraph of Section 1.17 of the Plan, "Eligible Employee," effective as of January 1, 2003:

Employees who are classified by the Employer as "non-benefited" employees and Leased Employees shall not be eligible to participate in this Plan.

3. The first sentence of Section 1.41 of the Plan, "Normal Retirement Age," is hereby deleted and replaced as follows, effective as of January 1, 2003:

"Normal Retirement Age" means the Participant's 65th birthday, provided that, for Eligible Employees of Plateau Medical Center, such age shall be 59 1/2.

4. Subsection (b) of Section 4.1 of the Plan, "Formula for Determining Employer Contribution," is hereby deleted and replaced as follows, effective as of January 1, 2004:

On behalf of each Participant who is eligible to share in matching contributions for the Plan Year, a discretionary matching contribution that is a percentage of such Participant's Elective Contribution for such Plan Year that does not exceed 6% of the Participant's Compensation for the Plan Year. The Employer may allocate in its sole discretion and in a nondiscriminatory manner a different matching contribution for the Plan Year to Participants at each of its different facilities, as set forth in Exhibit B, as may be amended from time to time by the Administrator. Catch-up contributions made by a Participant pursuant to Section 4.2(k) of the Plan shall not be treated as part of such Participant's Elective Contribution for purposes of applying the Employer's discretionary matching contribution under this Section 4.1 (b).

5. Subsection (a) of Section 4.2 of the Plan, "Participant's Salary Reduction Election," is hereby deleted and replaced in its entirety as follows, effective as of January 1, 2004:

Each Participant may elect to defer Compensation that would have been received in the Plan Year, but for the deferral election, by 1% up to 25%. A deferral election (or modification of an earlier election) may not be made with respect to Compensation that is currently available on or before the date the Participant executed such election. For purposes of this Section, Compensation shall be determined prior to any reductions made pursuant to Code Sections 125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 403(b) or 457(b), and Employee contributions described in Code Section 414(h)(2) that are treated as Employer contributions. The amount by which Compensation is reduced shall be that Participant's Deferred Compensation and be treated as an Employer Elective Contribution and allocated to that Participant's Elective Account.

6. Subsection (k) of Section 4.2 of the Plan, "Participant's Salary Reduction Election," is hereby added as follows, effective as of January 1, 2004:

Employees who are eligible to make Elective Deferrals under the Plan and who have attained age 50 before the close of the calendar year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, Code Section 414(v). Such catch-up contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of Code Sections 402(g) and 415. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of Code Sections 401(k)(3), 410(b) or 416 by reason of the making of such catch-up contributions.

7. The Plan is further amended as set forth in the attached Exhibit A.

8. Except as otherwise provided in this First Amendment, the Plan shall remain in full force and effect.

SIGNED this 1st day of December, 2003, effective as of the dates set forth herein.

CHS/COMMUNITY HEALTH SYSTEMS, INC.

By: /s/ LINDA K PARSONS

Title: VICE PRESIDENT

FIRST AMENDMENT TO THE
COMMUNITY HEALTH SYSTEMS, INC. 401(k) PLAN

EXHIBIT A

I. Adoption and effective date of amendment. This amendment of the Community Health Systems, Inc. 401(k) Plan (the "Plan") is adopted to reflect certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"), the Job Creation and Worker Assistance Act of 2002, and other Internal Revenue Service guidance. This amendment is intended in part as good faith compliance with the requirements of EGTRRA and is to be construed in accordance with EGTRRA and guidance issued thereunder. This amendment shall be effective as of January 1, 2002, except as otherwise provided herein.

II. Supersession of inconsistent provisions. This amendment shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this amendment.

III. Hardship distributions. In the event a Participant has received a hardship distribution pursuant to Treasury Regulation 1.401(k)-1(d)(2)(iv)(B) from any other plan maintained by the Employer, then such Participant shall not be permitted to elect to have Deferred Compensation contributed to the Plan for a period of twelve (12) months following the receipt of the distribution. Notwithstanding any provision of the Plan to the contrary, the dollar limitation under Code Section 402(g) shall not be reduced, with respect to the Participant's taxable year following the taxable year in which the hardship distribution was made, by the amount of such Participant's Deferred Compensation, if any, contributed pursuant to this Plan (and any other plan maintained by the Employer) for the taxable year of the hardship distribution.

IV. Required Minimum Distributions.

Section 1. General Rules

1.1. Effective Date. The provisions of this Article IV shall apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

1.2. Precedence. The requirements of this Article IV shall take precedence over any inconsistent provisions of the Plan.

1.3. Requirements of Treasury Regulations Incorporated. All distributions required under this Article IV will be determined and made in accordance with the Treasury Regulations under section 401(a)(9) of the Internal Revenue Code.

Section 2. Time and Manner of Distribution.

2.1. Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date.

2.2. Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(a) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70 1/2, if later.

(b) If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, then distributions to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(c) If there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(d) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this section 2.2, other than section 2.2(a), will apply as if the surviving spouse were the Participant.

For purposes of this section 2.2 and section 4, unless section 2.2(d) applies, distributions are considered to begin on the Participant's Required Beginning Date. If section 2.2(d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under section 2.2(a). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under section 2.2(a)), the date distributions are considered to begin is the date distributions actually commence.

2.3. Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the first Distribution Calendar Year distributions will be made in accordance with sections 3 and 4 of this Article IV. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of section 401(a)(9) of the Code and the Treasury Regulations.

