UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒	**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2005

OR

o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______ to _____________

Commission file number 1-11239

HCA Inc.

(Exact name of registrant as specified in its charter)

Delaware *(State or other jurisdiction of incorporation or organization)*	**75-2497104** *(I.R.S. Employer Identification No.)*
One Park Plaza **Nashville, Tennessee** *(Address of principal executive offices)*	**37203** *(Zip Code)*

(615) 344-9551

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No o

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ☒ No o

Indicate the number of shares outstanding of each of the issuer's classes of common stock of the latest practicable date.

Class of Common Stock	Outstanding at March 31, 2005
Voting common stock, $.01 par value	420,166,800 shares
Nonvoting common stock, $.01 par value	21,000,000 shares

HCA INC.

Form 10-Q

March 31, 2005

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HCA INC.

CONDENSED CONSOLIDATED INCOME STATEMENTS
For the quarters ended March 31, 2005 and 2004
Unaudited
(Dollars in millions, except per share amounts)

	2005	2004
Revenues	$ 6,182	$ 5,937
Salaries and benefits	2,443	2,333
Supplies	1,051	980
Other operating expenses	972	951
Provision for doubtful accounts	574	694
Gains on investments	(9)	(10)
Equity in earnings of affiliates	(53)	(46)
Depreciation and amortization	337	303
Interest expense	164	135
	5,479	5,340
Income before minority interests and income taxes	703	597
Minority interests in earnings of consolidated entities	40	38
Income before income taxes	663	559
Provision for income taxes	249	214
Net income	$ 414	$ 345
Per share data:		
Basic earnings per share	$ 0.97	$ 0.71
Diluted earnings per share	$ 0.95	$ 0.69
Cash dividends declared per share	$ 0.15	$ 0.13
Shares used in earnings per share calculations (in thousands):		
Basic	427,675	487,727
Diluted	435,660	497,621

See accompanying notes.

HCA INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
Unaudited
(Dollars in millions)

	March 31, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 144**	$ 129
Accounts receivable, less allowance for doubtful accounts of $2,965 and $2,942	**3,254**	3,083
Inventories	**577**	577
Deferred income taxes	**458**	467
Other	**484**	427
	4,917	4,683
Property and equipment, at cost	**20,216**	19,970
Accumulated depreciation	**(8,888)**	(8,574)
	11,328	11,396
Investments of insurance subsidiary	**1,953**	2,047
Investments in and advances to affiliates	**611**	486
Goodwill	**2,579**	2,540
Deferred loan costs	**96**	99
Other	**205**	214
	$21,689	$21,465
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 842**	$ 855
Accrued salaries	**581**	579
Other accrued expenses	**1,298**	1,254
Long-term debt due within one year	**486**	486
	3,207	3,174
Long-term debt	**9,372**	10,044
Professional liability risks	**1,326**	1,283
Deferred income taxes and other liabilities	**1,664**	1,748
Minority interests in equity of consolidated entities	**789**	809
Stockholders' equity:		
Common stock $.01 par; authorized 1,650,000,000 shares; outstanding 441,166,800 shares in 2005 and 422,642,100 shares in 2004	**4**	4
Capital in excess of par value	**612**	—
Accumulated other comprehensive income	**149**	193
Retained earnings	**4,566**	4,210
	5,331	4,407
	$21,689	$21,465

See accompanying notes.

HCA INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the quarters ended March 31, 2005 and 2004
Unaudited
(Dollars in millions)

	2005	2004
Cash flows from operating activities:		
Net income	**$ 414**	$ 345
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for doubtful accounts	**574**	694
Depreciation and amortization	**337**	303
Income taxes	**334**	354
Changes in operating assets and liabilities	**(872)**	(972)
Other	**36**	48
Net cash provided by operating activities	**823**	772
Cash flows from investing activities:		
Purchase of property and equipment	**(288)**	(390)
Acquisition of hospitals and health care entities	**(36)**	(15)
Disposition of hospitals and health care entities	**7**	25
Change in investments	**(86)**	(58)
Other	**17**	(3)
Net cash used in investing activities	**(386)**	(441)
Cash flows from financing activities:		
Issuance of long-term debt	**—**	501
Net change in revolving bank credit facility	**(670)**	(130)
Repayment of long-term debt	**(6)**	(335)
Payment of cash dividends	**(56)**	(10)
Repurchase of common stock	**—**	(375)
Issuance of common stock	**377**	58
Other	**(67)**	(7)
Net cash used in financing activities	**(422)**	(298)
Change in cash and cash equivalents	**15**	33
Cash and cash equivalents at beginning of period	**129**	115
Cash and cash equivalents at end of period	**$ 144**	$ 148
Interest payments	**$ 130**	$ 103
Income tax refunds, net	**$ (85)**	$(140)

See accompanying notes.

HCA INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

NOTE 1 — INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

HCA Inc. is a holding company whose affiliates own and operate hospitals and related health care entities. The term "affiliates" includes direct and indirect subsidiaries of HCA Inc. and partnerships and joint ventures in which such subsidiaries are partners. At March 31, 2005, these affiliates owned and operated 183 hospitals, 84 freestanding surgery centers and facilities which provided extensive outpatient and ancillary services. Affiliates of HCA Inc. are also partners in joint ventures that own and operate seven hospitals and eight freestanding surgery centers which are accounted for using the equity method. The Company's facilities are located in 23 states, England and Switzerland. The terms "HCA" or the "Company," as used in this Quarterly Report on Form 10-Q, refer to HCA Inc. and its affiliates unless otherwise stated or indicated by context.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal and recurring nature. The majority of the Company's expenses are "cost of revenue" items. Costs that could be classified as general and administrative by HCA would include the HCA corporate office costs, which were $41 million and $36 million for the quarters ended March 31, 2005 and 2004, respectively. Operating results for the quarter ended March 31, 2005 are not necessarily indicative of the results that may be expected for the year ending December 31, 2005. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Share-based Compensation

HCA applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations in accounting for its employee stock benefit plans. Accordingly, no compensation cost has been recognized for HCA's stock options granted under the plans because the exercise prices for options granted were equal to the quoted market prices on the option grant dates and all option grants were to employees or directors. Income tax benefits associated with nonqualified stock option exercises of $83.0 million and $16.8 million for the quarters ended March 31, 2005 and 2004, respectively, were recorded as increases to stockholders' equity.

As required by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), HCA has determined pro forma net income and earnings per share, as if compensation cost for HCA's employee stock option and stock purchase plans had been determined based

HCA INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
Unaudited

NOTE 1 — INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Share-based Compensation (continued)

upon fair values at the grant dates. These pro forma amounts are as follows (dollars in millions, except per share amounts):

	Quarter	
	2005	**2004**
Net income:		
As reported	**$ 414**	$ 345
Share-based employee compensation expense determined under a fair value method, net of income taxes	**7**	21
Pro forma	**$ 407**	$ 324
Basic earnings per share:		
As reported	**$0.97**	$0.71
Pro forma	**$0.95**	$0.66
Diluted earnings per share:		
As reported	**$0.95**	$0.69
Pro forma	**$0.93**	$0.65

For SFAS 123 purposes, the weighted average fair values of HCA's stock options granted during the quarters ended March 31, 2005 and 2004 were $13.96 and $12.95 per share, respectively. The fair values were estimated using the Black-Scholes option valuation model with the following weighted average assumptions:

	Quarter	
	2005	**2004**
Risk-free interest rate	**3.73%**	2.52%
Expected volatility	**33.4%**	35.5%
Expected life, in years	**5**	4
Expected dividend yield	**1.41%**	1.18%

The expected volatility is derived using weekly, historical data for periods preceding the date of grant. The risk-free interest rate is the approximate yield on United States Treasury Strips having a life equal to the expected option life on the date of grant. The expected life is an estimate of the number of years an option will be held before it is exercised. The valuation model was not adjusted for nontransferability, risk of forfeiture or the vesting restrictions of the options, all of which would reduce the value if factored into the calculation.

In December 2004, HCA accelerated the vesting of all unvested stock options awarded to employees and officers which had exercise prices greater than the closing price at December 14, 2004 of $40.89 per share. Options to purchase approximately 19.1 million shares became exercisable immediately as a result of the vesting acceleration. In April 2005, the Securities and Exchange Commission amended the date for compliance with the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" ("SFAS 123R") so that HCA will be required to apply the expense recognition provisions of SFAS 123R beginning January 1, 2006. Assuming SFAS 123R is adopted as expected, the decision to accelerate vesting of the identified stock options will result in the Company not being required to recognize share-based compensation expense, net of taxes, of approximately $36 million in 2006, $19 million in 2007, and $2 million in 2008. The elimination of the requirement to recognize compensation expense in future periods related to the unvested stock options was management's basis for the decision to

HCA INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
Unaudited

NOTE 1 — INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Share-based Compensation (continued)

accelerate the vesting. The effect of accelerating the vesting for all unvested options with exercise prices greater than $40.89 per share was an increase to the pro forma share-based employee compensation expense for the fourth quarter of 2004 of $112 million after-tax ($0.24 per basic share and $0.23 per diluted share).

NOTE 2 — INCOME TAXES

HCA is currently contesting before the Appeals Division of the Internal Revenue Service (the "IRS"), the United States Tax Court (the "Tax Court"), and the United States Court of Federal Claims certain claimed deficiencies and adjustments proposed by the IRS in conjunction with its examinations of HCA's 1994 through 2000 Federal income tax returns, Columbia Healthcare Corporation's ("CHC") 1993 and 1994 Federal income tax returns, HCA-Hospital Corporation of America's ("Hospital Corporation of America") 1991 through 1993 Federal income tax returns and Healthtrust, Inc. — The Hospital Company's ("Healthtrust") 1990 through 1994 Federal income tax returns.

