

# newsrelease



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## Tenet Raises Outlook for 2009

### *Tenet to Meet with Investors at Stifel Nicolaus Healthcare Symposium*

**DALLAS – Sept. 14, 2009** – Tenet Healthcare Corporation (NYSE: THC) today announced revisions to its outlook for 2009 Adjusted EBITDA to a new range of \$900 million to \$950 million. The prior outlook range was \$810 million to \$875 million. This new range corresponds to an outlook for net income attributable to shareholders in a range of \$76 million to \$141 million. Adjusted EBITDA is a non-GAAP term defined and reconciled to GAAP net income below.

“Our third quarter results through August were stronger than anticipated and extended the improving trend evident in our second quarter,” said Trevor Fetter, president and chief executive officer. “Since the summer months typically represent a seasonal slowdown in our business, this strength warrants raising our outlook for the balance of the year. In the last few months we have seen trends in payer and patient mix, bad debt expense, and volume growth that are favorable relative to our prior expectations. Our pricing trends remain positive and consistent with prior expectations.”

Adjusted EBITDA in the third and fourth quarters of 2009 is expected to be approximately equal. The Company’s revised 2009 outlook continues to make allowances for potential deterioration in bad debt expense and adverse trends in business mix in the remaining months of 2009. Additional details on revised 2009 outlook assumptions are provided in Table #1 below.

The Company also provided interim admissions statistics for the period July 1 to September 8, a time period which represents the first complete 10 weeks, or 70 days, of the third quarter. Comparing volumes in 2009 to the same 70-day period of 2008: admissions grew by 0.2 percent, paying admissions were flat, and commercial managed care admissions declined by 4.1 percent. Charity and uninsured admissions grew by 3.5 percent.

For the period July 1 to August 31, total same-hospital outpatient visits grew by 3.8 percent, paying outpatient visits grew by 4.4 percent, and commercial managed care outpatient visits increased by 0.8 percent. Charity and uninsured outpatient visits declined by 1.0 percent. The July 1 to August 31 time period included 44 weekdays and 18 weekend days in both 2008 and 2009. The reporting period for outpatient visits differs from the time period for inpatient data due to the complexity of assembling interim outpatient volume data related to our various non-hospital outpatient businesses.

The Company expects Adjusted Free Cash Flow from Continuing Operations to be in the range of negative \$45 million to positive \$40 million and Adjusted Net Cash Provided by Operating Activities from Continuing Operations of \$380 million to \$440 million for the full year 2009. The Company's year end cash balance is expected to be in the range of \$500 million to \$635 million. Adjusted Free Cash Flow from Continuing Operations and Adjusted Net Cash Provided by Operating Activities from Continuing Operations are non-GAAP terms defined and reconciled to GAAP net cash provided by operating activities in Table # 7 below.

Tenet Healthcare Corporation, through its subsidiaries, owns and operates acute care hospitals and related ancillary health care businesses, which include ambulatory surgery centers and diagnostic imaging centers. Tenet's hospitals and related health care facilities are committed to providing high quality care to patients in the communities we serve. For more information, please visit [www.tenethealth.com](http://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 year ended Dec. 31, 2008, 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.

## TABLES and EXHIBITS

<b>Table #1</b>		<b>Revised Assumptions</b>	<b>Prior Assumptions (8/4/09)</b>
	<b>2009 Outlook Assumptions</b>		
Admissions - growth <sup>(a)</sup>	(%)	(0.5) - 0.5	(1.0) - 0.0
Outpatient visits - growth <sup>(a)</sup>	(%)	2.5 - 4.0	1.5 - 3.0
Net operating revenues - growth	(%)	4.5 - 6.0	3.0 - 5.0
Net operating revenues	(\$Bil)	9.0 - 9.1	8.9 - 9.1
Controllable operating expenses	(\$Bil)	7.35 - 7.45	7.3 - 7.4
Bad debt ratio	(%)	7.8 - 8.3	7.8 - 8.5
Bad debt expense	(\$mm)	n/c	700 - 750
Adjusted EBITDA <sup>(b)</sup>	(\$mm)	900 - 950	810 - 875
Depreciation and amortization	(\$mm)	n/c	400 - 420
Interest expense, net	(\$mm)	n/c	460 - 445
Income (loss) from continuing operations before income taxes <sup>(b)</sup>	(\$mm)	40 - 85	(50) - 10
Net income (loss) from cont. ops. (normalized at 37.1% tax rate) <sup>(b)</sup>	(\$mm)	25 - 53	(31) - 6
Net income attributable to non-controlling interests	(\$mm)	n/c	(8) - (13)
Net income (loss) attributable to shareholders <sup>(b)</sup>	(\$mm)	17 - 40	(39) - (7)
E.P.S. (normalized at 37.1% tax rate, continuing operations) <sup>(b)</sup>	(\$)	0.04 - 0.08	(0.08) - (0.01)

(a) Growth versus 2008 (same-hospital)

(b) Excludes impairment of long-lived assets and goodwill, and restructuring charges, litigation and investigation costs, loss from early extinguishment of debt, and net gain on sales of investments.

"n/c" indicates "no change"

<b>Table #2 – Adjusted EBITDA Walk-Forward</b>	<b>Revenue</b>	<b>Bad Debt Exp</b>	<b>Controllable Costs</b>	<b>Adjusted EBITDA</b>	<b>Change</b>	<b>Prior Outlook (8/4/09)</b>
2008 <sup>(a)</sup>	8,585	(628)	(7,218)	739	-	739
Volume – assuming constant mix <sup>(b)</sup>	65	(5)	(35)	25	16	9
- impact from adverse mix shift	(37)	(2)	-	(39)	34	(73)
Pricing – Base line increase <sup>(c)</sup>	292	(28)	-	264	-	264
- Managed care <sup>(d)</sup>	49	-	-	49	-	49
Costs – base line inflation <sup>(e)</sup>	-	-	(253)	(253)	-	(253)
- cost reduction initiatives <sup>(f)</sup>	-	-	188	188	-	188
Bad Debt – impact of rate differential only <sup>(g)</sup>	-	(50)	-	(50)	25	(75)
Other <sup>(h)</sup>	57	(7)	(23)	27	-	27
Total – Upper end of Adjusted EBITDA	9,011	(720)	(7,341)	950	75	875
Allowance for risk <sup>(i)</sup>				(50)	15	(65)
Total – Lower end of Adjusted EBITDA				900	90	810

(a) 2008 restated for NorthShore Regional Medical Center reclassification to discontinued operations.

(b) Assumes admissions growth of positive 0.2% and outpatient visit growth of positive 3.7%, using 2008 average pricing. Margin assumption on incremental revenues is 40%.

(c) Base line pricing increases of approximately 3.5%. This assumption is before discrete initiatives valued in this analysis.

(d) Rate parity price increases in existing contracts and anticipated future increases plus \$7mm from pay-for-performance payments.

(e) Inflation rate of 3.5% reflects normal merit increases, union contract adjustments, supply cost increases and other items before discrete initiatives valued in this analysis.

(f) Full-year impact of cost initiatives initiated in late 2008 and malpractice reductions.

(g) Assumes 2009 bad debt ratio of approximately 8.0%, a 40 basis point increase over our Q4'08 bad debt ratio of 7.6%. Bad debt ratio was 7.3% in 2008.

(h) Includes impact of Sierra Providence East Medical Center (El Paso) and Coastal Carolina Hospital.

(i) Various risks including volume growth, volume mix, and bad debt create at least \$50 million in uncertainties for 2009 performance.

***This schedule is not intended to provide a series of spot estimates or line item guidance. Other combinations of line item performance could produce the same or higher or lower results.***

<b>Table #3</b> <b>Cash Walk-Forward: 12/31/08 to 12/31/09</b>	<b>Revised Outlook</b>			<b>Prior Outlook</b> <b>(8/4/09)</b>	
	<b>Low</b>	<b>High</b>	<b>Change</b>	<b>Low</b>	<b>High</b>
2009 Adjusted EBITDA	900	950	90 - 75	810	875
Add back: Stock compensation charges	20	25	-	20	25
Changes in Cash from Operating Assets and Liabilities	(120)	(100)	-	(120)	(100)
Interest Payments, net	(420)	(435)	-	(420)	(435)
<b>Adjusted Net Cash Provided by Operating Activities from Continuing Operations</b>	380	440	90 - 75	290	365
Capital Expenditures – Continuing Operations	(425)	(400)	(25) - 50	(400)	(450)
<b>Adjusted Free Cash Flow from Continuing Operations</b>	(45)	40	65 - 125	(110)	(85)
Income Tax Refunds (payments)	15	25	-	15	25
Payments against Reserves for Restructuring Charges, Litigation Costs and Settlements	(195)	(185)	-	(195)	(185)
Net Cash Provided by (used in) Operating Activities from Discontinued Operations	28	38	-	28	38
Investing Activities, Reserve Fund, Divestitures and Other	320	330	20 - (5)	300	335
Net Financing Activities	(130)	(120)	-	(130)	(120)
Net Increase (Decrease) in Cash and Cash Equivalents	(7)	128	85 - 120	(92)	8
<b>Cash and Cash Equivalents December 31, 2008</b>	507		-	507	
<b>Cash and Cash Equivalents December 31, 2009</b>	500	635	85 - 120	415	515

<b>Table #4</b> <b>Cash Walk-Forward: 6/30/09 to 12/31/09</b>	<b>Revised Outlook</b>			<b>Prior Outlook</b> <b>(8/4/09)</b>	
	<b>Low</b>	<b>High</b>	<b>Change</b>	<b>Low</b>	<b>High</b>
2009 Adjusted EBITDA	376	426	90 - 75	286	351
Add back: Stock compensation charges	7	12	-	7	12
Changes in Cash from Operating Assets and Liabilities	12	32	-	12	32
Interest Payments, net	(185)	(200)	-	(185)	(200)
<b>Adjusted Net Cash Provided by Operating Activities from Continuing Operations</b>	210	270	90 - 75	120	195
Capital Expenditures – Continuing Operations	(252)	(227)	(25) - 50	(227)	(277)
<b>Adjusted Free Cash Flow from Continuing Operations</b>	(42)	43	65 - 125	(107)	(82)
Income Tax Refunds (Payments)	(7)	3	-	(7)	3
Payments against Reserves for Restructuring Charges, Litigation Costs and Settlements	(139)	(129)	-	(139)	(129)
Net Cash Provided by (used in) Operating Activities from Discontinued Operations	-	10	-	-	10
Investing Activities, Reserve Fund, Divestitures and Other	(3)	7	20 - (5)	(23)	12
Net Financing Activities	(67)	(57)	-	(67)	(57)
Net Decrease in Cash and Cash Equivalents	(258)	(123)	85 - 120	(343)	(243)
<b>Cash and Cash Equivalents June 30, 2009</b>	758		-	758	
<b>Cash and Cash Equivalents December 31, 2009</b>	500	635	85 - 120	415	515

## Exhibit 1: Non-GAAP Measures

The following provides definitions of the non-GAAP measures used in this press release and the reconciliation to the most closely related GAAP measures.

### Adjusted EBITDA

Adjusted EBITDA, a non-GAAP term, is defined by the Company as net income (loss) attributable to Tenet Healthcare Corporation shareholders before (1) cumulative effect of change in accounting principle, net of tax, (2) net income attributable to noncontrolling interests, (3) income (loss) from discontinued operations, net of tax, (4) income tax (expense) benefit, (5) net gains (losses) on sales of investments, (6) investment earnings (loss), (7) gain (loss) from early extinguishment of debt, (8) interest expense, (9) litigation and investigation (costs) benefit, net of insurance recoveries, (10) hurricane insurance recoveries, net of costs, (11) impairment of long-lived assets and goodwill and restructuring charges, net of insurance recoveries, (12) amortization, and (13) depreciation. The Company's Adjusted EBITDA may not be comparable to EBITDA reported by other companies.

The reconciliation of net income (loss) attributable to shareholders, the most comparable GAAP term, to Adjusted EBITDA, is set forth in Table #5 below:

Additional Supplemental Non-GAAP Disclosures  
**Table #5 - Reconciliation of Outlook Adjusted EBITDA to  
 Outlook Net Income (Loss) Attributable to Tenet Healthcare Corporation Shareholders for  
 Year Ending December 31, 2009**  
 (Unaudited)

<i>(Dollars in Millions)</i>	<b>Low</b>	<b>High</b>
Net income attributable to Tenet Healthcare Corporation shareholders	\$ 76	\$ 141
Less:		
Net income attributable to noncontrolling interests	(8)	(13)
Loss from discontinued operations, net of tax	(60)	(40)
Income from continuing operations	144	194
Income tax benefit (expense)	5	(5)
Income from continuing operations, before income taxes	139	199
Net gains on sales of investments <sup>(a)</sup>	15	15
Interest expense, net	(460)	(445)
Net gain from early extinguishment of debt <sup>(a)</sup>	119	119
Operating income	465	510
Litigation and investigation costs	(25)	(15)
Impairment of long-lived assets and goodwill, and restructuring charges	(10)	(5)
Depreciation and amortization	(400)	(420)
<b>Adjusted EBITDA</b>	<b>\$ 900</b>	<b>\$ 950</b>
<b>Net operating revenues</b>	<b>\$9,000</b>	<b>\$9,100</b>
<b>Adjusted EBITDA as % of net operating revenues (Adjusted EBITDA margin)</b>	<b>10.0%</b>	<b>10.4%</b>

<sup>(a)</sup> Management is not providing a forecast of these items for the remainder of 2009.

Additional Supplemental Non-GAAP Disclosures

**Table #6 - Reconciliation of Outlook Adjusted EBITDA to  
Outlook Normalized Net Income (Loss) Attributable to Tenet Healthcare Corporation  
Shareholders for Year Ending December 31, 2009**  
(Unaudited)

(Dollars in Millions except per share amounts)

	<u>Low</u>	<u>High</u>
<b>Adjusted EBITDA (from Table #2, above)</b>	\$ 900	\$ 950
Depreciation and amortization	(400)	(420)
Interest expense, net	(460)	(445)
Normalized income from continuing operations before income taxes	40	85
Normalized income tax expense <sup>(a)</sup>	(15)	(32)
Income from continuing operations	25	53
Net income attributable to noncontrolling interests	(8)	(13)
Normalized net income attributable to Tenet Healthcare Corporation shareholders <sup>(a)</sup>	<u>\$ 17</u>	<u>\$ 40</u>
Weighted average shares outstanding (in millions)	484	484
Normalized income per share – continuing operations <sup>(a)</sup>	\$0.04	\$0.08

<sup>(a)</sup> Uses normalized tax rate of 37.1 percent.

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) attributable to Tenet Healthcare Corporation 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.

### Adjusted Free Cash Flow from Continuing Operations

Adjusted Free Cash Flow from Continuing Operations, a non-GAAP term, is defined by the Company as cash provided by (used in) operating activities less income tax refunds (payments), payments against reserves for restructuring charges and litigation costs and settlements, net cash provided by (used in) operating activities from discontinued operations, capital expenditures in continuing operations, and new and replacement hospital construction expenditures. The Company believes the use of Adjusted Free Cash Flow from Continuing Operations 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. Adjusted Free Cash Flow from Continuing Operations 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 from Continuing Operations 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 from Continuing Operations is set forth in Table #7 below.

Additional Supplemental Non-GAAP Disclosures

**Table #7 - Reconciliation of Outlook Adjusted Free Cash Flow  
from Continuing Operations for the Year Ending December 31, 2009**

(Unaudited)

(Dollars in Millions)

	<u>Low</u>	<u>High</u>
Net cash provided by operating activities	\$ 228	\$ 318
Less:		
Income tax refunds, net	15	25
Payments against reserves for restructuring charges and litigation costs and settlements	(195)	(185)
Net cash provided by operating activities from discontinued operations	28	38
<b>Adjusted Net Cash Provided by Operating Activities from Continuing Operations</b>	<b>380</b>	<b>440</b>
Purchases of property and equipment – continuing operations	(345)	(310)
Construction of new and replacement hospitals	(80)	(90)
<b>Adjusted Free Cash Flow from Continuing Operations</b>	<b>\$ (45)</b>	<b>\$ 40</b>