Section 3. Required Minimum Distributions During Participant's Lifetime.

3.1. Amount of Required Minimum Distribution For Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each Distribution Calendar Year is the lesser of:

(a) the quotient obtained by dividing the Participant's Account Balance by the distribution period in the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's age as of the Participant's birthday in the Distribution Calendar Year; or

(b) if the Participant's sole Designated Beneficiary for the Distribution Calendar Year is the Participant's spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the Distribution Calendar Year.

3.2. Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this section 3 beginning with the first Distribution Calendar Year and up to and including the Distribution Calendar Year that includes the Participant's date of death.

Section 4. Required Minimum Distributions After Participant's Death.

4.1. Death On or After Date Distributions Begin.

(a) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining Life Expectancy of the Participant or the remaining Life Expectancy of the Participant's Designated Beneficiary, determined as follows:

- (1) The Participant's remaining Life Expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.
- (2) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, the remaining Life Expectancy of the surviving spouse is calculated for each Distribution Calendar Year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For Distribution Calendar Years after the year of the surviving spouse's death, the remaining Life Expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

- (3) If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, the Designated Beneficiary's remaining Life Expectancy is calculated using the age of the beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(b) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no Designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining Life Expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

4.2. Death Before Date Distributions Begin.

(a) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the remaining Life Expectancy of the Participant's Designated Beneficiary, determined as provided in section 4.1.

(b) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(c) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole Designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under section 2.2(a), this section 4.2 will apply as if the surviving spouse were the Participant.

Section 5. Definitions.

5.1. Designated Beneficiary. The individual who is designated as the beneficiary under the Plan and is the designated beneficiary under section 401(a)(9) of the Internal Revenue Code and section 1.401(a)(9)-1, Q&A-4, of the Treasury Regulations.

5.2. Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin under section 2.2. The required minimum distribution for the Participant's first Distribution

Calendar Year will be made on or before the Participant's Required Beginning Date. The required minimum distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Participant's Required Beginning Date occurs, will be made on or before December 31 of that Distribution Calendar Year.

5.3. Life Expectancy. Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury Regulations.

5.4. Participant's Account Balance. The account balance as of the last valuation date in the calendar year immediately preceding the Distribution Calendar Year (Valuation Calendar Year) increased by the amount of any contributions made and allocated or Forfeitures allocated to the account balance as of dates in the Valuation Calendar Year after the valuation date and decreased by distributions made in the Valuation Calendar Year after the valuation date. The account balance for the Valuation Calendar Year includes any amounts rolled over or transferred to the Plan either in the Valuation Calendar Year or in the Distribution Calendar Year if distributed or transferred in the Valuation Calendar Year.

5.5 Required Beginning Date. The date specified in Section 6.5 of the Plan.

SECOND AMENDMENT TO THE
COMMUNITY HEALTH SYSTEMS, INC. 401(K) PLAN

JANUARY 1, 2004

WHEREAS, CHS/Community Health Systems, Inc. (the "Company") has previously established and currently maintains the Community Health Systems, Inc. 401(k) Plan (the "Plan"); and

WHEREAS, the Company has retained the right to amend the Plan in Section 8.1 of the Plan; and

WHEREAS, the Company wishes to amend the Plan to allow for installment and other forms of distribution of benefits, effective as of January 1, 2004; and

WHEREAS, the Board of Directors has approved of such amendment to the Plan.

NOW, THEREFORE, the Plan is hereby amended in the following respects, effective as of January 1, 2004:

1. Section 6.5(a) is hereby deleted and replaced as follows:

(a) The Administrator, pursuant to the election of the Participant, shall direct the Trustee to distribute to a Participant or such Participant's Beneficiary any amount to which the Participant is entitled under the Plan in one or more of the following methods:

- (1) One lump-sum cash payment;
- (2) Partial cash payments;
- (3) Partial cash payments over a period certain.
- (4) Cash payments over a period certain in monthly, quarterly, semi annual, or annual installments. The period over which such payment is to be made shall not extend beyond the Participant's life expectancy (or the life expectancy of the Participant and the Participant's designated beneficiary).

2. Except as otherwise provided in this Second Amendment, the Plan shall remain in full force and effect.

SIGNED this _____ day of _____, 2004, effective as
January 1, 2004.

CHS/COMMUNITY HEALTH SYSTEMS, INC.

By: /s/ LINDA PARSONS

Title: Vice President

CHS/COMMUNITY HEALTH SYSTEMS, INC.

OFFICER'S CERTIFICATE

The undersigned, Linda Parsons, in her capacity as Vice President of CHS/Community Health Systems, Inc. (the "Company"), does hereby certify on information and belief the following with respect to the Community Health Systems, Inc. 401(k) Plan (the "Plan"):

1. The Fourth Amendment to the Plan, restated as of January 1, 2002, was executed on April 8, 2003.
2. The Fifth Amendment to the Plan, restated as of January 1, 2002, was executed on May 7, 2003.
3. The Sixth Amendment to the Plan, restated as of January 1, 2002, was executed on July 18, 2003.

IN WITNESS WHEREOF, I have executed this Officer's Certificate solely in my capacity as an officer of the Company on the 14th day of May, 2004.

CHS/COMMUNITY HEALTH SYSTEMS, INC.

By: /s/ LINDA PARSONS, V. P.

