



Q3'08
Earnings Call

November 4, 2008

Forward-Looking Statements

Certain statements contained in this presentation constitute forward-looking statements. 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: general economic and business conditions, both nationally and regionally; industry capacity; 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, including those resulting from a shift from traditional reimbursement to managed care plans; liability and other claims asserted against the Company; competition, including the Company's failure to attract patients to its hospitals; the loss of any significant customers; technological and pharmaceutical improvements that increase the cost of providing, or reduce the demand for, health care; a shortage of raw materials, a breakdown in the distribution process or other factors that may increase the Company's cost of supplies; changes in business strategy or development plans; the ability to attract and retain qualified personnel, including physicians, nurses and other health care professionals, including 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 availability of suitable acquisition opportunities and the length of time it takes to accomplish acquisitions; the Company's ability to integrate new businesses with its existing operations; and the availability and terms of capital to fund the expansion of the Company's business, including the acquisition of additional facilities. 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. 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.

Non-GAAP Information

This document 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 our quarterly earnings release issued on November 4, 2008.





Trevor Fetter

President and
Chief Executive Officer

Highlights – Q3'08

- 2.0% growth in same-hospital paying admissions
 - 4th consecutive quarter of positive same-hospital admissions growth
 - 1.7% increase in total admissions (same-hospital)
 - October 2008 admissions down 0.4% from a strong October 2007
- 2.3% growth in same-hospital paying outpatient visits
 - 1st growth in outpatient volumes in 5 years
 - 1.1% growth in same-hospital total outpatient visits
- 2.4% decline in charity + uninsured admissions
- Pricing strong, but masked by decline in commercial volumes
- 2.5% growth in SW&B expense (per adjusted patient day - "PAPD")
 - Evidence of enhanced operating leverage on the labor front

Q3'08 Highlights (cont.)

- \$160mm same-hospital adjusted EBITDA, a 2.4% decline
 - 4.9% increase, excluding adverse \$11mm swing in prior year cost report settlements
- Patient mix change reflects regional growth pattern :
 - 2.7% growth in Florida – heavily government program volume
 - 2.4% decline in Southern States – more significant commercial volume

Macroeconomic environment

- Unemployment:
 - Tenet markets experiencing recent uptick in unemployment rates in excess of national increase.
 - Only El Paso's unemployment increase was below national average
 - Florida's increase in unemployment more than twice the national average (Broward, Miami-Dade, Palm Beach counties)
- Real estate foreclosures:
 - #1 – California – 27% of national total in Q3'08
 - #2 - Florida

Outlook revisions

- 2008 Adjusted EBITDA Outlook
 - \$700mm to \$750mm, reduced from \$750mm to \$825mm
- 2009 Adjusted EBITDA Outlook
 - Prior outlook of \$1 billion expected to be difficult to achieve
 - Planning for 2009 still work-in-progress
 - Expect to provide 2009 outlook with Q4'08 release in Feb'09



Stephen L. Newman, M.D.

