FORM 10-K

TENET HEALTHCARE CORP - THC

Filed: August 14, 2002 (period: May 31, 2002)

Annual report with a comprehensive overview of the company

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[x] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended May 31, 2002.

OR

[_] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to .

Commission file number: I-7293

TENET HEALTHCARE CORPORATION
(Exact name of Registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	**95-2557091** (I.R.S. Employer Identification No.)
3820 State Street **Santa Barbara, California** (Address of principal executive offices)	**93105** (Zip Code)

Area Code (805) 563-7000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock	New York Stock Exchange Pacific Exchange
7 7/8% Senior Notes due 2003	New York Stock Exchange
8 5/8% Senior Notes due 2003	New York Stock Exchange
8% Senior Notes due 2005	New York Stock Exchange
5 3/8% Senior Notes due 2006	New York Stock Exchange
5% Senior Notes due 2007	New York Stock Exchange
6 3/8% Senior Notes due 2011	New York Stock Exchange
6 1/2% Senior Notes due 2012	New York Stock Exchange
6 7/8% Senior Notes due 2031	New York Stock Exchange
8 1/8% Senior Subordinated Notes due 2008	New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K. o

As of July 31, 2002, there were 488,139,358 shares of Common Stock outstanding. The aggregate market value of the shares of Common Stock held by non-affiliates of the Registrant, based on the closing price of these shares on the New York Stock Exchange, was $23,168,229,852. For the purposes of the foregoing calculation only, all directors and executive officers of the Registrant have been deemed affiliates.

Portions of the Registrant's Annual Report to Shareholders for the fiscal year ended May 31, 2002, have been incorporated by reference into Parts I, II and IV of this Report. Portions of the definitive Proxy Statement for the Registrant's 2002 Annual Meeting of Shareholders have been incorporated by reference into Part III of this Report.

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Note: The responses to Items 5 through 8, Items 12 and 13 and portions of Items 1, 3, 10,11 and 14 are included in the Registrant's Annual Report to Shareholders for the year ended May 31, 2002, or the definitive Proxy Statement for the Registrant's 2002 Annual Meeting of Shareholders. The required information is incorporated into this Report by reference to those documents and is not repeated herein.

PART I

Item 1. Business

GENERAL

Tenet Healthcare Corporation (together with its subsidiaries, "Tenet", the "Registrant" or the "Company") is the second-largest investor-owned health care services company in the United States. At May 31, 2002, Tenet's subsidiaries and affiliates (collectively "subsidiaries") owned or operated 116 domestic general hospitals with 28,667 licensed beds and related health care facilities serving urban and rural communities in 17 states, owned one general hospital and related health care facilities in Barcelona, Spain, and held investments in other health care companies. The related health care facilities included a small number of rehabilitation hospitals, specialty hospitals, long-term-care facilities, a psychiatric facility and medical office buildings located on the same campus as, or nearby, its general hospitals, physician practices and various ancillary health care businesses, including outpatient surgery centers, home health care agencies, occupational and rural health care clinics and health maintenance organizations.

Several years ago Tenet adopted a "back to basics" approach to improving its operations and financial performance. Various initiatives developed as part of that back to basics approach helped Tenet to significantly improve its operations and financial performance in fiscal year 2002. Among those initiatives, which are discussed in more detail below, are initiatives to (i) improve patient, physician and employee satisfaction, (ii) acquire new, or expand and enhance existing, integrated health care delivery systems, (iii) reduce bad debts and improve cash flow, (iv) focus on core services such as cardiology, orthopedics and neurology designed to meet the health care needs of the aging baby boomer generation, (v) improve recruitment and retention of nurses and other employees, (vi) improve the quality of care provided at its hospitals by identifying best practices and exporting those best practices to all of its hospitals; and (vii) improve operating efficiencies and reduce costs while maintaining the quality of care provided.

Tenet regularly reviews its portfolio of facilities to assess performance and allocate resources. Tenet intends to continue its strategic acquisitions of, and partnerships or affiliations with, additional general hospitals and related health care businesses in order to expand and enhance its integrated health care delivery systems. From time to time, Tenet also may close or sell facilities or convert them to alternate uses.

As discussed in more detail under Health Care on page 2, Tenet's subsidiaries acquired five general hospitals and sold one general hospital during fiscal 2002. During fiscal 2002, a partnership between a Tenet subsidiary and The Cleveland Clinic Foundation opened the Cleveland Clinic Florida Hospital.

On March 1, 2001, the Company entered into a senior unsecured $500 million 364-day credit agreement and a senior unsecured $1.5 billion five-year revolving credit agreement. On February 28, 2002, the Company renewed the 364-day agreement for another 364 days. The credit agreements allow the Company to borrow, repay and reborrow up to $500 million prior to March 1, 2003 and $1.5 billion prior to March 1, 2006. The Company had approximately $931 million available under its credit agreements at May 31, 2002.

Under segment reporting criteria, Tenet's business of providing health care is a single reportable operating segment. See the discussion of Tenet's revenues and operations in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Tenet's Annual Report to Shareholders for the year ended May 31, 2002.

OPERATIONS

A. Health Care

All of Tenet's operations are conducted through its subsidiaries. At May 31, 2002, Tenet's subsidiaries operated 116 domestic general hospitals with 28,667 licensed beds serving urban and rural communities in 17 states. Of those general hospitals, 96 are owned by Tenet's subsidiaries and 20 are owned by third parties and leased by Tenet subsidiaries (including one Tenet-owned facility that is on land leased from a third party). A Tenet subsidiary also owns one general hospital and ancillary health care operations in Barcelona, Spain.

During fiscal 2002, Tenet's subsidiaries acquired five general hospitals: Good Samaritan Medical Center in West Palm Beach, Florida, with a total of 341 beds, St. Mary's Medical Center in West Palm Beach, Florida, with a total of 460 beds, St. Alexius Hospital in St. Louis, Missouri, with a total of 203 beds, Daniel Freeman Memorial Hospital in Inglewood, California, with a total of 358 beds, and Daniel Freeman Marina Hospital in Marina Del Rey, California, with a total of 166 beds (which is in the process of being closed). During fiscal 2002, Tenet sold one general hospital. On June 1, 2002, Tenet closed St. Luke Medical Center in Pasadena, California.

During fiscal 2002, a partnership formed between a subsidiary of the Company and The Cleveland Clinic Foundation (the "Foundation") opened the Cleveland Clinic Florida Hospital (the "Hospital") in Weston, Florida. The Company's subsidiary provides operational and management expertise to the Hospital. Under a medical services agreement between the partnership and The Cleveland Clinic Florida (the "Clinic") – a subsidiary of the Foundation, the Clinic provides to the Hospital clinical and medical administration and is the exclusive provider of all specialty medical staff.

Each of Tenet's general hospitals offers acute care services, operating and recovery rooms, radiology services, respiratory therapy services, pharmacies and clinical laboratories, and most offer intensive care, critical care and/or coronary care units, and physical therapy, orthopedic, oncology and outpatient services. A number of the hospitals also offer tertiary care services such as open-heart surgery, neonatal intensive care and neuroscience. Eight of the Company's hospitals-Memorial Medical Center, USC University Hospital, St. Louis University Hospital, Hahnemann University Hospital, Sierra Medical Center, Western Medical Center, St. Christopher's Hospital for Children and the Cleveland Clinic Florida Hospital-offer quaternary care in such areas as heart, lung, liver and kidney transplants. USC University Hospital, Sierra Medical Center and Good Samaritan Medical Center also offer gamma-knife brain surgery and St. Louis University Hospital, Hahneman University Hospital and Memorial Medical Center offer bone marrow transplants. Except for one small hospital that has not sought to be accredited, each of the Company's facilities that is eligible for accreditation is fully accredited by the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO"), the Commission on Accreditation of Rehabilitation Facilities ("CARF") (in the case of rehabilitation hospitals), The American Osteopathic Association ("AOA") (in the case of two hospitals) or another appropriate accreditation agency. With such accreditation, the Company's hospitals are eligible to participate in the

Medicare and Medicaid programs. The one hospital that is not accredited participates in the Medicare program through a special waiver that must be renewed each year.

For many years, significant unused capacity at U.S. hospitals, payor-required preadmission authorization and payor pressure to maximize outpatient and alternative health care delivery services for less acutely ill patients created an environment where hospital admissions and length of stay declined significantly. More recently, admissions have begun to increase as the baby boomer generation enters the stage of life where hospital utilization increases.

Among various initiatives the Company has implemented to address this trend is focusing on core services, such as cardiology, orthopedics and neurology, to meet the health care needs of the baby boomer generation. The Company's facilities also will continue to emphasize those outpatient services that can be provided on a quality, cost-effective basis and that the Company believes will meet the needs of the communities the facilities serve. The patient volumes and net operating revenues at both the Company's general hospitals and its outpatient surgery centers are subject to seasonal variations caused by a number of factors, including, but not necessarily limited to, seasonal cycles of illness, climate and weather conditions, vacation patterns of both patients and physicians and other factors relating to the timing of elective procedures.

The following table lists, by state, the general hospitals owned or leased by Tenet's subsidiaries and operated domestically as of May 31, 2002:

Geographic Area/State	Facility	Location	Licensed Beds	Status
Alabama	Brookwood Medical Center	Birmingham	586	Owned
Arkansas	Central Arkansas Hospital	Searcy	193	Owned
	National Park Medical Center	Hot Springs	166	Owned
	Regional Medical Center of NEA (1)	Jonesboro	104	Owned
	St. Mary's Regional Medical Center	Russellville	170	Owned
California (Southern)	Alvarado Hospital Medical Center/SDRI	San Diego	311	Owned
	Brotman Medical Center	Culver City	432	Owned
	Centinela Hospital Medical Center	Inglewood	371	Owned
	Century City Hospital	Los Angeles	190	Leased
	Chapman Medical Center	Orange	114	Leased
	Coastal Communities Hospital	Santa Ana	178	Owned
	Community Hospital of Huntington Park	Huntington Park	81	Leased
	Daniel Freeman Marina Hospital	Marina del Rey	166	Owned
	Daniel Freeman Memorial Hospital	Inglewood	358	Owned
	Desert Regional Medical Center	Palm Springs	393	Leased
	Encino-Tarzana Regional Medical Center (2)	Encino	151	Leased
	Encino-Tarzana Regional Medical Center (2)	Tarzana	236	Leased

Fountain Valley Regional Hospital and Medical Ctr	Fountain Valley	400	Owned
Garden Grove Hospital and Medical Center	Garden Grove	167	Owned
Garfield Medical Center	Monterey Park	210	Owned
Greater El Monte Community Hospital	South El Monte	117	Owned
Irvine Regional Hospital and Medical Center	Irvine	176	Leased
John F. Kennedy Memorial Hospital	Indio	130	Owned
Lakewood Regional Medical Center	Lakewood	161	Owned
Los Alamitos Medical Center	Los Alamitos	167	Owned
Midway Hospital Medical Center	Los Angeles	225	Owned
Mission Hospital of Huntington Park	Huntington Park	109	Owned
Monterey Park Hospital	Monterey Park	101	Owned
Placentia Linda Hospital	Placentia	114	Owned
Queen of Angels/Hollywood Presbyterian Med Ctr	Los Angeles	434	Owned
St. Luke Medical Center (3)	Pasadena	165	Owned
San Dimas Community Hospital	San Dimas	93	Owned

Geographic Area/State	Facility	Location	Licensed Beds	Status
	Santa Ana Hospital Medical Center	Santa Ana	69	Leased
	Suburban Medical Center	Paramount	182	Leased
	USC University Hospital (4)	Los Angeles	293	Leased
	Western Medical Center	Santa Ana	287	Owned
	Western Medical Center Hospital Anaheim	Anaheim	188	Owned
	Whittier Hospital Medical Center	Whittier	181	Owned
California (Northern)	Community Hospital of Los Gatos	Los Gatos	143	Leased
	Doctors Hospital of Manteca	Manteca	7	Owned
	Doctors Medical Center	Modesto	465	Owned
	Doctors Medical Center	San Pablo	232	Leased
	Redding Medical Center	Redding	238	Owned
	San Ramon Regional Medical Center	San Ramon	123	Owned
	Sierra Vista Regional Medical Center	San Luis Obispo	201	Owned
	Twin Cities Community Hospital	Templeton	84	Owned
Florida	Cleveland Clinic Florida Hospital(5)	Weston	150	Owned
	Coral Gables Hospital	Coral Gables	273	Owned
	Delray Medical Center	Delray Beach	343	Owned
	Florida Medical Center	Ft. Lauderdale	459	Owned
	Good Samaritan Hospital	West Palm Beach	341	Owned
	Hialeah Hospital	Hialeah	378	Owned
	Hollywood Medical Center	Hollywood	324	Owned
	North Ridge Medical Center	Ft. Lauderdale	332	Owned
	North Shore Medical Center	Miami	357	Owned
	Palm Beach Gardens Medical Center	Palm Beach Gardens	204	Leased
	Palmetto General Hospital	Hialeah	360	Owned
	Parkway Regional Medical Center	North Miami Beach	382	Owned
	St. Mary's Medical Center	West Palm Beach	460	Owned
	Seven Rivers Community Hospital	Crystal River	128	Owned
	West Boca Medical Center	Boca Raton	185	Owned
Georgia	Atlanta Medical Center	Atlanta	460	Owned
	North Fulton Regional Hospital	Roswell	167	Leased
	South Fulton Medical Center	East Point	392	Owned
	Spalding Regional Hospital	Griffin	160	Owned
	Sylvan Grove Hospital	Jackson	25	Leased
Indiana	Winona Memorial Hospital	Indianapolis	317	Owned
Louisiana	Doctors Hospital of Jefferson	Metairie	124	Owned
	Kenner Regional Medical Center	Kenner	203	Owned
	Meadowcrest Hospital	Gretna	203	Owned
	Memorial Medical Center, Mid-City Campus	New Orleans	193	Owned
	Memorial Medical Center, Uptown Campus	New Orleans	369	Owned
	Northshore Regional Medical Center	Slidell	174	Leased
	St. Charles General Hospital	New Orleans	154	Owned
Massachusetts	MetroWest Medical Center—Leonard Morse(6)	Natick	182	Owned
	MetroWest Medical Center—Union Hospital(6)	Framingham	238	Owned
	St. Vincent Hospital at Worcester Medical Ctr(7)	Worcester	348	Owned

Mississippi	Gulf Coast Medical Center	Biloxi	189	Owned
Missouri	Des Peres Hospital	St. Louis	167	Owned
	Forest Park Hospital	St. Louis	450	Owned
	SouthPointe Hospital	St. Louis	408	Owned
	St. Alexius Hospital	St. Louis	203	Owned
	St. Louis University Hospital	St. Louis	356	Owned
	Three Rivers Healthcare—North Campus	Poplar Bluff	201	Leased
	Three Rivers Healthcare—South Campus	Poplar Bluff	222	Owned
	Twin Rivers Regional Medical Center	Kennett	116	Owned
Nebraska	Creighton University Medical Center(8)	Omaha	388	Owned
Nevada	Lake Mead Hospital Medical Center	North Las Vegas	198	Owned
North Carolina	Central Carolina Hospital	Sanford	137	Owned
	Frye Regional Medical Center	Hickory	355	Leased

Geographic Area/State	Facility	Location	Licensed Beds	Status
Pennsylvania	Elkins Park Hospital	Elkins Park	243	Owned
	Graduate Hospital	Philadelphia	303	Owned
	Hahnemann University Hospital	Philadelphia	618	Owned
	Medical College of Pennsylvania Hospital	Philadelphia	465	Owned
	Parkview Hospital	Philadelphia	200	Owned
	St. Christopher's Hospital for Children	Philadelphia	183	Owned
	Warminster Hospital	Warminster	145	Owned
South Carolina	East Cooper Regional Medical Center	Mount Pleasant	100	Owned
	Hilton Head Medical Center and Clinics	Hilton Head	93	Owned
	Piedmont Medical Center	Rock Hill	268	Owned
Tennessee	John W. Harton Regional Medical Center	Tullahoma	137	Owned
	St. Francis Hospital	Memphis	651	Owned
	University Medical Center	Lebanon	257	Owned
Texas (Dallas)	Doctors Hospital	Dallas	198	Owned
	Lake Pointe Medical Center	Rowlett	97	Owned
	RHD Memorial Medical Center	Dallas	150	Leased
	Trinity Medical Center	Carrollton	137	Leased
Texas (Houston)	Cypress Fairbanks Medical Center	Houston	140	Owned
	Houston Northwest Medical Center	Houston	498	Owned
	Park Plaza Hospital	Houston	468	Owned
	Twelve Oaks Medical Center	Houston	526	Owned
Texas (Other)	Brownsville Medical Center	Brownsville	243	Owned
	Nacogdoches Medical Center	Nacogdoches	150	Owned
	Providence Memorial Hospital	El Paso	486	Owned
	Shelby Regional Medical Center	Center	54	Owned
	Sierra Medical Center	El Paso	354	Owned

(1) Owned by a limited liability company in which a Tenet subsidiary owns a 95 percent interest and is the managing member.

(2) Leased by a partnership in which Tenet's subsidiaries own a 75 percent interest and of which a Tenet subsidiary is the managing general partner.

(3) Facility closed as of June 1, 2002.

(4) Facility owned by Tenet on land leased from a third party.

(5) Owned by a partnership in which a Tenet subsidiary owns a 51 percent interest and is the managing general partner.

(6) Owned by a limited partnership in which a Tenet subsidiary owns a 79.9 percent interest and is the managing general partner.

(7) Owned by a limited liability company in which a Tenet subsidiary owns a 90 percent interest and is the managing member.

(8) Owned by a limited liability company in which a Tenet subsidiary owns a 74 percent interest and is the managing member.

The largest concentrations of the Company's hospital beds are in California (29.7 percent), Florida (16.3 percent) and Texas (12.2 percent). While having concentrations of hospital beds within geographic areas helps the Company to contract more successfully with managed care payors, reduce management, marketing and other expenses and more efficiently utilize resources, such concentrations increase the risk that any adverse economic, regulatory or other developments that may occur within such areas may adversely affect the Company's business, financial position or results of operations.

Tenet believes that its hospitals are well-positioned to compete effectively in the rapidly evolving health care environment. Tenet continually analyzes whether each of its hospitals fits within its strategic plans and has and will continue to analyze ways in which such assets may best be used to maximize shareholder value. To that end, the Company occasionally may close, sell or convert to alternate uses certain of the Company's facilities and services in order to eliminate non-strategic assets, duplicate services or excess capacity or because of changing market conditions.

The following table shows certain information about the general hospitals owned or leased domestically by Tenet's subsidiaries for the fiscal years ended May 31:

	2000	2001	2002
Total number of facilities	110	111	116
Total number of licensed beds	26,939	27,277	28,667
Average occupancy during the period	46.8%	50.0%	51.6%

The above tables do not include Tenet's general hospital in Barcelona, Spain, or Tenet's rehabilitation hospitals, long-term-care facilities, psychiatric facility, outpatient surgery centers or other ancillary facilities.

B. Business Strategy

The Company's objective is to provide quality health care services responsive to the needs of each community or area within the current regulatory and managed care environment. Tenet believes that competition among health care providers occurs primarily at the local level. Accordingly, the Company tailors its local strategies to address the specific competitive characteristics of each area in which it operates, including the number and size of facilities operated by Tenet's subsidiaries and their competitors, the nature and structure of physician practices and physician groups and the demographic characteristics of the area. To achieve its objective, the Company pursues the following strategies:

- Improving patient, physician and employee satisfaction. An important program in this area, the "Target 100" program, targets 100 percent satisfaction rates among patients, physicians and employees at Tenet's facilities. Under the program, employees at every hospital are trained to focus on the following five pillars in every aspect of their jobs: Service, Quality, Cost, People and Growth. The Target 100 program has been implemented at all of the Company's hospitals and employees at all of Tenet's hospitals have received their initial Target 100 training. The program also has been implemented at the Company's corporate offices and Dallas service center with the focus on attaining 100 percent satisfaction from the hospitals served by the Company's corporate offices and Dallas service center.

- Acquiring or entering into strategic partnerships with hospitals, groups of hospitals, other health care businesses and ancillary health care providers where appropriate to expand and enhance quality integrated health care delivery systems responsive to the current managed care environment. Being a comprehensive provider of quality health care services in selected communities enables the Company to attract and serve patients and physicians. The Company carefully evaluates investment opportunities and invests in projects that enhance its objective of providing quality health care services, maximizing its return on investments and enhancing shareholder value.

- Reducing bad debts and improving cash flow. The Company has taken actions such as improving its admissions processes, including providing better training for employees involved in admitting patients, simplifying its contracts with managed care providers to cut down on billing disputes, improving its charting and billing processes to bill more promptly and reduce the number of errors and re-engineering

the collections process to ensure that bills are paid in a timely manner. The Company also has made a policy decision to aggressively pursue, through litigation and other means, claims against managed care payors who do not promptly pay their bills.

- Focusing on core services such as cardiology, orthopedics and neurology designed to meet the health care needs of the aging baby boomer generation. The Company is dedicating significant capital to building or enhancing facilities and acquiring equipment to support those core services and is focusing on recruiting physicians who specialize in cardiology, orthopedics and neurology to practice at its hospitals.

- Improving recruitment and retention of nurses and other employees. Among the steps Tenet is taking to attract and retain employees generally, and nurses in particular, is its "employer of choice" program, through which Tenet strives to be the employer of choice in each region where it is located. The program includes continuing education programs designed to allow employees to earn advanced credentials and degrees, including on-line education programs which may be completed at a Tenet facility or at home in order to address the varied work schedules of hospital-based employees. The program also includes a focus on employee recognition, reducing waiting periods for participation in employee benefit plans, flexible work schedules where appropriate and the Tenet Rewards program, which allows employees to purchase certain goods and services at discounted prices.