Linda Parsons, Vice President

THIRD AMENDMENT TO THE
COMMUNITY HEALTH SYSTEMS, INC. 401(K) PLAN

WHEREAS, CHS/Community Health Systems, Inc. (the "Company") has previously established and currently maintains the Community Health Systems, Inc. 401(k) Plan (the "Plan"); and

WHEREAS, the Company has retained the right to amend the Plan in Section 8.1 of the Plan; and

WHEREAS, the Company wishes to amend the Plan to clarify provisions relating to eligibility for Employer Matching Contributions under the Plan, effective as of January 1, 2004; and

WHEREAS, the Company wishes to amend the Plan in connection with the acquisition of Galesburg Cottage Hospital to include special provisions relating to the transfer and assignment to the Plan of the accounts of participants in the Galesburg Cottage Hospital Retirement Plan, effective as of July 1, 2004; and

WHEREAS, the Company wishes to amend the Plan exhibits relating to eligibility and employer contributions; and

WHEREAS, the Board of Directors has approved of such amendment to the Plan.

NOW, THEREFORE, the Plan is hereby amended in the following respects, effective as of the dates set forth herein:

1. The following subsection shall be added to the Plan as Section 4.1(h), effective as of July 1, 2004:

(h) The amount of the total after-tax contributions made by Participants who were participants in the Galesburg Cottage Hospital Retirement Plan prior to July 1, 2004, which contributions were transferred to the Plan.

2. Paragraph (2) of subsection (b) of Section 4.4 of the Plan, "Allocation of Contribution, Forfeitures and Earnings," is hereby deleted and replaced in its entirety as follows, effective as of January 1, 2004:

(2) With respect to the Employer Matching Contribution made pursuant to Section 4.1(b), except for the Employer Elective Contribution to another plan maintained by the Employer, to each Participant's matching Account in an amount to be determined in accordance with Section 4.1(b). Such Account shall be subject to the applicable vesting schedule. Only Participants who are actively employed at the beginning of the last day of the Plan Year by the Employer or an Affiliated Employer whose Employees are eligible for a matching contribution

under Section 4.1(b) shall be eligible to share in the Employer Matching Contribution for the year. However, if a Participant incurs a 1-Year Break in Service while still employed by the Employer, such Participant will not be eligible to share in any matching contributions for future Plan Years until the Participant completes 500 Hours of Service during a Plan Year, at which point the Participant will be eligible to share in the Employer Matching Contributions for all succeeding Plan Years in accordance with the other provisions of the Plan. Notwithstanding the foregoing, a Participant who is employed by the Employer or an Affiliated Employer whose Employees are eligible for a matching contribution under Section 4.1(b) and who retires (normal or late), has a Total and Permanent Disability, or dies during the Plan Year, shall be deemed to have been employed at the beginning of the last day of such Plan Year.

3. Subsection (e) is hereby added to Section 6.10 of the Plan, "Pre-Retirement Distribution," as follows, effective July 1, 2004:

(e) Notwithstanding any provision of this Section 6.10 to the contrary, pre-retirement distributions may be made pursuant to Section 6.10(a) from the vested portion of a Participant's Account that is attributable to employer matching contributions under the Galesburg Cottage Hospital Retirement Plan.

4. Paragraph (1) of Section 5 of the Good Faith Amendment of the Community Health Systems, Inc. 401(k) Plan for the Economic Growth and Tax Relief Reconciliation Act of 2001 (the "EGTRRA Addendum") is hereby deleted and replaced in its entirety, effective July 1, 2004:

1. Effective March 1, 2002, with the consent of the Administrator, provided the trust from which such funds are transferred permits the transfer to be made and the transfer will not jeopardize the tax exempt status of the Plan or Trust or create adverse tax consequences for the Employer, amounts may be transferred (within the meaning of Code Section 414(l)) to this Plan in a direct rollover from a qualified plan described in section 401(a) or 403(a) of the Code, excluding after-tax employee contributions, an annuity contract described in section 403(b) of the Code, excluding after-tax employee contributions, and an eligible plan under section 457(b) of the Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state. Notwithstanding the preceding sentence, effective July 1, 2004, amounts attributable to after-tax employee contributions may be transferred to this Plan from the Galesburg Cottage Hospital Retirement Plan.

5. Exhibits A, B, and C of the Plan are hereby deleted and replaced in their entirety in substantially the same form as set forth in the Exhibits attached hereto, effective as of the dates set forth therein.

6. Except as otherwise provided in this Third Amendment, the Plan shall remain in full force and effect.

SIGNED this 18th day of May, 2004, effective as of the dates set forth herein.

CHS/COMMUNITY HEALTH SYSTEMS, INC.

By: /s/ LINDA K PARSONS

Title: Vice President

CHS/COMMUNITY HEALTH SYSTEMS, INC.

WRITTEN CONSENT OF THE BOARD OF DIRECTORS

The undersigned, being all of the members of the Board of Directors of CHS/Community Health Systems, Inc. (the "Company"), do hereby consent to the taking of this action without a meeting, and, as evidenced by their signatures below, the following resolutions are hereby adopted, ratified, and confirmed:

WHEREAS, the Company has previously established and currently maintains the Community Health Systems, Inc. 401(k) Plan (the "Plan"); and

WHEREAS, the Company has retained the right to amend the Plan in Section 8.1 of the Plan; and

WHEREAS, the Company wishes to amend the Plan to clarify provisions relating to eligibility for Employer Matching Contributions under the Plan, effective as of January 1, 2004; and

WHEREAS, the Company wishes to amend the Plan in connection with the acquisition of Galesburg Cottage Hospital to include special provisions relating to the transfer and assignment to the Plan of the accounts of participants in the Galesburg Cottage Hospital Retirement Plan, effective July 1, 2004; and

WHEREAS, the Company wishes to amend the Plan exhibits relating to eligibility and employer contributions; and

WHEREAS, the directors have received a copy of the Third Amendment to the Plan attached hereto for such purposes and wish to approve of the Third Amendment to the Plan.