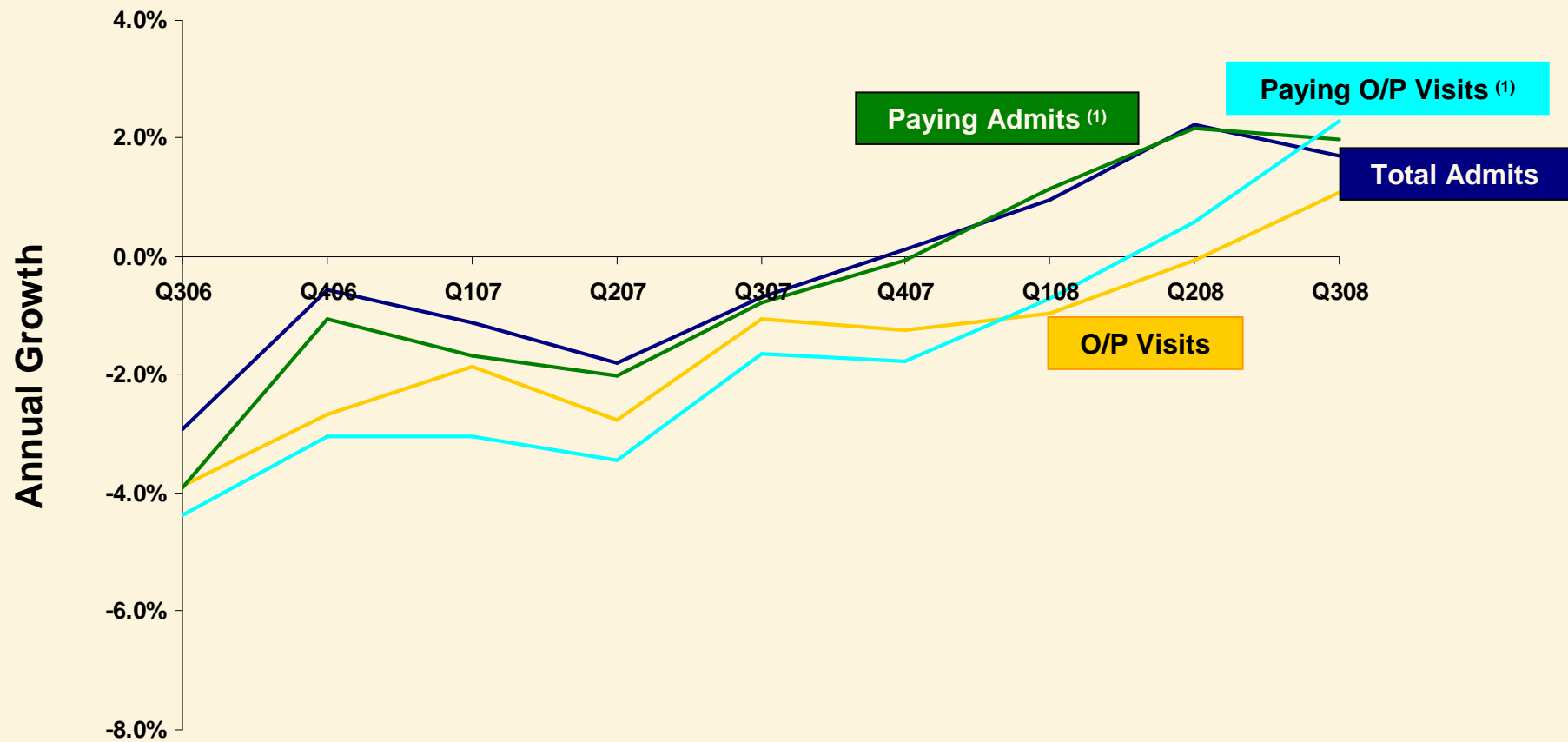
Chief Operating Officer

Key strategies are working

Supporting evidence visible in:

- Admissions growth
- TGI service line volumes
- Net growth of active medical staff

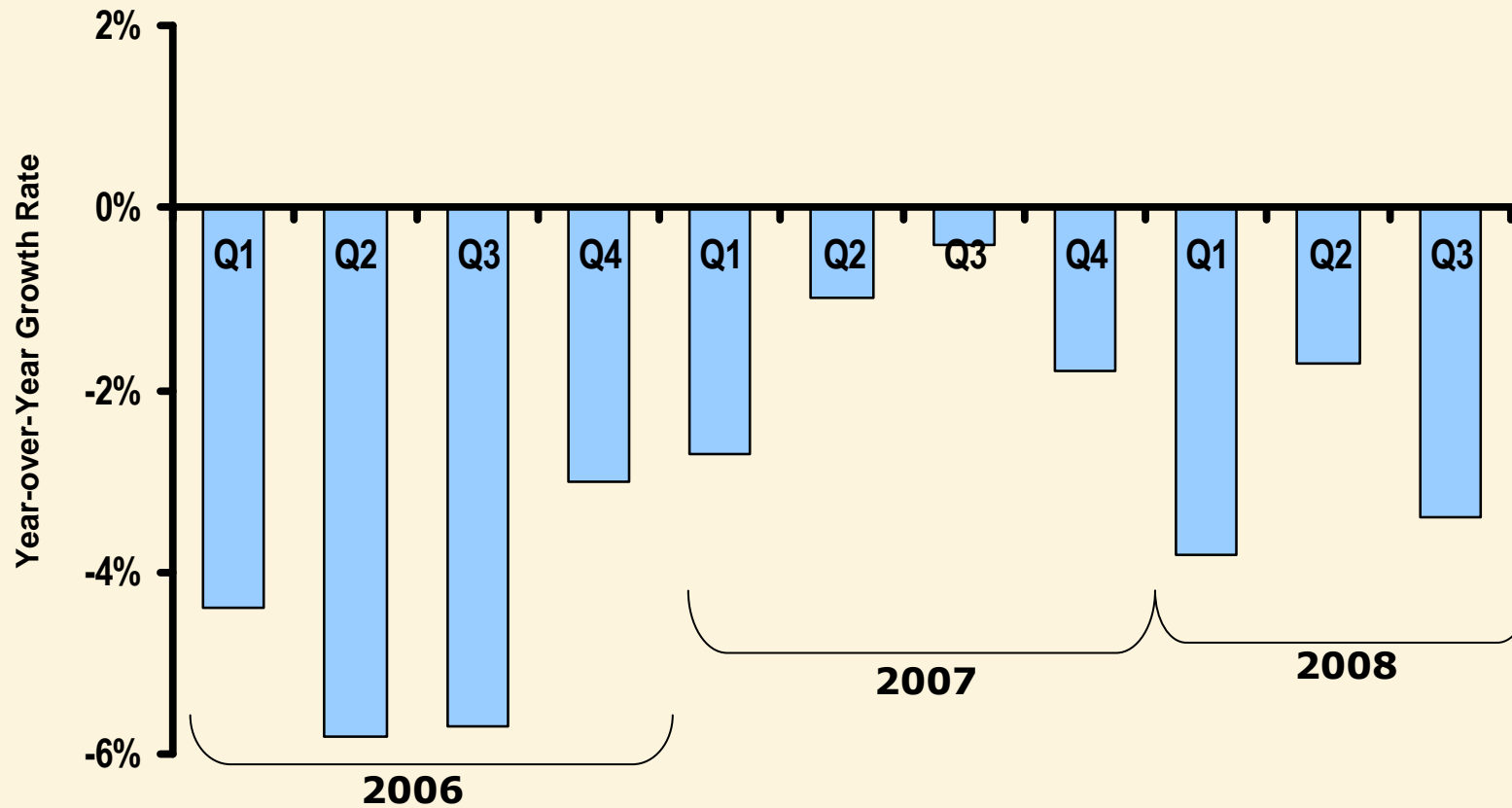
Volume Trends are Favorable



(1) Paying volumes are defined as total volumes less charity and uninsured volumes.

