



Q1'11

Earnings Call

May 3, 2011

Forward-Looking Statements



Certain statements contained in this presentation constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements are based on management's current expectations and involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results to be materially different from those expressed or implied by such forward-looking statements. Such factors include, among others, the following: the passage of health care reform legislation and the enactment of additional federal and state health care reform; other changes in federal, state, or local laws and regulations affecting the health care industry; general economic and business conditions, both nationally and regionally; demographic changes; changes in, or the failure to comply with, laws and governmental regulations; the ability to enter into managed care provider arrangements on acceptable terms; changes in Medicare and Medicaid payments or reimbursement; liability and other claims asserted against the Company; competition, including the Company's ability to attract patients to its hospitals; technological and pharmaceutical improvements that increase the cost of providing, or reduce the demand for, health care; changes in business strategy or development plans; the ability to attract and retain qualified personnel, including physicians, nurses and other health care professionals, and the impact on the Company's labor expenses resulting from a shortage of nurses or other health care professionals; the significant indebtedness of the Company; the Company's ability to integrate new businesses with its existing operations; the availability and terms of capital to fund the expansion of the Company's business, including the acquisition of additional facilities; the creditworthiness of counterparties to the Company's business transactions; adverse fluctuations in interest rates and other risks related to interest rate swaps or any other hedging activities the Company undertakes; the ability to continue to expand and realize earnings contributions from the Company's Conifer revenue cycle management and patient communication businesses; and its ability to identify and execute on measures designed to save or control costs or streamline operations. Certain additional risks and uncertainties are discussed in the Company's filings with the Securities and Exchange Commission, including the Company's annual report on Form 10-K and quarterly reports on Form 10-Q. The Company specifically disclaims any obligation to update any forward-looking statement, whether as a result of changes in underlying factors, new information, future events or otherwise.

Non-GAAP Information

This presentation includes certain financial measures such as Adjusted EBITDA, which are not calculated in accordance with generally accepted accounting principles (GAAP). Management recommends that you focus on the GAAP numbers as the best indicator of financial performance.

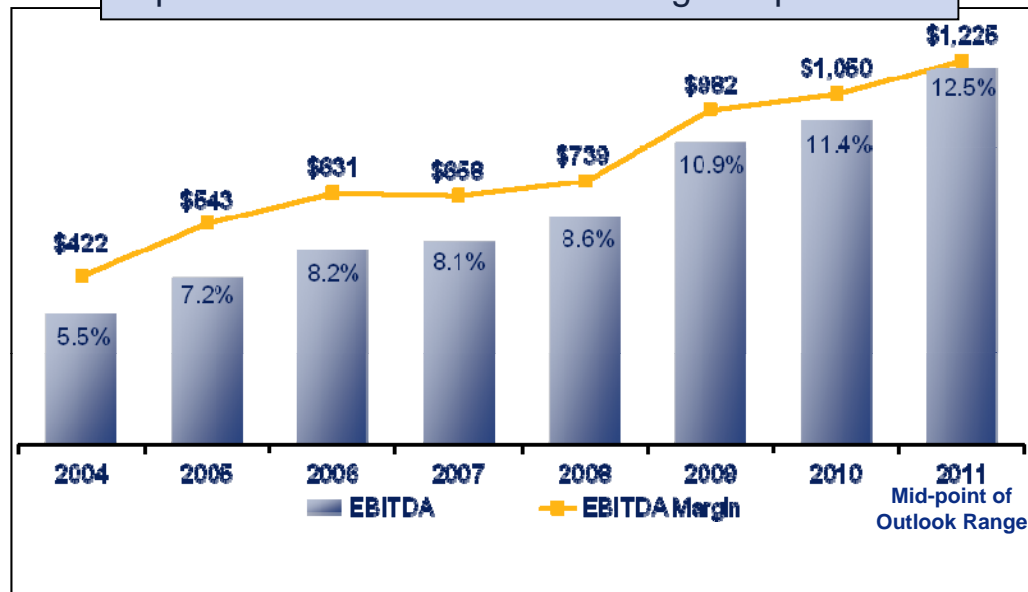
These alternative measures are provided only as a supplement to aid in analysis of the Company.

Reconciliation between non-GAAP measures and related GAAP measures can be found in Appendix A.