NOW, THEREFORE, BE IT RESOLVED, that the Plan be and the same is hereby amended as reflected in the Third Amendment, effective as of the dates set forth therein.

BE IT FURTHER RESOLVED, that any officer of the Company be and he or she is hereby authorized and directed to execute the attached Third Amendment and to take all other such actions, and to sign all such other documents, as may be necessary to carry out the intent of the foregoing resolutions.

SIGNED this 18th day of May, 2004, effective as of the dates set forth herein.

/s/ WAYNE T. SMITH

Wayne T. Smith

/s/ W. LARRY CASH

W. Larry Cash

/s/ RACHEL A. SEIFERT

Rachel A. Seifert

EXHIBIT A

ELIGIBILITY

Notwithstanding any provision of the Plan to the contrary, the following provisions shall apply to eligibility to participate in the Plan under Section 1.17:

1. Effective as of July 1, 2002, Employees of Northampton Hospital Corporation shall be eligible to participate in the Plan including Employees whose employment is governed by a collective bargaining agreement between the Affiliated Employer and "employee representatives" under which retirement benefits were the subject of good faith bargaining.
2. Effective as of January 1, 2003, Employees of Watsonville Hospital Corporation shall not be Eligible Employees except for Employees who have ever been Highly Compensated Employees of Watsonville Hospital Corporation and who are not Employees whose employment is governed by a collective bargaining agreement between the Affiliated Employer and "employee representatives" under which retirement benefits were the subject of good faith bargaining.
3. Effective for the period beginning August 1, 2003, and ending December 31, 2003, Employees of Pottstown Hospital Company, LLC who are hospital-based physicians shall not be eligible to participate in the Plan. For purposes of the foregoing, "hospital-based physician" means a physician Employee of Pottstown Hospital Company, LLC whose primary place of employment is Pottstown Memorial Medical Center.
4. Effective for the period beginning August 1, 2003, and ending December 31, 2003, Employees of Pottstown Imaging Center, LLC shall be eligible to participate in the Plan for purposes of allocation of the discretionary contribution described in Exhibit C; provided, however, that such Employees shall not be eligible to make elective contributions under the Plan.
5. Effective as of July 1, 2004, Employees of Pottstown Hospital Company, LLC whose employment is governed by a collective bargaining agreement between the Affiliated Employer and "employee representatives" under which retirement benefits were the subject of good faith bargaining shall be eligible to participate in the Plan.

EXHIBIT B

EMPLOYER MATCHING CONTRIBUTIONS

Notwithstanding any provision of the Plan to the contrary, the following provisions shall apply to the Employer matching contributions under Section 4.1(b) of the Plan:

1. Effective as of January 1, 2002, Eligible Employees of Northampton Hospital Corporation whose employment is governed by a collective bargaining agreement shall not be eligible to share in matching contributions made pursuant to Section 4.1(b).
2. Effective as of January 1, 2003, the matching contribution made on behalf of those Participants who are eligible to share in matching contributions and who are employed by Northampton Hospital Corporation shall be 50% of such Participant's Elective Contribution for such Plan Year that does not exceed 6% of the Participant's Compensation for the Plan Year. For the period beginning on July 1, 2002, and ending on December 31, 2002, the discretionary matching contribution was 50% of such Participant's Elective Contribution for such Plan Year that does not exceed 6% of the Participant's Compensation for the Plan Year.
3. For the Plan Years beginning January 1, 2003, and ending December 31, 2004, each Employee of Petersburg Hospital Company, LLC who is a Participant in the Plan and (i) has at least 1,000 Hours of Service for an Affiliated Employer during the applicable Plan Year, and (ii) is otherwise eligible to share in matching contributions shall receive a discretionary matching contribution in an amount equal to:
 - (A) 1/3 of such Participant's Elective Contribution for such Plan Year that does not exceed 6% of the Participant's Compensation for the Plan Year if the Participant has at least one (1) but no more than nine (9) Years of Service;
 - (B) 1/2 of such Participant's Elective Contribution for such Plan Year that does not exceed 6% of the Participant's Compensation for the Plan Year if the Participant has at least ten (10) but no more than nineteen (19) Years of Service; and
 - (C) 2/3 of such Participant's Elective Contribution for such Plan Year that does not exceed 6% of the Participant's Compensation for the Plan Year if the Participant has at least twenty (20) Years of Service.

Notwithstanding the foregoing, an Employee of Petersburg Hospital Company, LLC who is a Participant in the Plan and is a Highly Compensated Employee who is eligible to share in matching contributions for the Plan Year shall only receive a discretionary matching contribution that is a percentage of such Participant's Elective Contribution for the Plan Year that does not exceed 6% of the Participant's Compensation for the Plan Year.