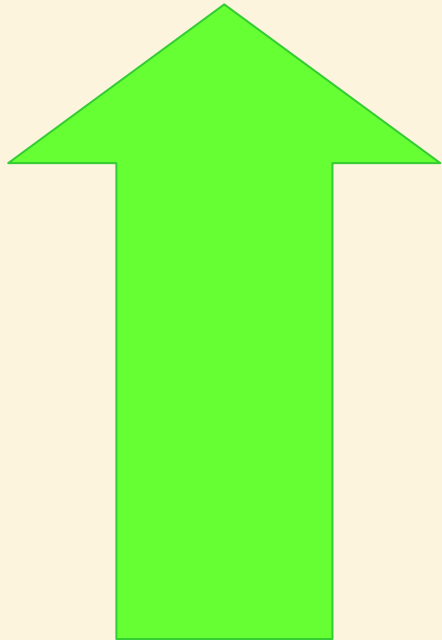
Commercial Managed Care Admissions

(Same-Hospital)



Surgeries

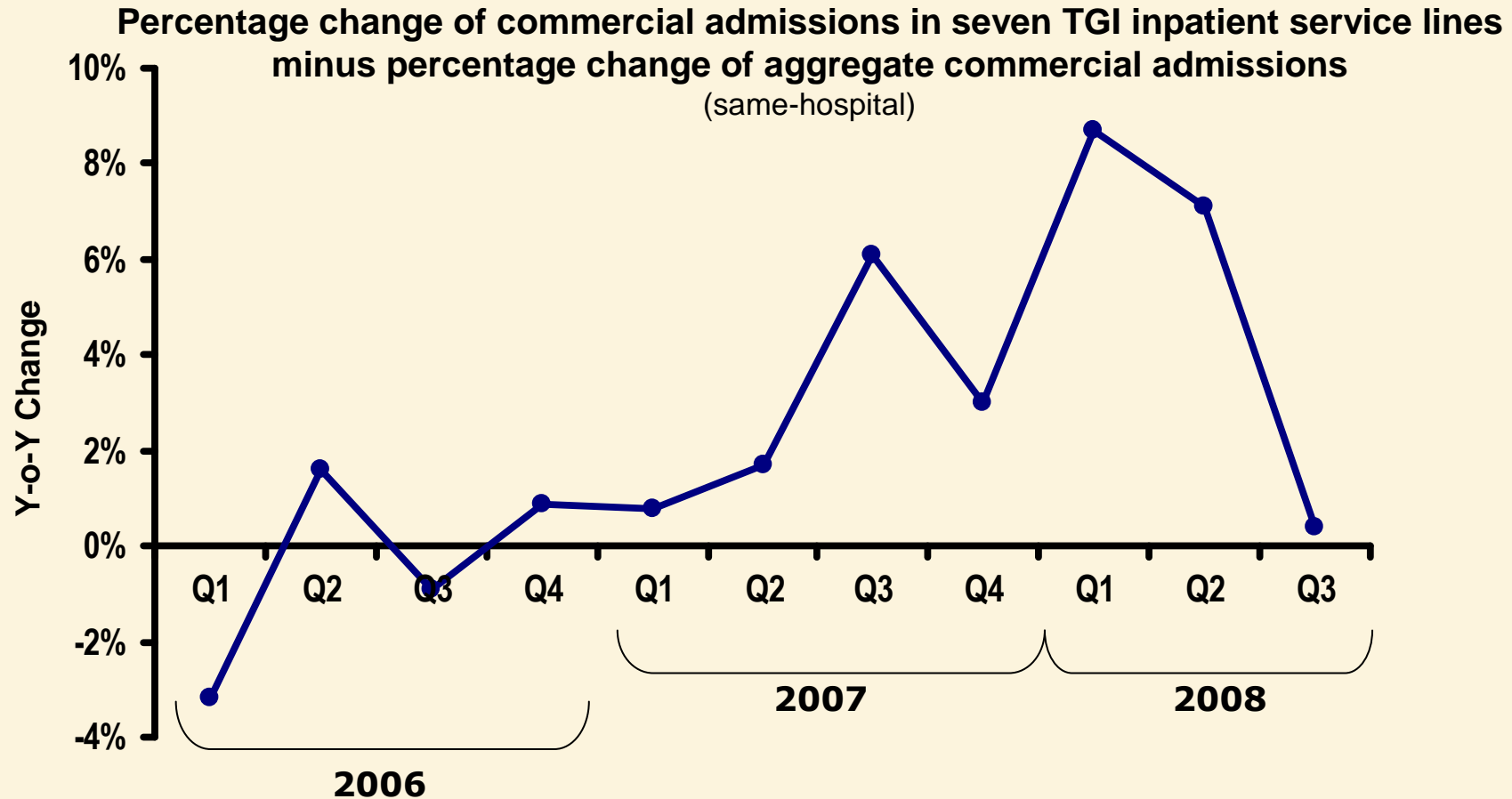
Solid growth in surgeries



1.1% increase in total surgeries

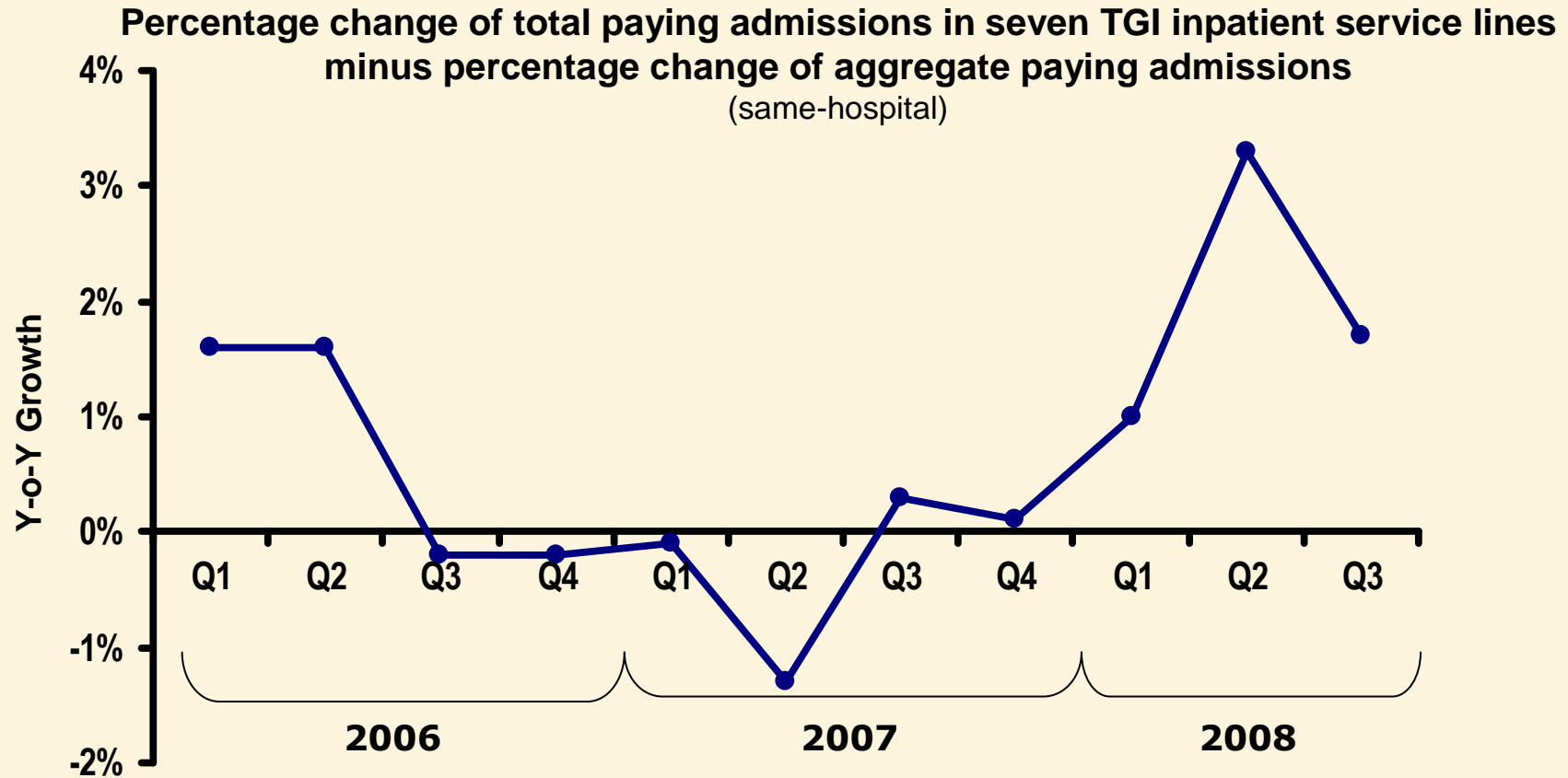
- 2.6% inpatient surgery growth
- Flat outpatient surgery growth
 - 3.0% normalized O/P surgery growth
(normalized for a JV consolidation)

