HCA INC/TN
Form 424B2
March 05, 2004

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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-107536

Prospectus Supplement
March 3, 2004
(To Prospectus dated October 16, 2003)

$500,000,000

HCA Inc.

5.750% Notes due 2014

We will pay interest on the notes on March 15 and September 15 of each year, beginning on September 15, 2004. The notes will mature on March 15, 2014 and will bear interest at a rate of 5.750%. Interest will accrue from March 8, 2004. We may redeem some or all of the notes at any time at the redemption price described on page S-11.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus supplement or the attached prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total
Price to public	99.540%	$497,700,000
Underwriting discount	.650%	$ 3,250,000
Proceeds to us before expenses	98.890%	$494,450,000

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

We expect to deliver the notes to investors through the book-entry delivery system of The Depository Trust Company, Clearstream, Luxembourg or Euroclear on or about March 8, 2004.

Joint Book-Running Managers

Banc of America Securities LLC **Citigroup**
Goldman, Sachs & Co.

JPMorgan
Mizuho International plc
SunTrust Robinson Humphrey

BNY Capital Markets, Inc.

Scotia Capital
TD Securities
Wachovia Securities

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Prospectus Supplement

Prospectus

You should read this prospectus supplement along with the attached prospectus. Both documents contain information that you should consider when making your investment decision. You should rely only on the information contained or incorporated by reference in this prospectus supplement and the attached prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the attached prospectus is accurate as of the date on the front cover of this prospectus supplement only. Our business, financial position, results of operations and prospects may have changed since that date.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement and the attached prospectus include certain disclosures which contain forward-looking statements. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words such as may, believe, will, expect, project, estimate, anticipate, plan, initiative, or continue. These forward-looking statements other things, strategic objectives and the anticipated effects of the offering. See Prospectus Supplement Summary. These forward-looking statements are based on our current plans and expectations and are subject to a number of known and unknown uncertainties and risks, many of which are beyond our control, that could significantly affect current plans and expectations and our future financial position and results of operations. These factors include, but are not limited to,

the highly competitive nature of the health care business,

the efforts of insurers, health care providers and others to contain health care costs,

possible changes in the Medicare and Medicaid programs that may impact reimbursements to health care providers and insurers,

the ability to achieve operating and financial targets, achieve expected levels of patient volumes and control the costs of providing services,

increases in the amount and risk of collectability of uninsured accounts and deductibles and copay amounts for insured accounts,

the ability to attract and retain qualified management and personnel, including affiliated physicians, nurses and medical support personnel,

potential liabilities and other claims that may be asserted against us,

fluctuations in the market value of our common stock,

the ability to complete and the impact of our share repurchase program,

changes in accounting practices,

changes in general economic conditions,

future divestitures which may result in additional charges,

changes in revenue mix and the ability to enter into and renew managed care provider arrangements on acceptable terms,

the availability and terms of capital to fund the expansion of our business,

changes in business strategy or development plans,

delays in receiving payment for services provided,

the possible enactment of Federal or state health care reform,

the outcome of pending and any future tax audits and litigation associated with our tax positions,

the outcome of our continuing efforts to monitor, maintain and comply with appropriate laws, regulations, policies and procedures and our corporate integrity agreement with the government, changes in Federal, state or local regulations affecting the health care industry,

the impact of charity care and self-pay discounting policy changes,

the ability to successfully integrate the operations of Health Midwest,

the ability to develop and implement payroll and human resources information systems within the expected time and cost projections and, upon implementation, to realize the expected benefits and efficiencies, and

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- other risk factors described in this prospectus supplement, the attached prospectus or the documents incorporated by reference in this prospectus supplement and the attached prospectus.

As a consequence, current plans, anticipated actions and future financial position and results of operations may differ from those expressed in any forward-looking statements we make. You should not unduly rely on these forward-looking statements when evaluating the information presented in this prospectus supplement, the attached prospectus or the documents incorporated by reference in this prospectus supplement and the attached prospectus.

PROSPECTUS SUPPLEMENT SUMMARY

You should read the following summary information together with the detailed information included in this prospectus supplement, the attached prospectus and the documents incorporated by reference in this prospectus supplement and the attached prospectus. As used in this prospectus supplement and the attached prospectus, the terms HCA, Company, we, us and our refer to HCA Inc. and its affiliates. The term affiliates includes our direct and indirect subsidiaries and partnerships and joint ventures in which our subsidiaries are partners.