4. Effective as of August 1, 2003, each Employee of Pottstown Hospital Company, LLC who is a Participant in the Plan shall not be eligible to share in matching contributions made pursuant to Section 4.1(b). Notwithstanding the foregoing, effective as of January 1, 2004, each Employee of Pottstown Hospital Company, LLC who is a Participant in the Plan and (i) is a Highly Compensated Employee, and (ii) is otherwise eligible to share in matching contributions for the Plan Year shall receive a discretionary matching contribution that is a percentage of such Participant's Elective Contribution for the Plan Year that does not exceed 6% of the Participant's Compensation for the Plan Year. Notwithstanding the foregoing, effective for the Plan Year beginning January 1, 2004, each physician Employee of Pottstown Hospital Company, LLC who is a Participant in the Plan and (i) is not a hospital-based physician, (ii) is a Non-Highly Compensated Employee, and (iii) is otherwise eligible to share in matching contributions shall receive a discretionary matching contribution in an amount equal to fifty percent (50%) of such Participant's Elective Contribution for such Plan Year that does not exceed 6% of the Participant's Compensation for the Plan Year. For purposes of the foregoing, "hospital-based physician" means a physician Employee of Pottstown Hospital Company, LLC whose primary place of employment is Pottstown Memorial Medical Center.
5. For the period beginning August 1, 2003, and ending December 31, 2004, each Employee of Pottstown Clinic Company, LLC who is a Participant in the Plan and (i) has at least 1,000 Hours of Service for the Affiliated Employer during the applicable Plan Year, (ii) is a Non-Highly Compensated Employee, and (iii) is otherwise eligible to share in matching contributions shall receive a discretionary matching contribution in an amount equal to fifty percent (50%) of such Participant's Elective Contribution for such Plan Year that does not exceed 6% of the Participant's Compensation for the Plan Year.
6. For the period beginning January 1, 2004, and ending December 31, 2004, each Employee of Pottstown Imaging Center, LLC who is a Participant in the Plan and (i) has at least 1,000 Hours of Service for the Affiliated Employer during the applicable Plan Year, (ii) is a Non-Highly Compensated Employee, and (iii) is otherwise eligible to share in matching contributions shall receive a discretionary matching contribution in an amount equal to fifty percent (50%) of such Participant's Elective Contribution for such Plan Year that does not exceed 6% of the Participant's Compensation for the Plan Year.

EXHIBIT C
EMPLOYER SPECIAL CONTRIBUTIONS

Notwithstanding any provision of the Plan to the contrary, the following provisions shall apply to the Employer special contributions in Section 4.1(g) of the Plan:

1. The Employer shall make a special one-time contribution of \$500 to the Plan as of August 1, 2002, for each Eligible Employee who was eligible to participate in the Easton Hospital Employees' Pension Plan immediately prior to June 30, 2002. Such contribution shall be 100% vested and shall be made regardless of an Eligible Employee's election not to participate in the Plan.

2. Effective for the period beginning August 1, 2003, and ending December 31, 2003, each Participant who is an Employee of Pottstown Imaging Center, LLC and who completes at least 1,000 Hours of Service for the Pottstown Imaging Center, LLC during a Plan Year shall receive an allocation of a discretionary contribution in an amount equal to 3% of the Participant's Compensation for such Plan Year. If the discretionary contribution allocated to such Participants is not large enough to provide such an allocation to all such Participants, each Participant shall receive a fractional share of the discretionary contribution, the numerator of which is the Participant's Compensation and the denominator of which is the total Compensation of all similarly situated Participants. The Vested portion of such Participant's Account attributable to the Employer's discretionary contribution shall be a percentage of the total amount credited to the Participant's Account, determined on the basis of Years of Service and prior service credits, if any, according to the following schedule:

Years of
Service
Vesting
Percentage
Less than
5 0% 5 or
more 100%

MERGER AND TRANSFER AGREEMENT

GALESBURG COTTAGE HOSPITAL RETIREMENT PLAN

AND

COMMUNITY HEALTH SYSTEMS, INC. 401(K) PLAN

Scudder Trust Company, as directed trustee ("Trustee") of the Galesburg Cottage Hospital Retirement Plan ("Galesburg Plan") and separately of the Community Health Systems, Inc. 401(k) Plan ("CHS Plan"), Galesburg Cottage Hospital ("Galesburg"), and CHS/Community Health Systems, Inc. ("CHS") enter into this MERGER AND TRANSFER AGREEMENT ("Agreement") by and among themselves in their separate, respective capacities as the Trustee and plan administrators of the Galesburg Plan and of the CHS Plan.

WITNESSETH:

WHEREAS, CHS and its affiliate Galesburg Hospital Corporation have agreed to purchase substantially all of the assets of Galesburg according to the terms of that certain Asset Purchase Agreement entered into by and between the parties as of March 15, 2004, as amended; and

WHEREAS, in connection with its purchase of substantially all of the assets of Galesburg, CHS wishes to merge the Galesburg Plan with and into the CHS Plan, effective as of July 1, 2004, and Galesburg wishes to effect and consent to such merger; and

WHEREAS, the Galesburg Plan grants the Trustee and plan administrator of the Galesburg Plan specific authority, and Galesburg as the plan administrator directs the Trustee, to enter into a transfer of plan assets agreement or to transfer plan assets as a party to any such agreement; and

WHEREAS, the CHS Plan grants the Trustee and plan administrator of the CHS Plan specific authority, and CHS as the plan administrator directs the Trustee, to accept the transfer of plan assets; and

WHEREAS, Galesburg deems it in the best interest of the administration of the Galesburg Plan and in the best interest of the participants in the Galesburg Plan to transfer and assign all participant accounts in the Galesburg Plan to the CHS Plan in a plan merger; and

WHEREAS, CHS deems it in the best interest of the administration of the CHS Plan to accept the transfer and assignment of all participant accounts from the Galesburg Plan to the CHS Plan in a plan merger.