Raising 2011 Outlook to reflect strong Q1



Superior EBITDA Growth and Margin Expansion (1)



- **\$379mm Adjusted EBITDA for Q1'11**
 - Includes \$25mm of Medicaid HIT incentives
- **Raising 2011 Outlook by \$25mm to new range of \$1.175 - 1.275 Billion**

1. Data reflects the results of our existing 49 hospitals.

- **Inpatient**

- 0.6% admissions growth

- First positive admissions growth since Q3'09
- 2nd consecutive quarter of improving admissions trend

- 0.4% growth in paying admissions

- **Outpatient**

- 6.1% outpatient visit growth

- 6.2% paying outpatient visit growth

- 2.5% organic OP visit growth (*excluding 2010 and 2011 acquisitions*)

- All 4 regions and Philadelphia Market had outpatient visit growth
- Positive admissions growth in 3 of 4 regions and Philadelphia Market
 - Central Region only region with an admissions decline
- 2.3% growth in adjusted admissions

- Achieving price objectives from recent commercial managed care contract negotiations
- Completed pricing negotiations for:
 - 90% of 2011
 - 60% of 2012
 - 20% of 2013
- Commercial managed care pricing increases more than offset pricing pressure from reduced government reimbursement

Seven key drivers of a 16 –18% EBITDA margin

- 1** **Outpatient** Improve outpatient/inpatient mix
- 2** **Conifer** High growth/high margin revenue cycle management business focused on acute care providers
- 3** **MPI⁽¹⁾** Significant cost savings extracted from productivity and other efficiency initiatives
- 4** **Health IT** Current HIT investments necessary to achieve government's "meaningful use" will capture government incentives and contribute positive benefit to earnings beginning in 2012, while also improving clinical outcomes and operational efficiency
- 5** **Bad Debt** Economic recovery and reduced unemployment expected to decrease bad debt expense and drive margin expansion
- 6** **Operating Leverage** Available capacity and increasing volumes position Company for substantial margin expansion
- 7** **Affordable Care Act** Significant reductions in uncompensated care and increased paying volumes due to Affordable Care Act

 Tenet-specific  Macroeconomic  Industry

1. MPI = Medicare Performance Initiative.

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Outpatient



- Outpatient acquisitions closing at anticipated pricing and pacing
- 3 acquisitions closed in Q1'11, plus 2 on April 1st
 - Q2'11 expected to provide full visibility in reported results
- Pipeline for future acquisitions remains visible and attractive

- Signed two new contracts since first of the year
 - \$20mm in expected annual revenues
- Conifer and Accretive remain comparable in size and scope
 - Accretive's market value recently exceeded \$2.8 Billion
- Confidence in Conifer's capabilities and value proposition

- On track towards target of \$50mm in annual incremental savings
- 1.2% increase in supply costs PAPER provides compelling evidence of MPI's efficacy

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Health Information Technology



HIT

Clinical systems are critical to physician alignment and integration, reduction of medication errors, standardization of clinical practice and reduction of cost

(\$ in millions)

	2009	2010	2011	2012	2013	2014	2015	2016
HIT Program Expense ⁽¹⁾	\$12	\$21	\$46	\$62	\$41	\$17	–	–
Gov't HIT Incentives	–	–	\$40	\$87	\$87	\$65	\$31	\$10
EBITDA Impact	(\$12)	(\$21)	(\$6)	\$25	\$46	\$48	\$31	\$10
HIT Capital Expenditures	\$49	\$64	\$103	\$121	\$64	\$20	–	–
Foundation Systems (# Go-Live)	–	8	12	11	10	8	–	–
CPOE Systems (# Go-Live)	–	–	9	17	15	8	–	–

Penalties avoided
by achieving
"Meaningful Use"
(Net present
value of \$315mm)

