

Contacts:

Media: Harry Anderson (469) 893-6306

Investors: Thomas Rice (469) 893-2522

Tenet, U.S. Department of Justice Reach Broad Settlement

*Accord Concludes Investigations of Medicare Outliers, All Other DOJ Issues;
Tenet to Pay \$725 Million Over 4 Years, Waive \$175 Million in Medicare Payments*

Company to Enter Into Corporate Integrity Agreement

*11 Hospitals Will Be Divested by Mid-2007;
Management Revises Outlook for 2006, Discusses Intermediate-Term Earnings Potential*

*Capital Investments in Hospitals to Be Accelerated; 2006 Spending and Commitments Expected to
Reach \$800 Million; Focus Is on Technology, Patient Care Enhancements*

*Company to Host Investor Web Cast at 11 a.m. (EDT) Today,
Schedules Investor Conference for July 13*

DALLAS – June 29, 2006 – Tenet Healthcare Corporation (NYSE: THC) announced today that it has reached a broad settlement agreement with the U.S. Department of Justice and other federal agencies that will conclude investigations conducted by the department and a number of U.S. attorneys across the country into Tenet's receipt of certain Medicare outlier payments before 2003, physician financial arrangements and Medicare coding issues.

Under terms of the settlement, Tenet will pay \$725 million over a period of four years plus interest as restitution for Medicare outlier payments and to settle other Medicare billing matters. The company also agreed to waive its right to pursue receipt of \$175 million in certain Medicare payments for past services.

The settlement will conclude all federal investigations conducted by the Department of Justice and the U.S. attorneys with no finding that Tenet had engaged in illegal behavior.

“With this settlement, the company acknowledges that Tenet made mistakes in its conduct before 2003,” said Trevor Fetter, Tenet’s president and chief executive officer. “Health care is a heavily regulated industry. Regulators depend on providers to be trustworthy and to set and abide by their own high ethical standards. Some of this company’s past actions did not measure up to the high standards that we have imposed on ourselves since these issues first arose. The government is both our largest customer and most important regulator, and it is vital for Tenet to be recognized for doing the right thing.”

Fetter added, “We have made much progress with our reforms in clinical quality, corporate culture, management, transparency, governance, compliance and strategy. The organization was humbled because of what happened, but these challenges galvanized us to make necessary changes. As a result, Tenet is a stronger and better company.”

Fetter concluded, “It is a tribute to the dedication of all our employees that we have not only survived but have built a solid foundation for sustained success in the future. I also want to express my deep gratitude to our thousands of affiliated physicians for their patience and loyalty to our hospitals during the challenges of the past several years.”

The company said the settlement announced today will conclude previously disclosed investigations into Medicare outlier payments by the U.S. attorney in Los Angeles, as well as physician financial arrangements by U.S. attorneys in Los Angeles, El Paso, Memphis, St. Louis, San Francisco and New Orleans. It will also conclude civil litigation regarding Medicare coding that the Department of Justice filed against the company in January 2003.

The cash settlement will be paid according to the following schedule: \$450 million, plus interest of approximately \$20 million on the full amount of \$725 million from November 1, 2005 through June 30, 2006, to be paid on June 30, 2006; and \$275 million, plus interest accruing on that amount at a

simple rate of 4.125 percent, to be paid in 12 quarterly installments beginning November 1, 2007 and ending August 1, 2010.

In addition, the company agreed as part of the settlement to waive its right to pursue receipt of \$175 million in certain outlier and disproportionate share payments that have never been recorded by the company pending a resolution of these issues and the uncertainty that they would ever be received.

The company said it would report a charge for the settlement in the second quarter ending June 30.

Tenet said the agreement does not involve the Securities and Exchange Commission. The company continues to work with the SEC toward resolving all issues related to the adequacy of its financial disclosures regarding Medicare outlier payments and stop-loss payments under managed care contracts.

CORPORATE INTEGRITY AGREEMENT

The company also has reached an agreement in principle with the Office of Inspector General in the U.S. Department of Health and Human Services to enter into a multi-year corporate integrity agreement. Under the agreement, OIG has committed that it will not exclude Tenet hospitals or entities from any federal health care program provided Tenet executes an acceptable corporate integrity agreement, which the company expects to do within 90 days.