NOW, THEREFORE, for and in consideration of the premises, the Trustee and plan administrators, acting in their respective capacities on behalf of the CHS Plan and on behalf of the Galesburg Plan, hereby agree as follows:

(1) EMPLOYER MATCHING CONTRIBUTION. Prior to June 30, 2004, Galesburg shall contribute and allocate to the accounts of eligible participants in the Galesburg

Plan the employer matching contributions to which such participants are entitled under the terms of the Galesburg Plan for the period ending June 30, 2004, and all prior periods.

(2) TRANSFER OF ASSETS. Following such allocation of employer matching contributions, the Galesburg Plan trustee shall transfer and assign directly to the CHS Plan trustee the accounts of all participants in the Galesburg Plan.

(3) HOLDING AND INVESTMENT OF ASSETS. The Trustee and plan administrator of the CHS Plan shall thereafter hold, invest, administer and distribute the assets of the Galesburg Plan transferred and assigned in accordance with the terms of the CHS Plan.

(4) PARTICIPANTS' ACCOUNTS. With respect to the accounts of the participants in the Galesburg Plan transferred to the CHS Plan, the following conditions shall apply:

- (a) The sum of the account balances in the Galesburg Plan and the CHS Plan shall equal the fair market value (determined as of the date of the merger) of the entire plan assets of the CHS Plan as of the date of the merger;
- (b) The assets of the Galesburg Plan and CHS Plan shall be combined to form the assets of the CHS Plan as merged;
- (c) Immediately after the merger, each participant in the CHS Plan as merged shall have an account balance equal to the sum of the account balances each participant had in the Galesburg Plan immediately prior to the merger;
- (d) Participants shall continue to vest in their interest in the amounts attributable to the Galesburg Plan in accordance with the vesting schedule set forth in the CHS Plan; and
- (e) The transfer of the accounts shall not result in elimination of any Internal Revenue Code Section 411(d)(6) protected benefit, except to the extent permitted by the Internal Revenue Code or the Treasury Regulations thereunder, and CHS shall amend the CHS Plan to prevent the elimination of any such benefit.

(5) BINDING EFFECT. The terms and conditions of this Agreement shall bind the Trustee (and its successors) of the Galesburg Plan and of the CHS Plan and shall operate as if fully set forth within the CHS Plan.

(6) EFFECTIVE DATE. The merger of the plans and the transfer and assignment of account balances in the Galesburg Plan to the CHS Plan shall take place as of July 1, 2004.

IN WITNESS WHEREOF, the plan administrators have signed this Agreement in their fiduciary capacities on behalf of the Galesburg Plan and separately on behalf of the CHS Plan, and Scudder Trust Company has signed this Agreement, at the direction of Galesburg and CHS as the plan administrators of their respective plans, solely in its capacity as directed trustee on

behalf of the Galesburg Plan and separately on behalf of the CHS Plan, as set forth following their names below on this 1st day of July, 2004.

GALESBURG COTTAGE HOSPITAL--Plan
Administrator of the Galesburg Cottage Hospital
Retirement Plan

BY: /s/ [ILLEGIBLE]

Title: President & CEO

CHS/COMMUNITY HEALTH SYSTEMS, INC.--
Plan Administrator of the Community Health
Systems, Inc. 401(k) Plan

BY: /s/ [ILLEGIBLE]

Title: Vice President

Scudder Trust Company--Trustee of the Galesburg
Cottage Hospital Retirement Plan

BY: /s/ [ILLEGIBLE]

Title: Vice President

Scudder Trust Company--Trustee of the
Community Health Systems, Inc. 401(k) Plan

BY: /s/ [ILLEGIBLE]

Title: Vice President

Exhibit 10.5

(BC LOGO) (BOULT o CUMMINGS o
CONNERS o BERRY PLC LETTERHEAD)

B. David Joffe
(615)252-2368
Fax: (615)252-6368
Email: djoffe@boultcummings.com

July 20, 2004

Mr. Chip Cain
Community Health Systems, Inc.
155 Franklin Road, Suite 400
P.O. Box 217
Brentwood, TN 37024-0217

RE: MERGER AND TRANSFER AGREEMENT ENTERED INTO BY GALESBURG COTTAGE
HOSPITAL RETIREMENT PLAN AND COMMUNITY HEALTH SYSTEMS, INC. 401(k)
PLAN

Dear Chip:

Enclosed you will find for your files a fully-executed original Merger
and Trust Agreement as referenced above. If you have any questions regarding
this matter, please do not hesitate to contact me.

Yours truly,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By: /s/ B. DAVID JOFFE

B. David Joffe

BDJ/sl
Enclosure
cc: Ms. Linda Parsons (w/encl.)