Positive net impact on EBITDA starting in 2012

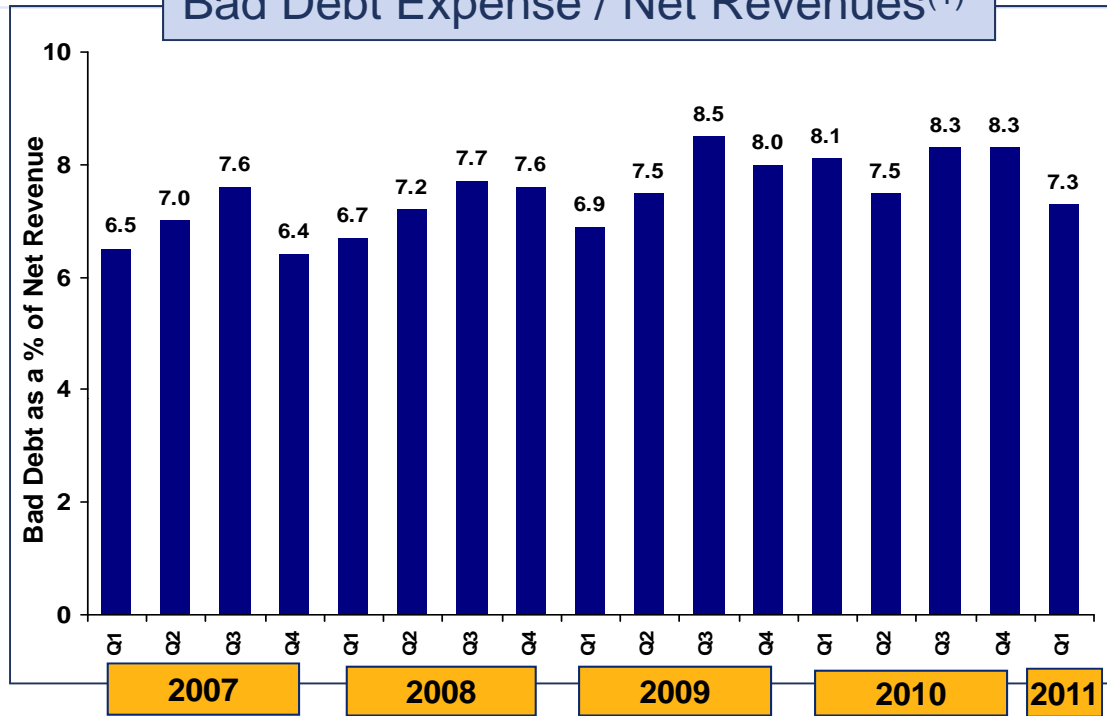
1. Excludes recurring clinical support operating expenses and HIT benefits to operating performance.

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Bad Debt Expense



Bad Debt Expense / Net Revenues⁽¹⁾



- Improved bad debt Outlook anticipated in Jan 11th presentation
- Tenet’s own revenue cycle capabilities expected to drive bad debt reductions augmenting favorable macro economic drivers
- Q1’11 bad debt ratio of 7.3% provides additional confidence in both near- and long-term Outlooks

1. Data reflects the results of our existing 49 hospitals.

Volume trends since November strengthen our confidence in operating leverage as a driver of future margin expansion

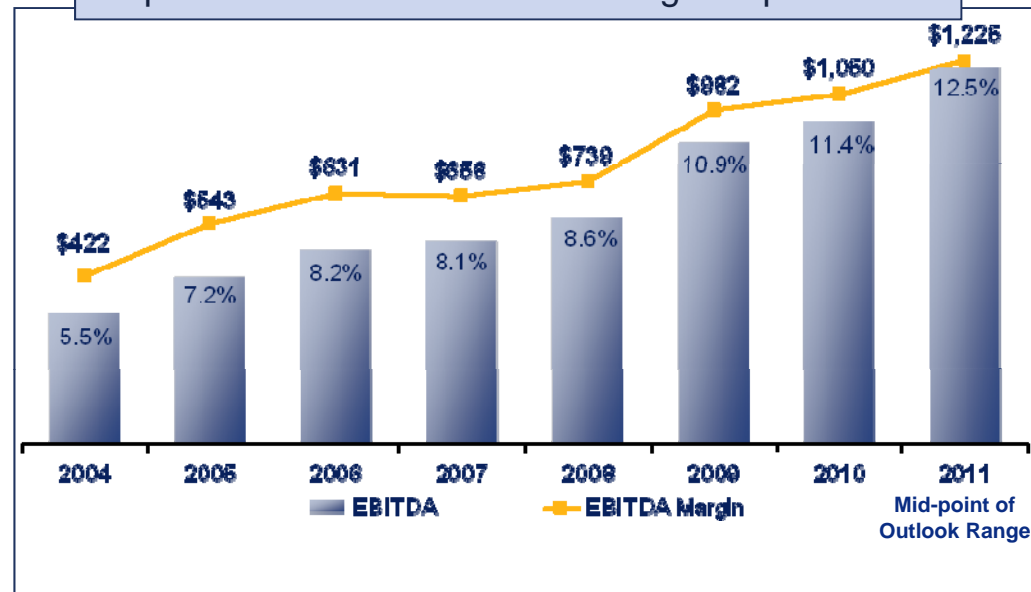
- Drag on 2011 earnings
 - Cuts precede expanded coverage
 - Overcame a 50bp reduction in Medicare inpatient pricing in producing Q1'11 EBITDA growth