During 2003, the United States Court of Appeals for the Sixth Circuit affirmed a 1996 Tax Court decision related to the IRS examination of Hospital Corporation of America's 1987 and 1988 Federal income tax returns, in which the IRS contested the method that Hospital Corporation of America used to calculate its tax allowance for doubtful accounts. HCA filed a petition for review by the United States Supreme Court, which was denied in October 2004. Due to the volume and complexity of calculating the tax allowance for doubtful accounts, the IRS has not determined the amount of additional tax and interest that it may claim for subsequent taxable years. HCA made a deposit of $109 million during 2004 based on its estimate of additional tax and interest due for taxable periods through 2000.

Other disputed items include the deductibility of a portion of the 2001 government settlement payment, the timing of recognition of certain patient service revenues in 2000 through 2002, the amount of insurance expense deducted in 1999 and 2000, and the amount of gain or loss recognized on the divestiture of certain noncore business units in 1998. The IRS has claimed an additional $585 million in income taxes and interest, through March 31, 2005, with respect to these issues.

HCA expects the IRS to complete its examination of HCA's 2001 and 2002 Federal income tax returns during 2005. The IRS has not determined the amount of any additional income tax and interest that it may claim upon completion of this examination.

Management believes that adequate provisions have been recorded to satisfy final resolution of the disputed issues. Management believes that HCA, CHC, Hospital Corporation of America and Healthtrust properly reported taxable income and paid taxes in accordance with applicable laws and agreements established with the IRS during previous examinations and that final resolution of these disputes will not have a material adverse effect on results of operations or financial position.

NOTE 3 — EARNINGS PER SHARE

Basic earnings per share is computed on the basis of the weighted average number of common shares outstanding. Diluted earnings per share is computed on the basis of the weighted average number of common shares outstanding, plus the dilutive effect of outstanding stock options and other stock awards, computed using the treasury stock method.

HCA INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
Unaudited

NOTE 3 — EARNINGS PER SHARE (continued)

The following table sets forth the computation of basic and diluted earnings per share for the quarters ended March 31, 2005 and 2004 (dollars in millions, except per share amounts, and shares in thousands):

	Quarter	
	2005	**2004**
Net income	**$ 414**	$ 345
Weighted average common shares outstanding	**427,675**	487,727
Effect of dilutive securities:		
Stock options	**6,665**	8,021
Other	**1,320**	1,873
Shares used for diluted earnings per share	**435,660**	497,621
Earnings per share:		
Basic earnings per share	**$ 0.97**	$ 0.71
Diluted earnings per share	**$ 0.95**	$ 0.69

NOTE 4 — INVESTMENTS OF INSURANCE SUBSIDIARY

A summary of the insurance subsidiary's investments at March 31, 2005 and December 31, 2004 follows (dollars in millions):

	March 31, 2005			
		Unrealized Amounts		
	Amortized Cost	Gains	Losses	Fair Value
Debt securities:				
United States government	$ 11	$ —	$ —	$ 11
States and municipalities	1,200	31	(5)	1,226
Mortgage-backed securities	41	3	—	44
Corporate and other	53	2	(1)	54
Money market funds	75	—	—	75
Redeemable preferred stocks	1	—	—	1
	1,381	36	(6)	1,411
Equity securities:				
Perpetual preferred stocks	10	—	—	10
Common stocks	663	149	(5)	807
	673	149	(5)	817
	$2,054	$185	$(11)	2,228
Amount classified as current asset				(275)
Investment carrying value				$1,953

HCA INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
Unaudited

NOTE 4 — INVESTMENTS OF INSURANCE SUBSIDIARY (continued)

	December 31, 2004			
		Unrealized Amounts		
	Amortized Cost	Gains	Losses	Fair Value
Debt securities:				
United States government	$ 2	$ —	$ —	$ 2
States and municipalities	1,219	50	(1)	1,268
Mortgage-backed securities	37	2	—	39
Corporate and other	82	1	—	83
Money market funds	48	—	—	48
Redeemable preferred stocks	1	—	—	1
	1,389	53	(1)	1,441
Equity securities:				
Perpetual preferred stocks	8	—	—	8
Common stocks	694	180	(1)	873
	702	180	(1)	881
	$2,091	$233	$ (2)	2,322
Amount classified as current asset				(275)
Investment carrying value				$2,047

The fair value of investment securities is generally based on quoted market prices. At March 31, 2005 and December 31, 2004, the investments of HCA's insurance subsidiary were classified as "available for sale." The aggregate common stock investment is comprised of 495 equity positions at March 31, 2005, with 432 positions reflecting unrealized gains and 63 positions reflecting unrealized losses (none of the individual unrealized loss positions exceed $1 million). The equity positions (including those with unrealized losses) at March 31, 2005, are not concentrated in any particular industries.

NOTE 5 — LONG-TERM DEBT

HCA's revolving credit facility (the "Credit Facility") is a $1.750 billion agreement that expires November 2009. At March 31, 2005, HCA had $1.663 billion available under the Credit Facility.

At March 31, 2005, interest on Credit Facility borrowings is payable generally at either a spread to LIBOR, a spread to the prime lending rate or a competitive bid rate. The Credit Facility contains customary covenants which include (i) a limitation on debt levels, (ii) a limitation on sales of assets, mergers and changes of ownership and (iii) maintenance of minimum interest coverage ratios. As of March 31, 2005, HCA was in compliance with all such covenants.

NOTE 6 — CONTINGENCIES

General Liability

HCA operates in a highly regulated and litigious industry. As a result, various lawsuits, claims and legal and regulatory proceedings have been and can be expected to be instituted or asserted against the Company in the normal course of business. This includes, but is not limited to, personal injury claims, claims relating to wrongful restriction or interference with physician staff privileges, employment disputes, contractual disputes,

HCA INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
Unaudited

NOTE 6 — CONTINGENCIES (Continued)

General Liability (continued)

and claims regarding billing or other business practices. Some of these matters include claims for which the Company is uninsured. Disputed facts and uncertainties in the law make it difficult to predict the outcome of individual matters with certainty, and unanticipated results in a particular matter or group of matters could have a material, adverse effect on HCA's results of operations and financial position in a given period.

Government Investigation, Claims and Litigation

In January 2001, HCA entered into an eight-year Corporate Integrity Agreement ("CIA"') with the Office of Inspector General of the Department of Health and Human Services. Violation or breach of the CIA, or violation of Federal or state laws relating to Medicare, Medicaid or similar programs, could subject the Company to substantial monetary fines, civil and criminal penalties and/or exclusion from participation in the Medicare and Medicaid programs. Alleged violations may be pursued by the government or through private *qui tam* actions. Sanctions imposed against the Company as a result of such actions could have a material adverse effect on the Company's results of operations or financial position.

NOTE 7 — COMPREHENSIVE INCOME

The components of comprehensive income, net of related taxes, for the quarters ended March 31, 2005 and 2004 are as follows (in millions):

	Quarter	
	2005	**2004**
Net income	**$414**	$345
Unrealized (losses) gains on available-for-sale securities	**(37)**	5
Currency translation adjustments	**(7)**	4
Comprehensive income	**$370**	$354

The components of accumulated other comprehensive income, net of related taxes, are as follows (in millions):

	March 31, 2005	**December 31, 2004**
Net unrealized gains on available-for-sale securities	**$ 111**	$148
Currency translation adjustments	**60**	67
Defined benefit plans	**(22)**	(22)
Accumulated other comprehensive income	**$149**	$193

NOTE 8 — SEGMENT AND GEOGRAPHIC INFORMATION

HCA operates in one line of business, which is operating hospitals and related health care entities. During both quarters ended March 31, 2005 and 2004, approximately 29% of the Company's patient revenues related to patients participating in the Medicare program.

HCA's operations are structured into two geographically organized groups: the Eastern Group includes 92 consolidating hospitals located in the Eastern United States and the Western Group includes 83 consolidating hospitals located in the Western United States. HCA also operates eight consolidating hospitals in England and Switzerland and these facilities are included in the Corporate and other group.

HCA INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
Unaudited

NOTE 8 — SEGMENT AND GEOGRAPHIC INFORMATION (Continued)

Adjusted segment EBITDA is defined as income before depreciation and amortization, interest expense, minority interests and income taxes. HCA uses adjusted segment EBITDA as an analytical indicator for purposes of allocating resources to geographic areas and assessing their performance. Adjusted segment EBITDA is commonly used as an analytical indicator within the health care industry, and also serves as a measure of leverage capacity and debt service ability. Adjusted segment EBITDA should not be considered as a measure of financial performance under generally accepted accounting principles, and the items excluded from adjusted segment EBITDA are significant components in understanding and assessing financial performance. Because adjusted segment EBITDA is not a measurement determined in accordance with generally accepted accounting principles and is thus susceptible to varying calculations, adjusted segment EBITDA, as presented, may not be comparable to other similarly titled measures of other companies. The geographic distributions of HCA's revenues, equity in earnings of affiliates, adjusted segment EBITDA and depreciation and amortization are summarized in the following table (dollars in millions):

	Quarters Ended March 31,	
	2005	**2004**
Revenues:		
Eastern Group	**$3,069**	$2,915
Western Group	**2,927**	2,858
Corporate and other	**186**	164
	$6,182	$5,937
Equity in earnings of affiliates:		
Eastern Group	**$ (1)**	$ (2)
Western Group	**(52)**	(44)
Corporate and other	**—**	—
	$ (53)	$ (46)
Adjusted segment EBITDA:		
Eastern Group	**$ 614**	$ 573
Western Group	**591**	490
Corporate and other	**(1)**	(28)
	$1,204	$1,035
Depreciation and amortization:		
Eastern Group	**$ 145**	$ 133
Western Group	**151**	136
Corporate and other	**41**	34
	$ 337	$ 303
Adjusted segment EBITDA	**$1,204**	$1,035
Depreciation and amortization	**337**	303
Interest expense	**164**	135
Income before minority interests and income taxes	**$ 703**	$ 597

