

HCA Healthcare, Inc.  
Form DEF 14A  
March 15, 2019  
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**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 Healthcare, 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:

(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:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held April 26, 2019**

Dear Stockholder:

On Friday, April 26, 2019, HCA Healthcare, Inc. will hold its annual meeting of stockholders at its corporate headquarters located at One Park Plaza, 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 2020 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, 2019;
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" );
4. To approve amendments to the Company's amended and restated certificate of incorporation to eliminate supermajority voting requirements; and
5. 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 7, 2019 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 One Park Plaza, Nashville, Tennessee 37203, during ordinary business hours, for 10 days prior to the annual meeting.

References to HCA, HCA Healthcare, the Company, we, us, or our in this notice and the accompanying proxy statement refer to HCA Healthcare, 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 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 15, 2019

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**Proxy Statement for Annual Meeting of Stockholders**

**to be held on April 26, 2019**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE**

**STOCKHOLDER MEETING TO BE HELD ON FRIDAY, APRIL 26, 2019**

The Company's Proxy Statement and 2018 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 2018 Annual Report to Stockholders, at <https://materials.proxyvote.com/40412C>.



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**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 15, 2019. Our 2018 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 ( Internet Notice ) instead of sending a paper copy of the proxy materials and annual report. All stockholders receiving the Internet Notice will have the ability to access the proxy materials and annual report on a website referenced in the Internet 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 Internet Notice and in this proxy statement. In addition, the Internet 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.

**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, 2019; an advisory resolution to approve our executive compensation as described in this proxy statement ( say-on-pay ); and the approval of amendments to the Company s amended and restated certificate of incorporation to eliminate supermajority voting requirements. In addition, following the formal business of the meeting, our management team 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 7, 2019, 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).



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

A: Only stockholders of record as of the close of business on March 7, 2019 are entitled to receive notice of and participate in the annual meeting. As of the record date, there were 343,511,563 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 2019 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. In addition, we have retained Georgeson LLC to assist in the solicitation of proxies for a fee of approximately \$15,000 plus associated costs and expenses. 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, 2019; the advisory say-on-pay resolution to approve our executive compensation; and the approval of amendments to the Company's amended and restated certificate of incorporation to eliminate supermajority voting requirements.

**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, 2019;

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

**FOR** the approval of amendments to the Company's amended and restated certificate of incorporation to eliminate supermajority voting requirements.

**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

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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 an Internet Notice instead of a paper copy of the proxy materials and annual report, you should follow the voting instructions set forth in the Internet 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.

**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.

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

A: Since Proposal 1 in this proxy statement is in respect of an uncontested director election, Proposal 1 requires the affirmative vote of a majority of the votes cast at the annual meeting to elect a nominee, which means that a nominee will be elected only if the

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number of shares voted for that nominee exceeds the number of shares voted against that nominee. Accordingly, each nominee receiving a greater number of shares voted for such nominee than against such nominee shall be elected as a director. If an incumbent director does not receive a greater number of shares voted for such director than against such director, then such director must tender his or her resignation to the Board of Directors, which resignation shall be contingent upon acceptance thereof by the Board of Directors. If a nominee who is not an incumbent director does not receive a greater number of shares voted for such director than against such director, then such nominee will not be elected to the Board of Directors. In the event there is a contested director election, 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, 2019 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.

***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.

***Amendments to the Company's Amended and Restated Certificate of Incorporation:*** The proposal to approve amendments to the Company's Amended and Restated Certificate of Incorporation to eliminate supermajority voting requirements must receive affirmative votes from the holders of at least 75% of the voting power of all outstanding shares of the Company entitled to vote generally in the election of directors to be approved.

### **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. 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 or vote by telephone or over the Internet, 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, 3 or 4, your abstention will have the same legal effect as a vote against these proposals.





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**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 EQ 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, 3 and 4 are non-routine matters and, therefore, may only be voted in accordance with instructions received from the beneficial owner of the shares.

**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=1234705&tp\\_key=d97cba9a0b](https://event.webcasts.com/starthere.jsp?ei=1234705&tp_key=d97cba9a0b). The webcast will be one-way audio only, and webcast attendees will not be able to participate in 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 for additional information.

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**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 Healthcare, Inc., One Park Plaza, Nashville, Tennessee 37203, prior to the close of business on November 16, 2019, 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.

We have also adopted a proxy access right that permits a stockholder, or a group of up to 20 stockholders, owning continuously for at least three years shares of our stock representing an aggregate of at least 3% of the voting power entitled to vote in the election of directors, to nominate and include in our proxy materials director nominees, provided that the stockholder(s) and the nominee(s) satisfy the requirements in our bylaws. Under our bylaws, to be considered timely, compliant notice of proxy access director nominations for next year's proxy statement and form of proxy must be submitted to the Corporate Secretary at the address specified above no earlier than October 17, 2019 and no later than November 16, 2019; provided, however, that if (A) the annual meeting is not within 30 days before or after the anniversary date of this year's meeting, or (B) no annual meeting is held this year, to be timely the stockholder notice must be received no later than 90 days prior to such annual meeting or, if later, the tenth day after the day on which notice of the date of the meeting was mailed or public disclosure of the date of such meeting is first made, whichever occurs first. The foregoing is a summary of the requirements for stockholders to nominate persons for election to our Board of Directors, which requirements are set out fully in our bylaws, and the foregoing description is qualified by reference to the full text of our bylaws. You should consult our bylaws for more detailed information regarding the processes by which stockholders may nominate directors, including the specific requirements regarding the content of the written notices and other related requirements. Our bylaws are posted on the Corporate Governance portion of our website located at [www.hcahealthcare.com](http://www.hcahealthcare.com).

**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 90 nor more than 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 portion of our website, [www.hcahealthcare.com](http://www.hcahealthcare.com).

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

A: **We will provide copies of this proxy statement and our 2018 Annual Report to Stockholders, including our Annual Report on Form 10-K for the year ended December 31, 2018, without charge to any stockholder who makes a written request to our Corporate Secretary at HCA Healthcare, 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.



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**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 Internet Notice or 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 Internet Notice or proxy materials by delivering a single Internet Notice or 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 Internet Notice or proxy statement and annual report, or if you are receiving multiple copies of the Internet Notice or 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 Healthcare, 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.

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**COMPANY SUMMARY**

HCA Healthcare, Inc. is one of the leading health care services companies in the United States. As of February 1, 2019, we operated 186 hospitals in 20 states and England, comprised of 181 general, acute care hospitals; three psychiatric hospitals; and two rehabilitation hospitals. We also operate numerous outpatient health care facilities, which include freestanding ambulatory surgery centers, freestanding emergency care facilities, urgent care facilities, walk-in clinics, diagnostic and imaging centers, physician practices and various other facilities.

