

newsrelease



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Tenet Announces Results for Third Quarter Ended September 30, 2007

Highlights:

- ◆ **Net loss of \$59 million, improved versus net loss of \$89 million in Q3'06**
- ◆ **Adjusted EBITDA grew to \$177 million, up 55 percent from Q3'06**
- ◆ **Commercial managed care admissions declined by less than one percent (same-hospital), and increased 0.4 percent (same-hospital), before impact of Florida and USC**
- ◆ **Sequential commercial managed care admissions increased 0.2 percent from Q2'07 (same-hospital)**
- ◆ **Admissions declined less than one percent (same-hospital), and increased 0.1 percent (same-hospital), before impact of Florida and USC**
- ◆ **Net inpatient revenue per admission increased 7.8 percent (same-hospital)**

DALLAS – November 6, 2007 – Tenet Healthcare Corporation (NYSE:THC) today reported a net loss of \$59 million, or \$0.12 per share, for its third quarter of 2007 compared to a net loss of \$89 million, or \$0.19 per share, in the third quarter of 2006, including discontinued operations. The Company reported adjusted EBITDA of \$177 million. Same-hospital adjusted EBITDA was \$176 million, an increase of \$62 million, or 54 percent, from \$114 million reported in the third quarter of 2006. Adjusted EBITDA is a non-GAAP term defined and reconciled to generally accepted accounting principles (GAAP) below. The Company reported a loss from continuing operations of \$35 million or \$0.07 per share, compared to a loss from continuing operations of \$19 million, or \$0.04 per share, in the third quarter of 2006. The loss in continuing operations in the third quarter of 2007 included favorable prior year cost report adjustments of \$22 million, impairment and restructuring charges of \$13 million pre-tax, income tax expense of \$10 million, and litigation costs of \$3 million pre-tax.

“The third quarter produced gratifying, tangible evidence that our turnaround strategies are working,” said Trevor Fetter, Tenet’s president and chief executive officer. “Same-hospital revenue

grew 7.0 percent over the same quarter last year. Perhaps the most significant revenue improvement was evident in our most profitable segment – commercial managed care – fueled by enhanced pricing and admissions growth in a number of important service lines. We are also very encouraged that adjusted EBITDA grew a strong 55 percent year-over-year. The combination of top line growth we saw in the quarter and the continued success of our cost management initiatives gives us confidence that we are at last seeing evidence of the sustainable growth in profitability we have worked so hard to achieve.”

Stephen L. Newman, M.D., chief operating officer, said, “Our focus on the targeted growth of selected hospital services was a key factor in the improved commercial business we had in the third quarter. Commercial admissions in women’s services, neonatology, and oncologic and open heart surgeries were targeted areas for growth and all showed material increases. In addition, our disciplined approach to labor cost management resulted in a decline of 1,483 full time equivalent employees over the last year. Another positive factor helping our recovery and, we believe, a leading indicator of longer-term success is the progress we’ve had in recruiting or hiring more doctors for our hospital staffs. In the third quarter, net of attrition, we have expanded our active medical staff by 370 physicians or 3.4 percent.”

Biggs Porter, chief financial officer, said, “The achievement of \$177 million in adjusted EBITDA is a significant turnaround from the third quarter of last year. There were positive movements in most areas other than bad debt expense. We achieved some significant pricing enhancements with same-hospital inpatient revenues per admission rising by 7.8 percent, including \$22 million in favorable cost report adjustments. Pricing improvements also reflected meaningful contributions from recently signed contracts with some of our major commercial managed care payers. The continuing implementation of significant cost reduction actions contributed additional strength to our earnings performance.”

Continuing Operations

The loss from continuing operations for the third quarter of 2007 was \$35 million, or \$0.07 per share, including the following five items:

1. Favorable cost report and related valuation allowance adjustments of \$22 million pre-tax, \$14 million after-tax before the deferred tax valuation allowance, or \$0.03 per share, were recorded in the third quarter of 2007. In the third quarter of 2006 we recorded unfavorable cost report

- and related valuation allowance adjustments of \$10 million pre-tax, \$6 million after-tax before the deferred tax valuation allowance, or \$0.01 per share;
2. Impairments of long-lived assets and restructuring charges of \$13 million pre-tax, \$8 million after-tax before the impact of the deferred tax valuation allowance, or \$0.02 per share;
 3. Litigation costs of \$3 million pre-tax, \$2 million after-tax, or zero cents per share;
 4. Net unfavorable income tax adjustments of \$11 million, or \$0.02 per share, which includes an unfavorable adjustment to increase the Company's valuation allowance for deferred tax assets, and other tax adjustments; and,
 5. Stock-based compensation expense, included in salaries, wages and benefits, of \$9 million pre-tax, \$6 million after-tax before the deferred tax allowance, or \$0.01 per share, in the third quarter of 2007 compared to \$11 million pre-tax, \$7 million after-tax, or \$0.01 per share, in the third quarter of 2006.

Adjusted EBITDA

Adjusted EBITDA in the third quarter of 2007 was \$177 million producing a margin of 8.0 percent, an increase of \$63 million, or 55 percent, from adjusted EBITDA of \$114 million in the third quarter of 2006, and an increase of 250 basis points from the adjusted EBITDA margin of 5.5 percent in the third quarter of 2006.

Adjusted EBITDA is a non-GAAP term defined by the Company as net income (loss) before (1) the cumulative effect of change in accounting principle, net of tax, (2) income (loss) from discontinued operations, net of tax, (3) income tax (expense) benefit, (4) net gains on sale of investments, (5) minority interests, (6) investment earnings, (7) interest expense, (8) litigation (costs) benefit, (9) hurricane insurance recoveries, net of costs, (10) impairment of long-lived assets and goodwill and restructuring charges, net of insurance recoveries, (11) amortization, and (12) depreciation. A reconciliation of net income (loss) to adjusted EBITDA is provided at the end of this release.

Same-Hospital Data

Same-hospital data for the third quarter of 2007 excludes only the impact of Coastal Carolina Hospital which was acquired by Tenet on June 30, 2007. Same-hospital data is used as the primary form of data presentation in the narrative sections of this press release. Total-hospital data, including the

contribution from Coastal Carolina Hospital, is provided in the tabular presentation of data at the end of this press release.

Certain amounts in the tables in the narrative section of this release will not tie to amounts in the consolidated statement of operations as these amounts in the narrative section represent “same-hospital” not consolidated data.

In the third quarter, Coastal Carolina Hospital generated \$9 million in net operating revenues, \$1 million of adjusted EBITDA, and \$1 million in net income.

Admissions, Patient Days and Surgeries

| Admissions, Patient Days, and Surgeries | Same-Hospital Continuing Operations | | |
|--|-------------------------------------|---------|------------|
| | Q3'07 | Q3'06 | Change (%) |
| Commercial Managed Care Admissions | 39,926 | 40,176 | (0.6) |
| Governmental Managed Care Admissions | 25,853 | 24,670 | 4.8 |
| Medicare Admissions | 40,652 | 42,415 | (4.2) |
| Medicaid Admissions | 17,048 | 17,414 | (2.1) |
| Uninsured Admissions | 6,198 | 5,795 | 7.0 |
| Charity Care Admissions | 2,704 | 2,961 | (8.7) |
| Commercial and Other Admissions | 3,598 | 3,609 | (0.3) |
| Total Admissions | 135,979 | 137,040 | (0.8) |
| Admissions through Emergency Department | 71,645 | 71,644 | - |
| ED Admissions / Total admissions (%) | 52.7 | 52.3 | 0.4 (1) |
| Uninsured admissions / Total admissions | 4.6 | 4.2 | 0.4 (1) |
| Commercial managed care admissions / Total admits | 29.4 | 29.3 | 0.1 (1) |
| Charity admissions / Total admissions | 2.0 | 2.2 | (0.2) (1) |
| Surgeries - Inpatient | 42,159 | 42,579 | (1.0) |
| Surgeries - Outpatient | 55,603 | 55,554 | 0.1 |
| Surgeries - Total | 97,762 | 98,133 | (0.4) |
| Patient Days - Total | 669,613 | 679,018 | (1.4) |
| Adjusted Patient Days | 963,326 | 964,434 | (0.1) |
| Patient Days - Commercial Managed Care | 161,495 | 159,192 | 1.4 |
| Average Length of Stay | 4.9 | 5.0 | (0.1) (1) |
| Adjusted Patient Admissions - Total | 196,984 | 196,078 | 0.5 |
| (1) This change is the difference between the 2007 and 2006 amounts shown. | | | |

Same-hospital admissions for the third quarter of 2007 were 135,979, a decline of 1,061 admissions, or 0.8 percent, compared to admissions of 137,040 in the third quarter of 2006. The Company's Florida and USC hospitals more than fully accounted for this admissions decline. Excluding

the impact of our Florida and USC hospitals, Tenet would have reported a same-hospital admissions increase of 0.1 percent.