HCA

Overview

HCA is a holding company whose affiliates own and operate hospitals and other related health care entities. At January 31, 2003, we operated 191 hospitals, comprised of 176 general, acute care hospitals, seven psychiatric hospitals, one rehabilitation hospital and seven hospitals, one of which is a rehabilitation hospital, included in joint ventures, which are accounted for using the equity method. In addition, we operated 83 freestanding surgery centers, four of which are accounted for using the equity method. Our facilities are located in 23 states, England and Switzerland.

Our general, acute care hospitals typically provide a full range of services to accommodate such medical specialties as internal medicine, general surgery, cardiology, oncology, neurosurgery, orthopedics and obstetrics, as well as diagnostic and emergency services. Outpatient and ancillary health care services are provided by our general, acute care hospitals and through our freestanding surgery centers, diagnostic centers, and rehabilitation facilities. HCA s psychiatric hospitals provide a full range of mental health care services through inpatient, partial hospitalization and outpatient settings.

Business Strategy

We are committed to providing the communities we serve high quality, cost-effective, health care while maintaining consistency with our ethics and compliance program, governmental regulations and guidelines, and industry standards. As a part of this strategy, our management focuses on the following areas:

- commitment to the care and improvement of human life,
- commitment to ethics and compliance,
- focus on core communities,
- becoming the health care employer of choice,
- continuing to strive for operational excellence, and
- allocating capital to further our operational strategy and enhance stockholder value.

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Investigations and Litigation

Commencing in 1997, we were the subject of governmental investigations and litigation relating to our business practices. The investigations were concluded through a series of agreements executed in 2000 and 2003. In January 2001, we entered into an eight-year corporate integrity agreement with the office of Inspector General of the Department of Health and Human Services.

We remain the subject of a December 1997 formal order of investigation by the Securities and Exchange Commission. We understand that the investigation includes the anti-fraud, insider trading, periodic reporting and internal accounting control provisions of the Federal securities laws.

Recent Financial Results

For the fourth quarter of 2003, net income totaled $317 million, or $0.63 per diluted share, compared to a net loss of ($102) million, or ($0.20) per diluted share, in the fourth quarter of 2002. The operating results for the fourth quarter of 2003 include a favorable change in estimate related to Medicaid cost report balances for cost report years ended 1997 and prior, of $41 million pretax, or $0.05 per diluted share. The operating results for the fourth quarter of 2002 included a ($603) million pretax charge, or ($0.82) per diluted share, related to our settlement with government agencies, gains on sales of facilities of $6 million pretax, or $0.01 per diluted share, and investigation-related costs of ($12) million pretax, or ($0.02) per diluted share.

For the fourth quarter of 2003, consolidated admissions increased 5.7% and same facility admissions increased by 2.1% compared to the same quarter of 2002. Same facility revenues increased 7.4% while same facility revenue per equivalent admission increased 5.8% during the fourth quarter of 2003.

Our provision for doubtful accounts increased to 11.4% of consolidated revenues in the fourth quarter of 2003 compared to 8.6% in the fourth quarter of 2002, due to a continuation of trends associated with the growth of uninsured and self-pay accounts and a deterioration of the collectability of these accounts.

For the year ended December 31, 2003, net income totaled $1.3 billion, or $2.61 per diluted share, compared to $833 million, or $1.59 per diluted share, in 2002. The operating results for the year ended December 31, 2003 include a favorable change in estimate related to Medicaid cost report balances for cost report years ended 1997 and prior, of $41 million pretax, or $0.05 per diluted share, gains on sales of facilities of $85 million, or $0.10 per diluted share, impairment of long-lived assets of ($130 million), or ($0.16) per diluted share, and investigation related costs of ($8 million), or ($0.01) per diluted share. The operating results for 2002 include a government settlement charge of ($603 million), or ($0.80) per diluted share, gains on sales of facilities of $6 million, or $0.01 per diluted share, impairment of investment securities of ($168 million), or ($0.20) per diluted share, impairment of long-lived assets of ($19 million), or ($0.03) per diluted share, and investigation-related costs of ($58 million), or ($0.07) per diluted share.

Our provision for doubtful accounts increased to 10.1% of consolidated revenues in the year ended December 31, 2003 compared to 8.0% in 2002, due to a continuation of trends associated with the growth of uninsured and self-pay accounts and a deterioration of the collectability of these accounts.

At December 31, 2003, our balance sheet reflected total debt of $8.7 billion; stockholders equity (including common and minority equity) of $6.9 billion; and total assets of $21.1 billion.