**HCA Healthcare Hospitals**

**Our other sites of care**

Our common stock is traded on the NYSE (symbol HCA ). Through our predecessors, we commenced operations in 1968. The Company was incorporated in Delaware in October 2010. Our principal executive offices are located at One Park Plaza, Nashville, Tennessee 37203, and our telephone number is (615) 344-9551.

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**CORPORATE GOVERNANCE**

**Key Governance Practices:**

- Majority of directors are independent
- All members of the Audit and Compliance Committee, Compensation Committee and Nominating and Corporate Governance Committee are independent
- Annual election of all directors
- Majority voting for directors in uncontested elections
- Proxy access right for stockholders of at least 3% of stock for three years
- No dual-class shareholdings (one share, one vote)
- Share ownership guidelines of five times the value of the annual cash retainer within three years for each non-management director

**Director Independence.** Our Board of Directors currently consists of 13 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. Management then provides the Board with relevant known facts and circumstances, and their analysis thereof, of 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 Meg G. Crofton, Robert J. Dennis, Nancy-Ann DeParle, Charles O. Holliday, Jr., Ann H. Lamont, Geoffrey G. Meyers, Michael W. Michelson, 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. Holliday, Meyers and Michelson and Dr. Riley,



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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.

On November 17, 2006, a predecessor entity, 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 ). In connection with the Merger, we entered into a stockholders agreement (the Stockholders Agreement ) with Hercules Holding II (f/k/a Hercules Holding II, LLC) ( Hercules Holding ) and the Investors which, among other things, currently provides for certain rights of the Frist Entities to nominate two members of our Board of Directors. See Director Qualifications and Certain Relationships and Related Person Transactions.

**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 shall meet in separate executive session. Mr. Holliday is currently the non-management and independent presiding director. Effective following the annual meeting, Mr. Frist III will preside over meetings of the non-management directors, and Mr. Holliday will continue to serve as the 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.

**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 re-election 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 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 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 their director duties.

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In addition, each director should contribute knowledge, experience, or skill in at least one area 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 re-nomination, each director should evaluate himself or herself as to whether he or she satisfies the criteria described above.

**Stockholder Nominees.** Our 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 to or received at our principal executive offices, addressed to the Corporate 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.

The Company has also adopted a proxy access right that permits a stockholder, or a group of up to 20 stockholders, owning continuously for at least three years shares of our stock representing an aggregate of at least 3% of the voting

power entitled to vote in the election of directors, to nominate and include in our proxy materials director nominees, provided that the stockholder(s) and the nominee(s) satisfy the requirements in our bylaws. The number of potential proxy access nominees nominated by all eligible stockholders shall not exceed the greater of (A) two or (B) 20% of the directors then in office. Under our bylaws, to be

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considered timely, compliant notice of proxy access director nominations must be submitted to the Corporate Secretary at the address specified above no earlier than 150 days and no later than 120 days prior to the first anniversary of the date the Company mailed its proxy statement for the preceding year's annual meeting; provided, however, that if (A) the annual meeting is not within 30 days before or after the anniversary date 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 later than 90 days prior to such annual meeting or, if later, the tenth day after the day on which notice of the date of the meeting was mailed or public disclosure of the date of such meeting is first made, whichever occurs first.

The foregoing is a summary of the requirements for stockholders to nominate persons for election to our Board of Directors, which requirements are set out fully in our bylaws, and the foregoing description is qualified by reference to the full text of our bylaws. You should consult our bylaws for more detailed information regarding the processes by which stockholders may nominate directors, including the specific requirements regarding the content of the written notices and other related requirements. Our bylaws are posted on the Corporate Governance portion of our website located at [www.hcahealthcare.com](http://www.hcahealthcare.com).

**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.

Since the beginning of 2015, Mr. Johnson served as both the Chairman of the Board and Chief Executive Officer, and our Board of Directors has been satisfied that a combined Chairman and Chief Executive Officer structure served our stockholders well during that time. Throughout 2018, the Board of Directors reviewed its leadership structure in connection with Mr. Johnson's announcement of his plans to retire as Chief Executive Officer at the end of 2018. The Board of Directors determined that the transition to the new Chief Executive Officer would be best accomplished by having Mr. Johnson continue to serve as Chairman, which resulted in a separation of the roles of Chairman and Chief Executive Officer at the end of 2018. The Board of Directors believed this to be the appropriate leadership structure during this transition period in order to allow Mr. Johnson to continue to lead the Board in its governance and oversight responsibilities with regard to the Company, while allowing Mr. Hazen to focus on effectively transitioning into his new CEO role without any simultaneous change in Board leadership. However, pursuant to the amended and restated employment agreement the Company and Mr. Johnson entered into in September 2018, Mr. Johnson will retire and resign from his role as Chairman following the 2019 annual meeting.

In order to facilitate an orderly succession plan, the Board of Directors has appointed Thomas F. Frist III to serve as Chairman upon Mr. Johnson's retirement from the Board of Directors and has reappointed Mr. Holliday to serve as the independent presiding director of the Board of Directors. Mr. Frist III is the son of HCA founder Dr. Thomas F. Frist Jr. Mr. Frist III has been a member of the Board of Directors since 2006; he, along with certain other members of his family, collectively own approximately 20% of our common stock.



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As Chairman, Mr. Frist III will lead the activities of the Board of Directors, including calling meetings of the Board and non-management directors, as necessary, setting the agenda for Board meetings in consultation with the CEO, chairing executive sessions of the non-management directors, engaging with stockholders as appropriate, acting as an advisor to Mr. Hazen on strategic aspects of the CEO role, with regular consultations on major developments and decisions likely to interest the Board of Directors. The Board believes that this leadership structure is appropriate given Mr. Frist III's experience, historical association with HCA and his significant ownership stake. The Board believes that this leadership structure improves the Board's ability to focus on key policy and operational issues and helps the Company operate in the long-term interests of stockholders.

Consistent with our commitment to good governance, and as further described above, non-management directors meet at regularly scheduled executive sessions, which typically occur at regularly scheduled Board meetings, without any member of management present. In addition, at least annually the independent directors meet in separate executive session. Our Board believes its current leadership structure effectively allocates authority, responsibility, and oversight between management and the non-management and independent members of our Board. It gives primary responsibility for the operational leadership and strategic direction of the Company to our CEO, while the Chairman, coupled with strong independent director leadership in the form of an independent presiding director, facilitates our Board's independent oversight of management, promotes communication between management and our Board, engages with stockholders and leads our Board's consideration of key governance matters. We plan to continue to examine our corporate governance policies and leadership structure 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 a 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. Members of senior management attend the quarterly Board meetings, as appropriate, and are available to address any questions or

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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 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. The Finance and Investments Committee assists the Board in fulfilling its risk oversight responsibility with respect to the Company's financial structure, investment policies and objectives and other matters of a financial and investment nature.