- Pricing and cost trends remain favorable
- Volume trends strengthening
- Bad debt expense significantly better than anticipated
- Positive earnings trajectory is intact
- Well-positioned to achieve our near- and long-term Outlooks
- Raising 2011 Outlook to new range of \$1.175 to \$1.275 Billion

Raising 2011 Outlook to \$1.175 – 1.275 B



Superior EBITDA Growth and Margin Expansion (1)



- Confident in our strategies
- Interim milestones achieved:
 - MPI
 - Outpatient acquisitions
 - Conifer

1. Data reflects the results of our existing 49 hospitals.

Items Impacting Adjusted EBITDA



(\$mm)	Q1'10	Q1'11	Change (\$)	Change (%)
Adjusted EBITDA – As reported	298	379	81	27.2
Less: 2009-2010 California Provider Fee	-	63	(63)	n/a
2010 Pennsylvania Provider Fee	-	13 ⁽¹⁾	(13)	n/a
HIT (net)	-	13	(13)	n/a
Incentive Payment 25				
Incremental HIT Expense ⁽²⁾ (12)				
PYCA Adjustments	15	1	14	n/a
Add back: Incremental Malpractice Expense	-	17	17	n/a
Adjusted EBITDA – Net of above items	283	306	23	8.1

(1) Pennsylvania's Provider Fee Program (Pennsylvania Medical Assistance Modernization program) covers the period July 1, 2010 to June 30, 2011 during which Tenet expects to receive a total of approximately \$27 million, or approximately \$7mm per quarter. \$20mm of this total was reported in revenues in Q1'11, of which approximately \$7mm was attributable to Q1'11; and the \$13mm in this table reflects revenues on attributable to Q3'10 and Q4'10. The remaining approximately \$7mm, of the \$27mm total, is expected to be recorded in Q2'11. Further detail in Tenet's Form 10-Q, filed May 3, 2011.

(2) Increase in HIT expenses in Q1'11 as compared to HIT expenses in Q1'10.

No adjustments made to reflect reductions to Medicare and Medicaid reimbursements

Revenue growth of \$167mm, or 7.1%



(\$mm)	Q1'10	Q1'11	Change (\$)	Change (%)
Revenues – As reported	2,339	2,506	167	7.1
Less: 2009-2010 California Provider Fee	-	63	(63)	n/a
2010 Pennsylvania Provider Fee	-	13 ⁽¹⁾	(13)	n/a
HIT Incentive Payment	-	25	(25)	n/a
PYCA Adjustments	15	1	14	n/a
Revenues – Net of above items	2,324	2,404	80	3.4

(1) Pennsylvania's Provider Fee Program (Pennsylvania Medical Assistance Modernization program) covers the period July 1, 2010 to June 30, 2011 during which Tenet expects to receive a total of approximately \$27 million, or approximately \$7mm per quarter. \$20mm of this total was reported in revenues in Q1'11, of which approximately \$7mm was attributable to Q1'11; and the \$13mm in this table reflects revenues attributable to Q3'10 and Q4'10. The remaining approximately \$7mm, of the \$27mm total, is expected to be recorded in Q2'11. Further detail is available in Tenet's Form 10-Q, filed May 3, 2011.