Same-hospital commercial managed care admissions declined from 40,176 to 39,926, a decline of 250 admissions, or 0.6 percent, in the third quarter of 2007 as compared to the third quarter of 2006. Excluding USC and our Florida hospitals, same-hospital commercial managed care admissions increased by 124 or 0.4 percent.

Same-hospital total managed care admissions increased by 933, or 1.4 percent, reflecting the continuing shift from traditional government programs towards managed government programs.

Outpatient Visits

| Outpatient Visits | Same-Hospital Continuing Operations | | |
|--|-------------------------------------|-----------|------------|
| | Q3'07 | Q3'06 | Change (%) |
| Total OP Visits | 994,184 | 1,008,276 | (1.4) |
| Uninsured OP Visits | 108,077 | 107,465 | 0.6 |
| Uninsured OP Visits/ Total OP Visits (%) | 10.9 | 10.7 | 0.2 (1) |
| Charity Care OP Visits | 7,552 | 4,769 | 58.4 |
| Charity Care OP Visits / Total Visits (%) | 0.8 | 0.5 | 0.3 (1) |
| Commercial Managed Care OP Visits | 383,635 | 392,816 | (2.3) |
| Commercial OP Visits / Total Visits (%) | 38.6 | 39.0 | (0.4) (1) |
| (1) This change is the difference between the 2007 and 2006 amounts shown. | | | |

Same-hospital outpatient visits in the third quarter of 2007 were 994,184, a decline of 14,092, or 1.4 percent, as compared to 1,008,276 visits in the third quarter of 2006. Approximately 51 percent of the third quarter's decline in same-hospital outpatient visits occurred at the Company's Florida and USC hospitals. Other factors contributing to this decline included the increasing competition the Company is experiencing from physician-owned entities providing outpatient services.

The 58.4 percent increase in charity care outpatient visits was driven primarily by regulatory change in California and an influx of charity patients to one of our Georgia hospitals, which has experienced an increase in its role as a medical resource for the local community.

Revenues

| Revenues (\$ in Millions) | Same-Hospital Continuing Operations | | |
|--|--|-------|------------|
| | Q3'07 | Q3'06 | Change (%) |
| Net operating revenues | 2,203 | 2,058 | 7.0 |
| Net patient revenue from commercial managed care | 1,140 | 1,075 | 6.0 |
| Revenues from the uninsured | 165 | 135 | 22.2 |
| Charity care gross charges | 163 | 153 | 6.5 |
| Provision for doubtful accounts ("Bad Debt") | 158 | 149 | 6.0 |
| Uncompensated care (1) (2) | 321 | 302 | 6.3 |
| Uncompensated care/ (Net operating revenues plus Charity care) (1) (3) (%) | 13.6 | 13.7 | (0.1) (3) |
| (1) Non-GAAP measure (2) Defined as charity care plus provision for doubtful accounts (3) This percentage change is the difference between the 2007 and 2006 amounts shown | | | |

Revenue metrics provided evidence of continued strength buoyed by new, attractively priced commercial managed care contracts, favorable mix changes, and \$22 million in favorable prior year cost report and related valuation allowance adjustments. Same-hospital net operating revenues from continuing operations were \$2.203 billion in the third quarter of 2007, an increase of \$145 million, or 7.0 percent, as compared to \$2.058 billion in the third quarter of 2006.

Same-hospital net patient revenue from commercial managed care payers increased by \$65 million, or 6.0 percent, in the third quarter of 2007 compared to the third quarter of 2006. This increase reflects continued pricing increases sufficient to offset a decline in commercial managed care admissions of 0.6 percent and a decline in commercial managed care outpatient visits of 2.3 percent.

Same-hospital disproportionate-share payments received under various state Medicaid programs and other state-funded subsidies provided revenues of approximately \$48 million and \$41 million in the third quarters of 2007 and 2006, respectively. Disproportionate-share payments are dependent on government programs, which are subject to periodic review and policy changes.

Pricing

| Pricing | | Same-Hospital Continuing Operations | | |
|--|------|--|--------|------------|
| | | Q3'07 | Q3'06 | Change (%) |
| Net inpatient revenue per admission | (\$) | 10,891 | 10,107 | 7.8 |
| Net inpatient revenue per patient day | (\$) | 2,212 | 2,040 | 8.4 |
| Net outpatient revenue per visit | (\$) | 653 | 595 | 9.7 |
| Net patient revenue per adjusted patient admission | (\$) | 10,813 | 10,124 | 6.8 |
| Net patient revenue per adjusted patient day | (\$) | 2,211 | 2,058 | 7.4 |

Pricing strength was evident across all key metrics. Same-hospital net inpatient revenue per admission for the third quarter of 2007 was \$10,891 compared to \$10,107 in the third quarter of 2006, an increase of \$784, or 7.8 percent. Same-hospital net outpatient revenue per visit was \$653 in the third quarter of 2007 compared to \$595 in the third quarter of 2006, an increase of \$58, or 9.7 percent.

The Company disaggregates its managed care business into two categories: (1) commercial managed care and (2) managed Medicare and managed Medicaid. In the third quarter of 2007, approximately 78 percent of same-hospital managed care revenues were recognized from our commercial managed care business and 22 percent were recognized from managed Medicare and managed Medicaid. The Company recognized 79 percent of same-hospital managed care revenues from our commercial managed care business and 21 percent were recognized from managed Medicare and managed Medicaid in the third quarter of 2006. In recent quarters the Company reported adverse shifts in business mix as the contribution to total managed care revenues from the commercial portion of our business had grown more slowly than revenues from managed government programs. In the third quarter of 2007 same-hospital managed care admissions were approximately 61 percent commercial managed care and 39 percent managed Medicare and managed Medicaid compared to 62 percent and 38 percent, respectively, in the third quarter of 2006. Same-hospital managed care outpatient visits in the third quarter of 2007 were 72 percent commercial managed care and 28 percent managed Medicare and managed Medicaid compared to 74 percent and 26 percent, respectively, in the third quarter of 2006.

For our aggregate managed care portfolio, including managed government programs, same-hospital net inpatient revenue per admission increased by 3.4 percent in the third quarter of 2007 as compared to the third quarter of 2006.

Same-hospital outpatient revenue per visit increased by 8.2 percent for our aggregate managed care portfolio in the third quarter of 2007 as compared to the third quarter of 2006.