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains disclosures which contain "forward-looking statements." Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words like "may," "believe," "will," "expect," "project," "estimate," "anticipate," "plan," "initiative" or "continue." These forward-looking statements are based on the current plans and expectations of HCA and are subject to a number of known and unknown uncertainties and risks, many of which are beyond HCA's control, that could significantly affect current plans and expectations and HCA's future financial position and results of operations. These factors include, but are not limited to, (i) the increased leverage resulting from the financing of the 2004 tender offer, (ii) increases in the amount and risk of collectability of uninsured accounts, and deductibles and copayment amounts for insured accounts, (iii) the ability to achieve operating and financial targets, achieve expected levels of patient volumes and control the costs of providing services, (iv) the highly competitive nature of the health care business, (v) the efforts of insurers, health care providers and others to contain health care costs, (vi) possible changes in the Medicare, Medicaid and other state programs that may impact reimbursements to health care providers and insurers, (vii) the ability to attract and retain qualified management and other personnel, including affiliated physicians, nurses and medical support personnel, (viii) potential liabilities and other claims that may be asserted against HCA, (ix) fluctuations in the market value of HCA's common stock, (x) the impact of HCA's charity care and uninsured discounting policy changes, (xi) changes in accounting practices, (xii) changes in general economic conditions, (xiii) future divestitures which may result in charges, (xiv) changes in revenue mix and the ability to enter into and renew managed care provider arrangements on acceptable terms, (xv) the availability and terms of capital to fund the expansion of the Company's business, (xvi) changes in business strategy or development plans, (xvii) delays in receiving payments for services provided, (xviii) the possible enactment of Federal or state health care reform, (xix) the outcome of pending and any future tax audits, appeals and litigation associated with HCA's tax positions, (xx) the outcome of HCA's continuing efforts to monitor, maintain and comply with appropriate laws, regulations, policies and procedures and HCA's corporate integrity agreement with the government, (xxi) changes in Federal, state or local regulations affecting the health care industry, (xxii) the ability to successfully effect the planned divestiture(s) of ten hospitals, (xxiii) the ability to develop and implement the payroll and human resources information systems within the expected time and cost projections and, upon implementation, to realize the expected benefits and efficiencies, (xxiv) maintaining the increased quarterly cash dividend rate for the entire fiscal year, and (xxv) other risk factors detailed in the Company's Annual Report on Form 10-K and other filings with the Securities and Exchange Commission ("SEC"). As a consequence, current plans, anticipated actions and future financial position and results of operations may differ from those expressed in any forward-looking statements made by or on behalf of HCA. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this report, including in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

First Quarter 2005 Operations Summary

Net income totaled $414 million, or $0.95 per diluted share, for the quarter ended March 31, 2005, compared to $345 million, or $0.69 per diluted share, for the quarter ended March 31, 2004. HCA's shares used for diluted earnings per share for the quarter ended March 31, 2005 were 435.7 million shares, compared to 497.6 million shares for the quarter ended March 31, 2004.

Revenue per equivalent admission increased 2.3% in the first quarter of 2005 compared to the first quarter of 2004. HCA's revised uninsured discount policy, which became effective January 1, 2005, resulted in $109 million in discounts to the uninsured being recorded during the first quarter of 2005. See "Supplemental Non-GAAP Disclosures, Operating Measures Adjusted for the Impact of Discounts for the Uninsured."

During the first quarter of 2005, HCA experienced a moderation in the rate of increase for uninsured patient admissions and emergency room visits. Same facility uninsured admissions, compared to the 2004 first

First Quarter 2005 Operations Summary (continued)

quarter, increased 3.3%. Same facility uninsured emergency room visits increased 15.1% in the first quarter of 2005 compared to the first quarter of 2004.

During the first quarter of 2005, same facility admissions increased 1.0%, compared to the first quarter of 2004. Same facility outpatient surgeries increased 1.5% during the first quarter of 2005 compared to the first quarter of 2004.

For the first quarter of 2005, the provision for doubtful accounts decreased to 9.3% of revenues from 11.7% in the first quarter of 2004. Adjusting for the effect of the uninsured discounts, the provision for doubtful accounts for the first quarter of 2005 was 10.9% of revenues.

While the Company continues to face operational challenges related to providing health care services for the uninsured, management believes it is important to recognize the generation of cash provided by operating activities of $823 million and $772 million during the first quarters of 2005 and 2004, respectively.

Results of Operations

Revenue/Volume Trends

HCA's revenues depend upon inpatient occupancy levels, the ancillary services and therapy programs ordered by physicians and provided to patients, the volume of outpatient procedures and the charge and negotiated payment rates for such services. HCA facilities' gross charges typically do not reflect what the facilities are actually paid. HCA's facilities have entered into agreements with third-party payers, including government programs and managed care health plans, under which the facilities are paid based upon the cost of providing services, predetermined rates per diagnosis, fixed per diem rates or discounts from gross charges. HCA does not pursue collection of amounts related to patients who meet the Company's guidelines to qualify for charity care; therefore, they are not reported in revenues. On January 1, 2005, HCA modified its policies to provide discounts to uninsured patients who do not qualify for Medicaid or charity care. These discounts are similar to those provided to many local managed care plans.

Revenues increased 4.1% from $5.937 billion in the first quarter of 2004 to $6.182 billion for the first quarter of 2005. The increase in revenues can be attributed to a 1.8% increase in equivalent admissions and a 2.3% increase in revenue per equivalent admission. HCA's revised uninsured discount policy, which became effective January 1, 2005, resulted in $109 million in discounts to the uninsured being recorded during the first quarter of 2005.

Consolidated admissions increased 0.5% and same facility admissions increased 1.0% compared to the first quarter of 2004. Consolidated outpatient surgeries increased 1.7% and same facility outpatient surgeries increased 1.5% in the first quarter of 2005 compared to the first quarter of 2004.

Admissions related to Medicare, Medicaid, managed Medicaid, managed care and other discounted plans and the uninsured for the quarters ended March 31, 2005 and 2004 are set forth below. Certain prior year amounts have been reclassified to conform to the 2005 presentation.

	Quarter	
	2005	**2004**
Medicare	**40%**	40%
Medicaid	**10**	10
Managed Medicaid	**5**	4
Managed care and other discounted plans	**41**	42
Uninsured	**4**	4
	100%	100%

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Results of Operations (continued)

Revenue/Volume Trends (continued)

During the first quarter of 2005, HCA experienced a moderation in the rate of increase for uninsured patient volume. Same facility uninsured admissions increased 3.3% in the first quarter of 2005 compared to the first quarter of 2004. The trend of quarterly same facility admissions growth during 2004, compared to 2003, was 13.7% during the first quarter, 15.2% during the second quarter, 7.2% during the third quarter and 3.7% during the fourth quarter.

At March 31, 2005, HCA had 76 hospitals in the states of Texas and Florida. During the first quarter of 2005, 52% of the Company's admissions and 50% of the Company's revenues were generated by these hospitals. Uninsured admissions in Texas and Florida represent 59% of the Company's uninsured admissions.

HCA facilities' gross charges typically do not reflect what the facilities are actually paid. HCA's facilities have entered into agreements with third-party payers, including government programs and managed care health plans, under which the facilities are paid based upon the cost of providing services, predetermined rates per diagnosis, fixed per diem rates or discounts from gross charges. The recording of $109 million in discounts to the uninsured during the first quarter of 2005 lowered the rate of growth in revenue per equivalent admission in the first quarter of 2005, compared to the first quarter of 2004. Same facility revenue per equivalent admission increased 2.5% in the first quarter of 2005 compared to the 2004 first quarter. Adjusting for the effect of the new discount policy for the uninsured, same facility revenue per equivalent admission increased 4.3% for the first quarter of 2005. Charity care and discounts to the uninsured total $393 million in the first quarter of 2005, compared to $218 million in the first quarter of 2004.

The approximate percentages of the Company's inpatient revenues related to Medicare, Medicaid, managed Medicaid, managed care and other discounted plans and the uninsured for the quarters ended March 31, 2005 and 2004 are set forth in the following table. The uninsured discounts and continued increases in charity care resulted in a decline in uninsured inpatient revenues in the first quarter of 2005, compared to the first quarter of 2004. Certain prior year amounts have been reclassified to conform to the 2005 presentation.

	Quarter	
	2005	**2004**
Medicare	**38%**	38%
Medicaid	**6**	6
Managed Medicaid	**3**	3
Managed care and other discounted plans	**50**	45
Uninsured	**3**	8
	100%	100%

HCA receives a significant portion of its revenues from government health programs, principally Medicare and Medicaid, which are highly regulated and subject to frequent and substantial changes. Legislative changes have resulted in limitations and even reductions in levels of payments to health care providers for certain services under these government programs.

HCA recorded $36 million and $33 million of revenues related to Medicare operating outlier cases for the first quarters of 2005 and 2004, respectively. These amounts represent 2.1% and 2.0% of Medicare revenues and 0.6% of total revenues for the first quarters of 2005 and 2004, respectively. There can be no assurances that HCA will continue to receive these levels of Medicare outlier payments in future periods.