- Improving the quality of care provided at its hospitals by identifying best practices, re-engineering hospital processes to help achieve better outcomes for patients, and offering those best practices to all of its hospitals. One program designed to accomplish this is Tenet's "Partnership for Change" program. The program is designed to create a quality monitoring culture among Tenet's employees, physicians and other health care professionals who practice at Tenet's hospitals. The program calls for tracking outcomes in an effort to help maximize the most effective clinical practices. The Partnership for Change program has been implemented in 38 of the Company's hospitals in Southern California, New Orleans and South Florida. Over time, the program will be rolled out to all of Tenet's facilities.

- Improving operating efficiencies and reducing costs while maintaining the quality of care provided. For example, by aggregating volume purchases among a large group of purchasers, including Tenet's hospitals and the hospitals and other health care facilities of many other investor-owned and not-for-profit health care providers, and enforcing purchasing guidelines, Broadlane, Inc., has been able to lower Tenet's supply costs. Broadlane also offers procurement strategy, outsourcing and e-commerce services. While Tenet is the majority owner of Broadlane, other health care providers and others, including key employees of Tenet and its subsidiaries, have invested in Broadlane.

- Developing and maintaining strong relationships with physicians and fostering a physician-friendly culture that will enhance patient care and fulfill the health care needs of the communities the Company serves.

- Entering into discounted fee-for-service arrangements and managed care contracts with third-party payors.

Tenet's general hospitals serve as hubs for integrated health care delivery systems. Those systems are designed to provide quality medical care throughout a community or area. For a further discussion of how Tenet's business strategy enhances its competitive position, see Competition on page 10.

To continue to enhance its integrated health care delivery systems, Tenet intends to make strategic acquisitions of hospitals, build new hospitals and expand its existing hospitals. The Company recently has seen an increase in the number of not-for-profit hospitals available for purchase and expects to make more strategic acquisitions as a result of that trend. The fact that the governing boards of not-for-profit hospitals now typically engage investment bankers or other third parties to assist with the process of selling their hospitals results in a more competitive process, which may result in higher prices for those hospitals. Furthermore, legislative requirements concerning the procedures that a for-profit hospital company must follow when acquiring a not-for-profit hospital in many states, as well as other factors, have increased the amount of time it takes the Company to acquire a not-for-profit hospital. In order to meet market-driven demands, such as the demand for hospital services in a wider geographic area or for outpatient services, and to expand its hospitals' market share in certain geographic areas, the Company also is pursuing opportunities to build new hospitals or comprehensive outpatient centers that typically do not provide overnight inpatient care.

Several years ago many of the Company's subsidiaries entered into employment or at-risk management agreements with physicians. A large percentage of those physician practices were acquired as part of large hospital acquisitions or through the formation of integrated health care delivery systems. During the latter part of fiscal year 1999, the Company undertook the process of evaluating its physician strategy and began to develop plans to divest, terminate or allow to expire a significant number of its existing unprofitable agreements with physicians. During fiscal years 2000

and 2001, the Company's subsidiaries exited 77 percent of the unprofitable physician agreements that management had authorized be terminated or allowed to expire. Substantially all of the remaining unprofitable physician agreements were terminated by July 31, 2002. The Company's subsidiaries continue to employ or manage a number of more profitable or strategic physician practices, which are managed at the local level.

PROPERTIES

Tenet's principal executive offices are located at 3820 State Street, Santa Barbara, California 93105. That building is leased by a Tenet subsidiary under a lease that expires in 2006. The telephone number of Tenet's Santa Barbara headquarters is (805) 563-7000. Hospital support services for Tenet's subsidiaries are located in a service center in Dallas, Texas, in space leased by a Tenet subsidiary under a lease that terminates in 2010 unless the Company exercises one or both of its two five-year renewal options. At May 31, 2002, Tenet and its subsidiaries also were leasing space for regional offices in California, Florida, Georgia, Louisiana, Missouri, Pennsylvania and Texas. In addition, Tenet's subsidiaries operated domestically 163 medical office buildings, most of which are adjacent to Tenet's general hospitals.

The number of licensed beds and locations of the Company's general hospitals are described on pages 3 through 5. As of May 31, 2002, Tenet had approximately $51 million of outstanding loans secured by property and equipment and approximately $49 million of capitalized lease obligations. The Company believes that all of these properties, as well as the administrative and medical office buildings described above, are suitable for their intended purposes.

MEDICAL STAFF AND EMPLOYEES

Tenet's hospitals are staffed by licensed physicians who have been admitted to the medical staff of individual hospitals. Members of the medical staffs of Tenet's hospitals also often serve on the medical staffs of hospitals not owned by the Company and may terminate their affiliation with the Tenet hospital or shift some or all of their admissions to competing hospitals at any time. Although Tenet owns some physician practices and, where permitted by law, employs some physicians, the majority of the physicians who practice at the Company's hospitals are not employees of the Company. Nurses, therapists, lab technicians, facility maintenance staff and the administrative staff of hospitals normally are employees of the Company.

Tenet's operations are dependent on the efforts, ability and experience of its employees and physicians. Tenet's continued growth depends on (i) its ability to attract and retain skilled employees, (ii) the ability of its key employees to manage growth successfully and (iii) Tenet's ability to attract and retain physicians and other health care professionals at its hospitals. In addition, the success of Tenet is, in part, dependent upon the quality, number and specialties of physicians on its hospitals' medical staffs, most of whom have no long-term contractual relationship with Tenet and may terminate their association with Tenet's hospitals at any time. Although Tenet currently believes it will continue to successfully attract and retain key employees, qualified physicians and other health care professionals, the loss of some or all of its key employees or inability to attract or retain sufficient numbers of qualified physicians and other health care professionals could have a material adverse effect on the Company's business, financial position or results of operations.

The number of Tenet's employees (of which approximately 30 percent were part-time employees) at May 31, 2002, was approximately as follows:

General hospitals and related health care facilities(1)	112,651
Tenet Service Center and regional and support offices	1,064
Corporate headquarters	162
Total	113,877

(1) Includes employees whose employment relates to the operations of the Company's general hospitals, rehabilitation hospitals, psychiatric facility, specialty hospitals, outpatient surgery centers, managed services organizations, physician practices, debt collection subsidiary and other health care operations.

Tenet is subject to the federal minimum wage and hour laws and maintains various employee benefit plans. Labor relations at Tenet's facilities have been satisfactory and approximately eight percent of Tenet's employees are represented by labor unions. The hospital industry in general, including the Company's hospitals, are seeing an increase in the amount of union activity, particularly in California. The Company does not expect the increase in union activity to significantly impact the Company's business, financial position or results of operations.

The hospital industry in general is experiencing a nationwide nursing shortage. This shortage is more serious in certain areas than others, including several areas in which the Company operates hospitals, such as South Florida, Southern California and Texas, and in certain specialties. The nursing shortage has become a significant operating issue to health care providers, including the Company, and has resulted in increased costs to the Company for nursing personnel. The Company cannot predict the degree to which it will be affected by the future availability and cost of nursing personnel, but it expects the nursing shortage to continue, which may require the Company to enhance wages and benefits to recruit and retain nurses and also may require an increase in the utilization of more expensive temporary personnel. Among the steps Tenet is taking to attract and retain employees generally, and nurses in particular, is its "employer of choice" program, which is described on page 7 above.

COMPETITION

Tenet's general hospitals and other health care businesses operate in competitive environments. A facility's competitive position within the geographic area in which it operates is affected by a number of competitive factors, including: the scope, breadth and quality of services a hospital offers to its patients and physicians; the number, quality and specialties of the physicians who refer patients to the hospital; nurses and other health care professionals employed by the hospital or on its staff; its reputation; its managed care contracting relationships; the extent to which it is part of an integrated health care delivery system; its location; the location and number of competitive facilities and other health care alternatives; the physical condition of its buildings and improvements; the quality, age and state of the art of its medical equipment; its parking or proximity to public transportation; the length of time it has been a part of the community; and its charges for services. Tax-exempt competitors may have certain financial advantages not available to Tenet's facilities, such as endowments, charitable contributions, tax-exempt financing and exemptions from sales, property and income taxes. Tenet believes that competition among health care providers occurs primarily at the local level. Accordingly, the Company tailors its hospitals' local strategies to address the specific competitive characteristics of the region in which they operate.

The importance of Tenet's facilities obtaining managed care contracts has increased over the years as employers, private and government payors and others have tried to control rising health care costs. The revenues and operating results of most of the Company's hospitals are significantly affected by the hospitals' ability to negotiate favorable contracts with managed care payors.

A health care provider's ability to compete for favorable managed care contracts is affected by many factors, including the competitive factors referred to above. Among the most important of those factors is whether the hospital is part of an integrated health care delivery system and, if so, the scope, breadth and quality of services offered by such system and by competing systems. A hospital that is part of a system with many hospitals throughout a geographic area is more likely to obtain managed care contracts, and to obtain more favorable terms in those contracts, than a hospital that is not.

Tenet evaluates changing circumstances in each geographic area on an ongoing basis and positions itself to compete in the managed care market by forming its own, or joining with others to form, integrated health care delivery systems. Most of Tenet's hospitals are located in geographic areas where they have the number one or number two market share. In those areas, Tenet negotiates with managed care providers with the goal of including all of its hospitals within the region in each managed care contract. In addition to negotiating managed care contracts for its networks of hospitals, Tenet: (i) encourages physicians practicing at its hospitals to form independent physician associations ("IPAs") and (ii) joins with those IPAs as well as other physicians and physician group practices to form physician hospital organizations ("PHOs") to enter into managed care and other contracts both on behalf of those groups and, in certain circumstances, on behalf of the PHOs.

Tenet's networks in Southern California, South Florida, the greater New Orleans area, St. Louis, Philadelphia and, more recently, Atlanta are models of how Tenet has developed networks of its own hospitals and related health care facilities to meet the health care needs of these communities throughout those geographic areas. In geographic areas where Tenet has fewer hospitals, those hospitals may join with other hospitals and health care providers to create integrated health care delivery systems in order to better compete for managed care contracts.

Another important factor in Tenet's future success is the ability of its hospitals to continue to attract and retain staff physicians. The Company attracts physicians to its hospitals by equipping its hospitals with technologically advanced equipment and physical plant, properly maintaining the equipment and physical plant, sponsoring training programs to educate physicians on advanced medical procedures and otherwise creating an environment within which physicians prefer to practice. The Company also attracts physicians to its hospitals by using local governing boards, consisting primarily of physicians and community members, to develop short-and long-term plans for the hospital and review and approve, as appropriate, actions of the medical staff, including staff appointments, credentialing, peer review and quality assurance. While physicians may terminate their association with a hospital at any time, Tenet believes that by striving to maintain and improve the level of care at its hospitals and by maintaining ethical and professional standards, it will attract and retain qualified physicians with a variety of specialties.

"Target 100" and "Partnership for Change" are two important programs that Tenet has adopted to enhance physician satisfaction and make the Company's hospitals more attractive to physicians. As noted in the Business Strategy discussion on page 6, the "Target 100" program targets 100 percent satisfaction rates among patients, physicians and employees at Tenet's facilities. Under the program, employees at every hospital are trained to focus on the following five pillars in every aspect of their jobs: Service, Quality, Cost, People and Growth. Tenet's Partnership for Change program, which also is described in the Business Strategy discussion on page 7, is designed to create a quality monitoring culture among Tenet's employees, physicians and other health care professionals who practice at Tenet's hospitals. The program employs a computerized outcomes management system that contains clinical and demographic information from the Company's hospitals and physicians and allows users to identify "best practices" for treating specific diagnostic-related groups. The Company's goal is to improve the quality of care provided at its hospitals by maximizing the most effective clinical practices and eliminating those that have proven not to be effective.

The health care industry continues to contend with a nursing shortage and increased competition for nurses and other health care professionals. The steps the Company is taking to address that competition are described in the discussion concerning Medical Staff and Employees on page 9.

The health care industry has undergone a tremendous amount of change over the past several years. In the late 1990's, national and state efforts to reform the health care system in the United States adversely impacted reimbursement rates under government programs such as Medicare and Medicaid. More recently, however, hospitals have been granted relief in the form of higher reimbursement rates. The earlier cutback in reimbursement rates and the more recent relief in the form of higher reimbursement rates are described in more detail under Medicare, Medicaid and Other Revenues on page 13.

Similarly, for many years general hospitals faced efforts by managed care payors to reduce inpatient admissions and average lengths of stay, and to reduce the amounts hospitals were paid for providing care to their patients. Among the methods used by managed care payors to accomplish those goals have been payor-required pre-admission authorization and utilization review and payor pressure to maximize outpatient and alternative health care delivery services for less acutely ill patients. Because of the Company's strategies, however, its hospitals achieved strong admissions growth in fiscal year 2002 and expect their admissions growth to continue. Furthermore, the Company successfully negotiated higher payment rates under many of its managed care contracts in fiscal year 2002 and expects to continue to negotiate higher payment rates from managed care payors.

The health care industry has seen a significant rise in malpractice expense due to unfavorable pricing and availability trends in the professional and general liability insurance markets and increases in the magnitude of claim settlements. The Company expects this trend may continue unless meaningful tort reform legislation is enacted.

Changes in medical technology, existing and future legislation, regulations, interpretations of those regulations, competitive contracting for provider services by payors and other competitive factors may require changes in the Company's facilities, equipment, personnel, procedures, rates and/or services in the future. The Company believes it has the capital available to respond to those challenges.

To meet the foregoing challenges, the Company (i) has implemented the business strategies described on pages 6 through 8, (ii) has expanded or converted many of its general hospitals' facilities to include distinct outpatient centers, (iii) offers discounts to private payor groups, (iv) upgrades facilities and equipment, (v) offers new programs and services and (vi) is entering into additional managed care contracts.

MEDICARE, MEDICAID AND OTHER REVENUES

Tenet receives payments for patient care from private insurance carriers, federal Medicare programs for elderly patients and patients with disabilities, health maintenance organizations, preferred provider organizations, state Medicaid programs for indigent and cash grant patients, the TriCare Program ("TriCare"), employers and patients. The approximate percentages of Tenet's net patient revenue by payment sources for Tenet's domestic general hospitals owned or operated by its subsidiaries are as follows:

	Years Ended May 31,		
	2000	2001	2002
Medicare	32.6%	30.8%	31.8%
Medicaid	8.3%	8.2%	8.6%
Managed Care	40.7%	43.3%	43.9%
Indemnity and Other	18.4%	17.7%	15.7%

Payments from government programs, such as Medicare and Medicaid, account for a significant portion of Tenet's operating revenues. From time to time, legislative changes have resulted in limitations on, and in some cases significant reductions in levels of, payments to health care providers under government programs. One example of that is the Balanced Budget Act of 1997 (the "BBA"), which changed the method of paying health care providers under the Medicare and Medicaid programs, and resulted in significant reductions in payments to health care providers for their inpatient, outpatient, home health, capital and skilled nursing facilities costs. All significant BBA reductions have been phased in.

The savings to the federal government that resulted from the BBA was much greater than anticipated. In November 1999, the Balanced Budget Refinement Act (the "BBRA") was signed into law to provide hospitals some relief from the impact of the BBA. In December 2000, the Medicare and Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (the "BIPA") became law. This act further amended the BBA and provides additional relief to hospitals from some of the key provisions of the BBA. The effects of the BBA, the BBRA and the BIPA are discussed in more detail below.

Private payors, including managed care payors, are continuing to demand discounted fee structures and to place significant limits on the scope of services covered. Inpatient utilization, average lengths of stay and occupancy rates continue to be negatively affected by payor-required preadmission authorization and utilization review and by payor pressure to maximize outpatient and alternative health care delivery services for less acutely ill patients. Although the Company recently has negotiated increases in payment rates under managed care contracts, the Company expects efforts by government and other payors to impose reduced allowances, greater discounts and more stringent cost controls to continue.

Tenet is unable to predict the effect that the changes and trends discussed above will have on its operations. If the relief under the BBRA and the BIPA continues, rates paid under managed care contracts continue to increase and the scope of services covered by government and private payors is not further curtailed, the Company's business, financial position or results of operations will continue to improve. If the rates paid by government or private payors are reduced or the scope of services covered by such payors is reduced, such actions could have a material adverse effect on the Company's business, financial position or results of operations.

Description of Government Programs

Medicare payments for general hospital inpatient services are based on a prospective payment system ("PPS") referred to herein as the "DRG-PPS." Under the DRG-PPS, a general hospital receives for each Medicare inpatient discharged from the hospital a fixed amount based on the Medicare patient's assigned diagnostic related group ("DRG"). DRG payments are adjusted for area-wage differentials but otherwise do not consider a specific hospital's operating costs. As discussed below, DRG payments exclude the reimbursement of capital costs, including depreciation, interest relating to capital expenditures, property taxes and lease expenses. Payments from state Medicaid

programs are based on fixed rates or reasonable costs with certain limits. Substantially all Medicare and Medicaid payments are below the rates charged by Tenet's facilities. Payments from other sources usually are based on the hospital's established charges, a percentage discount from such charges or all-inclusive per diem rates.

DRG-PPS rates are typically updated each year to give consideration to increased cost of goods and services purchased by hospitals and non-hospitals (the "Market Basket"). The BBA limited the rate of increase in DRG rates to the annual Market Basket for such year minus 1.1 percent from October 1, 2000 through September 30, 2003. The BIPA amended the BBA to provide that the Market Basket would be reduced by only .55 percent for periods beginning October 1, 2001 and ending September 30, 2003. Pending legislation may revise the BIPA to provide that the Market Basket would be reduced by only .25 percent for federal fiscal year beginning October 1, 2002 ("Federal Fiscal Year 2003"). The DRG rate increase for Federal Fiscal Year 2003 has been set at 2.95 percent (a 3.5 percent Market Basket increase minus .55 percent). Increases in payments to be received by general hospitals under the DRG-PPS continue to be below the increases in the cost of goods and services purchased by hospitals.

Medicare pays general hospitals' capital costs separately from DRG payments. Beginning in 1992, a PPS for Medicare reimbursement of general hospitals' inpatient capital costs ("PPS-CC") generally became effective with respect to the Company's general hospitals. After September 30, 2002, all of the Company's hospitals will be paid based on a PPS-CC rate that will increase annually by a capital Market Basket update factor. The Company expects that those increases will be below the increases in the cost of capital assets purchased by hospitals.

As part of the DRG-PPS, Congress established additional payments to hospitals that treat patients who are costlier to treat than the average patient. These additional payments are referred to as "Outlier Payments." Congress has mandated The Center for Medicare and Medicaid Services ("CMS") to reduce Outlier Payments such that they account for between five and six percent of total DRG payments. In order to bring expected Outlier Payments within this mandate, CMS has proposed substantially raising the cost threshold used to determine the cases for which a hospital will receive Outlier Payments. The proposed change in the cost threshold will substantially reduce total Outlier Payments by reducing (a) the number of cases that qualify for Outlier Payments and (b) the amount of Outlier Payments for cases that continue to qualify. The Company does not expect the implementation of CMS' proposed change to significantly impact the Company's business, financial position or results of operations.

The BBA authorized CMS to establish an outpatient prospective payment system ("OPPS") that was implemented August 1, 2000. The OPPS established groups called Ambulatory Payment Classifications ("APC") for outpatient procedures. Providers are paid for services rendered based on the APCs for those services. The OPPS established a transitional period that limits each hospital's losses during the first three and one half years of the program. If a hospital's costs of providing the services are lower than the payment, the hospital will be able to keep the difference. If a hospital's costs are higher than the payment, it will be subsidized for part of the loss during the transition period. The OPPS has not had a material impact on the Company's business, financial position or results of operations.

The implementation of a PPS for rehabilitation hospitals becomes effective for cost reporting periods on or after October 1, 2002. The Company does not expect the implementation of the PPS for rehabilitation hospitals to significantly impact the Company's business, financial position or results of operations.

Home health services historically were exempt from the DRG-PPS and were paid by Medicare at cost, subject to certain limits. The BBA required that CMS develop a PPS for home health services. The new system has been implemented for cost-reporting periods beginning on or after October 1, 2000. Under the BIPA, a 15 percent reduction in payments for home health services required by the BBA has been delayed and pending legislation may eliminate this proposed reduction altogether. The implementation of a PPS for home health services has not significantly impacted the Company's business, financial position or results of operations.

Hospitals that treat a disproportionately large number of low-income patients (Medicaid and Medicare patients eligible to receive supplemental Social Security income) currently receive additional payments from the federal government in the form of Disproportionate Share Payments. The BBA required such payments to be reduced from what they otherwise would be by one percent in federal fiscal year 1998, two percent in federal fiscal year 1999 and so forth up to a reduction of five percent in federal fiscal year 2002. The BBRA froze the reduction for federal fiscal year 2001 at the federal fiscal year 2000 levels, and the BIPA further limited the reduction to two percent in 2001 and three percent in 2002. The Company's hospitals currently expect to receive full Disproportionate Share Payments, without reduction, in 2003.

Under current law, if a hospital is unable to collect a Medicare beneficiary's deductible or co-payment (a "Bad Debt"), the hospital may be paid by the federal government for a portion of the Bad Debt provided certain conditions

are met. The BBA provided that the amount of Bad Debt for which the Company otherwise would be paid will be reduced by: 25 percent beginning October 1, 1997, 40 percent beginning October 1, 1998, and 45 percent beginning October 1, 1999. The BIPA amended the BBA to provide that the Company's hospitals will receive 70 percent, rather than only 55 percent, of the amount they otherwise would be paid for their Bad Debts for cost reporting periods beginning on or after October 1, 2000.

As discussed above, the BBA significantly changed the manner in which the Company is paid for services provided to Medicare beneficiaries. While both the BBRA and the BIPA have restored a portion of the reductions made by the BBA, all of the BBA changes taken as a whole have significantly reduced the amount of payments received by the Company from the federal government.