In connection with the corporate integrity agreement, Tenet will maintain its existing compliance program, including the oversight role of its board of directors with respect to compliance. Also, the company will retain an independent review organization to provide an external review of the company's ongoing compliance in the areas of Medicare coding, physician financial relationships, setting of hospital charges and quality of care. Other terms will be contained in the comprehensive agreement, which is currently being finalized.

“Tenet has significantly enhanced its internal compliance function since 2003,” Fetter said. “Therefore, we expect to fulfill the terms of the corporate integrity agreement without adding additional resources, except for external reviews required to monitor our compliance with the agreement.”

Tenet now has a compliance staff of approximately 100 people, including individual compliance officers in each of its four regional offices and most of its hospitals or hospital markets. Tenet’s chief compliance officer reports directly to the Quality, Compliance and Ethics committee of the company’s board of directors.

PLANNED HOSPITAL DIVESTITURES

Tenet also announced today a strategic plan to divest a total of 11 hospitals in order to enhance the company’s future profitability, expand capital investments in its remaining hospitals and help fund the settlement. This total includes the previously announced divestiture of Alvarado Hospital Medical Center in San Diego.

In the first quarter of 2006, the 11 hospitals being divested – plus the already-divested Gulf Coast Medical Center in Biloxi, Miss. – had aggregate net operating revenues of \$203 million and EBITDA of negative \$3 million, before the allocation of corporate overhead. (EBITDA is a non-GAAP term that the company uses to measure its operating performance and is defined as earnings before interest expense less investment earnings, tax, depreciation and amortization and minority interest.) Once these divestitures are complete, Tenet will operate 57 hospitals in 12 states. The company’s fifty-eighth hospital, now under construction in El Paso, Texas, is scheduled to open in early 2008, and the company recently won permission to build its fifty-ninth hospital in Fort Mill, S.C.

“Because of uncertainties in the New Orleans market and the need for health care consolidation in the aftermath of Hurricane Katrina, we have made the difficult decision to seek new ownership for four of our five New Orleans-area hospitals,” Fetter said. “We have also decided to divest three of our five hospitals in Philadelphia in order to concentrate all our efforts on Hahnemann University Hospital

and St. Christopher's Hospital for Children, as well as our academic affiliation with Drexel University School of Medicine."

The hospitals to be divested are:

1. **Alvarado Hospital Medical Center**, San Diego, Calif. 306 beds. (On May 17, Tenet announced that it was required by the government to sell or close this hospital.)
2. **Cleveland Clinic Hospital**, Weston, Fla. 150 beds. (Tenet's partner in this hospital, The Cleveland Clinic Foundation, earlier this year announced its intention to exercise its contractual option this summer to purchase Tenet's 51 percent interest.)
3. **Graduate Hospital**, Philadelphia, Pa. 190 beds.
4. **Hollywood Medical Center**, Hollywood, Fla. 324 beds.
5. **Kenner Regional Medical Center**, Kenner, La. 203 beds.
6. **Lindy Boggs Medical Center**, New Orleans, La. 187 beds.
7. **Meadowcrest Hospital**, Gretna, La. 207 beds.
8. **Memorial Medical Center**, New Orleans, La. 317 beds.
9. **Parkway Regional Medical Center**, North Miami, Fla. 382 beds.
10. **Roxborough Memorial Hospital**, Philadelphia, Pa. 137 beds.
11. **Warminster Hospital**, Warminster, Pa. 145 beds.

The company expects to record impairment and restructuring charges in its financial results for the second quarter ending June 30, as a result of these planned divestitures. The divestitures are expected to be complete by mid-2007.

Tenet has established a 24-hour toll-free telephone line for those interested in purchasing these hospitals. Qualified parties should call (800) 307-5578.