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Results of Operations (continued)

Operating Results Summary

The following are comparative summaries of results from operations for the quarters ended March 31, 2005 and 2004 (dollars in millions, except per share amounts):

	Quarter			
	2005		2004	
	Amount	Ratio	Amount	Ratio
Revenues	**$6,182**	**100.0**	$5,937	100.0
Salaries and benefits	**2,443**	**39.5**	2,333	39.3
Supplies	**1,051**	**17.0**	980	16.5
Other operating expenses	**972**	**15.7**	951	16.1
Provision for doubtful accounts	**574**	**9.3**	694	11.7
Gains on investments	**(9)**	**(0.1)**	(10)	(0.2)
Equity in earnings of affiliates	**(53)**	**(0.9)**	(46)	(0.8)
Depreciation and amortization	**337**	**5.4**	303	5.0
Interest expense	**164**	**2.7**	135	2.3
	5,479	**88.6**	5,340	89.9
Income before minority interests and income taxes	**703**	**11.4**	597	10.1
Minority interests in earnings of consolidated entities	**40**	**0.7**	38	0.7
Income before income taxes	**663**	**10.7**	559	9.4
Provision for income taxes	**249**	**4.0**	214	3.6
Net income	**$ 414**	**6.7**	$ 345	5.8
Basic earnings per share	**$ 0.97**		$ 0.71	
Diluted earnings per share	**$ 0.95**		$ 0.69	
% changes from prior year:				
Revenues	**4.1%**		12.6%	
Income before income taxes	**18.5**		(26.8)	
Net income	**19.7**		(26.3)	
Basic earnings per share	**36.6**		(22.8)	
Diluted earnings per share	**37.7**		(23.3)	
Admissions(a)	**0.5**		6.4	
Equivalent admissions(b)	**1.8**		6.5	
Revenue per equivalent admission	**2.3**		5.8	
Same facility % changes from prior year(c):				
Revenues	**4.7**		8.7	
Admissions(a)	**1.0**		2.5	
Equivalent admissions(b)	**2.1**		2.5	
Revenue per equivalent admission	**2.5**		6.0	

(a) Represents the total number of patients admitted to HCA's hospitals and is used by management and certain investors as a general measure of inpatient volume.

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

(c) Same facility information excludes the operations of hospitals and their related facilities which were either acquired or divested during the current and prior period.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Results of Operations (continued)

Operating Results Summary (continued)

Supplemental Non-GAAP Disclosures

Operating Measures Adjusted for the Impact of Discounts for the Uninsured (Dollars in millions, except revenue per equivalent admission)

The results of operations for the quarter ended March 31, 2005, adjusted for the impact of HCA's new uninsured discount policy, are presented below:

	Reported GAAP Amounts	Uninsured Discounts Adjustment (a)	Non-GAAP Adjusted Amounts (b)	GAAP % of Revenues	Non-GAAP % of Adjusted Revenues
Revenues	$ 6,182	$109	$ 6,291	100.0%	100.0%
Salaries and benefits	2,443	—	2,443	39.5%	38.8%
Supplies	1,051	—	1,051	17.0	16.7
Other operating expenses	972	—	972	15.7	15.4
Provision for doubtful accounts	574	109	683	9.3	10.9
Admissions	432,600		432,600		
Equivalent admissions	636,400		636,400		
Revenue per equivalent admission	$ 9,714		$ 9,885		
% change from prior year	2.3%		4.1%		
Same Facility(c):					
Revenues	$ 6,139	$108	$ 6,247		
Admissions	431,200		431,200		
Equivalent admissions	633,900		633,900		
Revenue per equivalent admission	$ 9,683		$ 9,855		
% change from prior year	2.5%		4.3%		

(a) Represents the impact of the discounts for the uninsured for the quarter. On January 1, 2005, HCA modified its policies to provide discounts to uninsured patients who do not qualify for Medicaid or charity care. These discounts are similar to those provided to many local managed care plans. In implementing the discount policy, HCA first attempts to qualify uninsured patients for Medicaid, other Federal or state assistance or charity care. If an uninsured patient does not qualify for these programs, the uninsured discount is applied.

(b) Revenues, the provision for doubtful accounts, certain operating expense categories as a percentage of revenues and revenue per equivalent admission have been adjusted to exclude the discounts under HCA's uninsured discount policy (non-GAAP financial measures). The Company believes that these non-GAAP financial measures are useful to investors to provide disclosures of its results of operations on the same basis as that used by management. Management uses this information to compare revenues, the provision for doubtful accounts, certain operating expense categories as a percentage of revenues and revenue per equivalent admission for periods prior and subsequent to the January 1, 2005 implementation of the uninsured discount policy. Management finds this information to be useful to enable the evaluation of revenue and certain expense category trends that are influenced by patient volumes and are generally analyzed as a percentage of net revenues. These non-GAAP financial measures should not be considered an alternative to GAAP financial measures. The Company believes this supplemental information provides it and the users of its financial statements with useful information for period-to-period comparisons. Investors are encouraged to use GAAP measures when evaluating the Company's overall financial performance.

(c) Same facility information excludes the operations of hospitals and their related facilities which were either acquired or divested during the current and prior period.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Results of Operations (continued)

Quarters Ended March 31, 2005 and 2004

Net income totaled $414 million, or $0.95 per diluted share, in 2005 compared to $345 million, or $0.69 per diluted share, in 2004. HCA's shares used for diluted earnings per share for the quarter ended March 31, 2005 were 435.7 million shares, compared to 497.6 million shares for the quarter ended March 31, 2004. The lower shares amount is due to the Company's completion of a tender offer during the fourth quarter of 2004 in which 62.9 million shares of the Company's common stock were repurchased.

For the first quarter of 2005, admissions increased 0.5% and same facility admissions increased 1.0% compared to the first quarter of 2004. Outpatient surgical volumes increased 1.7% on a consolidated basis and 1.5% on a same facility basis compared to the first quarter of 2004.

HCA's revised uninsured discount policy, which became effective January 1, 2005, resulted in $109 million in discounts to the uninsured being recorded during the first quarter of 2005. The discounts to the uninsured had the effect of reducing revenues and the provision for doubtful accounts by generally corresponding amounts. The reduction of revenues caused expense items, other than the provision for doubtful accounts, to increase, as a percentage of revenues, compared to what they would have been if the uninsured discount policy had not been implemented.

Salaries and benefits, as a percentage of revenues, were 39.5% in the first quarter of 2005 and 39.3% in the same quarter of 2004. Adjusting for the effect of the new discount policy for the uninsured, salaries and benefits, as a percentage of revenues, were 38.8% in the first quarter of 2005.

Supplies increased, as a percentage of revenues, from 16.5% in the first quarter of 2004 to 17.0% in the first quarter of 2005. Adjusting for the effect of the new discount policy for the uninsured, supplies, as a percentage of revenues, were 16.7% in the first quarter of 2005. Supply costs continue to increase in the cardiac, orthopedic and pharmaceutical areas.

Other operating expenses, as a percentage of revenues, decreased to 15.7% in the first quarter of 2005 compared to 16.1% in the first quarter of 2004. Adjusting for the effect of the new discount policy for the uninsured, other operating expenses, as a percentage of revenues, were 15.4% in the first quarter of 2005. Other operating expenses is primarily comprised of contract services, professional fees, repairs and maintenance, rents and leases, utilities, insurance (including professional liability insurance) and nonincome taxes. These expenses tend to decrease, as a percentage of revenues, when the Company experiences revenue increases, because the majority of these expenses are fixed in nature.

Provision for doubtful accounts, as a percentage of revenues, decreased to 9.3% in the first quarter of 2005 from 11.7% in the first quarter of 2004. Adjusting for the effect of the new discount policy for the uninsured, the provision for doubtful accounts, as a percentage of revenues, was 10.9% in the first quarter of 2005. The improvement in the provision for doubtful accounts, after adjusting for the effect of the uninsured discounts, can be primarily attributed to the results of the most recent quarterly hindsight review. The hindsight review showed a moderation in what has been an approximate two-year trend of continued deterioration in the collectability of uninsured patient accounts. The provision for doubtful accounts and the allowance for doubtful accounts relate primarily to uninsured amounts due directly from patients. At March 31, 2005, the Company's allowance for doubtful accounts represented approximately 78% of the $3.816 billion total patient due accounts receivable balance.

Gains on investments of $9 million in the first quarter of 2005 and $10 million in the first quarter of 2004 consist primarily of net gains on investment securities held by HCA's wholly-owned insurance subsidiary.

Equity in earnings of affiliates increased from $46 million in the first quarter of 2004 to $53 million in the first quarter of 2005 due to an increase in profits at joint ventures accounted for under the equity method of accounting.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Results of Operations (continued)

Quarters Ended March 31, 2005 and 2004 (continued)

Depreciation and amortization increased by $34 million from the first quarter of 2004 to the first quarter of 2005. The increase is primarily the result of $1.5 billion of net capital spending for the year ended December 31, 2004, and $317 million of net capital spending in the first quarter of 2005.

Interest expense increased from $135 million in the first quarter of 2004 to $164 million in the first quarter of 2005. The increase was primarily due to higher levels of debt in the first quarter of 2005 compared to the first quarter of 2004. HCA's average debt balance was $10.245 billion for first quarter of 2005 compared to $8.789 billion for the first quarter of 2004. The increase in the average debt balance was primarily due to borrowings related to the Company's completion of a tender offer during the fourth quarter of 2004 in which 62.9 million shares of the Company's stock were repurchased.

Liquidity and Capital Resources

Cash provided by operating activities totaled $823 million in the first quarter of 2005 compared to $772 million in the first quarter of 2004. Working capital totaled $1.710 billion at March 31, 2005 and $1.509 billion at December 31, 2004.