**Board Meetings and Director Attendance.** During 2018, our Board of Directors held 11 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. Our policy is to strongly encourage directors to attend the Company's annual stockholder meetings. Our 2018 annual meeting of stockholders was attended by all directors in service at such time.

**Board Committees.** Our Board of Directors currently has five standing committees: the Audit and Compliance Committee, the Compensation Committee, the Finance and Investments 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 committee charters are available on the Corporate Governance portion of our website located at [www.hcahealthcare.com](http://www.hcahealthcare.com).

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

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

\* Indicates management director.

**Audit and Compliance Committee.** Our Audit and Compliance Committee is composed of Charles O. Holliday, Jr., Geoffrey G. Meyers (Chair), Michael W. Michelson 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 each of Charles O. Holliday, Jr., Geoffrey G. Meyers, Michael W. Michelson and Wayne J. Riley, M.D. 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 registered public accounting firm;  
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;

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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 reports 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;

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

Reviewing, approving or ratifying certain related party transactions;

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

Reviewing the Company's data security programs, including cyber security and procedures regarding disaster recovery and critical business continuity;

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 performance, qualifications, and independence and the performance of the Company's internal audit function;

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

Overseeing the activities of the Company's Disclosure Committee.

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 2018, the Audit and Compliance Committee met nine times.

**Compensation Committee.** Our Compensation Committee is composed of Meg G. Crofton, Charles O. Holliday, Jr. (Chair), Ann H. Lamont and Geoffrey G. Meyers. Effective at the annual meeting, Ann H. Lamont will step down from the Board of Directors and the Compensation Committee. 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, 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/or 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;

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Executive benefits and perquisites (including the HCA Restoration Plan and the Supplemental Executive Retirement Plan);  
Management succession planning;  
Any other executive compensation or benefits related items deemed appropriate by the Compensation Committee; and  
Director compensation arrangements.

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 2018, the Compensation Committee retained Semler Brossy Consulting Group, LLC ( Semler Brossy ) to assist in conducting an assessment of competitive executive and director 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 Compensation Committee is not aware of any conflict of interest that has been raised by work performed by Semler Brossy. A consultant from Semler Brossy attends most of the Compensation Committee meetings 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 executive 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);  
Prepare director pay assessment; 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 2018, the Compensation Committee met eight times.

**Finance and Investments Committee.** Our Finance and Investments Committee is composed of Robert J. Dennis, Thomas F. Frist III (Chair), Charles O. Holliday, Jr. and Michael W. Michelson. Effective at the annual meeting, Mr. Michelson will replace Mr. Frist III as the Chair of the Finance and Investments Committee. This committee is responsible for reviewing



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and considering matters relating to the Company's financial and investment strategies. The Finance and Investments 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 2018, the Finance and Investments Committee met eight times.

**Nominating and Corporate Governance Committee.** Our Nominating and Corporate Governance Committee is composed of Robert J. Dennis, Nancy-Ann DeParle, Ann H. Lamont (Chair), Wayne J. Riley, M.D. and John W. Rowe, M.D. Effective at the annual meeting, Ms. DeParle will replace Ms. Lamont (who is stepping down from the Board) as Chair of the Nominating and Corporate Governance Committee. 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, for, among other things: (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 re-election; (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 2018, the Nominating and Corporate Governance Committee met seven times.

**Patient Safety and Quality of Care Committee.** Our Patient Safety and Quality of Care Committee is composed of Meg G. Crofton, Nancy-Ann DeParle, William R. Frist, 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 2018, the Patient Safety and Quality of Care Committee met four times.

**Stockholder Engagement.** The Company engages with stockholders and solicits feedback on a regular basis with respect to a broad range of topics, including performance, strategy, corporate governance and executive compensation related matters.

Our stockholder and investor outreach typically includes investor road shows, analyst meetings, and investor conferences. We also hold conference calls for our quarterly earnings releases which are available in real time and as archived webcasts on our website.

In the latter part of 2018, our non-management and independent presiding director and Compensation Committee Chair and members of management extended invitations to meet to approximately 20 of our largest stockholders (excluding Hercules Holding II) representing approximately 40 percent of our common stock. The resulting discussions focused primarily on the Company's board leadership, compensation philosophy, and corporate governance practices, including the transition to a new chief executive officer effective January 1, 2019. In connection with these outreach efforts, we generally found that the stockholders with whom we had an opportunity to engage were comfortable with our leadership and compensation and governance practices.

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**Corporate Social Responsibility and Sustainability.** The Company is committed to being a responsible and concerned citizen of all communities where it operates and is driven by its mission statement: Above all else, we are committed to the care and improvement of human life.

**Patient-centered care** During 2018, we had approximately 30 million patient encounters, which included approximately 8.8 million emergency room visits and over 200,000 baby deliveries. We believe our scale enables us to deliver quality outcomes for our patients, such as advancing the understanding for improving the health of newborns, reducing healthcare-associated infections and detecting sepsis earlier and more accurately.

**Equity of care** We believe exceptional health care is built on a foundation of inclusion, compassion, dignity and respect. It recognizes the diverse cultures and backgrounds of our patients, physicians and employees. Through our affiliates, we delivered health care services in approximately 160 languages and dialects. We strive to provide culturally competent care to every patient we serve and foster a culture of inclusion that embraces and nurtures our patients, colleagues, partners, physicians and communities.

**Clinical excellence** The Company values its role as a learning health system that seeks to harness the power of health data to support knowledge generation and tools to support safe, effective, efficient and compassionate care. The Company also strives to advance medical knowledge and foster innovation through partnerships with top academic institutions and government health agencies. These efforts include large-scale trials employing practice-based research intended to advance clinical knowledge faster than traditional randomized controlled trials.

**Giving back** In many of the communities in which we operate, the Company's facilities play an essential role in providing critical health care services to its patients. During 2018, the Company invested \$3.6 billion in capital spending in the communities we serve, and delivered \$3.3 billion of charity care, uninsured discounts, and other uncompensated care. The Company also made \$42 million in cash donations to charitable organizations, and our employees volunteered more than 156,000 hours in the communities we serve and supported nearly 5,500 agencies. In addition, the Company's operations contribute to local economies as we employ over 260,000 people with combined annual salaries and benefits of approximately \$21.4 billion in 2018. The Company also partners with national organizations, contributing \$1.2 million for lifesaving research with the March of Dimes, \$500,000 to support the National Academy of Medicine's Action Collaborative on Countering the U.S. Opioid Epidemic, and \$1.6 million to support disaster relief with the American Red Cross in 2018.

**Environmental** The Company seeks to protect and preserve the environment through a broad range of practices memorialized in the HCA Sustainability Plan, a robust environmental sustainability plan. These considerations include encouraging the recycling of materials and minimizing of waste streams, considering the effect on the indoor environment before introducing a new product into the facility, encouraging the continued reduction of energy usage throughout its facilities, and considering the environment in connection with new construction and major renovations. Also, the Company seeks to improve sustainability in the health care sector as a founding sponsor of the Greening the Operating Room Initiative, a founder of the

Healthier Hospitals Initiative, and as a member of Practice Greenhealth, a leading membership and networking organization for healthcare institutions that are committed to implementing sustainable, environmentally friendly practices.