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Summary Historical Consolidated Financial Data

The following table sets forth our summary historical consolidated financial data for the years ended December 31, 2002, 2001 and 2000 and the nine-month periods ended September 30, 2003 and 2002, certain selected ratios for the years ended December 31, 2002, 2001 and 2000 and the twelve-month periods ended September 30, 2003 and 2002, and our financial position at September 30, 2003. This financial data has been derived from, and should be read in conjunction with, our audited consolidated financial statements and the related notes filed as part of our Annual Report on Form 10-K for the year ended December 31, 2002 and the unaudited condensed consolidated financial statements and the related notes filed as part of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2003. Financial data for the nine-month periods ended September 30, 2003 and 2002 and at September 30, 2003, and the selected ratios for the twelve-month periods ended September 30, 2003 and 2002 are unaudited and, in the opinion of our management, include all adjustments necessary for a fair presentation of the data. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the entire year.

	Nine Months Ended September 30,		Year Ended December 31,		
	2003	2002	2002	2001	2000
	(unaudited)				
			(Dollars in millions)		
Income Statement Data:					
Revenues	$ 16,211	$ 14,705	$ 19,729	$ 17,953	$ 16,670
Interest expense	364	340	446	536	559
Reported net income	1,015	935	833	886	219
Adjusted net income(a)	1,015	935	833	955	292
Operating Data:					
Number of hospitals at end of period(b)	183	175	173	178	187
Number of licensed beds at end of period(c)	41,997	40,056	39,932	40,112	41,009
Admissions(d)	1,221,200	1,191,100	1,582,800	1,564,100	1,553,500
Equivalent admissions(e)	1,798,800	1,764,100	2,339,400	2,311,700	2,300,800
Average length of stay(f)	5.0	5.0	5.0	4.9	4.9
Average daily census(g)	22,158	21,648	21,509	21,160	20,952
Percentage Change from Prior Year:					
Revenues	10.2%	9.6%	9.9%	7.7%	0.1%
Admissions(d)	2.5	0.8	1.2	0.7	(4.4)
Equivalent admissions(e)	2.0	1.3	1.2	0.5	(5.1)
Revenue per equivalent admission	8.1	8.2	8.6	7.2	5.5

	Twelve Months Ended September 30,		Year Ended December 31,		
	2003	2002	2002	2001	2000
	(unaudited)				
Selected Ratios:					
Ratio of total debt to total capitalization(h)	56%	54%	52%	56%	54%
Ratio of earnings to fixed charges	3.6x	3.9x	3.6x	3.4x	1.9x

	At September 30, 2003
	(unaudited) (Dollars in millions)
Financial Position:	
Assets	$20,646
Working capital	1,947
Long-term debt, including amounts due within one year	8,780
Minority interests in equity of consolidated entities	678
Stockholders equity	6,116

(a) Adjusted net income is defined as reported net income adjusted to exclude amortization expense (and any related tax effects) related to goodwill for periods prior to January 1, 2002.

(b) Excludes seven facilities at September 30, 2003, six facilities at September 30, 2002, December 31, 2002 and December 31, 2001, and nine facilities at December 31, 2000 that are not consolidated (accounted for using the equity method) for financial reporting purposes.

(c) Licensed beds are those beds for which a facility has been granted approval to operate from the applicable state licensing agency.

(d) Represents the total number of patients admitted to our hospitals. Management and certain investors use admissions as a general measure of inpatient volume.

(e) Management and certain investors use equivalent admissions as a general measure of combined inpatient and outpatient volume. Equivalent admissions are computed by multiplying admissions (inpatient volume) by the sum of gross inpatient revenue and gross outpatient revenue and then dividing the resulting amount by gross inpatient revenue. The equivalent admissions computation equates outpatient revenue to the volume measure (admissions) used to measure inpatient volume, resulting in a general measure of combined inpatient and outpatient volume.

(f) Represents the average number of days admitted patients stay in our hospitals.

(g) Represents the average number of patients in our hospital beds each day.

(h) Total capitalization includes total debt, minority interests in equity of consolidated entities, Company-obligated mandatorily redeemable securities of affiliate holding solely Company securities, forward purchase contracts and put options and stockholders equity.