Cash used in investing activities was $386 million in the first quarter of 2005 compared to $441 million in the first quarter of 2004. Excluding acquisitions, capital expenditures were $288 million in first quarter of 2005 and $390 million in first quarter of 2004. Annual planned capital expenditures, including outpatient acquisitions, in 2005 and 2006 are expected to approximate $1.6 billion and $1.8 billion, respectively. At March 31, 2005, there were projects under construction which had estimated additional costs to complete and equip over the next five years of approximately $2.2 billion. HCA expects to finance capital expenditures with internally generated and borrowed funds. During the first quarter of 2005, HCA announced its intention to divest ten acute care hospitals located in six states.

Cash used in financing activities totaled $422 million during the first quarter of 2005 compared to $298 million during the first quarter of 2004. During the first quarter of 2005, HCA repaid $670 million of borrowings under its Credit Facility. HCA received cash inflows of $377 million related primarily to the exercise of employee stock options during the first quarter of 2005.

In addition to cash flows from operations, available sources of capital include amounts available under the Credit Facility ($1.693 billion available as of April 15, 2005) and anticipated access to public and private debt markets. Management believes that its available sources of capital are adequate to expand, improve and equip its existing health care facilities and to complete selective acquisitions.

Investments of HCA's professional liability insurance subsidiary are held to maintain statutory equity and provide the funding source to pay claims, and totaled $2.228 billion and $2.322 billion at March 31, 2005 and December 31, 2004, respectively. Claims payments, net of reinsurance recoveries, during the next twelve months are expected to approximate $275 million. The estimation of the timing of claims payments beyond a year can vary significantly. HCA's wholly-owned insurance subsidiary has entered into certain reinsurance contracts, and the obligations covered by the reinsurance contracts remain on the balance sheet as the subsidiary remains liable to the extent that the reinsurers do not meet their obligations under the reinsurance contracts. To minimize its exposure to losses from reinsurer insolvencies, HCA routinely monitors the financial condition of its reinsurers. The amounts receivable related to the reinsurance contracts of $76 million and $79 million at March 31, 2005 and December 31, 2004, respectively, are included in other assets.

Liquidity and Capital Resources (continued)

Financing Activities

HCA's $2.5 billion credit agreement (the "2004 Credit Agreement") consists of a $750 million amortizing term loan which matures in 2009 (the "2004 Term Loan") and a $1.750 billion revolving credit facility that expires in November 2009 (the "Credit Facility"). Interest under the 2004 Credit Agreement is payable at a spread to LIBOR, a spread to the prime lending rate or a competitive bid rate. The spread is dependent on HCA's credit ratings. The 2004 Credit Agreement contains customary covenants which include (i) limitations on debt levels, (ii) limitations on sales of assets, mergers and changes of ownership, and (iii) maintenance of minimum interest coverage ratios. As of March 31, 2005, HCA was in compliance with all such covenants.

In March 2004, HCA issued $500 million of 5.75% notes due March 15, 2014. The proceeds from the issuance were used to repay a portion of the amounts outstanding under the Credit Facility.

In December 2004, HCA filed a shelf registration statement and prospectus with the Securities and Exchange Commission that allows the Company to issue, from time to time, up to $1.5 billion in debt securities. As of March 31, 2005, HCA has not issued any debt securities under this registration statement.

Management believes that cash flows from operations, amounts available under the Credit Facility and HCA's anticipated access to public and private debt markets are sufficient to meet expected liquidity needs during the next twelve months.

Share Repurchase Activities

During the first quarter of 2004, HCA repurchased 8.9 million shares of its common stock for $375 million. The Company did not repurchase any of its common stock during the first quarter of 2005.

Systems Development Projects

HCA is in the process of implementing projects to replace its payroll and human resources information systems. Management estimates that the payroll and human resources system projects will require total expenditures of approximately $332 million to develop and install. At March 31, 2005, project-to-date costs incurred were $252 million ($152 million of the costs incurred have been capitalized and $100 million have been expensed). Management expects that the system development, testing, data conversion and installation activities will continue through 2006. There can be no assurance that the development and implementation of these systems will not be delayed, that the total cost will not be significantly more than currently anticipated, that business processes will not be interrupted during implementation or that HCA will realize the expected benefits and efficiencies from the developed products.

Market Risk

HCA is exposed to market risk related to changes in market values of securities. The investments in debt and equity securities of HCA's wholly-owned insurance subsidiary were $1.411 billion and $817 million, respectively, at March 31, 2005. These investments are carried at fair value with changes in unrealized gains and losses being recorded as adjustments to other comprehensive income. The fair value of investments is generally based on quoted market prices. If the insurance subsidiary were to experience significant declines in the fair value of its investments, this could require additional investment by the Company to allow the insurance subsidiary to satisfy its minimum capital requirements.

HCA evaluates, among other things, the financial position and near term prospects of the issuer, conditions in the issuer's industry, liquidity of the investment, changes in the amount or timing of expected future cash flows from the investment, and recent downgrades of the issuer by a rating agency to determine if

Liquidity and Capital Resources (continued)

Market Risk (continued)

and when a decline in the fair value of an investment below amortized cost is considered "other-than-temporary." The length of time and extent to which the fair value of the investment is less than amortized cost and HCA's ability and intent to retain the investment to allow for any anticipated recovery in the investment's fair value are important components of management's investment securities evaluation process. At March 31, 2005, HCA had a net unrealized gain of $174 million on the insurance subsidiary's investment securities.

HCA is also exposed to market risk related to changes in interest rates, and HCA periodically enters into interest rate swap agreements to manage its exposure to these fluctuations. HCA's interest rate swap agreements involve the exchange of fixed and variable rate interest payments between two parties, based on common notional principal amounts and maturity dates. The notional amounts and interest payments in these agreements match the cash flows of the related liabilities. The notional amounts of the swap agreements represent balances used to calculate the exchange of cash flows and are not assets or liabilities of HCA. Any market risk or opportunity associated with these swap agreements is offset by the opposite market impact on the related debt. HCA's credit risk related to these agreements is considered low because the swap agreements are with creditworthy financial institutions. The interest payments under these agreements are settled on a net basis. These derivatives and the related hedged debt amounts have been recognized in the financial statements at their respective fair values.

With respect to HCA's interest-bearing liabilities, approximately $2.130 billion of long-term debt at March 31, 2005 is subject to variable rates of interest, while the remaining balance in long-term debt of $7.728 billion at March 31, 2005 is subject to fixed rates of interest. Both the general level of U.S. interest rates and, for the 2004 Credit Agreement, the Company's credit rating affect HCA's variable interest rates. HCA's variable rate debt is comprised of the Company's Credit Facility, on which interest is payable generally at LIBOR plus 0.4% to 1.0% (depending on HCA's credit ratings); a bank term loan, on which interest is payable generally at LIBOR plus 0.5% to 1.25%, and fixed rate notes on which interest rate swaps have been employed, on which interest is payable at LIBOR plus 1.39% to 2.39%. Due to increases in LIBOR, the average rate for the Company's Credit Facility increased from 1.80% for the quarter ended March 31, 2004 to 3.37% for the quarter ended March 31, 2005, and the average rate for the Company's term loans increased from 2.10% for the quarter ended March 31, 2004 to 3.70% for the quarter ended March 31, 2005. The estimated fair value of HCA's total long-term debt was $10.032 billion at March 31, 2005. The estimates of fair value are based upon the quoted market prices for the same or similar issues of long-term debt with the same maturities. Based on a hypothetical 1% increase in interest rates, the potential annualized reduction to future pretax earnings would be approximately $21 million. The impact of such a change in interest rates on the fair value of long-term debt would not be significant. The estimated changes to interest expense and the fair value of long-term debt are determined considering the impact of hypothetical interest rates on HCA's borrowing cost and long-term debt balances. To mitigate the impact of fluctuations in interest rates, HCA generally targets a portion of its debt portfolio to be maintained at fixed rates.

Foreign operations and the related market risks associated with foreign currency are currently insignificant to HCA's results of operations and financial position.

Pending IRS Disputes

HCA is currently contesting before the Appeals Division of the Internal Revenue Service (the "IRS"), the United States Tax Court (the "Tax Court"), and the United States Court of Federal Claims certain claimed deficiencies and adjustments proposed by the IRS in conjunction with its examinations of HCA's 1994 through 2000 Federal income tax returns, Columbia Healthcare Corporation's ("CHC") 1993 and 1994 Federal income tax returns, HCA-Hospital Corporation of America's ("Hospital Corporation of America")

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Pending IRS Disputes (continued)

1991 through 1993 Federal income tax returns and Healthtrust, Inc. — The Hospital Company's ("Healthtrust") 1990 through 1994 Federal income tax returns.

During 2003, the United States Court of Appeals for the Sixth Circuit affirmed a 1996 Tax Court decision related to the IRS examination of Hospital Corporation of America's 1987 and 1988 Federal income tax returns, in which the IRS contested the method that Hospital Corporation of America used to calculate its tax allowance for doubtful accounts. HCA filed a petition for review by the United States Supreme Court, which was denied in October 2004. Due to the volume and complexity of calculating the tax allowance for doubtful accounts, the IRS has not determined the amount of additional tax and interest that it may claim for subsequent taxable years. HCA made a deposit of $109 million during 2004 for additional tax and interest, based on its estimate of additional tax and interest due for taxable periods through 2000.

Other disputed items include the deductibility of a portion of the 2001 government settlement payment, the timing of recognition of certain patient service revenues in 2000 through 2002, the amount of insurance expense deducted in 1999 and 2000, and the amount of gain or loss recognized on the divestiture of certain noncore business units in 1998. The IRS has claimed an additional $585 million in income taxes and interest, through March 31, 2005, with respect to these issues.

HCA expects the IRS to complete its examination of HCA's 2001 and 2002 Federal income tax returns during 2005. The IRS has not determined the amount of any additional income tax and interest that it may claim upon completion of this examination.

Management believes that adequate provisions have been recorded to satisfy final resolution of the disputed issues. Management believes that HCA, CHC, Hospital Corporation of America and Healthtrust properly reported taxable income and paid taxes in accordance with applicable laws and agreements established with the IRS during previous examinations and that final resolution of these disputes will not have a material adverse effect on the results of operations or financial position.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Operating Data

	2005	**2004**
CONSOLIDATING		
Number of hospitals in operation at:		
March 31	**183**	184
June 30		183
September 30		183
December 31		182
Number of freestanding outpatient surgical centers in operation at:		
March 31	**84**	79
June 30		82
September 30		81
December 31		84
Licensed hospital beds at(a):		
March 31	**41,892**	41,931
June 30		41,930
September 30		42,044
December 31		41,852
Weighted average licensed beds(b):		
Quarter:		
First	**41,856**	41,934
Second		41,962
Third		42,030
Fourth		42,060
Year		41,997
Average daily census(c):		
Quarter:		
First	**23,991**	23,885
Second		22,345
Third		21,900
Fourth		21,854
Year		22,493
Admissions(d):		
Quarter:		
First	**432,600**	430,300
Second		410,500
Third		410,800
Fourth		407,600
Year		1,659,200

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Operating Data (continued)

	2005	**2004**
Equivalent admissions(e):		
Quarter:		
First	**636,400**	625,200
Second		610,800
Third		611,400
Fourth		606,600
Year		2,454,000
Average length of stay (days)(f):		
Quarter:		
First	**5.0**	5.1
Second		5.0
Third		4.9
Fourth		4.9
Year		5.0
Emergency room visits(g):		
Quarter:		
First	**1,391,800**	1,296,900
Second		1,309,600
Third		1,320,900
Fourth		1,292,100
Year		5,219,500
Outpatient surgeries(h):		
Quarter:		
First	**211,000**	207,500
Second		213,000
Third		207,800
Fourth		206,500
Year		834,800
Inpatient surgeries(i):		
Quarter:		
First	**135,500**	135,400
Second		135,500
Third		136,400
Fourth		133,700
Year		541,000

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Operating Data (continued)

	2005	**2004**
Days in accounts receivable(j):		
Quarter:		
First	**47**	50
Second		49
Third		47
Fourth		48
Year		48
Gross patient revenues(k) (dollars in millions):		
Quarter:		
First	**$19,988**	$18,026
Second		17,534
Third		17,524
Fourth		18,195
Year		71,279
Outpatient revenues as a % of patient revenues(l)		
Quarter:		
First	**36%**	36%
Second		37%
Third		37%
Fourth		37%
Year		37%
NONCONSOLIDATING(m)		
Number of hospitals in operation at:		
March 31	**7**	7
June 30		7
September 30		7
December 31		7
Number of freestanding outpatient surgical centers in operation at:		
March 31	**8**	4
June 30		9
September 30		10
December 31		8
Licensed hospital beds at:		
March 31	**2,231**	2,199
June 30		2,199
September 30		2,199
December 31		2,225

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Operating Data (continued)

BALANCE SHEET DATA

	% of Accounts Receivable		
	Under 91 Days	91 - 180 Days	Over 180 Days
Accounts Receivable Aging at March 31, 2005:			
Medicare and Medicaid	13%	1%	2%
Managed care and other discounted	17	3	3
Uninsured	23	13	25
Total	53%	17%	30%

(a) Licensed beds are those beds for which a facility has been granted approval to operate from the applicable state licensing agency.
(b) Weighted average licensed beds represents the average number of licensed beds, weighted based on periods owned.
(c) Represents the average number of patients in the Company's hospital beds each day.
(d) Represents the total number of patients admitted to the Company's hospitals and is used by management and certain investors as a general measure of inpatient volume.
(e) Equivalent admissions are used by management and certain investors as a general measure of combined inpatient and outpatient volume. Equivalent admissions are computed by multiplying admissions (inpatient volume) by the sum of gross inpatient revenue and gross outpatient revenue and then dividing the resulting amount by gross inpatient revenue. The equivalent admissions computation "equates" outpatient revenue to the volume measure (admissions) used to measure inpatient volume resulting in a general measure of combined inpatient and outpatient volume. Prior year amounts have been reclassified to conform to the 2005 presentation.
(f) Represents the average number of days admitted patients stay in the Company's hospitals.
(g) Represents the number of patients treated in the Company's emergency rooms. Prior year emergency visits were restated to conform to the current year presentation.
(h) Represents the number of surgeries performed on patients who were not admitted to the Company's hospitals. Pain management and endoscopy procedures are not included in outpatient surgeries.
(i) Represents the number of surgeries performed on patients who have been admitted to the Company's hospitals. Pain management and endoscopy procedures are not included in inpatient surgeries.
(j) Days in accounts receivable are calculated by dividing the revenues for the period by the days in the period (revenues per day). Accounts receivable, net of allowance for doubtful accounts, at the end of the period is then divided by the revenues per day.
(k) Gross patient revenues are based upon the Company's standard charge listing. Gross charges/revenues typically do not reflect what our hospital facilities are paid. Gross charges/revenues are reduced by contractual adjustments, discounts and charity care to determine reported revenues.
(l) Represents the percentage of patient revenues related to patients who are not admitted to HCA's hospitals. Prior year amounts have been reclassified to conform to the 2005 presentation.
(m) The nonconsolidating facilities include facilities operated through 50/50 joint ventures which are not controlled by the Company and are accounted for using the equity method of accounting.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information called for by this item is provided under the caption “Market Risk” under Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

HCA’s chief executive officer and chief financial officer have reviewed and evaluated the effectiveness of HCA’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934 (the “Exchange Act”)) as of the end of the period covered by this quarterly report. Based on that evaluation, the chief executive officer and chief financial officer have concluded that HCA’s disclosure controls and procedures effectively and timely provide them with material information relating to HCA and its consolidated subsidiaries required to be disclosed in the reports HCA files or submits under the Exchange Act.

Changes in Internal Control Over Financial Reporting

During the period covered by this report, there have been no changes in the Company’s internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting.

Part II: Other Information

Item 1: *Legal Proceedings*

General Liability

HCA operates in a highly regulated and litigious industry. As a result, various lawsuits, claims and legal and regulatory proceedings have been and can be expected to be instituted or asserted against the Company in the normal course of business. This includes, but is not limited to, personal injury claims, claims relating to wrongful restriction or interference with physician staff privileges, employment disputes, contractual disputes, and claims regarding billing or other business practices. Some of these matters include claims for which the Company is uninsured. Disputed facts and uncertainties in the law make it difficult to predict the outcome of individual matters with certainty, and unanticipated results in a particular matter or group of matters could have a material, adverse effect on HCA’s results of operations and financial position in a given period.

Government Investigation, Claims and Litigation

Commencing in 1997, HCA became aware it was the subject of governmental investigations and litigation relating to its business practices. The investigations were concluded through a series of agreements executed in 2000 and 2003. In January 2001, HCA entered into an eight-year Corporate Integrity Agreement (“CIA”) with the Office of Inspector General of the Department of Health and Human Services. Violation or breach of the CIA, or other violation of Federal or state laws relating to Medicare, Medicaid or similar programs, could subject the Company to substantial monetary fines, civil and criminal penalties and/or exclusion from participation in the Medicare and Medicaid programs. Alleged violations may be pursued by the government or through private *qui tam* actions. Sanctions imposed against the Company as a result of such actions could have a material adverse effect on the Company’s results of operations or financial position.

Tax Related Proceedings

The Company is a party to certain proceedings relating to claims for income taxes and related interest in the United States Tax Court and the United States Court of Federal Claims. For a description of those proceedings, see Note 2 — Income Taxes in the notes to unaudited condensed consolidated financial statements.

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Item 6: ***Exhibits***

(a) List of Exhibits:

Exhibit 3 — Second Amended and Restated Bylaws of HCA Inc., as amended March 24, 2005 (restated electronically for SEC filing purposes).*

Exhibit 12 — Statement re: Computation of Ratio of Earnings to Fixed Charges.

Exhibit 31.1 — Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 — Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32 — Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

* Included only in filings under the Electronic Data, Gathering, Analysis and Retrieval System.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HCA INC.

By: /s/ R. MILTON JOHNSON

R. MILTON JOHNSON
Executive Vice President and
Chief Financial Officer

Date: May 6, 2005

EXHIBIT 3

Restated electronically for SEC filing purposes

ADOPTED SEPTEMBER 28, 2000, AS AMENDED MARCH 24, 2005.

SECOND AMENDED AND RESTATED BYLAWS OF HCA INC.

ARTICLE I OFFICES

SECTION 1. REGISTERED OFFICE. The registered office of the Corporation shall be within the State of Delaware in the City of Wilmington, County of New Castle.

SECTION 2. OTHER OFFICES. The Corporation may also have an office or offices other than said registered office at such place or places, either within or without the State of Delaware, as the Board of Directors shall from time to time determine or the business of the Corporation may require.

ARTICLE II MEETINGS OF STOCKHOLDERS

SECTION 1. PLACE OF MEETINGS. All meetings of the stockholders for the election of directors or for any other purpose shall be held at any such place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors and stated in the notice of meeting or in a duly executed waiver thereof.

SECTION 2. ANNUAL MEETING. The annual meeting of stockholders shall be held at such date and time as shall be designated from time to time by the Board of Directors and stated in the notice of meeting or in a duly executed waiver thereof. At such annual meeting, the stockholders shall elect, by a plurality vote, the Board of Directors in the manner provided in the Corporation's Certificate of Incorporation and transact such other business as may properly be brought before the meeting.