LAW OFFICES
414 UNION STREET o SUITE 1600 o P.O. BOX 198062 o NASHVILLE o TN o 37219
TELEPHONE 615.244.2582 FACSIMILE 615.252.6380 WWW.BOULTCUMMINGS.OOM

PLAN-TO-PLAN TRANSFER AGREEMENT

ASSOCIATED HEALTHCARE SYSTEMS 401(k) RETIREMENT PLAN

AND

COMMUNITY HEALTH SYSTEMS, INC. 401(K) PLAN

A. Ronald Turner and James L. Marshall, Jr. (collectively the "Associated Trustee"), as Co-Trustees of the Associated Healthcare Systems 401(k) Retirement Plan (the "Associated Plan"); Scudder Trust Company (the "CHS Trustee"), as the directed Trustee of the Community Health Systems, Inc. 401(k) Plan (the "CHS Plan"); Associated Healthcare Systems, Inc. ("Associated"), as the Plan Administrator of the Associated Plan; and the CHS/Community Health Systems, Inc. Retirement Committee ("CHS"), as the Plan Administrator of the CHS Plan, enter into this Plan-to-Plan Transfer Agreement ("Agreement") by and among themselves in their separate, respective capacities as the Trustees and Plan Administrators of the Associated Plan and CHS Plan as of the 30th day of September, 2004 (the "Effective Date").

WITNESSETH:

WHEREAS, Associated has agreed to purchase all of the outstanding shares of the capital stock of National Healthcare of Pocahontas, Inc., Randolph County Clinic Corp., Sabine Medical Center, Inc., and Sabine Medical Clinic, Inc. ("Facilities"), according to the terms of that certain Purchase Agreement entered into by and between Associated, CHS, Hallmark Holdings Corp., and CHS Holdings Corp., on July 2, 2004; and

WHEREAS, employees of the Facilities are eligible to participate in the CHS Plan, subject to the terms of the CHS Plan; and

WHEREAS, employees of the Facilities will become eligible to participate in the Associated Plan following the sale of shares, subject to the terms of the Associated Plan; and

WHEREAS, the CHS Plan and the Associated Plan are intended to be tax-qualified under Section 401(a) of the Internal Revenue Code ("Code"); and

WHEREAS, in connection with its sale of shares in the Facilities, CHS wishes to effect the transfer of the CHS Plan accounts of the employees of the Facilities who are participants in the CHS Plan to the Associated Plan, effective as of the Effective Date, and Associated wishes to effect and consent to such transfer; and

WHEREAS, the Plan Administrator of the CHS Plan has the authority to enter into a transfer of plan assets agreement, and to direct the CHS Trustee Plan to effect any such transfer; and

WHEREAS, the Associated Plan grants the Associated Trustee and the Plan Administrator of the Associated Plan specific authority, and Associated as the plan administrator directs the Associated Trustee, to enter into a transfer of plan assets agreement; and

WHEREAS, CHS deems it in the best interest of the administration of the CHS Plan and in the best interest of the participants in the CHS Plan who are employees of the Facilities to transfer and assign all such participant and related accounts in the CHS Plan to the Associated Plan on the terms set forth herein; and

WHEREAS, Associated deems it in the best interest of the administration of the Associated Plan and in the best interests of the employees at the Facilities who will become eligible to participate in the Associated Plan, to accept the transfer and assignment to the Associated Plan of the participant and related accounts in the CHS Plan on the terms set forth herein.

NOW, THEREFORE, for and in consideration of the premises, the Trustees and Plan Administrators, acting in their respective capacities on behalf of the CHS Plan and on behalf of the Associated Plan, hereby agree as follows:

(1) TRANSFER OF ASSETS. The CHS Trustee shall transfer and assign directly to the Associated Trustee the accounts and related assets of all participants in the CHS Plan who are employees of the Facilities, including the accounts and related assets of any beneficiaries of such employees and of any alternate payees with respect to such employees and any participant plan loans, and the Associated Trustee shall accept such transfer and assignment to the Associated Plan.

(2) HOLDING AND INVESTMENT OF ASSETS. The Associated Trustee and Associated shall thereafter hold, invest, administer, and distribute the assets of the CHS Plan transferred and assigned in accordance with the terms of the Associated Plan.

(3) PARTICIPANTS' ACCOUNTS. With respect to the accounts of the participants in the CHS Plan transferred to the Associated Plan, the following conditions shall apply:

- (a) The sum of the transferred CHS Plan account balances and the account balances in the Associated Plan shall equal the fair market value (determined as of the date of transfer) of the entire plan assets of the Associated Plan as required under Treas. Reg. Section 1.414(1)-1(d)(1)
- (b) The transferred assets of the CHS Plan and the assets of the . Associated Plan immediately prior to the transfer shall be combined to form the assets of the Associated Plan as required under Treas. Reg. Section 1.414(1)-1(d)(2);
- (c) Immediately after the transfer, each participant whose account is transferred to the Associated Plan shall have an account balance equal to the sum of the account balances each participant had in the CHS Plan immediately prior to the transfer as required under Treas. Reg. Section 1.414(1)-1(d)(3);

- (d) Participants shall continue to vest in their interest in the amounts attributable to the CHS Plan in accordance with the vesting schedule set forth in the Associated Plan, which will be no less generous than the vesting schedule in the CHS Plan;
- (e) The transfer of the accounts shall not result in elimination of any Code Section 411(d)(6) protected benefit, except to the extent permitted by the Internal Revenue Code of 1986 or the Treasury Regulations promulgated thereunder, and Associated shall amend the Associated Plan to prevent the elimination of any such benefit; and
- (f) Plan loans of participants in the CHS Plan shall continue under the Associated Plan according to the same terms and conditions and no plan loans shall be deducted from the CHS Plan account balances or the transferred assets.