Percentage change in commercial admissions in TGI service lines⁽¹⁾ exceeds percentage change in aggregate commercial admissions



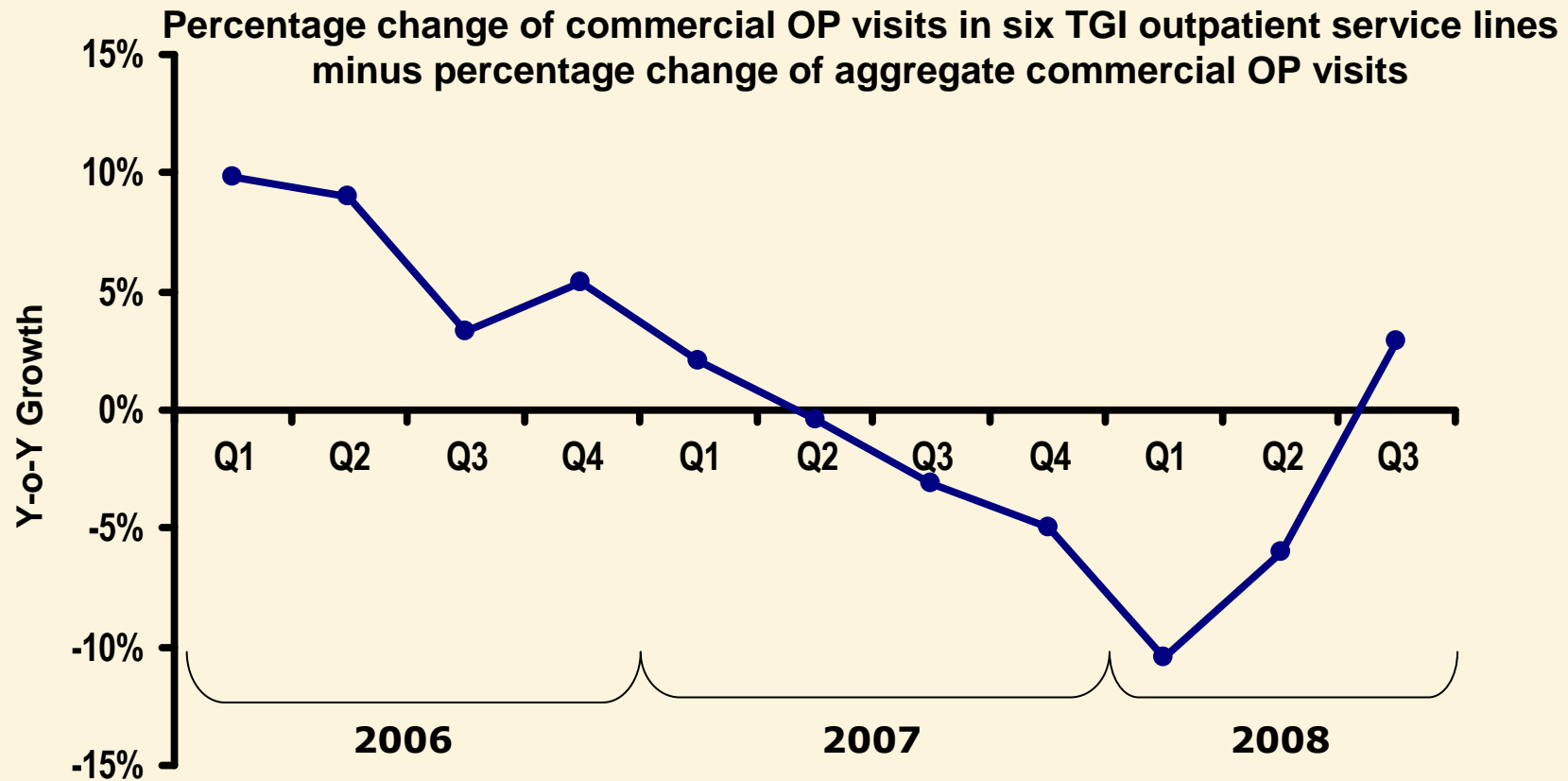
(1) Data represents 7 inpatient service lines which are typically emphasized by TGI: general surgery, major trauma, neonatal, neurological medicine, neurosurgery, open heart and orthopedic surgery.