SECTION 3. SPECIAL MEETINGS. Special meetings of stockholders, unless otherwise prescribed by statute, may be called at any time only by the Board of Directors, the Chairman of the Board or the Chief Executive Officer.

SECTION 4. NOTICE OF MEETINGS. Except as otherwise expressly required by statute, written notice of each annual and special meeting of stockholders stating the date, place and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each stockholder of record entitled to vote thereat not less than ten nor more than sixty days before the date of the meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice. Notice shall be given personally or by mail and, if by mail, shall be sent in a postage prepaid envelope, addressed to the stockholder at the address appearing on the records of the Corporation. Notice by mail shall be deemed given at the time when the same shall be deposited in the United States mail, postage prepaid. Notice of any meeting shall not be required to be given to any person who attends such meeting, except when such person attends the meeting in person or by proxy for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, or who, either before or after the meeting, shall submit a signed written waiver of notice, in person or by proxy. Neither the business to be transacted at, nor the purpose of, an annual or special meeting of stockholders need be specified in any written waiver of notice.

SECTION 5. LIST OF STOCKHOLDERS. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before each meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, showing the address of and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of meeting, or, if not specified, at the place where the meeting is to be held. The list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 6. QUORUM, ADJOURNMENTS. The holders of a majority of the voting power of the issued and outstanding stock of the Corporation entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of stockholders, except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented by proxy at any meeting of stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented by proxy. At such adjourned meeting at which a quorum shall be present or represented by proxy, any business may be transacted which might have been transacted at the meeting as originally called. If the adjournment is for more than thirty days, or, if after adjournment a new record date is set, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

SECTION 7. ORGANIZATION. At each meeting of stockholders, the Chairman of the Board, if one shall have been elected, or, in his absence or if one shall not have been elected, the Chief Executive Officer, shall act as chairman of the meeting. The Secretary or, in his absence or inability to act, the person whom the chairman of the meeting shall appoint secretary of the meeting, shall act as secretary of the meeting and keep the minutes thereof.

SECTION 8. ORDER OF BUSINESS. The order of business at all meetings of the stockholders shall be as determined by the chairman of the meeting.

SECTION 9. VOTING. Except as otherwise provided by statute or the Certificate of Incorporation, each stockholder of the Corporation shall be entitled at each meeting of stockholders to one vote for each share of capital stock of the Corporation standing in his name on the record of stockholders of the Corporation:

(a) on the date fixed pursuant to the provisions of Section 7 of Article V of these Bylaws as the record date for the determination of the stockholders who shall be entitled to notice of and to vote at such meeting; or

(b) if no such record date shall have been so fixed, then at the close of business on the day next preceding the day on which notice thereof shall be given, or, if notice is waived, at the close of business on the date next preceding the day on which the meeting is held.

Each stockholder entitled to vote at any meeting of stockholders may authorize another person or persons to act for him by a proxy, but no proxy shall be voted after three years from its date, unless the proxy provides for a longer period. Any such proxy shall be delivered to the secretary of the meeting at or prior to the time designated in the order of business for so delivering such proxies. When a quorum is present at any meeting, the vote of the holders of a majority of the voting power of the issued and outstanding stock of the Corporation entitled to vote thereon, present in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which by express provision of statute, of applicable stock exchange rule or of the Certificate of Incorporation or of these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question. Unless required by statute, or determined by the chairman of the meeting to be advisable, the vote on any question need not be by written ballot. On a vote by written ballot, each ballot shall be signed by the stockholder voting, or by his proxy, and shall state the number of shares voted.

SECTION 10. INSPECTORS. The Board of Directors shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at such meeting or any adjournment thereof and make a written report thereof. If any of the inspectors so appointed shall fail to appear or shall be unable to act, the chairman of the meeting shall appoint one or more inspectors. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his or her ability. The inspectors shall ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each, determine the number of shares represented at the meeting and the validity of proxies and ballots, count all votes and ballots, determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors and certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors. No director or candidate for the office of director shall act as an inspector of an election of directors. Inspectors need not be stockholders.

ARTICLE III
BOARD OF DIRECTORS

SECTION 1. PLACE OF MEETINGS. Meetings of the Board of Directors shall be held at such place or places, within or without the State of Delaware, as the Board of Directors may from time to time determine or as shall be specified in the notice of any such meeting.

SECTION 2. ANNUAL MEETING. The Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business, on the same day and at the same place where the annual meeting of stockholders shall be held. Notice of such meeting need not be given. In the event such annual meeting is not so held, the annual meeting of the Board of Directors may be held at such other time or place (within or without the State of Delaware) as shall be specified in a notice thereof given as hereinafter provided in Section 5 of this Article III.

SECTION 3. REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held at such time and place as the Board of Directors may fix. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting which would otherwise be held on that day shall be held at the same hour on the next succeeding business day (unless the Chairman of the Board determines otherwise). Notice of regular meetings of the Board of Directors need not be given except as otherwise required by statute or these Bylaws.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chairman of the Board, if one shall have been elected, by two or more directors of the Corporation or by the Chief Executive Officer or the President.

SECTION 5. NOTICE OF MEETINGS. Notice of each special meeting of the Board of Directors (and of each regular meeting for which notice shall be required) shall be given by the Secretary as hereinafter provided in this Section 5, in which notice shall be stated the time and place of the meeting. Except as otherwise required by these Bylaws, such notice need not state the purposes of such meeting. Notice of each such meeting shall be sent to each director, addressed to such director at his or her residence or usual place of business, by telegraph, cable, telex, telecopier or other similar means, or be delivered to him or her personally or be given to him or her by telephone or other lawful means (including by facsimile or by electronic mail), at least two hours before the time at which such meeting is to be held. Notice of any such meeting need not be given to any director who shall, either before or after the meeting, submit a signed waiver of notice or who shall attend such meeting, except when he or she shall attend for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 6. QUORUM AND MANNER OF ACTING. A majority of the entire Board of Directors shall constitute a quorum for the transaction of business at any meeting of the

Board of Directors, and, except as otherwise expressly required by statute, the Certificate of Incorporation or these Bylaws, the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum at any meeting of the Board of Directors, a majority of the directors present thereat may adjourn such meeting to another time and place. Notice of the time and place of any such adjourned meeting shall be given to all of the directors unless such time and place were announced at the meeting at which the adjournment was taken, in which case such notice shall only be given to the directors who were not present thereat. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been enacted at the meeting as originally called. The directors shall act only as a Board and the individual directors shall have no power as such.

SECTION 7. ORGANIZATION. At each meeting of the Board of Directors, the Chairman of the Board, if one shall have been elected, or, in the absence of the Chairman of the Board or if one shall not have been elected, another director chosen by a majority of the directors present, shall act as chairman of the meeting and preside thereat. The Secretary or, in his absence or if one shall not have been elected, any person appointed by the chairman of the meeting, shall act as secretary of the meeting and keep the minutes thereof.

SECTION 8. RESIGNATIONS. Any director of the Corporation may resign at any time by giving written notice of his resignation to the Corporation. Any such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt by the Corporation. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 9. COMPENSATION. The Board of Directors shall have authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity.

SECTION 10. COMMITTEES. The Board of Directors may designate one or more committees, including an executive committee and a nominating committee, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In addition, in the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Except to the extent restricted by statute or the Certificate of Incorporation, each such committee, to the extent provided in the resolution creating it, shall have and may exercise all the powers and authority of the Board of Directors. Each such committee shall serve at the pleasure of the Board of Directors and have such name as may be determined from time to time by resolution adopted by the Board of Directors. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors.

SECTION 11. ACTION BY CONSENT. Unless restricted by the Certificate of Incorporation, any action required or permitted to be taken by the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the Board of Directors or such committee, as the case may be.

SECTION 12. TELEPHONIC MEETING. Unless restricted by the Certificate of Incorporation, any one or more members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation by such means shall constitute presence in person at a meeting.

SECTION 13. MANDATORY BOARD RETIREMENT POLICY. No person shall be nominated to a term of office on the Company's Board of Directors who has attained the age of 75 or more before the first day of the proposed term of office; however, the Board of Directors shall have discretion to make exceptions to the mandatory retirement policy if special circumstances warrant such an exception.

ARTICLE IV
OFFICERS

SECTION 1. NUMBER AND QUALIFICATIONS. The officers of the Corporation shall be elected by the Board of Directors and shall include the Chairman of the Board, the Chief Executive Officer, the President, one or more Group Officers (including Group Presidents and Group Financial Officers), one or more Vice Presidents (including Senior Vice Presidents, Executive Vice Presidents or other classifications of Vice Presidents), the Secretary and the Treasurer. If the Board of Directors wishes, it may also elect other officers (including one or more Assistant Treasurers and one or more Assistant Secretaries) as may be necessary or desirable for the business of the Corporation. Any two or more offices may be held by the same person, and no officer except the Chairman of the Board need be a director. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified, or until his death, or until he or she shall have resigned or have been removed or disqualified, as hereinafter provided in these Bylaws.

SECTION 2. RESIGNATIONS. Any officer of the Corporation may resign at any time by giving written notice of his or her resignation to the Corporation. Any such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon receipt by the Corporation. Unless otherwise specified therein, the acceptance of any such resignation shall not be necessary to make it effective.

SECTION 3. REMOVAL. Any officer of the Corporation may be removed, either with or without cause, at any time, by the Board of Directors at any meeting thereof.

SECTION 4. CHAIRMAN OF THE BOARD. The Chairman of the Board shall be elected from among the members of the Board. If present, he or she shall preside at all meetings of the Board of Directors and stockholders. He or she shall advise and counsel with the Chief Executive Officer, and in his or her absence with other executives of the Corporation, and shall perform such other duties as may from time to time be assigned to him or her by the Board of Directors.

SECTION 5. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer, subject to the Board of Directors, shall have general executive charge, management, and control of the properties and operations of the Corporation in the ordinary course of its business, with all such powers with respect to such properties and operations as may be reasonably incident to such responsibilities. If the Board of Directors has not elected a Chairman or in the absence or inability to act of the Chairman of the Board, the Chief Executive Officer shall exercise all of the powers and discharge all of the duties of the Chairman of the Board.

SECTION 6. PRESIDENT. The President shall have the general powers and duties of supervision and management usually vested in the office of the President of a corporation and shall perform such other duties as the Board of Directors, the Chairman of the Board or the Chief Executive Officer may, from time to time, prescribe. At the request of the Chief Executive Officer or in his or her absence or in the event of his or her inability or refusal to act, the President shall perform the duties of the Chief Executive Officer.

SECTION 7. GROUP OFFICER. Each Group Officer shall perform all such duties as from time to time may be assigned to him or her by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President.

SECTION 8. VICE PRESIDENT. Each Vice President shall perform all such duties as from time to time may be assigned to him or her by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President.

SECTION 9. TREASURER. The Treasurer shall

(a) have charge and custody of, and be responsible for, all the funds and securities of the Corporation;

(b) keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation;

(c) deposit all moneys and other valuables to the credit of the Corporation in such depositories as may be designated by the Board of Directors or pursuant to its direction;

(d) receive, and give receipts for, moneys due and payable to the Corporation from any source whatsoever;

(e) disburse the funds of the Corporation and supervise the investment of its funds, taking proper vouchers therefor;

(f) render to the Board of Directors, whenever the Board of Directors may require, an account of the financial condition of the Corporation; and

(g) in general, perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the Board of Directors, the Chairman of the Board or the Chief Executive Officer.

SECTION 10. SECRETARY. The Secretary shall

(a) keep or cause to be kept in one or more books provided for the purpose, the minutes of all meetings of the Board of Directors, the committees of the Board of Directors and the stockholders;

(b) see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law;

(c) be custodian of the records and the seal of the Corporation and affix and attest the seal to all certificates for shares of the Corporation (unless the seal of the Corporation on such certificates shall be a facsimile, as hereinafter provided) and affix and attest the seal to all other documents to be executed on behalf of the Corporation under its seal;

(d) see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and

(e) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Board of Directors, the Chairman of the Board or the Chief Executive Officer.

SECTION 11. THE ASSISTANT TREASURER. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties as from time to time may be assigned by the Board of Directors.

SECTION 12. THE ASSISTANT SECRETARY. The Assistant Secretary, or if there shall be more than one, the Assistant Secretaries in the order determined by the Board of

Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties as from time, to time may be assigned by the Board of Directors, the Chairman of the Board or the Chief Executive Officer.

SECTION 13. OFFICERS' BONDS OR OTHER SECURITY. If required by the Board of Directors, any officer of the Corporation shall give a bond or other security for the faithful performance of his or her duties, in such amount and with such surety as the Board of Directors may require.

SECTION 14. COMPENSATION. The compensation of the officers of the Corporation for their services as such officers shall be fixed from time to time by the Board of Directors. An officer of the Corporation shall not be prevented from receiving compensation by reason of the fact that he or she is also a director of the Corporation.

ARTICLE V
STOCK CERTIFICATES AND THEIR TRANSFER

SECTION 1. STOCK CERTIFICATES. Every holder of stock in the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation by, the Chairman of the Board, the Chief Executive Officer, the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him or her in the Corporation. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the General Corporation Law of the State of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights.

SECTION 2. FACSIMILE SIGNATURES. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

SECTION 3. LOST CERTIFICATES. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to give the Corporation a bond in such sum as it may direct sufficient to indemnify it against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

SECTION 4. TRANSFERS OF STOCK. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its records; provided, however, that the Corporation shall be entitled to recognize and enforce any lawful restriction on transfer. Whenever any transfer of stock shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of transfer if, when the certificates are presented to the Corporation for transfer, both the transferor and the transferee request the Corporation to do so.

SECTION 5. TRANSFER AGENTS AND REGISTRARS. The Board of Directors may appoint, or authorize any officer or officers to appoint, one or more transfer agents and one or more registrars.

SECTION 6. REGULATIONS. The Board of Directors may make such additional rules and regulations, not inconsistent with these Bylaws, as it may deem expedient concerning the issue, transfer and registration of certificates for shares of stock of the Corporation.

SECTION 7. FIXING THE RECORD DATE. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may, in its discretion, fix a new record date for the adjourned meeting.

SECTION 8. REGISTERED STOCKHOLDERS. The Corporation shall be entitled to recognize the exclusive right of a person registered on its records as the owner of shares of stock to receive dividends and to vote as such owner, shall be entitled to hold liable for calls and assessments a person registered on its records as the owner of shares of stock, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares of stock on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

SECTION 9. LEGENDS. The Board of Directors shall have the power and authority to provide that certificates representing shares of stock bear such legends as the Board of Directors deems appropriate to assure that the Corporation does not become liable for violations of federal or state securities laws or other applicable law.

ARTICLE VI
GENERAL PROVISIONS

SECTION 1. DIVIDENDS. Subject to the provisions of statute and the Certificate of Incorporation, dividends upon the shares of capital stock of the Corporation may be declared by the Board of Directors at any regular or special meeting. Dividends may be paid in cash, in property or in shares of stock of the Corporation, unless otherwise provided by statute or the Certificate of Incorporation.

SECTION 2. RESERVES. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors may, from time to time, in its absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors may think conducive to the interests of the Corporation. The Board of Directors may modify or abolish any such reserve in the manner in which it was created.

SECTION 3. SEAL. The seal of the Corporation shall be in such form as shall be approved by the Board of Directors.

SECTION 4. FISCAL YEAR. The fiscal year of the Corporation shall end on December 31 of each year and may thereafter be changed by resolution of the Board of Directors.

SECTION 5. CHECKS, NOTES, DRAFTS, ETC. All checks, notes, drafts or other orders for the payment of money of the Corporation shall be signed, endorsed or accepted in the name of the Corporation by such officer, officers, person or persons as from time to time may be designated by the Board of Directors or by an officer or officers authorized by the Board of Directors to make such designation.

SECTION 6. EXECUTION OF CONTRACTS, DEEDS, ETC. The Board of Directors may authorize any officer or officers, agent or agents, in the name, and on behalf of the Corporation to enter into or execute and deliver any and all deeds, bonds, mortgages, contracts and other obligations or instruments, and such authority may be general or confined to specific instances. The attestation to such execution by the Secretary of the Corporation shall not be necessary to constitute such deed, bond, mortgage, contract or other instrument a valid and binding obligation against the Corporation unless the resolutions, if any, of the Board of Directors authorizing such execution expressly state that such attestation is necessary.

SECTION 7. VOTING OF STOCK IN OTHER CORPORATIONS. Unless otherwise provided by resolution of the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or any Vice President, from time to time, may (or may appoint one or more attorneys or agents to) cast the votes which the Corporation may be entitled to cast as a shareholder or otherwise in any other corporation, any of whose shares or securities may be held by the Corporation, at meetings of the holders of the shares or other securities of such other corporation or execute written consents to action in lieu thereof. In the event one or more, attorneys or agents are appointed, the Chairman of the Board, the Chief Executive Officer or the President may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent. The Chairman of the Board, the Chief Executive Officer or the President may, or may instruct the attorneys or agents appointed to, execute or cause to be executed in the name and on behalf of the Corporation and under its seal or otherwise, such written proxies, consents, waivers or other instruments as may be necessary or proper in the circumstances.

ARTICLE VII
AMENDMENTS

These Bylaws may be amended or repealed or new bylaws adopted (a) by the affirmative vote of the holders of at least 75% of the voting power of all shares of the Corporation entitled to vote generally in the election of directors, voting together as a single class or (b) if the Certificate of Incorporation so provides, by action of the Board of Directors at a regular or special meeting thereof. Any bylaw made by the Board of Directors may be amended or repealed by action of the stockholders at any annual or special meeting of stockholders.

/s/ John M. Franck II

John M. Franck II
Corporate Secretary

EXHIBIT 12

HCA INC.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
FOR THE QUARTERS MARCH 31, 2005 AND 2004
(DOLLARS IN MILLIONS)

	QUARTER	
	2005	2004
EARNINGS:		
Income before minority interests and income taxes	$703	$597
Fixed charges, excluding capitalized interest	196	165
	$899	$762
FIXED CHARGES:		
Interest charged to expense	$164	$135
Interest portion of rental expense and amortization of deferred loan costs	32	30
Fixed charges, excluding capitalized interest	196	165
Capitalized interest	6	9
	$202	$174
Ratio of earnings to fixed charges	4.44	4.38

EXHIBIT 31.1

CERTIFICATION

I, Jack O. Bovender, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of HCA Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ JACK O. BOVENDER, JR.

Jack O. Bovender, Jr.
Chairman of the Board and
Chief Executive Officer

May 6, 2005

EXHIBIT 31.2

CERTIFICATION

I, R. Milton Johnson, certify that:

1. I have reviewed this quarterly report of Form 10-Q of HCA Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ R. MILTON JOHNSON

R. Milton Johnson
Executive Vice President and
Chief Financial Officer

May 6, 2005

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of HCA Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JACK O. BOVENDER, JR.

Jack O. Bovender, Jr.
Chairman of the Board and
Chief Executive Officer

May 6, 2005

By: /s/ R. MILTON JOHNSON

R. Milton Johnson
Executive Vice President and
Chief Financial Officer

May 6, 2005