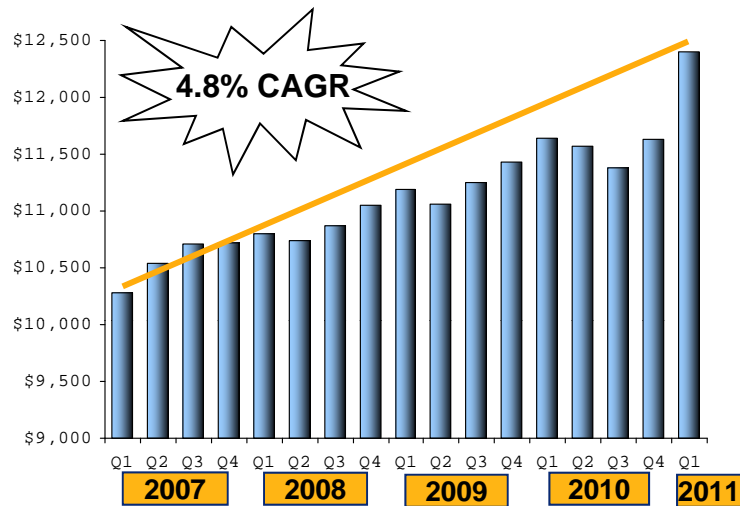
No adjustments made to reflect reductions to Medicare and Medicaid reimbursement

Pricing continues to strengthen

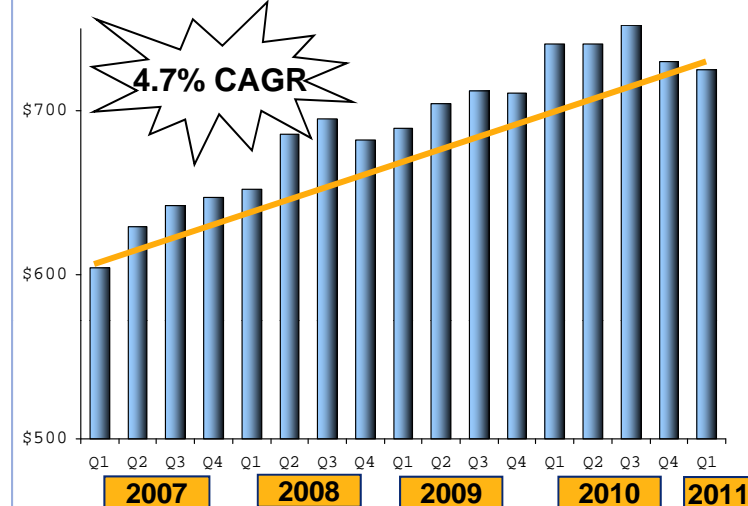


Same Hospital

Net Inpatient Revenue per Admission



Net Outpatient Revenue per Visit



Net inpatient revenue growth – Q1'11:

- 6.5% increase - revenue per admission
- 8.3% increase - revenue per patient day

Net of provider fee contributions:

- 1.6% increase – revenue per admission
- 3.4% increase – revenue per patient day

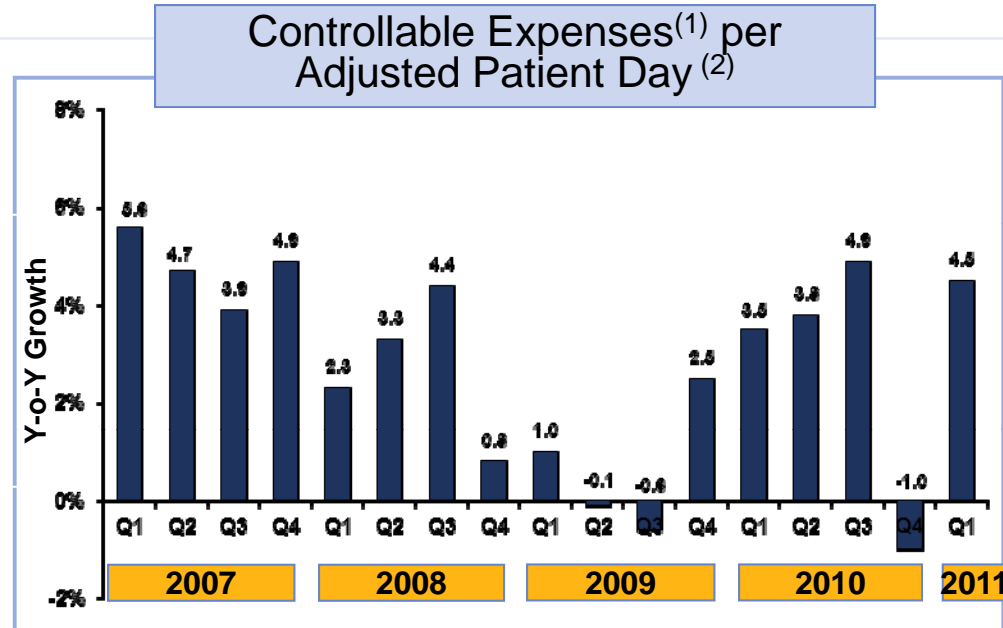
Net outpatient revenue growth – Q1'11:

- 2.2% decrease – revenue per visit
Reflecting strong growth in imaging visits which have lower acuity

Medicare revenue per admission declined 1.9%, which included a 0.6% decline in CMI

Medicare revenue per outpatient visit unchanged

Costs remain well controlled



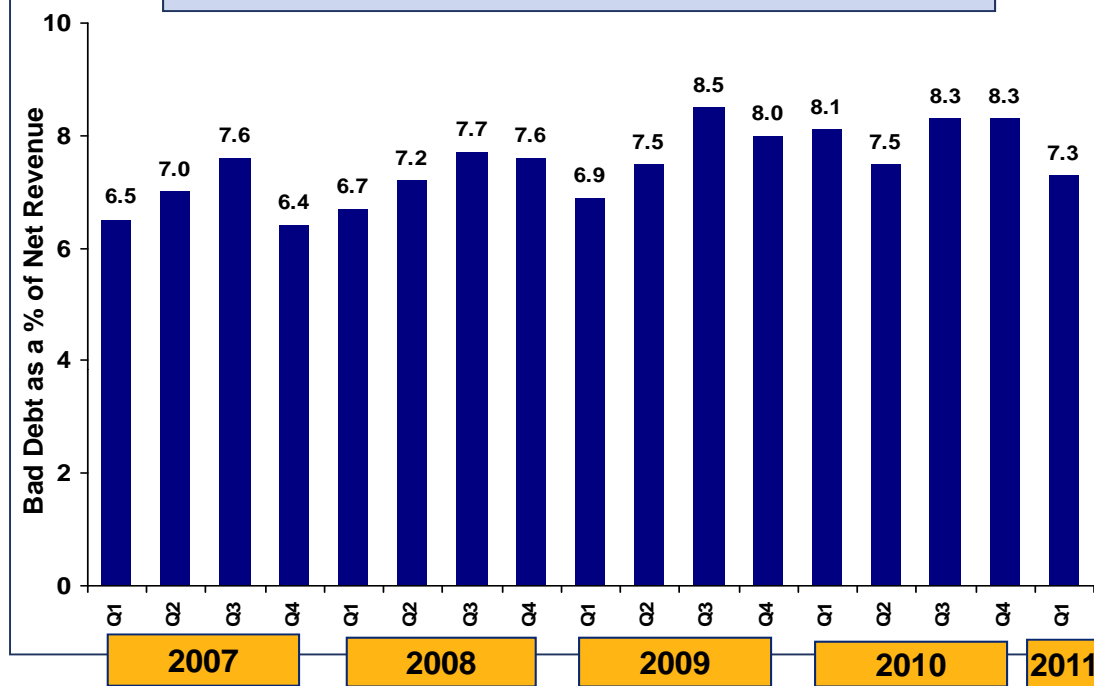
- 4.4% increase in staffing costs PAPD
 - Annual merit increases awarded Jan 1
 - Increased physician employment and HIT costs
- 1.2% increase in supply costs PAPD
 - Visible impact of MPI
 - 0.9% increase in Q4'10
- \$17mm increase in malpractice expense for unusually large claims adjustment
- \$12mm in aggregate incremental HIT costs

1. Controllable expenses are defined as SWB, supplies, and other operating expenses.
2. Data reflects the results of our existing 49 hospitals.