The Medicare, Medicaid and TriCare programs are subject to statutory and regulatory changes, administrative rulings, interpretations and determinations, requirements for utilization review and new governmental funding restrictions, all of which may materially increase or decrease program payments as well as affect the cost of providing services and the timing of payments to facilities. The final determination of amounts earned under the programs often requires many years because of audits by the program representatives, providers' rights of appeal and the application of numerous technical reimbursement provisions. Management believes that adequate provision has been made in the Company's consolidated financial statements for such adjustments. Until final adjustment, however, significant issues remain unresolved and previously determined allowances could be more or less than ultimately required.

HEALTH CARE REFORM, REGULATION AND LICENSING

Certain Background Information

Health care, as one of the largest industries in the United States, continues to attract much legislative interest and public attention. Changes in Medicare, Medicaid and other programs, hospital cost-containment initiatives by public and private payors, proposals to limit payments and health care spending and industry-wide competitive factors are highly significant to the health care industry. In addition, the health care industry is governed by a framework of federal and state laws, rules and regulations that are extremely complex and for which the industry has the benefit of little or no regulatory or judicial interpretation. Although the Company believes it is in compliance in all material respects with such laws, rules and regulations, if a determination is made that the Company was in material violation of such laws, rules or regulations, its business, financial position or results of operations could be materially adversely affected.

As discussed under Medicare, Medicaid and Other Revenues starting on page 13, the BBA has had the effect of reducing payments to hospitals and other health care providers under Medicare programs. The reductions in payments and other changes mandated by the BBA, have had a significant impact on the Company's revenues under Medicare programs. In addition, there continue to be federal and state proposals that would, and actions that do, impose more limitations on payments to providers such as Tenet and proposals to increase copayments and deductibles from patients.

Tenet's facilities also are affected by controls imposed by government and private payors designed to reduce admissions and lengths of stay. For all providers, such controls, including what is commonly referred to as "utilization review," have resulted in fewer treatments and procedures being performed. Utilization review entails the review of the admission and course of treatment of a patient by a third party. Utilization review by third-party peer review organizations ("PROs") is required in connection with the provision of care paid for by Medicare and Medicaid. Utilization review by third parties also is a requirement of many managed care arrangements.

Many states have enacted or are considering enacting measures that are designed to reduce their Medicaid expenditures and to make certain changes to private health care insurance. Various states have applied, or are considering applying, for a federal waiver from current Medicaid regulations to allow them to serve some of their Medicaid participants through managed care providers. Texas was denied a waiver under Section 1115 of the BBA but has implemented regional managed care programs under a more limited waiver. Texas also has applied for federal funds for children's health programs under the BBA. Louisiana is considering wider use of managed care for its Medicaid population. California has created a voluntary health insurance purchasing cooperative that seeks to make health care coverage more affordable for businesses with five to 50 employees, and changed the payment system for participants in its Medicaid program in certain counties from fee-for-service arrangements to managed care plans. Florida also has legislation, and other states are considering adopting legislation, imposing a tax on net revenues of hospitals to help finance or expand the provision of health care to uninsured and underinsured persons. A number of other states are

considering the enactment of managed care initiatives designed to provide universal low-cost coverage. These proposals also may attempt to include coverage for some people who currently are uninsured.

Certificate of Need Requirements

Some states require state approval for construction and expansion of health care facilities, including findings of need for additional or expanded health care facilities or services. Certificates of Need, which are issued by governmental agencies with jurisdiction over health care facilities, are at times required for capital expenditures exceeding a prescribed amount, changes in bed capacity or services and certain other matters. Following a number of years of decline, the number of states requiring Certificates of Need is once again on the rise as state legislators once again are looking at the Certificate of Need process as a way to contain rising health care costs. At May 31, 2002, Tenet operated hospitals in 12 states that require state approval under Certificate of Need programs. Tenet is unable to predict whether it will be able to obtain any Certificates of Need in any jurisdiction where such Certificates of Need are required.

Antikickback and Self-Referral Regulations

The health care industry is subject to extensive federal, state and local regulation relating to licensure, conduct of operations, ownership of facilities, addition of facilities and services and prices for services. In particular, Medicare and Medicaid antikickback and antifraud and abuse amendments codified under Section 1128B(b) of the Social Security Act (the "Antikickback Amendments") prohibit certain business practices and relationships that might affect the provision and cost of health care services payable under the Medicare, Medicaid and other government programs, including the payment or receipt of remuneration for the referral of patients whose care will be paid for by such programs. Sanctions for violating the Antikickback Amendments include criminal penalties and civil sanctions, including fines and possible exclusion from government programs such as Medicare and Medicaid. Many states have statutes similar to the federal Anitikickback Amendments, except that the state statutes usually apply to referrals for services reimbursed by all third-party payors, not just federal programs.

In addition, it is a violation of the Federal Civil Monetary Penalties Law to offer or transfer anything of value to Medicare or Medicaid beneficiaries that is likely to influence their decision to obtain covered goods or services from one provider or service over another.

In addition to addressing other matters, as discussed below, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") amends Title XI (42 U.S.C. 1301 *et seq.*) to broaden the scope of current fraud and abuse laws to include all health plans, whether or not payments under such health plans are made pursuant to a federal program.

Section 1877 of the Social Security Act (commonly referred to as the "Stark" laws) restricts referrals by physicians of Medicare or Medicaid patients to providers of a broad range of designated health services with which they or an immediate family member have ownership or certain other financial arrangements, unless one of several exceptions applies. These exceptions cover a broad range of common financial relationships. These statutory and regulatory exceptions are available to protect certain employment relationships, leases, group practice arrangements, medical directorships, and other common relationships between physicians and providers of designated health services. A violation of the Stark laws may result in a denial of payment, required refunds to patients and to the Medicare program, civil monetary penalties of up to $15,000 for each violation, civil monetary penalties of up to $100,000 for "sham" arrangements, civil monetary penalties of up to $10,000 for each day in which an entity fails to report required information and exclusion from participation in the Medicare, Medicaid and other federal programs. Many states have adopted or are considering similar legislative proposals, some of which extend beyond the Medicaid program to prohibit the payment or receipt of remuneration for the referral of patients and physician self-referrals regardless of the source of the payment for the care. Tenet's participation in and development of joint ventures and other financial relationships with physicians could be adversely affected by these amendments and similar state enactments.

On January 4, 2001, the Department of Health and Human Services ("HHS") issued final regulations, subject to comment, intended to clarify parts of the Stark laws and some of the exceptions to them. These regulations are

considered the first phase of a two-phase process, with the remaining regulations to be published at an unknown future date. While HHS may add new exceptions to the final regulations, the current statutory exceptions, discussed above, will continue to be available. The Company cannot predict the final form that these regulations will take or the effect that the final regulations will have on its operations.

The federal government has issued regulations that describe some of the conduct and business relationships that are permissible under the Antikickback Amendments ("Safe Harbors"). The fact that certain conduct or a given business arrangement does not fall within a Safe Harbor does not render the conduct or business arrangement per se illegal under the Antikickback Amendments. Such conduct and business arrangements, however, do risk increased scrutiny by government enforcement authorities. Tenet may be less willing than some of its competitors to enter into conduct or business arrangements that do not clearly satisfy the Safe Harbors. Passing up certain of those opportunities of which its competitors are willing to take advantage may put Tenet at a competitive disadvantage. Tenet has a voluntary regulatory compliance program and systematically reviews all of its operations to ensure that they comply with federal and state laws related to health care, such as the Antikickback Amendments, the Stark laws and similar state statutes.

Both federal and state government agencies continue heightened and coordinated civil and criminal enforcement efforts against the health care industry. As part of an announced work plan, which is implemented through the use of national initiatives against health care providers, including the Company, the government is scrutinizing, among other things, the terms of acquisitions of physician practices and the coding practices related to certain clinical laboratory procedures and inpatient procedures. The Company believes that the health care industry will continue to be subject to increased government scrutiny and investigations such as this.

Another trend impacting health care providers, including the Company, is the increased use of the False Claims Act, particularly by individuals who bring actions. Such *qui tam* or "whistleblower" actions allow private individuals to bring actions on behalf of the government alleging that a hospital has defrauded the federal government. If the government intervenes in the action and prevails the defendant may be required to pay three times the actual damages sustained by the government, plus mandatory civil penalties of between $5,500 and $11,000 for each false claim submitted to the government. As part of the resolution of a *qui tam* case, the party filing the initial complaint may share in a portion of any settlement or judgment. If the government does not intervene in the action, the *qui tam* plaintiff may pursue the action independently. Although companies in the health care industry in general, and the Company in particular, have been and may continue to be subject to *qui tam* actions, the Company is unable to predict the impact of such actions on its business, financial position or results of operations.

The Company is unable to predict the future course of federal, state and local regulation or legislation, including Medicare and Medicaid statutes and regulations. Further changes in the regulatory framework could have a material adverse effect on the Company's business, financial position or results of operations.

HIPAA

HIPAA mandates the adoption of standards for the exchange of electronic health information in an effort to encourage overall administrative simplification and enhance the effectiveness and efficiency of the health care industry. Ensuring privacy and security of patient information — "accountability" — is one of the key factors driving the legislation. The other major factor — "portability" — refers to Congress' intention to ensure that individuals may take their medical and insurance records with them when they change employers.

In August 2000, HHS issued final regulations establishing electronic data transmission standards that health care providers must use when submitting or receiving certain health care data electronically. All affected entities, including Tenet, are required to comply with these regulations by October 16, 2002.

On December 27, 2001, President Bush signed into law H.R. 3323, the Administrative Simplification Compliance Act (the "ASCA"). The ASCA requires that, by October 16, 2002, hospitals and other covered entities must either: (1) be in compliance with the electronic data transmission standards under HIPAA, or (2) submit a summary plan to the Secretary of HHS describing how the entity will come into full compliance with the standards by October 16, 2003. Tenet continues to work toward compliance with the electronic data transmission standards. Tenet will submit a summary plan to the Secretary of HHS and will be in compliance with the standards by October 16, 2003.

In December 2000, HHS issued final regulations concerning the privacy of health care information. These regulations regulate the use and disclosure of individuals' health care information, whether communicated electronically, on paper or verbally. All affected entities, including Tenet, are required to comply with these regulations by April 2003. The regulations also provide patients with significant new rights related to understanding and controlling

how their health information is used or disclosed.

Proposed security standards designed to ensure privacy and security of patient information were published by HHS in August 1998, but they have not been finalized. The proposed security standards would require health care providers to implement organizational and technical practices to protect the security of patient information. Once the security regulations are finalized, the Company will have approximately two years to comply with such regulations.

Although the enforcement provisions of HIPAA have not yet been finalized, sanctions are expected to include criminal penalties and civil sanctions. The Company has established a plan and engaged the resources necessary to comply with HIPAA. At this time, the Company anticipates that it will be able to fully comply with those HIPAA regulations that have been issued and with the proposed regulations. Based on the existing and proposed HIPAA regulations, the Company believes that the cost of its compliance with HIPAA will not have a material adverse effect on its business, financial position or results of operations.

Environmental Regulations

The Company's health care operations generate medical waste that must be disposed of in compliance with federal, state and local environmental laws, rules and regulations. The Company's operations, as well as the Company's purchases and sales of facilities, also are subject to compliance with various other environmental laws, rules and regulations. The Company believes that the cost of such compliance will not have a material adverse effect on its business, financial position or results of operations.

Health Care Facility Licensing Requirements

Tenet's health care facilities are subject to extensive federal, state and local legislation and regulation. In order to maintain their operating licenses, health care facilities must comply with strict standards concerning medical care, equipment and hygiene. Various licenses and permits also are required in order to dispense narcotics, operate pharmacies, handle radioactive materials and operate certain equipment. Tenet's health care facilities hold all required governmental approvals, licenses and permits. Except for one small hospital that has not sought to be accredited, each of Tenet's facilities that is eligible for accreditation is fully accredited by the JCAHO, CARF (in the case of rehabilitation hospitals), AOA (in the case of two hospitals) or another appropriate accreditation agency. With such accreditation, the Company's hospitals are eligible to participate in government-sponsored provider programs such as the Medicare and Medicaid programs. The one hospital that is not accredited participates in the Medicare program through a special waiver that must be renewed each year.

Utilization Review Compliance and Hospital Governance

Tenet's health care facilities are subject to and comply with various forms of utilization review. In addition, under the Medicare PPS, each state must have a PRO to carry out a federally mandated system of review of Medicare patient admissions, treatments and discharges in general hospitals. Medical and surgical services and practices are extensively supervised by committees of staff doctors at each health care facility, are overseen by each health care facility's local governing board, the members of which primarily are physicians and community members, and are reviewed by Tenet's quality assurance personnel. The local governing boards also help maintain standards for quality care, develop long-range plans, establish, review and enforce practices and procedures and approve the credentials and disciplining of medical staff members.

COMPLIANCE PROGRAM

The Company voluntarily maintains a multifaceted corporate compliance and ethics program that meets or exceeds all applicable federal guidelines and industry standards. The program is designed to monitor and raise awareness of various regulatory issues among employees, to stress the importance of complying with all governmental laws and regulations and to promote the Company's Standards of Conduct. As part of the program, the Company provides annual ethics and compliance training to every employee. The Company also provides additional compliance training in specialized areas to the employees responsible for these areas. The program encourages all employees to report any potential or perceived violations to a toll-free telephone hotline.

MANAGEMENT

The executive officers of the Company who are not also directors as of July 31, 2002 are:

Name	Position	Age
David L. Dennis	Vice Chairman, Chief Corporate Officer and Chief Financial Officer in the Office of the President	53
Thomas B. Mackey	Chief Operating Officer in the Office of the President	54
Raymond L. Mathiasen	Executive Vice President and Chief Accounting Officer	59
Christi R. Sulzbach	Executive Vice President and General Counsel	47

Mr. Dennis was elected to the position of Vice Chairman, Chief Corporate Officer and Chief Financial Officer in the Office of the President, effective March 1, 2000. Mr. Dennis held various positions with Donaldson, Lufkin and Jenrette ("DLJ") from 1989 to 2000, including serving as the co-head of the Los Angeles office from 1996 through February 2000. Before joining DLJ in 1989, Mr. Dennis spent nine years in a number of positions with the investment banking division of Merrill Lynch Capital Markets. Mr. Dennis serves as a director of Westwood One. He holds a bachelor's degree in economics and finance from San Diego State University and a M.B.A. in finance and corporate strategy from UCLA.

Mr. Mackey was elected Chief Operating Officer in the Office of the President on January 13, 1999. Mr. Mackey has 25 years experience in the health care industry. He has held a variety of senior regional and divisional management positions with Tenet since 1985, most recently serving as Executive Vice President, Western Division from March 1995 to January 1999. Before joining Tenet, Mr. Mackey was vice president, operations, for Greatwest Hospitals in California. He began his health care career at the University of California, San Diego University Hospital. Mr. Mackey is a member of the board of directors of the Federation of American Hospitals. Mr. Mackey holds a bachelor's degree in industrial engineering from Northeastern University and a M.B.A. from Cornell University.

Mr. Mathiasen was elected Executive Vice President on March 22, 1999. Since March 1996, Mr. Mathiasen has been Chief Accounting Officer of the Company. From February 1994 to March 1996, Mr. Mathiasen served as Senior Vice President and Chief Financial Officer of the Company and from September 1993 to February 1994, Mr. Mathiasen served as Senior Vice President and acting Chief Financial Officer. Mr. Mathiasen was elected to the position of Senior Vice President in 1990 and Chief Operating Financial Officer in 1991. Prior to joining Tenet as a Vice President in 1985, he was a partner with Ernst & Young. Mr. Mathiasen holds a bachelor's degree in accounting from California State University, Long Beach.

Ms. Sulzbach was elected Executive Vice President and General Counsel on February 22, 1999. Prior to that appointment, Ms. Sulzbach served as Associate General Counsel in charge of compliance and litigation and as Senior Vice President, Public Affairs. She joined Tenet in 1983 and has held a variety of positions in the law department since that time. She serves on the boards of directors of the Federation of American Hospitals, the Los Angeles Chapter of the Federal Bar Association and Laguna Blanca School. Ms. Sulzbach holds bachelor degrees in political science and psychology from the University of Southern California and a J.D. from Loyola University in Los Angeles.

PROFESSIONAL AND GENERAL LIABILITY INSURANCE

For years, through May 31, 2002, the Company insured substantially all of its professional and comprehensive general liability risks in excess of self-insured retentions through a majority-owned insurance subsidiary under a mature claims-made policy with a 10-year discovery period. These self-insured retentions were $1 million per occurrence for the three years ended May 31, 2002, and in prior years varied by hospital and by policy period from $500,000 to $5 million per occurrence. Risks in excess of $3 million per occurrence were, in turn, reinsured with major independent insurance companies. Effective June 1, 2002, the Company, along with another unrelated health care company, formed a new insurance subsidiary. This subsidiary insures professional and general liability risks, in excess of a $2 million self-insured retention, under a first-year only claims-made policy, and, in turn, reinsures its risks in excess of $5 million per occurrence with major independent insurance companies.

In addition to the reserves recorded by the above insurance subsidiaries, the Company maintains reserves based on

actuarial estimates for the portion of its professional liability risks, including incurred but not reported claims, for which it does not have insurance coverage. Reserves for losses and related expenses are estimated using expected loss-reporting patterns and have been discounted to their present value using a discount rate of 7.5 percent. If actual payments of claims materially exceed projected estimates of claims, Tenet's financial position could be materially adversely affected.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K, and the documents incorporated herein by reference, including, without limitation, statements containing the words "believes", "anticipates", "expects", "will", "may", "might", "should", "surmises", "estimates", "intends", "appears"and words of similar import, and statements regarding the Company's business strategy and plans, constitute "forward-looking statements"within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on management's current expectations and involve known and unknown risks, uncertainties and other factors, many of which the Company is unable to predict or control, that may cause the Company's or the health care industry's actual results, performance or achievements 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 and/or other health care professionals; the significant indebtedness of the Company; the availability of professional liability insurance coverage at current levels; 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; the availability and terms of capital to fund the expansion of the Company's business, including the acquisition of additional facilities and certain additional factors, risks and uncertainties discussed in this Annual Report on Form 10-K and the documents incorporated herein by reference. Given these

uncertainties, investors and prospective investors are cautioned not to rely on such forward-looking statements. The Company disclaims any obligation, and makes no promise, to update any such factors or forward-looking statements or to publicly announce the results of any revisions to any such factors or forward-looking statements, whether as a result of changes in underlying factors, to reflect new information as a result of the occurrence of events or developments or otherwise.

Item 2. Properties.

The response to this item is included in Item 1.

Item 3. Legal Proceedings.

The Company is subject to claims and lawsuits in its normal course of business. The Company believes that its liability for damages resulting from such claims and lawsuits is adequately covered by insurance or is adequately provided for in its consolidated financial statements. Although the results of these claims and lawsuits cannot be predicted with certainty, the Company believes that the ultimate resolution of these claims and lawsuits will not have a material adverse effect on the Company's business, financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

The response to this item is included on page 53 of the Registrant's Annual Report to Shareholders for the year ended May 31, 2002. The required information hereby is incorporated by reference.

Item 6. Selected Financial Data.

The response to this item is included on page 9 of the Registrant's Annual Report to Shareholders for the year ended May 31, 2002. The required information hereby is incorporated by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The response to this item is included on pages 10 through 23 of the Registrant's Annual Report to Shareholders for the year ended May 31, 2002. The required information hereby is incorporated by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The response to this item is included on pages 21 and 22 of the Registrant's Annual Report to Shareholders for the fiscal year ended May 31, 2002. The required information hereby is incorporated by reference.

Item 8. Financial Statements and Supplementary Data.

The response to this item is included on pages 25 through 53 of the Registrant's Annual Report to Shareholders for the fiscal year ended May 31, 2002. The required information hereby is incorporated by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III

Items 10 and 11. Directors and Executive Officers of the Registrant; Executive Compensation.

Information concerning the directors of the Registrant, including executive officers of the Registrant who also are directors, compensation and other information required by Item 10 is included on pages 2 through 16 and 35 of the definitive Proxy Statement for the Registrant's 2002 Annual Meeting of Shareholders and hereby is incorporated by reference. Similar information required by Item 10 regarding executive officers of the Registrant who are not directors is set forth on page 21 above. Information regarding compensation of executive officers of the Registrant and other information required by Item 11 is included on pages 17 through 23 and pages 28 through 32 of the definitive Proxy Statement for the Registrant's 2002 Annual Meeting of Shareholders and hereby is incorporated by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

Information concerning security ownership of certain beneficial owners and management required by Item 12 is included on pages 7 and 8 and pages 33 and 34 of the definitive Proxy Statement for the Registrant's 2002 Annual Meeting of Shareholders and hereby is incorporated by reference.

In fiscal years 2000 and 2001, the Company granted options to its employees under its 1999 Broad-Based Stock Incentive Plan (the "Broad-Based Plan"), which was adopted by the Company's Board of Directors (the "Board") on July 28, 1999 and amended and restated by the Board on May 24, 2000. The Broad-Based Plan was not submitted to the Company's shareholders for approval. With the approval by the Company's shareholders of its 2001 Stock Incentive Plan (the "2001 Plan") at the 2001 Annual Meeting of Shareholders, the Company discontinued the grant of any additional options under the Broad-Based Plan. The Company currently grants stock options only under the 2001 Plan. Awards granted under the Broad-Based Plan vest and may be exercised as determined by the Compensation Committee of the Board. In the event of a change of control, the Compensation Committee may, in its sole discretion, without obtaining shareholder approval, accelerate the vesting or performance periods of the awards. Although the Broad-Based Plan authorized, in addition to options, the grant of appreciation rights, performance units, restricted units and cash bonus awards, only nonqualified stock options were granted under the Broad-Based Plan. All options were granted with an exercise price equal to the closing price of the Company's common stock on the date of grant.

Options normally are exercisable at the rate of one-third per year beginning one year from the date of grant and generally expire 10 years from the date of grant.

