

HCA INC/TN
Form DEFA14A
July 27, 2006

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 Pursuant to §240.14a-12

HCA INC.

(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
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**THE FOLLOWING IS A SCRIPT OF A CONFERENCE CALL HELD WITH DIVISION OFFICERS
IN CONNECTION WITH THE MERGER**
CONFERENCE CALL WITH
DIVISION OFFICERS
Thursday, July 27, 2006

Welcome everyone.

Also with me today are Jack (from whom you ll hear in a moment), Milton, and _____. On your end should be the facility CEOs, CFOs, COOs and CNOs from the West Florida Division as well as _____ and _____.

Jack and I thought it was important to have a direct conversation with you to go over the transaction and to comment on some of the developments that have taken place in the past couple of days.

As you undoubtedly know, on Monday morning, our Board executed a merger agreement with a consortium of private equity firms, which included Bain Capital, KKR, and Merrill Lynch Global Private Equity Group.

This, of course, is a leveraged buyout transaction where this consortium, plus Tommy Frist and certain family members, and management, purchases all of the outstanding shares of HCA stock and become the new owners of the company.

This is a very unique transaction... for several reasons.

- First it is unique because of the size of the deal. This is a \$33 billion leveraged buyout, which is the largest in the history of corporate America.
 - It is also unique in that there is a significant amount of leverage which will be part of the Company should this transaction be completed. In addition to \$5.5 billion of private equity, the transaction contemplates \$16 billion of new debt plus an assumption of \$11 billion of existing debt. More
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details of the capital structure are included in the various public releases we have provided. Clearly, this LBO would reflect a change in the capital structure of the company, but not a change in our operating strategies.

I think you should know that this LBO is somewhat different than those you may be familiar with from the past.

- The financial markets are different today. Both equity and debt markets now have an extraordinary capacity to fund investments.
 - We believe the very attractive and significant cash flow of our company, and the strength of our management team has made this transaction possible.
 - These investors are smart and were looking for a company and a management team to partner with.
 - The equity sponsors have invested in this company in us, and in all of you.
 - What they paid for was value created by this management team... any value they get out of this transaction will be created by this management team. You should know that we have spent a
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significant amount of time not only talking about the financial aspects of this transaction but of our culture and of our approach to patient care.

- You'll hear in a moment from Jack directly on this issue, but both Jack and I are confident they understand the unique nature of the business in which we operate and are looking to this management team to run the business. They will bring incredible financial acumen to our organization and our strategies.

You should also know that this has been a very deliberate and structured process. Our board appointed a special committee to consider any and all offers.

They were aggressively represented by independent financial and legal counsel.

- Having said that, it is inherent in these types of transactions that lawsuits will follow, so expect to see a lot of that activity in the near future.

Additionally, the way our special committee structured this transaction, there will be a period of time when they will aggressively seek alternative organizations to see if they are interested in bidding on our company. You

should know that this is an important part of the process of deriving maximum value for our current shareholders. There has already been press coverage on the question of another potential bidder, and you can expect to see a lot of press going forward about others considering a similar-type transaction. Once the deal is final, perhaps by December, we will be a private company, but we will still have public debt and we will have outside investors, so we will still be subject to public filings.

Before I turn it over to Jack to answer some of your questions, let me address a couple that I know are on your mind:

- First, while this transaction would result in change in ownership, we do not expect any significant changes in our current leadership. Jack will still be Chairman and CEO, and I will still be President and Chief Operating Officer. The terms of the transaction do not call for any asset sales or spin-offs.
 - As for availability of capital, we know that is an issue of concern, and we are comfortable that we are going to have adequate capital for the needs
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- of the markets. The operating model that the buyer group is working off of was developed by management.
- There will be a lot of excitement in the coming weeks and months, but our job is to do what we've always been doing, to
 - effectively and efficiently run our hospitals, to communicate, to be visible within our organization and to pay attention to our physicians and provide quality and compassionate care to our patients. That job doesn't change.

Thank you for your many contributions. Jack?

Important Additional Information Regarding the Merger will be Filed with the SEC

In connection with the proposed merger, HCA will file a proxy statement with the Securities and Exchange Commission. INVESTORS AND SECURITY HOLDERS ARE ADVISED TO READ THE PROXY STATEMENT WHEN IT BECOMES AVAILABLE, BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION ABOUT THE MERGER AND THE PARTIES THERETO. Investors and security holders may obtain a free copy of the proxy statement (when available) and other documents filed by HCA at the Securities and Exchange Commission's Web site at <http://www.sec.gov>. The proxy statement and such other documents may also be obtained for free from HCA by directing such request to HCA Inc., Office of Investor Relations, One Park Plaza, Nashville, Tennessee 37203, telephone: (615) 344-2068.

HCA and its directors, executive officers and other members of its management and employees may be deemed to be participants in the solicitation of proxies from its stockholders in connection with the proposed merger. Information concerning the interests of HCA's participants in the solicitation, which may be different than those of HCA stockholders generally, is set forth in HCA's proxy statements and Annual Reports on Form 10-K, previously filed with the Securities and Exchange Commission, and in the proxy statement relating to the merger when it becomes available.