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The Offering

Notes offered	$500,000,000 aggregate principal amount of 5.750% Notes due March 15, 2014.
Maturity date	The notes will mature on March 15, 2014.
Interest payment dates	March 15 and September 15 of each year, beginning September 15, 2004.
Ranking	The notes are our senior unsecured obligations. The notes will rank equally with all of our other unsecured senior indebtedness from time to time outstanding.
Redemption and sinking fund	We may redeem some or all of the notes at any time at the redemption price described under Description of the Notes Optional Redemption. There will be no sinking fund with respect to the notes.
Form of notes	One or more global securities, held in the name of Cede & Co., the nominee of The Depository Trust Company. See Description of the Notes Book-Entry System.
Additional notes	We may increase the principal amount of the notes by issuing additional notes in the future on the same terms and conditions except for differences in issue price and accrued interest. See Description of the Notes Issuance of Additional Notes.
Use of proceeds	We estimate that the net proceeds from the offering will be approximately $494.1 million. We intend to use the net proceeds from the offering to repay a portion of the amounts outstanding under our bank revolving credit facility.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratio of our consolidated earnings to fixed charges for the periods presented:

Nine Months Ended September 30,		Year Ended December 31,				
2003	2002	2002	2001	2000	1999	1998
4.54x	4.65x	3.63x	3.39x	1.85x	3.11x	2.58x

For the purpose of computing the ratio of earnings to fixed charges, earnings consist of income from continuing operations before minority interests, income taxes and fixed charges. Fixed charges consist of interest expense, debt amortization costs and one-third of rent expense, which approximates the interest portion of rent expense.

USE OF PROCEEDS

We estimate that the net proceeds from the offering of the notes, after deducting the underwriting discount and estimated expenses of the offering, will be approximately $494.1 million. We intend to use the net proceeds from the sale of the notes to repay a portion of the amounts outstanding under our $1.75 billion bank revolving credit facility. As of December 31, 2003, we had $510 million outstanding under our revolving credit facility, which matures in April 2006. Based on our current credit ratings, borrowings under the revolving credit facility bear interest at a rate equal to LIBOR plus 1.00% per year (2.12% at December 31, 2003).

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CAPITALIZATION

The following table sets forth our total capitalization as of September 30, 2003 and as adjusted to give effect to the offering of notes by this prospectus supplement.

	As of September 30, 2003	
	Historical	As Adjusted
	(unaudited; dollars in millions)	
Long-term debt due within one year	$ 502	$ 502
Long-term debt:		
Senior collateralized debt due through 2034	296	296
Senior debt (fixed rate) due through 2095	5,848	6,348
Senior debt (floating rate) due through 2006	500	500
Bank term loan	469	469
Bank revolving credit facility	1,165	671
Total long-term debt	8,278	8,284
Total debt	8,780	8,786
Minority interests in equity of consolidated entities	678	678
Stockholders equity:		
Common stock $.01 par value per share; authorized 1,650,000,000 shares; outstanding 496,643,000 shares	5	5
Other	5	5
Accumulated other comprehensive income	116	116
Retained earnings	5,990	5,990
Total stockholders equity	6,116	6,116
Total capitalization	$15,574	$15,580

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DESCRIPTION OF THE NOTES

We will issue the notes under an indenture, dated as of December 16, 1993, between us and The First National Bank of Chicago. We will refer to the indenture, together with all supplements, as the Indenture. Bank One Trust Company, N.A. succeeded The First National Bank of Chicago as trustee, which fact is reflected in the First Supplemental Indenture to the Indenture, dated as of May 25, 2000. The Bank of New York then succeeded Bank One Trust Company, N.A. as trustee, which fact is reflected in the Third Supplemental Indenture to the Indenture, dated as of December 5, 2001. We will call The Bank of New York the Trustee.

A form of the Indenture is filed as an exhibit to the registration statement, of which the attached prospectus is a part. The following is a summary of certain provisions of the Indenture and of the notes (or debt securities, as they are referred to in the attached prospectus). This summary does not purport to be complete and is subject to, and qualified by, the Indenture.

The notes will mature on March 15, 2014. The notes will bear interest at the rate per year shown on the cover of this prospectus supplement, computed on the basis of a 360-day year of twelve 30-day months. The period during which the notes will earn interest will begin on March 8, 2004 or from the most recent interest payment date to which interest has been paid or provided for. The interest will be payable twice a year on March 15 and September 15, beginning on September 15, 2004. Interest payable on any note that is punctually paid or duly provided for on any interest payment date shall be paid to the person in whose name such note is registered at the close of business on March 1 and September 1, as the case may be, preceding such interest payment date. We may pay interest, at our option, by checks mailed to the registered holders of the notes.

The notes will be issued in book-entry form only.

You can find more detailed information regarding the terms of the notes in the attached prospectus under the heading Description of the Debt Securities.