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**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 Healthcare, Inc., One Park Plaza, Nashville, TN 37203, Attention: Corporate Secretary.

We will forward all such communications to the applicable Board member(s) at least quarterly, except for advertisements or solicitations which will be discarded. Our 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 Healthcare, 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.

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**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 portion 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 of, 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 also available free of charge upon request to our Corporate Secretary, HCA Healthcare, Inc., One Park Plaza, Nashville, TN 37203.

**Compensation Committee Interlocks and Insider Participation.** During 2018, the Compensation Committee of the Board of Directors was composed of Charles O. Holliday, Jr., Jay O. Light, Geoffrey G. Meyers and Ann H. Lamont. Mr. Light retired from the Board of Directors effective April 26, 2018. 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.

**Section 16(a) Beneficial Ownership Reporting Compliance.** Section 16(a) of the Exchange Act 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 2018 fiscal year, all of our directors, executive officers and greater than ten-percent stockholders complied with the requirements of Section 16(a), except that we have been informed that, due to administrative error, one Form 4 was filed for Sandra L. Morgan on February 1, 2019 with respect to a sale of shares on July 26, 2018. This belief is based on our review of forms filed or written notice that no other reports were required.

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**DIRECTORS**

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 endeavor to have a Board representing diverse experience at policy-making levels in business, education or areas that are relevant to the Company's business.

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.

Each of the Company's directors possesses high ethical standards, acts with integrity, and exercises careful, mature judgment. Each is committed to employing his or her 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 2018, Mr. Johnson, Mr. Dennis, Ms. DeParle, Mr. Frist III, Mr. Frist, Mr. Holliday, Ms. Lamont, Mr. Meyers, Mr. Michelson, Dr. Riley and Dr. Rowe were elected to the Company's Board at the Company's 2018 annual meeting of stockholders. Mr. Hazen was appointed to the Board effective September 10, 2018, and Ms. Crofton was appointed to the Board effective March 1, 2019.

R. Milton Johnson and Ann H. Lamont are stepping down from the Board of Directors at the annual meeting and will not be seeking re-election.

In addition, in light of Mr. Meyers' valuable contributions to the Board, including his service as Chair of the Audit and Compliance Committee, our Nominating and Corporate Governance Committee recommended and the Board of Directors deemed it to be in the best interest of the Company to grant a one-year exception to the 75-year age limit contemplated by our Corporate Governance Guidelines to permit Mr. Meyers' continued service to the Company for an additional term.

Messrs. Frist III and Frist were nominated for election to the Board as a result of their relationship with investment funds affiliated with the Frist Entities 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, 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 at such time as the Frist Entities own less than 3% of our outstanding shares of common stock. Pursuant to such agreement, Messrs. Frist III and Frist were nominated and elected to the Board as a result of their relationship with the Frist Entities. As of March 7, 2019, the Frist Entities owned approximately 20% of our common stock.



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**Nominees for Election.** The following is a brief description of the background, business experience and qualifications 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.

**Thomas F. Frist III**

*Thomas F. Frist III, 51*, 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 currently serves as a director of Verisign, Inc. and previously served as a director of Science Applications International Corporation from 2013 until 2017. Mr. Frist is the brother of William R. Frist, who also serves as a director of the Company.

Director since 2006

Among other qualifications, Mr. Frist brings to the Board extensive business and investor experience, as well as knowledge of our Company and the health care industry. Further, as an Investor Director and a significant, long-term holder of the Company's stock, he is experienced with issues involving stakeholders and corporate governance. He also knows and supports the Company's patient-focused culture. In addition, Mr. Frist possesses in-depth knowledge of corporate finance and strategic business planning activities. As Chairman, Mr. Frist's leadership abilities will provide our Board with ethical and effective guidance.

**Samuel N. Hazen**

*Samuel N. Hazen, 58*, was appointed Chief Executive Officer effective January 1, 2019. From November 2016 through December 2018, Mr. Hazen served as the Company's President and Chief Operating Officer. Prior to that, he served as Chief Operating Officer of the Company from January 2015 to November 2016 and as President - Operations of the Company from 2011 to 2015. He also served as President - Western Group from 2001 to 2011 and as Chief Financial Officer Western Group of the Company from 1995 to 2001. Prior to that time, Mr. Hazen served in various hospital, regional and division Chief Financial Officer positions with the Company, Humana Inc. and Galen Health Care, Inc.

Director since 2018

Among other qualifications, Mr. Hazen brings to the Board strong leadership and operating experience. He has been with the Company for 36 years and has extensive knowledge of the health care industry. With Mr. Hazen's commitment to the Company's patient-centered mission and ethical values and his proven ability to oversee a complex organization, he will be a valuable resource for the Board. In addition, Mr. Hazen's service as Chief Executive Officer of the Company creates a

critical link between management and the Board, enabling the Board to perform its oversight function with the benefit of management's perspective on the Company's business and strategic vision.

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*Meg G. Crofton, 65*, retired from The Walt Disney Company in 2015 after a 35-year career with that company. From 2006 until 2013, she was President of Walt Disney World, the largest site in Disney's Parks and Resorts division, and from 2011 until her retirement in 2015, she served as President of Disney's Parks and Resorts Operations, U.S. and France. Ms. Crofton has also served as a director of Tupperware Brands Corporation since 2016 and as a director of Cracker Barrel Old Country Store, Inc. since 2017.

**Meg G. Crofton**

Director since 2019

Among other qualifications, Ms. Crofton was selected as a director in light of her experience as an executive officer of one of the world's leading hospitality companies and experience serving as a director of several firms, including public companies. This experience will continue to be beneficial in providing the Board of Directors with a patient-experience focus and general business expertise.

*Robert J. Dennis, 65*, 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 of Hat World Corporation from 2001 to 2004. Mr. Dennis has also served as a director of CoreCivic, Inc. since February 2013 and as a director of Teavana Holdings, Inc. from 2011 to 2012.

**Robert J. Dennis**

Director since 2014

Among other qualifications, Mr. Dennis was selected as a director in light of his experience as a chief executive officer of a consumer-oriented public company, as well as his experience serving as a director of several firms, including public companies. This experience will continue to be beneficial in providing the Board of Directors with a patient-experience focus and business management expertise.

**Table of Contents****Nancy-Ann DeParle**

Director since 2014

*Nancy-Ann DeParle, 62*, is a partner and co-founder 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 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 Health Corporation since September 2013.

Among other qualifications, Ms. DeParle was selected as a director in light of her service in high-level positions in the federal government, as well as her experience serving as a director of other firms, including public companies. This experience will continue to be beneficial in providing health care policy, government relations, investing and general business expertise to the Board of Directors.

*William R. Frist, 49*, is a principal of Frist Capital LLC, a private investment vehicle for Mr. Frist and certain related persons, and has held this 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.

**William R. Frist**

Director since 2009

Among other qualifications, Mr. Frist brings to the Board extensive business and investor experience, as well as knowledge of our Company and the health care industry. Further, as an Investor Director and a significant, long-term holder of the Company's stock, he is experienced with issues involving stakeholders and corporate governance. He also knows and supports the Company's patient-focused culture.





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**Charles O. Holliday, Jr.**

Director since 2016

*Charles O. Holliday, Jr., 70, has served as Chairman of Royal Dutch Shell plc since May 2015. He worked for DuPont for 37 years, including serving as Chief Executive Officer from 1998 to 2008 and Chairman from 1999 to 2009. He has also served as a director of Deere & Company, since January 2018 and previously served as a director of Deere & Company from 2007 to 2015. He served as director of CH2M HILL Companies, Ltd., a civil engineering firm, from 2009 until 2017, and Chairman of Bank of America Corporation from 2010 to 2014. He is a member of The American Academy of Arts and Sciences. He is the former Chairman of the U.S. Council on Competitiveness, The World Business Council for Sustainable Development, the National Academy of Engineering and Sustainable Energy for All.*

Among other qualifications, Mr. Holliday was selected as a director and the independent presiding director of the Company in light of his experience in high-level executive and board positions with large public companies. His prior (and current) leadership roles in these organizations will continue to be beneficial in providing the Board of Directors with financial, management and general business expertise.

**Geoffrey G. Meyers**

Director since 2011

*Geoffrey G. Meyers, 74, 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 a director of Welltower, Inc., a real estate investment trust, and the Trust Company, a northwestern Ohio trust bank. He was formerly Chairman of the Board for PharMerica Corporation from 2011 until 2017.*

Among other qualifications, 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 the chief financial officer of a public company will continue to provide valuable experience in his role as chair of our Audit and Compliance Committee.



**Table of Contents****Michael W. Michelson**

Director since 2018

*Michael W. Michelson, 67*, was appointed Senior Advisory Partner of KKR & Co. L.P. in January 2018. From 2009 to 2018, he was a member of KKR Management LLC, a private equity investment manager and the general partner of KKR & Co. L.P. Before that, Mr. Michelson was a member of the limited liability company which served as the general partner of KKR & Co. L.P. from 1996 to 2009. Prior to that, he was a general partner of KKR & Co. L.P. Mr. Michelson previously served as a director of the Company from 2006 to 2016. He has been a director of Zimmer Biomet Holdings, Inc., a medical device company, since June 2015 and was previously a director of Biomet, Inc. from 2007 to 2015.

Among other qualifications, Mr. Michelson was selected a director in light of his extensive experience in the oversight of companies with complex operations and capital structures, his focus on health care companies and his proven leadership abilities. This experience will be beneficial in providing financial, investment and health care expertise to the Board.

**Wayne J. Riley, M.D.**

Director since 2012

*Wayne J. Riley, M.D. M.B.A., 59*, has served as president of The SUNY Health Science Center at Brooklyn, since April 2017, where he is also a tenured professor of internal medicine and health policy and management. From 2013 to 2017, he was Adjunct Professor of Healthcare Management, Owen Graduate School of Management, Vanderbilt University and Clinical Professor of Medicine, Vanderbilt University School of Medicine. From 2007 to 2013, he served as President and CEO of Meharry Medical College. From 2003 through 2006, Dr. Riley served as Vice-President and Vice Dean for Health Affairs and Governmental Relations, Baylor College of Medicine. Dr. Riley served as a director of Vertex Pharmaceuticals Incorporated from 2010 to 2015, Pinnacle Financial Partners, Inc. from 2007 to 2013 and the Federal Reserve Board of Atlanta, Nashville Branch from January 2013 to June 2013. He is President Emeritus of the American College of Physicians and an elected member of the National Academy of Medicine.

Among other qualifications, Dr. Riley was selected as a director in light of the leadership, management and patient care skills he acquired through his experience as a practicing physician, president of The SUNY Health Science Center at Brooklyn, and executive positions at Meharry Medical College and

Baylor College of Medicine, as well as his prior public company board experience.

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**John W. Rowe, M.D.**

*John W. Rowe, M.D., 74, 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.*

Director since 2014

Among other qualifications, Dr. Rowe was selected as a director in light of his experience as the chief executive officer of a public company and a major medical center; his health care policy expertise; his experience as a practicing physician; and his service as a director of several firms, including public companies. This experience will be beneficial in providing financial, general business and health care expertise to the Board of Directors.

**Director Compensation.** The Compensation Committee is responsible for reviewing and making recommendations to the Board regarding all matters pertaining to compensation paid to directors for Board, committee and committee chair services. Under the Compensation Committee's charter, the Compensation Committee is authorized to engage consultants or advisors in connection with its review and analysis of director compensation. Directors who also serve as employees of the Company do not receive payment for services as directors.

In making director compensation recommendations, the Compensation Committee takes various factors into consideration, including, but not limited to, the responsibilities of directors generally and the forms of compensation paid to directors by comparable companies. In 2018, the Compensation Committee retained Semler Brossy to assist in conducting an assessment of competitive executive and director compensation. The Board reviews the recommendations of the Compensation Committee and determines the form and amount of director compensation.

The following text and table discuss the compensation of persons who served as a member of the Board during all or part of 2018, other than Messrs. Hazen and Johnson whose compensation is discussed under Executive Compensation below. Messrs. Hazen and Johnson were not separately compensated for Board service during 2018. 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.

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

\$110,000 annual retainer for service as a Board member;

\$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, Finance and Investments Committee, Nominating and Corporate Governance Committee or Patient Safety and Quality of Care Committee;

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\$30,000 annual retainer for service as Chair of the Audit and Compliance Committee;

\$20,000 annual retainer for service as Chair of the Compensation Committee;

\$17,500 annual retainer for service as Chair of each of the Finance and Investments Committee, Nominating and Corporate Governance Committee or Patient Safety and Quality of Care Committee; and

\$35,000 annual retainer for service as the non-management and independent presiding director.

**Equity Compensation.** In addition to the director compensation described above, each non-management director receives an annual board equity award with a value of \$175,000, awarded upon joining the Board of Directors (prorated for months of service) and at each annual meeting of the stockholders thereafter. These equity grants consist of restricted share units ultimately payable in shares of our common stock and vest as to 100% of the award on the sooner of the date of the Company's next annual stockholders' meeting or 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 until the date they cease to be members of the Board of Directors.

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

**Share Ownership.** Each non-management director is expected to directly or indirectly acquire a number of shares of our common stock with a value of five 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. As of December 31, 2018, all of our directors with more than three years of service met these share ownership guidelines.