The following table summarizes certain information with respect to the Company's equity compensation plans pursuant to which options remain outstanding as of May 31, 2002. The share amounts have been adjusted to reflect the 3-for-2 split of Tenet's common stock that became effective after the close of trading on June 28, 2002.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options	(b) Weighted-average exercise price of outstanding options	(c) Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a)
Equity compensation plans approved by shareholders	30,736,136	$26.93	49,908,830
Equity compensation plans not approved by shareholders	9,660,437	$20.73	—
Total	40,396,572	$25.45	49,908,830

Item 13. Certain Relationships and Related Transactions.

The response to this item is included on pages 32 and 33 of the definitive Proxy Statement for the Registrant's 2002 Annual Meeting of Shareholders. The required information hereby is incorporated by reference.

PART IV

Item 14. Exhibits, Financial Statements, Schedules and Reports on Form 8-K.

(a) 1. Financial Statements.

The consolidated financial statements to be included in Part II, Item 8, are incorporated by reference to the Registrant's 2002 Annual Report to Shareholders for the fiscal year ended May 31, 2002. (See Exhibit (13))

2. Financial Statement Schedules.

Schedule II-Valuation and Qualifying Accounts (included on page 31).

All other schedules and Condensed Financial Statements of Registrant are omitted because they are not applicable or not required or because the required information is included in the consolidated financial statements or notes thereto.

3. Exhibits.

(3) Articles of Incorporation and Bylaws

(a) Restated Articles of Incorporation of Registrant, as amended October 13, 1987 and June 22, 1995 (Incorporated by reference to Exhibit 3(a) to Registrant's Annual Report on Form 10-K, dated August 15, 2000, for the fiscal year ended May 31, 2000)

(b) Restated Bylaws of Registrant, as amended July 25, 2001 (Incorporated by reference to Exhibit 3(b) to Registrant's Annual Report on Form10-K, dated August 20, 2001, for the fiscal year ended May 31, 2001)

(4) Instruments Defining the Rights of Security Holders, Including Indentures

(a) Indenture, dated as of October 16, 1995, between Tenet and The Bank of New York, as Trustee, relating to 8 5/8% Senior Notes due 2003 (Incorporated by reference to Exhibit 4(a) to Registrant's Annual Report on Form 10-K, dated August 20, 2001, for the fiscal year ended May 31, 2001)

(b) First Supplemental Indenture, dated as of October 30, 1995, between Tenet and The Bank of New York, as Trustee, relating to 8 5/8% Senior Notes due 2003

(c) Second Supplemental Indenture, dated as of August 21, 1997, between Tenet and The Bank of New York, as Trustee, relating to 8 5/8% Senior Notes due 2003

(d) Third Supplemental Indenture, dated as of November 14, 2001, between Tenet and The Bank of New York, as Trustee, relating to 8 5/8% Senior Notes due 2003 (Incorporated by reference to Exhibit 2.5 to Registrant's Registration Statement on Form 8-A, dated January 7, 2002)

(e) Indenture, dated January 15, 1997, between Tenet and The Bank of New York, as Trustee, relating to 7 7/8% Senior Notes due 2003

(f) First Supplemental Indenture, dated as of November 13, 2001, between Tenet and The Bank of New York, as Trustee, relating to 7 7/8% Senior Notes due 2003 (Incorporated by reference to Exhibit 2.8 to Registrant's Registration Statement on Form 8-A, dated January 7, 2002)

(g) Indenture, dated January 15, 1997, between Tenet and The Bank of New York, as Trustee, relating to 8% Senior Notes due 2005

(h) First Supplemental Indenture, dated as of November 13, 2001, between Tenet and The Bank of New York, as Trustee, relating to 8% Senior Notes due 2005 (Incorporated by reference to Exhibit 2.10 to Registrant's Registration Statement on Form 8-A, dated January 7, 2002)

(i) Indenture, dated May 21, 1998, between Tenet and The Bank of New York, as Trustee relating to 8 1/8% Senior Subordinated Notes due 2008 (Incorporated by reference to Exhibit 4(p) to Registrant's Annual Report on Form 10-K, dated August 28, 1998, for the fiscal year ended May 31, 1998)

(j) First Supplemental Indenture, dated March 18, 2002, between Tenet and The Bank of New York, as Trustee, relating to 8 1/8% Senior Subordinated Notes due 2008 (Incorporated by reference to Exhibit 4(b) to Registrant's Quarterly Report on Form 10-Q, dated April 12, 2002, for the quarterly period ended February 28, 2002)

(k) Indenture, dated as of November 6, 2001, between Tenet and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K, dated November 6, 2001)

(l) First Supplemental Indenture, dated as of November 6, 2001, between Tenet and The Bank of New York, as Trustee, relating to 5 3/8% Senior Notes due 2006 (Incorporated by reference to Exhibit 4.2 to Registrant's Current Report on Form 8-K, dated November 6, 2001)

(m) Second Supplemental Indenture, dated as of November 6, 2001, between Tenet and The Bank of New York, as Trustee, relating to 6 3/8% Senior Notes due 2011 (Incorporated by reference to Exhibit 4.3 to Registrant's Current Report on Form 8-K, dated November 6, 2001)

(n) Third Supplemental Indenture, dated as of November 6, 2001, between Tenet and The Bank of New York, as Trustee, relating to 6 7/8% Senior Notes due 2031 (Incorporated by reference to Exhibit 4.4 to Registrant's Current Report on Form 8-K, dated November 6, 2001)

(o) Fourth Supplemental Indenture, dated March 7, 2002, between Tenet and The Bank of New York, as Trustee, relating to 6 1/2% Senior Notes due 2012 (Incorporated by reference to Exhibit 4.3 to Registrant's Current Report on Form 8-K, dated March 7, 2002)

(p) Fifth Supplemental Indenture, dated June 25, 2002, between Tenet and The Bank of New York, as Trustee, relating to 5% Senior Notes due 2007 (Incorporated by reference to Exhibit 4.3 to Registrant's Current Report on Form 8-K, dated June 25, 2002)

(10) Material Contracts

(a) $1,500,000,000 Five-Year Credit Agreement, dated as of March 1, 2001, as amended by Amendment No. 1, dated as of October 10, 2001, among the Company, as Borrower, the Lenders, Managing Agents and Co-Agents party thereto, the Swingline Bank party thereto, The Bank of New York, The Bank of Nova Scotia and Salomon Smith Barney, Inc. as Documentation Agents, Bank of America, N.A. as Syndication Agent and Morgan Guaranty Trust Company of New York as Administrative Agent (Incorporated by reference to Exhibit 10(a) to Registrant's Quarterly Report on Form 10-Q, dated January 14, 2002, for the fiscal quarter ended November 30, 2001)

(b) $500,000,000 364-Day Credit Agreement, dated as of March 1, 2001, as amended by Amendment No. 1, dated as of October 10, 2001 and amended and restated as of February 28, 2002, among the Company, as Borrower, the Lenders, Managing Agents and Co-Agents party thereto, The Bank of New York, The Bank of Nova Scotia and Salomon Smith Barney, Inc. as Documentation Agents, Bank of America, N.A., as Syndication Agent and Morgan Guaranty Trust Company of New York as Administrative Agent (Incorporated by reference to Exhibit 10(a) to Registrant's Quarterly Report on Form 10-Q, dated April 12, 2002, for the fiscal quarter ended February 28, 2002)

(c) Letter from the Registrant to Jeffrey C. Barbakow, dated May 26, 1993 (Incorporated by reference to Exhibit 10(h) to Registrant's Annual Report on Form 10-K, dated August 26, 1999, for the fiscal year ended May 31, 1999)

(d) Letter from the Registrant to Jeffrey C. Barbakow, dated June 1, 1993 (Incorporated by reference to Exhibit 10(i) to Registrant's Annual Report on Form 10-K, dated August 26, 1999, for the fiscal year ended May 31, 1999)

(e) Memorandum from the Registrant to Jeffrey C. Barbakow, dated June 14, 1993 (Incorporated by reference to Exhibit 10(j) to Registrant's Annual Report on Form 10-K, dated August 26, 1999, for the fiscal year ended May 31, 1999)

(f) Memorandum of Understanding, dated May 21, 1996, from Jeffrey C. Barbakow to the Company (Incorporated by reference to Exhibit 10(f) to Registrant's Annual Report on Form 10-K, dated August 20, 2001, for the fiscal year ended May 31, 2001)

(g) Deferred Compensation Agreement, dated May 31, 1997, between Jeffrey C. Barbakow and the Company (Incorporated by reference to Exhibit 10(l) to Registrant's Annual Report on Form 10-K, dated August 28, 1998, for the fiscal year ended May 31, 1998)

(h) Memorandum of Understanding, dated June 1, 2001, from Jeffrey C. Barbakow to the Company (Incorporated by reference to Exhibit 10(h) to Registrant's Annual Report on form 10-K, dated August 20, 2001, for the fiscal year ended May 31, 2001)

(i) Letter from the Company to David L. Dennis, dated February 18, 2000 (Incorporated by reference to Exhibit 10(j) to Registrant's Annual Report on Form 10-K, dated August 15, 2000, for the fiscal year ended May 31, 2000)

(j) Letter from the Company to Thomas B. Mackey, dated January 13, 1999 (Incorporated by reference to Exhibit 10(p) to Registrant's Annual Report on Form 10-K, dated August 26, 1999, for the fiscal year ended May 31, 1999)

(k) Executive Officers Relocation Protection Agreement (Incorporated by reference to Exhibit 10(l) to Registrant's Annual Report on Form 10-K, dated August 20, 2001, for the fiscal year ended May 31, 2001)

(l) Severance Protection Plan for Executive Officers (Incorporated by reference to Exhibit 10(m) to Registrant's Annual Report on Form 10-K, dated August 20, 2001, for the fiscal year ended May 31, 2001)

(m) Board of Directors Retirement Plan, effective January 1, 1985, as amended August 18, 1993, April 25, 1994 and July 30, 1997 (Incorporated by reference to Exhibit 10(p) to Registrant's Annual Report on Form 10-K, dated August 28, 1998, for the fiscal year ended May 31, 1998)

(n) Tenet Healthcare Corporation Amended and Restated Supplemental ExecutiveRetirement Plan

(o) Third Amended and Restated Tenet 2001 Deferred Compensation Plan

(p) Second Amended and Restated Tenet Executive Deferred Compensation Plans Trust (Incorporated by reference to Exhibit 10(r) to Registrant's Annual Report on Form 10- K, dated August 20, 2001, for the fiscal year ended May 31, 2001)

(q) Tenet Healthcare Corporation Second Amended and Restated 1994 Directors Stock Option Plan (Incorporated by reference to Exhibit 10(s) to Registrant's Annual Report on Form 10-K, dated August 20, 2001, for the fiscal year ended May 31, 2001)

(r) 1991 Stock Incentive Plan (Incorporated by reference to Exhibit 10(t) to Registrant's Annual Report on Form 10-K, dated August 20, 2001, for the fiscal year ended May 31, 2001)

(s) Amended and Restated 1995 Stock Incentive Plan

(t) First Amended and Restated Tenet Healthcare Corporation 1999 Broad-Based Stock Incentive Plan

(u) Tenet Healthcare Corporation 2001 Stock Incentive Plan (Incorporated by reference to Appendix A to Registrant's Definitive Proxy Statement, dated August 20, 2001, for the Annual Meeting of Shareholders held on October 10, 2001)

(v) Tenet Healthcare Corporation 2001 Annual Incentive Plan (Incorporated by reference to Appendix B to Registrant's Definitive Proxy Statement, dated August 20, 2001, for the Annual Meeting of Shareholders held on October 10, 2001)

(13) 2002 Annual Report to Shareholders of Registrant

(21) Subsidiaries of the Registrant

(23) Consent of Experts

(a) Accountants' Consent and Report on Consolidated Schedule (KPMG LLP)

(99.1) Certification of Chief Executive Officer Pursuant to Section1350 of Chapter 63 of Title 18 of the United States Code

(99.2) Certification of Chief Financial Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

(b) Reports on Form 8-K

The Company filed two reports on Form 8-K during the last quarter of fiscal year 2002. An 8-K, dated March 7, 2002, reported the Company's completion of an offering of $600,000,000 aggregate principal amount of its 6 1/2% Senior Notes due 2012 pursuant to its existing $2,000,000,000 shelf registration statement. An 8-K, dated May 22, 2002, reported the Company's approval of a 3-for-2 split of its common stock and corresponding reduction in the par value of the common stock from $.075 per share to $.050 per share, effective as of the close of trading on June 28, 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on August 13, 2002.

Tenet Healthcare Corporation

By:	/s/ David L. Dennis	/s/ Raymond L. Mathiasen
	David L. Dennis *Vice Chairman, Chief Corporate Officer and Chief Financial Officer (Principal Financial Officer)*	Raymond L. Mathiasen *Executive Vice President and Chief Accounting Officer (Principal Accounting Officer)*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on August 14, 2002, by the following persons on behalf of the registrant and in the capacities indicated:

Signature	Title
/s/ Jeffrey C. Barbakow Jeffrey C. Barbakow	Chairman, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Lawrence Biondi, S.J Lawrence Biondi, S.J	Director
/s/ Bernice B. Bratter Bernice B. Bratter	Director
/s/ Sanford Cloud, Jr. Sanford Cloud, Jr.	Director
/s/ Maurice J. DeWald Maurice J. DeWald	Director
/s/ Van B. Honeycutt Van B. Honeycutt	Director
/s/ J. Robert Kerrey J. Robert Kerrey	Director
/s/ Lester B. Korn Lester B. Korn	Director
/s/ Floyd D. Loop, M.D Floyd D. Loop, M.D.	Director

TENET HEALTHCARE CORPORATION AND SUBSIDIARIES
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
Years Ended May 31, 2000, 2001 and 2002
(in millions)

Allowance for Doubtful Accounts

		Additions Charged to:				
	Balance at Beginning of Period	Costs and Expenses(1)	Other Accounts	Deductions(2)	Other Items(3)	Balance at End of Period

2000	$287	$ 915	—	$ (848)	$4	$358
2001	358	904	—	(930)	1	333
2002	333	1,044	—	(1,062)	0	315

(1) Before considering recoveries on accounts or notes previously written off.

(2) Accounts written off.

(3) Primarily beginning balances for purchased businesses, net of balances for businesses sold.

EXHIBIT 4(b)

FIRST SUPPLEMENTAL INDENTURE

TENET HEALTHCARE CORPORATION, as Issuer

AND

THE BANK OF NEW YORK,
as Trustee

Dated as of October 30, 1995

Supplemental to Indenture, dated as of
October 16, 1995, relating to the Issuer's
8-5/8% Senior Notes Due 2003

0054494.01-Los Angeles Server 2a Draft October 23, 1995 5:42 pm

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FIRST SUPPLEMENTAL INDENTURE, dated as of October 30, 1995 (the "First Supplemental Indenture"), between TENET HEALTHCARE CORPORATION, a Nevada corporation (hereinafter called the "Company"), and THE BANK OF NEW YORK, as trustee (hereinafter called the "Trustee"), under the Indenture (the "Indenture"), dated as of October 16, 1995, between the Company and the Trustee relating to the Company's 8-5/8% Senior Notes due 2003 (the "Securities").

RECITALS OF THE COMPANY

The Company proposes to offer (the "Offering") Exchangeable Subordinated Notes due 2007 which are exchangeable for shares of common stock of Vencor, Inc. (the "Exchangeable Notes").

In connection with the Offering, the Company is soliciting consents to the amendments to the Indenture (the "Amendments") all as described in the Solicitation of Consents, dated October 20, 1995 (the "Consent Solicitation").

In accordance with Section 8.02 of the Indenture the Holders of a majority of the outstanding principal amount of the Securities then outstanding have consented to such Amendments.

The Board of Directors of the Company has duly authorized the execution and delivery of this First Supplemental Indenture. The Company has delivered an Officers Certificate and an Opinion of Counsel to the Trustee pursuant to Section 8.06 of the Indenture and has done all other things necessary to make this First Supplemental Indenture a valid agreement of the Company in accordance with the terms hereof and of the Indenture.

WHEREFORE, each party agrees as follows for the benefit of the other party and for the equal or ratable benefit of the Holders of the Securities:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 1.1 Definitions.

For all purposes of the Indenture and this First Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the words "herein," "hereof" and "hereunder" and other words of similar import refer to the Indenture and this First Supplemental

Indenture as a whole and not to any particular Article, Section or subdivision; and

(2) certain capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

SECTION 1.2 Effect of Heading and Table of Contents.

The Article and Section headings and the Table of Contents are for convenience only and shall not affect the construction hereof. All references to Sections in the Indenture shall remain unchanged.

SECTION 1.3 Successors and Assigns.

All covenants and agreements in this First Supplemental Indenture by the Company shall bind its successors and assigns, or any other obligor on the Securities, whether expressed or not.

SECTION 1.4 Separability Clause.

In case any provision in this First Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.5 Benefits of First Supplemental Indenture.

Nothing in this First Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any Paying Agent and the Holders, any benefit or any legal or equitable right, remedy or claim under this First Supplemental Indenture.

SECTION 1.6 Governing Law.

This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York and all rights and remedies shall be governed by such law without reference to its conflict of laws provision.

SECTION 1.7 Effectiveness.

This First Supplemental Indenture shall take effect on the date (the "Effective Date") that each of the following conditions shall have been satisfied:

(a) the Trustee shall have received an opinion of counsel and an Officers' Certificate from the Company each dated the Effective Date and in the form set forth in Section 8.06 of the Indenture.

(b) each of the parties hereto shall have executed and delivered this First Supplemental Indenture.

ARTICLE II

THE AMENDMENTS

1. Section 1.01 of the Indenture is hereby amended, by including the following between the definition of "Specified Assets" and the definition of "Stockholders' Equity":

"SPECIFIED EXCHANGE" means any retirement of Indebtedness upon the exercise by a holder of such Indebtedness, pursuant to the terms thereof, of any right to exchange such Indebtedness for shares of common stock of Vencor, Inc. or any successor there-

to or any other equity securities, other than Equity Interests of a Subsidiary, owned by the Company as of October 11, 1995, or for any securities or other property received with respect to such common stock or equity securities, whether or not such right is subject to the Company's ability to pay an amount in cash in lieu thereof.

2. Subsection (iii) of the first paragraph of Section 3.07 of the Indenture is hereby amended and restated, in its entirety, to state the following:

(iii) make any principal payment on, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is subordinated to the Securities, except at the original final maturity date thereof or pursuant to a Specified Exchange or the Refinancing;

ARTICLE III

NOTICE, ENDORSEMENT AND CHANGE OF FORM OF SECURITIES

SECTION 3.1 Notice to Securityholders.

After the Amendments become effective, the Company shall mail to Securityholders a notice briefly describing such Amendments in accordance with Section 8.02 of the Indenture.

SECTION 3.2 Notation on Securities.

(a) Securities authenticated and delivered after the effectiveness of this First Supplemental Indenture shall be affixed by the Trustee with the following notation:

"The Company and the Trustee have entered into a First Supplemental Indenture, dated as of October 30, 1995, which amended the covenant regarding limitations on restricted payments. Reference is hereby made to such First Supplemental Indenture, copies of which are on file with The Bank of New York, Trustee."

The Trustee may require holders of Securities authenticated and delivered prior to the effectiveness of this First Supplemental Indenture to deliver such Securities to the Trustee so that the Trustee may affix them with the aforementioned notation.

(b) If the Company or the Trustee so determines, the Company, in exchange for the Securities, shall issue and the Trustee shall authenticate new Securities that reflect the changed terms.

*****

This First Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one in the same instrument.

Dated as of October 30, 1995

TENET HEALTHCARE CORPORATION

By: /s/ Maris Andersons

Name: Maris Andersons
Title: Senior Vice President

Attest:

(Seal)

/s/ Alan Lundgren

Name: Alan Lundgren
Title: Assistant Secretary

Dated as of _____

THE BANK OF NEW YORK,
as Trustee

By: _____
Name:
Title:

Attest:

(Seal)

_____
Name:
Title:

STATE OF CALIFORNIA)
: ss.:
COUNTY OF LOS ANGELES)

On this 30th day of October, 1995, before me personally came Maris Andersons, to me known, who, being by me duly sworn, did depose and say that he/she is Senior Vice President of TENET HEALTHCARE CORPORATION, one of the corporations described in and which executed the above instrument and that he/she signed his/her name thereto.

FRANCES A. PAQUET
COMM. # 1030235
Notary Public - California
LOS ANGELES COUNTY
My Comm. Expires JUN 19, 1998

/s/ FRANCES A. PAQUET

STATE OF_____)
: ss.:
COUNTY OF _____)

On this ____ day of _____, 1995, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that he/she is _____ of THE BANK OF NEW YORK, one of the corporations described in and which executed the above instrument and that he/she signed his/her name thereto.

_____

EXHIBIT 4(c)

SECOND SUPPLEMENTAL INDENTURE

TENET HEALTHCARE CORPORATION, as Issuer

AND

THE BANK OF NEW YORK,
as Trustee

Dated as of August 21, 1997

Supplemental to Indenture, dated as of
October 16, 1995, relating to the Issuer's
8-5/8% Senior Notes Due 2003

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SECOND SUPPLEMENTAL INDENTURE, dated as of August 21, 1997 (the "SECOND SUPPLEMENTAL INDENTURE"), between TENET HEALTHCARE CORPORATION, a Nevada corporation (hereinafter called the "COMPANY"), and THE BANK OF NEW YORK, as trustee (hereinafter called the "TRUSTEE"), under the Indenture (the "INDENTURE"), dated as of October 16, 1995, between the Company and the Trustee relating to the Company's 8-5/8% Senior Notes Due 2003 (the "SECURITIES").

RECITALS OF THE COMPANY

WHEREAS, the Company proposes to amend (the "AMENDMENTS") the Indenture to conform the restrictive covenants contained therein to those contained in the Indenture, dated as of January 15, 1997, between the Company and the Bank of New York, as Trustee, relating to the Company's 7-7/8% Senior Notes due 2003, the Indenture, dated as of January 15, 1997, between the Company and the Bank of New York, as Trustee, relating to the Company's 8% Senior Notes due 2005, and the Indenture, dated as of January 15, 1997, between the Company and the Bank of New York, as Trustee, relating to the Company's 8-5/8% Senior Subordinated Notes due 2007.