Controllable Operating Expenses

| Controllable Operating Expenses | Same-Hospital Continuing Operations | | |
|---|-------------------------------------|--------------|------------|
| | Q3'07 | Q3'06 | Change (%) |
| Salaries, Wages & Benefits (\$mm) | 980 | 927 | 5.7 |
| Supplies (\$mm) | 382 | 373 | 2.4 |
| Other Operating Expenses (\$mm) | 507 | 495 | 2.4 |
| Total Controllable Operating Expenses (\$mm) | 1,869 | 1,795 | 4.1 |
| Controllable operating expenses per adjusted patient day (\$) | 1,940 | 1,861 | 4.2 |

The Company continues to reduce its cost structure both in flexing its costs in response to fluctuating patient volumes at the hospital level and shrinking its overhead infrastructure to align its costs with the smaller number of hospitals being managed. Same-hospital controllable operating expenses (consisting of salaries, wages and benefits, supplies, and other operating expenses) were \$1.869 billion and \$1.795 billion in the third quarters of 2007 and 2006, respectively, an increase of \$74 million, or 4.1 percent. Same-hospital controllable operating expenses per adjusted patient day were \$1,940 in the third quarter of 2007 compared to \$1,861 in the third quarter of 2006, an increase of \$79 million, or 4.2 percent. The Company's most recent round of staff reductions were taken at various points in the third quarter, and therefore, the complete anticipated impact of these actions is less than fully reflected in our third quarter results.

Same-hospital salaries, wages and benefits expense increased by \$53 million, or 5.7 percent. This increase is primarily the result of merit increases provided to maintain competitive wage rates in our markets. Contract labor expense, which is included in salaries, wages and benefits, was \$48 million in the third quarters of both 2007 and 2006.

Same-hospital supplies expense increased by \$9 million, or 2.4 percent, compared to the third quarter of 2006. Because supplies expense tends to vary with patient volumes, the modest increase in this line item reflects the impact of lower volumes including the 0.4 percent decline in same-hospital surgeries. Even adjusting for volumes, however, this increase in supplies expense is below the inflationary price increases which have characterized many of the supplies we purchase. This success in

controlling supply costs results from numerous initiatives including the cost savings achieved by purchasing a large number of supply items through bulk and forward purchases.

Same-hospital “Other Operating Expenses” increased by \$12 million, or 2.4 percent, to \$507 million in the third quarter of 2007 as compared to \$495 million in the third quarter of 2006. The primary items driving this increase were contracted services and physician fees, including payments for Emergency Department call coverage. These increases were partially offset by decreased spend on clinical systems and a decline in same-hospital malpractice expense, which declined by \$5 million, or 11.1 percent, to \$40 million in the third quarter of 2007 from \$45 million in the third quarter of 2006.

Total “Other Operating Expenses” include rent expense, which was \$39 million in the third quarters of both 2007 and 2006.

Provision for Doubtful Accounts

| Bad Debt | Same-Hospital Continuing Operations | | |
|--|--|--------------|-------------------|
| | Q3'07 | Q3'06 | Change (%) |
| Provision for Doubtful Accounts (“Bad Debt”) (\$mm) | 158 | 149 | 6.0 |
| Bad Debt / Net Operating Revenues (%) | 7.2 | 7.2 | - |
| Collection rate from self-pay (%) | 36 | 30 | 6 (1) |
| Collection rate from commercial payers (%) | 98 | 97 | 1 (1) |
| (1) This percentage change is the difference between the Q3'07 and Q3'06 amounts shown | | | |

Same-hospital provision for doubtful accounts, or bad debt expense, was \$158 million in the third quarter of 2007, an increase of \$9 million, or 6.0 percent, from the provision for doubtful accounts of \$149 million in the third quarter of 2006. Bad debt expense was 7.2 percent of net operating revenues in both the third quarters of 2007 and 2006. The bad debt expense ratio remained flat despite a 7.0 percent rise in same-hospital uninsured admissions which increased to 6,198 uninsured admissions in the third quarter of 2007 from 5,795 uninsured admissions in the third quarter of 2006, an increase of 403 uninsured admissions. This stabilization of the bad debt expense ratio despite the increase in uninsured patient volumes and uninsured patient revenues reflects our improved collection results, including an increase in self-pay collection rates to 36 percent, and the increase in managed care collection rates to 98 percent. Both collection rates are calculated based on an average collection period of 18 months.

Accounts Receivable

Accounts receivable were \$1.354 billion at September 30, 2007, and \$1.363 billion at June 30, 2007. Accounts receivable days outstanding for continuing operations were 53 days at September 30, 2007, up from 52 days at June 30, 2007 and down from 56 days at September 30, 2006. The increase in accounts receivable days is principally due to the reduction in the allowance for cost report settlements.

Cash Flow

Cash and cash equivalents were \$655 million at September 30, 2007, a decrease of \$20 million from \$675 million at June 30, 2007.

Net cash provided by operating activities was \$83 million in the third quarter of 2007. In accordance with GAAP, this cash flow figure excludes capital expenditures, proceeds of asset sales, as well as certain other items. Excluding cash provided by discontinued operations of \$1 million and \$11 million in payments against reserves for restructuring charges, our cash provided by continuing operating activities would have been \$93 million for the third quarter of 2007.

Total company capital expenditures in the third quarter of 2007 were \$179 million, \$175 million of which related to continuing operations. These capital expenditures included \$16 million for the construction of our new East Side Hospital in El Paso.

Adjusted free cash flow for continuing operations, defined below, was a negative \$82 million in the third quarter of 2007 compared to a negative \$63 million in the third quarter of 2006.

“Adjusted free cash flow,” is a non-GAAP term defined by the Company as cash provided by (used in) operating activities less capital expenditures in continuing operations and after adding back: (1) payments against reserves for restructuring charges; (2) litigation costs and settlement payments; (3) cash provided by (used in) operating activities from discontinued operations; (4) insurance recoveries for business interruption and other costs and (5) income tax refunds (payments). A reconciliation of adjusted free cash flow to net cash provided by (used in) operating activities is provided at the end of this release.

Significant cash flow items excluded from the above definition of adjusted free cash flow included:

- (1) \$34 million of proceeds from asset sales, including (a) \$6 million from the sale of a Medicare HMO in Philadelphia, (b) \$15 million from the sale of Roxborough Memorial Hospital

- and Warminster Hospital, both in the Philadelphia area, and (c) \$13 million from the sale of various assets related to the expiration of a lease with the Metrocrest Hospital Authority (MHA) to operate two Dallas hospitals;
- (2) \$32 million received from the cash surrender value of certain life insurance policies; and,
 - (3) \$31 million of investment proceeds from the MHA bonds we own related to the two Dallas hospitals whose leases expired during the third quarter. Essentially, the source of these proceeds was the Company's final payment of \$31 million under the lease agreement, \$21 million of which is classified as a financing outflow.

Liquidity

Total debt was \$4.767 billion at September 30, 2007, a decrease of \$19 million from total debt on June 30, 2007, of \$4.786 billion. The decrease in total debt relates to capitalized leases on two leased facilities divested during the third quarter. Net debt, a non-GAAP measure defined as total debt, less cash and cash equivalents of \$655 million at September 30, 2007, and \$675 million at June 30, 2007, was \$4.112 billion at September 30, 2007, and \$4.111 billion at June 30, 2007.

Income Taxes

The income tax expense of \$10 million in the third quarter of 2007 related to continuing operations includes a \$1 million tax benefit before the valuation allowance for deferred tax assets and \$11 million of tax expense primarily related to changes in the valuation allowance for deferred tax assets and other tax adjustments.

Discontinued Operations

The loss from discontinued operations for the third quarter of 2007 was \$24 million after-tax, or \$0.05 cents per share.

Outlook for Fourth Quarter of 2007

On August 7 the Company provided a revised Outlook for 2007 adjusted EBITDA in the range of \$675 million to \$725 million and net loss in the range of \$76 to \$26 million. A reconciliation of the Outlook for 2007 net loss to adjusted EDITDA is provided at the end of this release. For the nine months

ended September 30, 2007, adjusted EBITDA is \$535 million and the net loss was \$14 million. Fourth quarter 2007 adjusted EBITDA in the range of \$140 to \$190 million, and a net loss in the range of \$62 to \$12 million, would be consistent with the 2007 Outlook range provided on August 7. At this time, the Company reconfirms this implied range for the fourth quarter and full year 2007 Outlook for adjusted EBITDA and provides reconciliation to net loss.