Percentage change in paying admissions in TGI service lines⁽¹⁾ exceeds percentage in aggregate paying admissions



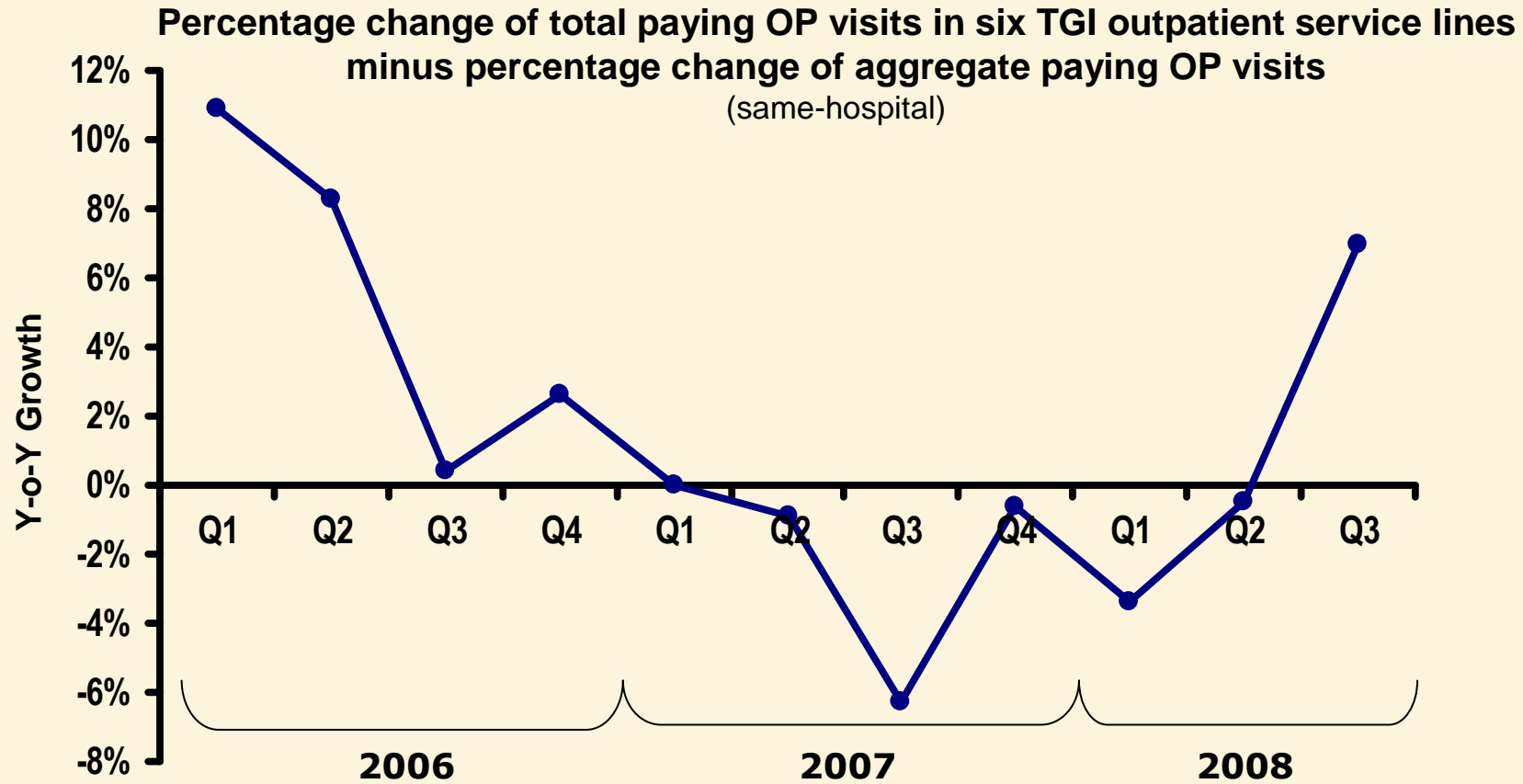
(1) Data represents 7 inpatient service lines which are emphasized by TGI: general surgery, major trauma, neonatal, neurological medicine, neurosurgery, open heart and orthopedic surgery.