Issuance of Additional Notes

We may, without the consent of the holders of the notes, increase the principal amount of the notes by issuing additional notes in the future on the same terms and conditions, except for any differences in the issue price and interest accrued prior to the issue date of the additional notes, and with the same CUSIP number as notes offered hereby. The notes offered by this prospectus supplement and any additional notes would rank equally and ratably for all purposes under the Indenture.

Optional Redemption

The notes will be redeemable, at our option, at any time in whole, or in part from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the notes to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the then current Treasury Rate (as defined below), plus 30 basis points. In each case, we will pay accrued and unpaid interest on the principal amount being redeemed to the date of redemption.

Treasury Rate means, with respect to any redemption date, the rate per year equal to: (1) the yield under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue; provided that, if no maturity is within three months before or after the Remaining Life of the notes to be redeemed, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month; or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue

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(expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate shall be calculated on the third business day preceding the redemption date.

Comparable Treasury Issue means the United States Treasury security selected by an Independent Investment Banker and having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes.

Remaining Life means the maturity of a United States Treasury security selected by an Independent Investment Banker that is comparable to the remaining term of the notes.

Independent Investment Banker means one of the Reference Treasury Dealers appointed by the Trustee after consultation with us.

Comparable Treasury Price means, with respect to any redemption date, (a) the average of the Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (b) if the Trustee obtains fewer than four Reference Treasury Dealer Quotations, the average of all the quotations.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by the Reference Treasury Dealer at 5:00 p.m. on the third business day preceding the redemption date.

Reference Treasury Dealer means each of Banc of America Securities LLC and Citigroup Global Markets Inc. and their respective successors; provided however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), we shall substitute another Primary Treasury Dealer.

We will mail notice of any redemption between 30 and 60 days preceding the redemption date to each holder of the notes to be redeemed.

The notice of the redemption for the notes will state, among other things, the principal amount of the notes to be redeemed, the redemption price and the place or places that payment will be made upon presentation and surrender of the notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions called for redemption.

Same-Day Settlement and Payment

The underwriters will settle the notes in immediately available funds. So long as the Depositary continues to make its same-day funds settlement system available to us, we will make all payments of principal and interest on the notes in immediately available funds.

Book-Entry System

The Depository Trust Company, New York, New York, will act as the Depositary for the notes. The notes will be represented by one or more global securities registered in the name of Cede & Co., the nominee of the Depositary. The provisions described under Description of the Debt Securities-Book-Entry System in the attached prospectus will apply to the notes. Accordingly, beneficial interests in the notes will be shown on, and transfers thereof will be effected only through, records maintained by the Depositary and its participants.

The Depositary has advised us and the underwriters that it is:

a limited purpose trust company organized under the New York Banking Law,

a banking organization within the meaning of the New York Banking Law,

a member of the United States Federal Reserve System,

a clearing corporation within the meaning of the New York Uniform Commercial Code, and

a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended.

The Depositary holds securities, such as the notes, deposited by its direct participants. The Depositary also facilitates the settlement among direct participants of securities transactions in deposited securities, such as transfers and pledges, through electronic computerized book-entry changes in the direct participants accounts. This eliminates the need for physical movement of securities certificates. Direct participants include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations and certain other organizations. The Depositary is owned by a number of its direct participants and by The New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the Depositary s book-entry system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. These entities are known as indirect participants. The rules applicable to the Depositary and its direct and indirect participants are on file with the SEC.

Principal and interest payments on the notes registered in the name of the Depositary s nominee will be made in immediately available funds to the Depositary s nominee as the registered owner of the global securities. Under the terms of the notes, we and the Trustee will treat the persons in whose names the notes are registered as the owners of the notes for the purpose of receiving payment of principal and interest on them and for all other purposes whatsoever. Therefore, neither we, the Trustee nor any paying agent has any direct responsibility or liability for the payment of principal or interest on the global securities to owners of beneficial interests in the global securities. The Depositary has advised us and the Trustee that its current practice is, upon receipt of any payment of principal or interest, to credit direct participants accounts on the payment date in accordance with their respective holdings of beneficial interests in the global securities as shown on the Depositary s records. Payments by direct and indirect participants to owners of beneficial interests in the global securities will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such direct and indirect participants and not of the Depositary, the Trustee, or HCA, subject to any statutory requirements that may be in effect from time to time. Payment of principal and interest to the Depositary s nominee is the responsibility of the Trustee or HCA. Disbursement of such payments to the direct participants shall be the responsibility of the Depositary, and disbursement of such payments to the owners of beneficial interests in the global securities shall be the responsibility of the direct and indirect participants.