Management's Webcast Discussion of Third Quarter Results and Outlook

Tenet management will discuss third quarter 2007 results on a webcast scheduled to begin at 11:00 AM (ET) on November 6, 2007. This webcast may be accessed through Tenet's website at www.tenethealth.com. A set of slides has been posted to the Company's website which may be referred to during management's remarks.

Tenet Healthcare Corporation, through its subsidiaries, owns and operates acute care hospitals and related health care services. Tenet's hospitals aim to provide the best possible care to every patient who comes through their doors, with a clear focus on quality and service. Tenet can be found on the World Wide Web at www.tenethealth.com.

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Some of the statements in this release may constitute forward-looking statements. Such statements are based on our current expectations and could be affected by numerous factors and are subject to various risks and uncertainties discussed in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K for the fiscal year ended Dec. 31, 2006, our quarterly reports on Form 10-Q and periodic reports on Form 8-K. Do not rely on any forward-looking statement, as we cannot predict or control many of the factors that ultimately may affect our ability to achieve the results estimated. We make no promise to update any forward-looking statement, whether as a result of changes in underlying factors, new information, future events or otherwise.

TENET HEALTHCARE CORPORATION
CONSOLIDATED OPERATIONS DATA
(Unaudited)

(Dollars in millions except per share amounts)

| | <i>Three Months Ended September 30,</i> | | | | |
|--|---|---------------|------------------|---------------|---------------|
| | <u>2007</u> | <u>%</u> | <u>2006</u> | <u>%</u> | <u>Change</u> |
| Net operating revenues | \$ 2,212 | 100.0% | \$ 2,058 | 100.0% | 7.5% |
| Operating expenses: | | | | | |
| Salaries, wages and benefits | (983) | (44.4%) | (927) | (45.0%) | 6.0% |
| Supplies | (383) | (17.3%) | (373) | (18.1%) | 2.7% |
| Provision for doubtful accounts | (159) | (7.2%) | (149) | (7.2%) | 6.7% |
| Other operating expenses, net | (510) | (23.1%) | (495) | (24.1%) | 3.0% |
| Depreciation | (83) | (3.7%) | (76) | (3.7%) | 9.2% |
| Amortization | (8) | (0.4%) | (6) | (0.3%) | 33.3% |
| Impairment of long-lived assets and goodwill, and restructuring charges, net of insurance recoveries | (13) | (0.6%) | (1) | (0.1%) | |
| Hurricane insurance recoveries, net of costs | — | — | 4 | 0.2% | |
| Litigation and investigation costs | (3) | (0.1%) | (7) | (0.3%) | |
| Operating income | 70 | 3.2% | 28 | 1.4% | |
| Interest expense | (105) | | (104) | | |
| Investment earnings | 10 | | 15 | | |
| Minority interests | — | | (1) | | |
| Loss from continuing operations, before income taxes | (25) | | (62) | | |
| Income tax benefit (expense) | (10) | | 43 | | |
| Loss from continuing operations, before discontinued operations | (35) | | (19) | | |
| Discontinued operations: | | | | | |
| Loss from operations | (11) | | (24) | | |
| Impairment of long-lived assets and goodwill, and restructuring charges, net of insurance recoveries | (6) | | — | | |
| Hurricane insurance recoveries, net of costs | — | | (6) | | |
| Litigation settlements, net of insurance recoveries | — | | — | | |
| Net gain (loss) on sales of facilities | (5) | | 3 | | |
| Income tax expense | (2) | | (43) | | |
| Loss from discontinued operations, net of tax | (24) | | (70) | | |
| Net loss | \$ (59) | | \$ (89) | | |
| Diluted loss per common share and common equivalent share: | | | | | |
| Continuing operations | \$ (0.07) | | \$ (0.04) | | |
| Discontinued operations | (0.05) | | (0.15) | | |
| | <u>\$ (0.12)</u> | | <u>\$ (0.19)</u> | | |
| Weighted average shares outstanding (in thousands): | 473,984 | | 471,227 | | |

TENET HEALTHCARE CORPORATION
CONSOLIDATED OPERATIONS DATA
(Unaudited)

(Dollars in millions except per share amounts)

| | <i>Nine Months Ended September 30,</i> | | | | |
|---|--|---------------|------------------|---------------|---------------|
| | <u>2007</u> | <u>%</u> | <u>2006</u> | <u>%</u> | <u>Change</u> |
| Net operating revenues | \$ 6,601 | 100.0% | \$ 6,337 | 100.0% | 4.2% |
| Operating expenses: | | | | | |
| Salaries, wages and benefits | (2,941) | (44.5%) | (2,817) | (44.4%) | 4.4% |
| Supplies | (1,167) | (17.7%) | (1,154) | (18.2%) | 1.1% |
| Provision for doubtful accounts | (433) | (6.5%) | (385) | (6.1%) | 12.5% |
| Other operating expenses, net | (1,525) | (23.1%) | (1,439) | (22.7%) | 6.0% |
| Depreciation | (245) | (3.7%) | (226) | (3.6%) | 8.4% |
| Amortization | (24) | (0.4%) | (18) | (0.3%) | 33.3% |
| Impairment of long-lived assets and goodwill, and restructuring charges, net of insurance recoveries | (24) | (0.4%) | (26) | (0.4%) | |
| Hurricane insurance recoveries, net of costs | — | — | 14 | 0.2% | |
| Litigation and investigation costs | (1) | (0.1%) | (751) | (11.8%) | |
| Operating income (loss) | 241 | 3.6% | (465) | (7.3%) | |
| Interest expense | (315) | | (306) | | |
| Investment earnings | 36 | | 49 | | |
| Minority interests | (3) | | (2) | | |
| Net gains on sales of investments | — | | 2 | | |
| Loss from continuing operations, before income taxes | (41) | | (722) | | |
| Income tax benefit | 78 | | 291 | | |
| Income (loss) from continuing operations, before discontinued operations and cumulative effect of change in accounting principle | 37 | | (431) | | |
| Discontinued operations: | | | | | |
| Loss from operations | (46) | | (47) | | |
| Impairment of long-lived assets and goodwill, and restructuring charges, net of insurance recoveries | (18) | | (107) | | |
| Hurricane insurance recoveries, net of costs | — | | 187 | | |
| Litigation settlements, net of insurance recoveries | — | | 24 | | |
| Net gain (loss) on sales of facilities | (4) | | 2 | | |
| Income tax (expense) benefit | 17 | | (47) | | |
| Income (loss) from discontinued operations, net of tax | (51) | | 12 | | |
| Loss before cumulative effect of change in accounting principle | (14) | | (419) | | |
| Cumulative effect of change in accounting principle, net of tax | — | | 2 | | |
| Net loss | \$ (14) | | \$ (417) | | |
| Diluted earnings (loss) per common share and common equivalent share: | | | | | |
| Continuing operations | \$ 0.08 | | \$ (0.92) | | |
| Discontinued operations | (0.11) | | 0.03 | | |
| Cumulative effect of change in accounting principle, net of tax | — | | — | | |
| | <u>\$ (0.03)</u> | | <u>\$ (0.89)</u> | | |
| Weighted average shares and dilutive securities (if applicable) outstanding (in thousands): | | | | | |
| Basic | 473,111 | | 470,635 | | |
| Diluted | 474,506 | | 470,635 | | |

TENET HEALTHCARE CORPORATION
BALANCE SHEET DATA
(Unaudited)

| <i>(Dollars in Millions)</i> | ASSETS | <u>September 30, 2007</u> | <u>December 31, 2006</u> |
|---|---|-------------------------------|------------------------------|
| Current assets: | | | |
| | Cash and cash equivalents | \$ 655 | \$ 784 |
| | Investments in marketable debt securities | 34 | 39 |
| | Accounts receivable, less allowance for doubtful accounts | 1,354 | 1,413 |
| | Inventories of supplies, at cost | 181 | 184 |
| | Income tax receivable | 5 | 171 |
| | Deferred income taxes | 71 | 69 |
| | Assets held for sale | 60 | 119 |
| | Other current assets | 233 | 246 |
| | Total current assets | 2,593 | 3,025 |
| | Investments and other assets | 369 | 383 |
| | Property and equipment, at cost, less accumulated depreciation and amortization | 4,403 | 4,299 |
| | Goodwill | 600 | 601 |
| | Other intangible assets, at cost, less accumulated amortization | 270 | 231 |
| | Total assets | \$ 8,235 | \$ 8,539 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities: | | | |
| | Current portion of long-term debt | \$ 1 | \$ 22 |
| | Accounts payable | 637 | 775 |
| | Accrued compensation and benefits | 362 | 390 |
| | Professional and general liability reserves | 148 | 145 |
| | Accrued interest payable | 110 | 130 |
| | Accrued legal settlement costs | 113 | 71 |
| | Other current liabilities | 502 | 392 |
| | Total current liabilities | 1,873 | 1,925 |
| | Long-term debt, net of current portion | 4,766 | 4,760 |
| | Professional and general liability reserves | 565 | 586 |
| | Accrued legal settlement costs | 185 | 251 |
| | Other long-term liabilities and minority interests | 646 | 646 |
| | Deferred income taxes | 99 | 107 |
| | Total liabilities | 8,134 | 8,275 |
| | Commitments and contingencies | | |
| Shareholders' equity: | | | |
| | Common stock | 26 | 26 |
| | Additional paid-in capital | 4,401 | 4,372 |
| | Accumulated other comprehensive loss | (45) | (45) |
| | Accumulated deficit | (2,802) | (2,610) |
| | Less common stock in treasury, at cost | (1,479) | (1,479) |
| | Total shareholders' equity | 101 | 264 |
| | Total liabilities and shareholders' equity | \$ 8,235 | \$ 8,539 |

TENET HEALTHCARE CORPORATION
CASH FLOW DATA
(Unaudited)

| <i>(Dollars in Millions)</i> | <i>Nine Months Ended September 30,</i> | |
|---|--|-----------------|
| | <u>2007</u> | <u>2006</u> |
| Net loss | \$ (14) | \$ (417) |
| Adjustments to reconcile net loss to net cash from operating activities: | | |
| Depreciation and amortization | 269 | 244 |
| Provision for doubtful accounts | 433 | 385 |
| Deferred income tax benefit | (2) | (2) |
| Stock-based compensation charges | 31 | 34 |
| Impairment of long-lived assets and goodwill, and restructuring charges, net of insurance recoveries | 24 | 26 |
| Litigation and investigation costs | 1 | 751 |
| Pre-tax (income) loss from discontinued operations | 68 | (59) |
| Cumulative effect of change in accounting principle | — | (2) |
| Other items, net | (11) | (12) |
| Increases (decreases) in cash from changes in operating assets and liabilities: | | |
| Accounts receivable | (487) | (345) |
| Inventories and other current assets | (8) | (31) |
| Income taxes | 74 | (270) |
| Accounts payable, accrued expenses and other current liabilities | (151) | (227) |
| Other long-term liabilities | 23 | 32 |
| Insurance recoveries for business interruption and other costs | — | 161 |
| Payments against reserves for restructuring charges and litigation costs and settlements | (39) | (683) |
| Net cash provided by (used in) operating activities from discontinued operations, excluding income taxes | 3 | (26) |
| Net cash provided by (used in) operating activities | 214 | (441) |
| Cash flows from investing activities: | | |
| Purchases of property and equipment: | | |
| Continuing operations | (386) | (338) |
| Discontinued operations | (11) | (48) |
| Purchase of business or joint venture interest | (36) | (28) |
| Construction of new hospitals | (43) | (5) |
| Proceeds from sales of facilities and other assets – discontinued operations | 83 | 161 |
| Proceeds from sales of marketable securities, long-term investments and other assets | 652 | 19 |
| Purchases of marketable securities | (644) | (18) |
| Proceeds from hospital authority bonds | 31 | 4 |
| Proceeds from cash surrender value of insurance policies | 32 | — |
| Insurance recoveries for property damage | — | 115 |
| Other items, net | (1) | 16 |
| Net cash used in investing activities | (323) | (122) |
| Cash flows from financing activities: | | |
| Repayments of borrowings | (21) | (3) |
| Other items, net | 1 | 2 |
| Net cash used in financing activities | (20) | (1) |
| Net decrease in cash and cash equivalents | (129) | (564) |
| Cash and cash equivalents at beginning of period | 784 | 1,373 |
| Cash and cash equivalents at end of period | \$ 655 | \$ 809 |
| Supplemental disclosures: | | |
| Interest paid, net of capitalized interest | \$ (314) | \$ (312) |
| Income tax (payments) refunds, net | \$ 168 | \$ (28) |

TENET HEALTHCARE CORPORATION
SELECTED STATISTICS – CONTINUING SAME HOSPITALS
Three and Nine Months Ended September 30, 2007 and 2006
(Unaudited)

*(Dollars in millions except per patient day,
per admission and per visit amounts)*

| | <i>Three Months Ended September 30,</i> | | | <i>Nine Months Ended September 30,</i> | | |
|--|---|-------------|---------------|--|-------------|---------------|
| | <i>2007</i> | <i>2006</i> | <i>Change</i> | <i>2007</i> | <i>2006</i> | <i>Change</i> |
| Net inpatient revenues | \$ 1,481 | \$ 1,385 | 6.9% | \$ 4,446 | \$ 4,332 | 2.6% |
| Net outpatient revenues | \$ 649 | \$ 600 | 8.2% | \$ 1,926 | \$ 1,792 | 7.5% |
| Number of general hospitals (at end of period) | 53 | 53 | — | 53 | 53 | — |
| Licensed beds (at end of period) | 14,445 | 14,283 | 1.1% | 14,445 | 14,283 | 1.1% |
| Average licensed beds | 14,348 | 14,309 | 0.3% | 14,315 | 14,392 | (0.5)% |
| Utilization of licensed beds | 50.7% | 51.6% | (0.9)% | 53.0% | 54.1% | (1.1)% |
| Patient days | 669,613 | 679,018 | (1.4)% | 2,073,106 | 2,124,408 | (2.4)% |
| Adjusted patient days | 963,326 | 964,434 | (0.1)% | 2,953,893 | 2,987,323 | (1.1)% |
| Net inpatient revenue per patient day | \$ 2,212 | \$ 2,040 | 8.4% | \$ 2,145 | \$ 2,039 | 5.2% |
| Admissions | 135,979 | 137,040 | (0.8)% | 416,182 | 422,175 | (1.4)% |
| Adjusted patient admissions | 196,984 | 196,078 | 0.5% | 596,782 | 598,329 | (0.3)% |
| Net inpatient revenue per admission | \$ 10,891 | \$ 10,107 | 7.8% | \$ 10,683 | \$ 10,261 | 4.1% |
| Average length of stay (days) | 4.9 | 5.0 | (0.1) | 5.0 | 5.0 | — |
| Surgeries | 97,762 | 98,133 | (0.4)% | 291,657 | 302,795 | (3.7)% |
| Net outpatient revenue per visit | \$ 653 | \$ 595 | 9.7% | \$ 636 | \$ 579 | 9.8% |
| Outpatient visits | 994,184 | 1,008,276 | (1.4)% | 3,029,372 | 3,095,440 | (2.1)% |
| Sources of net patient revenue | | | | | | |
| Medicare | 25.1% | 24.8% | 0.3% | 25.9% | 26.7% | (0.8)% |
| Medicaid | 9.1% | 8.6% | 0.5% | 8.4% | 8.8% | (0.4)% |
| Managed care governmental | 11.5% | 11.6% | (0.1)% | 11.9% | 10.9% | 1.0% |
| Managed care commercial | 42.0% | 42.5% | (0.5)% | 41.8% | 41.7% | 0.1% |
| Indemnity, self-pay and other | 12.3% | 12.5% | (0.2)% | 12.0% | 11.9% | 0.1% |

* This change is the difference between the 2007 and 2006 amounts shown

TENET HEALTHCARE CORPORATION
SELECTED STATISTICS – CONTINUING TOTAL HOSPITALS
Three and Nine Months Ended September 30, 2007 and 2006
(Unaudited)

*(Dollars in millions except per patient day,
per admission and per visit amounts)*

| | <i>Three Months Ended September 30,</i> | | | <i>Nine Months Ended September 30,</i> | | | |
|--|---|-------------|---------------|--|-------------|---------------|---|
| | <i>2007</i> | <i>2006</i> | <i>Change</i> | <i>2007</i> | <i>2006</i> | <i>Change</i> | |
| Net inpatient revenues | \$ 1,484 | \$ 1,385 | 7.1% | \$ 4,450 | \$ 4,332 | 2.7% | |
| Net outpatient revenues | \$ 654 | \$ 600 | 9.0% | \$ 1,930 | \$ 1,792 | 7.7% | |
| Number of general hospitals (at end of period) | 54 | 53 | 1 | 54 | 53 | 1 | * |
| Licensed beds (at end of period) | 14,486 | 14,283 | 1.4% | 14,486 | 14,283 | 1.4% | |
| Average licensed beds | 14,389 | 14,309 | 0.6% | 14,333 | 14,392 | (0.4)% | |
| Utilization of licensed beds | 50.7% | 51.6% | (0.9)% | 53.0% | 54.1% | (1.1)% | * |
| Patient days | 671,502 | 679,018 | (1.1)% | 2,074,995 | 2,124,408 | (2.3)% | |
| Adjusted patient days | 968,418 | 964,434 | 0.4% | 2,958,985 | 2,987,323 | (0.9)% | |
| Net inpatient revenue per patient day | \$ 2,210 | \$ 2,040 | 8.3% | \$ 2,145 | \$ 2,039 | 5.2% | |
| Admissions | 136,373 | 137,040 | (0.5)% | 416,576 | 422,175 | (1.3)% | |
| Adjusted patient admissions | 198,046 | 196,078 | 1.0% | 597,845 | 598,329 | (0.1)% | |
| Net inpatient revenue per admission | \$ 10,882 | \$ 10,107 | 7.7% | \$ 10,682 | \$ 10,261 | 4.1% | |
| Average length of stay (days) | 4.9 | 5.0 | (0.1) | 5.0 | 5.0 | — | * |
| Surgeries | 98,240 | 98,133 | 0.1% | 292,135 | 302,795 | (3.5)% | |
| Net outpatient revenue per visit | \$ 651 | \$ 595 | 9.4% | \$ 635 | \$ 579 | 9.7% | |
| Outpatient visits | 1,004,577 | 1,008,276 | (0.4)% | 3,039,765 | 3,095,440 | (1.8)% | |
| Sources of net patient revenue | | | | | | | |
| Medicare | 25.1% | 24.8% | 0.3% | 25.9% | 26.7% | (0.8)% | * |
| Medicaid | 9.1% | 8.6% | 0.5% | 8.4% | 8.8% | (0.4)% | * |
| Managed care governmental | 11.5% | 11.6% | (0.1)% | 11.9% | 10.9% | 1.0% | * |
| Managed care commercial | 42.0% | 42.5% | (0.5)% | 41.8% | 41.7% | 0.1% | * |
| Indemnity, self-pay and other | 12.3% | 12.5% | (0.2)% | 12.0% | 11.9% | 0.1% | * |

* This change is the difference between the 2007 and 2006 amounts shown

TENET HEALTHCARE CORPORATION
CONSOLIDATED OPERATIONS DATA
Fiscal 2007 by Calendar Quarter
(Unaudited)

(Dollars in millions except per share amounts)

| | <i>Three Months Ended</i> | | | <i>Nine Months Ended</i> |
|--|---------------------------|------------------|-----------------|--------------------------|
| | <u>3/31/07</u> | <u>6/30/07</u> | <u>9/30/07</u> | <u>9/30/07</u> |
| Net operating revenues | \$ 2,218 | \$ 2,171 | \$ 2,212 | \$ 6,601 |
| Operating expenses: | | | | |
| Salaries, wages and benefits | (992) | (966) | (983) | (2,941) |
| Supplies | (395) | (389) | (383) | (1,167) |
| Provision for doubtful accounts | (133) | (141) | (159) | (433) |
| Other operating expenses, net | (504) | (511) | (510) | (1,525) |
| Depreciation | (81) | (81) | (83) | (245) |
| Amortization | (8) | (8) | (8) | (24) |
| Impairment of long-lived assets and goodwill, and restructuring charges, net of insurance recoveries | (3) | (8) | (13) | (24) |
| Litigation and investigations (costs) benefit | 1 | 1 | (3) | (1) |
| Operating income | 103 | 68 | 70 | 241 |
| Interest expense | (105) | (105) | (105) | (315) |
| Investment earnings | 11 | 15 | 10 | 36 |
| Minority interests | (2) | (1) | — | (3) |
| Income (loss) from continuing operations, before income taxes | 7 | (23) | (25) | (41) |
| Income tax (expense) benefit | 84 | 4 | (10) | 78 |
| Income (loss) from continuing operations, before discontinued operations | 91 | (19) | (35) | 37 |
| Discontinued operations: | | | | |
| Loss from operations | (27) | (8) | (11) | (46) |
| Impairment of long-lived assets and goodwill, and restructuring charges | (9) | (3) | (6) | (18) |
| Net gain (loss) on sales of facilities | (1) | 2 | (5) | (4) |
| Income tax (expense) benefit | 21 | (2) | (2) | 17 |
| Loss from discontinued operations, net of tax | (16) | (11) | (24) | (51) |
| Net income (loss) | \$ 75 | \$ (30) | \$ (59) | \$ (14) |
| Basic and diluted earnings (loss) per common share and common equivalent share: | | | | |
| Continuing operations | \$ 0.19 | \$ (0.04) | (0.07) | \$ 0.08 |
| Discontinued operations | (0.03) | (0.02) | (0.05) | (0.11) |
| | <u>\$ 0.16</u> | <u>\$ (0.06)</u> | <u>(0.12)</u> | <u>\$ (0.03)</u> |
| Weighted average shares and dilutive securities (if applicable) outstanding (in thousands): | | | | |
| Basic | 474,136 | 473,212 | 473,984 | 473,111 |
| Diluted | 474,326 | 473,212 | 473,984 | 474,506 |

TENET HEALTHCARE CORPORATION
 SELECTED STATISTICS – CONTINUING SAME HOSPITALS
 Fiscal 2007 by Calendar Quarter
 (Unaudited)

*(Dollars in millions except per patient day,
 per admission and per visit amounts)*

| | <i>Three Months Ended</i> | | | <i>Nine Months Ended</i> |
|--|---------------------------|----------------|----------------|--------------------------|
| | <i>3/31/07</i> | <i>6/30/07</i> | <i>9/30/07</i> | <i>9/30/07</i> |
| Net inpatient revenues | \$ 1,505 | \$ 1,460 | \$ 1,481 | \$ 4,446 |
| Net outpatient revenues | \$ 634 | \$ 643 | \$ 649 | \$ 1,926 |
| Number of general hospitals (at end of period) | 53 | 53 | 53 | 53 |
| Licensed beds (at end of period) | 14,299 | 14,292 | 14,445 | 14,399 |
| Average licensed beds | 14,295 | 14,302 | 14,348 | 14,315 |
| Utilization of licensed beds | 56.5% | 51.9% | 50.7% | 53.0% |
| Patient days | 727,399 | 676,094 | 669,613 | 2,073,106 |
| Adjusted patient days | 1,019,543 | 971,024 | 963,326 | 2,953,893 |
| Net inpatient revenue per patient day | \$ 2,069 | \$ 2,159 | \$ 2,212 | \$ 2,145 |
| Admissions | 144,264 | 135,939 | 135,979 | 416,182 |
| Adjusted patient admissions | 203,224 | 196,574 | 196,984 | 596,782 |
| Net inpatient revenue per admission | \$ 10,432 | \$ 10,740 | \$ 10,891 | \$ 10,683 |
| Average length of stay (days) | 5.0 | 5.0 | 4.9 | 5.0 |
| Surgeries | 97,019 | 96,876 | 97,762 | 291,657 |
| Net outpatient revenue per visit | \$ 617 | \$ 638 | \$ 653 | \$ 636 |
| Outpatient visits | 1,027,997 | 1,007,191 | 994,184 | 3,029,372 |
| Sources of net patient revenue | | | | |
| Medicare | 27.3% | 25.1% | 25.1% | 25.9% |
| Medicaid | 7.0% | 9.0% | 9.1% | 8.4% |
| Managed care governmental | 12.7% | 11.5% | 11.5% | 11.9% |
| Managed care commercial | 41.5% | 41.7% | 42.0% | 41.8% |
| Indemnity, self-pay and other | 11.5% | 12.7% | 12.3% | 12.0% |

TENET HEALTHCARE CORPORATION
CONSOLIDATED OPERATIONS DATA
Fiscal 2006 by Calendar Quarter
(Unaudited)

(Dollars in millions except per share amounts)

| | <i>Three Months Ended</i> | | | | <i>Year Ended</i> |
|---|---------------------------|------------------|------------------|------------------|-------------------|
| | <i>3/31/06</i> | <i>6/30/06</i> | <i>9/30/06</i> | <i>12/31/06</i> | <i>12/31/06</i> |
| Net operating revenues | \$ 2,145 | \$ 2,134 | \$ 2,058 | \$ 2,116 | \$ 8,453 |
| Operating expenses: | | | | | |
| Salaries, wages and benefits | (953) | (937) | (927) | (958) | (3,775) |
| Supplies | (396) | (385) | (373) | (378) | (1,532) |
| Provision for doubtful accounts | (116) | (120) | (149) | (117) | (502) |
| Other operating expenses, net | (464) | (480) | (495) | (510) | (1,949) |
| Depreciation | (75) | (75) | (76) | (83) | (309) |
| Amortization | (6) | (6) | (6) | (10) | (28) |
| Impairment of long-lived assets and goodwill, and restructuring charges, net of insurance recoveries | 2 | (27) | (1) | (312) | (338) |
| Hurricane insurance recoveries, net of costs | (3) | 13 | 4 | — | 14 |
| Litigation and investigation costs | (16) | (728) | (7) | (15) | (766) |
| Operating income (loss) | 118 | (611) | 28 | (267) | (732) |
| Interest expense | (101) | (101) | (104) | (102) | (408) |
| Investment earnings | 17 | 17 | 15 | 13 | 62 |
| Minority interests | (1) | — | (1) | (2) | (4) |
| Net gains on sales of investments | 2 | — | — | 3 | 5 |
| Income (loss) from continuing operations, before income taxes | 35 | (695) | (62) | (355) | (1,077) |
| Income tax (expense) benefit | (4) | 252 | 43 | (29) | 262 |
| Income (loss) from continuing operations, before discontinued operations and cumulative effect of change in accounting principle | 31 | (443) | (19) | (384) | (815) |
| Discontinued operations: | | | | | |
| Income (loss) from operations | 2 | (25) | (24) | (26) | (73) |
| Hurricane insurance recoveries, net of costs | (1) | 194 | (6) | (1) | 186 |
| Impairment of long-lived assets and goodwill, and restructuring charges, net of insurance recoveries | (6) | (101) | — | (33) | (140) |
| Litigation settlements, net of insurance recoveries | 45 | (21) | — | 11 | 35 |
| Net gain (loss) on sales of facilities | — | (1) | 3 | 13 | 15 |
| Income tax (expense) benefit | (3) | (1) | (43) | 34 | (13) |
| Income (loss) from discontinued operations, net of tax | 37 | 45 | (70) | (2) | 10 |
| Income (loss) before cumulative effect of change in accounting principle | 68 | (398) | (89) | (386) | (805) |
| Cumulative effect of change in accounting principle, net of tax | 2 | — | — | — | 2 |
| Net income (loss) | \$ 70 | \$ (398) | \$ (89) | \$ (386) | \$ (803) |
| Basic and diluted earnings (loss) per common share and common equivalent share: | | | | | |
| Continuing operations | \$ 0.07 | \$ (0.94) | \$ (0.04) | \$ (0.81) | \$ (1.73) |
| Discontinued operations | 0.08 | 0.09 | (0.15) | (0.01) | 0.02 |
| Cumulative effect of change in accounting principle, net of tax | — | — | — | — | — |
| | \$ 0.15 | \$ (0.85) | \$ (0.19) | \$ (0.82) | \$ (1.71) |
| Weighted average shares and dilutive securities (if applicable) outstanding (in thousands): | | | | | |
| Basic | 470,069 | 470,608 | 471,227 | 471,484 | 470,847 |
| Diluted | 470,745 | 470,608 | 471,227 | 471,484 | 470,847 |

TENET HEALTHCARE CORPORATION
 SELECTED STATISTICS – CONTINUING SAME HOSPITALS
 Fiscal 2006 by Calendar Quarter
 (Unaudited)

*(Dollars in millions except per patient day, per admission
 and per visit amounts)*

| | <i>Three Months Ended</i> | | | | <i>Year Ended</i> |
|--|---------------------------|----------------|----------------|-----------------|-----------------------|
| | <i>3/31/06</i> | <i>6/30/06</i> | <i>9/30/06</i> | <i>12/31/06</i> | <i>12/31/06</i> |
| Net inpatient revenues | \$ 1,500 | \$ 1,447 | \$ 1,385 | \$ 1,457 | \$ 5,789 |
| Net outpatient revenues | \$ 582 | \$ 610 | \$ 600 | \$ 601 | \$ 2,393 |
| Number of general hospitals (at end of period) | 53 | 53 | 53 | 53 | 53 |
| Licensed beds (at end of period) | 14,456 | 14,389 | 14,283 | 14,283 | 14,283 |
| Average licensed beds | 14,456 | 14,412 | 14,309 | 14,283 | 14,366 |
| Utilization of licensed beds | 57.7% | 53.0% | 51.6% | 52.4% | 53.6% |
| Patient days | 750,685 | 694,705 | 679,018 | 688,332 | 2,812,740 |
| Adjusted patient days | 1,039,726 | 983,162 | 964,434 | 971,366 | 3,958,689 |
| Net inpatient revenue per patient day | \$ 1,998 | \$ 2,083 | \$ 2,040 | \$ 2,117 | \$ 2,058 |
| Admissions | 146,188 | 138,947 | 137,040 | 139,023 | 561,198 |
| Adjusted patient admissions | 204,000 | 198,251 | 196,078 | 197,521 | 795,850 |
| Net inpatient revenue per admission | \$ 10,261 | \$ 10,414 | \$ 10,107 | \$ 10,480 | \$ 10,315 |
| Average length of stay (days) | 5.1 | 5.0 | 5.0 | 5.0 | 5.0 |
| Surgeries | 102,649 | 102,013 | 98,133 | 96,556 | 399,351 |
| Net outpatient revenue per visit | \$ 555 | \$ 588 | \$ 595 | \$ 597 | \$ 583 |
| Outpatient visits | 1,048,933 | 1,038,231 | 1,008,276 | 1,007,147 | 4,102,587 |
| Sources of net patient revenue | | | | | |
| Medicare | 28.4% | 26.9% | 24.8% | 26.4% | 26.6% |
| Medicaid | 8.3% | 9.4% | 8.6% | 9.1% | 8.9% |
| Managed care governmental | 10.4% | 10.8% | 11.6% | 11.7% | 11.1% |
| Managed care commercial | 41.0% | 41.4% | 42.5% | 40.3% | 41.3% |
| Indemnity, self-pay and other | 11.9% | 11.5% | 12.4% | 12.5% | 12.1% |

(1) Reconciliation of Adjusted EBITDA

Adjusted EBITDA, a non-GAAP term, is defined by the Company as net income (loss) before (1) cumulative effect of change in accounting principle, net of tax, (2) income (loss) from discontinued operations, net of tax, (3) income taxes, (4) net gains on sales of investments (5) minority interests, (6) investment earnings, (7) interest expense, (8) litigation costs, (9) hurricane insurance recoveries, net of costs, (10) impairment of long-lived assets and goodwill and restructuring charges, net of insurance recoveries, (11) amortization, and (12) depreciation. Adjusted EBITDA may not be comparable to EBITDA reported by other companies.

The Company provides this information as a supplement to GAAP information to assist itself and investors in understanding the impact of various items on its financial statements, some of which are recurring or involve cash payments. The Company uses this information in its analysis of the performance of its business excluding items that it does not consider as relevant in the performance of its hospitals in continuing operations. Adjusted EBITDA is not a measure of liquidity, but is a measure of operating performance that management uses in its business as an alternative to net income (loss). Because adjusted EBITDA excludes many items that are included in our financial statements, it does not provide a complete measure of our operating performance. Accordingly investors are encouraged to use GAAP measures when evaluating the Company's financial performance.

The reconciliation of net income (loss), the most comparable GAAP term, to adjusted EBITDA, is set forth in the following table for the three and nine months ended September 30, 2007 and 2006.

(2) Reconciliation of Adjusted Free Cash Flow

Adjusted free cash flow, a non-GAAP term, is defined by the Company as net cash flow provided by (used in) operating activities less (1) capital expenditures in continuing operations, (2) new hospital construction expenditures, (3) income tax refunds (payments), (4) cash flows from discontinued operations, (5) insurance recoveries reflected in cash flows from operating activities, and (6) payments against reserves for restructuring charges and litigation costs and settlements. The Company believes the use of adjusted free cash flow is meaningful as the use of this financial measure provides the Company and the users of its financial statements with supplemental information about the impact on the company's cash flows from the items specified above. The Company provides this information as a supplement to GAAP information to assist itself and investors in understanding the impact of various items on its cash flows, some of which are recurring. The Company uses this information in its analysis of its cash flows excluding items that it does not consider relevant to the liquidity of its hospitals in continuing operations or that relate to capital expenditures for construction. Adjusted free cash flow is a measure of liquidity that management uses in its business as an alternative to net cash provided by (used in) operating activities. Because adjusted free cash flow excludes many items that are included in our financial statements, it does not provide a complete measure of our liquidity. Accordingly, investors are encouraged to use GAAP measures when evaluating the Company's financial performance or liquidity. The reconciliation of net cash provided by (used) in operating activities, the most comparable GAAP term, to adjusted free cash flow is set forth in the second table below for the three and nine months ended September 30, 2007 and 2006.

TENET HEALTHCARE CORPORATION
Additional Supplemental Non-GAAP Disclosures

Table #1 - Reconciliation of Adjusted EBITDA

Dollars in Millions
(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|---------------|------------------------------------|---------------|
| | 2007 | 2006 | 2007 | 2006 |
| <i>(Dollars in millions)</i> | | | | |
| Net loss | \$ (59) | \$ (89) | \$ (14) | \$ (417) |
| Less: Cumulative effect of change in accounting principle, net of tax | — | — | — | 2 |
| Income (loss) from discontinued operations, net of tax | (24) | (70) | (51) | 12 |
| Income (loss) from continuing operations | (35) | (19) | 37 | (431) |
| Income tax (expense) benefit | (10) | 43 | 78 | 291 |
| Net gains on sale of investments | — | — | — | 2 |
| Minority interests | — | (1) | (3) | (2) |
| Investment earnings | 10 | 15 | 36 | 49 |
| Interest expense | (105) | (104) | (315) | (306) |
| Operating income (loss) | 70 | 28 | 241 | (465) |
| Litigation and investigation costs | (3) | (7) | (1) | (751) |
| Hurricane insurance recoveries, net of costs | — | 4 | — | 14 |
| Impairment of long-lived assets and goodwill and restructuring charges, net of insurance recoveries | (13) | (1) | (24) | (26) |
| Amortization | (8) | (6) | (24) | (18) |
| Depreciation | (83) | (76) | (245) | (226) |
| Adjusted EBITDA | \$ 177 | \$ 114 | \$ 535 | \$ 542 |
| Net operating revenues | \$2,212 | \$2,058 | \$6,601 | \$6,337 |
| Adjusted EBITDA as % of net operating revenues (Adjusted EBITDA margin) | 8.0% | 5.5% | 8.1% | 8.6% |

Additional Supplemental Non-GAAP Disclosures

Table #2 - Reconciliation of Adjusted Free Cash Flow

(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|----------------|------------------------------------|-----------------|
| | 2007 | 2006 | 2007 | 2006 |
| <i>(Dollars in millions)</i> | | | | |
| Net cash provided by (used in) in operating activities | \$ 83 | \$ 200 | \$ 214 | \$ (441) |
| Less: | | | | |
| Income tax (payments) refunds, net | — | (25) | 168 | (28) |
| Insurance recoveries for business interruption and other costs | — | 161 | — | 161 |
| Payments against reserves for restructuring charges and litigation costs and settlements | (11) | (19) | (39) | (683) |
| Cash provided by (used in) operating activities from discontinued operations | 1 | 15 | 3 | (26) |
| Adjusted net cash provided by operating activities | 93 | 68 | 82 | 135 |
| Purchases of property and equipment – continuing operations | (159) | (126) | (386) | (338) |
| Construction of new hospitals | (16) | (5) | (43) | (5) |
| Adjusted free cash flow - continuing operations | \$ (82) | \$ (63) | \$ (347) | \$ (208) |

TENET HEALTHCARE CORPORATION
Additional Supplemental Non-GAAP Disclosures
**Table #3 - Reconciliation of Outlook Adjusted EBITDA
to Outlook Net Loss for Year Ending December 31, 2007**
Dollars in Millions
(Unaudited)

| | Low | High |
|---|---------------|---------------|
| Net loss | \$ (76) | \$ (26) |
| Less: Loss from discontinued operations, net of tax* | (51) | (51) |
| Income (loss) from continuing operations | (25) | 25 |
| Income tax benefit | 75 | 75 |
| Loss from continuing operations, before income taxes | (100) | (50) |
| Interest expense, net | (380) | (380) |
| Operating income | 280 | 330 |
| Litigation and investigation costs* | (1) | (1) |
| Impairment of long-lived assets and goodwill and restructuring charges* | (24) | (24) |
| Depreciation and amortization | (370) | (370) |
| Adjusted EBITDA | \$ 675 | \$ 725 |

* Management is not providing a forecast of these items for the remainder of 2007