Percentage change in commercial OP visits in TGI service lines⁽¹⁾ exceeds percentage change in aggregate OP visits



(1) Data represents growth in 6 outpatient service lines which are emphasized by TGI: general surgery, GI, oncology medicine, oncology surgery, orthopedic surgery and vascular surgery.

Percentage change in paying OP visits in TGI outpatient service lines⁽¹⁾ exceeds percentage change in aggregate paying OP visits



(1) Data represents growth in 6 outpatient service lines which are emphasized by TGI: general surgery, GI, oncology medicine, oncology surgery, orthopedic surgery and vascular surgery.

Potential Opportunity in Current Soft Commercial Managed Care Environment

- Physicians reporting same soft commercial volumes that THC has seen
- Working with physicians and larger payers to initiate payer/physician affiliations
- Create a “win-win-win” outcome for:
 - Physicians
 - Community needs
 - Tenet

Physician Relationship Program: Volume Growth from the “Class of 2007”

- Defining the “Class of 2007” physicians:
 - 1,744 new physicians added to staff in 2007
 - 1,578 physicians⁽¹⁾ in “Class of 2007”
 - 846 physicians = net growth in 2007 (after attrition of 898 physicians)
 - 7.3% net growth, on base of 11,603 active physicians at 12/31/06
- Q3’08 Volume growth from Class of 2007
 - 9,440 admissions, or 6 admissions per each of 1,578 physicians
 - 25% of these were commercial admissions
 - 60,405 outpatient visits in Q3’08, or 38.3 per Class of 2007 physician
 - 1.3 per physician were O/P surgeries
- Class of 2008 referring even stronger volumes
 - Evidence of our enhanced capabilities in PRP targeting

PRP

Initiatives designed to drive commercial volume growth

- Achieve full participation for all Tenet hospitals and outpatient facilities in networks of all major commercial managed care payers
 - Already accomplished for all major payers
 - Currently addressing smaller payers with same objective
- Achieve full participation for all physicians on Tenet's active medical staff in networks of all major commercial managed care payers
- PRP spreading best practices across all 50 hospitals
 - 7,301 PRP calls in Q3'08
 - Physicians receiving calls increased admissions by 4.4% over Q3'07
 - Customized program for imaging business launched
 - Sales training for our nursing leadership

Operations Summary

- Continued success at building active medical staff
- Class of 2007 and 2008 physicians are surpassing our initial volume expectations
- Barriers to commercial volume growth are being identified and removed



Biggs C. Porter

Chief Financial Officer

Q3'08 EBITDA Overview

Notable items:

- Seasonal factors – adverse impacts on:
 - Bad debt expense
 - Volumes
- Prior year cost report settlements - \$11mm adverse swing
- Hurricane Ike: \$4mm
- Soft commercial managed care volumes drove an adverse mix shift which reduced revenues and EBITDA by \$15mm

Bad Debt + Hurricane + Commercial volumes = \$20-25mm adverse relative to expectations

Revenues and Pricing

- 5.2% revenue growth, or 5.8%, excluding prior year cost report adjustments
- 5.6% commercial managed care revenue growth, despite:
 - 3.4% decline in commercial managed care admissions
 - 0.6% decline in commercial outpatient visits
 - \$6mm impact from payer shift from higher price to lower price payers
- P4P continued to be expected in a range of \$35mm-40mm, cumulative, in 2009 to 2011
- 79% of commercial revenues for 2009 are currently under contract

Controllable Operating Expenses

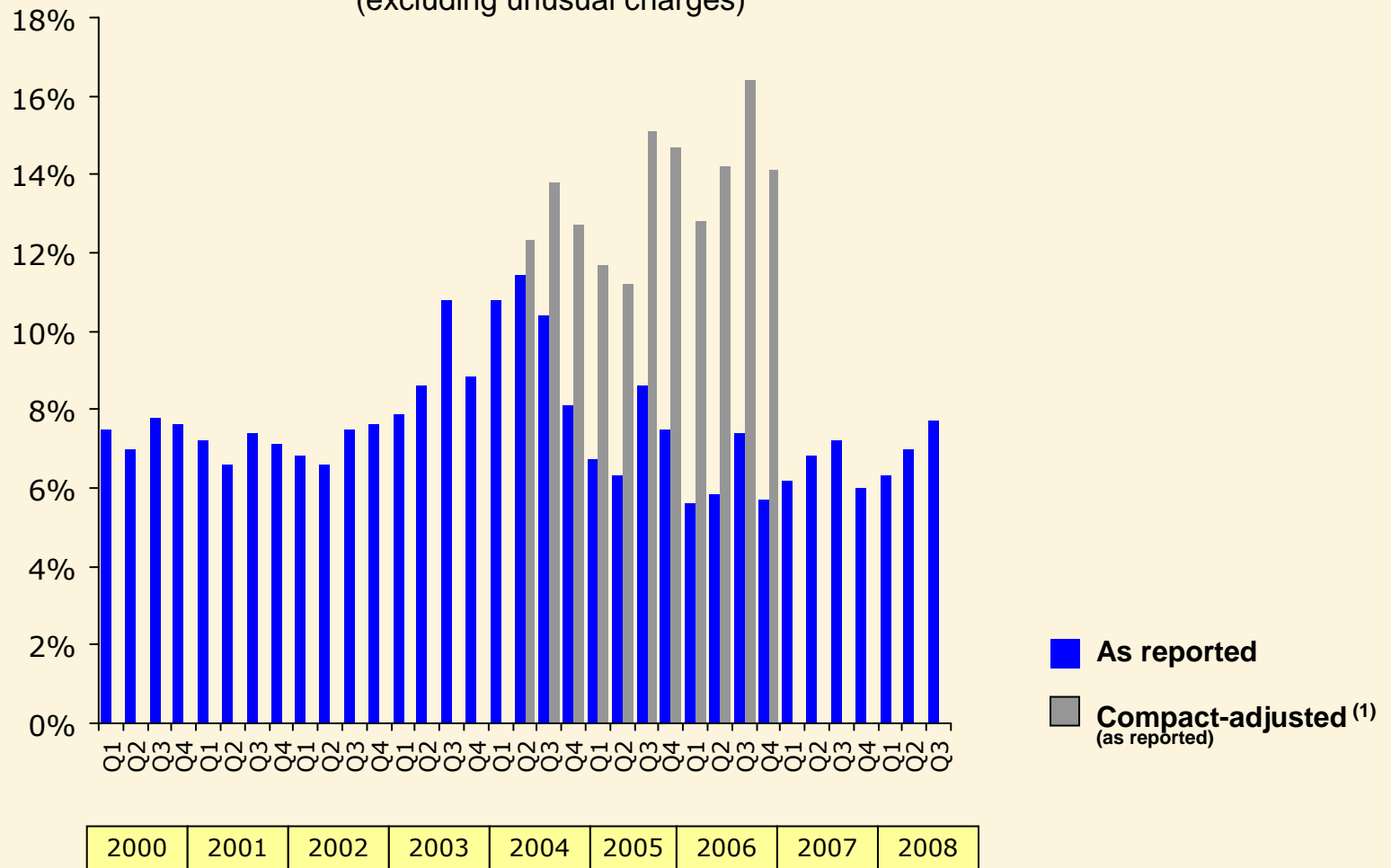
4.1% increase in total controllable operating expenses PAPER

- 7.3% supply expense growth PAPER
 - Impacted by growth in profitable service lines:
 - 2.6% growth in inpatient surgeries
- 2.5% SW&B increase PAPER

Bad Debt

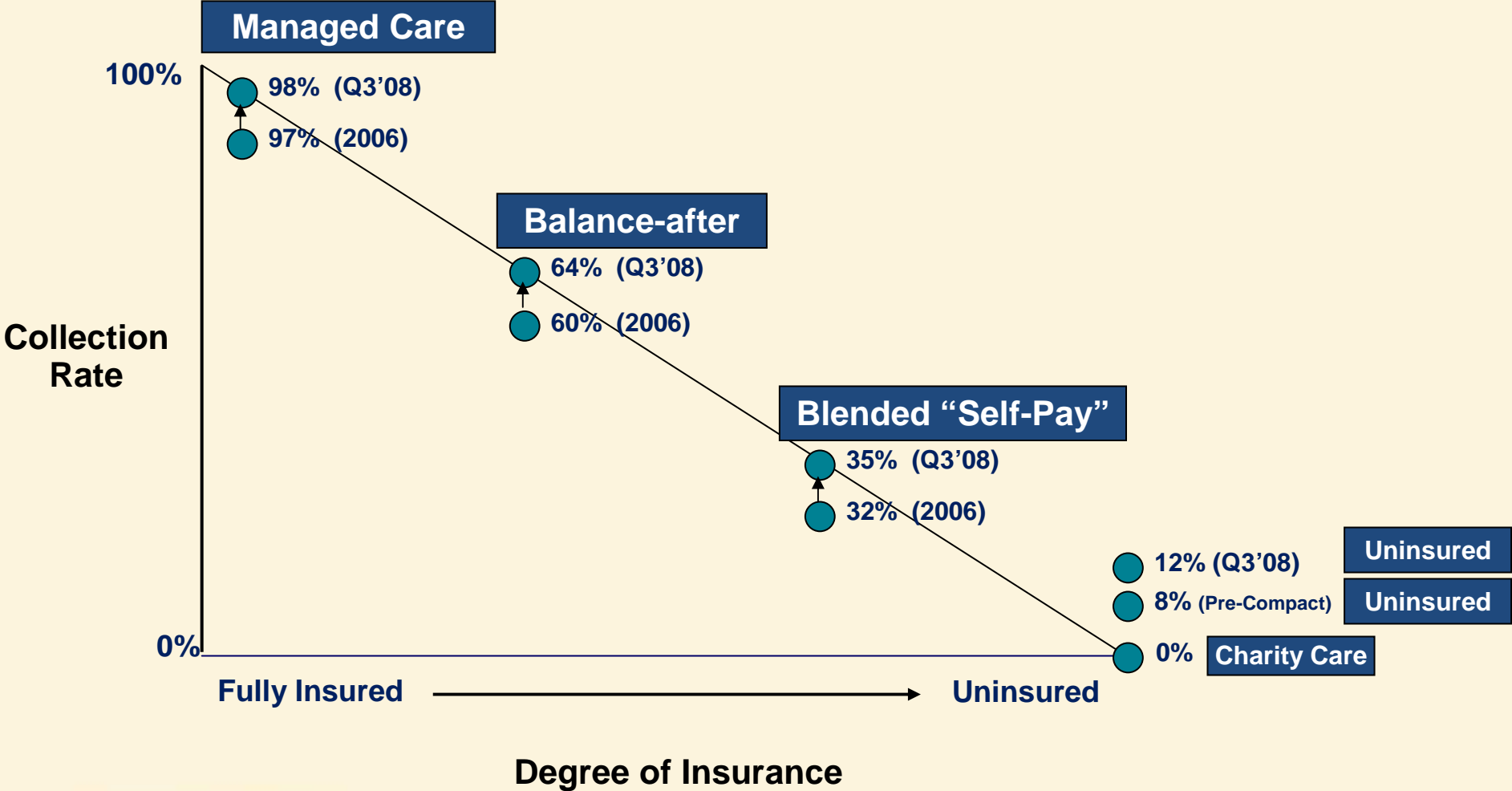
Bad Debt Expense / Net Revenues

(excluding unusual charges)



(1) Compact adjustment calculations discontinued beginning in Q1'07.