Bad debt ratio declines to 7.3%



Bad Debt Expense / Net Revenues⁽¹⁾



- \$7mm, or 3.7%, decline in bad debt expense to \$182mm



- 80bp decline in bad debt ratio to 7.3%, from 8.1% in Q1'10



- \$11mm decline in uninsured revenues
 - 2.5% decline in uninsured admissions

1. Data reflects the results of our existing 49 hospitals.

Cash balance of \$267mm



- Seasonal cash use impacts cash balances
 - Annual payments for incentive compensation and 401(k) expense
- \$20mm favorable variance in cash used in operating activities (*Q1'11 versus Q1'10*)
 - \$41mm adverse change in tax payments
 - \$24mm in Q1'11 tax payments for prior year tax settlements
 - \$17mm in Q1'10 tax refunds
 - Certain Q1'11 income items will be received later in 2011
 - Pennsylvania Provider Fee -\$20mm
 - Georgia Indigent Care - \$10mm
 - Medicaid HIT incentives - \$25mm
- \$18mm in cash used for outpatient acquisitions
- \$3mm cash received from MOB sale

2011 Outlook Assumptions



		Outlook (02/25/11)	Outlook (05/03/11)
Adjusted EBITDA ⁽¹⁾	(\$Bil)	1.150 – 1.250	1.175 – 1.275
Depreciation and Amortization	(\$mm)	390 – 400	390 – 400
Interest Expense, Net	(\$mm)	415 – 395	405 – 385
Income from continuing operations before income taxes ⁽¹⁾	(\$mm)	345 – 455	380 – 490
Net income from continuing operations ⁽¹⁾	(\$mm)	207 – 273	232 – 299
Preferred stock dividends	(\$mm)	24	24
Net income attributable to noncontrolling interests	(\$mm)	(15) – (10)	(15) – (10)
Net income attributable to common shareholders	(\$mm)	168 – 239	193 – 265
E.P.S. ^{(1) (2)} (continuing operations)	(\$)	0.33 - 0.46	0.38 – 0.51

(1) Excludes impairment and restructuring charges, litigation and investigation costs, net gain (losses) from early extinguishment of debt, and net gain (losses) on sales of investments

(2) The high end of the range includes an additional 59 million shares as our mandatory convertible preferred stock is dilutive at this level of earnings

Apr 1- Dec 31, 2011 – Cash Walk Forward (\$mm)



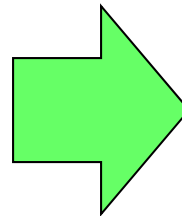
	Low	High
EBITDA Outlook	796	896
Add Back: Stock Compensation Charges	13	18
Changes in Cash from Operating Assets and Liabilities	82	147
Interest Payments	(248)	(268)
Net Operating Cash before Taxes, Litigation and Disc. Ops.	643	793
Income Tax (Payments) Refunds, Net	(11)	(21)
Payments against reserves for restructuring charges and Litigation Costs	(23)	(13)
Net Cash used in by Operating Activities from Disc. Ops.	(32)	(12)
Net Cash Provided by Operating Activities	577	747
Capital Expenditures – Continuing Operations	(359)	(409)
Investing Activities including Outpatient Acquisitions	(127)	(132)
Net Financing Activities	(73)	(88)
Net Increase (Decrease) in Cash and Cash Equivalents	18	118
Cash and Cash Equivalents at Beginning of Period	267	
Cash and Cash Equivalents at End of Period	285	385

- \$26mm from California Provider Fee Program extension
 - Expect in Q3'11, but could occur in Q2'11
- Additional HIT incentives could be recognized in Q2'11 or Q3'11

Q3'11 adjusted EBITDA expected to significantly exceed
Q2'11 adjusted EBITDA,
. . . in contrast to traditional seasonal earnings pattern

Confident our strategic initiatives will drive:

- Revenue growth
- Cost efficiencies
- Positive cash flow



Q1'11 demonstrated:

- Solid revenue growth
- Commercial pricing strength
- Inpatient volume growth
- Outpatient volume acceleration
- Good cost control
- Encouraging decline in bad debt



Appendix A:
Adjusted EBITDA Reconciliation

Reconciliation of Adjusted EBITDA

Adjusted EBITDA, a non-GAAP term, is defined by the Company as net income (loss) attributable to Tenet Healthcare Corporation common shareholders before (1) cumulative effect of changes in accounting principle, net of tax, (2) net income attributable to noncontrolling interests, (3) preferred stock dividends, (4) income (loss) from discontinued operations, net of tax, (5) income tax (expense) benefit, (6) investment earnings (loss), (7) gain (loss) from early extinguishment of debt, (8) net gain (loss) on sales of investments, (9) interest expense, (10) litigation and investigation (costs) benefit, net of insurance recoveries, (11) hurricane insurance recoveries, net of costs, (12) impairment of long-lived assets and goodwill and restructuring charges, net of insurance recoveries, and (13) depreciation and amortization. The Company's 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. In addition, from time to time, we use this measure to define certain performance targets under our compensation programs. 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) attributable to Tenet Healthcare Corporation common shareholders. 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) attributable to Tenet Healthcare Corporation common shareholders, the most comparable GAAP term, to Adjusted EBITDA, is set forth in the tables below for the three months ended March 31, 2011 and 2010 (Table #1) and the Outlook for Adjusted EBITDA for the twelve months ended December 31, 2011 (Table #2).