**Fiscal 2018 Director Compensation**

<b>Name</b>	<b>Fees Earned or Paid in Cash</b>	<b>Stock Awards (1)</b>	<b>Total</b>
Robert J. Dennis	\$123,571	\$174,955	\$298,526
Nancy-Ann DeParle	\$123,571	\$174,955	\$298,526
Thomas F. Frist III	\$124,286	\$174,955	\$299,241
William R. Frist	\$116,786	\$174,955	\$291,741
Charles O. Holliday, Jr.	\$169,107	\$174,955	\$344,062



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Ann H. Lamont	\$134,286	\$174,955	\$309,241
Jay O. Light (2)	\$ 53,036		\$ 53,036
Geoffrey G. Meyers	\$146,786	\$174,955	\$321,741
Michael W. Michelson (3)	\$126,230	\$222,803	\$349,033
Wayne J. Riley, M.D.	\$149,286	\$174,955	\$324,241
John W. Rowe, M.D.	\$123,571	\$174,955	\$298,526

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- (1) 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, Mr. Frist III, Mr. Frist, Mr. Holliday, Ms. Lamont, Mr. Meyers, Mr. Michelson, Dr. Riley and Dr. Rowe on May 2, 2018. Upon joining the Board, Mr. Michelson also received a prorated grant of restricted share units on January 31, 2018. As of March 1, 2019, (i) each of Mr. Dennis, Ms. DeParle, Mr. Frist III, Mr. Frist, Mr. Holliday, Ms. Lamont, Mr. Meyers, Dr. Riley and Dr. Rowe held 1,790 unvested restricted share units; (ii) Mr. Dennis held 12,832 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; (iii) Mr. Frist III held 2,112 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; (iv) Mr. Frist held 2,112 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; and (v) Mr. Michelson held 473 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.
- (2) Mr. Light retired from the Board of Directors effective April 26, 2018.
- (3) Mr. Michelson was appointed as an independent director effective January 17, 2018.

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The current Board of Directors of HCA consists of 13 directors. However, Mr. Johnson and Ms. Lamont are stepping down from the Board of Directors and will not be seeking re-election. Accordingly, the size of the Board of Directors will be reduced to 11 directors effective at the annual meeting. 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 elected, will serve a one-year term as a director until the annual meeting of stockholders in 2020 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 elected.

The following are 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>
Thomas F. Frist III	51	2006	Director (Prospective Chairman)
Samuel N. Hazen	58	2018	Director and Chief Executive Officer
Meg G. Crofton	65	2019	Director
Robert J. Dennis	65	2014	Director
Nancy-Ann DeParle	62	2014	Director
William R. Frist	49	2009	Director
Charles O. Holliday, Jr.	70	2016	Director
Geoffrey G. Meyers	74	2011	Director
Michael W. Michelson	67	2018	Director
Wayne J. Riley, M.D.	59	2012	Director
John W. Rowe, M.D.	74	2014	Director

(1) As of March 7, 2019.

The election of directors will be determined by a majority of the votes cast at the annual meeting. A majority of the votes cast means that the number of shares voted for a nominee exceeds the number of shares voted against such nominee. Abstentions and broker non-votes are not counted as votes cast with respect to a nominee and will have no effect on the outcome of the election of directors. For incumbent directors, if a nominee fails to receive for votes representing a majority of the votes cast, the director shall tender his or her resignation to the secretary of HCA for consideration by the Board of Directors, which resignation shall be contingent upon the acceptance thereof by the Board of Directors. The Nominating and Corporate Governance Committee would then be charged with making a recommendation to the Board of Directors for the action to be taken with respect to the resignation. The Board of Directors will act on the tendered resignation and publicly disclose its decision regarding the tendered resignation and the rationale behind its decision. If the Board determines not to accept the resignation of the incumbent director, the incumbent director will continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier death, resignation or removal.

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

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**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, 2019. Services provided to the Company and its subsidiaries by Ernst & Young LLP in fiscal 2018 are described below and under "Audit and Compliance Committee Report" located on page 87 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 \$10.0 million for 2018 and \$9.4 million for 2017.

*Audit-Related Fees.* The aggregate fees billed by Ernst & Young LLP for assurance and related services not described above under "Audit Fees" were \$2.3 million for 2018 and \$2.1 million for 2017. 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 \$4.2 million for 2018 and \$3.1 million for 2017.

*All Other Fees.* There were no fees billed by Ernst & Young LLP for products or services other than those described above in 2018 or 2017.

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 2018 were preapproved by the Audit and Compliance Committee. The Audit and Compliance Committee concluded that the provision of audit-related services and tax 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, 2019.**

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**PROPOSAL 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act ) 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 38 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 2018 Summary Compensation Table and other related compensation tables and narrative, appearing on pages 63 through 82, 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 2019 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 2019 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.**

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**PROPOSAL 4 APPROVAL OF AMENDMENTS TO THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF HCA HEALTHCARE, INC. TO ELIMINATE THE SUPERMAJORITY VOTING REQUIREMENTS CONTAINED THEREIN**

We are asking that stockholders approve amendments to our Amended and Restated Certificate of Incorporation (the Certificate of Incorporation ) to eliminate the supermajority voting requirements contained therein.

After careful consideration and upon the recommendation of the Company's Nominating and Corporate Governance Committee, the Board voted to approve, and to recommend to our stockholders that they approve, amendments to our Certificate of Incorporation and our Amended and Restated Bylaws (the Bylaws ) to remove supermajority voting standards required for our common stock currently in our Certificate of Incorporation and our Bylaws and to replace them with majority voting standards, as described below. In evaluating the current voting requirements, the Nominating and Corporate Governance Committee and the Board considered, among other matters, certain of the principal positions for and against the current voting standards imposed by our Certificate of Incorporation and our Bylaws and reviewed trends and best practices in corporate governance, as well as the corporate governance practices and policies of a number of other corporations. Supermajority voting requirements like those contained in our Certificate of Incorporation and our Bylaws are intended to facilitate corporate governance stability and provide protection against self-interested action by large stockholders by requiring broad stockholder consensus to make certain fundamental changes. However, while such protection can be beneficial to stockholders, the Board is aware that some stockholders and commentators oppose these provisions, viewing supermajority provisions as limiting the Board's accountability to stockholders and the ability of stockholders to participate in corporate governance.

Currently, Article VI, Section 6 of our Certificate of Incorporation provides that certain amendments, alterations, changes, additions or repeals of our Bylaws require the affirmative vote of shares representing at least seventy-five percent (75%) of the outstanding shares of the Company entitled to vote on such amendments, alterations, changes, additions or repeals.