ENHANCED CAPITAL SPENDING IN CORE HOSPITALS

Tenet announced that it intends to accelerate capital spending commitments in 2006 in order to make additional, immediate improvements in its remaining 57 hospitals. The company said it has revised its outlook for capital spending this year and now expects to spend or commit approximately \$800 million compared to the range of \$550 million to \$650 million it previously expected to spend or commit during 2006. The company said the additional capital will be focused on technology and patient care enhancements.

“Our top priority is improving the competitive positions of our hospitals,” Fetter said. “This additional commitment of capital will permit our hospitals to move quickly to buy new equipment, expand services and improve care.”

Among other things, the additional capital will go to purchase or construct:

- 22 advanced multi-slice CT scanners
- 13 new or expanded heart catheterization labs
- Two expanded or renovated emergency rooms
- 12 new or upgraded magnetic resonance imaging machines
- 14 upgraded hospital labs
- 13 nuclear medicine cameras

REVISED OUTLOOK FOR 2006

On March 2, 2006, in its release of earnings for the fourth quarter of 2005, Tenet provided investors with its outlook for 2006 for the 69 hospitals in continuing operations at that time, which included an outlook in a range between breakeven and a pre-tax loss of \$100 million, excluding any impact of potential charges to resolve litigation or investigations, impairment, restructuring or special charges, or the results of discontinued operations, or recoveries from outstanding claims from insurance carriers. Any of these factors could significantly impact the results of 2006 and beyond.

The 11 hospitals Tenet intends to divest, along with the already-divested Gulf Coast Medical Center, will be reclassified as discontinued operations in the second quarter of 2006. As a result of these anticipated divestitures and lower anticipated patient volumes for 2006, the company’s revised outlook for 2006 with the reduced number of hospitals in continuing operations is for a range from a pre-tax loss of \$75 million to pre-tax income of \$25 million and EBITDA of \$675 million to \$775 million, excluding any impact of various charges or other items listed above.

Tenet said it has revised its 2006 outlook to include the following: net revenues from continuing operations of approximately \$8.7 billion; depreciation and amortization expense of approximately \$360 million; interest expense net of investment earnings and minority interest of approximately \$385

million; income tax expense or benefit from continuing operations is assumed to be immaterial as a result of potential changes in the company's deferred tax valuation allowance previously recorded; an expected bad debt expense ratio (adjusted for Tenet's *Compact With Uninsured Patients*) of 13.5 percent of net operating revenues; cash flow from operations in a positive range of \$325 million to \$425 million; capital expenditures of approximately \$700 million (excluding approximately \$100 million of expected 2006 commitments for which the cash expenditure is expected to occur in 2007).

These revisions result in an outlook for free cash flow (defined as cash flow from operations less capital expenditures) in an expected range of a negative \$275 million to a negative \$375 million. This revised 2006 outlook excludes all announced payments to be made this year to settle litigation and investigations, which total \$643 million (including the \$470 million, principle and interest, to be paid in 2006 on the Department of Justice settlement announced today), as well as any potential future settlements.

INTERMEDIATE-TERM EARNINGS POTENTIAL

Tenet expects the additional divestitures and the continuing implementation of its strategies for earnings growth to have a material positive impact on its earnings performance over an intermediate time frame of two to three years. Its actual financial performance will be heavily influenced by a variety of factors, including its ability to restore growth in patient volumes, maintain existing favorable trends in pricing, and achieve incremental cost efficiencies.

To estimate the effect of these strategies on its earnings potential over this two-to-three year period, Tenet made the following assumptions for continuing operations beginning in 2007:

- Annual inpatient admission growth of approximately 1.5 percent;
- Annual growth in outpatient visits of approximately 2 percent;
- Bad debt expense adjusted for Tenet's *Compact With Uninsured Patients* declining gradually from 13.5 percent to approximately 12.5 percent;

- A continuation of recent trends in managed care pricing with annual percentage increases in the mid-single digits;
- Annual growth in controllable operating expenses limited to 4.5 percent;
- Omission of results from two Dallas hospitals whose master lease expires in mid-2007 and may not be renewed.