(4) BINDING EFFECT. The terms and conditions of this Agreement shall bind the Trustees (and their successors) of the Associated Plan and of the CHS Plan and shall operate as if fully set forth within the Associated Plan.

(5) REPRESENTATIONS.

- (a) Associated hereby represents and warrants to CHS and the CHS Trustee as follows: The Associated Plan is intended to be and has been intended since its inception to be qualified and tax-exempt under the provisions of Sections 401 (a) and 501 (a) of the Code; is and has been since its inception in material compliance with its terms and, both as to form and in operation, with the requirements prescribed by law that are applicable to such plan. All returns, reports, and disclosure statements required to be made with respect to the Associated Plan have been timely filed or delivered. The Associated Plan is not currently and has not been under audit, inquiry, or investigation, and there are no outstanding issues with reference to the Associated Plan pending before any governmental agency. Other than routine claims for benefits, there are no actions, audits, arbitrations, suits, claims, or investigations pending or threatened against or with respect to the Associated Plan, and there are no threatened or pending claims with respect to the Associated Plan alleging a breach of fiduciary duty or violation of law, nor is there any basis for such.
- (b) CHS hereby represents and warrants to Associated and the Associated Trustee as follows: The CHS Plan is intended to be and has been intended since its inception to be qualified and tax-exempt under the provisions of Sections 401(a) and 501(a) of the Code; is and has been since its inception in material compliance with its terms and, both as to form and in operation, with the

requirements prescribed by law that are applicable to such plan. All returns, reports, and disclosure statements required to be made with respect to the CHS Plan have been timely filed or delivered. The CHS Plan is not currently and has not been under audit, inquiry, or investigation, and there are no outstanding issues with reference to the CHS Plan pending before any governmental agency. Other than routine claims for benefits, there are no actions, audits, arbitrations, suits, claims, or investigations pending or threatened against or with respect to the CHS Plan, and there are no threatened or pending claims with respect to the CHS Plan alleging a breach of fiduciary duty or violation of law, nor is there any basis for such.

(6) INDEMNIFICATION.

- (a) Associated hereby agrees to defend, indemnify, and hold harmless CHS (including, without limitation, the trustees, officers, directors, independent contractors, employees, agents, plan fiduciaries, successors, and assigns of CHS, its parent, and subsidiaries) for, from, and/or against any and all claims, losses, liabilities, damages, costs (including, without limitation, court costs and costs of appeal) and expenses (including, without limitation, reasonable attorneys' fees and fees of expert consultants and witnesses) that the indemnified parties incur as a result of, with respect to, arising out of, or related to any breach by Associated or Associated Trustee of this Agreement and/or the transfer contemplated by this Agreement.
- (b) CHS hereby agrees to defend, indemnify, and hold harmless Associated (including, without limitation, the trustees, officers, directors, independent contractors, employees, agents, plan fiduciaries, successors, and assigns of Associated, its parent, and subsidiaries) for, from, and/or against any and all claims, losses, liabilities, damages, costs (including, without limitation, court costs and costs of appeal) and expenses (including, without limitation, reasonable attorneys' fees and fees of expert consultants and witnesses) that the indemnified parties incur as a result of, with respect to, arising out of, or related to any breach by CHS or CHS Trustee of this Agreement and/or the transfer contemplated by this Agreement.

(7) EFFECTIVE DATE. The transfer and assignment herein described of account balances in the CHS Plan to the Associated Plan shall take place as of the Effective Date.

(8) MULTIPLE COUNTERPARTS. This Assignment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Plan Administrators have signed this Agreement in their fiduciary capacities on behalf of the Associated Plan and separately on behalf of the CHS Plan; the Associated Trustee has signed this Agreement, at the direction of Associated as the Plan Administrator of the Associated Plan, solely in its capacity as Trustee of the Associated Plan; and the CHS Trustee has signed this Agreement, at the direction of CHS as the Plan Administrator of the CHS Plan, solely in its capacity as directed Trustee of the CHS Plan, below as of the Effective Date.

ASSOCIATED HEALTHCARE SYSTEMS, INC.

Plan Administrator of the Associated Healthcare Systems 401(k) Retirement Plan

By: /s/ KRISTINE HILL

Kristine Hill,
Title: Director of HR and Risk Management

CHS/COMMUNITY HEALTH SYSTEMS, INC.
RETIREMENT COMMITTEE

Plan Administrator of the Community Health Systems, Inc. 401(k) Plan

By: /s/ LINDA K. PARSONS

Linda K. Parsons,
Title: Member of the Committee

A. RONALD TURNER AND JAMES L. MARSHALL, JR.

Co-Trustees of the Associated Healthcare Systems 401(k) Retirement Plan

A. RONALD TURNER

A. Ronald Turner, Trustee

JAMES L. MARSHALL

James L. Marshall, Trustee

SCUDDER TRUST COMPANY

Trustee of the Community Health Systems, Inc. 401(k) Plan

By: [Illegible]

Title: Vice President

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-121283, 333-107810, 333-100349, 333-61614 and 333-44870 of Community Health Systems, Inc. on Form S-8 of our report dated June 28, 2005, appearing in this Annual Report on Form 11-K of Community Health Systems, Inc. 401(k) Plan for the year ended December 31, 2004.

/s/ Deloitte & Touche LLP

Nashville, Tennessee
June 28, 2005