Article XI of our Certificate of Incorporation provides that any amendment, or repeal of, or the adoption of any bylaw inconsistent with any of the provisions of our Certificate of Incorporation listed below, must be approved by the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of the outstanding shares of the Company entitled to vote generally in the election of directors. The provisions covered by this supermajority voting requirement are in regards to:

- the purpose and duration of the Company (Article III and Article V, respectively);
- matters relating to the Board, including authority to fix the size of the Board and the minimum number of directors, authority to fill director vacancies and newly created directorships and authority to amend our Bylaws (Article VI);
- the limitation of director liability and the indemnification of directors and officers of the Company (Article VII and Article VIII, respectively);
- the right of stockholders to call special meetings and stockholder action by written consent (Article IX);
- the Corporate Opportunities doctrine (Article X); and
- provisions related to the amendment of the Certificate of Incorporation (Article XI).

Article VII of our Bylaws provides that certain amendments, alterations, changes, additions or repeals of our Bylaws must be approved by the affirmative vote of the holders of





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at least a seventy-five percent (75%) of the voting power of all outstanding shares of the Company entitled to vote on such amendments, alterations, changes, additions or repeals.

If this Proposal 4 is approved by a sufficient number of stockholders, only a majority of the voting power of all outstanding shares of the Company entitled to vote on the matter would be required to approve (i) any future amendment, alteration, change, addition or repeal of our Bylaws by the stockholders and (ii) the adoption of any provision, whether in our Certificate of Incorporation or in our Bylaws, inconsistent with, or the amendment or repeal of any provision of, our Certificate of Incorporation. The summary of the proposed amendments to our Certificate of Incorporation and our Bylaws set forth above is qualified in its entirety by the text of the proposed amendments, which are attached as *Appendix A* to this Proxy Statement. Additions of text to our Certificate of Incorporation and our Bylaws contained in *Appendix A* are indicated by underlining and deletions of text are struck through.

*Vote Required.* This Proposal 4 to approve amendments to our Certificate of Incorporation to eliminate the supermajority voting requirements contained therein will be approved if it receives affirmative votes from the holders of at least seventy-five percent (75%) of the voting power of all outstanding shares of the Company entitled to vote generally in the election of directors. If such approval is obtained, the amendment to our Bylaws described above, which has been conditionally adopted by our Board, will become immediately effective, and we would file promptly with the Secretary of State of the State of Delaware the amendments to our Certificate of Incorporation following the 2019 Annual Meeting. If such approval is not obtained, our Certificate of Incorporation and our Bylaws will not be amended.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF AMENDMENTS TO THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF HCA HEALTHCARE, INC. TO ELIMINATE THE SUPERMAJORITY VOTING REQUIREMENTS CONTAINED THEREIN.**

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**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.

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### **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 conducted an assessment of whether the Company's compensation policies and practices encourage excessive or inappropriate risk taking by our employees, including 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, and the Committee 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 2018 were:

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

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

*Samuel N. Hazen*, President and Chief Operating Officer;

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

*Charles J. Hall*, President National Group.

Effective December 31, 2018, Mr. Johnson retired as Chief Executive Officer but retained the role of Chairman, and effective January 1, 2019, Mr. Hazen was appointed to serve as Chief Executive Officer of the Company. Elements of the new compensation arrangements and employment agreements implemented in connection with this leadership transition are discussed in the relevant sections below.

**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 the Company's strategic initiatives;

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

Encourages attraction and long-term retention of key contributors.

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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.

## **2018 Performance Highlights**

### ***Financial and Stockholder Return:***

- Primarily as a result of the combined impact of equivalent admission growth of 4.1% and a 2.8% increase in revenue per equivalent admission, our revenues increased 7.0%.
- We experienced strong cash flows from operating activities totaling \$6.8 billion.
- The price of our common stock increased from \$87.84 per share on December 29, 2017 to \$124.45 per share on December 31, 2018, resulting in an annual stockholder return for 2018 (excluding dividends) of 41.7%.

### ***Quality and Patient Care:***

- 78% of HCA's affiliated U.S. hospitals received a Hospital Safety Grade of A or B from The LeapFrog Group in November 2018, as compared to 55% of non-HCA U.S. hospitals.
- The Company's performance scores on the Centers for Medicare & Medicaid Services (CMS) inpatient and outpatient core measures continued to exceed the CMS national average.
- For four consecutive years (2015–2018), we have experienced year-over-year improvement in CMS Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) patient satisfaction scores, as well as for Emergency Department patient satisfaction scores as measured by the Press Ganey

Emergency Room survey.

- In September 2018, we completed an enterprise-wide rollout of SPOT (Sepsis Prediction & Optimization of Therapy), our predictive algorithm and workflow designed to detect sepsis earlier and more accurately.

**Impact of Performance on 2018 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 2018 was directly impacted by our financial performance, quality objectives, and stockholder return as detailed below.

**Table of Contents****Performance Objective****Link to 2018 Compensation**

Financial	80% of 2018 annual Senior Officer Performance Excellence Program ( PEP ) incentive awards were based on achieving a targeted level of EBITDA. Vesting for performance share units granted in 2018 are based on achievement of a cumulative earnings per share ( EPS ) goal for fiscal years 2018 – 2020.
Quality/Patient Care	20% of 2018 annual PEP incentive awards were based on Company performance against industry patient care and quality benchmarks.
Stockholder Return	50% of annual equity grants made in 2018 were in the form of stock appreciation rights designed to reward executives for future growth in stockholder value.

The Company had strong financial and quality performance for 2018, and our results exceeded the targets established for EBITDA and quality-based metrics established for the year, which were designed to drive a strong pay for performance culture. In addition, the Company’s cumulative financial performance for fiscal years 2016 – 2018 exceeded the EPS-based targets established for the three-year period, which were designed to reward long-term Company performance. As a result, annual incentive payouts for the named executive officers under the 2018 PEP were paid at 168.15% to 172.56% of target. Participants also earned 122.25% of the performance share units granted in 2016 tied to 2016 – 2018 cumulative EPS performance.

**2018 Say-on-Pay Advisory Vote.** The Company provided stockholders a say-on-pay advisory vote on its executive compensation in 2018, as required under the Dodd-Frank Act. At our 2018 annual meeting of stockholders, stockholders expressed substantial support for the compensation of our named executive officers, with approximately 91% of the votes cast for approval of the say-on-pay advisory vote on executive compensation. The Committee evaluated the results of the 2018 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 2018 say-on-pay advisory vote.

**Stockholder Engagement.** The Company engages with stockholders and solicits feedback on a regular basis with respect to a broad range of topics, including performance, strategy, corporate governance and executive compensation related matters.

In the latter part of 2018, our non-management and independent presiding director and Compensation Committee Chair and members of management extended invitations to meet to approximately 20 of our largest stockholders (excluding Hercules Holding II) representing approximately 40 percent of our common stock. The resulting discussions focused primarily on the Company’s board leadership, compensation philosophy, and corporate governance practices, including the transition to a new chief executive officer effective January 1, 2019. In connection with these outreach efforts, we generally found that the stockholders with whom we had an opportunity to engage were comfortable with our leadership and compensation and governance practices.