Based on these assumptions, Tenet believes its EBITDA margin can be improved to the range of 11 to 13 percent over the next two to three years, excluding special charges or recoveries from insurance carriers. (EBITDA margin is a non-GAAP term that is reconciled to GAAP terms later in this section.) Based on these assumptions, cash flow from operations (which does not include capital expenditures) has the potential to be in the range of \$750 million to \$950 million.

Tenet's performance will be highly sensitive to the above assumptions. It is unlikely that an improvement in earnings of this degree can be achieved if these assumptions are not met.

This intermediate-term earnings potential is below some of Tenet's public-company peers. There are two principal reasons for this. First, this assessment of intermediate earnings potential covers only the next two to three years. Tenet expects to continue to identify and implement strategies with the potential for further incremental earnings enhancement. Second, Tenet has a relatively larger portion of its hospitals in states where hospitals generally earn lower margins (California and Florida), and a relatively smaller portion of its hospitals in states where hospitals earn higher margins (states in the Southeast).

The required reconciliation to GAAP terms of Tenet's expressed potential of an 11 to 13 percent EBITDA margin over the next two to three years is as follows: an assumed range of pre-tax income of \$265 million to \$465 million, assumed depreciation and amortization in the range of \$400 million to \$420 million, assumed interest expense (net of investment earnings and minority income) in the range of \$420 million to \$430 million, yields EBITDA of \$1.1 billion to \$1.3 billion. Assuming net operating revenues of \$9.6 billion to \$10.2 billion, this would result in an EBITDA margin of 11 to 13 percent.

Income tax expense or benefit from continuing operations is assumed to be immaterial as a result of potential changes in the company's deferred tax valuation allowance previously recorded. The change to the valuation allowance depends on a future assessment of Tenet's deferred tax assets and may be material but cannot be determined at this time. The company provides non-GAAP information as a supplement to its GAAP information, and investors should not view it as a substitute for GAAP information.

INVESTOR WEB CAST AND CONFERENCE ARE SCHEDULED

Tenet said its management will discuss this announcement with investors during a web cast today beginning at 11 a.m. Eastern time. The company also said its management will hold an in-depth investor conference on July 13 to discuss Tenet's business strategy and operations. Both events will be available live and archived through the Tenet website at www.tenethealth.com.

BACKGROUND

Outlier payments

Tenet acknowledged in December 2002 that between 2000 and 2002 it received a large amount of Medicare "outlier" revenues. Outlier revenues are additional payments made to hospitals for treating the costliest Medicare cases.

Because Medicare policies at that time set the amount of outlier payments as a percentage of a hospital's gross charges, as charges increased at approximately 50 Tenet hospitals between 2000 and 2002, significant outlier payments were made to these hospitals by the Medicare program.

In late 2002, Tenet's new management team froze charges at all its hospitals and adopted a new method of calculating requested Medicare outlier payments that cut the payments by 90 percent, effective January 1, 2003. These same standards for billing of Medicare outlier payments were later adopted by the Medicare program for the entire hospital industry.

Physician Financial Arrangements

Tenet has disclosed that, since at least late 2002, it has been under heightened scrutiny by federal prosecutors with respect to its hospitals' relationships with physicians, particularly with respect to relocation agreements that are used throughout the hospital industry to attract new physicians who are needed by a community. The settlement will resolve separate investigations by U.S. attorneys in Los Angeles, El Paso, Memphis, St. Louis, San Francisco and New Orleans. It will also conclude civil litigation regarding Medicare coding that the Department of Justice had filed against the company in January 2003.

On May 17, 2006, the company announced a separate settlement of a case involving Alvarado Hospital Medical Center, which was a defendant in a criminal prosecution related to physician relocation agreements at Alvarado. Two trials in that case ended with deadlocked juries. As part of the settlement, the company agreed to pay the government \$21 million and was required to sell or close the hospital. On May 30, 2006, federal prosecutors dismissed all criminal charges against a Tenet ownership entity, the hospital and Alvarado's former chief executive officer.

The company significantly revamped its physician relationship policies in the summer of 2004 to assure that it remains in strict compliance with federal regulations.

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.

###

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 year ended Dec. 31, 2005, 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.