TENET HEALTHCARE CORPORATION
Additional Supplemental Non-GAAP Disclosures

**Table #1 - Reconciliation of Adjusted EBITDA to Net Income Attributable to Tenet
Healthcare Corporation Common Shareholders**
(Unaudited)

	Three Months Ended March 31,	
	2011	2010
<i>(Dollars in millions)</i>		
Net income attributable to Tenet Healthcare Corporation common shareholders	\$ 73	\$ 88
Less: Net income attributable to noncontrolling interests	(3)	(1)
Preferred stock dividends	(6)	(6)
Income (loss) from discontinued operations, net of tax	(9)	5
Income from continuing operations	91	90
Income tax expense	(51)	(3)
Investment earnings	1	1
Interest expense	(118)	(109)
Operating income	259	201
Litigation and investigation costs	(11)	(2)
Impairment of long-lived assets and goodwill, and restructuring charges	(8)	—
Depreciation and amortization	(101)	(95)
Adjusted EBITDA	\$ 379	\$ 298
Net operating revenues	\$2,506	\$2,339
Adjusted EBITDA as % of net operating revenues (Adjusted EBITDA margin)	15.1%	12.7%

TENET HEALTHCARE CORPORATION
 Additional Supplemental Non-GAAP Disclosures
**Table #2 - Reconciliation of Outlook Adjusted EBITDA to
 Outlook Net Income Attributable to Tenet Healthcare Corporation Common Shareholders
 for Year Ending December 31, 2011**
 (Unaudited)

(Dollars in millions)

	Low	High
Net income attributable to Tenet Healthcare Corporation common shareholders	\$156	\$246
Less:		
Net income attributable to noncontrolling interests	(15)	(10)
Preferred stock dividends	(24)	(24)
Loss from discontinued operations, net of tax	(15)	(10)
Income from continuing operations	210	290
Income tax expense	(128)	(179)
Income from continuing operations, before income taxes	338	469
Interest expense, net	(405)	(385)
Operating income	743	854
Litigation and investigation costs	(22)	(11)
Impairment of long-lived assets and goodwill, and restructuring charges	(20)	(10)
Depreciation and amortization	(390)	(400)
Adjusted EBITDA	\$1,175	\$1,275
 Net operating revenues	 \$9,700	 \$9,900
Adjusted EBITDA as % of net operating revenues (Adjusted EBITDA margin)	12.1%	12.9%

**Table #3 - Reconciliation of Outlook Adjusted EBITDA to
Outlook Normalized Net Income Attributable to Tenet Healthcare Corporation
Common Shareholders for Year Ending December 31, 2011**

(Unaudited)

(Dollars in millions except per share amounts)

	<u>Low</u>	<u>High</u>
Adjusted EBITDA (from Table # 3, above)	\$1,175	\$1,275
Depreciation and amortization	(390)	(400)
Interest expense, net	(405)	(385)
Normalized income from continuing operations before income taxes	380	490
Normalized income tax expense ^(a)	(148)	(191)
Normalized income from continuing operations ^(a)	232	299
Preferred stock dividends	(24)	(24)
Net income attributable to noncontrolling interests	(15)	(10)
Normalized net income attributable to Tenet Healthcare Corporation common shareholders ^(a)	<u>\$193</u>	<u>\$265</u>
Weighted average shares outstanding (in millions)	508	567 ^(b)
Normalized earnings per share – continuing operations ^(a)	\$0.38	\$0.51 ^(b)

^(a) Uses normalized tax rate of 39 percent.

^(b) An additional 59 million shares are included as our mandatory convertible preferred stock is dilutive at this level of earnings and the \$24 million of preferred stock dividends are excluded for earnings per share computation purposes.