WHEREAS, the Company has solicited consents to the Amendments from the holders of record of the Securities outstanding at the close of business on August 7, 1997.

WHEREAS, in accordance with Section 8.02 of the Indenture, the Holders of a majority of the principal amount of the Securities then outstanding (other than any Securities owned by the Company or any Affiliate of the Company) have consented to such Amendments.

WHEREAS, the Board of Directors of the Company has duly authorized the execution and delivery of this Second Supplemental Indenture, the Company has delivered an Officers' Certificate and an Opinion of Counsel to the Trustee pursuant to Section 8.06 of the Indenture and the Company has done all other things necessary to make this Second Supplemental Indenture a valid agreement of the Company in accordance with the terms hereof and of the Indenture.

NOW THEREFORE, the Company and Trustee agree as follows for the benefit of the other party and for the equal and ratable benefit of the Holders of the Securities:

ARTICLE I

DEFINITIONS AND 0THER PROVISIONS
OF GENERAL APPLICATION

SECTION 1.1 DEFINITIONS.

For all purposes of the Indenture and this Second Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the words "herein," "hereof" and "hereunder" and other words of similar import refer to the Indenture and this Second Supplemental Indenture as a whole and not to any particular Article, Section or subdivision; and

(2) certain capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

SECTION 1.2 EFFECT OF HEADINGS AND TABLE OF CONTENTS.

The Article and Section headings and the Table of Contents of this Second Supplemental Indenture are for convenience only and shall not affect the construction hereof. Except as otherwise specifically set forth herein, all references to Sections in the Indenture shall remain unchanged.

SECTION 1.3 SUCCESSORS AND ASSIGNS.

All covenants and agreements in this Second Supplemental Indenture by the Company shall bind its successors and assigns, or any other obligor on the Securities, whether expressed or not.

SECTION 1.4 SEPARABILITY CLAUSE.

In case any provision in this Second Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.5 BENEFITS OF SECOND SUPPLEMENTAL INDENTURE.

Nothing in this Second Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any Paying Agent and the Holders, any benefit or any legal or equitable right, remedy or claim under this Second Supplemental Indenture.

SECTION 1.6 GOVERNING LAW.

This Second Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York and all rights and remedies shall be governed by such law without reference to its conflict of laws provision.

SECTION 1.7 EFFECTIVENESS.

This Second Supplemental Indenture shall take effect on the date (the "EFFECTIVE DATE") that each of the following conditions shall have been satisfied:

(a) the Trustee shall have received an Opinion of Counsel and an Officers' Certificate from the Company each dated the Effective Date and in accordance with Section 8.06 of the Indenture; and

(b) each of the parties hereto shall have executed and delivered this Second Supplemental Indenture.

ARTICLE II

THE AMENDMENTS

SECTION 2.1 AMENDMENTS TO SECTION 1.01.

(a) The Definition of "ASSET SALE" in Section 1.01 of the Indenture is hereby amended to read in its entirety as follows:

""ASSET SALE" means (i) the sale, lease, conveyance or other disposition of any assets (including, without limitation, by way of a sale and leaseback) other than in the ordinary course of business consistent

with past practices and (ii) the issuance or sale by the Company or any of its Subsidiaries of Equity Interests of any of the Company's Subsidiaries, in the case of either clause (i) or (ii), whether in a single transaction or a series of related transactions (a) that have a fair market value in excess of $25.0 million or (b) for net proceeds in excess of $25.0 million. Notwithstanding the foregoing: (a) a transfer of assets by the Company to a Subsidiary or by a Subsidiary to the Company or another Subsidiary, (b) the issuance of Equity Interests by a Subsidiary to the Company or to another Subsidiary, (c) a Restricted Payment that is permitted by Section 3.07 hereof and (d) a Hospital Swap shall not be deemed to be an Asset Sale."

(b) The definition of "EXISTING INDEBTEDNESS" in Section 1.01 of the Indenture is hereby amended to read in its entirety as follows:

""EXISTING INDEBTEDNESS" means Indebtedness of the Company and its Subsidiaries (other than Indebtedness under the New Credit Facility) in existence on January 30, 1997, until such amounts are repaid, including all reimbursement obligations with respect to letters of credit outstanding as of January 30, 1997."

(c) The definition of "HOSPITAL" in Section 1.01 of the Indenture is hereby amended to read in its entirety as follows:

""HOSPITAL" means a hospital, outpatient clinic, long-term care facility or other facility or business that is used or useful in or related to the provision of healthcare services."

(d) Section 1.01 of the Indenture is hereby amended by adding the definition of "NEW CREDIT FACILITY" to read in its entirety as follows:

""NEW CREDIT FACILITY" means that certain Credit Agreement by and among the Company and Morgan Guaranty Trust Company of New York and the other banks that are party thereto, providing for $2.8 billion in aggregate principal amount of Indebtedness, including any related notes, instruments and agreements executed in connection therewith, and in each case as amended, modified, extended, renewed, refunded, replaced or refinanced, in whole or in part, from time to time."

(e) The definition of "PERMITTED LIENS" in Section 1.01 of the Indenture is hereby amended to read in its entirety as follows:

> ""PERMITTED LIENS" means (i) Liens in favor of the Company; (ii) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Company or any Subsidiary of the Company or becomes a Subsidiary of the Company; PROVIDED that such Liens were in existence prior to the contemplation of such merger, consolidation or acquisition (unless such Liens secure Indebtedness that was incurred in connection with or in contemplation of such acquisition and is used to refinance tax-exempt Indebtedness) and do not extend to any assets or the Company or its Subsidiaries other than those of the Person merged into or consolidated with the Company or that becomes a Subsidiary of the Company; (iii) Liens on property existing at the time of acquisition thereof by the Company or any Subsidiary of the Company; PROVIDED that such Liens were in existence prior to the contemplation of such acquisition (unless such Liens secure Indebtedness that was incurred in connection with or in contemplation of such acquisition and is used to refinance tax-exempt Indebtedness); (iv) Liens to secure the performance of statutory obligations, tender, bid, performance, government contract, surety or appeal bonds or other obligations of a like nature incurred in the ordinary course of business; (v) Liens existing on January 30, 1997; (vi) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; PROVIDED that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor; (vii) other Liens on assets of the Company or any Subsidiary of the Company securing Indebtedness that is permitted by the terms hereof to be outstanding having an aggregate principal amount at any one time outstanding not to exceed 10% of the Stockholders' Equity of the Company; and (viii) Liens to secure Permitted Refinancing Indebtedness incurred to refinance Indebtedness that was secured by a Lien permitted hereunder and that was incurred in accordance with the provisions hereof; PROVIDED that such Liens do not extend to or cover any property or assets of the Company or any Subsidiary other assets or property securing the Indebtedness so refinanced."

(f) The definition of "PERMITTED REFINANCING INDEBTEDNESS" in Section 1.01 of the Indenture is hereby amended to read in its entirety as follows:

> ""PERMITTED REFINANCING INDEBTEDNESS" means any Indebtedness of the Company or any of its Subsidiaries issued in exchange for, or the net proceeds of which are used solely to extend, refinance, renew, replace, defease, or refund, other Indebtedness of the Company or any of its Subsidiaries; PROVIDED, that, except in the case of Indebtedness of the Company issued in exchange for, or the net proceeds of which are used solely to extend, refinance, renew, replace, defease, or refund, Indebtedness of a Subsidiary of the Company: (i) the principal amount of such Permitted Refinancing Indebtedness does not exceed the principal amount of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of any premiums paid and reasonable expenses incurred in connection therewith); (ii) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (iii) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Securities, such Permitted Refinancing Indebtedness has

a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Securities on subordination terms at least as favorable to the Holders of the Securities as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (iv) such Indebtedness is incurred by the Company if the Company is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and (v) such Indebtedness is incurred by the Company or a Subsidiary if a Subsidiary is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded."

(g) The definition of "REFINANCING" in Section 1.01 of the Indenture is hereby amended to read in its entirety as follows:

""REFINANCING" has the meaning ascribed to it in the Prospectus dated January 27, 1997 relating to the Senior Notes and the Senior Subordinated Notes."

(h) The definition of "RELATED BUSINESS" in Section 1.01 of the Indenture is hereby amended to read in its entirety as follows:

""RELATED BUSINESS" means a healthcare business affiliated or associated with a Hospital or any business related or ancillary to the provision of healthcare services or information or the investment in management, leasing or operation of a Hospital."

(i) Section 1.01 of the Indenture is hereby amended by adding the definition of "SENIOR NOTES" to read in its entirety as follows:

""SENIOR NOTES" means the 7-7/8% Senior Notes due 2003 and the 8% Senior Notes due 2005 of the Company in an aggregate principal amount of $1.3 billion, issued pursuant to the indentures dated as of January 15, 1997 between the Company and the Bank of New York, as trustee, as amended or supplemented from time to time."

(j) The definition of "SENIOR SUBORDINATED NOTES" in Section 1.01 of the Indenture is hereby amended to read in its entirety as follows:

""SENIOR SUBORDINATED NOTES" means the 8-5/8% Senior Subordinated Notes due 2007 of the Company in an aggregate principal amount of $700.0 million, issued pursuant to the Senior Subordinated Note Indenture."

(k) The definition of "SENIOR SUBORDINATED NOTE INDENTURE" in Section 1.01 of the Indenture is hereby amended to read in its entirety as follows:

""SENIOR SUBORDINATED NOTE INDENTURE" means the Indenture dated as of January 15, 1997 between the Company and The Bank of New York, as trustee, as amended or supplemented from time to time, under which the Senior Subordinated Notes were issued."

(1) Section 1.01 of the Indenture is hereby amended by adding the definition OF "SPECIFIED EXCHANGE" to read in its entirety as follows:

""SPECIFIED EXCHANGE" means any retirement of Indebtedness upon the exercise by a holder of such Indebtedness, pursuant to the terms thereof, of any right to exchange such Indebtedness for shares of common stock of Vencor, Inc. or any successor thereto or any other equity securities, other than Equity Interests of a Subsidiary, owned by the Company as of October 11, 1995, or for any securities or other property received with respect to such common stock or equity securities or cash in lieu

thereof, whether or not such right is subject to the Company's ability to pay an amount in cash in lieu thereof."

(m) Section 1.01 of the Indenture is hereby amended, by including the following definitions at the end thereof:

""2005 EXCHANGEABLE SUBORDINATED NOTES" means the 6% Exchangeable Subordinated Notes due 2005 of the Company in an aggregate principal amount of $320.0 million, issued pursuant to the Indenture dated as of January 10, 1996, between the Company and The Bank of New York, as trustee, as amended or supplemented from time to time."

"2005 SENIOR SUBORDINATED NOTES" mean the 10-1/8% Senior Subordinated Notes due 2005 of the Company in an aggregate principal amount of $900.0 million, issued pursuant to the Indenture dated as of March 1, 1995, between the Company and The Bank of New York, as trustee, as amended or supplemented from time to time."

SECTION 2.2 AMENDMENT TO SECTION 1.02.

Section 1.02 of the Indenture is hereby amended to delete the references therein to "Commencement Date," "Excess Proceeds," "Offer Amount," "Offer Period," "Purchase Price," and "Senior Asset Sale Offer."

SECTION 2.3 AMENDMENT TO SECTION 2.15.

Section 2.15 of the Indenture is hereby deleted in its entirety.

SECTION 2.4 AMENDMENT TO SECTION 3.07.

Section 3.07 of the Indenture is hereby amended to read in its entirety as follows:

"SECTION 3.07 LIMITATIONS ON RESTRICTED PAYMENTS.

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly: (i) declare or pay any dividend or make any distribution on account of the Company's or any of its Subsidiaries' Equity Interests (other than (w) Physician Joint Venture Distributions, (x) dividends or distributions payable in Qualified Equity Interests of the Company,

(y) dividends or distributions payable to the Company or any Subsidiary of the Company, and (z) dividends or distributions by any Subsidiary of the Company payable to all holders of a class of Equity Interests of such Subsidiary on a PRO RATA basis); (ii) purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Company; or (iii) make any principal payment on, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is subordinated to the Securities, except at the original final maturity date thereof or pursuant to a Specified Exchange or the Refinancing (all such payments and other actions set forth in clauses (i) through (iii) above being collectively referred to as "RESTRICTED PAYMENTS"), unless, at the time of and after giving effect to such Restricted Payment (the amount of any such Restricted Payment, if other than cash, shall be the fair market value (as conclusively evidenced by

a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the Trustee within 60 days prior to the date of such Restricted Payment) of the asset(s) proposed to be transferred by the Company or such Subsidiary, as the case may be, pursuant to such Restricted Payment):

(a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and

(b) the Company would, at the time of such Restricted Payment and after giving PRO FORMA effect thereto as if such Restricted Payment had been made at the beginning of the most recently ended four full fiscal quarter period for which internal financial statements are available immediately preceding the date of such Restricted Payment, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 3.09 hereof; and

(c) such Restricted Payment, together with the aggregate of all other Restricted Payments made by the Company and its Subsidiaries after March 1, 1995 (excluding Restricted Payments permitted by clauses (ii), (iii) and (iv) of the next succeeding paragraph), is less than the sum of (1) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after March 1, 1995 to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated

Net Income for such period is a deficit, less 100% of such deficit), PLUS (2) 100% of the aggregate net cash proceeds received by the Company from the issue or sale (other than to a Subsidiary of the Company) since March 1, 1995 of Qualified Equity Interests of the Company or of debt securities of the Company or any of its Subsidiaries that have been converted into or exchanged for such Qualified Equity Interests of the Company, PLUS (3) $20.0 lion.

If no Default or Event of Default has occurred and is continuing, or would occur as a consequence thereof, the foregoing provisions shall not prohibit the following Restricted Payments:

(i) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions hereof;

(ii) the payment of cash dividends on any series of Disqualified Stock issued after the January 30, 1997 in an aggregate amount not to exceed the cash received by the Company since January 30, 1997 upon issuance of such Disqualified Stock;

(iii) the redemption, repurchase, retirement or other acquisition of any Equity Interests of the Company or any Subsidiary in exchange for, or out of the net cash proceeds of, the substantially concurrent sale (other than to a Subsidiary of the Company) of Qualified Equity Interests of the Company; PROVIDED that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement or other acquisition shall be excluded from clause (c)(2) of the preceding paragraph;

(iv) the defeasance, redemption or repurchase of subordinated Indebtedness with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness or in exchange for or out of the net cash proceeds from the substantially concurrent sale (other than to a Subsidiary of the Company) of Qualified Equity Interests of the Company; PROVIDED that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement or other acquisition

shall be excluded from clause (c)(2) of the preceding paragraph;

(v) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Subsidiary of the Company held by any member of the Company's (or any of its Subsidiaries') management pursuant to any management equity subscription agreement or stock option agreement; PROVIDED that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed $15.0 million in any twelve-month period; and

(vi) the making and consummation of a Change of Control Offer with respect to the Senior Subordinated Notes, the 2005 Senior Subordinated Notes or the 2005 Exchangeable Subordinated Notes in accordance with the provisions of the indentures relating thereto.

Not later than the date of making any Restricted Payment, the Company shall deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this covenant were COMPUTED."

SECTION 2.5 AMENDMENT TO SECTION 3.08.

Section 3.08 of the Indenture is hereby amended to read in its entirety as follows:

"SECTION 3.08. LIMITATIONS ON DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES.

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual Transfer Restriction, except for such Transfer Restrictions existing under or by reason of:

(a) Existing Indebtedness as in effect on January 30, 1997,

(b) this Indenture and the indentures related to the Senior Notes and the Senior Subordinated Notes,

(c) applicable law,

(d) any instrument governing Indebtedness or Capital Stock of

a Person acquired by the Company or any of its Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition, unless such Indebtedness was incurred in connection with or in contemplation of such acquisition for the purpose of refinancing Indebtedness which was tax-exempt, or in violation of Section 3.09 hereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, PROVIDED that the Consolidated Cash Flow of such Person shall not be taken into account in determining whether such acquisition was permitted by the terms hereof except to the extent that such Consolidated Cash Flow would be permitted to be dividends to the Company without the prior consent or approval of any third party,

(e) customary non-assignment provisions in leases entered into in the ordinary course of business,

(f) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on the ability of any of the Company's Subsidiaries to transfer the property so acquired to the Company or any of its Subsidiaries,

(g) Permitted Refinancing Indebtedness, PROVIDED that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive than those contained in the agreements governing the Indebtedness being refinanced, or

(h) the New Credit Facility and related documentation as the same is in effect on January 30, 1997 and as amended or replaced from time to time, provided that no such amendment or replacement is more restrictive as to Transfer Restrictions than the New Credit Facility and related documentation as in effect on the January 30, 1997."

SECTION 2.6 AMENDMENT TO SECTION 3.09.

Section 3.09 of the Indenture is hereby amended to read in its entirety as follows:

"SECTION 3.09 LIMITATIONS ON INCURRENCE OF INDEBTEDNESS AND ISSUANCE OF PREFERRED STOCK

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create, incur, issue, assume, Guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "INCUR") after January 30, 1997 any Indebtedness, (including Acquired Debt), and the Company shall not issue any Disqualified Stock and shall not permit any of its Subsidiaries to issue any shares of preferred stock; PROVIDED, HOWEVER, that the Company may incur Indebtedness (including Acquired Debt) and the Company may issue shares of Disqualified Stock if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock is issued would have been at least 2.5 to 1, determined on a PRO FORMA basis (including a PRO FORMA application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period. Indebtedness consisting of reimbursement obligations in respect of a letter of credit shall be deemed to be incurred when the letter of credit is first issued.

The foregoing provisions shall not apply to:

(a) the incurrence by the Company of Indebtedness pursuant to the New Credit Facility in an aggregate principal amount at any time outstanding not to exceed an amount equal to $2.8 billion less the aggregate amount of all mandatory repayments applied to permanently reduce the commitments with respect to such Indebtedness;

(b) the incurrence by the Company of Indebtedness represented by the Securities, the Senior Notes and the Senior Subordinated Notes;

(c) the incurrence by the Company and its Subsidiaries of the Existing Indebtedness;

(d) the incurrence by the Company or any of its Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund, Indebtedness that was permitted by this Indenture to be incurred (including, without limitation, Existing Indebtedness);

(e) the incurrence by the Company of Hedging Obligations that are incurred for the purpose of fixing or hedging interest rate or currency risk with respect to any fixed or floating rate Indebtedness that is permitted by the terms hereof to be outstanding or any receivable or liability the payment of which is determined by reference to a foreign currency; PROVIDED that the notional principal amount of any such Hedging Obligation does not exceed the principal amount of the Indebtedness to which such Hedging Obligation relates;

(f) the incurrence by the Company or any of its Subsidiaries of Physician Support Obligations;

(g) the incurrence by the Company or any of its Subsidiaries of intercompany Indebtedness between or among the Company and any of its Subsidiaries;

(h) the incurrence by the Company or any of its Subsidiaries of Indebtedness represented by tender, bid, performance, government contract, surety or appeal bonds, standby letters of credit or warranty or contractual service obligations of like nature, in each case to the extent incurred in the ordinary course of business of the Company or such Subsidiary;

(i) the incurrence by any Subsidiary of the Company of Indebtedness, the aggregate principal amount of which, together with all other Indebtedness of the Company's Subsidiaries at the time outstanding (excluding the Existing Indebtedness until repaid or refinanced and excluding Physician Support Obligations), does not exceed the greater of (1) 10% of the Company's Stockholders' Equity as of the date of incurrence or (2) $10.0 million; PROVIDED that, in the case of clause (1) only, the Fixed Charge Coverage Ratio for the Company's most recently ended four full

fiscal quarters for which internal financial statements are available immediately preceding the date on which such Indebtedness is incurred would have been at least 2.5 to 1, determined on a PRO FORMA basis (including a PRO FORMA application of the net proceeds therefrom), as if such Indebtedness had been incurred at the beginning of such

four-quarter period; and

(j) the incurrence by the Company of Indebtedness (in addition to Indebtedness permitted by any other clause of this covenant) in an aggregate principal amount at any time outstanding not to exceed $250.0 million."

SECTION 2.7 AMENDMENT TO SECTION 3.10.

Section 3.10 of the Indenture is hereby deleted in its entirety.

SECTION 2.8 AMENDMENT TO SECTION 3.16.

Section 3.16 of the Indenture is amended by replacing the amount $10 million" in the last sentence with the amount "$25 million".

SECTION 2.9 AMENDMENT TO SECTION 9.02.

The address of the Company in Section 9.02 of the Indenture is hereby amended to read in its entirety as follows:

"Tenet Healthcare Corporation
3820 State Street
Santa Barbara, California 93105
Telecopier No.: (805) 563-6846
Attention: Treasurer"

ARTICLE III

NOTICE, ENDORSEMENT AND CHANGE OF FORM OF SECURITIES

SECTION 3.1 NOTICE TO SECURITYHOLDERS.

After the Effective Date, the Company shall mail to Securityholders a notice briefly describing the Amendments in accordance with Section 8.02 of the Indenture.

SECTION 3.2 NOTATION ON SECURITIES.

Securities authenticated and delivered after the Effective Date shall, at the Company's expense, be affixed by the Trustee with the following notation:

"The Company and the Trustee have entered into a Second Supplemental Indenture, dated as of August 21, 1997, which amended certain covenants and eliminated the Company's obligation to offer to repurchase Securities with the proceeds from certain asset sales. Reference is hereby made to such Second Supplemental Indenture, copies of which are on file with The Bank of New York, as Trustee."

The Trustee may, but shall not be required to, require holders of Securities authenticated and delivered prior to the Effective Date to deliver such Securities to the Trustee so that the Trustee may affix them with the aforementioned notation.