Collection Rates By Payer Class



Cash

- \$151mm net cash provided by operating activities
- \$30mm adjusted free cash flow from continuing operations
 - 2nd straight quarter with positive adjusted free cash flow
- \$560mm in balance sheet cash and investments (9/30/08)
 - \$208mm increase from 6/30/08
 - Includes \$144mm in proceeds from sale of Broadlane investment
 - Includes \$48mm investment in Reserve Yield Plus Fund

Cash Initiatives and Divestitures

- \$129mm cash generation in 2007
- \$281-294mm has already occurred or projected to occur in 2008:
 - \$144mm Broadlane investment sale
 - \$ 55mm Redding insurance settlements *(not included in earlier expectations)*
 - \$ 50mm Hospital sales (San Dimas and Garden Grove)
 - \$ 32-45mm Other

Note: \$272mm received as of Sept 30

- \$500-656mm expected total from MOB's, USC and other in 2009
- \$780-950mm revised total estimate for 2008-2009 time period
 - Preliminary estimate was \$750-950mm

Excludes:

- \$62-85mm - California wage and hour settlement (not included in earlier expectations)

Working Capital Progress

- AR days declined to 51 days at 9/30/08
 - 1 day improvement from 52 days at 12/31/07
 - 2 day improvement from 53 days at 6/30/08
- 50 days remains our objective for 12/31/08

2008 Outlook Refinements

		Prior (8/5/08)	Revised (11/4/08)
Admissions - growth ⁽¹⁾	(%)	1 - 2	no change
Outpatient visits – growth ⁽¹⁾	(%)	(0.5) – 0.5	no change
Net inpatient revenue per admit - growth ⁽¹⁾	(%)	3.0 – 4.0	2.5 – 3.5
Net outpatient revenue per visit – growth ⁽¹⁾	(%)	7.0 – 8.0	no change
Pricing – managed care increment ⁽¹⁾	(\$mm)	47	no change
Net revenue	(\$ bil)	8.6 – 8.7	no change
Bad debt ratio	(%)	6.5 – 7.0	6.8 – 7.3
Controllable operating expenses PAPD – Growth ⁽¹⁾	(%)	1.5 – 2.5	2.5 – 3.5
EBITDA	(\$mm)	750 – 825	700 - 750
Adjusted cash flow from operations	(\$mm)	375 – 475	350 - 425
Capital expenditures	(\$mm)	600 - 650	575 -625
Cash balance 12/31/08	(\$mm)	850 – 1,150	375 - 475
Investments in Reserve Yield Cash Plus Fund	(\$mm)	-	24

(1) Growth from 2007 to 2008

2008 Cash Walk Forward

(\$mm)

	Low	High
December 31, 2007 Cash Balance	572	
2008 EBITDA	700	750
Add Back: Stock Compensation Charges	38	38
Changes in Cash from Operating Assets and Liabilities ⁽¹⁾	8	33
Interest Payments	(396)	(396)
Adjusted Net Cash Provided by Operating Activities	350	425
Income Tax (payments) refunds, net	(45)	(45)
Payments against reserves for restructuring charges, litigation costs and settlements	(97)	(97)
Net cash used in operating activities from discontinued operations	(62)	(32)
Capital Expenditures	(575)	(625)
Investing Activities, Reserve Fund, and Other	(31)	1
Net Financing Activities	(5)	(5)
Potential cash from initiatives and divestitures	268	281
Cash Outlook December 31, 2008 (excludes \$24mm in Reserve Yield Plus Fund)	375	475

(1) Includes \$13mm primarily related to the Redding insurance settlement which is part of the \$281-294mm estimate for 2008 cash initiatives.



Q4'08 Cash Walk Forward

(\$mm)

Low

High

	Low	High
September 30, 2008 Cash Balance	512	
EBITDA Outlook, Q4'08	167	217
Add back: Stock compensation charges	11	11
Working capital timing and improvements	60	85
Interest Payments	(75)	(75)
Adjusted Net Cash Provided by Operating Activities	163	238
Income Tax (payments) refunds, net	(42)	(42)
Payments against reserves for restructuring charges, litigation costs and settlements	(21)	(21)
Net cash used in operating activities from discontinued operations	(68)	(38)
Capital Expenditures	(162)	(212)
Investing Activities, Reserve Fund and Other	(9)	23
Net Financing Activities	(7)	(7)
Potential cash initiatives and divestitures	9	22
Cash Outlook December 31, 2008 (excludes \$24mm in Reserve Yield Plus Fund)	375	475



2009 performance aided by:

- Improved managed care pricing
- Improved cost management and initiatives
- Improved performance at our new hospitals
- Continued benefits of investments made over last 3 years
- Cash initiatives including working capital

Summary

- Strategic initiatives driving growth in paying admissions and paying outpatient visits
- New commercial managed care contracts supporting pricing and revenue growth
- Cost control has been managed effectively
- Cash flow has improved
- Continue to drive on cash initiatives