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**Key Compensation Practices and Policies**

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:** Executive officers, directors and other Company insiders are restricted from (i) engaging in hedging transactions designed to reduce or limit economic risk with respect to such individual's interest in Company securities and (ii) pledging Company securities as collateral for margin or other loans.
- **Performance-Based Long-Term Incentive Programs:** Since 2015, the Company has granted performance share unit ( PSU ) awards which vest based on achievement of a three-year cumulative EPS goal, in addition to time-based stock settled stock appreciation right ( SAR ) awards.
- **Policies that Discourage Short-Term Risk Taking:** Annual incentive payouts under the PEP are subject to clawback if there are any financial restatements or inaccuracies later found in program metrics. Executive officers, directors 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.
- **Double-Trigger Change in Control Provisions:** All SAR and PSU awards granted since 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.
- **No Excise Tax Gross-Ups on Change in Control Payments:** In 2016, the Company amended the legacy employment agreements in place with its executive officers to remove provisions that could be interpreted to permit the payment of an excise tax gross-up on benefits received in connection with a change in control of the Company.
- **Share Ownership Guidelines:** The Company's share ownership guidelines provide that our Chief Executive Officer should hold Company equity valued at least five times his base salary, and our other named executive officers should hold equity valued at least three times their respective base salaries within five years of appointment to their position.
- **Policies that Reinforce the Company's Mission and Values:** Annual incentive payouts under the PEP are subject to a certification by the CEO that the participant has acted in accordance with the Company's stated

mission and values, the Code of Conduct and other regulatory requirements. Further, all employees are required to complete annual Code of Conduct training to continue to receive their salary and benefits.

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**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 Meg G. Crofton (effective March 1, 2019), Charles O. Holliday, Jr. (Chair), Ann H. Lamont and Geoffrey G. Meyers. Responsibilities of the Committee include the review and/or 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);

Management succession planning; 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 as its external advisor. The Committee considers advice and analysis presented by Semler Brossy in making decisions on compensation plan designs and compensation decisions for the executive officers and directors. 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 in connection with 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  Align interests of executives and stockholders
<b>Long-Term Incentives</b>	Equity Grants	Motivate and reward long-term financial performance  Encourage executive stock ownership
	Retirement Benefits	
	Personal Benefits	Attract and retain key executive talent
<b>Benefits</b>	Severance & Change in Control Benefits	Enhance executive productivity  Provide opportunity for financial security in retirement

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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, quality patient care and the performance of our stock. The following charts illustrate that 93% of our Chairman and Chief Executive Officer’s total direct compensation and 85% of the other named executive officers’ average total direct compensation for 2018 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 2018, as reported in the 2018 Summary Compensation Table (and excludes benefits and other compensation).

**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 2018 executive compensation:

**Survey**

Willis Towers Watson Executive Compensation Database  
 Hewitt Total Compensation Measurement

**Revenue Scope**

Greater than \$20B  
 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.

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Compensation data for top executive positions was also collected and reviewed for large public health care companies by Semler Brossy. These companies included, in addition to health care providers, companies in the health insurance, pharmaceutical, medical supply and related industries. This peer group's 2017 revenues ranged from \$11.4 billion to \$165.9 billion, with median revenues of \$38.9 billion, which is comparable to our size. The companies in this analysis included:

Abbott Laboratories	Cardinal Health, Inc.	Johnson & Johnson
Aetna Inc.	Centene Corp.	Medtronic Inc.
AmerisourceBergen Corp.	CIGNA Corp.	Merck & Co., Inc.
Amgen Inc.	Eli Lilly and Company	Pfizer Inc.
Anthem, Inc.	Express Scripts, Inc.	Thermo Fisher Scientific Inc.
Baxter International Inc.	Humana Inc.	UnitedHealth Group Incorporated

Bristol-Myers Squibb Company

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

Community Health Systems, Inc.,

LifePoint Hospitals, Inc.,

Tenet Healthcare Corporation, and

Universal Health Services, Inc.

Due to their size, LifePoint Hospitals, Inc. and Universal Health Services, Inc. are used only to obtain a general understanding of current industry compensation levels and practices. The 2017 median revenue of these four organizations was \$14.3 billion.

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 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.



**Table of Contents****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 changes based on changes in responsibilities, market pay practices, internal equity and other factors as discussed above on a case-by-case basis. Salaries for our named executive officers were adjusted for 2018 based on individual performance.

<b>Named Executive Officer</b>	<b>2017 Salary</b>	<b>2018 Salary<sup>1</sup></b>
R. Milton Johnson	\$ 1,430,000	\$ 1,500,000
William B. Rutherford	\$ 816,000	\$ 848,640
Samuel N. Hazen	\$ 1,100,000	\$ 1,122,000
Jon M. Foster	\$ 816,000	\$ 848,640
Charles J. Hall	\$ 816,000	\$ 848,640

<sup>1</sup> Effective as of February 1, 2018.

In light of Mr. Hazen's appointment to the role of Chief Executive Officer, Mr. Hazen's base salary was increased to \$1,425,000, effective January 1, 2019. Per his Amended and Restated Employment Agreement, dated September 10, 2018, Mr. Johnson's base salary will be \$1,500,000, effective January 1, 2019. In recognition of their individual performance and a review of internal and external pay equity, the salaries of Messrs. Rutherford, Foster and Hall were increased to \$882,586, \$865,613 and \$865,613, respectively, effective February 1, 2019.

**Elements of Compensation 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 2018 Senior Officer Performance Excellence Program (the 2018 PEP) was approved by the Committee to cover annual incentive awards for 2018. Each named executive officer in the 2018 PEP was assigned a 2018 annual award target expressed as a percentage of salary ranging from 85% to 170%. Incentive opportunity targets were intended to provide a meaningful incentive for executives to achieve or exceed performance goals and be competitive with market practices.

<b>Named Executive Officer</b>	<b>2017 PEP Target</b>	<b>2018 PEP Target</b>
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	(as a % of Base Salary)	(as a % of Base Salary)
R. Milton Johnson	170%	170%
William B. Rutherford	125%	125%
Samuel N. Hazen	140%	140%
Jon M. Foster	85%	85%
Charles J. Hall	85%	85%

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Actual awards under the 2018 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 2018, 80% of the PEP award for all named executive officers was based upon one financial performance measure, EBITDA, as defined in the 2018 PEP, and 20% of the PEP award was based upon the Company's quality and patient experience performance, with a focus on CMS core measures, hospital acquired infections, and inpatient and emergency room patient experience performance against industry benchmarks. For hospital group presidents, 50% of the EBITDA portion of their 2018 PEP was based on Company EBITDA performance and 50% was based on the applicable group EBITDA performance.

*PEP EBITDA Measure (80% of 2018 PEP)*

The 2018 PEP was designed to provide 100% of the EBITDA weight