* * * * *

This Second Supplemental Indenture may be executed in counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Dated as of August 21, 1997

TENET HEALTHCARE CORPORATION

By: /s/ Raymond L. Mathiasen

Name: Raymond L. Mathiasen
Title: Senior Vice President

THE BANK OF NEW YORK,
AS TRUSTEE

By: /s/ Vivian Georges

Name: VIVIAN GEORGES
Title: Assistant Vice President

TENET HEALTHCARE CORPORATION

$400,000,000

7 7/8 % SENIOR NOTES due 2003

INDENTURE

Dated as of January 15, 1997

THE BANK OF NEW YORK

---

as Trustee

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310 (a)(1)	6.10

	(a)(2)	6.10
	(a)(3)	N.A.
	(a)(4)	N.A.
	(a)(5)	6.10
	(b)	6.08; 6.10
	(c)	N.A.
311	(a)	6.11
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	(c)	N.A.
312	(a)	2.06
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	(b)(1)	N.A.
	(b)(2)	6.06
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	(d)	N.A.
314	(a)	3.03; 9.02
	(b)	N.A.
	(c)(1)	9.04
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	(d)	N.A.
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	(f)	N.A.
315	(a)	6.01(iii)(b)
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	(c)	6.01(i)
	(d)	6.01(iii)
	(e)	5.11
316	(a)(last sentence)	2.11
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	(a)(1)(B)	5.04
	(a)(2)	N.A.
	(b)	5.07
	(c)	2.15; 8.04
317	(a)(1)	5.08
	(a)(2)	5.09
	(b)	2.05

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*This Cross-Reference Table is not part of the indenture.

318	(a)	9.01
	(b)	N.A.
	(c)	9.01

N.A. means not applicable

INDENTURE dated as of January 15, 1997 between Tenet Healthcare

Corporation, a Nevada corporation (the "COMPANY"), and The Bank of New York, as trustee (the "TRUSTEE").

The Company and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the 7-7/8% Senior Notes due 2003 (the "SECURITIES"):

ARTICLE I
DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. DEFINITIONS.

"ACQUIRED DEBT" means, with respect to any specified Person, (i) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, including, without limitation, Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person, and (ii) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"AFFILIATE" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; PROVIDED that beneficial ownership of 10% or more of the voting securities of a Person shall be deemed to be control.

"AGENT" means any Registrar, Paying Agent or co-registrar.

"ASSET SALE" means (i) the sale, lease, conveyance or other disposition of any assets (including, without limitation, by way of a sale and leaseback) other than in the ordinary course of business consistent with past practices and (ii) the issuance or sale by the Company or any of its Subsidiaries of Equity Interests of any of the Company's Subsidiaries, in the case of either clause (i) or (ii), whether in a single transaction or a series of related transactions (a) that have a fair market value in excess of $25.0 million or (b) for net proceeds in excess of $25.0 million. Notwithstanding the foregoing: (a) a transfer of assets by the Company to a Subsidiary or by a Subsidiary to the Company or to another Subsidiary, (b) an issuance of Equity Interests by a Subsidiary to the Company or to another Subsidiary, (c) a Restricted Payment that is permitted by Section 3.07 hereof and (d) a Hospital Swap shall not be deemed to be an Asset Sale.

"BOARD OF DIRECTORS" means the Board of Directors of the Company or any authorized committee thereof.

"BUSINESS Day" means any day other than a Legal Holiday.

"CAPITAL LEASE" means, at the time any determination thereof is to be made, any lease of property, real or personal, in respect of which the present value of the minimum rental commitment would be capitalized on a balance sheet of the lessee in accordance with GAAP.

"CAPITAL LEASE OBLIGATION" means, at the time any determination thereof is to be made, the amount of the liability in respect of a Capital Lease that would at such time be required to be capitalized on a balance sheet in accordance with GAAP.

"CAPITAL STOCK" means (i) in the case of a corporation, corporate stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (iii) in the case of a partnership, partnership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"CHANGE OF CONTROL" means the occurrence of any of the following: (i) the sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole to any Person or group (as such term is used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) other than to a Person or group who, prior to such transaction, held a majority of the voting power of the voting stock of the Company, (ii) the acquisition by any Person or group (as defined above) of a direct or indirect interest in more than 50% of the voting power of the voting stock of the Company, by way of merger or consolidation or otherwise, or (iii) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors.

"CHANGE OF CONTROL TRIGGERING EVENT" means the occurrence of both a Change of Control and a Rating Decline.

"CLOSING DATE" means January 30, 1997.

"COMMISSION" means the Securities and Exchange Commission.

"Company" means Tenet Healthcare Corporation, as obligor under the Securities, unless and until a successor replaces Tenet Healthcare Corporation, in accordance with Article 4 hereof and thereafter includes such successor.

"CONSOLIDATED CASH FLOW" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period PLUS (i) an amount equal to any extraordinary loss plus any net loss realized in connection with an Asset Sale (to the extent such losses were deducted in computing such Consolidated Net Income), PLUS (ii) provision for taxes based on income or profits of such Person and its Subsidiaries for such period, to the extent that such provision for taxes was included in computing such Consolidated Net Income, PLUS (iii) the Fixed Charges of such Person and its Subsidiaries for such period, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income, PLUS (iv) depreciation and amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) of such Person and its Subsidiaries for such period to the extent that such depreciation and amortization were deducted in computing such Consolidated Net Income, in each case, on a consolidated basis and determined in accordance with GAAP. Notwithstanding the foregoing, the provision for taxes on the income or profits of, and the depreciation and amortization of, a Subsidiary of the referent Person shall be added to Consolidated Net Income to compute Consolidated Cash Flow only to the extent (and in same proportion) that the Net Income of such Subsidiary was included in calculating the Consolidated Net Income of such Person and only if a corresponding amount would be permitted at the date of determination to be dividended to the Company by such Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Subsidiary or its stockholders.

"CONSOLIDATED NET INCOME" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP but excluding any one-time charge or expense incurred in order to consummate the Refinancing; PROVIDED that (i) the Net Income of any Person that is not a

Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the referent Person or a Wholly Owned Subsidiary thereof, (ii) the Net Income of any Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary or its stockholders, (iii) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded and (iv) the cumulative effect of a change in accounting principles shall be excluded.

"CONSOLIDATED NET WORTH" means, with respect to any Person as of any date, the sum of (i) the consolidated equity of the common stockholders of such Person and its consolidated Subsidiaries as of such date PLUS (ii) the respective amounts reported on such Person's balance sheet as of such date with respect to any series of preferred stock (other than Disqualified Stock), LESS all write-ups (other than write-ups resulting from foreign currency translations and write-ups of tangible assets of a going concern business made in accordance with GAAP as a result of the acquisition of such business) subsequent to the Closing Date in the book value of any asset owned by such Person or a consolidated Subsidiary of such Person, and excluding the cumulative effect of a change in accounting principles, all as determined in accordance with GAAP.

"CONTINUING DIRECTORS" means, as of any date of determination, any member of the Board of Directors of the Company who (i) was a member of such Board of Directors on the Closing Date or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"CORPORATE TRUST OFFICE OF THE TRUSTEE" shall be at the address of the Trustee specified in Section 9.02 hereof or such other address as to which the Trustee may give notice to the Company.

"DEFAULT" means any event that is or with the passage of time or the giving of notice or both would be an Event of Default.

"DEPOSITARY" means a clearing agency registered under the Exchange Act that is designated to act as Depositary for the Securities.

"DISQUALIFIED STOCK" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the Holder thereof, in whole or in part, on or prior to January 15, 2003.

"EQUITY INTERESTS" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"EXISTING INDEBTEDNESS" means Indebtedness of the Company and its Subsidiaries (other than Indebtedness under the New Credit Facility) in existence on the Closing Date, until such amounts are repaid, including all reimbursement obligations with respect to letters of credit outstanding as of the Closing Date.

"FIXED CHARGE COVERAGE RATIO" means with respect to any Person for any

period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Company or any of its Subsidiaries incurs, assumes, Guarantees or redeems any Indebtedness (other than revolving credit borrowings) or issues preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "CALCULATION DATE"), then the Fixed Charge Coverage Ratio shall be calculated giving PRO FORMA effect to such incurrence, assumption, Guarantee or redemption of Indebtedness, or such issuance or redemption of preferred stock, as if the same had occurred at the beginning of the applicable four-quarter reference period. In addition, for purposes of making the computation referred to above, (i) acquisitions that have been made by the Company or any of its Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be deemed to have occurred on the first day of the four-quarter reference period, and (ii) the Consolidated Cash Flow and Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded.

"FIXED CHARGES" means, with respect to any Person for any period, the sum of (i) the consolidated interest expense of such Person and its Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letters of credit or bankers' acceptance financings, and net payments or receipts (if any) pursuant to Hedging Obligations) and (ii) the consolidated interest expense of such Person and its Subsidiaries that was capitalized during such period, and (iii) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries (whether or not such Guarantee or Lien is called upon) and (iv) the product of (a) all cash dividend payments (and non-cash dividend payments in the case of a Person that is a Subsidiary) on any series of preferred stock of such Person, TIMES (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of The Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, as in effect from time to time.

"GLOBAL SECURITY" means a Security that evidences all or part of the Securities of any series and bears the legend set forth in Section 2.02.

"GOVERNMENT SECURITIES" means direct obligations of, or obligations guaranteed by, the United States of America for the payment of which guarantee or obligations the full faith and credit of the United States is pledged.

"GUARANTEE" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness.

"HEDGING OBLIGATIONS" means, with respect to any Person, the obligations of such Person under (i) interest rate swap agreements, interest

rate cap agreements and interest rate collar agreements, (ii) forward foreign exchange contracts or currency swap agreements and (iii) other agreements or arrangements designed to protect such Person against fluctuations in interest rates or currency values.

"HOLDER" means a Person in whose name a Security is registered.

"HOSPITAL" means a hospital, outpatient clinic, long-term care facility or other facility or business that is used or useful in or related to the provision of healthcare services.

"HOSPITAL SWAP" means an exchange of assets by the Company or a Subsidiary of the Company for one or more Hospitals and/or one or more Related Businesses or for the Capital Stock of any Person owning one or more Hospitals and/or one or more Related Businesses.

"INDEBTEDNESS" means, with respect to any Person, any indebtedness of such Person, whether or not contingent, in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) or banker's acceptances or representing Capital Lease Obligations or the balance deferred and unpaid of the purchase price of any property or representing any Hedging Obligations, except any such balance that constitutes an accrued expense or trade payable, if and to the extent any of the foregoing indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP, as well as all indebtedness of others secured by a Lien on any asset of such Person (whether or not such indebtedness is assumed by such Person) and, to the extent not otherwise included, the Guarantee by such Person of any indebtedness of any other Person.

"INDENTURE" means this Indenture, as amended or supplemented from time to time.

"INVESTMENT GRADE" means a rating of BBB- or higher by S&P or Baa3 or higher by Moody's or the equivalent of such ratings by S&P or Moody's. In the event that the Company shall select any other Rating Agency, the equivalent of such ratings by such Rating Agency shall be used.

"LIEN" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"MOODY'S" means Moody's Investors Services, Inc. and its successors.

"NET INCOME" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however, (i) any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with (a) any Asset Sale (including, without limitation, dispositions

pursuant to sale and leaseback transactions) or (b) the disposition of any securities by such Person or any of its Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Subsidiaries and (ii) any extraordinary or nonrecurring gain (but not loss), together with any related provision for taxes on such extraordinary or nonrecurring gain (but not loss).

"NEW CREDIT FACILITY" means that certain Credit Agreement by and among the Company and Morgan Guaranty Trust Company of New York and the other banks that are party thereto, providing for $2.8 billion in aggregate principal amount of Indebtedness, including any related notes, instruments and agreements executed in connection therewith, and in each case as amended, modified, extended, renewed, refunded, replaced or refinanced, in whole or in part, from time to time.

"OBLIGATIONS" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"OFFICERS" means the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary and any Vice President of the Company or any Subsidiary, as the case may be.

"OFFICERS' CERTIFICATE" means a certificate signed by two Officers, one of whom must be the principal executive officer, principal financial officer or principal accounting officer of the Company.

"OPINION OF COUNSEL" means an opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company, any Subsidiary or the Trustee.

"PAYMENT DEFAULT" means, any failure to pay any scheduled installment of interest or principal on any Indebtedness within the grace period provided for such payment in the documentation governing such Indebtedness.

"PERMITTED LIENS" means (i) Liens in favor of the Company; (ii) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Company or any Subsidiary of the Company or becomes a Subsidiary of the Company; PROVIDED that such Liens were in existence prior to the contemplation of such merger, consolidation or acquisition (unless such Liens secure Indebtedness that was incurred in connection with or in contemplation of such acquisition and is used to refinance tax-exempt Indebtedness) and do not extend to any assets or the Company or its Subsidiaries other than those of the Person merged into or consolidated with the Company or that becomes a Subsidiary of the Company; (iii) Liens on property existing at the time of acquisition thereof by the Company or any Subsidiary of the Company; PROVIDED that such Liens were in existence prior to the contemplation of such acquisition (unless such Liens secure Indebtedness that was incurred in connection with or in contemplation of such acquisition and is used to refinance tax-exempt Indebtedness); (iv) Liens to secure the performance of statutory obligations, tender, bid, performance, government contract, surety or appeal bonds or other obligations of a like nature incurred in the ordinary course of business; (v) Liens existing on the Closing Date; (vi) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; PROVIDED that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor; (vii) other Liens on assets of the Company or any Subsidiary of the Company securing Indebtedness that is permitted by the terms hereof to be outstanding having an aggregate principal amount at any one time outstanding not to exceed 10% of the Stockholders' Equity of the Company; and (viii) Liens to secure

Permitted Refinancing Indebtedness incurred to refinance Indebtedness that was secured by a Lien permitted hereunder and that was incurred in accordance with the provisions hereof, PROVIDED that such Liens do not extend to or cover any property or assets of the Company or any Subsidiary other than assets or property securing the Indebtedness so refinanced.

"PERMITTED REFINANCING INDEBTEDNESS" means any Indebtedness of the Company or any of its Subsidiaries issued in exchange for, or the net proceeds of which are used solely to extend, refinance, renew, replace, defease or refund, other Indebtedness of the Company or any of its Subsidiaries; PROVIDED that, except in the case of Indebtedness of the Company issued in exchange for, or the net proceeds of which are used solely to extend, refinance, renew, replace, defease or refund, Indebtedness of a Subsidiary of the Company: (i) the principal amount of such Permitted Refinancing Indebtedness does not exceed the principal amount of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of any premiums paid and reasonable expenses incurred in connection therewith); (ii) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (iii) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Securities, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Securities on subordination terms at least as favorable to the Holders of Securities as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (iv) such Indebtedness is incurred by the Company if the Company is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and (v) such Indebtedness is incurred by the Company or a Subsidiary if a Subsidiary is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"PERSON" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust or unincorporated organization (including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business).

"PHYSICIAN JOINT VENTURE DISTRIBUTIONS" means distributions made by the Company or any of its Subsidiaries to any physician, pharmacist or other allied healthcare professional in connection with the unwinding, liquidation or other termination of any joint venture or similar arrangement between any such Person and the Company or any of its Subsidiaries.

"PHYSICIAN SUPPORT OBLIGATIONS" means any obligation or Guarantee incurred in the ordinary course of business by the Company or a Subsidiary of the Company in connection with any advance, loan or payment to, or on behalf of or for the benefit of any physician, pharmacist or other allied healthcare professional for the purpose of recruiting, redirecting or retaining the physician, pharmacist or other allied healthcare professional to provide service to patients in the service area of any Hospital or Related Business owned or operated by the Company or any of its Subsidiaries; EXCLUDING, HOWEVER, compensation for services provided by physicians, pharmacists or other allied healthcare professionals to any Hospital or Related Business owned or operated by the Company or any of its Subsidiaries.

"QUALIFIED EQUITY INTERESTS" shall mean all Equity Interests of the Company other than Disqualified Stock of the Company.

"RATING AGENCIES" means (i) S&P and (ii) Moody's or (iii) if S&P or Moody's or both shall not make a rating of the Securities publicly available, a nationally recognized securities rating

agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P or Moody's or both, as the case may be.

"RATING CATEGORY" means (i) with respect to S&P, any of the following categories: BB, B, CCC, CC, C and D (or equivalent successor categories); (ii)

with respect to Moody's, any of the following categories: Ba, B, Caa, Ca, C and D (or equivalent successor categories); and (iii) the equivalent of any such category of S&P or Moody's used by another Rating Agency. In determining whether the rating of the Securities has decreased by one or more gradations, gradations within Rating Categories (+ and - for S&P; 1, 2 and 3 for Moody's; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from BB+ to BB, as well as from BB- to B+, shall constitute a decrease of one gradation).

"RATING DATE" means the date which is 90 days prior to the earlier of (i) a Change of Control and (ii) the first public notice of the occurrence of a Change of Control or of the intention by the Company to effect a Change of Control.

"RATING DECLINE" means the occurrence on or within 90 days after the date of the first public notice of the occurrence of a Change of Control or of the intention by the Company to effect a Change of Control (which period shall be extended so long as the rating of the Securities is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of: (a) in the event the Securities are rated by either Moody's or S&P on the Rating Date as Investment Grade, a decrease in the rating of the Securities by both Rating Agencies to a rating that is below Investment Grade, or (b) in the event the Securities are rated below Investment Grade by both Rating Agencies on the Rating Date, a decrease in the rating of the Securities by either Rating Agency by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"REFINANCING" has the meaning ascribed to it in the prospectus dated January 27, 1997 relating to the Company's 8% Senior Notes due 2005, the Securities and the Senior Subordinated Notes.

"RELATED BUSINESS" means a healthcare business affiliated or associated with a Hospital or any business related or ancillary to the provision of healthcare services or information or the investment in, management, leasing or operation of a Hospital.

"RESPONSIBLE OFFICER" when used with respect to the Trustee, means any officer within the corporate trust department of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"SECURITIES" means the securities described above, issued under this Indenture.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SENIOR SUBORDINATED NOTES" means the 8-5/8% Senior Subordinated Notes due 2007 of the Company in an aggregate principal amount of $700.0 million, issued pursuant to the Senior Subordinated Note Indenture.

"SENIOR SUBORDINATED NOTE INDENTURE" means the Indenture dated as of January 15, 1997 between the Company and The Bank of New York, as trustee, as amended or supplemented from time to time, under which the Senior Subordinated Notes were issued.

"SIGNIFICANT SUBSIDIARY" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Closing Date.

"S&P" means Standard & Poor's Corporation and its successors.

"SPECIFIED EXCHANGE" means any retirement of Indebtedness upon the exercise by a holder of such Indebtedness, pursuant to the terms thereof, of any right to exchange such Indebtedness for shares of common stock of Vencor, Inc. or any successor thereto or any other equity securities, other than Equity Interests of a Subsidiary, owned by the Company as of October 11, 1995, or for any securities or other property received with respect to such common stock or equity securities or cash in lieu thereof, whether or not such right is subject to the Company's ability to pay an amount in cash in lieu thereof.

"STOCKHOLDERS' EQUITY" means, with respect to any Person as of any date, the stockholders' equity of such Person determined in accordance with GAAP as of the date of the most recent available internal financial statements of such Person, and calculated on a PRO FORMA basis to give effect to any acquisition or disposition by such Person consummated or to be consummated since the date of such financial statements and on or prior to the date of such calculation.

"SUBSIDIARY" means, with respect to any Person, (i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof) and (ii) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or of one or more Subsidiaries of such Person (or any combination thereof).

"TIA" means the Trust Indenture Act of 1939, as amended (15 U.S.C. Section 77aaa-77bbbb) as in effect on the date on which this Indenture is qualified under the TIA, except as provided in Section 8.03 hereof.

"TRANSFER RESTRICTION" means, with respect to the Company's Subsidiaries, any encumbrance or restriction on the ability of any Subsidiary to (i)(a) pay dividends or make any other distributions to the Company or any of its Subsidiaries (1) on its Capital Stock or (2) with respect to any other interest or participation in, or measured by, its profits, or (b) pay any Indebtedness owed to the Company or any of its Subsidiaries, (ii) make loans or advances to the Company or any of its Subsidiaries, or (iii) transfer any of its properties or assets to the Company or any of its Subsidiaries.

"TRUSTEE" means the party named as such above until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"WEIGHTED AVERAGE LIFE TO MATURITY" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (ii) the then outstanding principal amount of such Indebtedness.

"WHOLLY OWNED SUBSIDIARY" OF any Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person or by such Person and one or more Wholly Owned Subsidiaries of such Person.

"2005 EXCHANGEABLE SUBORDINATED NOTES" means the 6% Exchangeable

Subordinated Notes due 2005 of the Company in an aggregate principal amount of $320.0 million, issued pursuant to the Indenture dated as of January 10, 1996, between the Company and The Bank of New York, as trustee, as amended or supplemented from time to time.

"2005 SENIOR SUBORDINATED NOTES" means the 10-1/8% Senior Subordinated Notes due 2005 of the Company in an aggregate principal amount of $900.0 million, issued pursuant to the Indenture dated as of March 1, 1995, between the Company and The Bank of New York, as trustee, as amended or supplemented from time to time.

SECTION 1.02. OTHER DEFINITIONS.

TERM	DEFINED IN SECTION
"Affiliate Transaction"	3.10
"Bankruptcy Law"	5.01
"Change of Control Offer"	3.12
"Change of Control Payment"	3.12
"Change of Control Payment Date"	3.12
"Covenant Defeasance"	7.03
"Custodian"	5.01
"Event of Default"	5.01
"incur"	3.09
"Legal Defeasance"	7.02
"Legal Holiday"	9.07
"Notice of Default"	5.01
"Paying Agent"	2.03
"Registrar"	2.03
"Restricted Payments"	3.07

SECTION 1.03. INCORPORATION BY REFERENCE OF TIA

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"INDENTURE SECURITIES" means the Securities;

"INDENTURE SECURITY HOLDER" means a Holder;

"INDENTURE TO BE QUALIFIED" means this Indenture;

"INDENTURE TRUSTEE" or "INSTITUTIONAL TRUSTEE" means the Trustee;

"OBLIGOR" on the Securities means the Company and any successor obligor upon the Securities.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by the Commission rule under the TIA have the meanings so assigned to them.