Notes represented by a global security will be exchangeable for notes in definitive form of like tenor issuable in authorized denominations and registered in such names as the Depositary shall direct, only if either (1) the Depositary notifies us that it is unwilling or unable to continue as Depositary for such global security or if at any time the Depositary ceases to be a clearing agency registered under applicable law and we do not appoint a successor depositary within 90 days or (2) we, in our discretion at any time, determine not to require all of the notes to be represented by a global security and so notify the Trustee. The notes will be in denominations of $1,000 and in any greater amount that is an integral multiple thereof. Subject to the foregoing, a global security is not exchangeable, except for a global security or global securities of the same aggregate denominations to be registered in the name of the Depositary or its nominee.

Links have been established among the Depositary, Clearstream, Luxembourg and Euroclear, which are two European book-entry depositaries similar to the Depositary, to facilitate issuance of notes sold outside of the United States. In addition, secondary market trading of book-entry interests in the notes may take place through Euroclear and Clearstream, Luxembourg, and those participants will follow the settlement procedures that are applicable to conventional Eurobonds in registered form. Owners of book-entry interests in the notes will receive payments relating to their notes in United States dollars. Clearstream, Luxembourg and Euroclear have established electronic securities and payment transfer, processing, depositary and custodial links among themselves and others, either directly or through custodians and depositaries. These links allow securities to be issued, held and transferred among the clearing systems without the physical transfer of certificates. Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market.

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The policies of Clearstream, Luxembourg and Euroclear will govern payments, transfers, exchange and other matters relating to the investor s interest in securities held by them. We have no responsibility for any aspect of the records kept by Clearstream, Luxembourg or Euroclear or any of their direct or indirect participants. We also do not supervise these systems in any way.

Clearstream, Luxembourg and Euroclear and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. You should be aware that they are not obligated to perform or continue to perform these procedures and may modify them or discontinue them at any time.

The description of the clearing systems in this section reflects our understanding of the rules and procedures of Clearstream, Luxembourg and Euroclear as they are currently in effect. These systems could change their rules and procedures at any time. We have obtained the information in this section concerning Clearstream, Luxembourg and Euroclear and their book-entry systems and procedures from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

Clearstream, Luxembourg

Clearstream, Luxembourg is incorporated as a bank under Luxembourg law. Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in customer accounts, thus eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in a number of countries. Clearstream, Luxembourg has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream, Luxembourg and Euroclear.

As a registered bank in Luxembourg, Clearstream, Luxembourg is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector. Clearstream, Luxembourg customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. In the United States, Clearstream, Luxembourg customers are limited to securities brokers and dealers. Clearstream, Luxembourg customers may include the underwriters. Other institutions that maintain a custodial relationship with a Clearstream, Luxembourg customer may obtain indirect access to Clearstream, Luxembourg.

The Euroclear System

The Euroclear System was created in 1968 to hold securities for participants of the Euroclear System and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thus eliminating the need for physical movement of certificates and the risk from lack of simultaneous transfers of securities and cash. Transactions may now be settled in many currencies, including United States dollars. The Euroclear System includes various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries.

The Euroclear System is operated by the Brussels office of Morgan Guaranty Trust Company of New York, which is known as the Euroclear Operator, under contract with Euroclear Clearance System, S.C., a Belgian cooperative corporation. The Euroclear Operator conducts all operations, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the cooperative. The cooperative establishes policy for the Euroclear System on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to the Euroclear System is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

The Euroclear Operator is the Belgian branch of a New York banking corporation which is a member bank of the Federal Reserve System. The Board of Governors of the Federal Reserve System, the New York State Banking Department and the Belgian Banking Commission regulate and examine the Euroclear Operator.

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The Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System and applicable Belgian law govern securities clearance accounts and cash accounts with the Euroclear Operator. Specifically, these terms and conditions govern:

- transfers of securities and cash within the Euroclear System,
- withdrawal of securities and cash from the Euroclear System, and
- receipts of payments with respect to securities in the Euroclear System.

All securities in the Euroclear System are held on a fungible basis without attribution of specific certificates to specific clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding securities through Euroclear participants.

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UNDERWRITING

We and the underwriters have entered into an underwriting agreement relating to the offering and sale of the notes. In the underwriting agreement, we have agreed to sell to each underwriter, and each underwriter has severally agreed to purchase from us, the principal amount of notes that appears opposite its name in the table below: