

HCA Holdings, Inc.  
Form DEF 14A  
March 19, 2015  
**Table of Contents**

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

HCA Holdings, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.  
(1) Title of each class of securities to which transaction applies:

Edgar Filing: HCA Holdings, Inc. - Form DEF 14A

- (2) Aggregate number of securities to which transaction applies:
  
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
- (4) Proposed maximum aggregate value of transaction:
  
- (5) Total fee paid:

.. Fee paid previously with preliminary materials.  
.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
  
- (2) Form, Schedule or Registration Statement No.:
  
- (3) Filing Party:
  
- (4) Date Filed:

**Table of Contents**

**HCA HOLDINGS, INC.**

**One Park Plaza**

**Nashville, Tennessee 37203**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held April 30, 2015**

Dear Stockholder:

On Thursday, April 30, 2015, HCA Holdings, Inc. will hold its annual meeting of stockholders at its corporate headquarters located at 2545 Park Plaza (Building 3), Nashville, Tennessee 37203. The meeting will begin at 2:00 p.m. (CDT), and is being held for the following purposes:

1. To elect eleven nominees for director of the Company, nominated by the Board of Directors, with each director to serve until the 2016 annual meeting of the stockholders of the Company or until such director's respective successor is duly elected and qualified;
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2015;
3. To approve, in an advisory (non-binding) vote, the compensation of the Company's named executive officers as described in the accompanying proxy statement ( "say-on-pay" ); and
4. To transact such other business as may properly come before the meeting or any postponement or adjournment of the meeting.

Only stockholders that owned our common stock at the close of business on March 6, 2015 are entitled to notice of and may vote at this meeting. A list of our stockholders of record will be available at our corporate headquarters located at 2501 Park Plaza (Building 1), Nashville, Tennessee 37203, during ordinary business hours, for 10 days prior to the annual meeting.

References to HCA, the Company, we, us, or our in this notice and the accompanying proxy statement refer to HCA Holdings, Inc. and its applicable affiliates unless otherwise indicated.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, TO ENSURE THE PRESENCE OF A QUORUM, PLEASE VOTE OVER THE INTERNET OR BY TELEPHONE AS INSTRUCTED IN THESE MATERIALS OR COMPLETE, DATE, AND SIGN A

Edgar Filing: HCA Holdings, Inc. - Form DEF 14A

PROXY CARD AS PROMPTLY AS POSSIBLE. IF YOU ATTEND THE MEETING AND WISH TO VOTE YOUR SHARES PERSONALLY, YOU MAY DO SO AT ANY TIME BEFORE THE PROXY IS EXERCISED.

By Order of the Board of Directors,

John M. Franck II  
*Vice President Legal and Corporate Secretary*

Nashville, Tennessee

March 19, 2015

**Table of Contents**

INDEX

<u>QUESTIONS AND ANSWERS</u>	1
<u>BACKGROUND</u>	7
<u>CORPORATE GOVERNANCE</u>	7
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	17
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	17
<u>PROPOSAL No. 1 ELECTION OF DIRECTORS</u>	18
<u>PROPOSAL No. 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	21
<u>PROPOSAL No. 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	22
<u>OTHER MATTERS</u>	22
<u>EXECUTIVE COMPENSATION</u>	23
<u>CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS</u>	64
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	67
<u>AUDIT AND COMPLIANCE COMMITTEE REPORT</u>	69
<u>WHERE TO FIND ADDITIONAL INFORMATION</u>	70

**Table of Contents**

**HCA HOLDINGS, INC.**

**One Park Plaza**

**Nashville, Tennessee 37203**

**Proxy Statement for Annual Meeting of Stockholders**

**to be held on April 30, 2015**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
STOCKHOLDER MEETING TO BE HELD ON THURSDAY, APRIL 30, 2015**

The Company's Proxy Statement and 2014 Annual Report to Stockholders are available on our website at [www.hcahealthcare.com](http://www.hcahealthcare.com). Additionally, and in accordance with Securities and Exchange Commission Rules, you may access our proxy materials, including the Company's Proxy Statement, form of Proxy Card and 2014 Annual Report to Stockholders at <https://materials.proxyvote.com/40412C>.

**HCA HOLDINGS, INC.**

**One Park Plaza**

**Nashville, Tennessee 37203**

**QUESTIONS AND ANSWERS**

**1. Q: WHEN WAS THIS PROXY STATEMENT FIRST MAILED OR MADE AVAILABLE TO STOCKHOLDERS?**

A: This proxy statement was first mailed or made available to stockholders on or about March 19, 2015. Our 2014 Annual Report to Stockholders is being mailed or made available with this proxy statement. The annual report is not part of the proxy solicitation materials.

**2. Q: WHY DID I RECEIVE A ONE-PAGE NOTICE IN THE MAIL REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS INSTEAD OF A FULL SET OF PROXY MATERIALS?**

A: Pursuant to rules adopted by the Securities and Exchange Commission (SEC), the Company has elected to provide access to our proxy materials and annual report over the Internet. Accordingly, we are sending to our stockholders of record and beneficial owners a notice of Internet availability of the proxy materials instead of sending a paper copy of the proxy materials and annual report. All

## Edgar Filing: HCA Holdings, Inc. - Form DEF 14A

stockholders receiving the notice will have the ability to access the proxy materials and annual report on a website referenced in the notice or to request a printed set of the proxy materials and annual report. Instructions on how to access the proxy materials and annual report over the Internet or to request a printed copy may be found in the notice and in this proxy statement. In addition, the notice contains instructions on how you may request to receive our proxy materials and annual report in printed form by mail or electronically on an ongoing basis.

---

**Table of Contents**

**3. Q: WHAT IS THE PURPOSE OF THE ANNUAL MEETING?**

A: At the annual meeting, stockholders will act upon the following matters outlined in the notice of meeting on the cover page of this proxy statement: the election of each of the directors nominated by the Board of Directors; the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2015; and an advisory resolution to approve our executive compensation as described in this proxy statement ( say-on-pay ). In addition, following the formal business of the meeting, our management will be available to respond to questions from our stockholders.

**4. Q: WHO MAY ATTEND THE ANNUAL MEETING?**

A: Stockholders of record as of the close of business on March 6, 2015, or their duly appointed proxies, may attend the meeting. Street name holders (those whose shares are held through a broker or other nominee) should bring a copy of a brokerage statement reflecting their ownership of our common stock as of the record date. Space limitations may make it necessary to limit attendance to stockholders and valid picture identification may be required. Cameras, recording devices, and other electronic devices are not permitted at the meeting. The Company may implement additional procedures to ensure the comfort and safety of meeting attendees. Registration will begin at 1:00 p.m. (CDT), and the annual meeting will commence at 2:00 p.m. (CDT).

**5. Q: WHO IS ENTITLED TO VOTE AT THE ANNUAL MEETING?**

A: Only stockholders of record as of the close of business on March 6, 2015 are entitled to receive notice of and participate in the annual meeting. As of the record date, there were 419,503,619 shares of our common stock outstanding. Every stockholder is entitled to one vote for each share held as of the record date. Cumulative voting is not permitted with respect to the election of directors or any other matter to be considered at the annual meeting.

**6. Q: WHO IS SOLICITING MY VOTE?**

A: The Company's Board of Directors is sending you this proxy statement in connection with the solicitation of proxies for use at the 2015 annual meeting. The Company pays the cost of soliciting proxies. Proxies may be solicited in person or by telephone, facsimile, electronic mail, or other electronic medium by certain of our directors, officers, and employees, without additional compensation. Forms of proxies and proxy materials may also be distributed through brokers, custodians, and other like parties to the beneficial owners of shares of our common stock, in which case we will reimburse these parties for their reasonable out-of-pocket expenses.

**7. Q: ON WHAT MAY I VOTE?**

A: You may vote on the election of directors nominated to serve on our Board of Directors; the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2015; and the advisory say-on-pay resolution to approve our executive compensation.

**8. Q: HOW DOES THE BOARD RECOMMEND I VOTE ON THE PROPOSALS?**

A: The Board unanimously recommends that you vote as follows:

**FOR** each of the director nominees;

**FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2015; and

**FOR** the advisory say-on-pay resolution to approve our executive compensation.



---

**Table of Contents**

9. **Q: HOW WILL VOTING ON ANY OTHER BUSINESS BE CONDUCTED?**

A: It is not expected that any matter not referred to herein will be presented for action at the annual meeting. If any other matters are properly brought before the annual meeting, including, without limitation, a motion to adjourn the annual meeting to another time and/or place for the purpose of, among other matters, permitting dissemination of information regarding material developments relating to any of the proposals or soliciting additional proxies in favor of the approval of any of the proposals, the persons named on the accompanying Proxy Card will vote the shares represented by such proxy upon such matters in their discretion. Should the annual meeting be reconvened, all proxies will be voted in the same manner as such proxies would have been voted when the annual meeting was originally convened, except for the proxies effectively revoked or withdrawn prior to the time proxies are voted at such reconvened meeting.

10. **Q: HOW DO I VOTE IF MY SHARES ARE REGISTERED DIRECTLY IN MY NAME?**

A: You may vote in person at the annual meeting or authorize the persons named as proxies on the Proxy Card to vote your shares by returning the Proxy Card by mail, through the Internet, or by telephone. **Although we offer four different voting methods, we encourage you to vote through the Internet as we believe it is the most cost-effective method for the Company.** We also recommend that you vote as soon as possible, even if you are planning to attend the annual meeting, so that the vote count will not be delayed. Both the Internet and the telephone provide convenient, cost-effective alternatives to returning your Proxy Card by mail. If you choose to vote your shares through the Internet or by telephone, there is no need for you to mail back your Proxy Card.

***To Vote Over the Internet:***

Log on to the Internet and go to the website [www.proxyvote.com](http://www.proxyvote.com) (24 hours a day, 7 days a week). Have your Proxy Card available when you access the website. You will need the control number from your Proxy Card to vote.

***To Vote By Telephone:***

On a touch-tone telephone, call 1-800-690-6903 (24 hours a day, 7 days a week). Have your Proxy Card available when you make the call. You will need the control number from your Proxy Card to vote.

***To Vote By Proxy Card:***

Complete and sign the Proxy Card and return it to the address indicated on the Proxy Card. If you received a notice of Internet availability of the proxy materials instead of a paper copy of the proxy materials and annual report, you should follow the voting instructions set forth in the notice.

You have the right to revoke your proxy at any time before the meeting by: (i) notifying our Corporate Secretary in writing at One Park Plaza, Nashville, Tennessee 37203; (ii) voting in person; (iii) submitting a later-dated Proxy Card; (iv) submitting another vote by telephone or over the Internet; or (v) if applicable, submitting new voting instructions to your broker or nominee. If you have questions about how to vote or revoke your proxy, you should contact our Corporate Secretary at One Park Plaza, Nashville, Tennessee 37203. For shares held in street name, refer to Question 11 below.

11. **Q: HOW DO I VOTE MY SHARES IF THEY ARE HELD IN THE NAME OF MY BROKER (STREET NAME)?**

A: If your shares are held by your broker or other nominee, often referred to as held in street name, you will receive a form from your broker or nominee seeking instruction as to how your shares should be voted. You should contact your broker or other nominee with questions about how to provide or revoke your instructions.

---

**Table of Contents**

12. **Q: WHAT IS THE VOTE REQUIRED TO ELECT DIRECTORS?**

A: Each of the director nominees must receive affirmative votes from a plurality of the votes cast at the annual meeting to be elected. This means that the nominees receiving the greatest number of affirmative votes of the shares present in person or represented by proxy at the annual meeting and entitled to vote will be elected as directors.

13. **Q: WHAT IS THE VOTE REQUIRED TO APPROVE THE OTHER PROPOSALS?**

A: **Ratification of Ernst & Young LLP:** The ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2015 must receive affirmative votes from the holders of a majority of the shares present in person or represented by proxy at the annual meeting and entitled to vote.

**Advisory Say-On-Pay Resolution:** The advisory say-on-pay resolution to approve our executive compensation must receive affirmative votes from the holders of a majority of the shares present in person or represented by proxy at the annual meeting and entitled to vote to be approved. Because your vote is advisory, it will not be binding on the Company, the Board of Directors, or our Compensation Committee. Although non-binding, our Compensation Committee will review and consider the voting results when making future decisions regarding our executive compensation program.

14. **Q: WHAT CONSTITUTES A QUORUM ?**

A: The presence at the meeting, in person or by proxy, of the holders of a majority of the aggregate voting power of the common stock outstanding on the record date will constitute a quorum. There must be a quorum for business to be conducted at the meeting. Failure of a quorum to be represented at the annual meeting will necessitate an adjournment or postponement and will subject the Company to additional expense. Votes withheld from any nominee for director, abstentions, and broker non-votes are counted as present or represented for purposes of determining the presence or absence of a quorum.

15. **Q: WHAT IF I ABSTAIN FROM VOTING?**

A: If you attend the meeting or send in your signed Proxy Card, but abstain from voting on any proposal, you will still be counted for purposes of determining whether a quorum exists. If you abstain from voting on Proposal 1, your abstention will have no effect on the outcome. If you abstain from voting on Proposals 2 or 3, your abstention will have the same legal effect as a vote against these proposals.

16. **Q: WILL MY SHARES BE VOTED IF I DO NOT SIGN AND RETURN MY PROXY CARD OR VOTE BY TELEPHONE OR OVER THE INTERNET?**

A: If you are a registered stockholder and you do not sign and return your Proxy Card or vote by telephone or over the Internet, your shares will not be voted at the annual meeting. Questions concerning stock certificates and registered stockholders may be directed to Wells Fargo Shareowner Services at 1110 Centre Pointe Curve, Suite 101, Mendota Heights, Minnesota 55120-4100 or by telephone at 1-800-468-9716 (domestic) or 1-651-450-4064 (outside the U.S.). If your shares are held in street name and you do not issue instructions to your broker, your broker may vote your shares at its discretion on routine matters, but may not vote your shares on non-routine matters. Under New York Stock Exchange ( NYSE ) rules, Proposal 2 relating to the ratification of the appointment of the independent registered public accounting firm is deemed to be a routine matter and brokers and nominees may exercise their voting discretion without receiving instructions from the beneficial owner of the shares. Proposals 1 and 3 are non-routine matters and, therefore, may only be voted in accordance with instructions received from the beneficial owner of the shares.

---

**Table of Contents**

17. **Q: WHAT IS A BROKER NON-VOTE ?**  
A: Under NYSE rules, brokers and nominees may exercise their voting discretion without receiving instructions from the beneficial owner of the shares on proposals that are deemed to be routine matters. If a proposal is a non-routine matter, a broker or nominee may not vote the shares on the proposal without receiving instructions from the beneficial owner of the shares. If a broker turns in a Proxy Card expressly stating that the broker is not voting on a non-routine matter, such action is referred to as a broker non-vote.
18. **Q: WHAT IS THE EFFECT OF A BROKER NON-VOTE?**  
A: Broker non-votes will be counted for the purpose of determining the presence of a quorum but will not be counted for purposes of determining the outcome of the vote on any proposal, other than Proposal 2.
19. **Q: WHO WILL COUNT THE VOTES?**  
A: Broadridge Financial Solutions, Inc. has been engaged as our independent inspector of election to tabulate stockholder votes for the annual meeting.
20. **Q: CAN I PARTICIPATE IF I AM UNABLE TO ATTEND?**  
A: If you are unable to attend the meeting in person, we encourage you to send in your Proxy Card or to vote by telephone or over the Internet. We will provide a live webcast of the annual meeting accessible at <https://event.webcasts.com/starthere.jsp?ei=1057693>. The webcast will be one-way audio only, and webcast attendees will not be able to participate or vote at the meeting via the webcast.
21. **Q: WHERE CAN I FIND THE VOTING RESULTS OF THE ANNUAL MEETING?**  
A: We intend to announce preliminary voting results at the annual meeting and publish final results in a Current Report on Form 8-K that will be filed with the SEC following the annual meeting. All reports we file with the SEC are publicly available when filed. Please refer to Question 24 below.
22. **Q: WHEN ARE STOCKHOLDER PROPOSALS DUE IN ORDER TO BE INCLUDED IN OUR PROXY MATERIALS FOR THE NEXT ANNUAL MEETING?**  
A: Any stockholder proposal must be submitted in writing to our Corporate Secretary at HCA Holdings, Inc., One Park Plaza, Nashville, Tennessee 37203, prior to the close of business on November 20, 2015, to be considered timely for inclusion in next year's proxy statement and form of proxy. Such proposal must also comply with SEC regulations, including Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials.
23. **Q: WHEN ARE OTHER STOCKHOLDER PROPOSALS DUE?**  
A: Our bylaws contain an advance notice provision that requires stockholders to deliver to us notice of a proposal to be considered at an annual meeting not less than ninety (90) nor more than one hundred twenty (120) days before the date of the first anniversary of the prior year's annual meeting. Such proposals are also subject to informational and other requirements set forth in our bylaws, a copy of which is available under the Corporate Governance section of our website, [www.hcahealthcare.com](http://www.hcahealthcare.com).

**Table of Contents**

24. **Q: HOW CAN I OBTAIN ADDITIONAL INFORMATION ABOUT THE COMPANY?**

A: **We will provide copies of this proxy statement and our 2014 Annual Report to Stockholders, including our Annual Report on Form 10-K for the year ended December 31, 2014, without charge to any stockholder who makes a written request to our Corporate Secretary at HCA Holdings, Inc., One Park Plaza, Nashville, Tennessee 37203. Our Annual Report on Form 10-K and other SEC filings may also be accessed at [www.sec.gov](http://www.sec.gov) or on the Investor Relations section of the Company's website at [www.hcahealthcare.com](http://www.hcahealthcare.com).** Our website address is provided as an inactive textual reference only. The information provided on or accessible through our website is not part of this proxy statement and is not incorporated herein by this or any other reference to our website provided in this proxy statement.

25. **Q: HOW MANY COPIES SHOULD I RECEIVE IF I SHARE AN ADDRESS WITH ANOTHER STOCKHOLDER?**

A: The SEC has adopted rules that permit companies and intermediaries, such as brokers, to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, commonly referred to as householding, potentially provides extra convenience for stockholders and cost savings for companies. The Company and some brokers may be householding our proxy materials by delivering a single proxy statement and annual report to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker, or us, that they, or we, will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If at any time you no longer wish to participate in householding and would prefer to receive a separate proxy statement and annual report, or if you are receiving multiple copies of the proxy statement and annual report and wish to receive only one, please notify your broker if your shares are held in a brokerage account or us if you are a stockholder of record. You can notify us by sending a written request to our Corporate Secretary at HCA Holdings, Inc., One Park Plaza, Nashville, Tennessee 37203, or by calling our Corporate Secretary at (615) 344-9551. In addition, we will promptly deliver, upon written or oral request to the address or telephone number above, a separate copy of the annual report and proxy statement to a stockholder at a shared address to which a single copy of the documents was delivered.

---

**Table of Contents**

**BACKGROUND**

On November 17, 2006, HCA Inc. was acquired by a private investor group, including affiliates of or funds sponsored by Bain Capital Partners, LLC, Kohlberg Kravis Roberts & Co., BAML Capital Partners (formerly Merrill Lynch Global Private Equity) (each a Sponsor) and affiliates of HCA founder, Dr. Thomas F. Frist, Jr. (the Frist Entities, and together with the Sponsors, the Investors) and by members of management and certain other investors (the Merger).

On November 22, 2010, HCA Inc. reorganized by creating a new holding company structure (the Corporate Reorganization). HCA Holdings, Inc. became the parent company, and HCA Inc. became HCA Holdings, Inc.'s 100% owned direct subsidiary. As part of the Corporate Reorganization, HCA Inc.'s outstanding shares of capital stock were automatically converted, on a share for share basis, into identical shares of HCA Holdings, Inc.'s common stock.

During March 2011, we completed the initial public offering of 87,719,300 shares of our common stock (the IPO). Our common stock is traded on the NYSE (symbol HCA).

**CORPORATE GOVERNANCE**

*Director Independence.* Our Board of Directors currently consists of eleven directors. NYSE listing standards require that a majority of our directors be independent in accordance with the independence requirements set forth in such listing standards. In addition, our Audit and Compliance Committee, Compensation Committee and Nominating and Corporate Governance Committee must be composed solely of independent directors to comply with such listing standards and, in the case of our Audit and Compliance Committee, with SEC rules.

Our Board of Directors affirmatively determines the independence of each director and director nominee in accordance with guidelines it has adopted, which include all elements of independence set forth in the NYSE listing standards as well as certain Board-adopted categorical independence standards. These guidelines are contained in our Corporate Governance Guidelines which are posted on the Corporate Governance portion of our website located at [www.hcahealthcare.com](http://www.hcahealthcare.com). The Board first analyzes whether any director has a relationship covered by the NYSE listing standards that would prohibit an independence finding for Board or committee purposes. The Board then analyzes any relationship of a director to HCA or to our management that does not fall within the parameters set forth in the Board's separately adopted categorical independence standards to determine whether or not that relationship is material. The Board may determine that a director who has a relationship that falls outside of the parameters of the categorical independence standards is nonetheless independent (to the extent that the relationship would not constitute a bar to independence under the NYSE listing standards).

Our Board of Directors has affirmatively determined that Robert J. Dennis, Nancy-Ann DeParle, Ann H. Lamont, Jay O. Light, Geoffrey G. Meyers, Wayne J. Riley, M.D. and John W. Rowe, M.D. are independent from our management under both the NYSE's listing standards and our additional standards. The Board has also affirmatively determined that Messrs. Light and Meyers and Dr. Riley, the members of our Audit and Compliance Committee, meet the independence requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act). Any relationships between an independent director and HCA or our management fell within the Board-adopted categorical standards and, accordingly, were not specifically reviewed by our Board.

We have entered into a stockholders' agreement (the Stockholders' Agreement) with Hercules Holding II, LLC (Hercules Holding) and the Investors which, among other things, currently provides for certain rights of Kohlberg Kravis Roberts & Co. and the Frist Entities to nominate members of our Board of Directors. See Director Qualifications and Certain Relationships and Related Person Transactions. In addition, R. Milton Johnson's employment agreement provides that he will continue to serve as a member of our Board of Directors so long as he remains an officer of HCA.

**Table of Contents**

*Executive Sessions.* Our Corporate Governance Guidelines provide that non-management directors shall meet at regularly scheduled executive sessions, which will typically occur at regularly scheduled Board meetings, without any member of management present and must so meet at least annually. In addition, at least annually the independent directors will meet in separate executive session. Mr. Light has been chosen as the non-management and independent presiding director. Our Corporate Governance Guidelines also provide that the independent and/or non-management directors shall be entitled, acting as a group by vote of a majority of such independent and/or non-management directors, to retain legal counsel, accountants, health care consultants, or other experts, at the Company's expense, to advise the independent and/or non-management directors concerning issues arising in the exercise of their functions and powers.

*Stockholder Nominees.* Our Amended and Restated Bylaws provide that stockholders seeking to nominate candidates for election as directors or to bring business before an annual or special meeting of stockholders must provide timely notice of their proposal in writing to the Corporate Secretary of the Company. Generally, to be timely, a stockholder's notice must be delivered to, mailed or received at our principal executive offices, addressed to the secretary of the Company, and within the following time periods:

in the case of an annual meeting, no earlier than 120 days and no later than 90 days prior to the first anniversary of the date of the preceding year's annual meeting; provided, however, that if (A) the annual meeting is advanced by more than 30 days, or delayed by more than 60 days, from the first anniversary of the preceding year's annual meeting, or (B) no annual meeting was held during the preceding year, to be timely the stockholder notice must be received no earlier than 120 days before such annual meeting and no later than the later of 90 days before such annual meeting or the tenth day after the day on which public disclosure of the date of such meeting is first made; and

in the case of a nomination of a person or persons for election to the Board of Directors at a special meeting of the stockholders called for the purpose of electing directors, no earlier than 120 days before such special meeting and no later than the later of 90 days before such annual or special meeting or the tenth day after the day on which public disclosure of the date of such meeting is first made.

In no event shall an adjournment, postponement or deferral, or public disclosure of an adjournment, postponement or deferral, of a meeting of the stockholders commence a new time period (or extend any time period) for the giving of the stockholder notice. You should consult our bylaws for more detailed information regarding the process by which stockholders may nominate directors. Our bylaws are posted on the Corporate Governance portion of our website located at [www.hcahealthcare.com](http://www.hcahealthcare.com).

*Board Committees.* Our Board of Directors currently has four standing committees: the Audit and Compliance Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Patient Safety and Quality of Care Committee. The Board of Directors receives recommendations from the Nominating and Corporate Governance Committee regarding committee composition and determines the members of each committee. The Board of Directors has determined that all members of the Audit and Compliance Committee, Compensation Committee and Nominating and Corporate Governance Committee are independent as defined in the NYSE listing standards and in our Corporate Governance Guidelines. The Board of Directors has adopted a written charter for each of these committees. All such charters are available on the Corporate Governance portion of our website located at [www.hcahealthcare.com](http://www.hcahealthcare.com).

**Table of Contents**

The chart below reflects the current composition of the standing committees.

Name of Director	Audit and Compliance	Compensation	Nominating and Corporate Governance	Patient Safety and Quality of Care
R. Milton Johnson*				
Robert J. Dennis			X	
Nancy-Ann DeParle				X
Thomas F. Frist III				
William R. Frist				X
Ann H. Lamont		X	Chair	
Jay O. Light	X	Chair		
Geoffrey G. Meyers	Chair	X		
Michael W. Michelson				X
Wayne J. Riley, M.D.	X		X	Chair
John W. Rowe, M.D.				X

\* Indicates management director.

*Director Qualifications.* The Board of Directors seeks to ensure the Board is composed of members whose particular experience, qualifications, attributes and skills, when taken together, will allow the Board to satisfy its oversight responsibilities effectively. In identifying candidates for membership on the Board, the Board takes into account (1) individual qualifications, such as high ethical standards, integrity, mature and careful judgment, industry knowledge or experience and an ability to work collegially with the other members of the Board and (2) all other factors it considers appropriate, including alignment with our stockholders. While we do not have any specific diversity policies for considering Board candidates, we believe each director contributes to the Board of Directors' overall diversity—diversity being broadly construed to mean a variety of opinions, perspectives, personal and professional experiences and backgrounds.

When considering whether the Board's directors and nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board to satisfy its oversight responsibilities effectively in light of the Company's business and structure, the Board focused primarily on the information discussed in each of the Board members' biographical information set forth below under Proposal 1—Election of Directors.

Each of the Company's directors possesses high ethical standards, acts with integrity, and exercises careful, mature judgment. Each is committed to employing their skills and abilities to aid the long-term interests of the stakeholders of the Company. In addition, our directors are knowledgeable and experienced in one or more business, governmental, or civic endeavors, which further qualifies them for service as members of the Board. Alignment with our stockholders is important in building value at the Company over time.

In 2014, Mr. Johnson, Mr. Dennis, Ms. DeParle, Mr. Frist III, Mr. Frist, Ms. Lamont, Mr. Light, Mr. Meyers, Mr. Michelson, Dr. Riley and Dr. Rowe were elected to the Company's Board at the Company's 2014 annual meeting of stockholders. Messrs. Frist III, Frist and Michelson were nominated for election to the Board as a consequence of their respective relationships with investment funds affiliated with the Frist Entities and Kohlberg Kravis Roberts & Co. and are collectively referred to as the Investor Directors.

Each of the Investor Directors was nominated for election to the Board pursuant to the Stockholders' Agreement. Under the Stockholders' Agreement, (i) Kohlberg Kravis Roberts & Co. has the right to nominate one director to our Board of Directors; however, Kohlberg Kravis Roberts & Co. will lose its right to nominate any directors to our Board of Directors once Kohlberg Kravis Roberts & Co. owns less than 3% of our

## **Table of Contents**

outstanding shares of common stock; and (ii) the Frist Entities have the right to nominate two directors to our Board of Directors; however, the Frist Entities will lose their right to nominate any directors to our Board of Directors once the Frist Entities own less than 3% of our outstanding shares of common stock. Pursuant to such agreement, Mr. Michelson was nominated and elected to the Board as a consequence of his relationship with Kohlberg Kravis Roberts & Co. and Messrs. Frist III and Frist were nominated and elected to the Board as a consequence of their respective relationships with the Frist Entities. As of March 6, 2015, Kohlberg Kravis Roberts & Co. owned approximately 3.6% of our common stock and the Frist Entities owned approximately 16.6% of our common stock.

As a group, the Investor Directors possess experience in owning and managing enterprises like the Company and are familiar with corporate finance, strategic business planning activities and issues involving stakeholders more generally.

Mr. Johnson brings leadership, extensive business, operating, legal and policy experience, and tremendous knowledge of our Company and the Company's industry, to the Board. In addition, he brings his broad strategic vision for our Company to the Board. Mr. Johnson's service as Chairman and Chief Executive Officer of the Company (and, previously, as President and Chief Financial Officer) creates a critical link between management and the Board, enabling the Board to perform its oversight function with the benefits of management's perspectives on the business. In addition, having Mr. Johnson on our Board provides our Company with ethical, decisive and effective leadership.

Mr. Dennis was selected as a director in light of his experience as a chief executive officer of a public company and experience serving as a director of several firms, including public companies, which will be beneficial in providing the Board of Directors with financial and general business expertise. Ms. DeParle was selected as a director in light of her service in governmental health care positions and experience serving as a director of other firms, including public companies, which will be particularly beneficial in providing health care and general business expertise to the Board of Directors. Ms. Lamont was selected as a director in light of her experience serving as a director of other firms, including public companies, her financial expertise and her service with other health care organizations, which will be particularly beneficial in providing financial and general business expertise to the Board of Directors. Mr. Light was selected as a director in light of his experience serving as a director of several companies, including public companies, his financial expertise and his service with other health care organizations, which will be particularly beneficial in providing financial and general business expertise to the Board of Directors. Mr. Meyers was selected as a director in light of his experience serving as a director of several companies, including public companies, and his extensive experience in the health care industry. In addition, Mr. Meyers' previous experience as a chief financial officer of a public company will provide valuable experience in his role as chair of our Audit and Compliance Committee. Dr. Riley was selected as a director in light of the leadership and management skills he has acquired through his prior experience as the president and chief executive officer of Meharry Medical College and executive positions at Baylor College of Medicine and Ben Taub General Hospital. In addition, Dr. Riley has significant medical and academic experience in the health care field as well as experience as a director of publicly traded companies. Dr. Rowe was selected as a director in light of his experience as a chief executive officer of a public company, experience serving as a director of several firms, including public companies, and experience as a physician, which will be beneficial in providing financial, general business and health care expertise to the Board of Directors.

*Criteria for Director Nomination.* Our Nominating and Corporate Governance Committee recommends to the Board persons to be nominated to serve as directors of the Company. When determining whether to nominate a current director to stand for reelection as a director, the Nominating and Corporate Governance Committee reviews and considers the performance of such director during the prior year using performance criteria established by the Board. The Nominating and Corporate Governance Committee also considers the requirements of any stockholders agreement in existence (as such may be amended from time to time) which governs the composition requirements of the Company's Board of Directors. In recruiting and evaluating new director candidates, the Nominating and Corporate Governance Committee assesses a candidate's independence, as well



## **Table of Contents**

as the candidate's background and experience, current board skill needs and diversity. The Company endeavors to have a Board representing diverse experience at policy-making levels in business, education or areas that are relevant to the Company's business. The Nominating and Corporate Governance Committee considers any candidates proposed by any senior executive officer, director or stockholder, consistent with applicable law, the Company's certificate of incorporation and bylaws, the criteria set forth in our Corporate Governance Guidelines and the requirements of any stockholders agreement in existence.

Individual directors and any person nominated to serve as a director should demonstrate high ethical standards and integrity in their personal and professional dealings, be willing to act on and remain accountable for their boardroom decisions, and be in a position to devote an adequate amount of time to the effective performance of director duties.

In addition, each director should contribute knowledge, experience, or skill in at least one domain that is important to the Company. To provide such a contribution to the Company, a director must possess experience in one or more of the following:

- Business or management for complex and large consolidated companies or other complex and large institutions;
- Accounting or finance for complex and large consolidated companies or other complex and large institutions;
- Leadership, strategic planning, or crisis response for complex and large consolidated companies or other complex and large institutions;
- The health care industry; and
- Other significant and relevant areas deemed by the Nominating and Corporate Governance Committee to be valuable to the Company.

Each director must also take reasonable steps to keep informed on the complex, rapidly evolving health care environment. Prior to nominating a person to serve as a director, the Nominating and Corporate Governance Committee evaluates the candidate based on the criteria described above. In addition, prior to accepting renomination, each director should evaluate himself or herself as to whether he or she satisfies the criteria described above.

*Board Leadership Structure.* The Board of Directors regularly considers the appropriate leadership structure for the Company and has concluded that the Company and its stockholders are best served by the Board of Directors retaining discretion to determine whether the same individual should serve as both Chief Executive Officer and Chairman of the Board of Directors, or whether the roles should be separated. The Board of Directors believes that it is important to retain the flexibility to make this determination at any given point in time based on what it believes will provide the best leadership structure for the Company. Accordingly, at different points in the Company's history, the Chief Executive Officer and Chairman of the Board of Directors roles have been held by the same person. At other times, the roles have been held by different individuals. In each instance, the decision on whether to combine or separate the roles was made in the best interests of the Company's stockholders, based on the circumstances at the time.

In 2013, the Board of Directors reviewed its leadership structure in connection with Richard M. Bracken's announcement of his plans to retire as our Chief Executive Officer at the end of 2013. The Board of Directors determined that the transition to Mr. Johnson as our new Chief Executive Officer in January 2014 would be best accomplished by having Mr. Bracken continue to serve as Chairman through 2014, which resulted in a separation of the roles of Chairman and Chief Executive Officer during that time.

During the transitional period following Mr. Johnson's appointment as Chief Executive Officer in 2014, when Mr. Bracken continued to serve as Chairman, the Board of Directors gave thoughtful and rigorous consideration to its leadership structure in connection with Mr. Bracken's impending retirement as Chairman at the end of 2014. Our Board of Directors determined that having Mr. Johnson serve as both Chairman and Chief

---

## **Table of Contents**

Executive Officer, coupled with strong independent director leadership, is the most appropriate leadership structure for the Company at this time. A number of factors support the current leadership structure. The Board of Directors believes the combined Chairman and Chief Executive Officer structure promotes decisive leadership, ensures clear accountability and enhances our ability to communicate with a single and consistent voice to stockholders, employees and other stakeholders. Further, given he has the benefit of over 30 years of operational and leadership experience within HCA, Mr. Johnson is best-positioned to set the Board's agenda and provide leadership. Mr. Johnson's career experience also gives him unquestioned industry knowledge, which the Board believes is critical for the chairman of the board of a company that operates in a highly-regulated industry such as health care. The Board also noted Mr. Johnson's strong performance as a leader in 2014. At present, the Board of Directors believes that this structure, along with (i) the presence of a non-management and independent presiding director, (ii) the principles and practices described in our Corporate Governance Guidelines which, among other things, provide that non-management directors shall meet at regularly scheduled executive sessions, which typically occur at all regularly scheduled Board meetings without any member of management present, (iii) regular Board review of the Chief Executive Officer succession plan, (iv) annual evaluation of the Chief Executive Officer by the non-management directors and (v) oversight of the Chief Executive Officer's compensation by the Compensation Committee, a committee composed entirely of independent directors that is advised by an independent compensation consultant, effectively maintains independent oversight of management. As a matter of practice, the Chairman regularly elicits input from all of the independent directors as to the matters they would like covered at the meetings and the information they would find most helpful in their deliberations and decision-making. We plan to continue to examine our corporate governance policies and leadership structures on an ongoing basis to ensure that they continue to meet the Company's needs.

*Board's Role in Risk Oversight.* Risk is inherent with every business. Management is responsible for the day-to-day management of risks the Company faces, while the Board of Directors, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board of Directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. Our Board of Directors oversees an enterprise-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance stockholder value. A fundamental aspect of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the company. The involvement of the full Board of Directors in setting our business strategy is a key part of its assessment of management's appetite for risk and also a determination of what constitutes an appropriate level of risk for the Company.

We conduct an annual enterprise risk management assessment, which is facilitated by our enterprise risk management team in collaboration with our internal auditors. The senior internal audit executive officer reports to the Chief Executive Officer and to the Audit and Compliance Committee in this capacity. In this process, we assess risk throughout the Company by conducting surveys and interviews of our employees and directors, soliciting information regarding business risks that could significantly adversely affect the Company, including the achievement of its strategic plan. We then identify any controls or initiatives in place to mitigate any material risk and the effectiveness of any such controls or initiatives. The enterprise risk management team annually prepares a report for senior management and, ultimately, the Board of Directors regarding the key identified risks and how we manage these risks both on an annual and ongoing basis. Senior management attends the quarterly Board meetings and is available to address any questions or concerns raised by the Board regarding risk management and any other matters. Additionally, each quarter, the Board of Directors receives presentations from senior management on strategic matters involving our operations.

While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board assist the Board in fulfilling its oversight responsibilities in certain areas of risk. In particular, the Audit and Compliance Committee focuses on financial and enterprise risk exposures, including internal controls, and discusses with management, the senior internal audit executive officer, the senior chief

---

**Table of Contents**

ethics and compliance officer and the independent registered public accounting firm, our policies with respect to risk assessment and risk management. The Audit and Compliance Committee also assists the Board in fulfilling its duties and oversight responsibilities relating to the Company's compliance with applicable laws and regulations, the Company Code of Conduct and related Company policies and procedures, including the Corporate Ethics and Compliance Program. The Compensation Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs, as described below under Executive Compensation Compensation Risk Assessment. The Patient Safety and Quality of Care Committee assists the Board in fulfilling its risk oversight responsibility with respect to our policies and procedures relating to patient safety and the delivery of quality medical care to our patients.

*Board Meetings and Committees; Policy Regarding Director Attendance at Annual Meetings of Stockholders.* During 2014, our Board of Directors held seven meetings. All directors attended at least 75% of the Board meetings and meetings of the committees of the Board on which the director served, held during the period for which he or she served as a director. It is our policy that directors are strongly encouraged to attend the Company's annual stockholder meetings. Our 2014 annual meeting of stockholders was attended by all directors in service at such time, with the exception of Ms. Lamont who was unable to attend.

*Audit and Compliance Committee.* Our Audit and Compliance Committee is composed of Jay O. Light, Geoffrey G. Meyers (Chair) and Wayne J. Riley, M.D. Our Board of Directors has affirmatively determined that each member of the Audit and Compliance Committee meets the definition of independent director for purposes of the NYSE rules and the independence requirements of Rule 10A-3 of the Exchange Act. Our Board of Directors has determined that Geoffrey G. Meyers is an audit committee financial expert. The Audit and Compliance Committee is responsible for, among other things:

- Selecting the independent registered public accounting firm;
- Pre-approving all audit engagement fees and terms, as well as audit and permitted non-audit services to be provided by the independent auditors;
- At least annually, obtaining and reviewing a report of the independent registered public accounting firm describing the firm's internal quality-control procedures and any material issues raised by its most recent review of internal quality controls;
- Evaluating the qualifications, performance and independence of the independent registered public accounting firm;
- Reviewing with the independent registered public accounting firm any difficulties the independent registered public accounting firm encountered during the course of the audit work, including any restrictions in the scope of activities or access to requested information or any significant disagreements with management and management's responses to such matters;
- Setting policies regarding the hiring of current and former employees of the independent registered public accounting firm;
- Reviewing and discussing the annual audited and quarterly unaudited financial statements with management and the independent registered public accounting firm;
- Discussing earnings press releases and the financial information and earnings guidance provided to analysts and rating agencies;
- Discussing policies governing the process by which risk assessment and risk management is to be undertaken;
- Reviewing disclosures made by the CEO and CFO regarding any significant deficiencies or material weaknesses in our internal control over financial reporting;
- Reviewing with the independent registered public accounting firm the internal audit responsibilities, budget and staffing, as well as procedures for implementing recommendations made by the independent registered public accounting firm and any significant matters contained in reports from the internal audit department;

---

**Table of Contents**

Establishing procedures for receipt, retention and treatment of complaints we receive regarding accounting, auditing or internal controls and the confidential, anonymous submission of anonymous employee concerns regarding questionable accounting and auditing matters;

Reviewing and approving material related party transactions;

Reviewing and discussing decisions by the Company and its subsidiaries to enter into swap transactions;

Discussing with our general counsel legal or regulatory matters that could reasonably be expected to have a material impact on business or financial statements;

Reviewing the Company's data security programs;

Providing information to our Board that may assist the Board in fulfilling its responsibility to oversee the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications and independence and the performance of the Company's internal audit function and independent auditor; and

Preparing the report required by the SEC to be included in our Annual Report on Form 10-K or our proxy or information statement.

The Audit and Compliance Committee has adopted a charter which can be obtained on the Corporate Governance page of our website at [www.hcahealthcare.com](http://www.hcahealthcare.com). In 2014, the Audit and Compliance Committee met 14 times.

*Compensation Committee.* Our Compensation Committee is composed of Ann H. Lamont, Jay O. Light (Chair) and Geoffrey G. Meyers. Our Board of Directors has affirmatively determined that each member of the Compensation Committee meets the definition of "independent director" for purposes of the NYSE rules, the definition of "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), and the definition of "non-employee director" for purposes of Section 16 of the Exchange Act. The Compensation Committee is generally charged with the oversight of our executive compensation and rewards programs. Responsibilities of the Compensation Committee include the review and approval of the following items:

- Executive compensation strategy and philosophy;
- Evaluation process and compensation arrangements for executive management;
- Design and administration of the annual Senior Officer Performance Excellence Program;
- Design and administration of our equity incentive plans;
- Executive benefits and perquisites (including the HCA Restoration Plan and the Supplemental Executive Retirement Plan);
- Review of management succession planning; and
- Any other executive compensation or benefits related items deemed appropriate by the Compensation Committee.

In addition, the Compensation Committee considers the proper alignment of executive pay policies with Company values and strategy by overseeing employee compensation policies, corporate performance measurement and assessment, and Chief Executive Officer performance assessment.

The Compensation Committee may retain the services of independent outside consultants, as it deems appropriate in its sole discretion, to assist in the strategic review of programs and arrangements relating to executive compensation and performance. In 2014, the Compensation Committee retained Semler Brossy Consulting Group, LLC ( "Semler Brossy" ) to assist in conducting an assessment of competitive executive compensation. Semler Brossy is retained by, and reports directly to, the Compensation Committee. As required under the NYSE listing rules, the Compensation Committee has considered and assessed all factors relevant to Semler Brossy's independence from management, including but not limited to those set forth in Section 303A.05(c)(iv) of the NYSE Listed Company Manual, as applicable. Based on this review, the

---

**Table of Contents**

Compensation Committee is not aware of any conflict of interest that has been raised by work performed by Semler Brossy. A consultant from the firm attends most of the Compensation Committee meetings in person or by phone and supports the Compensation Committee's role by providing independent expertise and advice. Semler Brossy's main responsibilities are to:

Review and advise on the Company's executive compensation programs, including base salaries, short- and long-term incentives, and other benefits, if any;

Review and analyze proxy officer compensation data, compensation survey data, and other publicly available data;

Review and analyze management prepared market pricing analysis (i.e., review compensation surveys used, job matches, survey weightings, and year-over-year change in analysis results); and

Advise on current trends in compensation including design and pay levels.

The Compensation Committee may consider recommendations from our Chief Executive Officer and compensation consultants, among other factors, in making its compensation determinations. The Compensation Committee has the authority to delegate any of its responsibilities to one or more subcommittees as the committee may deem appropriate. For a discussion of the processes and procedures for determining executive and director compensation and the role of executive officers and compensation consultants in determining or recommending the amount or form of compensation, see Executive Compensation Compensation Discussion and Analysis. The Compensation Committee has adopted a charter which can be obtained on the Corporate Governance page of our website at [www.hcahealthcare.com](http://www.hcahealthcare.com). In 2014, the Compensation Committee met six times, and a sub-committee of our Compensation Committee established for purposes of approving any compensation that may otherwise be subject to Section 162(m) of the Internal Revenue Code and/or for purposes of Section 16 of the Exchange Act met once. The sub-committee was dissolved on February 1, 2014 at the time our Compensation Committee became fully independent pursuant to the NYSE listing standards.

*Nominating and Corporate Governance Committee.* Our Nominating and Corporate Governance Committee is composed of Robert J. Dennis, Ann H. Lamont (Chair) and Wayne J. Riley, M.D. Our Board of Directors has affirmatively determined that each member of the Nominating and Corporate Governance Committee meets the definition of independent director for purposes of the NYSE rules. The Nominating and Corporate Governance Committee is responsible, subject to the requirements of the Stockholders' Agreement and Mr. Johnson's employment agreement, for (1) identifying, recruiting and recommending to the Board of Directors individuals qualified to become members of our Board of Directors, (2) reviewing the qualifications of incumbent directors to determine whether to recommend them for reelection, (3) reviewing and recommending corporate governance policies, principles and procedures applicable to the Company and (4) handling such other matters that are specifically delegated to the Nominating and Corporate Governance Committee by the Board of Directors from time to time. The Nominating and Corporate Governance Committee has adopted a charter which can be obtained on the Corporate Governance page of our website at [www.hcahealthcare.com](http://www.hcahealthcare.com). In 2014, the Nominating and Corporate Governance Committee met four times.

*Patient Safety and Quality of Care Committee.* Our Patient Safety and Quality of Care Committee is composed of Nancy-Ann DeParle, William R. Frist, Michael W. Michelson, Wayne J. Riley, M.D. (Chair) and John W. Rowe, M.D. This committee reviews our policies and procedures relating to the delivery of quality medical care to patients as well as matters concerning or relating to the efforts to advance the quality of health care provided and patient safety. The Patient Safety and Quality of Care Committee has adopted a charter which can be obtained on the Corporate Governance page of our website at [www.hcahealthcare.com](http://www.hcahealthcare.com). In 2014, the Patient Safety and Quality of Care Committee met four times.

*Policy Regarding Communications with the Board of Directors.* Stockholders and other interested parties may contact the Board of Directors, a particular director, or the non-management directors or independent directors as a group by sending a letter (signed or anonymous) to: c/o Board of Directors, HCA Holdings, Inc., One Park Plaza, Nashville, TN 37203, Attention: Corporate Secretary.

## **Table of Contents**

We will forward all such communications to the applicable Board member(s) at least quarterly, except for advertisements or solicitations which will be discarded. The legal department will review the communications received. Concerns will be addressed through our regular procedures for addressing such matters. Depending on the nature of the concern, management also may refer it to our internal audit, legal, finance, financial reporting or other appropriate department. If the volume of communication becomes such that the Board adopts a process for determining which communications will be relayed to Board members, that process will appear on the Corporate Governance page of our website at [www.hcahealthcare.com](http://www.hcahealthcare.com).

Complaints or concerns about our accounting, internal accounting controls, auditing or other matters may be reported anonymously or otherwise to our legal department or to the Audit and Compliance Committee in any of the following ways:

Call the HCA Ethics Line at 1-800-455-1996

Write to the Audit and Compliance Committee at: Audit and Compliance Committee Chair, HCA Holdings, Inc., c/o General Counsel, One Park Plaza, Nashville, TN 37203

All accounting, internal accounting controls, or auditing matters will be reported to the Audit and Compliance Committee on at least a quarterly basis. Depending on the nature of the concern, it also may be referred to our internal audit, legal, finance, financial reporting or other appropriate department. We will treat a complaint or concern about questionable accounting or auditing matters confidentially if requested, except to the extent necessary to protect the Company's interests or to comply with an applicable law, rule or regulation or order of a judicial or governmental authority.

Our policy prohibits any employee from retaliating or taking any adverse action against anyone who, in good faith, reports or helps to resolve an ethical or legal concern.

*Corporate Governance Guidelines.* The Company has adopted Corporate Governance Guidelines that we believe reflect the Board's commitment to a system of governance that enhances corporate responsibility and accountability. The Corporate Governance Guidelines contain provisions addressing the following matters, among others:

- Size and composition of the Board;
- Director qualifications and independence;
- Executive sessions;
- Director responsibilities, including succession planning;
- Director orientation and continuing education;
- Board and committee meetings;
- Board committees;
- Chief executive officer evaluation;
- Performance evaluation of the Board and its committees;
- Director access to officers and employees; and
- Stockholder communications with the Board.

The Corporate Governance Guidelines are available on the Corporate Governance page of our website at [www.hcahealthcare.com](http://www.hcahealthcare.com). We intend to disclose any future amendments to the Corporate Governance Guidelines on our website.

*Code of Ethics.* We have a Code of Conduct, which is applicable to all our directors, officers and employees (the Code of Conduct). The Code of Conduct is available on the Ethics and Compliance and Corporate Governance pages of our website at [www.hcahealthcare.com](http://www.hcahealthcare.com). To the extent required pursuant to applicable SEC regulations, we intend to post amendments to or waivers from our Code of Conduct (to the extent applicable to our chief executive officer, principal financial officer or principal accounting officer) at these locations on our website or report the same on a Current Report on Form 8-K. Our Code of Conduct is available

**Table of Contents**

free of charge upon request to our Corporate Secretary, HCA Holdings, Inc., One Park Plaza, Nashville, TN 37203.

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

During 2014, the Compensation Committee of the Board of Directors was composed of John P. Connaughton, Jay O. Light, Geoffrey G. Meyers, Michael W. Michelson and Ann H. Lamont. Messrs. Connaughton and Michelson resigned from the Compensation Committee effective February 1, 2014 as a result of our transition from a controlled company. None of the aforementioned members of the Compensation Committee have at any time been an officer or employee of HCA or any of its subsidiaries. In addition, none of our executive officers serves as a member of the compensation committee of any entity which has one or more executive officers serving as a member of our Board of Directors or Compensation Committee. During 2014, each of Messrs. Connaughton and Michelson were also managers of Hercules Holding and are affiliated with Bain Capital Partners, LLC and Kohlberg Kravis Roberts & Co., respectively. Under the Stockholders Agreement, until we ceased to be a controlled company on February 15, 2013, each of the Sponsors and the Frist Entities had the right to designate one member of each committee of our Board of Directors except to the extent that such a designee was not permitted to serve on a committee under applicable law, rule, regulation or listing standards. The Stockholders Agreement and certain transactions with affiliates of Bain Capital Partners, LLC and Kohlberg Kravis Roberts & Co. are described in greater detail in Certain Relationships and Related Person Transactions.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and greater than ten-percent stockholders to file initial reports of ownership and reports of changes in ownership of any of our securities with the SEC and us. We believe that during the 2014 fiscal year, all of our directors, executive officers and greater than ten-percent stockholders complied with the requirements of Section 16(a). This belief is based on our review of forms filed or written notice that no reports were required.

**Table of Contents****PROPOSAL 1 ELECTION OF DIRECTORS**

The current Board of Directors of HCA consists of eleven directors. Our Board of Directors recommends that the nominees listed below be elected as members of the Board of Directors at the annual meeting.

Each of the nominees, if re-elected, will serve a one year term as a director until the annual meeting of stockholders in 2016 or until his or her respective successor is duly elected and qualified or until the earlier of his or her death, resignation or removal. If a nominee becomes unable or unwilling to accept nomination or election, the person or persons voting the proxy will vote for such other person or persons as may be designated by the Board of Directors, unless the Board of Directors chooses to reduce the number of directors serving on the Board. The Board of Directors has no reason to believe that any of the nominees will be unable or unwilling to serve as a director if re-elected.

The following is a brief description of the background and business experience of each of the nominee directors to be elected to serve on our Board of Directors, each of whom is currently a member of our Board of Directors:

<b>Name</b>	<b>Age(1)</b>	<b>Director Since</b>	<b>Position(s)</b>
R. Milton Johnson	58	2009	Chairman and Chief Executive Officer
Robert J. Dennis	61	2014	Director
Nancy-Ann DeParle	58	2014	Director
Thomas F. Frist III	47	2006	Director
William R. Frist	45	2009	Director
Ann H. Lamont	58	2013	Director
Jay O. Light	73	2011	Director
Geoffrey G. Meyers	70	2011	Director
Michael W. Michelson	63	2006	Director
Wayne J. Riley, M.D.	55	2012	Director
John W. Rowe, M.D.	70	2014	Director

(1) As of March 6, 2015.

*R. Milton Johnson* was appointed Chairman and Chief Executive Officer effective December 31, 2014. Mr. Johnson served as President and Chief Executive Officer from January 1, 2014 to December 31, 2014 and has been a director of the Company since December 2009. Mr. Johnson previously served the Company as President and Chief Financial Officer from February 2011 through December 2013 and Executive Vice President and Chief Financial Officer from July 2004 to February 2011. Prior to that time, he served as Senior Vice President and Controller from July 1999 until July 2004 and as Vice President and Controller of the Company from November 1998 to July 1999. From April 1995 to October 1998, Mr. Johnson served as Vice President Tax of the Company. Prior to that time, Mr. Johnson served as Director of Tax for Healthtrust, Inc. The Hospital Company from September 1987 to April 1995.

*Robert J. Dennis* has served as President and Chief Executive Officer since 2008 and Chairman since April 2010 of Genesco Inc., a specialty retailer. Mr. Dennis served as Genesco's President and Chief Operating Officer from 2006 until 2008, Executive Vice President and Chief Operating Officer from 2005 until 2006 and Senior Vice President from 2004 until 2005. He previously served as Chief Executive Officer at Hat World Corporation from 2001 to 2004. Mr. Dennis has also served as a director of Corrections Corporation of America since February 2013 and served as a director of Teavana Holdings, Inc. from 2011 to 2012.

*Nancy-Ann DeParle* is a founding partner of Consonance Capital Partners, a private equity firm, and has held such position since 2013. From March 2009 to January 2013, Ms. DeParle served in the White House, first as Counselor to the President and Director of the White House Office of Health Reform, and later as Assistant to



**Table of Contents**

the President and Deputy Chief of Staff for Policy. From 2001 to 2009, Ms. DeParle was a senior advisor and managing director of JPMorgan Partners and its successor, CCMP Capital. From 1993 to 2000, Ms. DeParle served as the Associate Director for Health and Personnel for the White House Office of Management and Budget, and later as the Administrator of the Centers for Medicare and Medicaid Services (then known as the Health Care Financing Administration). Ms. DeParle has also served as a director of CVS Caremark Corporation since September 2013.

*Thomas F. Frist III* is a principal of Frist Capital LLC, a private investment vehicle for Mr. Frist and certain related persons and has held such position since 1998. Mr. Frist is also a general partner at Frisco Partners, another Frist family investment vehicle. Mr. Frist served as a director of Triad Hospitals, Inc. from 1998 to October 2006 and currently serves as a director of SAIC, Inc. Mr. Frist is the brother of William R. Frist, who also serves as a director of the Company.

*William R. Frist* is a principal of Frist Capital LLC, a private investment vehicle for Mr. Frist and certain related persons and has held such position since 2003. Mr. Frist is also a general partner at Frisco Partners, another Frist family investment vehicle. Mr. Frist is the brother of Thomas F. Frist III, who also serves as a director of the Company.

*Ann H. Lamont* leads the health care and financial services information technology teams at Oak Investment Partners, a multi-stage venture capital firm. Ms. Lamont has been with Oak Investment Partners since 1982, serving as General Partner from 1986 to 2006 and as a Managing Partner since 2006. Ms. Lamont has also served as a director of Benefitfocus, Inc. since 2010 and a director of Castlight Health, Inc. since 2009. Ms. Lamont served as a director of NetSpend Holdings, Inc. from 2004 until 2013 and a director of athenahealth, Inc. from 2000 until 2010.

*Jay O. Light* is the Dean Emeritus of Harvard Business School and, prior to becoming Dean in April 2006, Mr. Light was Senior Associate Dean, Chairman of the Finance Area, and a professor teaching Investment Management, Capital Markets, and Entrepreneurial Finance for 30 years. Mr. Light is a director of the Harvard Management Company, a director of Partners HealthCare (the Mass General and Brigham & Women's Hospitals) and chairman of its Investment Committee, a member of the Investment Committee of several endowments and a director of several private firms. Mr. Light has also served as a member of the board of directors of The Blackstone Group L.P.'s general partner since September 2008. In prior years until 2008, Mr. Light was a Trustee of the GMO Trusts, a family of mutual funds for institutional investors.

*Geoffrey G. Meyers* is the retired Chief Financial Officer, Executive Vice President and Treasurer for Manor Care, Inc., a short-term post-acute and long-term care provider, where he had responsibility for administration and financial management from 1988 until 2006 and was a director of Health Care and Retirement Corp., a predecessor of Manor Care, Inc., from 1991 to 1998. Mr. Meyers is currently Chairman of the Board for both the Trust Company of Toledo, a northwestern Ohio trust bank, and PharMerica Corporation, as well as a director of Health Care REIT, Inc. Mr. Meyers also serves on PharMerica Corporation's Nominating and Governance Committee and Compensation Committee and Health Care REIT, Inc.'s Compensation, Investment and Planning Committees.

*Michael W. Michelson* has been a member of KKR Management LLC, a private equity investment manager and the general partner of KKR & Co. L.P., since October 1, 2009. Before that, he was a member of the limited liability company which served as the general partner of Kohlberg Kravis Roberts & Co. L.P. since 1996. Prior to that, he was a general partner of Kohlberg Kravis Roberts & Co. L.P. Mr. Michelson served as a director of Accellent Inc. from 2005 to 2009, Alliance Imaging from 1999 to 2007 and Jazz Pharmaceuticals, Inc. from 2004 to 2012. Mr. Michelson has been a director of Biomet, Inc. since 2007.

*Wayne J. Riley, M.D.* is Adjunct Professor of Healthcare Management, Owen Graduate School of Management and Clinical Professor of Medicine, Vanderbilt University School of Medicine, Vanderbilt

**Table of Contents**

University, and President-elect of the American College of Physicians. He formerly served as President and CEO of Meharry Medical College from January 2007 to May 2013. Prior to joining Meharry, Dr. Riley served at the Baylor College of Medicine in Houston, Texas as the Vice-President and Vice Dean for Health Affairs and Governmental Relations from May 2004 through December 2006 and as Associate Professor of Internal Medicine from October 2005 through December 2006. Dr. Riley has also served as a director of Vertex Pharmaceuticals Incorporated since July 2010, where he currently serves on the Corporate Governance and Nominating and Science & Technology committees. He also previously served as a director of Pinnacle Financial Partners, Inc. from 2007 to 2013 and of the Federal Reserve Board of Atlanta, Nashville Branch from January 2013 to June 2013. He is a member of the Institute of Medicine of the National Academy of Sciences and holds leadership positions in a number of medical and health care organizations.

*John W. Rowe, M.D.* has been a Professor in the Department of Health Policy and Management at the Columbia University Mailman School of Public Health since 2006. From 2000 until 2006, Dr. Rowe served as Chairman and Chief Executive Officer of Aetna, Inc., a managed health care company. Prior to joining Aetna, Dr. Rowe served as President and Chief Executive Officer of Mount Sinai NYU Health from 1998 to 2000 and President of Mount Sinai Hospital and Mount Sinai School of Medicine from 1988 to 1998.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR EACH OF THE DIRECTOR NOMINEES.**

**Table of Contents**

**PROPOSAL 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit and Compliance Committee has appointed Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2015. Services provided to the Company and its subsidiaries by Ernst & Young LLP in fiscal 2014 are described below and under Audit and Compliance Committee Report located on page 69 of this proxy statement.

*Audit Fees.* The aggregate audit fees billed by Ernst & Young LLP for professional services rendered for the audit of our annual consolidated financial statements, for the reviews of the condensed consolidated financial statements included in our quarterly reports on Form 10-Q, for the audit of the effectiveness of the Company's internal control over financial reporting, under the Sarbanes-Oxley Act of 2002, and services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings totaled \$8.3 million for 2014 and \$7.7 million for 2013.

*Audit-Related Fees.* The aggregate fees billed by Ernst & Young LLP for assurance and related services not described above under Audit Fees were \$1.7 million for 2014 and \$1.8 million for 2013. Audit-related services principally include audits of certain of our subsidiaries, benefit plans and computer processing controls.

*Tax Fees.* The aggregate fees billed by Ernst & Young LLP for professional services rendered for tax compliance, tax advice and tax planning were \$4.7 million for 2014 and \$3.7 million for 2013.

*All Other Fees.* The aggregate fees billed by Ernst & Young LLP for products or services other than those described above were approximately \$17,100 for 2014 and \$18,500 for 2013. These fees primarily relate to certain advisory services.

The Board of Directors has adopted an Audit and Compliance Committee Charter which, among other things, requires the Audit and Compliance Committee to preapprove all audit and permitted nonaudit services (including the fees and terms thereof) to be performed for us by our independent registered public accounting firm, subject to the ability to delegate authority to a subcommittee for certain preapprovals.

All services performed for us by Ernst & Young LLP in 2014 were preapproved by the Audit and Compliance Committee. The Audit and Compliance Committee concluded that the provision of audit-related services, tax services and other services by Ernst & Young LLP was compatible with the maintenance of the firm's independence in the conduct of its auditing functions.

Representatives of Ernst & Young LLP will be present at the annual meeting. They will have the opportunity to make a statement if they desire to do so, and we expect that they will be available to respond to questions.

Ratification of the appointment of Ernst & Young LLP requires affirmative votes from the holders of a majority of the shares present in person or represented by proxy at the annual meeting and entitled to vote. If the Company's stockholders do not ratify the appointment of Ernst & Young LLP, the Audit and Compliance Committee will reconsider the appointment and may affirm the appointment or retain another independent accounting firm. Even if the appointment is ratified, the Audit and Compliance Committee may in the future replace Ernst & Young LLP as our independent registered public accounting firm if it is determined that it is in the Company's best interests to do so.

**THE AUDIT AND COMPLIANCE COMMITTEE AND THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE COMPANY FOR THE YEAR ENDING DECEMBER 31, 2015.**

**Table of Contents**

**PROPOSAL 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act ), enacted in July 2010, requires that we provide our stockholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the compensation disclosure rules of the SEC. As described below in the Executive Compensation Compensation Discussion and Analysis section of this proxy statement, the Compensation Committee of the Board of Directors has structured our executive compensation program to achieve the following key objectives:

- Reinforce HCA s strategic initiatives;
- Align the economic interests of our executives with those of our stockholders; and
- Encourage attraction and long-term retention of key contributors.

We urge stockholders to read the Executive Compensation Compensation Discussion and Analysis section of this proxy statement beginning on page 23 of this proxy statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and other related compensation tables and narrative, appearing on pages 40 through 61, which provide detailed information on the compensation of our named executive officers. The Compensation Committee and the Board of Directors believe that the policies and procedures articulated in the Executive Compensation Compensation Discussion and Analysis section of this proxy statement are effective in achieving our compensation objectives and contribute to the Company s performance.

In accordance with Section 14A of the Exchange Act, we are asking stockholders to approve the following advisory resolution at the 2015 annual meeting of stockholders:

RESOLVED, that the stockholders of the Company approve, on an advisory basis, the compensation of the Company s Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, as set forth in the Company s 2015 Definitive Proxy Statement on Schedule 14A.

This advisory resolution, commonly referred to as a say-on-pay resolution, is non-binding on the Company, the Board of Directors and the Compensation Committee. The say-on-pay proposal is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the executive compensation policies, practices, and plans described in this proxy statement. Although non-binding, the Compensation Committee will carefully review and consider the voting results when making future decisions regarding our executive compensation program.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE ADVISORY SAY-ON-PAY RESOLUTION TO APPROVE OUR EXECUTIVE COMPENSATION.**

**OTHER MATTERS**

We are not aware of any matters other than those discussed in the foregoing materials contemplated for action at the annual meeting. The persons named in the Proxy Card will vote in accordance with the recommendation of the Board of Directors on any other matters incidental to the conduct of, or otherwise properly brought before, the annual meeting. The Proxy Card contains discretionary authority for them to do so.

**Table of Contents**

**EXECUTIVE COMPENSATION**

**Compensation Risk Assessment**

In consultation with the Compensation Committee (the Committee) of the Board of Directors, members of Human Resources, Financial Reporting, Legal, Enterprise Risk Management and Internal Audit management conducted an assessment of whether the Company's compensation policies and practices encourage excessive or inappropriate risk taking by our employees, including employees other than our named executive officers. This assessment included a review of the risk characteristics of our business and the design of our incentive plans and policies. Although a significant portion of our executive compensation program is performance-based, the Committee has focused on aligning the Company's compensation policies with the long-term interests of the Company and avoiding rewards or incentive structures that could create unnecessary risks to the Company.

Management reported its findings to the Committee, which agreed with management's assessment that our plans and policies do not encourage excessive or inappropriate risk taking and determined such policies or practices are not reasonably likely to have a material, adverse effect on the Company.

**Compensation Discussion and Analysis**

**Named Executive Officers**

The following executive compensation discussion and analysis describes the principles underlying our executive compensation policies and decisions as well as the material elements of compensation for our named executive officers. Our named executive officers for 2014 were:

*R. Milton Johnson*, President and Chief Executive Officer;

*William B. Rutherford*, Executive Vice President and Chief Financial Officer;

*Samuel N. Hazen*, President - Operations;

*Jon M. Foster*, President - American Group; and

*Charles J. Hall*, President - National Group.

Mr. Johnson was appointed to serve as Chairman and Chief Executive Officer of the Company effective December 31, 2014, and Mr. Hazen was appointed to serve as the Company's Chief Operating Officer effective January 29, 2015.

**Executive Summary**

***Compensation Philosophy and Objectives***

The core philosophy of our executive compensation program is to support the Company's primary objective of providing the highest quality health care to our patients while enhancing the long-term value of the Company to our stockholders. Specifically, the Committee believes the most effective executive compensation program (for all executives, including named executive officers):

Reinforces HCA's strategic initiatives;

Edgar Filing: HCA Holdings, Inc. - Form DEF 14A

Aligns the economic interests of our executives with those of our stockholders; and

Encourages attraction and long-term retention of key contributors.

## **Table of Contents**

The Committee is committed to a strong, positive link between our business objectives and performance and our executive compensation and benefits practices.

Our compensation philosophy also allows for flexibility in establishing executive compensation based on an evaluation of information prepared by management or other advisors and other subjective and objective considerations deemed appropriate by the Committee, subject to any contractual agreements with our executives. The Committee will also consider the recommendations of our Chief Executive Officer for executives other than himself. This flexibility is important to ensure our compensation programs are competitive and our compensation decisions appropriately reflect the unique contributions and characteristics of our executives.

### ***2014 Performance Results***

The following are highlights of the Company's financial performance in 2014.

The Company experienced strong volume growth in 2014, including same facility revenue per equivalent admission growth of 3.9%, same facility equivalent admissions growth of 2.9% and same facility emergency room visits growth of 5.8%.

Expense management was strong in 2014 as demonstrated by same facility operating expense per equivalent admission growth of only 2.0%.

As a result of strong volume growth, expense management and other factors, EBITDA (as defined for purposes of our 2014 incentive compensation programs) was 110.3% of the target established by the Committee.

The closing price of our common stock increased from \$47.71 per share on December 31, 2013 to \$73.39 per share on December 31, 2014, resulting in a total annual stockholder return for 2014 of 54%.

In addition to strong financial performance, we continued to focus on delivering quality care to our patients. The following are a few of the 2014 quality and patient care highlights:

115 (85%) of HCA's 136 licensed affiliated U.S. hospitals reporting core measure performance data to The Joint Commission (TJC) for 2013 were included on TJC's 2014 list of *Top Performers on Key Quality Measures* program (based on 2013 performance results). This is an increase from 110 hospitals included in the prior year's list.

The Company's performance scores on the Centers for Medicare & Medicaid Services (CMS) inpatient and outpatient measures continued to exceed the CMS national average.

We experienced year-over-year improvement in CMS Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) patient satisfaction scores and hospital acquired conditions rates.

### ***Impact of Performance on 2014 Compensation***

Our compensation philosophy, which is described in more detail herein, is centered around creating a strong link between the performance of business objectives and the value of compensation. The compensation of our named executive officers in 2014 was directly impacted by our financial performance, quality objectives, and stockholder return.

**Table of Contents**

<b>Performance Objective</b>	<b>Link to 2014 Compensation</b>
Financial	2014 equity performance vesting and 85% of 2014 annual incentive awards were based on achieving a targeted level of EBITDA.
Quality/Patient Care	15% of 2014 annual incentive awards were based on Company performance against industry patient care and quality benchmarks.
Stockholder Return	Annual equity grants were made in the form of stock appreciation rights in order to reward executives for future growth in stockholder value.

As a result of above target financial performance for 2014, annual incentive payouts for the named executive officers for 2014 were paid at 183.83% of target. Participants also earned 100% of the portion of the performance vested equity awards tied to 2014 EBITDA based on strong 2014 performance.

***2014 Say-on-Pay Advisory Vote***

The Company provided stockholders a say-on-pay advisory vote on its executive compensation in 2014, as required under the Dodd-Frank Act. At our 2014 annual meeting of stockholders, stockholders expressed substantial support for the compensation of our named executive officers, with approximately 98% of the votes cast for approval of the say-on-pay advisory vote on executive compensation. The Committee evaluated the results of the 2014 advisory vote and considered many other factors in evaluating the Company’s executive compensation programs as discussed in this Compensation Discussion and Analysis. While each of these factors influenced the Committee’s decisions regarding our named executive officers’ compensation, in light of the substantial support expressed by our stockholders for our compensation program, the Committee did not make any changes to our executive compensation program and policies as a direct result of the 2014 say-on-pay advisory vote.

***Key Policies and Practices***

The Company has adopted the following key programs, policies and practices to respond to evolving good governance practices in executive compensation and enhance the alignment of our executive compensation programs and stockholder interests:

**Restrictions on Hedging and Pledging Transactions:** Named executive officers and other Company insiders are restricted from (i) engaging in hedging transactions designed to reduce or limit the individuals’ economic risk with respect to such individuals’ interest in Company securities and (ii) pledging Company securities as collateral for margin or other loans.

**Performance-Based Long-Term Incentive Programs:** Stock appreciation right awards granted in 2012 – 2014 were structured such that 50% of vesting is based on the Company’s operating performance. In 2015, the Company granted performance share unit ( PSU ) awards which vest based on achievement of a three-year cumulative earnings per share goal, in addition to time-based stock appreciation right awards.

**Policies that Discourage Short-Term Risk Taking:** Annual incentive payouts under the Senior Officer Performance Excellence Program ( PEP ) may be subject to clawback if there are any financial restatements or inaccuracies later found in program metrics. Additionally, half of PEP payouts earned above target levels are paid in restricted share units to further long-term alignment with the Company’s stockholders and discourage short-term risk taking. Named executive officers and other Company insiders are also restricted from engaging in transactions in which such individuals may profit from short-term speculative swings in the value of Company securities.



## **Table of Contents**

**Double-Trigger Change in Control Provisions:** Stock appreciation right and performance share unit awards granted in 2015 are subject to a double-trigger for accelerated vesting under certain change in control scenarios.

**No Tax Gross-Ups on Perquisites:** The Company does not provide any gross up payments to our named executive officers to cover the taxes due on perquisite related income.

**Share Ownership Guidelines:** The Company's share ownership guidelines provide that our Chief Executive Officer should hold Company equity valued at least 5 times his base salary, and our other named executive officers should hold equity valued at least 3 times their respective base salaries within five years of appointment to their position.

## **Overview of Executive Compensation Programs**

The Committee is generally charged with the oversight of our executive compensation and rewards programs. The Committee is currently composed of Jay O. Light (Chair), Ann H. Lamont and Geoffrey G. Meyers. The Board of Directors also established a subcommittee of our Compensation Committee (the Independent Subcommittee), which consisted of Messrs. Light and Meyers, for purposes of approving equity grants to our executive officers and any compensation that may have otherwise been subject to Section 162(m) prior to February 1, 2014, when the Committee became composed solely of independent, outside directors. Responsibilities of the Committee include the review and approval of the following items:

Executive compensation strategy and philosophy;

Evaluation process and compensation arrangements for executive management;

Design and administration of the annual Senior Officer PEP;

Design and administration of our equity incentive plans;

Executive benefits and perquisites (including the HCA Restoration Plan and the Supplemental Executive Retirement Plan); and

Any other executive compensation or benefits related items deemed appropriate by the Committee.

In addition, the Committee considers the proper alignment of executive pay policies with Company values and strategy by overseeing executive compensation policies, corporate performance measurement and assessment, and Chief Executive Officer performance assessment.

The Committee may retain the services of independent outside consultants, as it deems appropriate in its sole discretion, to assist in the strategic review of programs and arrangements relating to executive compensation and performance. The Committee has retained Semler Brossy Consulting Group, LLC (Semler Brossy) as its external advisor. The Committee considers advice and analysis presented by the consultant in making decisions on compensation plan designs and compensation decisions for the executive officers. As required under the NYSE listing rules, the Committee has considered and assessed all factors relevant to Semler Brossy's independence from management, including but not limited to those set forth in Section 303A.05(c)(iv) of the NYSE Listed Company Manual, as applicable. Based on this review, the Committee is not aware of any conflict of interest that has been raised by work performed by Semler Brossy.

**Table of Contents*****Elements of Compensation***

Our compensation program is heavily weighted towards performance-based compensation, reflecting our philosophy of increasing the long-term value of the Company and supporting strategic imperatives. The following table summarizes the elements of our total compensation program for the named executive officers and provides the reasons these elements are included in the program:

<b>Category of Compensation</b>	<b>Elements of Compensation</b>	<b>Why We Provide</b>
	Salary	Attract, retain, and motivate key executive talent
<b>Cash Compensation</b>	Annual Incentive (Performance Excellence Program)	Provide income security  Motivate and reward annual financial, operations and quality performance results
		Attract, retain, and motivate key executive talent
<b>Long Term Incentives</b>	Equity Grants	Align interests of executives and stockholders  Encourage executive stock ownership
	Retirement Benefits	
<b>Benefits</b>	Personal Benefits	Attract and retain key executive talent
	Severance & Change in Control Benefits	Enhance executive productivity  Provide opportunity for financial security in retirement

Consistent with the Committee's commitment to a strong, positive link between our business objectives, our performance and our executive compensation practices, we have placed a significant emphasis on pay at risk, based on the achievement of financial performance and quality patient care. The following charts illustrate that 90% of our President and Chief Executive Officer's total direct compensation and 80% of the other named executive officers' average total direct compensation for 2014 was performance-based pay, with a significant emphasis on long-term performance and stockholder value creation. For the purposes of these charts, total direct compensation includes salary, actual annual incentive payouts, and the grant date fair value of our annual equity grants made in 2014, as reported in the 2014 Summary Compensation Table (and excludes benefits and other compensation).

**2014 Chief Executive Officer Total****2014 All Other Named Executive Officers Average****Direct Compensation Mix****Total Direct Compensation Mix**

**Table of Contents**

***Peer Group Market Data***

Our Human Resources team, in collaboration with Semler Brossy, collects and presents to the Committee compensation data from similarly-sized general industry companies, to the extent that comparable position matches and components of pay are available. The following nationally recognized survey sources were utilized in anticipation of establishing 2014 executive compensation:

Survey	Revenue Scope
Towers Watson Executive Compensation Database	Greater than \$ 20B
Hewitt Total Compensation Measurement	Greater than \$ 25B

These particular revenue scopes were selected because they were the closest approximations to HCA's revenue size. Each survey that provided an appropriate position match and sufficient sample size was utilized in the analysis.

Compensation data for top executive positions was also collected and reviewed for large public health care companies which included, in addition to health care providers, companies in the health insurance, pharmaceutical, medical supplies and related industries. This peer group's 2013 revenues ranged from \$10.2 billion to \$122.5 billion with median revenues of \$32.4 billion, which is comparable to our size. The companies in this analysis included:

Abbott Laboratories	CIGNA Corp.	Medtronic Inc.
Aetna Inc.	Covidien plc	Merck & Co., Inc.
AmerisourceBergen Corp	Eli Lilly and Company	Pfizer Inc.
Amgen Inc.	Express Scripts, Inc.	Thermo Fisher Scientific Inc.
Anthem, Inc.	Health Net Inc.	UnitedHealth Group Incorporated
Baxter International Inc.	Humana Inc.	
Bristol-Myers Squibb Company	Johnson & Johnson	

Anthem, Inc. was formerly known as WellPoint, Inc. Covidien plc was acquired by Medtronic Inc. in June 2014. Pay data was disclosed and included in our analysis of market pay practices.

Finally, data for top executive positions was also collected from health care providers within our industry including:

Community Health Systems, Inc.,

Kindred Healthcare, Inc.,

LifePoint Hospitals, Inc.,

Tenet Healthcare Corporation,

## Edgar Filing: HCA Holdings, Inc. - Form DEF 14A

Universal Health Services, Inc., and

Vanguard Health Systems, Inc.

Vanguard Health Systems, Inc. was acquired by Tenet Healthcare Corporation in October 2013. Pay data was disclosed and included in our analysis of industry pay practices.

These health care providers are used only to obtain a general understanding of current industry compensation levels and practices since we are significantly larger than these companies. The 2013 median revenue of these organizations was \$6.6 billion.

**Table of Contents**

Consistent with our compensation philosophy, the Committee considers the market findings as only one input in developing our executive compensation programs, and will also consider, among other factors (typically not reflected in these data sources): the requirements of the applicable employment agreements, the executive's individual performance during the year, his or her projected role and responsibilities for the coming year, his or her actual and potential impact on the successful execution of Company strategy, recommendations from our Chief Executive Officer (for executives other than himself) and the independent compensation consultant, the executive's prior compensation, experience, and professional status, internal pay equity considerations, and employment market conditions and compensation practices within our peer group. These factors are considered on a case-by-case basis for each executive without any specific weighting or formula.

**Elements of Compensation*****Base Salary***

Base salaries are intended to provide reasonable and competitive fixed compensation for regular job duties. We do not adjust salaries for all executive officers on an annual basis, but rather make occasional changes based on changes in responsibilities, market pay practices, internal equity and other factors as discussed above on a case-by-case basis. The threshold base salaries for our named executive officers, with the exception of Messrs. Rutherford and Foster, are set forth in their employment agreements.

<b>Named Executive Officer</b>	<b>2013 Salary</b>	<b>2014 Salary<sup>1</sup></b>	<b>Comments</b>
R. Milton Johnson	\$ 900,000	\$ 1,100,000	Adjusted in connection with his appointment to the role of Chief Executive Officer
William B. Rutherford	See footnote 2 below	\$ 600,000	2014 salary set in connection with appointment to the role of Executive Vice President and Chief Financial Officer
Samuel N. Hazen	\$ 850,000	\$ 900,000	Adjusted in recognition of additional organizational job responsibilities
Jon M. Foster	\$ 735,000	\$ 750,000	Adjusted based on individual performance and internal pay equity
Charles J. Hall	\$ 750,000	\$ 750,000	No change to salary in 2014

<sup>1</sup> Effective as of January 1, 2014 for Messrs. Johnson, Rutherford and Hazen; effective as of February 1, 2014 for Mr. Foster.

<sup>2</sup> In 2013, Mr. Rutherford served as Chief Financial Officer of the Company's Clinical and Physician Services Group and was not an executive officer of the Company.

In light of Mr. Johnson's appointment to the role of Chairman and Chief Executive Officer, Mr. Johnson's base salary was increased from \$900,000 to \$1,100,000 on January 1, 2014 and then to \$1,300,000, effective February 1, 2015. Mr. Hazen's base salary was increased to \$950,000 in connection with his appointment to the role of Chief Operating Officer, effective February 1, 2015. In recognition of his individual performance and a review of internal pay equity, Mr. Rutherford's base salary was increased to \$725,000, effective February 1, 2015. Messrs. Foster and Hall's base salaries were also increased to \$765,050, effective February 1, 2015, in light of their individual performance.

***Annual Incentive Compensation: PEP***

The PEP is intended to reward named executive officers for annual financial and quality performance, with the goals of providing high quality health care for our patients and increasing stockholder value. Accordingly, the Company's 2014 Senior Officer Performance Excellence Program (the 2014 PEP) was approved by the

**Table of Contents**

Committee to cover annual incentive awards for 2014. Each named executive officer in the 2014 PEP was assigned a 2014 annual award target expressed as a percentage of salary ranging from 75% to 140%. Incentive opportunity targets were intended to provide a meaningful incentive for executives to achieve or exceed performance goals and be competitive with market practices.

Named Executive Officer	2013 PEP Target (as a % of Base Salary)	2014 PEP Target (as a % of Base Salary)	Comments
R. Milton Johnson	100%	140%	Adjusted in connection with promotion to the role of Chief Executive Officer
William B. Rutherford	See footnote below	75%	2014 PEP Target set in connection with promotion to the role of Executive Vice President and Chief Financial Officer
Samuel N. Hazen	85%	90%	Adjusted in recognition of additional organizational job responsibilities
Jon M. Foster	75%	75%	No change to PEP Target in 2014
Charles J. Hall	75%	75%	No change to PEP Target in 2014

<sup>1</sup> In 2013, Mr. Rutherford served as Chief Financial Officer of the Company's Clinical and Physician Services Group and was not an executive officer of the Company.

Actual awards under the 2014 PEP are generally determined using the following steps:

1. The executive's conduct must reflect our mission and values by upholding our Code of Conduct and following our compliance policies and procedures. This step is critical to reinforcing our commitment to integrity and the delivery of high quality health care. In the event the Committee determines the participant's conduct during the fiscal year is not in compliance with the first step, he or she will not be eligible for an incentive award.

2. The actual award amount is determined based upon Company performance on financial and quality performance measures. In 2014, 85% of the PEP award for all named executive officers was based upon one financial performance measure, EBITDA, as defined in the 2014 PEP, and 15% of the PEP award was based upon the Company's quality and patient experience performance, with a focus on Centers for Medicare and Medicaid Services (CMS) core measures, hospital acquired conditions, and CMS Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) performance against industry benchmarks. For hospital group presidents, 50% of the EBITDA portion of their 2014 PEP was based on Company EBITDA performance and 50% was based on group EBITDA performance.

*PEP EBITDA Measure (85% of 2014 PEP)*

The 2014 PEP was designed to provide 100% of the EBITDA weighted portion of the target award for target EBITDA performance, 25% of the EBITDA weighted portion of the target award for threshold level of EBITDA performance, and a maximum of 200% of the EBITDA weighted portion of the target award for maximum EBITDA performance, with no payments made for performance below threshold levels. The Committee believes this payout curve is consistent with competitive practice.

EBITDA is defined in the 2014 PEP as earnings before interest, taxes, depreciation, amortization, net income attributable to noncontrolling interests, gains or losses on sales of facilities, gains or losses on extinguishment of debt, asset or investment impairment charges, restructuring charges, any expenses for share-based compensation under Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 718, *Compensation-Stock Compensation* (ASC 718), and any other expenses or losses resulting from significant, unusual and/or nonrecurring events, as described in management's discussion and analysis of

**Table of Contents**

financial condition and results of operations appearing in the Company’s annual report for the fiscal year, as determined in good faith by the Board of Directors or the Committee in consultation with the Chief Executive Officer.

Our 2014 threshold EBITDA performance level was set at 4% below the target goal and the maximum performance goal was set at approximately 5% above the target goal to reflect potential performance volatility. EBITDA targets were linked to the Company’s short-term and long-term business objectives to ensure incentives are provided for appropriate annual growth.

*PEP Quality Measures (15% of 2014 PEP)*

One-third of the quality weighted portion of the 2014 PEP was based on the Company’s performance on each of the following three quality and patient experience metrics as measured against industry benchmarks:

Hospital Acquired Conditions: Central Line-Associated Blood Stream Infection (CLABSI) and Catheter-Associated Urinary Tract Infection (CAUTI) as defined by the Centers for Disease Control and Prevention’s National Healthcare Safety Network.

Core Measures: Measured as a composite of all inpatient core measures within Acute Myocardial Infarction, Heart Failure, Pneumonia, Surgical Care Improvement Project, and Immunization measure sets, as developed by TJC and CMS and set forth in the Specifications Manual for National Hospital Inpatient Quality Measures.

Patient Experience: The HCAHPS grand composite score (defined as the average of the 10 domains reported on the CMS Hospital Compare site).

The 2014 PEP was designed to provide 100% of the quality weighted portion of the target award applicable to each quality of care metric for performance at or above the target level of performance for such metric and 0% of the quality weighted portion of the target award applicable to each quality of care metric for performance at or below the threshold level of performance for such metric; provided, that, (i) if the Company exceeded the target level of EBITDA adopted by the Committee with respect to the EBITDA weighted portion of the 2014 PEP, the quality weighted portion of the target award would be multiplied by the EBITDA payout percentage and (ii) in the event the Company’s actual EBITDA was less than 90% of such target level of EBITDA, there would be no payment with respect to the quality weighted portion of the 2014 PEP. The Committee set challenging performance targets for the 2014 PEP quality metrics to encourage continuous improvement.

*PEP 2014 Performance and Payout*

Upon review of the Company’s 2014 financial performance, the Committee determined that Company EBITDA performance for the fiscal year ended December 31, 2014 was approximately 110.27% of target performance levels as set by the Committee, as adjusted, resulting in a 200% of target payout for the EBITDA portion of 2014 PEP. The EBITDA performance of the American and National Groups was approximately 107.37% and 112.75% of their respective performance targets, also resulting in a 200% of target payout for the group-based EBITDA portion of 2014 PEP. In 2014, the Company’s actual EBITDA excluded share-based compensation expense and unbudgeted acquisitions.

	<b>EBITDA Target</b>	<b>Actual EBITDA</b>	<b>Actual EBITDA (as a % of Target)</b>	<b>EBITDA Portion of PEP Payout (as a % of PEP Target)</b>
Company	\$ 6.896 billion	\$ 7.605 billion	110.27%	200%
American Group	\$ 3.747 billion	\$ 4.023 billion	107.37%	200%
National Group	\$ 3.426 billion	\$ 3.862 billion	112.75%	200%

**Table of Contents**

These EBITDA targets should not be understood as management's predictions of future performance or other guidance and investors should not apply these in any other context.

Upon review of the Company's 2014 quality measures performance, the Committee determined that Company quality and patient experience performance for the fiscal year ended December 31, 2014 was above the threshold level but below the target level for each quality measure other than the CLABSI hospital acquired conditions measure which exceeded the target level, resulting in an approximate 92.18% of target payout for the quality weighted portion of 2014 PEP. The Company's performance on the quality measures was determined based upon the most current data available to the Committee from applicable sources at the time of 2014 PEP certification. In determining the Company's performance on the HCAHPS measure, the Committee excluded hospitals for which comparison data was not available, as well as hospitals performing in the top quartile at the beginning and end of the performance period.

Quality Measure	Measure Weight	Threshold Performance Level (% of HCA Hospitals)	Target Performance Level (% of HCA Hospitals)	Actual % of HCA Hospitals that Met Quality Measure	Contribution to Quality Weighted Portion of PEP Payout (as a % of PEP Target)
<b>Hospital Acquired Conditions - CLABSI</b> (% of HCA Hospitals with a Standardized Infection Ratio (SIR) ≤ 1.0)	1/6	70%	80%	90.00%	33.33%
<b>Hospital Acquired Conditions - CAUTI</b> (% of HCA Hospitals with a SIR ≤ 1.0)	1/6	45%	55%	54.35%	15.58%
<b>Core Measures Grand Composite</b> (% of HCA Hospitals in Top Quartile)	1/3	75%	90%	80.13%	11.40%
<b>HCAHPS Grand Composite</b> <b>(Patient Experience)</b> (% of HCA Hospitals with Year-Over-Year Improvement)	1/3	40%	60%	59.12%	31.87%
<b>Quality Weighted Portion of PEP Payout</b>					<b>92.18%</b>

Based upon the Company's performance on the EBITDA and quality metrics discussed above, each of the named executive officers received an actual 2014 PEP payment of 183.83% of their 2014 PEP Target. Under the 2014 PEP, incentive payouts up to the target were paid in cash during the first quarter of 2015. Payouts above the target were paid 50% in cash and 50% in restricted share units (RSUs). The RSU grants will vest 50% on the second anniversary of grant date and 50% on the third anniversary of the grant date. The purpose of paying half of above target annual incentives payments in RSUs is to further enhance alignment with stockholders and reinforce the importance of sustained results.

Named Executive Officer	2014 PEP Target (as a % of Base Salary)	2014 PEP Payout (as a % of PEP Target)		2014 PEP Aggregate Payout (as a % of Base Salary)	
		EBITDA (85% Weight)	Quality (15% Weight) Final PEP Payout %		
R. Milton Johnson	140%	200%	92.18%	183.83%	257.36%
William B. Rutherford	75%	200%	92.18%	183.83%	137.87%
Samuel N. Hazen	90%	200%	92.18%	183.83%	165.45%



Edgar Filing: HCA Holdings, Inc. - Form DEF 14A

Jon M. Foster	75%	200%	92.18%	183.83%	137.87%
Charles J. Hall	75%	200%	92.18%	183.83%	137.87%

The Senior Officer Performance Excellence Program for 2015 has not yet been adopted by the Committee.

**Table of Contents****Long-Term Equity Incentive Awards**

Equity grants made under our long-term incentive compensation programs are intended to align the interests of executives and stockholders by rewarding executives for growth in long-term stockholder value. These programs also serve as a key component of the executives' compensation packages in attracting and retaining top talent. Lastly, these programs encourage share ownership. Grants are made under the 2006 Stock Incentive Plan for Key Employees of HCA Holdings, Inc. and its Affiliates, as amended and restated (the "2006 Plan"). All equity grants to senior executive officers, including the named executive officers, were approved by the Independent Subcommittee in 2014.

**Stock Appreciation Rights**

Consistent with the structure of the annual long-term equity incentive grants program started in 2012, each of the named executive officers received a grant of stock settled stock appreciation rights ("SARs") in 2014. The Committee determined that SARs are an effective long-term incentive vehicle for this population because:

SARs only reward executives for stock price appreciation;

SARs are more efficient than stock options in terms of utilizing the stockholder approved management equity pool; and

In conjunction with the vesting requirements, the grants encourage both short-term and long-term Company performance. Like the SARs granted in 2012 and 2013, the SARs granted in 2014 have a ten year term and were granted with an exercise price equal to the fair market value of the Company's common shares on the date of grant (February 5, 2014) (the "2014 SARs"). As with the 2012 and 2013 SARs, the 2014 SARs are structured such that  $\frac{1}{2}$  vest based on continued employment (time-based) and  $\frac{1}{2}$  vest based on the Company achieving annual EBITDA goals (performance-based):

25% of the time-based SARs will vest on each of the first four anniversaries of the grant date.

Up to 25% of the performance-based SARs will vest each year if EBITDA targets for the applicable fiscal year are achieved or exceeded. Awards will achieve partial vesting if actual EBITDA for the applicable fiscal year is at least 96% of target per the following schedule. There is no "catch-up" feature of the performance-based vesting, so any SARs that do not vest in a given year are cancelled.

Actual EBITDA	% of Total Granted	
as a % of	% Annual	Performance-Based SARs
Target EBITDA	Vesting	Vesting in Applicable Fiscal Year
100% +	100%	25%
99.0% - 99.9%	80%	20%
98.0% - 98.9%	60%	15%
97.0% - 97.9%	40%	10%
96.0% - 96.9%	20%	5%
< 96.0%	0%	0%

Target EBITDA under the 2012, 2013 and 2014 SARs is the same as is used for the annual PEP plans. The objective of this approach is to create significant focus for management on achieving annual EBITDA targets, which the Committee believes is a critical factor in our long-term value creation. The performance-based 2012, 2013 and 2014 SARs tied to 2014 fiscal year EBITDA fully vested since the Company's Actual 2014 EBITDA exceeded target as determined by the Committee. The Independent Subcommittee determined the number of 2014 SARs awarded to

the named executive officers based on a combination of the following considerations:

Market practices;

**Table of Contents**

Current equity holdings of executives;

Historical performance and any recent adjustment in job scope; and

Future projected contributions of the named executive officers.

<b>Named Executive Officer</b>	<b># 2014 SARs Granted</b>
R. Milton Johnson	365,000
William B. Rutherford	85,000
Samuel N. Hazen	165,000
Jon M. Foster	75,000
Charles J. Hall	75,000

For additional information concerning the 2012, 2013 and 2014 SARs, see the Outstanding Equity Awards at 2014 Fiscal Year-End Table.

**2015 Equity Awards**

In 2014, the Committee completed an in-depth review of the Company's long-term incentive practices in light of the continued evolution of public company pay practices. As a result of this review, the Committee chose to add an additional long-term financial metric to the long-term incentive compensation program for the Company's executive officers.

In January 2015, the Committee approved new annual long-term equity incentive awards for the Company's executive officers that included PSUs, which vest upon achievement of a three-year cumulative earnings per share goal, in addition to time vesting SAR awards. Specifically, the named executive officers' 2015 annual equity awards were structured with  $\frac{1}{2}$  of the target award granted in the form of time-based SARs, which like the time-based SARs granted in 2012–2014, vest in equal increments on each of the first four anniversaries of the grant date, and the other  $\frac{1}{2}$  of the target award granted in the form of PSUs which vest based on achievement of a cumulative earnings per share goal for fiscal years 2015–2017. The Committee believes that the new performance-based equity incentive awards are consistent with market best practices for executive pay and appropriately reward our executives for long-term company performance.

**Ownership Guidelines**

Our ownership guidelines provide that our Chief Executive Officer should hold Company equity valued at least 5 times his base salary, and our other named executive officers should hold equity valued at least 3 times their respective base salaries. When calculating equity holdings, we include shares beneficially owned by the executive as well as the in-the-money value of vested stock options and SARs. The guidelines provide that 75% of net restricted shares and exercised options and SARs must be retained by the executive until minimum ownership levels are met. If our market share price declines to the extent that an executive's ownership falls below the guidelines, these holding requirements are reinstated. In general, named executive officers will be expected to meet the ownership guidelines within five years of appointment to their position. The following table shows the ownership of the named executive officers as of December 31, 2014:

<b>Named Executive Officer</b>	<b>Ownership as a Multiple of Base Salary</b>
R. Milton Johnson	163x
William B. Rutherford	20x
Samuel N. Hazen	113x
Jon M. Foster	31x
Charles J. Hall	86x

---

## **Table of Contents**

### ***Retirement Plans***

We currently maintain one tax-qualified retirement plan in which the named executive officers are eligible to participate, the HCA 401(k) Plan. The purpose of the HCA 401(k) Plan is to aid in recruitment and retention and to assist employees in providing for retirement. Generally all employees who have completed the plan's service requirements are eligible to participate in the HCA 401(k) Plan. Each of our named executive officers participates in the plan. For additional information on the HCA 401(k) Plan, including amounts contributed by HCA in 2014 to the named executive officers, see the Summary Compensation Table and related footnotes and narratives and 2014 Pension Benefits.

Our key executives, including the named executive officers, also participate in two supplemental retirement programs (with the exception of Mr. Rutherford who only participates in the HCA Restoration Plan). The Committee and the Board initially approved these supplemental programs to:

Recognize significant long-term contributions and commitments by executives to the Company and to performance over an extended period of time;

Induce our executives to continue employment through a specified normal retirement age (initially 62 through 65, but reduced to 60 upon the change in control at the time of the Merger in 2006); and

Provide a competitive benefit to aid in attracting and retaining key executive talent.

The HCA Restoration Plan, a non-qualified retirement plan, provides a benefit to replace a portion of the contributions lost in the HCA 401(k) Plan due to certain Internal Revenue Service limitations. Effective January 1, 2008, participants in the SERP (described below) are no longer eligible for HCA Restoration Plan contributions. However, the hypothetical accounts maintained for each such named executive officers under this plan as of January 1, 2008 will continue to be maintained but will not be increased or decreased with hypothetical investment returns. For additional information concerning the HCA Restoration Plan, see 2014 Nonqualified Deferred Compensation.

Key executives may also participate in the HCA Supplemental Executive Retirement Plan (the SERP), adopted in 2001. All the named executive officers, with the exception of Mr. Rutherford, participate in the SERP. The SERP benefit brings the total value of annual retirement income to a specific income replacement level. For named executive officers with 25 years or more of service, this income replacement level is 60% of final average pay (base salary and PEP payouts) at normal retirement, a competitive level of benefit at the time the plan was implemented. As a result of the Merger in 2006, all participants became fully vested in their SERP benefits, and the plan is now frozen to new entrants. For additional information concerning the SERP, see 2014 Pension Benefits.

In the event a participant renders service to another health care organization within five years following retirement or termination of employment, he or she forfeits the rights to any further payment, and must repay any payments already made under the SERP and HCA Restoration Plan. This non-competition provision is subject to waiver by the Committee with respect to the named executive officers.

### ***Personal Benefits***

Our executive officers generally receive limited, if any, benefits outside of those offered to our other employees. Generally, we provide these benefits to increase travel and work efficiencies and allow for more productive use of the executive's time. Mr. Johnson is permitted to use the Company aircraft for personal trips, subject to the aircraft's availability. The named executive officers may have their spouses accompany them on business trips taken on the Company aircraft, subject to seat availability, a benefit which has minimal incremental costs to the Company. In addition, there are times when it is appropriate for an executive's spouse to attend events related to our business. On those occasions, we will pay for the travel expenses of the executive's

---

**Table of Contents**

spouse. The value of these personal benefits, if any, is included in the executive officer's income for tax purposes.

The Company does not provide any gross up payments to our named executive officers to cover the taxes due on perquisite related income.

Except as otherwise discussed herein, other welfare and employee-benefit programs are the same for all of our eligible employees, including our named executive officers. For additional information, see footnote (4) to the 2014 Summary Compensation Table.

***Severance Benefits***

In connection with the Merger, we entered into employment agreements with Messrs. Johnson, Hazen, Hall and certain other members of senior management to help ensure the retention of those executives critical to the future success of the Company. Among other things, these agreements set the executives' compensation terms, their rights and benefits upon a termination of employment, and restrictive covenants around non-competition, non-solicitation, and confidentiality. Messrs. Rutherford and Foster do not have employment agreements but are covered under our Executive Severance Policy. We believe that reasonable severance benefits are appropriate in order to be competitive in our executive retention efforts. These benefits should reflect the fact that it may be difficult for such executives to find comparable employment within a short period of time. Finally, we believe formalized severance arrangements are common benefits offered by employers competing for similar senior executive talent.

***Severance Benefits for Messrs. Johnson, Hazen and Hall***

Under the Company's employment agreements with Messrs. Johnson, Hazen and Hall, if employment is terminated by the Company without cause or by the executive for good reason (whether or not the termination was in connection with a change-in-control), the executive would be entitled to accrued rights (cause, good reason and accrued rights are as defined in Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table - Employment Agreements ) plus:

Subject to restrictive covenants and the signing of a general release of claims, an amount equal to two times for Messrs. Hazen and Hall and three times in the case of Mr. Johnson the sum of base salary plus the annual PEP incentive paid or payable in respect of the fiscal year immediately preceding the fiscal year in which termination occurs, payable over a two year period;

Pro-rata bonus; and

Continued coverage under our group health plans during the period over which the cash severance is paid.

Additionally, following a termination without a change in control, unvested options and SARs will be forfeited; however, stock options granted while the Company was privately held will remain exercisable until the first anniversary of the termination of the executive's employment. Pursuant to the terms of the agreements governing the stock options and SARs granted in 2011 - 2014, the vested portions of such awards will remain exercisable for 180 days following such termination of the executive's employment.

Pursuant to the agreements governing the PSU awards granted to Messrs. Johnson, Hazen and Hall in 2015, in the event of a termination without a change in control, (i) the awards will be forfeited if the executive terminates employment less than one year into the performance period and (ii) the awards will be eligible to vest on a prorated basis (based on the number of days employed during the performance period) if the executive's employment is terminated more than one year into the performance period on account of death, disability, retirement, or involuntary termination without cause (as each is defined in the award agreement).

## Table of Contents

Further, pursuant to the RSU agreements governing the RSUs granted to Messrs. Johnson, Hazen and Hall under the 2012, 2013 and 2014 PEP plans, (1) in the event the executive officer's employment terminates by reason of retirement (defined under such agreements as resignation from service (i) after attaining 65 years of age or (ii) after attaining 55 years of age and completing ten years of service with the Company or any of its subsidiaries), the executive shall become vested in any unvested RSUs, and such RSUs shall continue to be payable on each applicable vesting date that occurs following their retirement, and (2) in the event of the executive's death or disability (as defined under Section 409A of the Internal Revenue Code), all unvested RSUs shall immediately vest.

### *Severance Benefits for Messrs. Rutherford and Foster*

Under the Company's Executive Severance Policy applicable to Messrs. Rutherford and Foster, if employment is terminated involuntarily by the Company (other than for a reason that would result in him not being eligible for rehire), by Messrs. Rutherford or Foster for good reason (as defined below), or as a result of, and after, a change-in-control (as defined under Section 409A of the Internal Revenue Code), Messrs. Rutherford and Foster would be entitled to:

Subject to the signing of a separation agreement and general release (which is required unless his termination is part of a planned reduction involving a group or class of employees), an amount equal to twenty-four (24) months of his base salary in a lump sum payment at his current base salary rate;

Pro-rata PEP bonus; and

A lump sum payment equal to the amount needed in order to continue his existing medical coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA) for eighteen (18) months.

*Good Reason* under the Executive Severance Policy is defined as actions taken by the Company that result in a materially negative change to the executive, such as the duties to be performed, the conditions under which duties are performed, or the compensation received. Isolated or inadvertent failure by the Company that is not in bad faith and is remedied within ten business days of written notice from an executive does not constitute good reason.

Additionally, pursuant to the agreements governing Messrs. Rutherford and Foster's option and SAR awards and the RSU awards granted to Mr. Rutherford in 2012 and 2013, unvested awards will be forfeited following a termination without a change in control; however, vested options and SARs will remain exercisable for 180 days following such termination of employment.

Pursuant to the agreements governing the PSU awards granted to Messrs. Rutherford and Foster in 2015, in the event of a termination without a change in control, (i) the awards will be forfeited if the executive terminates employment less than one year into the performance period and (ii) the awards will be eligible to vest on a prorated basis (based on the number of days employed during the performance period) if the executive's employment is terminated more than one year into the performance period on account of death, disability, retirement, or involuntary termination without cause (as each is defined in the award agreement).

Further, pursuant to the RSU agreements governing the RSUs granted to Mr. Foster under the 2012 and 2013 PEP plans and to Messrs. Rutherford and Foster under the 2014 PEP plan, (1) in the event the executive's employment terminates by reason of retirement (defined under such agreements as resignation from service (i) after attaining 65 years of age or (ii) after attaining 55 years of age and completing ten years of service with the Company or any of its subsidiaries), then the executive shall become vested in any unvested RSUs, and such RSUs shall continue to be payable on each applicable vesting date that occurs following their retirement, and (2) in the event of the executive's death or disability (as defined under Section 409A of the Internal Revenue Code), all unvested RSUs shall immediately vest.

---

## **Table of Contents**

Because we believe a termination by the executive for good reason (a constructive termination) is conceptually the same as an actual termination by the Company without cause, we believe it is appropriate to provide severance benefits following such a constructive termination of the named executive officer's employment. All of our severance provisions are believed to be within the realm of competitive practice and are intended to provide fair and reasonable compensation to the executive upon a termination event.

### ***Change in Control Benefits***

The Committee believes that the potential acceleration of vesting described below is appropriate in order to avoid being at a competitive disadvantage in the Company's recruiting and retention efforts, as employees often consider equity upside opportunities in a change in control transaction to be a critical element of compensation. Additionally, accelerated vesting provisions provide security that equity-related consideration will be earned in the event the Company is sold or the subject of a hostile takeover. The absence of such an agreement could impact an employee's willingness to work through a merger transaction which could be beneficial to our stockholders.

Pursuant to the award agreements governing the post IPO equity awards granted under the 2006 Plan from 2011-2014, upon a Change in Control of the Company (as defined below), all unvested time vesting awards (that have not otherwise terminated or become exercisable) shall become immediately exercisable, and all unvested EBITDA awards (that have not otherwise terminated or become exercisable) shall also become immediately exercisable. For purposes of the stock options granted in 2011 and the 2012, 2013 and 2014 SARs, "Change in Control" shall mean, in lieu of any definition contained in the 2006 Plan: (i) the sale or disposition, in one or a series of related transactions, of all or substantially all of the assets of the Company to any person or group other than, as of the date of determination, (A) any and all of an employee benefit plan (or trust forming a part thereof) maintained by (1) the Company or (2) any corporation or other person of which a majority of its voting power of its voting equity securities or equity interest is owned, directly or indirectly, by the Company; (B) Hercules Holding, but only for so long as Hercules Holding continues to hold at least 30% of the voting power of the Company's voting equity securities, or (C) any Equity Sponsor (as defined in the Company's Amended and Restated Certificate of Incorporation dated as of March 8, 2011), but only for so long as the Equity Sponsors, in the aggregate, continue to hold at least 30% of the voting power of the Company's voting equity securities (any of the foregoing, "Permitted Holders"); or (ii) any person or group, other than the Permitted Holders, becomes the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act (or any successor rule thereto)) (except that a person shall be deemed to have beneficial ownership of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total voting power of the voting stock of the Company (or any entity which controls the Company), including by way of merger, consolidation, tender or exchange offer or otherwise; or (iii) a reorganization, recapitalization, merger or consolidation (a "Corporate Transaction") involving the Company, unless securities representing more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Company or the corporation resulting from such Corporate Transaction (or the parent of such corporation) are beneficially owned subsequent to such transaction by the person or persons who were the beneficial owners of the outstanding voting securities entitled to vote generally in the election of directors of the Company immediately prior to such Corporate Transaction, in substantially the same proportions as their ownership immediately prior to such Corporate Transaction; or (iv) during any period of 12 months, individuals who at the beginning of such period constituted the Board (together with any new directors whose election by such Board or whose nomination for election by the stockholders of the Company was approved by a vote of a majority of the directors of the Company, then still in office, who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board then in office.

Pursuant to the RSU agreements governing the RSUs granted to the named executive officers under the 2012 PEP, 2013 PEP and 2014 PEP, upon a Change in Control (as defined immediately above), all unvested RSUs shall immediately vest.



## **Table of Contents**

Beginning in 2015, SAR and PSU awards granted to the named executive officers under the 2006 Plan are subject to a double-trigger for accelerated vesting under certain change in control scenarios; further, the change in control definition applicable to such awards was refined to reflect the reduced ownership of the Company's Sponsors.

Additional information regarding applicable payments under such agreements for the named executive officers is provided under Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table Employment Agreements and Potential Payments Upon Termination or Change in Control.

### ***Recoupment of Compensation***

The Company can recoup (or clawback) incentive compensation pursuant to our 2012 PEP, 2013 PEP and 2014 PEP that was based on (i) achievement of financial results that are subsequently the subject of a restatement due to material noncompliance with any financial reporting requirement under either generally accepted accounting principles or federal securities laws, other than as a result of changes to accounting rules and regulations, or (ii) a subsequent finding that the financial information or performance metrics used by the Committee to determine the amount of the incentive compensations are materially inaccurate, in each case regardless of individual fault. In addition, the Company may recover any incentive compensation awarded or paid pursuant to this policy based on the participant's conduct which is not in good faith and which materially disrupts, damages, impairs or interferes with the business of the Company and its affiliates. The Committee may also provide for incremental additional payments to then-current executives in the event any restatement or error indicates that such executives should have received higher performance-based payments. This policy is administered by the Committee in the exercise of its discretion and business judgment based on the relevant facts and circumstances.

### ***Tax and Accounting Implications***

The Committee considers the impact of Section 162(m) of the Internal Revenue Code in the design of its compensation strategies. Under Section 162(m), compensation paid to executive officers in excess of \$1,000,000 cannot be taken by us as a tax deduction unless the compensation qualifies as performance-based compensation. The design of the Company's PEP and other incentive compensation is intended to constitute performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code. We have determined, however, that we will not necessarily seek to limit executive compensation to amounts deductible under Section 162(m) if we believe such limitation is not in the best interests of our stockholders. While considering the tax implications of its compensation decisions, the Committee believes its primary focus should be to attract, retain and motivate executives and to align the executives' interests with those of our stakeholders.

The Committee operates its compensation programs with the good faith intention of complying with Section 409A of the Internal Revenue Code. We account for stock based payments with respect to our long term equity incentive award programs in accordance with the requirements of ASC 718.

### **Compensation Committee Report**

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on our review and discussion with management, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Jay O. Light, Chairperson

Ann H. Lamont

Geoffrey G. Meyers

**Table of Contents****2014 Summary Compensation Table**

The following table sets forth information regarding the compensation earned by the Chief Executive Officer, the Chief Financial Officer and our other three most highly compensated executive officers during 2014.

Name and Principal Positions*	Year	Salary (\$)	Option/ Stock Appreciation Right Awards \$(1)	Non-Equity Incentive Plan Compensation \$(2)	Changes in Pension Value and Nonqualified Deferred Compensation Earnings \$(3)	All Other Compensation \$(4)	Total (\$)
R. Milton Johnson	2014	\$ 1,099,979	\$ 6,906,384	\$ 2,830,944	\$ 3,766,209	\$ 21,997	\$ 14,625,513
President, Chief Executive Officer and Director	2013	\$ 899,983	\$ 5,385,738	\$ 1,411,020		\$ 21,707	\$ 7,718,448
	2012	\$ 891,650	\$ 5,583,693	\$ 1,439,280	\$ 3,629,665	\$ 15,704,477	\$ 27,248,765
William B. Rutherford Executive Vice President and	2014	\$ 599,989	\$ 1,608,336	\$ 827,224		\$ 91,879	\$ 3,127,428
Chief Financial Officer							
Samuel N. Hazen	2014	\$ 899,983	\$ 3,122,064	\$ 1,489,003	\$ 2,761,695	\$ 17,500	\$ 8,290,245
President Operations	2013	\$ 850,000	\$ 3,148,585	\$ 1,132,736		\$ 17,500	\$ 5,148,821
	2012	\$ 850,000	\$ 3,284,525	\$ 1,155,422	\$ 2,707,237	\$ 8,867,862	\$ 16,865,046
Jon M. Foster	2014	\$ 748,736	\$ 1,419,120	\$ 1,034,030	\$ 1,363,068	\$ 19,286	\$ 4,584,240
President American Group	2013	\$ 729,153	\$ 2,071,438	\$ 922,048	\$ 469,986	\$ 23,210	\$ 4,215,835
Charles J. Hall	2014	\$ 750,000	\$ 1,419,120	\$ 1,034,050	\$ 1,208,247	\$ 17,500	\$ 4,428,917
President National Group	2013	\$ 750,000	\$ 1,822,865	\$ 787,009		\$ 17,500	\$ 3,377,374
	2012	\$ 750,000	\$ 1,970,715	\$ 795,009	\$ 2,204,787	\$ 7,200,434	\$ 12,920,945

\* Mr. Johnson was appointed to serve as Chairman and Chief Executive Officer of the Company effective December 31, 2014, and Mr. Hazen was appointed to serve as the Company's Chief Operating Officer effective January 29, 2015.

- (1) SAR awards for 2014, 2013 and 2012 include the aggregate grant date fair value of the SARs granted during fiscal years 2014, 2013 and 2012 in accordance with ASC 718 as awarded to the named executive officers under the 2006 Plan. Assumptions used in the calculations of these amounts are set forth in Note 2 to our consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.
- (2) Non-Equity Incentive Plan Compensation for 2014 reflects amounts earned for the year ended December 31, 2014 under the 2014 PEP, which amounts were paid in cash up to the target level and 50% in cash and 50% through the grant of RSU awards in the first quarter of 2015 for amounts in excess of target, pursuant to the terms of the 2014 PEP. For 2014, the Company achieved its maximum performance level, as adjusted, with respect to the Company's EBITDA (as well as the American and National Group EBITDA), resulting in a 200% of target payout for the EBITDA weighted portion of 2014 PEP, and exceeded the threshold level but did not reach the target level for the 2014 PEP quality metrics, other than the CLABSI hospital acquired conditions measure which exceeded the target level, resulting in an approximate 92.18% of target payout for the quality weighted portion of 2014 PEP. Therefore, pursuant to the terms of the 2014 PEP, awards under the 2014 PEP were paid out to the named executive officers at approximately 183.83% of each named executive officer's respective target amount.

Non-Equity Incentive Plan Compensation for 2013 reflects amounts earned for the year ended December 31, 2013 under the 2013 PEP, which amounts were paid in cash up to the target level and 50% in cash and 50% through the grant of RSU awards in the first quarter of 2014 for amounts in excess of target, pursuant to the terms of the 2013 PEP. For 2013, the Company achieved its target performance level, but not did not reach its maximum performance level, as adjusted, with respect to the Company's EBITDA;

## Edgar Filing: HCA Holdings, Inc. - Form DEF 14A

therefore, pursuant to the terms of the 2013 PEP, awards under the 2013 PEP were paid out to the named executive officers at approximately 156.78% of each such officer's respective target amount, with the exception of

**Table of Contents**

Messrs. Foster and Hall, whose awards were paid out at approximately 167.27% and 139.91% of their respective target amounts, due to the 50% of their PEP based on the American Group and National Group EBITDA, respectively, which both exceeded the target performance level but did not reach the maximum performance level.

Non-Equity Incentive Plan Compensation for 2012 reflects amounts earned for the year ended December 31, 2012 under the 2012 PEP, which amounts were paid in cash up to the target level and 50% in cash and 50% through the grant of RSU awards in the first quarter of 2013 for amounts in excess of target, pursuant to the terms of the 2012 PEP. For 2012, the Company achieved its target performance level, but not did not reach its maximum performance level, as adjusted, with respect to the Company's EBITDA; therefore, pursuant to the terms of the 2012 PEP, awards under the 2012 PEP were paid out to the named executive officers at approximately 159.92% of each such officer's respective target amount, with the exception of Mr. Hall, whose award was paid out at approximately 141.34% of his target amount, due to the 50% of his PEP based on the National Group EBITDA, which also exceeded the target performance level but did not reach the maximum performance level.

- (3) All amounts for 2014 are attributable to changes in value of the SERP benefits. Assumptions used to calculate these figures are provided under the table titled 2014 Pension Benefits. The changes in the SERP benefit value during 2014 were impacted mainly by: (i) the passage of time which reflects another year of pay and service and (ii) the discount rate changing from 3.89% to 3.42%, which resulted in an increase in the value. The impact of these events on the SERP benefit values was:

	<b>Johnson</b>	<b>Hazen</b>	<b>Foster</b>	<b>Hall</b>
Passage of Time	\$ 2,489,451	\$ 1,571,182	\$ 919,298	\$ 423,824
Discount Rate Change	\$ 1,276,758	\$ 1,190,513	\$ 443,770	\$ 784,423

All amounts for 2013 are attributable to changes in value of the SERP benefits. Assumptions used to calculate these figures are provided under the table titled 2014 Pension Benefits. The changes in the SERP benefit value during 2013 were impacted mainly by: (i) the passage of time which reflects another year of pay and service and (ii) the discount rate changing from 3.06% to 3.89%, which resulted in a decrease in the value. The impact of these events on the SERP benefit values was:

	<b>Johnson</b>	<b>Hazen</b>	<b>Foster</b>	<b>Hall</b>
Passage of Time	\$ 1,449,768	\$ 1,065,644	\$ 1,139,562	\$ 65,770
Discount Rate Change	\$ (2,037,872)	\$ (1,958,860)	\$ (669,576)	\$ (1,329,389)

All amounts for 2012 are attributable to changes in value of the SERP benefits. Assumptions used to calculate these figures are provided under the table titled 2014 Pension Benefits. The changes in the SERP benefit value during 2012 were impacted mainly by: (i) the passage of time which reflects another year of pay and service and (ii) the discount rate changing from 4.08% to 3.06%, which resulted in an increase in the value. The impact of these events on the SERP benefit values was:

	<b>Johnson</b>	<b>Hazen</b>	<b>Hall</b>
Passage of Time	\$ 1,633,505	\$ 709,601	\$ 863,757
Discount Rate Change	\$ 1,996,160	\$ 1,997,636	\$ 1,341,030

- (4) 2014 amounts generally consist of:

Matching Company contributions to our 401(k) Plan and Company accruals for the HCA Restoration Plan as set forth below.

	<b>Johnson</b>	<b>Rutherford</b>	<b>Hazen</b>	<b>Foster</b>	<b>Hall</b>
HCA 401(k) matching contribution	\$ 17,500	\$ 17,500	\$ 17,500	\$ 15,600	\$ 17,500
HCA Restoration Plan		\$ 74,379			



**Table of Contents**

Personal use of corporate aircraft. In 2014, Messrs. Johnson and Foster were allowed personal use of Company aircraft with an estimated incremental cost of \$4,223 and \$3,519, respectively, to the Company. Messrs. Rutherford, Hazen and Hall did not have any personal use of the Company aircraft in 2014. We calculate the aggregate incremental cost of the personal use of Company aircraft based on a methodology that includes the average aggregate cost, on a per nautical mile basis, of variable expenses incurred in connection with personal plane usage, including trip-related maintenance, landing fees, fuel, crew hotels and meals, on-board catering, trip-related hangar and parking costs and other variable costs. Because our aircraft are used primarily for business travel, our incremental cost methodology does not include fixed costs of owning and operating aircraft that do not change based on usage. In addition, we will pay the expenses of our executives' spouses associated with travel to and/or attendance at business related events at which spouse attendance is appropriate. We paid approximately \$274 and \$167 for expenses incurred by Messrs. Johnson and Foster's spouses, respectively, for such business related events.

2013 amounts generally consist of:

Matching Company contributions to our 401(k) Plan as set forth below.

	<b>Johnson</b>	<b>Hazen</b>	<b>Foster</b>	<b>Hall</b>
HCA 401(k) matching contribution	\$ 17,500	\$ 17,500	\$ 15,300	\$ 17,500

Personal use of corporate aircraft. In 2013, Messrs. Johnson and Foster were allowed personal use of Company aircraft with an estimated incremental cost of \$4,207 and \$7,910, respectively, to the Company. Messrs. Hazen and Hall did not have any personal use of the Company aircraft in 2013.

2012 amounts generally consist of:

Distributions paid in 2012 on vested stock options held by the named executive officers on the applicable distribution record dates. Distributions of \$2.00, \$2.50 and \$2.00, respectively, per share of common stock subject to such outstanding vested stock options held on the February 16, November 2 and December 17, 2012 record dates, respectively, were paid to the named executive officers in 2012 (subject to limitations for certain awards as described below). Named executive officers holding vested stock options with an exercise price greater than \$23.224 but less than \$25.224 on the November 2, 2012 record date, were paid \$1.25 per share of common stock subject to such outstanding vested stock options in cash and the remainder of the distribution was applied by reducing the exercise price of such options by \$1.25. The total cash distributions received on vested stock options by the named executive officers in 2012 were:

	<b>Johnson</b>	<b>Hazen</b>	<b>Hall</b>
Cash distributions on vested stock options	\$ 15,440,436	\$ 8,653,725	\$ 7,037,922

Distributions that will become payable to the named executive officers upon the vesting of the applicable unvested share-based awards held by the named executive officers on the February 16, November 2 and December 17, 2012 record dates. In accordance with the award agreements governing the option and stock appreciation right awards held by the named executive officers, the Company reduced the per share exercise or base price of any unvested awards outstanding as of the February 16, November 2 and December 17, 2012 record dates by the respective per share distribution amount to the extent the per share exercise or base price could be reduced under applicable tax rules. Pursuant to such award agreements, to the extent the per share exercise or base price could not be reduced by the full per share distribution, the Company will pay the named executive officers an amount on a per share basis equal to the balance of the per share distribution amount not permitted to be applied to reduce the base

**Table of Contents**

or exercise price of the applicable stock appreciation right or option in respect of each share of common stock subject to such unvested option outstanding as of the February 16, November 2 and December 17, 2012 record dates upon the vesting of such awards. In accordance with the award agreements governing the RSU awards held by the named executive officers, the Company will pay the applicable distribution amounts with respect to the unvested RSUs outstanding on the February 16, November 2 and December 17, 2012 record dates upon the vesting of the applicable RSUs. The total cash distributions attributable to the 2012 distributions that will become payable upon vesting of the applicable unvested share-based awards held by the named executive officers are:

	Johnson	Hazen	Hall
Distribution amount payable on unvested share-based awards upon vesting of such awards	\$ 242,162	\$ 197,058	\$ 145,512

Matching Company contributions to our 401(k) Plan as set forth below.

	Johnson	Hazen	Hall
HCA 401(k) matching contribution	\$ 17,000	\$ 17,000	\$ 17,000

Personal use of corporate aircraft. In 2012, Mr. Johnson was allowed personal use of Company aircraft with an estimated incremental cost of \$4,800 to the Company. Messrs. Hazen and Hall did not have any personal use of the Company aircraft in 2012.

**2014 Grants of Plan-Based Awards**

The following table provides information with respect to awards made under our 2006 Plan and 2014 PEP during the 2014 fiscal year.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (\$)(1)			Estimated Possible Payouts Under Equity Incentive Plan Awards (#)			All Other Option Awards: Number of Securities Underlying Options/SARs(2)	Exercise or Base Price of Option/SAR Awards (\$/sh)	Grant Date Fair Value of Option/SAR Awards
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
R. Milton Johnson	2/5/2014					182,500		182,500	\$47.97	\$6,906,384
R. Milton Johnson	N/A	\$ 327,250	\$ 1,540,000	\$ 3,080,000						
William B. Rutherford	2/5/2014					42,500		42,500	\$ 47.97	\$ 1,608,336
William B. Rutherford	N/A	\$ 95,625	\$ 450,000	\$ 900,000						
Samuel N. Hazen	2/5/2014					82,500		82,500	\$ 47.97	\$ 3,122,064
Samuel N. Hazen	N/A	\$ 172,125	\$ 810,000	\$ 1,620,000						
Jon M. Foster	2/5/2014					37,500		37,500	\$ 47.97	\$ 1,419,120
Jon M. Foster	N/A	\$ 119,531	\$ 562,500	\$ 1,125,000						
Charles J. Hall	2/5/2014					37,500		37,500	\$ 47.97	\$ 1,419,120
Charles J. Hall	N/A	\$ 119,534	\$ 562,511	\$ 1,125,023						

- (1) Non-equity incentive awards granted to each of the named executive officers pursuant to our 2014 PEP for the 2014 fiscal year, as described in more detail under Compensation Discussion and Analysis Elements of Compensation Annual Incentive Compensation: PEP. The amounts shown in the Threshold column reflect the threshold payment, which represents 25% of the amount shown in the Target column with respect to the 85% of the 2014 PEP subject to 2014 EBITDA performance and 0% of the amount shown in the Target column with respect to the 15% of the 2014 PEP subject to 2014 quality metrics performance. The amount shown in the Maximum column is 200% of the target amount. Pursuant to the terms of the 2014 PEP, the Company achieved its maximum performance level, as adjusted, with respect to the





**Table of Contents**

Company's EBITDA (as well as the American and National Group EBITDA), resulting in a 200% of target payout for the EBITDA weighted portion of 2014 PEP, and exceeded the threshold level but did not reach the target level for the 2014 PEP quality metrics, other than the CLABSI hospital acquired conditions measure which exceeded the target level, resulting in an approximate 92.18% of target payout for the quality weighted portion of 2014 PEP. Therefore, pursuant to the terms of the 2014 PEP, awards were paid out to the named executive officers at approximately 183.83% of each named executive officer's respective target amount. Under the 2014 PEP for the 2014 fiscal year, Messrs. Johnson, Rutherford, Hazen, Foster and Hall received cash payments of \$2,185,523, \$638,630, \$1,149,506, \$798,305 and \$798,326, respectively, and approximately \$645,421, \$188,594, \$339,497, \$235,725 and \$235,724, respectively, payable in RSU awards at a grant price of \$70.98, the close price of our common stock on the NYSE on February 25, 2015, in accordance with the 2014 PEP and our equity award policy, which RSU awards will vest 50% on the second anniversary of the grant date and 50% on the third anniversary of the grant date. Such amounts are reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

- (2) SARs awarded under the 2006 Plan by the Committee as part of the named executive officer's long term equity incentive award. The 2014 SARs are structured so that  $\frac{1}{2}$  are time vested (vesting in four equal installments on the first four anniversaries of the grant date) and  $\frac{1}{2}$  are EBITDA-based performance vested (with up to 25% vesting at the end of each of fiscal years 2014, 2015, 2016 and 2017 upon the Committee's determination of the extent to which certain EBITDA performance targets have been met for the applicable fiscal year). The time vested SAR awards are reflected in the All Other Option Awards: Number of Securities Underlying Options/SARs column, and the EBITDA performance vested SAR awards are reflected in the Estimated Possible Payouts Under Equity Incentive Plan Awards Target column. The terms of 2014 SARs are described in more detail under Compensation Discussion and Analysis Elements of Compensation Long Term Equity Incentive Awards: Stock Appreciation Rights. The aggregate grant date fair value of the 2014 SARs in accordance with ASC 718 is reflected in the Option/Stock Appreciation Right Awards column of the Summary Compensation Table.

**Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table*****Total Compensation***

In 2014, 2013 and 2012, total direct compensation, as described in the Summary Compensation Table, consisted primarily of base salary, annual PEP awards payable in cash, with one half of payouts in excess of target paid out in RSU awards, and SARs granted to the named executive officers,  $\frac{1}{2}$  of which are subject to time vesting and  $\frac{1}{2}$  of which are subject to EBITDA performance vesting conditions, and in 2012, distributions paid on the vested stock options held by the named executive officers on the applicable record dates and distributions that will become payable to the named executive officers upon the vesting of certain unvested share-based awards held by the named executive officers on the applicable record dates. This mix was intended to reflect our philosophy that a significant portion of an executive's compensation should be equity-linked and/or tied to our operating performance. In addition, we provided an opportunity for executives to participate in two supplemental retirement plans; however, effective January 1, 2008, participants in the SERP are no longer eligible for Restoration Plan contributions, although Restoration Plan accounts will continue to be maintained for such participants (for additional information concerning the Restoration Plan, see 2014 Nonqualified Deferred Compensation).

***Annual PEP Awards***

With respect to the 2014, 2013 and 2012 fiscal years, each named executive officer was eligible to earn under the 2014 PEP, 2013 PEP and 2012 PEP, respectively, (i) a target bonus, if performance targets were met; (ii) a specified percentage of the target bonus, if threshold levels of performance were achieved but performance targets were not met; or (iii) two times the target bonus if maximum performance goals were achieved, with the annual bonus amount being interpolated, in the sole discretion of the Committee, for

---

## **Table of Contents**

performance results that exceeded threshold levels but do not meet or exceed maximum levels. The annual bonus opportunities for 2014 for the named executive officers were set forth in the 2014 PEP, as described in more detail under Compensation Discussion and Analysis Elements of Compensation Annual Incentive Compensation: PEP.

### ***Stock Appreciation Rights***

In February of 2014, 2013 and 2012, SAR awards were granted under the 2006 Plan to members of management and key employees, including the named executive officers. These SARs were designed to be long term equity incentive awards. The terms of the SAR awards are described in detail under Compensation Discussion and Analysis Elements of Compensation Long-Term Equity Incentive Awards: Stock Appreciation Rights.

All stock option, SAR and RSU awards held by the named executive officers are described in the Outstanding Equity Awards at 2014 Fiscal Year-End Table.

### ***Employment Agreements and other Compensation Arrangements***

In connection with the Merger, on November 16, 2006, Hercules Holding entered into substantially similar employment agreements with Messrs. Johnson, Hazen, Hall and certain other executives, which agreements were shortly thereafter assumed by HCA Inc., and then in November 2010, to the extent applicable, by HCA Holdings, Inc., and which agreements govern the terms of each executive's employment. Effective as of February 9, 2011, the Company entered into amendments to Messrs. Johnson and Hazen's employment agreements reflecting their new titles and new responsibilities resulting from the Company's internal reorganization, and Mr. Johnson's amendment also reflected that he shall serve as a member of the Board of Directors of the Company for so long as he is an officer of the Company. Mr. Johnson's employment agreement was further amended, effective as of January 1, 2014 and December 31, 2014, to reflect his appointment to the positions of President and Chief Executive Officer and then Chairman and Chief Executive Officer, respectively. Mr. Hazen's employment agreement was further amended, effective as of January 29, 2015, to reflect his appointment to the position of Chief Operating Officer. Messrs. Rutherford and Foster do not have employment agreements with the Company.

#### ***Employment Agreements Messrs. Johnson, Hazen and Hall***

The term of employment under Messrs. Johnson, Hazen and Hall's agreements is indefinite, and they are terminable by either party at any time; provided that the executive must give no less than 90 days notice prior to a resignation. Each employment agreement sets forth the executive's annual base salary, which will be subject to discretionary annual increases upon review by the Board of Directors, and states that the executive will be eligible to earn an annual bonus as a percentage of salary with respect to each fiscal year, based upon the extent to which annual performance targets established by the Board of Directors are achieved.

Additionally, pursuant to the employment agreements, we agree to indemnify each executive against any adverse tax consequences (including, without limitation, under Section 409A and 4999 of the Internal Revenue Code), if any, that result from the adjustment by us of stock options held by the executive in connection with the Merger or the future payment of any extraordinary cash dividends.

Pursuant to each employment agreement, if an executive's employment terminates due to death or disability, the executive would be entitled to receive (i) any base salary and any bonus that is earned and unpaid through the date of termination; (ii) reimbursement of any unreimbursed business expenses properly incurred by the executive; (iii) such employee benefits, if any, as to which the executive may be entitled under our employee benefit plans (the payments and benefits described in (i) through (iii) being accrued rights); and (iv) a pro rata portion of any annual bonus that the executive would have been entitled to receive pursuant to the employment agreement based upon our actual results for the year of termination (with such proration based on the percentage of the fiscal year that shall have elapsed through the date of termination of employment, payable to the executive when the annual bonus would have been otherwise payable (the pro rata bonus)).

**Table of Contents**

Further, under each employment agreement, if an executive's employment is terminated by us without cause (as defined below) or by the executive for good reason (as defined below) (each a qualifying termination), the executive would be (i) entitled to the accrued rights; (ii) subject to compliance with certain confidentiality, non-competition and non-solicitation covenants contained in his or her employment agreement and execution of a general release of claims on behalf of the Company, an amount equal to the product of (x) three in the case of Mr. Johnson and two in the case of Messrs. Hazen and Hall and (y) the sum of (A) the executive's base salary and (B) annual bonus paid or payable in respect of the fiscal year immediately preceding the fiscal year in which termination occurs, payable over a two-year period; (iii) entitled to the pro rata bonus; and (iv) entitled to continued coverage under our group health plans during the period over which the cash severance described in clause (ii) is paid. The executive's stock options granted while the Company was privately held would also remain exercisable until the first anniversary of the termination of the executive's employment. However, in lieu of receiving the payments and benefits described in (ii), (iii) and (iv) immediately above, the executive may instead elect to have his or her covenants not to compete waived by us. The same severance applies regardless of whether the termination was in connection with a change in control of the Company.

Cause is defined in each employment agreement as an executive's (i) willful and continued failure to perform his material duties to the Company which continues beyond 10 business days after a written demand for substantial performance is delivered; (ii) willful or intentional engagement in material misconduct that causes material and demonstrable injury, monetarily or otherwise, to the Company or the Sponsors; (iii) conviction of, or a plea of *nolo contendere* to, a crime constituting a felony, or a misdemeanor for which a sentence of more than six months imprisonment is imposed; or (iv) willful and material breach of his covenants under the employment agreement which continues beyond the designated cure period or of the agreements relating to the new equity. Good Reason is defined as (i) a reduction in the executive's base salary (other than a general reduction that affects all similarly situated employees in substantially the same proportions which is implemented by the Board in good faith after consultation with the chief executive officer and chief operating officer), a reduction in the executive's annual incentive compensation opportunity, or the reduction of benefits payable to the executive under the SERP; (ii) a substantial diminution in the executive's title, duties and responsibilities; or (iii) a transfer of the executive's primary workplace to a location that is more than 20 miles from his or her current workplace (other than, in the case of (i) and (ii), any isolated, insubstantial and inadvertent failure that is not in bad faith and is cured within 10 business days after the executive's written notice to the Company).

Pursuant to each employment agreement, in the event of an executive's termination of employment that is not a qualifying termination or a termination due to death or disability, he will only be entitled to the accrued rights (as defined above).

Each employment agreement also provides that the Company and the executive agree to work together in good faith to try to address any issues posed by Section 280G and 4999 of the Internal Revenue Code that could arise as a result of a change in control of the Company (within the meaning of Section 280G of the Internal Revenue Code).

*Executive Severance Policy*

The Company's Executive Severance Policy applies to Messrs. Rutherford and Foster if their employment is terminated involuntarily by the Company (other than for a reason that would result in them not being eligible for rehire), by Messrs. Rutherford or Foster for good reason (as defined in the policy), or as a result of, and after, a change in control (as defined under Section 409A of the Internal Revenue Code). The severance benefits applicable to Messrs. Rutherford and Foster under this policy are described in more detail under Compensation Discussion and Analysis Severance Benefits Severance Benefits for Messrs. Rutherford and Foster.

Additional information with respect to potential payments to the named executive officers pursuant to their employment agreements or other compensation arrangements and the 2006 Plan is contained in Potential Payments Upon Termination or Change in Control.

**Table of Contents****Outstanding Equity Awards at 2014 Fiscal Year-End**

The following table includes certain information with respect to options, SARs and RSUs held by the named executive officers as of December 31, 2014.

Name	Number of Securities Underlying Unexercised Options and SARs				Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options and SARs			Option/SAR Exercise/ Base Price (\$)(6)(7)(8)(9)	Option/SAR Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(13)(14)(15)(16)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(17)
	(#)(1)(2)(3)(4)(5)	(#)(2)(3)(4)(5)	(#)(2)(3)(4)(5)	(#)(2)(3)(4)(5)	(#)(2)(3)(4)(5)	(#)(2)(3)(4)(5)	(#)(2)(3)(4)(5)				
R. Milton Johnson	19,374						\$ 2.83	1/26/2016			
R. Milton Johnson	675,087						\$ 5.31	1/30/2017			
R. Milton Johnson	450,048						\$ 11.32	1/30/2017			
R. Milton Johnson	213,365						\$ 13.21	10/6/2019			
R. Milton Johnson	213,356						\$ 17.65	10/6/2019			
R. Milton Johnson	640,070						\$ 22.64	10/6/2019			
R. Milton Johnson	265,625	106,250			53,125		\$ 22.95	2/8/2022			
R. Milton Johnson	121,875	121,875			81,250		\$ 37.18	2/6/2023			
R. Milton Johnson	45,625	182,500			136,875		\$ 47.97	2/5/2024			
R. Milton Johnson									7,658	\$ 562,021	
R. Milton Johnson									5,155	\$ 378,325	
William B. Rutherford	9,832						\$ 5.34	2/25/2019			
William B. Rutherford	9,829						\$ 7.47	2/25/2019			
William B. Rutherford	9,829						\$ 11.36	2/25/2019			
William B. Rutherford	27,594						\$ 5.98	8/27/2019			
William B. Rutherford	16,554						\$ 6.48	8/27/2019			
William B. Rutherford	5,518						\$ 10.92	8/27/2019			
William B. Rutherford	5,518						\$ 15.91	8/27/2019			
William B. Rutherford	31,250	6,250					\$ 17.33	11/2/2021			
William B. Rutherford	6,250						\$ 21.35	11/2/2021			
William B. Rutherford	5,000						\$ 22.10	11/2/2021			
William B. Rutherford	31,250	12,500			6,250		\$ 22.95	2/8/2022			
William B. Rutherford	6,375	6,375			4,250		\$ 37.18	2/6/2023			
William B. Rutherford	10,625	42,500			31,875		\$ 47.97	2/5/2024			
William B. Rutherford									2,625	\$ 192,649	
William B. Rutherford									3,500	\$ 256,865	
Samuel N. Hazen	180,000						\$ 5.31	1/30/2017			
Samuel N. Hazen	180,000						\$ 11.32	1/30/2017			
Samuel N. Hazen	84,464						\$ 13.21	10/6/2019			
Samuel N. Hazen	84,450						\$ 17.65	10/6/2019			
Samuel N. Hazen	253,352						\$ 22.64	10/6/2019			
Samuel N. Hazen	78,125	15,625					\$ 17.33	11/2/2021			
Samuel N. Hazen	15,625						\$ 21.35	11/2/2021			
Samuel N. Hazen	12,500						\$ 22.10	11/2/2021			
Samuel N. Hazen	156,250	62,500			31,250		\$ 22.95	2/8/2022			
Samuel N. Hazen	71,250	71,250			47,500		\$ 37.18	2/6/2023			
Samuel N. Hazen	20,625	82,500			61,875		\$ 47.97	2/5/2024			
Samuel N. Hazen									6,147	\$ 451,128	
Samuel N. Hazen									4,138	\$ 303,688	
Jon M. Foster	108,010						\$ 11.32	1/30/2017			
Jon M. Foster	27,594						\$ 5.98	8/27/2019			
Jon M. Foster	16,554						\$ 6.48	8/27/2019			
Jon M. Foster	5,518						\$ 10.92	8/27/2019			
Jon M. Foster	5,518						\$ 15.91	8/27/2019			
Jon M. Foster	62,500	12,500					\$ 17.33	11/2/2021			
Jon M. Foster	12,500						\$ 21.35	11/2/2021			
Jon M. Foster	10,000						\$ 22.10	11/2/2021			

Edgar Filing: HCA Holdings, Inc. - Form DEF 14A

Jon M. Foster	125,000	50,000	25,000	\$ 22.95	2/8/2022		
Jon M. Foster	46,875	46,875	31,250	\$ 37.18	2/6/2023		
Jon M. Foster	9,375	37,500	28,125	\$ 47.97	2/5/2024		
Jon M. Foster						5,334	\$ 391,462
Jon M. Foster						3,740	\$ 274,479
Charles J. Hall	210,023			\$ 5.31	1/30/2017		
Charles J. Hall	252,026			\$ 11.32	1/30/2017		
Charles J. Hall	84,464			\$ 13.21	10/6/2019		
Charles J. Hall	84,450			\$ 17.65	10/6/2019		
Charles J. Hall	253,352			\$ 22.64	10/6/2019		
Charles J. Hall	62,500	12,500		\$ 17.33	11/2/2021		
Charles J. Hall	12,500			\$ 21.35	11/2/2021		
Charles J. Hall	10,000			\$ 22.10	11/2/2021		
Charles J. Hall	93,750	37,500	18,750	\$ 22.95	2/8/2022		
Charles J. Hall	41,250	41,250	27,500	\$ 37.18	2/6/2023		
Charles J. Hall	9,375	37,500	28,125	\$ 47.97	2/5/2024		
Charles J. Hall						3,300	\$ 242,187
Charles J. Hall						2,264	\$ 166,155

**Table of Contents**

- (1) Reflects (i) options held by Mr. Johnson prior to consummation of the Merger which were converted into options to purchase shares of common stock of the surviving corporation (the Rollover Options ); (ii) long-term stock options granted in January 2007 consistent with the terms of Messrs. Johnson, Hazen and Hall's respective employment agreements and as a part of Mr. Foster's long-term incentive compensation, consisting of a one-time, multi-year stock option grant in lieu of annual long-term equity incentive award grants, one-third of which vested on the basis of time, EBITDA performance and investor return, respectively (the 2007 Options ); (iii) options granted to Mr. Rutherford in February 2009 after he joined the Company consisting of a one-time, multi-year stock option grant,  $\frac{1}{3}$  of which vested on the basis of time, EBITDA performance and investor return, respectively (the February 2009 Options ); (iv) options granted to Messrs. Rutherford and Foster in August 2009 consisting of a one-time, multi-year stock option grant,  $\frac{1}{2}$  of which vested on the basis of time and the other  $\frac{1}{2}$  of which vested on the basis of EBITDA performance (the August 2009 Options and together with the February 2009 Options, the 2009 Options ); (v) options granted to Messrs. Johnson, Hazen and Hall in October 2009 consistent with the terms of their employment agreements, which provided that 10% of the options initially authorized for grant under the 2006 Plan would be granted to Messrs. Johnson, Hazen and Hall and certain other executives at some time before November 17, 2011 at an exercise price per share that is the equivalent of \$22.64 per share and vest on the basis of time (the 2x Time Options ); (vi) the 75% of Messrs. Rutherford, Hazen, Foster and Hall's time vested 2011 Options (as defined in footnote 2 below) that vested as of November 2, 2014 and 95% of Messrs. Rutherford, Hazen, Foster and Hall's EBITDA-based performance vested 2011 Options, comprised of the 20% that vested as of December 31, 2011 and the 25% that vested as of December 31, 2012, December 31, 2013 and December 31, 2014, respectively (upon the Committee's determination that the Company achieved the 80% vesting level of the 2011 EBITDA performance targets under the option awards and the 100% vesting level of the 2012, 2013 and 2014 EBITDA performance targets under the option awards, as adjusted); (vii) the 50% of each named executive officer's time vested 2012 SARs that vested as of February 8, 2014 and the 75% of the named executive officer's EBITDA-based performance vested 2012 SARs that vested as of December 31, 2012, December 31, 2013 and December 31, 2014, respectively (upon the Committee's determination that the Company achieved 100% vesting level of the 2012, 2013 and 2014 EBITDA performance targets under the 2012 SARs, as adjusted); (viii) the 25% of each named executive officer's time vested 2013 SARs vested as of February 6, 2014 and the 50% of the named executive officer's EBITDA-based performance vested 2013 SARs that vested as of December 31, 2013 and December 31, 2014, respectively (upon the Committee's determination that the Company achieved 100% vesting level of the 2013 and 2014 EBITDA performance targets under the 2013 SARs, as adjusted); and (ix) the 25% of the named executive officer's EBITDA-based performance vested 2014 SARs that vested as of December 31, 2014 (upon the Committee's determination that the Company achieved 100% vesting level of the 2014 EBITDA performance targets under the 2014 SARs, as adjusted).
- (2) Reflects 2011 Options awarded to Messrs. Rutherford, Hazen, Foster and Hall in November 2011 under the 2006 Plan as a part of each named executive officer's long-term equity incentive awards. The 2011 Options are structured so that  $\frac{1}{2}$  are time vested options (vesting in four equal installments on the first four anniversaries of the grant date) and  $\frac{1}{2}$  are EBITDA-based performance vested options (with up to 25% vesting at the end of each of fiscal years 2011, 2012, 2013 and 2014 upon the Committee's determination of the extent to which certain EBITDA performance targets have been met for the applicable fiscal year) (the 2011 Options ). The time vested options are reflected in the Number of Securities Underlying Unexercised Options and SARs Unexercisable column (with the exception of 75% of the time vested 2011 Options that were vested as of November 2, 2014, which are reflected in the Number of Securities Underlying Unexercised Options and SARs Exercisable column), and the EBITDA-based performance vested options are reflected in the Number of Securities Underlying Unexercised Options and SARs Exercisable column.
- (3) Reflects 2012 SARs awarded in February 2012 under the 2006 Plan as part of the named executive officer's long-term equity incentive award. The 2012 SARs are structured so that  $\frac{1}{2}$  are time vested (vesting

**Table of Contents**

in four equal installments on the first four anniversaries of the grant date) and  $\frac{1}{2}$  are EBITDA-based performance vested (with up to 25% vesting at the end of each of fiscal years 2012, 2013, 2014 and 2015 upon the Committee's determination of the extent to which certain EBITDA performance targets have been met for the applicable fiscal year). The time vested 2012 SARs are reflected in the Number of Securities Underlying Unexercised Options Unexercisable column (with the exception of 50% of the time vested 2012 SARs that were vested as of February 8, 2014, which are reflected in the Number of Securities Underlying Unexercised Options and SARs Exercisable column), and the EBITDA-based performance vested 2012 SARs are reflected in the Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options and SARs column (with the exception of the 75% of the EBITDA-based performance vested 2012 SARs that were vested as of December 31, 2014, which are reflected in the Number of Securities Underlying Unexercised Options and SARs Exercisable column). The terms of the 2012 SARs are described in more detail under Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table Stock Appreciation Rights.

- (4) Reflects 2013 SARs awarded in February 2013 under the 2006 Plan as part of the named executive officer's long-term equity incentive award. The 2013 SARs are structured so that  $\frac{1}{2}$  are time vested (vesting in four equal installments on the first four anniversaries of the grant date) and  $\frac{1}{2}$  are EBITDA-based performance vested (with up to 25% vesting at the end of each of fiscal years 2013, 2014, 2015 and 2016 upon the Committee's determination of the extent to which certain EBITDA performance targets have been met for the applicable fiscal year). The time vested 2013 SARs are reflected in the Number of Securities Underlying Unexercised Options Unexercisable column (with the exception of 25% of the time vested 2013 SARs that were vested as of February 6, 2014, which are reflected in the Number of Securities Underlying Unexercised Options and SARs Exercisable column), and the EBITDA-based performance vested 2013 SARs are reflected in the Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options and SARs column (with the exception of the 50% of the EBITDA-based performance vested 2013 SARs that were vested as of December 31, 2014, which are reflected in the Number of Securities Underlying Unexercised Options and SARs Exercisable column). The terms of the 2013 SARs are described in more detail under Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table Stock Appreciation Rights.
- (5) Reflects 2014 SARs awarded in February 2014 under the 2006 Plan as part of the named executive officer's long-term equity incentive award. The 2014 SARs are structured so that  $\frac{1}{2}$  are time vested (vesting in four equal installments on the first four anniversaries of the grant date) and  $\frac{1}{2}$  are EBITDA-based performance vested (with up to 25% vesting at the end of each of fiscal years 2014, 2015, 2016 and 2017 upon the Committee's determination of the extent to which certain EBITDA performance targets have been met for the applicable fiscal year). The time vested 2014 SARs are reflected in the Number of Securities Underlying Unexercised Options Unexercisable column, and the EBITDA-based performance vested 2014 SARs are reflected in the Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options and SARs column (with the exception of the 25% of the EBITDA-based performance vested 2014 SARs that were vested as of December 31, 2014, which are reflected in the Number of Securities Underlying Unexercised Options and SARs Exercisable column). The terms of the 2014 SARs are described in more detail under Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table Stock Appreciation Rights.
- (6) Immediately after the consummation of the Merger, all Rollover Options (other than those with an exercise price below \$2.83) were adjusted such that they retained the same spread value (as defined below) as immediately prior to the Merger, but the new per share exercise price for all Rollover Options would be \$2.83. The term spread value means the difference between (x) the aggregate fair market value of the common stock (determined using the Merger consideration of \$11.32 per share) subject to the outstanding options held by the participant immediately prior to the Merger that became Rollover Options, and (y) the aggregate exercise price of those options.

---

**Table of Contents**

- (7) The exercise price for the 2007 Options granted under the 2006 Plan to Messrs. Johnson, Hazen, Foster and Hall on January 30, 2007 was equal to the fair value of our common stock on the date of the grant, as determined by our Board of Directors in consultation with our Chief Executive Officer and other advisors, pursuant to the terms of the 2006 Plan. Pursuant to the 2007 Options award agreements, in connection with the distributions of \$3.88, \$1.11 and \$4.44, respectively, per share of outstanding common stock and outstanding vested stock options held on the February 1, May 6 and November 24, 2010 record dates, respectively (the 2010 Distributions ), the Company reduced the per share exercise price of any unvested 2007 Options outstanding as of the applicable record dates by the per share distribution amount to the extent the per share exercise price could be reduced under applicable tax rules. With respect to the November 24, 2010 distribution and pursuant to the 2007 Option award agreements, to the extent the per share exercise price could not be reduced by the full \$4.44 per share distribution, the Company paid the named executive officers an amount on a per share basis equal to the balance of the per share distribution amount not permitted to be applied to reduce the exercise price of the applicable option in respect of each share of common stock subject to such unvested option outstanding as of the November 24, 2010 record date upon the vesting of such option. Pursuant to the 2007 Options award agreements, in connection with the distributions of \$2.00, \$2.50 and \$2.00, respectively, per share of outstanding common stock and outstanding vested stock options held on the February 16, November 2 and December 17, 2012 record dates, respectively (the 2012 Distributions ), the Company could not reduce the per share exercise price of any unvested 2007 Options outstanding as of the applicable record dates by the per share distribution amount due to applicable tax rules. The Company paid the named executive officers an amount on a per share basis equal to the balance of the per share distribution amount not permitted to be applied to reduce the exercise price of the applicable option in respect of each share of common stock subject to such unvested options outstanding as of the February 16, November 2 and December 17, 2012 record dates, respectively, upon the vesting of such option. The total cash distributions attributable to the 2012 Distributions (such amounts representing the distribution amount by which the exercise price of such options could not be reduced under applicable tax rules) that became payable upon vesting of the applicable unvested stock options awards held by the named executive officers on February 16, November 2 and December 17, 2012, respectively, are reflected in the All Other Compensation column of the Summary Compensation Table for the 2012 fiscal year.
- (8) The exercise price for the February 2009 Options granted under the 2006 Plan to Mr. Rutherford on February 25, 2009 was \$11.36. Pursuant to the February 2009 Options award agreement, in connection with the 2010 Distributions, the Company reduced the per share exercise price of any unvested February 2009 Options outstanding as of the applicable record dates by the per share distribution amount to the extent the per share exercise price could be reduced under applicable tax rules. With respect to the November 24, 2010 distribution and pursuant to the February 2009 Option award agreement, to the extent the per share exercise price could not be reduced by the full \$4.44 per share distribution, the Company paid the named executive officer an amount on a per share basis equal to the balance of the per share distribution amount not permitted to be applied to reduce the exercise price of the applicable option in respect of each share of common stock subject to such unvested option outstanding as of the November 24, 2010 record date upon the vesting of such option. Pursuant to the February 2009 Options award agreement, in connection with the 2012 Distributions, the Company could not reduce the per share exercise price of any unvested February 2009 Options outstanding as of the applicable record dates by the per share distribution amount due to applicable tax rules. The Company paid the named executive officer an amount on a per share basis equal to the balance of the per share distribution amount not permitted to be applied to reduce the exercise price of the applicable option in respect of each share of common stock subject to such unvested options outstanding as of the February 16, November 2 and December 17, 2012 record dates, respectively, upon the vesting of such option.
- (9) The exercise price for the August 2009 Options granted under the 2006 Plan to Messrs. Rutherford and Foster on August 27, 2009 was \$15.91. Pursuant to the award agreement governing the August 2009 Options, in connection with the 2010 Distributions, the Company reduced the per share exercise price of any unvested 2009 Option outstanding as of the applicable record dates by the per share distribution amount to



---

**Table of Contents**

the extent the per share exercise price could be reduced under applicable tax rules. Pursuant to the award agreements governing the August 2009 Options, in connection with the 2012 Distributions, the Company reduced the per share exercise price of any unvested August 2009 Options outstanding as of the applicable record dates by the per share distribution amount to the extent the per share exercise price could be reduced under applicable tax rules. With respect to the 2012 Distribution and pursuant to the August 2009 Options award agreements, the Company paid the named executive officers an amount on a per share basis equal to the balance of the per share distribution amount not permitted to be applied to reduce the exercise price of the applicable option in respect of each share of common stock subject to such unvested options outstanding as of the February 16, November 2 and December 17, 2012 record dates, respectively, upon the vesting of such options.

- (10) The exercise price for the 2x Time Options granted under the 2006 Plan to Messrs. Johnson, Hazen and Hall on October 6, 2009 was \$22.64, pursuant to the named executive officers' employment agreements. Pursuant to the 2x Time Option award agreements, in connection with the 2010 Distributions, the Company reduced the per share exercise price of any unvested 2x Time Options outstanding as of the applicable record dates by the per share distribution amount to the extent the per share exercise price could be reduced under applicable tax rules.
- (11) The exercise price for the 2011 Options granted under the 2006 Plan to Messrs. Rutherford, Hazen, Foster and Hall on November 2, 2011 was \$23.35. Pursuant to the award agreement governing the 2011 Options, in connection with the 2012 Distributions, the Company reduced the per share exercise price of any unvested 2011 Option outstanding as of the applicable record dates by the per share distribution amount to the extent the per share exercise price could be reduced under applicable tax rules. With respect to the November 2, 2012 distribution and pursuant to the 2011 Options award agreements, to the extent the per share exercise price could not be reduced by the full \$2.50 per share distribution, the Company has paid and will continue to pay the named executive officers an amount on a per share basis equal to the balance of the per share distribution amount not permitted to be applied to reduce the exercise price of the applicable option in respect of each share of common stock subject to such unvested option outstanding as of the November 2, 2012 record date upon the vesting of such option. The total cash distributions attributable to the November 2, 2012 record date distribution (such amounts representing the balance of the distribution amount by which the exercise price of such options could not be reduced under applicable tax rules) that will become payable upon vesting of the applicable unvested stock options awards held by Messrs. Hazen and Hall on November 2, 2012 are reflected in the All Other Compensation column of the Summary Compensation Table for the 2012 fiscal year. Also in connection with the November 2, 2012 distribution, the option exercise price of the vested 2011 Options was reduced by 50% of the \$2.50 distribution, consistent with applicable tax rules, and a cash payment was made equal to 50% of the \$2.50 distribution.
- (12) The base price for the 2012 SARs granted under the 2006 Plan to the named executive officers on February 8, 2012 was \$28.97. Pursuant to the award agreement governing the 2012 SARs, in connection with the 2012 Distributions, the Company reduced the per share base price of any unvested 2012 SAR award outstanding as of the applicable record dates by the per share distribution amount to the extent the per share base price could be reduced under applicable tax rules. With respect to the November 2, 2012 distribution and pursuant to the 2012 SAR award agreements, to the extent the per share base price could not be reduced by the full \$2.50 per share distribution, the Company has paid and will continue to pay the named executive officers an amount on a per share basis equal to the balance of the per share distribution amount not permitted to be applied to reduce the base price of the applicable SARs outstanding as of the November 2, 2012 record date upon the vesting of such awards. The total cash distributions attributable to the November 2, 2012 record date distribution (such amounts representing the balance of the distribution amount by which the base price of such SAR awards could not be reduced under applicable tax rules) that will become payable upon vesting of the applicable unvested SAR awards held by Messrs. Johnson, Hazen and Hall on November 2, 2012 are reflected in the All Other Compensation column of the Summary Compensation Table for the 2012 fiscal year.

**Table of Contents**

- (13) Reflects RSUs awarded to Mr. Rutherford in February 2012 under the 2006 Plan. The 2012 RSUs are structured so that  $\frac{1}{2}$  are time vested (vesting in four equal installments on the first four anniversaries of the grant date) and  $\frac{1}{2}$  are EBITDA-based performance vested (with up to 25% vesting at the end of each of fiscal years 2012, 2013, 2014 and 2015 upon the Committee's determination of the extent to which certain EBITDA performance targets have been met for the applicable fiscal year).
- (14) Reflects RSUs awarded to Mr. Rutherford in February 2013 under the 2006 Plan. The 2013 RSUs are structured so that  $\frac{1}{2}$  are time vested (vesting in four equal installments on the first four anniversaries of the grant date) and  $\frac{1}{2}$  are EBITDA-based performance vested (with up to 25% vesting at the end of each of fiscal years 2013, 2014, 2015 and 2016 upon the Committee's determination of the extent to which certain EBITDA performance targets have been met for the applicable fiscal year).
- (15) Reflects RSUs awarded to Messrs. Johnson, Hazen, Foster and Hall in February 2013 under the 2012 PEP for performance in excess of the target performance level, reflecting 50% of the value of each executive's 2012 PEP payment in excess of their respective target payment level. These RSU awards will vest in two equal installments on the second and third anniversaries of their February 25, 2013 grant date.
- (16) Reflects RSUs awarded to Messrs. Johnson, Hazen, Foster and Hall in February 2014 under the 2013 PEP for performance in excess of the target performance level, reflecting 50% of the value of each executive's 2013 PEP payment in excess of their respective target payment level. These RSU awards will vest in two equal installments on the second and third anniversaries of their February 25, 2014 grant date.
- (17) The market value of the unvested RSUs awarded in 2012 and 2013 to Mr. Rutherford and under the 2012 PEP and 2013 PEP to Messrs. Johnson, Hazen, Foster and Hall is calculated at \$73.39 per share (the closing price of the Company's common stock on the NYSE on December 31, 2014).

**Table of Contents****Option Exercises and Stock Vested in 2014**

The following table includes certain information with respect to options exercised by the named executive officers during the fiscal year ended December 31, 2014.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise(1)	Value Realized on Exercise \$(2)	Number of Shares Acquired on Vesting(3)	Value Realized on Vesting \$(4)
R. Milton Johnson	29,016	\$ 1,321,383		
William B. Rutherford			3,150	\$ 154,205
Samuel N. Hazen	408,471	\$ 26,979,879		
Jon M. Foster	60,011	\$ 3,627,534		
Charles J. Hall	185,596	\$ 8,323,168		

(1) Messrs. Johnson and Hazen elected a cashless exercise of 29,016 and 180,030 stock options, respectively, resulting in net shares realized of 18,892, and 92,081, respectively. Messrs. Hazen, Foster and Hall elected a cashless full sale exercise of 228,441, 60,011 and 185,596 stock options, respectively, resulting in zero net shares realized.

(2) Represents the difference between the exercise price of the options and the fair market value of the common stock on the date of exercise, which is the closing price of the Company's common stock on the NYSE on the date of exercise.

(3) Mr. Rutherford vested in 3,150 RSUs resulting in net shares realized of 2,204.

(4) Calculated by multiplying the number of shares of stock or units vested by the fair market value of the common stock on the vesting date, which is the closing price of the Company's common stock on the NYSE on the vesting date.

**2014 Pension Benefits**

Our SERP is intended to qualify as a top-hat plan designed to benefit a select group of management or highly compensated employees. There are no other defined benefit plans that provide for payments or benefits to any of the named executive officers. Information about benefits provided by the SERP is as follows:

Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit	Payments During Last Fiscal Year
R. Milton Johnson	SERP	32	\$ 17,910,697	
Samuel N. Hazen	SERP	32	\$ 13,953,898	
Jon M. Foster	SERP	14	\$ 5,122,478	
Charles J. Hall	SERP	28	\$ 13,811,878	

Mr. Johnson is eligible for early retirement. Mr. Hall is eligible for normal retirement. Messrs. Hazen and Foster have not satisfied the eligibility requirements for normal or early retirement. Messrs. Johnson, Hazen, Foster and Hall are 100% vested in their accrued SERP benefit.

**Plan Provisions**

In the event the employee's accrued benefits under the Company's Plans (computed using actuarial factors) are insufficient to provide the life annuity amount, (as such terms are defined below) the SERP will provide a benefit equal to the amount of the shortfall. Benefits can be paid in

## Edgar Filing: HCA Holdings, Inc. - Form DEF 14A

the form of an annuity or a lump sum. The lump sum is calculated by converting the annuity benefit using the actuarial factors. All benefits with a present value not exceeding one million dollars are paid as a lump sum regardless of the election made.

---

**Table of Contents**

Normal retirement eligibility requires attainment of age 60 for employees who were SERP participants at the time of the change in control which occurred as a result of the Merger, including all of the named executive officers set forth in the table above. Early retirement eligibility requires age 55 with 20 or more years of service. The service requirement for early retirement is waived for employees participating in the SERP at the time of its inception in 2001, including all of the named executive officers set forth in the table above except for Mr. Foster. The life annuity amount payable to a participant who takes early retirement is reduced by three percent for each full year or portion thereof that the participant retires prior to normal retirement age.

The life annuity amount is the annual benefit payable as a life annuity to a participant upon normal retirement. It is equal to the participant's accrual rate multiplied by the product of the participant's years of service times the participant's pay average. The SERP benefit for each year equals the life annuity amount less the annual life annuity amount produced by the employee's accrued benefit under the Company's Plans.

The accrual rate is a percentage assigned to each participant, and is either 2.2% or 2.4%. All of the named executive officers set forth in the table above are assigned a percentage of 2.4%, except for Mr. Foster.

A participant is credited with a year of service for each calendar year that the participant performs 1,000 hours of service for HCA Inc. or one of its subsidiaries, or for each year the participant is otherwise credited by us, subject to a maximum credit of 25 years of service.

A participant's pay average is an amount equal to one-fifth of the sum of the compensation during the period of 60 consecutive months for which total compensation is greatest within the 120 consecutive month period immediately preceding the participant's retirement. For purposes of this calculation, the participant's compensation includes base compensation, payments under the PEP, and bonuses paid prior to the establishment of the PEP.

The accrued benefits under the Company's Plans for an employee equals the sum of the employer-funded benefits accrued under the former HCA Retirement Plan (which was merged into the HCA 401(k) Plan in 2008), the HCA 401(k) Plan and any other tax-qualified plan maintained by HCA Inc. or one of its subsidiaries, the income/loss adjusted amount distributed to the participant under any of these plans, the account credit and the income/loss adjusted amount distributed to the participant under the HCA Restoration Plan and any other nonqualified retirement plans sponsored by HCA Inc. or one of its subsidiaries.

The actuarial factors include (a) interest at the long term Applicable Federal Rate under Section 1274(d) of the Internal Revenue Code or any successor thereto as of the first day of November preceding the plan year in which the participant's retirement, death, disability, or termination with benefit rights under Section 5.3 or 6.2 of the SERP occurs, and (b) mortality being the applicable Section 417(e)(3) of the Internal Revenue Code mortality table, as specified and changed by the U.S. Treasury Department.

Credited service does not include any amount other than service with HCA Inc. or one of its subsidiaries.

***Assumptions***

The Present Value of Accumulated Benefit is based on a measurement date of December 31, 2014. The measurement date for valuing plan liabilities on the Company's balance sheet is December 31, 2014.

The assumption is made that there is no probability of pre-retirement death or termination. Retirement age is assumed to be the Normal Retirement Age as defined in the SERP for all named executive officers set forth in the table above, as adjusted by the provisions relating to change in control, or age 60. Age 60 also represents the earliest date the named executive officers set forth in the table above are eligible to receive an unreduced benefit.

All other assumptions used in the calculations are the same as those used for the valuation of the plan liabilities in the plan's most recent annual valuation.

**Table of Contents****Supplemental Information**

In the event a participant renders service to another health care organization within five years following retirement or termination of employment, he or she forfeits his rights to any further payment, and must repay any benefits already paid. This non-competition provision is subject to waiver by the Committee with respect to the named executive officers set forth in the table above.

**2014 Nonqualified Deferred Compensation**

Amounts shown in the table are attributable to the HCA Restoration Plan, an unfunded, nonqualified defined contribution plan designed to restore benefits under the HCA 401(k) Plan based on compensation in excess of the Internal Revenue Code Section 401(a)(17) compensation limit.

Name	Executive Contributions in Last Fiscal Year	Registrant Contributions in Last Fiscal Year	Aggregate Earnings in Last Fiscal Year	Aggregate Withdrawals/Distributions	Aggregate Balance at Last Fiscal Year End
R. Milton Johnson					\$ 666,338
William B. Rutherford		\$ 74,379	\$ 14,421		\$ 320,588
Samuel N. Hazen					\$ 889,505
Jon M. Foster					\$ 141,770
Charles J. Hall					\$ 427,073

Registrant contributions in the last fiscal year as reported in the table above are also included in the 2014 Summary Compensation Table for Mr. Rutherford.

The following amounts from the column titled "Aggregate Balance at Last Fiscal Year End" have also been reported in the Summary Compensation Tables in prior years:

Name	Restoration Contribution				
	2003	2004	2005	2006	2007
R. Milton Johnson			\$ 71,441	\$ 212,109	\$ 57,792
Samuel N. Hazen	\$ 79,510	\$ 101,488	\$ 97,331	\$ 247,060	\$ 62,004

**Plan Provisions**

Until 2008, hypothetical accounts for each HCA Restoration Plan participant were credited each year with a contribution designed to restore benefits forgone under the HCA 401(k) Plan due to the participants' compensation being in excess of the Internal Revenue Code Section 401(a)(17) compensation limit, based on years of service. Effective January 1, 2008, participants in the SERP are no longer eligible for HCA Restoration Plan contributions. However, the hypothetical accounts as of January 1, 2008 will continue to be maintained and were increased or decreased with hypothetical investment returns based on the actual investment return of the Mix B fund of the HCA 401(k) Plan through December 31, 2010. Effective January 1, 2011, the hypothetical HCA Restoration Plan accounts were frozen, and no investment earnings were reflected after this date.

No employee deferrals are allowed under this or any other nonqualified deferred compensation plan.

Prior to April 30, 2009, eligible employees made a one-time election prior to participation (or prior to December 31, 2006, if earlier) regarding the form of distribution of the HCA Restoration Plan benefit. Participants chose between a lump sum and five or ten-year installments. All distributions are paid in the form of a lump-sum distribution unless the participant submitted an installment payment election prior to April 30, 2009. Distributions are paid (or begin) during the July following the year of termination of employment or retirement. All balances not exceeding \$500,000 are automatically paid as a lump sum, regardless of election.



**Table of Contents****Supplemental Information**

In the event a named executive officer renders service to another health care organization within five years following retirement or termination of employment, he or she forfeits the rights to any further payment, and must repay any payments already made. This non-competition provision is subject to waiver by the Committee with respect to the named executive officers.

**Potential Payments Upon Termination or Change in Control**

The following tables show the estimated amount of potential cash severance payable to each of the named executive officers (based upon their respective 2014 base salary and PEP payment received in 2014 for 2013 performance, for Messrs. Johnson, Hazen and Hall, and based upon their respective 2014 base salary, for Messrs. Rutherford and Foster, as well as the estimated value of continuing benefits, based on compensation and benefit levels in effect on December 31, 2014), assuming the executive's employment terminates or the Company undergoes a Change in Control (as defined in the 2006 Plan and set forth above under Compensation Discussion and Analysis Change in Control Benefits) effective December 31, 2014. Due to the numerous factors involved in estimating these amounts, the actual value of benefits and amounts to be paid can only be determined upon an executive's termination of employment. As noted above, in the event a named executive officer breaches or violates those certain confidentiality, non-competition and/or non-solicitation covenants contained in his or her employment agreement or separation agreement, the SERP or the HCA Restoration Plan, certain of the payments described below may be subject to forfeiture and/or repayment. See Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table Employment Agreements and Other Compensation Arrangements, 2014 Pension Benefits Supplemental Information, and 2014 Nonqualified Deferred Compensation Supplemental Information.

**R. Milton Johnson**

	<b>Voluntary Termination</b>	<b>Early Retirement</b>	<b>Normal Retirement</b>	<b>Involuntary Termination Without Cause</b>	<b>Termination for Cause</b>	<b>Voluntary Termination for Good Reason</b>	<b>Disability</b>	<b>Death</b>	<b>Change in Control</b>
Cash Severance(1) Non-Equity				\$ 7,533,060		\$ 7,533,060			
Incentive Bonus(2)	\$ 2,830,944	\$ 2,830,944	\$ 2,830,944	\$ 2,830,944		\$ 2,830,944	\$ 2,830,944	\$ 2,830,944	\$ 2,830,944
Unvested Equity Awards(3)	\$ 940,346	\$ 940,346	\$ 940,346	\$ 940,346	\$ 940,346	\$ 940,346	\$ 940,346	\$ 940,346	\$ 24,452,890
SERP(4)	\$ 16,944,710	\$ 16,944,710		\$ 16,944,710	\$ 16,944,710	\$ 16,944,710	\$ 16,944,710	\$ 14,929,348	
Retirement Plans(5)	\$ 2,565,888	\$ 2,565,888	\$ 2,565,888	\$ 2,565,888	\$ 2,565,888	\$ 2,565,888	\$ 2,565,888	\$ 2,565,888	
Health and Welfare Benefits(6)				\$ 20,504		\$ 20,504			
Disability Income(7)							\$ 1,890,262		
Life Insurance Benefits(8)								\$ 1,101,000	
Accrued Vacation Pay	\$ 152,308	\$ 152,308	\$ 152,308	\$ 152,308	\$ 152,308	\$ 152,308	\$ 152,308	\$ 152,308	
<b>Total</b>	<b>\$ 23,434,196</b>	<b>\$ 23,434,196</b>	<b>\$ 6,489,486</b>	<b>\$ 30,987,760</b>	<b>\$ 20,603,252</b>	<b>\$ 30,987,760</b>	<b>\$ 25,324,458</b>	<b>\$ 22,519,834</b>	<b>\$ 27,283,834</b>

(1) Represents amounts Mr. Johnson would be entitled to receive pursuant to his employment agreement. See Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table Employment Agreements and Other Compensation Arrangements.

(2)



## Edgar Filing: HCA Holdings, Inc. - Form DEF 14A

Represents the amount Mr. Johnson would be entitled to receive for the 2014 fiscal year pursuant to the 2014 PEP and his employment agreement, which amount is also included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. Under the 2014 PEP, incentive payouts up to the target were paid in cash during the first quarter of 2015. Payouts above the target were paid 50% in cash and 50% in RSUs. See Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table Annual PEP Awards and Employment Agreements and other Compensation Arrangements.

- (3) Represents the (a) the intrinsic value of all unvested SAR awards, which will become vested upon a Change in Control, calculated as the difference between the base price of Mr. Johnson's unvested SAR awards and the fair value price of our common stock on December 31, 2014 or \$73.39 (the closing price of the Company's common stock on the NYSE

**Table of Contents**

on December 31, 2014) and (b) the value of all unvested RSUs, which will become vested upon a Change in Control or Mr. Johnson's termination of employment, death or disability, calculated at \$73.39 (the closing price of the Company's common stock on the NYSE on December 31, 2014). In instances other than as a result of a Change of Control or his death or disability, Mr. Johnson's RSUs will become vested upon termination of his employment since he meets the definition of retirement under the RSU grant agreement; however such newly vested RSUs will continue to be payable on each applicable vesting date following his termination.

- (4) Reflects the actual lump sum value of the SERP based on the 2014 interest rate of 3.37%.
- (5) Reflects the estimated lump sum present value of qualified and nonqualified retirement plans to which Mr. Johnson would be entitled. The value includes \$1,899,550 from the HCA 401(k) Plan (which represents the value of the Company's contributions) and \$666,338 from the HCA Restoration Plan.
- (6) Reflects the estimated costs of the continuing medical coverage, based upon 2015 COBRA rates, that Mr. Johnson would be entitled to receive pursuant to his employment agreement. See Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table Employment Agreements and other Compensation Arrangements.
- (7) Reflects the estimated lump sum present value of all future payments which Mr. Johnson would be entitled to receive under our disability program, including five months of salary continuation, long-term disability benefits of \$10,000 per month payable after the five-month elimination period until age 66 and 4 months, and benefits of \$10,000 per month from our Supplemental Insurance Program payable after the 180 day elimination period to age 65.
- (8) No post-retirement or post-termination life insurance or death benefits are provided to Mr. Johnson. Mr. Johnson's payment upon death while actively employed with the Company includes \$1,101,000 of Company-paid life insurance.

**William B. Rutherford**

	Voluntary Termination	Early Retirement	Normal Retirement	Involuntary Termination Without Cause	Termination for Cause	Voluntary Termination for Good Reason	Disability	Death	Change in Control
Cash Severance(1)				\$ 1,200,000		\$ 1,200,000			
Non-Equity Incentive Bonus(2)	\$ 827,224	\$ 827,224	\$ 827,224	\$ 827,224		\$ 827,224	\$ 827,224	\$ 827,224	\$ 827,224
Unvested Equity Awards(3)									\$ 4,020,983
Retirement Plans(4)	\$ 997,283	\$ 997,283	\$ 997,283	\$ 997,283	\$ 997,283	\$ 997,283	\$ 997,283	\$ 997,283	
Health and Welfare Benefits(5)				\$ 31,690		\$ 31,690			
Disability Income(6)							\$ 2,602,604		
Life Insurance Benefits(7)								\$ 601,000	
Accrued Vacation Pay	\$ 65,769	\$ 65,769	\$ 65,769	\$ 65,769	\$ 65,769	\$ 65,769	\$ 65,769	\$ 65,769	
<b>Total</b>	<b>\$ 1,890,276</b>	<b>\$ 1,890,276</b>	<b>\$ 1,890,276</b>	<b>\$ 3,121,966</b>	<b>\$ 1,063,052</b>	<b>\$ 3,121,966</b>	<b>\$ 4,492,880</b>	<b>\$ 2,491,276</b>	<b>\$ 4,848,207</b>

- (1) Represents amounts Mr. Rutherford would be entitled to receive pursuant to the Company's Executive Severance Policy based upon his position as Executive Vice President and Chief Financial Officer at the time of termination. See Compensation Discussion and Analysis Severance Benefits Severance Benefits for Messrs. Rutherford and Foster.

- (2) Represents the amount Mr. Rutherford would be entitled to receive for the 2014 fiscal year pursuant to the 2014 PEP, which amount is also included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. Under the 2014 PEP, incentive payouts up to the target were paid in cash during the first quarter of 2015. Payouts above the target were paid 50% in cash and 50% in RSUs. See Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table Annual PEP Awards and Employment Agreements and Other Compensation Arrangements.

**Table of Contents**

- (3) Represents the (a) the intrinsic value of all unvested stock options and SAR awards, which will become vested upon a Change in Control, calculated as the difference between the base price of Mr. Rutherford's unvested options and SAR awards and the fair value price of our common stock on December 31, 2014 or \$73.39 (the closing price of the Company's common stock on the NYSE on December 31, 2014), and (b) the value of all unvested RSUs, which will become vested upon a Change in Control, calculated at \$73.39 (the closing price of the Company's common stock on the NYSE on December 31, 2014).
- (4) Reflects the estimated lump sum present value of qualified and nonqualified retirement plans to which Mr. Rutherford would be entitled. The value includes \$676,695 from the HCA 401(k) Plan (which represents the value of the Company's contributions) and \$320,588 from the HCA Restoration Plan.
- (5) Reflects the estimated costs of the continuing medical coverage, based upon 2015 COBRA rates, that Mr. Rutherford would be entitled to receive pursuant to the Company's Executive Severance Policy. See Compensation Discussion and Analysis Severance Benefits Severance Benefits for Messrs. Rutherford and Foster. (6) Reflects the estimated lump sum present value of all future payments which Mr. Rutherford would be entitled to receive under our disability program, including five months of salary continuation, long-term disability benefits of \$10,000 per month payable after the five-month elimination period until age 67, and benefits of \$10,000 per month from our Supplemental Insurance Program payable after the 180 day elimination period to age 65.
- (7) No post-retirement or post-termination life insurance or death benefits are provided to Mr. Rutherford. Mr. Rutherford's payment upon death while actively employed includes \$601,000 of Company-paid life insurance.

**Samuel N. Hazen**

	Voluntary Termination	Early Retirement	Normal Retirement	Involuntary Termination Without Cause	Termination for Cause	Voluntary Termination for Good Reason	Disability	Death	Change in Control
Cash Severance(1)				\$ 4,065,472		\$ 4,065,472			
Non-Equity Incentive Bonus(2)	\$ 1,489,003	\$ 1,489,003	\$ 1,489,003	\$ 1,489,003		\$ 1,489,003	\$ 1,489,003	\$ 1,489,003	\$ 1,489,003
Unvested Equity Awards(3)							\$ 754,816	\$ 754,816	\$ 14,329,455
SERP(4)	\$ 14,216,790			\$ 14,216,790	\$ 14,216,790	\$ 14,216,790	\$ 14,216,790	\$ 12,528,477	
Retirement Plans(5)	\$ 1,766,502	\$ 1,766,502	\$ 1,766,502	\$ 1,766,502	\$ 1,766,502	\$ 1,766,502	\$ 1,766,502	\$ 1,766,502	
Health and Welfare Benefits(6)				\$ 30,756		\$ 30,756			
Disability Income(7)							\$ 2,286,668		
Life Insurance Benefits(8)								\$ 901,000	
Accrued Vacation Pay	\$ 124,615	\$ 124,615	\$ 124,615	\$ 124,615	\$ 124,615	\$ 124,615	\$ 124,615	\$ 124,615	
<b>Total</b>	<b>\$ 17,596,910</b>	<b>\$ 3,380,120</b>	<b>\$ 3,380,120</b>	<b>\$ 21,693,138</b>	<b>\$ 16,107,907</b>	<b>\$ 21,693,138</b>	<b>\$ 20,638,394</b>	<b>\$ 17,564,413</b>	<b>\$ 15,818,458</b>

- (1) Represents amounts Mr. Hazen would be entitled to receive pursuant to his employment agreement. See Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table Employment Agreements and other Compensation Arrangements.
- (2) Represents the amount Mr. Hazen would be entitled to receive for the 2014 fiscal year pursuant to the 2014 PEP and his employment agreement, which amount is also included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. Under the 2014 PEP, incentive payouts up to the target were paid in cash during the first quarter of 2015. Payouts above the target were paid 50% in cash and 50% in RSUs. See Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards

Edgar Filing: HCA Holdings, Inc. - Form DEF 14A

Table Annual PEP Awards and Employment Agreements and Other Compensation Arrangements.

**Table of Contents**

- (3) Represents the (a) intrinsic value of all unvested stock options and SAR awards, which will become vested upon a Change in Control, calculated as the difference between the exercise or base price of Mr. Hazen's unvested options and SAR awards and the fair value price of our common stock on December 31, 2014 or \$73.39 (the closing price of the Company's common stock on the NYSE on December 31, 2014) and (b) the value of all unvested RSUs, which will become vested upon a Change in Control or Mr. Hazen's death or disability, calculated at \$73.39 (the closing price of the Company's common stock on the NYSE on December 31, 2014).
- (4) Reflects the actual lump sum value of the SERP based on the 2014 interest rate of 3.37%.
- (5) Reflects the estimated lump sum present value of qualified and nonqualified retirement plans to which Mr. Hazen would be entitled. The value includes \$876,997 from the HCA 401(k) Plan (which represents the value of the Company's contributions) and \$889,505 from the HCA Restoration Plan.
- (6) Reflects the estimated costs of the continuing medical coverage, based upon 2015 COBRA rates, that Mr. Hazen would be entitled to receive pursuant to his employment agreement. See Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table Employment Agreements and other Compensation Arrangements.
- (7) Reflects the estimated lump sum present value of all future payments which Mr. Hazen would be entitled to receive under our disability program, including five months of salary continuation, long-term disability benefits of \$10,000 per month payable after the five-month elimination period until age 67, and benefits of \$10,000 per month from our Supplemental Insurance Program payable after the 180 day elimination period to age 65. (8) No post-retirement or post-termination life insurance or death benefits are provided to Mr. Hazen. Mr. Hazen's payment upon death while actively employed with the Company includes \$901,000 of Company-paid life insurance.

**Jon M. Foster**

	Voluntary Termination	Early Retirement	Normal Retirement	Involuntary Termination Without Cause	Termination for Cause	Voluntary Termination for Good Reason	Disability	Death	Change in Control
Cash Severance(1)				\$ 1,500,000		\$ 1,500,000			
Non-Equity Incentive Bonus(2)	\$ 1,034,030	\$ 1,034,030	\$ 1,034,030	\$ 1,034,030		\$ 1,034,030	\$ 1,034,030	\$ 1,034,030	\$ 1,034,030
Unvested Equity Awards(3)							\$ 665,941	\$ 665,941	\$ 9,646,785
SERP(4)	\$ 4,724,799			\$ 5,808,979	\$ 4,724,799	\$ 5,808,979	\$ 4,724,799	\$ 4,139,864	
Retirement Plans(5)	\$ 362,935	\$ 362,935	\$ 362,935	\$ 362,935	\$ 362,935	\$ 362,935	\$ 362,935	\$ 362,935	
Health and Welfare Benefits(6)				\$ 35,616		\$ 35,616			
Disability Income(7)							\$ 1,981,732		
Life Insurance Benefits(8)								\$ 751,000	
Accrued Vacation Pay	\$ 103,846	\$ 103,846	\$ 103,846	\$ 103,846	\$ 103,846	\$ 103,846	\$ 103,846	\$ 103,846	
Total	\$ 6,225,610	\$ 1,500,811	\$ 1,500,811	\$ 8,845,406	\$ 5,191,580	\$ 8,845,406	\$ 8,873,283	\$ 7,057,616	\$ 10,680,815

- (1) Represents amounts Mr. Foster would be entitled to receive pursuant to the Company's Executive Severance Policy based upon his position as a group president at the time of termination. See Compensation Discussion and Analysis Severance Benefits Severance Benefits for Messrs. Rutherford and Foster.

## Edgar Filing: HCA Holdings, Inc. - Form DEF 14A

- (2) Represents the amount Mr. Foster would be entitled to receive for the 2014 fiscal year pursuant to the 2014 PEP, which amount is also included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. Under the 2014 PEP, incentive payouts up to the target were paid in cash during the first quarter of 2015. Payouts above the target were paid 50% in cash and 50% in RSUs. See Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table Employment Agreements and Other Compensation Arrangements.
  
- (3) Represents the (a) intrinsic value of all unvested stock options and SAR awards, which will become vested upon a Change in Control, calculated as the difference between the exercise or base price of Mr. Foster's unvested options and

**Table of Contents**

SAR awards and the fair value price of our common stock on December 31, 2014 or \$73.39 (the closing price of the Company's common stock on the NYSE on December 31, 2014) and (b) the value of all unvested RSUs, which will become vested upon a Change in Control or Mr. Foster's death or disability, calculated at \$73.39 (the closing price of the Company's common stock on the NYSE on December 31, 2014).

- (4) Reflects the actual lump sum value of the SERP based on the 2014 interest rate of 3.37%.
- (5) Reflects the estimated lump sum present value of qualified and nonqualified retirement plans to which Mr. Foster would be entitled. The value includes \$221,165 from the HCA 401(k) Plan (which represents the value of the Company's contributions) and \$141,770 from the HCA Restoration Plan.
- (6) Reflects the estimated costs of the continuing medical coverage, based upon 2015 COBRA rates, that Mr. Foster would be entitled to receive pursuant to the Company's Executive Severance Policy. See Compensation Discussion and Analysis Severance Benefits Severance Benefits for Messrs. Rutherford and Foster.
- (7) Reflects the estimated lump sum present value of all future payments which Mr. Foster would be entitled to receive under our disability program, including five months of salary continuation, long-term disability benefits of \$10,000 per month payable after the five-month elimination period until age 67, and benefits of \$6,290 per month from our Supplemental Insurance Program payable after the 180 day elimination period to age 65.
- (8) No post-retirement or post-termination life insurance or death benefits are provided to Mr. Foster. Mr. Foster's payment upon death while actively employed includes \$751,000 of Company-paid life insurance.

**Charles J. Hall**

	Voluntary Termination	Early Retirement	Normal Retirement	Involuntary Termination Without Cause	Termination for Cause	Voluntary Termination for Good Reason	Disability	Death	Change in Control
Cash Severance(1)				\$ 3,074,018		\$ 3,074,018			
Non-Equity									
Incentive Bonus(2)	\$ 1,034,050	\$ 1,034,050	\$ 1,034,050	\$ 1,034,050		\$ 1,034,050	\$ 1,034,050	\$ 1,034,050	\$ 1,034,050
Unvested Equity									
Awards(3)	\$ 408,342	\$ 408,342	\$ 408,342	\$ 408,342	\$ 408,342	\$ 408,342	\$ 408,342	\$ 408,342	\$ 8,103,968
SERP(4)	\$ 12,349,474	\$ 12,349,474	\$ 12,349,474	\$ 12,349,474	\$ 12,349,474	\$ 12,349,474	\$ 12,349,474		
Retirement Plans(5)	\$ 1,108,800	\$ 1,108,800	\$ 1,108,800	\$ 1,108,800	\$ 1,108,800	\$ 1,108,800	\$ 1,108,800	\$ 1,108,800	
Health and Welfare									
Benefits(6)				\$ 20,504		\$ 20,504			
Disability Income(7)							\$ 1,002,999		
Life Insurance									
Benefits(8)								\$ 751,000	
Accrued Vacation									
Pay	\$ 103,846	\$ 103,846	\$ 103,846	\$ 103,846	\$ 103,846	\$ 103,846	\$ 103,846	\$ 103,846	
Total	\$ 15,004,512	\$ 15,004,512	\$ 15,004,512	\$ 18,099,034	\$ 13,970,462	\$ 18,099,034	\$ 16,007,511	\$ 3,406,038	\$ 9,138,018



## Edgar Filing: HCA Holdings, Inc. - Form DEF 14A

- (1) Represents amounts Mr. Hall would be entitled to receive pursuant to his employment agreement. See Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table Employment Agreements and other Compensation Arrangements.
- (2) Represents the amount Mr. Hall would be entitled to receive for the 2014 fiscal year pursuant to the 2014 PEP and his employment agreement, which amount is also included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. Under the 2014 PEP, incentive payouts up to the target were paid in cash during the first quarter of 2015. Payouts above the target were paid 50% in cash and 50% in RSUs. See Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table Annual PEP Awards and Employment Agreements and Other Compensation Arrangements.
- (3) Represents the (a) the intrinsic value of all unvested options and SAR awards, which will become vested upon a Change in Control, calculated as the difference between the base price of Mr. Hall's unvested SAR awards and the fair value price of our common stock on December 31, 2014 or \$73.39 (the closing price of the Company's common stock on the

**Table of Contents**

NYSE on December 31, 2014) and (b) the value of all unvested RSUs, which will become vested upon a Change in Control or Mr. Hall's termination of employment, death or disability, calculated at \$73.39 (the closing price of the Company's common stock on the NYSE on December 31, 2014). In instances other than as a result of a Change of Control or his death or disability, Mr. Hall's RSUs will become vested upon termination of his employment since he meets the definition of retirement under the RSU grant agreement; however such newly vested RSUs will continue to be payable on each applicable vesting date following his termination.

- (4) Reflects the actual lump sum value of the SERP based on the 2014 interest rate of 3.37%.
- (5) Reflects the estimated lump sum present value of qualified and nonqualified retirement plans to which Mr. Hall would be entitled. The value includes \$681,727 from the HCA 401(k) Plan (which represents the value of the Company's contributions) and \$427,073 from the HCA Restoration Plan.
- (6) Reflects the estimated costs of the continuing medical coverage, based upon 2015 COBRA rates, that Mr. Hall would be entitled to receive pursuant to his employment agreement. See Narrative Disclosure to Summary Compensation Table and 2014 Grants of Plan-Based Awards Table Employment Agreements and other Compensation Arrangements.
- (7) Reflects the estimated lump sum present value of all future payments which Mr. Hall would be entitled to receive under our disability program, including five months of salary continuation, long-term disability benefits of \$10,000 per month payable after the five-month elimination period until age 66, and benefits of \$10,000 per month from our Supplemental Insurance Program payable after the 180 day elimination period to age 65.
- (8) No post-retirement or post-termination life insurance or death benefits are provided to Mr. Hall. Mr. Hall's payment upon death while actively employed with the Company includes \$751,000 of Company-paid life insurance.

**Table of Contents****Director Compensation**

The following table and text discuss the compensation of persons who served as a member of our Board of Directors during all or part of 2014, other than Mr. Bracken who served as Chairman until December 31, 2014 and was compensated as an executive officer in 2014 and Mr. Johnson whose compensation is discussed under Executive Compensation above. Neither Mr. Bracken nor Mr. Johnson were separately compensated for Board service during 2014. We have omitted from this table the columns pertaining to non-equity incentive plan compensation, option awards, nonqualified deferred compensation and all other compensation, because they are inapplicable.

**Fiscal 2014 Director Compensation**

<b>Name</b>	<b>Fees Earned or Paid in Cash</b>	<b>Stock Awards(2)(3)</b>	<b>Total</b>
John P. Connaughton (1)			
Robert J. Dennis (2)	\$100,658	\$306,139	\$406,797
Nancy-Ann DeParle (2)	\$100,658	\$306,139	\$406,797
Kenneth W. Freeman (1)			
Thomas F. Frist III			
William R. Frist			
Christopher R. Gordon (1)			
Ann H. Lamont	\$122,288	\$124,956	\$247,244
Jay O. Light	\$148,295	\$124,956	\$273,251
Geoffrey G. Meyers	\$130,000	\$124,956	\$254,956
Michael W. Michelson			
James C. Momtazee (1)			
Stephen G. Pagliuca (1)			
Wayne J. Riley, M.D.	\$137,288	\$124,956	\$262,244
John W. Rowe, M.D. (2)	\$100,658	\$306,139	\$406,797

- (1) Messrs. Connaughton, Freeman, Gordon and Momtazee stepped down from the Board of Directors effective February 1, 2014 in connection with our transition from a controlled company. Mr. Pagliuca stepped down from the Board of Directors effective December 31, 2014 in connection with the share ownership of Bain Capital Investors, LLC falling below 3% of our outstanding shares of common stock and in accordance with the terms of the Stockholders Agreement.
- (2) Each of Mr. Dennis, Ms. DeParle and Dr. Rowe was appointed as an independent director effective February 1, 2014. During 2014, each of Mr. Dennis, Ms. DeParle and Dr. Rowe also received a one-time initial RSU award with a value of approximately \$150,000 that was scheduled to vest 100% on the third anniversary of the grant date.
- (3) This column reflects the grant date fair value of restricted share unit awards granted to directors calculated in accordance with applicable financial accounting standards. The fair value of restricted share unit awards is computed by multiplying the total number of shares subject to the award by the closing market price of the Company's common stock on the date of grant. Grants of restricted share units were made to Mr. Dennis, Ms. DeParle and Dr. Rowe on February 5, 2014 and to Mr. Dennis, Ms. DeParle, Ms. Lamont, Mr. Light, Mr. Meyers, Dr. Riley and Dr. Rowe on April 30, 2014. As of March 6, 2015, (i) each of Mr. Dennis, Ms. DeParle and Dr. Rowe held 5,529 unvested restricted share units; (ii) each of Ms. Lamont, Mr. Light, Mr. Meyers and Dr. Riley held 2,403 unvested restricted share units; (iii) Mr. Dennis held 651 restricted share units with respect to which he has elected to defer

**Table of Contents**

vesting until the date he ceases to be a member of the Board of Directors; and (iv) Mr. Light held 16,898 restricted share units with respect to which he has elected to defer vesting until the date he ceases to be a member of the Board of Directors.

**Cash Compensation** Pursuant to the Company's Board of Directors Compensation program, each independent director receives quarterly payment of the following cash compensation, as applicable (prorated for partial years):

\$100,000 annual retainer for service as a Board member;

\$30,000 annual retainer for service as the non-management and independent presiding director;

\$15,000 annual retainer for service as a member of the Audit and Compliance Committee;

\$10,000 annual retainer for service as a member on each of the Compensation Committee, Nominating and Corporate Governance Committee or Patient Safety and Quality of Care Committee;

\$20,000 annual retainer for service as Chair of the Audit and Compliance Committee; and

\$12,500 annual retainer for service as Chair on each of the Compensation Committee, Nominating and Corporate Governance Committee or Patient Safety and Quality of Care Committee.

**Equity Compensation** In addition to the director compensation described above, each independent director, upon joining the Board of Directors, received a one-time initial equity award with a value of \$150,000. These equity grants consist of restricted share units ultimately payable in shares of our common stock. These restricted share units vest as to 100% of the award on the third anniversary of the grant date, subject to the director's continued service on our Board of Directors. Each independent director also received an annual board equity award with a value of \$125,000, awarded upon joining the Board of Directors (prorated at the time of hire for months of service) and will receive a similar grant at each annual meeting of the stockholders thereafter. These restricted share units vest as to 100% of the award on the first anniversary of the grant date, subject to the director's continued service on our Board of Directors. The restricted share units will also immediately vest upon the occurrence of a Change in Control (as defined in the applicable grant agreement). The directors may elect to defer receipt of shares under the restricted share units.

**Reimbursements.** All of our directors are reimbursed for their reasonable expenses incurred in connection with their service.

**Share Ownership.** Each independent director is expected to directly or indirectly acquire a number of shares of our common stock with a value of three times the value of the annual cash retainer for a director's service on the Board of Directors within three years from the date on which they are elected to the Board of Directors.

---

**Table of Contents**

**CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS**

In accordance with its charter, our Audit and Compliance Committee reviews and approves all material related party transactions. Prior to its approval of any material related party transaction, the Audit and Compliance Committee will discuss the proposed transaction with management and our independent registered public accounting firm. In addition, our Code of Conduct requires that all of our employees, including our executive officers, remain free of conflicts of interest in the performance of their responsibilities to the Company. An executive officer who wishes to enter into a transaction in which their interests might conflict with ours must first receive the approval of the Audit and Compliance Committee. The Amended and Restated Limited Liability Company Agreement of Hercules Holding generally requires that an Investor must obtain the prior written consent of each other Investor before it or any of its affiliates (including our directors) enter into any transaction with us.

**Management Stockholder Agreements**

On January 30, 2007, our Board of Directors awarded to members of management and certain key employees options to purchase shares of our common stock pursuant to the 2006 Plan. Our Compensation Committee approved additional option awards periodically throughout 2010, 2009, 2008 and 2007 to members of management and certain key employees in cases of promotions, significant contributions to the Company and new hires. In addition, in accordance with agreements entered into at the time of the Merger, certain of our named executive officers received the 2x Time Options. In connection with their option awards, the participants under the 2006 Plan and members of management holding Rollover Options were, prior to our IPO, required to enter into a Management Stockholder s Agreement and an Option Agreement with respect to the options. Effective upon the consummation of our IPO, we amended the Management Stockholder s Agreement so that shares acquired in the open market or through the directed share program will not be subject to the Management Stockholder s Agreement. Further, equity awards granted to members of management following our IPO are not subject to the Management Stockholder s Agreement.

Below is a brief summary of the principal remaining terms of the Management Stockholder s Agreement, which is qualified in its entirety by reference to the agreement itself, a form of which was filed as Exhibit 10.12 to our annual report on Form 10-K for the fiscal year ended December 31, 2006 filed on March 27, 2007. The Management Stockholder s Agreement was assumed by HCA Holdings, Inc. in connection with the Corporate Reorganization pursuant to an omnibus amendment, a form of which was filed as Exhibit 10.2 to our current report on Form 8-K filed on November 24, 2010. The Management Stockholder s Agreement was further amended pursuant to an omnibus amendment, a form of which was filed as Exhibit 10.39 to our registration statement on Form S-1 filed on March 9, 2011. The terms of the award agreements with respect to the 2007 Options, 2009 Options and 2x Time Options and the 2006 Plan, all of which were assumed by HCA Holdings, Inc. in connection with the Corporate Reorganization, are described in more detail in the footnotes to the Outstanding Equity Awards at 2014 Fiscal Year-End table.

Pursuant to the Management Stockholder s Agreement, following our IPO, certain members of senior management, including certain executive officers (the Senior Management Stockholders ) have limited piggyback registration rights with respect to their shares of common stock. The maximum number of shares of Common Stock which a Senior Management Stockholder may register is generally proportionate with the percentage of common stock being sold by the Sponsors (relative to their holdings thereof).

**Amended and Restated Limited Liability Company Agreement of Hercules Holding II, LLC**

The Investors and certain other investment funds who agreed to co-invest with them through a vehicle jointly controlled by the Investors to provide equity financing for the Merger entered into a limited liability company operating agreement in respect of Hercules Holding (the LLC Agreement ). The LLC Agreement was amended upon consummation of our IPO, and many of its operative provisions were replaced by the

---

## **Table of Contents**

Stockholders Agreement described below. A copy of the LLC Agreement has been filed as Exhibit 10.3 to our registration statement on Form 8-A filed on April 29, 2008, and a copy of the amendment to the LLC Agreement has been filed as Exhibit 10.32(a) to our registration statement on Form S-1 filed on March 9, 2011.

### **Stockholders Agreement**

Upon the consummation of our IPO, we entered into the Stockholders Agreement with Hercules Holding and the Investors. Under the Stockholders Agreement, from and after November 1, 2013 through December 5, 2014 (during the period that the share ownership of Bain Capital Partners, LLC and Kohlberg Kravis Roberts & Co. was greater than 3% but less than 10%), (i) each of Bain Capital Partners, LLC and Kohlberg Kravis Roberts & Co. was entitled to nominate one director to our Board of Directors; and (ii) the Frist Entities were entitled to nominate two directors to our Board of Directors. On December 5, 2014, as a result of a sale of equity held by affiliates of Bain Capital Investors, LLC, Bain's share ownership fell below 3% of our outstanding shares of common stock and, as a result, it lost its right to nominate a director to our Board of Directors. From and after December 5, 2014, (i) Kohlberg Kravis Roberts & Co. continues to have the right to nominate one director to our Board of Directors; however, Kohlberg Kravis Roberts & Co. will lose its right to nominate any directors to our Board of Directors once Kohlberg Kravis Roberts & Co. owns less than 3% of our outstanding shares of common stock; and (ii) the Frist Entities continue to have the right to nominate two directors to our Board of Directors; however, the Frist Entities will lose their right to nominate any directors to our Board of Directors once the Frist Entities own less than 3% of our outstanding shares of common stock. As of March 6, 2015, Kohlberg Kravis Roberts & Co. owned approximately 3.6% of our common stock and the Frist Entities owned approximately 16.6% of our common stock.

A copy of the Stockholders Agreement and the Amendment, dated as of September 21, 2011, thereto have been filed as Exhibit 10.38 to our registration statement on Form S-1 filed on March 9, 2011 and Exhibit 10.2 to our current report on Form 8-K filed on September 21, 2011, respectively.

### **Registration Rights Agreement**

Hercules Holding and the Investors have entered into a registration rights agreement with HCA Holdings, Inc. Pursuant to this agreement, the Investors who still hold shares of our common stock directly or through Hercules Holding can cause us to register those shares under the Securities Act and, if requested, to maintain a shelf registration statement effective with respect to such shares. These Investors are also entitled to participate on a pro rata basis in any registration of our common stock under the Securities Act that we may undertake. A copy of this agreement has been filed as Exhibit 4.4 to our current report on Form 8-K filed on November 24, 2010.

### **Other Relationships**

On May 14, 2014, we entered into an agreement to purchase 14,554,628 shares of our common stock beneficially owned by affiliates of Kohlberg Kravis Roberts & Co. and Bain Capital Investors, LLC at a purchase price of \$51.53 per share, or an aggregate purchase price of approximately \$750 million, which was completed on May 23, 2014.

On December 5, 2014, we entered into an agreement to purchase 7,612,921 shares of our common stock beneficially owned by affiliates of Bain Capital Investors, LLC at a purchase price of \$73.26 per share, the closing price of our common stock on the NYSE on December 5, 2014, less a discount of 1%, or an aggregate purchase price of approximately \$558 million. The purchase was completed on December 11, 2014.

Bulow Holdings, LLC and certain of its subsidiaries (collectively, Bulow Holdings) lease office space in two medical office buildings owned by the Company. In 2014, the Company received approximately \$115,000 in aggregate payments from Bulow Holdings with respect to such leased office space. Pursuant to the applicable

**Table of Contents**

lease agreements, the aggregate amount of all payments due from Bulow Holdings to the Company from the beginning of 2015 through the expiration of the terms thereof is estimated to be approximately \$216,000. In addition, in 2014, Bulow Holdings entered into an agreement to provide orthotic devices and related services to patients at one of the Company's hospital facilities. The fees for 2014 under such agreement were approximately \$128,000. Two of Bulow Holdings, LLC's equity holders, Thomas F. Frist III and William R. Frist, are members of the Board of Directors of the Company. The Company believes that its leases and orthotics services agreement with Bulow Holdings are on commercially reasonable terms.

Colleen S. Bracken serves as an attorney in HCA's legal department, and in 2014, Ms. Bracken earned total compensation in respect of base salary and bonus of approximately \$185,000 for her services. Ms. Bracken also received certain other benefits, including awards of equity, customary to similar positions within the Company. Ms. Bracken's father-in-law, Richard M. Bracken, served as Chairman of HCA until December 31, 2014.

**Table of Contents**

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND  
MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth information regarding the beneficial ownership of our common stock as of March 6, 2015 for:

each person who is known by us to own beneficially more than 5% of the outstanding shares of our common stock;

each of our directors;

each of our executive officers named in the Summary Compensation Table; and

all of our directors and executive officers as a group.

The percentages of shares outstanding provided in the tables are based on 419,503,619 shares of our common stock, par value \$0.01 per share, outstanding as of March 6, 2015. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares issuable upon the vesting of RSUs and exercise of SARs and options that will vest or become exercisable within 60 days of March 6, 2015 are considered outstanding for the purpose of calculating the percentage of outstanding shares of our common stock held by the individual, but not for the purpose of calculating the percentage of outstanding shares held by any other individual. The address of each of our directors and executive officers listed below is c/o HCA Holdings, Inc., One Park Plaza, Nashville, Tennessee 37203.

Name of Beneficial Owner	Number of Shares	Percent
Hercules Holding II, LLC	91,750,834(1)	21.9%
BlackRock, Inc.	21,958,474(2)	5.2%
Robert J. Dennis	7,136(3)	*
Nancy-Ann DeParle	3,054	*
Jon M. Foster	484,169(4)	*
Thomas F. Frist III	(1)	
William R. Frist	405,714(1)	*
Charles J. Hall	1,104,402(5)	*
Samuel N. Hazen	1,737,397(6)	*
R. Milton Johnson	3,165,968(7)	*
Ann H. Lamont	9,219	*
Jay O. Light	24,301(8)	*
Geoffrey G. Meyers	29,301	*
Michael W. Michelson	(1)	
Wayne J. Riley, M.D.	6,749	*
John W. Rowe, M.D.	17,410	*
William B. Rutherford	221,770(9)	*
All directors and executive officers as a group (32 persons)	13,449,525(10)	3.1%

\* Less than one percent.



## Edgar Filing: HCA Holdings, Inc. - Form DEF 14A

- (1) Hercules Holding holds 91,750,834 shares, or approximately 21.9%, of our outstanding common stock. Hercules Holding is held by a private investor group, including affiliates of Bain Capital Investors, LLC and Kohlberg Kravis Roberts & Co., and affiliates of our founder Dr. Thomas F. Frist, Jr., including Mr. Thomas F. Frist III and Mr. William R. Frist, who serve as directors. Bain Capital Investors, LLC indirectly holds 7,612,921 shares, or 1.8%, of our outstanding common stock through the interests of certain

**Table of Contents**

of its affiliated funds in Hercules Holding. Mr. Michelson is affiliated with Kohlberg Kravis Roberts & Co., which indirectly holds 15,225,839 shares, or 3.6%, of our outstanding common stock through the interests of certain of its affiliated funds in Hercules Holding. Thomas F. Frist III and William R. Frist may each be deemed to indirectly, beneficially hold an additional 68,912,031 shares, or 16.4%, of our outstanding common stock through their interests in Hercules Holding. Each of such persons, other than Hercules Holding, disclaims membership in any such group and disclaims beneficial ownership of these securities, except to the extent of his or its pecuniary interest therein. The principal office addresses of Hercules Holding are c/o Bain Capital Investors, LLC, 200 Clarendon St., Boston, MA 02199; c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, Suite 4200, New York, NY 10019; and c/o Dr. Thomas F. Frist, Jr., 3100 West End Ave., Suite 500, Nashville, TN 37203.

- (2) Based on a Schedule 13G filed by BlackRock, Inc. with the SEC on February 6, 2015. The Schedule 13G indicates that as of December 31, 2014, BlackRock, Inc., as the parent holding company, was the beneficial owner with sole voting power as to 18,986,305 shares, shared voting power as to 75,684 shares, sole dispositive power as to 21,882,790 shares and shared dispositive power as to 75,684 shares. The principal office address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10022.
- (3) Includes 3,054 restricted share units issuable upon vesting.
- (4) Includes 479,444 shares issuable upon exercise of SARs and options.
- (5) Includes 1,095,565 shares issuable upon exercise of SARs and options.
- (6) Includes 1,212,266 shares issuable upon exercise of SARs and options.
- (7) Includes 2,764,426 shares issuable upon exercise of SARs and options.
- (8) Includes 19,301 restricted share units issuable upon vesting.
- (9) Includes 194,424 shares issuable upon exercise of SARs and options.
- (10) Includes 10,292,296 shares issuable upon exercise of SARs and options and 22,355 restricted share units issuable upon vesting.

**Table of Contents**

**AUDIT AND COMPLIANCE COMMITTEE REPORT**

*The following Report of the Audit and Compliance Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.*

In the performance of its oversight function, the Audit and Compliance Committee has reviewed and discussed the audited financial statements with management and the independent registered public accounting firm. The Audit and Compliance Committee has discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 16 (Communications with Audit Committee), as amended. In addition, the Audit and Compliance Committee has received from the independent registered public accounting firm the written disclosures and letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit and Compliance Committee concerning independence, and discussed with it the firm's independence from the Company and its management. The Audit and Compliance Committee has considered whether the independent registered public accounting firm's provision of nonaudit services to us is compatible with its independence.

The Audit and Compliance Committee discussed with our internal auditors and the independent registered public accounting firm the overall scope and plans for their respective audits. The Audit and Compliance Committee meets with the internal auditors and the independent registered public accounting firm, with and without management present, to discuss the results of the audits of the financial statements, the audit of the effectiveness of our internal control over financial reporting, our progress in assessing the effectiveness of our internal control over financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002, and the overall quality of our financial reporting, and reports to the Board of Directors on its findings.

In reliance on the reviews and discussions referred to above, the Audit and Compliance Committee recommended to the Board of Directors, and the Board has approved, the inclusion of the audited financial statements in our filing with the Securities and Exchange Commission of our Annual Report on Form 10-K for the year ended December 31, 2014.

Geoffrey G. Meyers, Chair  
Jay O. Light  
Wayne J. Riley, M.D.

**Table of Contents**

**WHERE TO FIND ADDITIONAL INFORMATION**

We are subject to the informational requirements of the Exchange Act and in accordance therewith, we file annual, quarterly and current reports and other information with the SEC. This information can be inspected and copied at the Public Reference Room at the SEC's office at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Such information may also be accessed electronically by means of the SEC's home page on the Internet at <http://www.sec.gov>. We are an electronic filer, and the SEC maintains an Internet site at <http://www.sec.gov> that contains the reports and other information we file electronically. Our website address is [www.hcahealthcare.com](http://www.hcahealthcare.com). Please note that our website address is provided as an inactive textual reference only. We make available free of charge, through our website, our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The information provided on or accessible through our website is not part of this proxy statement.

Nashville, TN

March 19, 2015

**Table of Contents**

***HCA HOLDINGS, INC.***

***ATTN: CORPORATE SECRETARY***

***ONE PARK PLAZA***

***NASHVILLE, TN 37203***

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR  
BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

<b>The Board of Directors recommends you vote FOR the following:</b>	<b>For All</b>	<b>Withhold All</b>	<b>For All Except</b>	To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.
<b>1. Election of Directors Nominees</b>	..	..	..	
01		02	Robert	
		J.		
R. Milton Johnson		Dennis	03 Nancy-Ann DeParle	04 Thomas F. Frist III
06		07	Jay	05 William R. Frist
		O.	08 Geoffrey G. Meyers	09 Michael W. Michelson
Ann H. Lamont		Light	M.D.	10 Wayne J. Riley,
11 John W. Rowe, M.D.				

**The Board of Directors recommends you vote FOR  
proposals 2 and 3.**

**For Against Abstain**

<b>2.</b> To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2015	..	..	..
<b>3.</b> Advisory vote to approve named executive officer compensation	..	..	..

**NOTE:** In their discretion, the proxies are authorized to vote upon any other business that may properly come before the meeting or any postponement or adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or

partnership name, by authorized officer.

						SHARES
						CUSIP #
						SEQUENCE #
Signature [PLEASE SIGN WITHIN BOX]	Date	JOB #	Signature (Joint Owners)	Date		

**Table of Contents**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Notice & Proxy Statement, 2014 Annual Report is/are available at [www.proxyvote.com](http://www.proxyvote.com).

**HCA HOLDINGS, INC.**

**Annual Meeting of Stockholders**

**April 30, 2015 2:00 PM, CDT**

**This proxy is solicited by the Board of Directors**

The stockholder(s) hereby appoint(s) Robert A. Waterman and John M. Franck II, or either of them, as proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of HCA HOLDINGS, INC. that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 2:00 PM, CDT on April 30, 2015, at 2545 Park Plaza (Building 3), Nashville, Tennessee 37203, and any adjournment or postponement thereof.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.**

**Continued and to be signed on reverse side**