SECTION 1.04. RULES OF CONSTRUCTION

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) words in the singular include the plural, and in the plural include the singular; and

(5) provisions apply to successive events and transactions.

ARTICLE 2
THE SECURITIES

SECTION 2.01. FORM AND DATING.

The Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto, the terms of which are incorporated in and made a part of this Indenture. The Securities may have notations, legends or endorsements approved as to form by the Company and required by law, stock exchange rule, agreements to which the Company is subject or usage. Each Security shall be dated the date of its authentication. The Securities shall be issuable only in registered form, without coupons, in denominations of $1,000 and integral multiples thereof. The Securities may be Global Securities, as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

SECTION 2.02. FORM OF LEGEND FOR GLOBAL SECURITY.

Every Global Security authenticated and delivered hereunder shall bear a legend in substantially the following form:

> "This Security is a Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depositary or a nominee thereof. This Security may not be exchanged in whole or in part for a Security registered, and no transfer of this Security in whole or in part may be registered, in the name of any person other than such Depositary or a nominee thereof, except in the limited circumstances described in the Indenture."

SECTION 2.03. EXECUTION AND AUTHENTICATION.

An Officer of the Company shall sign the Securities for the Company by manual or facsimile signature.

If an Officer whose signature is on a Security no longer holds that office at the time the Security is authenticated, the Security shall nevertheless be valid.

A Security shall not be valid until authenticated by the manual signature of the Trustee. The signature of the Trustee shall be conclusive evidence that the Security has been authenticated under this Indenture. The form of Trustee's certificate of authentication to be borne by the Securities shall be substantially as set forth in Exhibit A hereto.

The Trustee shall, upon a written order of the Company signed by two Officers of the Company, authenticate Securities for original issue up to the aggregate principal amount stated in paragraph 4 of the Securities. The aggregate principal amount of Securities outstanding at any time shall not exceed the amount set forth herein except as provided in Section 2.09 hereof.

The Trustee may appoint an authenticating agent acceptable to the

Company to authenticate Securities. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate of the Company.

Each Global Security authenticated under this Indenture shall be-registered in the name of the Depositary designated for such Global Security or a nominee thereof and delivered to such Depositary or a nominee thereof or custodian therefor, and each such Global Security shall constitute a single Security for all purposes of this Indenture.

The Company initially appoints The Depository Trust Company as the Depositary.

SECTION 2.04. REGISTRAR AND PAYING AGENT.

The Company shall maintain (i) an office or agency where Securities may be presented for registration of transfer or for exchange (including any co-registrar, the "REGISTRAR") and (ii) an office or agency where Securities may be presented for payment (the "PAYING AGENT"). The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent, Registrar or co-registrar without prior notice to any Holder. The Company shall notify the Trustee and the Trustee shall notify the Holders of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent, Registrar or co-registrar. The Company shall enter into an appropriate agency agreement with any Agent not a party to this Indenture, which shall incorporate the provisions of the TIA. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Company shall notify the Trustee of the name and address of any such Agent. If the Company fails to maintain a Registrar or Paying Agent, or fails to give the foregoing

notice, the Trustee shall act as such, and shall be entitled to appropriate compensation in accordance with Section 6.07 hereof.

The Company initially appoints the Trustee as Registrar, Paying Agent and agent for service of notices and demands in connection with the Securities.

SECTION 2.05. PAYING AGENT TO HOLD MONEY IN TRUST.

On or prior to the due date of principal of, premium, if any, and interest on any Securities, the Company shall deposit with the Trustee or the Paying Agent money sufficient to pay such principal, premium, if any, and interest becoming due. The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of the Holders or the Trustee all money held by the Paying Agent for the payment of principal of, premium, if any, and interest on the Securities, and shall notify the Trustee of any Default by the Company in making any such payment. While any such Default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company) shall have no further liability for the money delivered to the Trustee. If the Company acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent.

SECTION 2.06. HOLDER LISTS.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders, including the aggregate principal amount of the Securities held by each thereof, and the Company shall otherwise comply with TIA Section 312(a).

SECTION 2.07. TRANSFER AND EXCHANGE.

When Securities are presented to the Registrar with a request to register the transfer or to exchange them for an equal principal amount of Securities of other denominations, the Registrar shall register the transfer or make the exchange if its requirements for such transactions are met; PROVIDED, HOWEVER, that any Security presented or surrendered for registration of transfer or exchange shall be duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar and the Trustee duly executed by the Holder thereof or by his attorney duly authorized in writing. To permit registrations of transfer and exchanges, the Company shall issue and the Trustee shall authenticate Securities at the Registrar's request, subject to such rules as the Trustee may reasonably require.

Neither the Company nor the Registrar shall be required to register the transfer or exchange of a Security between the record date and the next succeeding interest payment date.

No service charge shall be made to any Holder for any registration of transfer or exchange (except as otherwise expressly permitted herein), but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than such transfer tax or similar governmental charge payable upon exchanges pursuant to Sections 2.12 or 8.05 hereof, which shall be paid by the Company).

Notwithstanding the foregoing, a Global Security may not be transferred except as a whole by the Depositary to a nominee of the Depositary or any such nominee to a successor of the Depositary or a nominee of such successor, unless:

(i) the Depositary is at any time unwilling or unable to continue as depository or if at any time the Depositary ceases to be a clearing agency registered under the Exchange Act and a successor depository is not appointed by the Company within 90 days,

(ii) an Event of Default under this Indenture with respect to the Securities has occurred and is continuing and the beneficial owners representing a majority in principal amount of the Securities advise the Depositary to cease acting as depositary or

(iii) the Company, in its sole discretion, determines at any time that the Securities shall no longer be represented by a Global Security, the Company will issue individual Securities of the applicable amount and in certificated form in exchange for a Global Security. In any such instance, an owner of a beneficial interest in the Global Security will be entitled to physical delivery of individual securities in certificated form of like tenor, equal in principal amount to such beneficial interest and to have such Securities in certificated form registered in its name.

SECTION 2.08. PERSONS DEEMED OWNERS.

Prior to due presentment for registration of transfer of any Security, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of, premium, if any, and interest on such Security and for all other purposes whatsoever, whether or not such Security is overdue, and neither the Trustee, any Agent nor the Company shall be affected by notice to the contrary.

So long as the Depositary or its nominee is the registered Holder of a Global Security, the Depositary or its nominee, as the case may be, will be treated as the sole owner of it for all purposes under the Indenture and the beneficial owners of the Securities will be entitled only to those rights and benefits afforded to them in accordance with the Depositary's regular operating procedures. Except as provided in Section 2.07, owners of beneficial interests in a Global Security will not be entitled to have Securities represented by a Global Security registered in their names, will not receive or be entitled to receive physical delivery of Securities in certificated form and will not be considered the registered Holders thereof under the Indenture.

None of the Company, the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

SECTION 2.09. REPLACEMENT SECURITIES.

If any mutilated Security is surrendered to the Trustee or the Company, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Security, the Company shall issue and the Trustee, upon the written order of the Company signed by two Officers of the Company, shall authenticate a replacement Security if the Trustee's requirements for replacements of Securities are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any

Agent and any authenticating agent from any loss which any of them may suffer if a Security is replaced. Each of the Company and the Trustee may charge for its expenses in replacing a Security.

Every replacement Security is an additional obligation of the Company.

SECTION 2.10. OUTSTANDING SECURITIES.

The Securities outstanding at any time are all the Securities authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation and those described in this Section as not outstanding.

If a Security is replaced pursuant to Section 2.09 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a bona fide purchaser.

If the principal amount of any Security is considered paid under Section 3.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

Subject to Section 2.11 hereof, a Security does not cease to be outstanding because the Company or an Affiliate of the Company holds the

Security.

SECTION 2.11. TREASURY SECURITIES.

In determining whether the Holders of the required principal amount of Securities then outstanding have concurred in any demand, direction, waiver or consent, Securities owned by the Company or any Affiliate of the Company shall be considered as though not outstanding, except that for purposes of determining whether the Trustee shall be protected in relying on any such demand, direction, waiver or consent, only Securities that a Responsible Officer actually knows to be so owned shall be so considered. Notwithstanding the foregoing, Securities that are to be acquired by the Company or an Affiliate of the Company pursuant to an exchange offer, tender offer or other agreement shall not be deemed to be owned by the Company or an Affiliate of the Company until legal title to such Securities passes to the Company or such Affiliate, as the case may be.

SECTION 2.12. TEMPORARY SECURITIES.

Until definitive Securities are ready for delivery, the Company may prepare and the Trustee, upon receipt of the written order of the Company signed by two Officers of the Company, shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company and the Trustee consider appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee, upon receipt of the written order of the Company signed by two Officers of the Company, shall authenticate definitive Securities in exchange for temporary Securities. Until such exchange, temporary Securities shall be entitled to the same rights, benefits and privileges as definitive Securities.

SECTION 2.13. CANCELLATION.

The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee shall cancel all Securities surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall return such cancelled

Securities to the Company. The Company may not issue new Securities to replace Securities that it has paid or that have been delivered to the Trustee for cancellation.

SECTION 2.14. DEFAULTED INTEREST.

If the Company defaults in a payment of interest on the Securities, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, which date shall be at the earliest practicable date but in all events at least five Business Days prior to the related payment date, in each case at the rate provided in the Securities and in Section 3.01 hereof. The Company shall, with the consent of the Trustee, fix or cause to be fixed each such special record date and payment date. At least 15 days before the special record date, the Company (or the Trustee, in the name of and at the expense of the Company) shall mail to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

SECTION 2.15. RECORD DATE.

The record date for purposes of determining the identity of Holders entitled to vote or consent to any action by vote or consent authorized or permitted under this Indenture shall be determined as provided for in TIA Section 316(c).

SECTION 2.16. CUSIP NUMBER.

The Company in issuing the Securities may use a "CUSIP" number, and if it does so, the Trustee shall use the CUSIP number in notices to Holders; PROVIDED that any such notice may state that no representation is made as to the correctness or accuracy of the CUSIP number printed in the notice or on the Securities and that reliance may be placed only on the other identification numbers printed on the Securities. The Company shall promptly notify the Trustee of any change in the CUSIP number.

ARTICLE 3
COVENANTS

SECTION 3.01. PAYMENT OF SECURITIES.

The Company shall pay or cause to be paid the principal of, premium, if any, and interest on the Securities on the dates and in the manner provided in this Indenture and the Securities. Principal, premium, if any, and interest shall be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary of the Company, holds as of 10:00 a.m. Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due. Such Paying Agent shall return to the Company, no later than five days following the date of payment, any money (including accrued interest) that exceeds such amount of principal, premium, if any, and interest to be paid on the Securities.

The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to 1% per annum in excess of the interest rate then applicable to the Securities to the extent lawful. In addition, it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace period) at the same rate to the extent lawful.

SECTION 3.02. - MANTENANCE OF OFFICE OR AGENCY

The Company shall maintain in the Borough of Manhattan, the City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Securities may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; PROVIDED, HOWEVER, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the

Borough of Manhattan, the City of New York for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates The Bank of New York, 101 Barclay Street, 21 West, New York, New York 10286 as one such office or agency of the Company in accordance with Section 2.04 hereof

SECT10N 3.03. COMMISSION REPORTS

(i) So long as any of the Securities remain outstanding, the Company shall provide to the Trustee within 15 days after the filing thereof with the Commission copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) that the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act. All obligors on the Securities shall comply with the provisions of TIA Section 314(a). Notwithstanding that the Company may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the Commission, the Company shall file with the Commission and provide to the Trustee (a) within 90 days after the end of each fiscal year, annual reports on Form I O-K (or any successor or comparable form) containing the information required to be contained therein (or required in such successor or comparable form), including a "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS of OPERATIONS" and a report thereon by the Company's certified public accountants; (b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, reports on Form IO-Q (or any successor or comparable form) containing the information required to be contained therein (or required in any successor or comparable form), including a "Management's Discussion and Analysis of Financial Condition and Results of Operations"; and (c) promptly from time to time after the occurrence of an event required to be therein reported, such other reports on Form 8-K (or any successor or comparable form) containing the information required to be contained therein (or required in any successor or comparable form); PROVIDED, HOWEVER, that the Company shall not be in default of the provisions of this Section 3.03(i) for any failure to file reports with the Commission solely by the refusal of the Commission to accept the same for filing. Each of the financial statements contained in such reports shall be prepared in accordance with GAAP.

(ii) The Trustee, at the Company's request and expense, shall promptly mail copies of all such annual reports, information, documents and other reports provided to the Trustee pursuant to Section 3.03(i) hereof to the Holders at their addresses appearing in the register of Securities maintained by the Registrar.

(iii) Whether or not required by the rules and regulations of the Commission, the Company shall file a copy of all such information and reports with the Commission for public availability and make such information available to securities analysts and prospective investors upon request.

(iv) The Company shall provide the Trustee with a sufficient number of copies of all reports and other documents and information that the Trustee may be required to deliver to the Holders under this Section 3.03.

(v) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

SECTION 3.04. COMPLIANCE CERTIFICATE.

i) The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether each has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge each entity has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action each is taking or proposes to take with respect thereto), all without regard to periods of grace or notice requirements, and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Securities is prohibited or if such event has occurred, a description of the event and what action each is taking or proposes to take with respect thereto.

(ii) So long as not contrary to the then current recommendations of the American Institute of Certified Public Accountants, the year-end financial statements delivered pursuant to Section 3.03 above shall be accompanied by a written statement of the Company's certified independent public accountants (who shall be a firm of established national reputation) that in making the examination necessary for certification of such financial statements nothing has come to their attention which would lead them to believe that the Company or any Subsidiary of the Company has violated any provisions of Article 3 or of Article 4 of this Indenture or, if any such violation has occurred, specifying the nature and period of existence thereof, it being understood that such accountants shall not be liable directly or indirectly to any person for any failure to obtain knowledge of any such violation.

(iii) The Company shall, so long as any of the Securities are outstanding, deliver to the Trustee, forthwith upon any Officer becoming aware of (a) any Default or Event of Default or (b) any event of default under any other mortgage, indenture or instrument referred to in Section 5.01(v) hereof, an Officers' Certificate specifying such Default, Event of Default or event of default and what action the Company is taking or proposes to take with respect thereto.

SECTION 3.05. TAXES.

The Company shall pay, and shall cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except (i) as contested in good faith by appropriate proceedings and with respect to which appropriate reserves have been taken in accordance with GAAP or

(ii) where the failure to effect such payment is not adverse in any material respect to the Holders.

SECTION 3.06. STAY, EXTENSION AND USURY LAWS.

The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 3.07. LIMITATIONS ON RESTRICTED PAYMENTS.

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly: (i) declare or pay any dividend or make any distribution on account of the Company's or any of its Subsidiaries' Equity Interests (other than (w) Physician Joint Venture Distributions (x) dividends or distributions payable in Qualified Equity Interests of the Company, (y) dividends or distributions payable to the Company or any Subsidiary of the Company, and (z) dividends or. distributions by any Subsidiary of the Company payable to all holders of a class of Equity Interests of such Subsidiary on a PRO RATA basis); (ii) purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Company; or (iii) make any principal payment on, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is subordinated to the Securities, except at the original final maturity date thereof or pursuant to a Specified Exchange or the Refinancing (all such payments and other actions set forth in clauses (i) through (iii) above being collectively referred to as "RESTRICTED PAYMENTS"), unless, at the time of and after giving effect to such Restricted Payment (the amount of any such Restricted Payment, if other than cash, shall be the fair market value (as conclusively evidenced by a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the Trustee within 60 days prior to the date of such Restricted Payment) of the asset(s) proposed to be transferred by the Company or such Subsidiary, as the case may be, pursuant to such Restricted Payment):

(a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and

(b) the Company would, at the time of such Restricted Payment and after giving PRO FORMA effect thereto as if such Restricted Payment had been made at the beginning of the most recently ended four full fiscal quarter period for which internal financial statements are available immediately preceding the date of such Restricted Payment, have been permitted to incur at least

$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 3.09 hereof; and

(c) such Restricted Payment, together with the aggregate of all other Restricted Payments made by the Company and its Subsidiaries after March 1, 1995 (excluding Restricted Payments permitted by clauses (ii), (iii) and (iv) of the next succeeding paragraph), is less than the sum of (1) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after March 1, 1995 to the end of the

Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), PLUS (2) 100% of the aggregate net cash proceeds received by the Company from the issue or sale (other than to a Subsidiary of the Company) since March 1, 1995 of Qualified Equity Interests of the Company or of debt securities of the Company or any of its Subsidiaries that have been converted into or exchanged for such Qualified Equity Interests of the Company, PLUS (3) $20.0 million.

If no Default or Event of Default has occurred and is continuing, or would occur as a consequence thereof, the foregoing provisions shall not prohibit the following Restricted Payments:

(i) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions hereof;

(ii) the payment of cash dividends on any series of Disqualified Stock issued after the Closing Date in an aggregate amount not to exceed the cash received by the Company since the Closing Date upon issuance of such Disqualified Stock;

(iii) the redemption, repurchase, retirement or other acquisition of any Equity Interests of the Company or any Subsidiary in exchange for, or out of the net cash proceeds of, the substantially concurrent sale (other than to a Subsidiary of the Company) of Qualified Equity Interests of the Company; PROVIDED that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement or other acquisition shall be excluded from clause (c)(2) of the preceding paragraph;

(iv) the defeasance, redemption or repurchase of subordinated Indebtedness with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness or in exchange for or out of the net cash proceeds from the substantially concurrent sale (other than to a Subsidiary of the Company) of Qualified Equity Interests of the Company; PROVIDED that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement or other acquisition shall be excluded from clause (c)(2) of the preceding paragraph;

(v) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Subsidiary of the Company held by any member of the Company's (or any of its Subsidiaries') management pursuant to any management equity subscription agreement or stock option agreement; PROVIDED that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed $15.0 million in any twelve-month period; and

(vi) the making and consummation of (A) a senior subordinated asset sale offer in accordance with the provisions of the indenture relating to the 2005 Senior Subordinated Notes or (B) a Change of Control Offer with respect to the Senior Subordinated Notes in accordance

with the provisions of the Senior Subordinated Note Indenture or change of control offer with respect to the 2005 Senior Subordinated Notes or the 2005 Exchangeable Subordinated Notes in accordance with the provisions of the indentures relating thereto.

Not later than the date of making any Restricted Payment, the

Company shall deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this covenant were computed.

SECTION 3.08. LIMITATIONS ON DIVIDEND AND 0THER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual Transfer Restriction, except for such Transfer Restrictions existing under or by reason of:

(a) Existing Indebtedness as in effect on the Closing Date,

(b) this Indenture, the Senior Subordinated Note Indenture and the Indenture relating to the Company's 8% Senior Notes due 2005,

(c) applicable law,

(d) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition, unless such Indebtedness was incurred in connection with or in contemplation of such acquisition for the purpose of refinancing Indebtedness which was tax-exempt, or in violation of Section 3.09 hereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, PROVIDED that the Consolidated Cash Flow of such Person shall not be taken into account in determining whether such acquisition was permitted by the terms hereof except to the extent that such Consolidated Cash Flow would be permitted to be dividends to the Company without the prior consent or approval of any third party,

(e) customary non-assignment provisions in leases entered into in the ordinary course of business,

(f) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on the ability of any of the Company's Subsidiaries to transfer the property so acquired to the Company or any of its Subsidiaries,

(g) Permitted Refinancing Indebtedness, PROVIDED that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive than those contained in the agreements governing the Indebtedness being refinanced, or

(h) the New Credit Facility and related documentation as the same is in effect on the Closing Date as amended or replaced from time to time, PROVIDED that no such amendment or replacement is more restrictive as to Transfer Restrictions than the New Credit Facility and related documentation as in effect on the Closing Date.

SECTION 3.09. LIMITATIONS ON INCURRENCE OF INDEBTEDNESS AND ISSUANCE OF PREFERRED STOCK.

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create, incur, issue, assume, Guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "INCUR") after the Closing Date any Indebtedness (including Acquired Debt), and the Company shall not issue any Disqualified Stock and shall

not permit any of its Subsidiaries to issue any shares of preferred stock; PROVIDED, HOWEVER, that the Company may incur Indebtedness (including Acquired Debt) and the Company may issue shares of Disqualified Stock if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which, such additional Indebtedness is incurred or such Disqualified Stock is issued would have been" at least 2.5 to 1, determined on a pro forma basis (including a PRO FORMA application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period. Indebtedness consisting of reimbursement obligations in respect of a letter of credit shall be deemed to be incurred when the letter of credit is first issued.

The foregoing provisions shall not apply to:

(a) the incurrence by the Company of Indebtedness pursuant to the New Credit Facility in an aggregate principal amount at any time outstanding not to exceed an amount equal to $2.8 billion less the aggregate amount of all mandatory repayments applied to permanently reduce the commitments with respect to such Indebtedness;

(b) the incurrence by the Company of Indebtedness represented by the Securities, the 8% Senior Notes due 2005 and the Senior Subordinated Notes;

(c) the incurrence by the Company and its Subsidiaries of the Existing Indebtedness;

(d) the incurrence by the Company or any of its Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund, Indebtedness that was permitted by this Indenture to be incurred (including, without limitation, Existing Indebtedness);

(e) the incurrence by the Company of Hedging Obligations that are incurred for the purpose of fixing or hedging interest rate or currency risk with respect to any fixed or floating rate Indebtedness that is permitted by the terms hereof to be outstanding or any receivable or liability the payment of which is determined by reference to a foreign currency; PROVIDED that the notional principal amount of any such Hedging Obligation does not exceed the principal amount of the Indebtedness to which such Hedging Obligation relates;

(f) the incurrence by the Company or any of its Subsidiaries of Physician Support Obligations;

(g) the incurrence by the Company or any of its Subsidiaries of intercompany Indebtedness between or among the Company and any of its Subsidiaries;

(h) the incurrence by the Company or any of its Subsidiaries of Indebtedness represented by tender, bid, performance, government contract, surety or appeal bonds, standby

letters of credit or warranty or contractual service obligations of like nature, in each case to the extent incurred in the ordinary course of business of the Company or such Subsidiary;

(i) the incurrence by any Subsidiary of the Company of Indebtedness, the aggregate principal amount of which, together with all other Indebtedness of the Company's Subsidiaries at the time outstanding (excluding the Existing Indebtedness until repaid or refinanced and excluding Physician Support Obligations), does not

exceed the greater of (1) 10% of the Company's Stockholders' Equity as of the date of incurrence or (2) $ 10.0 million; PROVIDED that, in the case of clause (1) only, the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Indebtedness is incurred would have been at least 2.5 to 1, determined on a PRO FORMA basis (including a PRO FORMA application of the net proceeds therefrom), as if such Indebtedness had been incurred at the beginning of such four-quarter period; and

j) the incurrence by the Company of Indebtedness (in addition to Indebtedness permitted by any other clause of this covenant) in an aggregate principal amount at any time outstanding not to exceed $250.0 million.

SECTION 3.10. LIMITATIONS ON TRANSACTIONS WITH AFFILIATES

The Company shall not, and shall not permit any of its Subsidiaries to, sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make any contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an "AFFILIATE TRANSACTION", unless (i) such Affiliate Transaction, is on terms that are no less favorable to the Company or the relevant Subsidiary than those that could have been obtained in a comparable transaction by the Company or such Subsidiary with an unrelated Person and (ii) the Company delivers to the Trustee (a) with respect to any Affiliate Transaction involving aggregate consideration in excess of $5.0 million, a resolution of the Board of Directors set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with clause (i) above and that such Affiliate Transaction was approved by a majority of the disinterested members of the Board of Directors and (b) with respect to any Affiliate Transaction involving aggregate consideration in excess of $15.0 million, an opinion as to the fairness to the Company or such Subsidiary of such Affiliate Transaction from a financial point of view issued by an investment banking firm of national standing; PROVIDED that (x) transactions or payments pursuant to any employment arrangements or employee or director benefit plans entered into by the Company or any of its Subsidiaries in the ordinary course of business and consistent with the past practice of the Company or such Subsidiary, (y) transactions between or among the Company and/or its Subsidiaries and (z) transactions permitted under Section 3.07 hereof, in each case, shall not be deemed to be Affiliate Transactions.

SECTION 3.11. LIMITATIONS ON LIENS.

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien (except Permitted Liens) on any asset now owned or hereafter acquired, or any income or profits therefrom or assign or convey any right to receive income therefrom unless all payments due hereunder and under the Securities are secured on an equal and ratable basis with the Obligations so secured until such time as such Obligations are no longer secured by a Lien.

SECTION 3.12. CHANGE OF CONTROL.

Upon the occurrence of a Change of Control Triggering Event, each Holder of Securities shall have the right to require the Company to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of such Holder's Securities pursuant to the offer described below (the "CHANGE OF CONTROL OFFER") at an offer price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, thereon to the date of purchase (the "CHANGE OF CONTROL PAYMENT") on a date that is not

more than 90 days after the occurrence of such Change of Control Triggering Event (the "CHANGE OF CONTROL PAYMENT DATE").

Within 30 days following any Change of Control Triggering Event, the Company shall mail, or at the Company's request the Trustee shall mail, a notice of a Change of Control to each Holder (at its last registered address with a copy to the Trustee and the Paying Agent) offering to repurchase the Securities held by such Holder pursuant to the procedure specified in such notice. The Change of Control Offer shall remain open from the time of mailing until the close of business on the Business Day next preceding the Change of Control Payment Date. The notice, which shall govern the terms of the Change of Control Offer, shall contain all instructions and materials necessary to enable the Holders to tender Securities pursuant to the Change of Control Offer and shall state:

(1) that the Change of Control Offer is being made pursuant to this Section 3.12 and that all Securities tendered will be accepted for payment;

(2) the Change of Control Payment and the Change of Control Payment Date, which date shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed;

(3) that any Security not tendered will continue to accrue interest in accordance with the terms of this Indenture;

(4) that, unless the Company defaults in the payment of the Change of Control Payment, all Securities accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(5) that Holders electing to have a Security purchased pursuant to any Change of Control Offer will be required to surrender the Security, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Security completed, to the Company, a depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice prior to the close of business on the Business Day next preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their election if the Company, depositary or Paying Agent, as the case may be, receives, not later than the close of business on the Business Day next preceding the Change of Control Payment Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Security the Holder delivered for purchase, and a statement that such Holder is withdrawing his election to have such Security purchased;

(7) that Holders whose Securities are being purchased only in part will be issued new Securities equal in principal amount to the unpurchased portion of the securities surrendered, which unpurchased portion must be equal to $1,000 in principal amount or an integral multiple thereof, and

(8) the circumstances and relevant facts regarding such Change of Control (including, but not limited to, information with respect to PRO FORMA historical financial information after giving effect to such Change of Control, information regarding the Person or Persons acquiring control and such Person's or Persons' business plans going forward) and any other information that would be material to a decision as to whether to tender a Security pursuant to the Change of Control Offer.

On the Change of Control Payment Date, the Company shall, to the extent lawful, (i) accept for payment all Securities or portions thereof properly tendered and not withdrawn pursuant to the Change of Control Offer, (ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Securities or portions thereof so tendered and (iii) deliver or cause to be delivered to the Trustee the Securities so accepted together with an Officers' Certificate stating the aggregate principal amount of Securities or portions thereof being purchased by the Company. The Paying Agent shall promptly mail to each Holder of Securities so tendered the Change of Control Payment for such Securities, and the Trustee shall promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Security equal in principal amount to any unpurchased portion of the Securities surrendered, if any; PROVIDED that each such new Security shall be in a principal amount of $1,000 or an integral multiple thereof. The Company shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of Securities as a result of a Change of Control Triggering Event.

SECTION 3.13. CORPORATE EXISTENCE.

Subject to Section 3.12 and Article 4 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect (i) its corporate existence, and the corporate, partnership or other existence of each of its Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of each Subsidiary and (ii) the rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries; PROVIDED, HOWEVER, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries, if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders.

SECTION 3.14. LINE OF BUSINESS.

The Company shall not, and shall not permit any of its Subsidiaries to, engage in any material extent in any business other than the ownership, operation and management of Hospitals and Related Businesses.

SECTION 3.15. LIMITATIONS ON ISSUANCES OF GUARANTEES OF INDEBTEDNESS BY SUBSIDIARIES.

The Company shall not permit any Subsidiary, directly or indirectly, to Guarantee or secure the payment of any other Indebtedness of the Company or any of its Subsidiaries (except Indebtedness of a Subsidiary of such Subsidiary or Physician Support Obligations) unless such

Subsidiary simultaneously executes and delivers a supplemental indenture to this Indenture, in substantially the form attached hereto as Exhibit B, providing for the Guarantee of the payment of the Securities by such Subsidiary, which Guarantee shall be senior to or PARI PASSU with such Subsidiary's Guarantee of or pledge to secure such other Indebtedness. Notwithstanding the foregoing, any such Guarantee by a Subsidiary of the Securities shall provide by its terms that it shall be automatically and unconditionally released and discharged upon the sale or other disposition, by way of merger or otherwise, to any Person not an

Affiliate of the Company, of all of the Company's stock in, or all or substantially all the assets of, such Subsidiary. The foregoing provisions shall not be applicable to any one or more Guarantees that otherwise would be prohibited of up to $25.0 million in aggregate principal amount of Indebtedness of the Company or its Subsidiaries at any time outstanding.

SECTION 3.16. NO AMENDMENT TO SUBORDINATION PROVISIONS OF SENIOR SUBORDINATED NOTE INDENTURE.

The Company shall not amend, modify or alter the Senior Subordinated Note Indenture or the indentures relating to the 2005 Senior Subordinated Notes or the 2005 Exchangeable Subordinated Notes in any way that would (i) increase the principal of, advance the final maturity date of or shorten the Weighted Average Life to Maturity of (a) any 2005 Senior Subordinated Notes or 2005 Exchangeable Subordinated Notes or (b) any Senior Subordinated Notes such that the final maturity date of the Senior Subordinated Notes is earlier than the 91st day following the final maturity date of the Senior Notes or (ii) amend the provisions of Article 10 of the Senior Subordinated Note Indenture (which relates to subordination) or the subordination provisions of the indentures relating to the 2005 Senior Subordinated Notes or the 2005 Exchangeable Subordinated Notes or any of the defined terms used therein in a manner that would be adverse to the Holders of the Securities.

ARTICLE 4

SUCCESSORS

SECTION 4.01. LIMITATIONS ON MERGERS, CONSOLIDATIONS OR SALES OF ASSETS.

The Company may not consolidate or merge with or into (whether or not the Company is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to another corporation, Person or entity unless:

(i) the Company is the surviving corporation or the entity or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia;

(ii) the entity or Person formed by or surviving any such consolidation or merger (if other than the Company) or the entity or Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the Obligations of the Company under this Indenture and the Securities pursuant to a supplemental indenture in a form reasonably satisfactory to the Trustee; and

(iii) immediately after such transaction no Default or Event of Default exists,

(iv) the Company or the entity or Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made (A) shall have a Consolidated Net Worth immediately after the transaction equal to or greater than the Consolidated Net Worth of the Company immediately preceding the transaction and (B) shall, at the time of such transaction and after

giving PRO FORMA effect thereto as if such transaction had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 3.09 hereof.

The Company shall deliver to the Trustee prior to the consummation of the proposed transaction an Officers' Certificate to the foregoing effect and an Opinion of Counsel, covering clauses (i) through (iv) above, stating that the proposed transaction and such supplemental indenture comply with this Indenture. The Trustee shall be entitled to conclusively rely upon such Officers' Certificate and Opinion of Counsel.

SECTION 4.02. SUCCESSOR CORPORATION SUBSTITUTED.

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Company in accordance with Section 4.01 hereof, the successor corporation formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Company" shall refer instead to the successor corporation), and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person has been named as the Company, herein.

ARTICLE 5
DEFAULTS AND REMEDIES

SECTION 5.01. EVENTS OF DEFAULT

Each of the following constitutes an "EVENT OF DEFAULT":

(i) default for 30 days in the payment when due of interest on the Securities;

(ii) default in payment when due of the principal of or premium, if any, on the Securities at maturity or otherwise;

(iii) failure by the Company to comply with the provisions of Sections 3.07, 3.09 or 3.12 hereof;

(iv) failure by the Company to comply with any other covenant or agreement in the Indenture or the Securities for the period and after the notice specified below;

(v) any default that occurs under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Significant Subsidiaries (or the payment of which is

Guaranteed by the Company or any of its Significant Subsidiaries), whether such Indebtedness or Guarantee exists on the Closing Date or is created after the Closing Date, which default (a) constitutes a Payment Default or (b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or that has been so accelerated, aggregates $25.0 million or more;

(vi) failure by the Company or any of its Significant Subsidiaries to pay a final judgment or final judgments aggregating in excess of $25.0 million entered by a court or courts of competent jurisdiction against the Company or any of its Significant Subsidiaries if such final judgment or judgments remain unpaid or undischarged for a period (during which execution shall not be effectively stayed) of 60 days after their entry;

(vii) the Company or any Significant Subsidiary thereof pursuant to or within the meaning of any Bankruptcy Law:

(a) commences a voluntary case,

(b) consents to the entry of an order for relief against it in an involuntary case in which it is the debtor,

(c) consents to the appointment of a Custodian of it or for all or substantially all of its property,

(d) makes a general assignment for the benefit of its creditors, or

(e) admits in writing its inability generally to pay its debts as the same become due; and

(viii) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(a) is for relief against the Company or any Significant Subsidiary thereof in an involuntary case in which it is the debtor,

(b) appoints a Custodian of the Company or any Significant Subsidiary thereof or for all or substantially all of the property of the Company or any Significant Subsidiary thereof, or

(c) orders the liquidation of the Company or any Significant Subsidiary thereof, and the order or decree remains unstayed and in effect for 60 days.

The term "BANKRUPTCY LAW" means title 11, U.S. Code or any similar federal or state law for the relief of debtors. The term "CUSTODIAN " means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

A Default under clause (iv) is not an Event of Default until the Trustee notifies the Company in writing, or the Holders of at least 25% in principal amount of the then outstanding Securities notify the Company and the Trustee in writing, of the Default and the Company does not cure the Default

within 60 days after receipt of such notice. The written notice must specify the Default, demand that it be remedied and state that the notice is a "NOTICE OF DEFAULT.

SECTION 5.02. ACCELERATION.

If any Event of Default (other than an Event of Default specified in clause (vii) or (viii) of Section 5.01 hereof) occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 25% in principal amount of the then outstanding Securities by written notice to the Company and

the Trustee, may declare the unpaid principal of, premium, if any, and any accrued and unpaid interest on all the Securities to be due and payable immediately. Upon such declaration the principal, premium, if any, and interest shall be due and payable immediately. If an Event of Default specified in clause (vii) or (viii) of Section 5.01 hereof occurs with respect to the Company or any Significant Subsidiary thereof such an amount shall IPSO FACTO become and be immediately due and payable without further action or notice on the part of the Trustee or any Holder.

If an Event of Default occurs under this Indenture prior to the maturity of the Securities by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding the prohibition on redemption of such Securities prior to the date of maturity, then a premium with respect thereto (expressed as a percentage of the amount that would otherwise be due but for the provisions of this sentence) shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of such Securities if such Event of Default occurs during the twelve-month period beginning on January 15 of the years set forth below:

Year	Percentage
1997	107.875%
1998	106.300%
1999	104.725%
2000	103.150%
2001	101.575%
2002	100.000%

Any determination regarding the primary purpose of any such action or inaction, as the case may be, shall be made by and set forth in a resolution of the Board of Directors (including the concurrence of a majority of the independent directors of the Company then serving) delivered to the Trustee after consideration of the business reasons for such action or inaction, other than the avoidance of payment of such premium or prohibition on redemption. In the absence of fraud, each such determination shall be final and binding upon the Holders of Securities. Subject to Section 6.01 hereof, the Trustee shall be entitled to rely on the determination set forth in any such resolutions delivered to the Trustee.

SECTION 5.03. OTHER REMEDIES.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal or interest on the Securities or to enforce the performance of any provision of the Securities or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or

constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 5.04. WAIVER OF PAST DEFAULTS

The Holders of not less than a majority in aggregate principal amount of the Securities then outstanding by written notice to the Trustee may on behalf of the Holders of all of the Securities waive any existing Default or Event of Default and its consequences under this Indenture except a continuing Default or Event of Default in the payment of the principal of, premium, if any,

or interest on any Security. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 5.05. CONTROL BY MAJORITY

Holders of a majority in principal amount of the then outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders or that may involve the Trustee in personal liability. The Trustee may take any other action which it deems proper which is not inconsistent with any such direction.

SECTION 5.06. LIMITATION ON SUITS.

A Holder may pursue a remedy with respect to this Indenture or the Securities only if:

(i) the Holder gives to the Trustee written notice of a continuing Event of Default;

(ii) the Holders of at least 25% in principal amount of the then outstanding Securities make a written request to the Trustee to pursue the remedy;

(iii) such Holder or Holders offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(iv) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(v) during such 60-day period the Holders of a majority in principal amount of the then outstanding Securities do not give the Trustee a direction inconsistent with the request.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

SECTION 5.07. RIGHTS OF HOLDERS TO RECEIVE PAYMENT

Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal, premium, if any, and interest on the Security, on or after the respective due dates expressed in the Security, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the Holder.

SECTION 5.08. COLLECTION SUIT BY TRUSTEE.

If an Event of Default specified in Section 5.01(i) or (ii) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company or any other obligor for the whole amount of principal, premium, if any, and interest remaining unpaid on the Securities and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover

amounts due the Trustee under Section 6.07 hereof, including the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 5.09. TRUSTEE MAY FILE PROOFS OF CLAIM.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Company (or any other obligor upon the Securities), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 6.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 6.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties which the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 5.10. PRIORITIES.

If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 6.07, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders for amounts due and unpaid on the Securities for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for principal, premium, if any and interest, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 5.10 upon five Business Days prior notice to the Company.

SECTION 5.11. UNDERTAKING FOR COSTS.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the

court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 5.07 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Securities.

ARTICLE 6
TRUSTEE

SECTION 6.01. DUTIES OF TRUSTEE.

(i) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(ii) Except during the continuance of an Event of Default known to the Trustee:

(a) the duties of the Trustee shall be determined solely by the express provisions of this Indenture or the TIA and the Trustee need perform only those duties that are specifically set forth in this Indenture or the TIA and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee, and

(b) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such certificates or opinions which by any provisions hereof are required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(iii) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) this paragraph does not limit the effect of paragraph (ii) of this Section;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(c) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 5.05 hereof.

(iv) Whether or not therein expressly so provided every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (i), (ii), and (iii) of this Section.

(v) No provision of this Indenture shall require the Trustee

to expend or risk its own funds or incur any liability. The Trustee may refuse to perform any duty or exercise any right or power unless it receives security and indemnity satisfactory to it against any loss, liability or expense.

(vi) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Absent written instruction from the Company, the Trustee shall not be required to invest any such money. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(vii) The Trustee shall not be deemed to have knowledge of any matter unless such matter is actually known to a Responsible Officer.

SECTION 6.02. RIGHTS OF TRUSTEE.

(i) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(ii) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(iii) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(iv) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred upon it by this Indenture. A permissive right granted to the Trustee hereunder shall not be deemed an obligation to act.

(v) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

SECTION 6.03. INDIVIDUAL RIGHTS OF TRUSTEE.

The Trustee in its individual or any other capacity may become the owner or pledge of Securities and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee is subject to Sections 6.10 and 6.11 hereof

SECTION 6.04. TRUSTEE'S DISCLAIMER.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Securities, nor shall it be accountable for the Company's use of the proceeds from the Securities or any money paid to the Company or upon the Company's direction under any provision of this Indenture, nor shall it be responsible for the use or application of any

money received by any Paying Agent other than the Trustee, nor shall it be responsible for any statement or recital herein or any statement in the Securities or any other document in connection with the sale of the Securities or pursuant to this Indenture other than its certificate of authentication.

SECTION 6.05. NOTICE OF DEFAULTS.

If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to Holders a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment on any Security, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders.

SECTION 6.06. REPORTS BY TRUSTEE TO HOLDERS.

Within 60 days after each December 31 beginning with the December 31 following the Closing Date, the Trustee shall mail to the Holders a brief report dated as of such reporting date that complies with TIA Section 313(a) (but if no event described in TIA Section 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA Section 313(b). The Trustee shall also transmit by mail all reports as required by TIA Section 313(c).

A copy of each report at the time of its mailing to the Holders shall be mailed to the Company and filed with the Commission and each stock exchange on which the Securities are listed. The Company shall promptly notify the Trustee when the Securities are listed on any stock exchange.

SECTION 6.07. COMPENSATION AND INDEMNITY.

The Company shall pay to the Trustee from time to time such compensation for its acceptance of this Indenture and services hereunder as the Company and Trustee shall agree in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

The Company shall indemnify the Trustee against any and all losses, liabilities, damages, claims or expenses incurred by it arising out of or in connection with the acceptance of its duties and the administration of the trusts under this Indenture, except as set forth below. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

The obligations of the Company under this Section 6.07 shall survive the satisfaction and discharge of this Indenture.

The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through its own negligence or bad faith.

To secure the Company's payment obligations in this Section, the

Trustee shall have a Lien prior to the Securities on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on particular Securities. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 5.01 (vii) or (viii) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

SECTION 6.08. REPLACEMENT OF TRUSTEE.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in principal amount of the then outstanding Securities may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

(1) the Trustee fails to comply with Section 6.10 hereof;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law,

(3) a Custodian or public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Securities may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of at least 10% in principal amount of the then outstanding Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee after written request by any Holder who has been a Holder for at least six months fails to comply with Section 6.10 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 6.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 6,08, the Company's obligations under Section 6.07 hereof shall continue for the benefit of the retiring Trustee.

SECTION 6.09. SUCCESSOR TRUSTEE OR AGENT BY MERGER, ETC.

If the Trustee or any Agent consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee or Agent.

SECTION 6.10. ELIGIBILITY; DISQUALIFICATION.

There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America or of any state thereof authorized under such laws to exercise corporate trustee power, shall be subject to supervision or examination by federal or state authority and shall have a combined capital and surplus of at least $100.0 million as set forth in its most recent published annual report of condition.

This Indenture shall always have a Trustee who satisfies the requirements of TIA Section 310(a)(1),(2) and (5). The Trustee is subject to TIA Section 310(b).

SECTION 6.11. PREFERENTIAL COLLECTION OF CLAIMS AGAINST COMPANY.

The Trustee is subject to TIA Section 311 (a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE 7
DISCHARGE OF INDENTURE

SECTION 7.01. DEFEASANCE AND DISCHARGE OF THIS INDENTURE AND THE SECURITIES.

The Company may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, with respect to the Securities, elect to have either Section 7.02 or 7.03 hereof be applied to all outstanding Securities upon compliance with the conditions set forth below in this Article 7.

SECTION 7.02. LEGAL DEFEASANCE AND DISCHARGE.

Upon the Company's exercise under Section 7.01 hereof of the option applicable to this Section 7.02, the Company shall be deemed to have been discharged from its obligations with respect to all outstanding Securities on the date the conditions set forth below are satisfied (hereinafter, "LEGAL DEFEASANCE "). For this purpose, such Legal Defeasance means that the Company shall be deemed to

have paid and discharged the entire Indebtedness represented by the outstanding Securities, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 7.05 hereof and the other Sections of this Indenture referred to in clauses (i) and (ii) of this Section 7.02, and to have satisfied all its other obligations under such Securities and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (i) the rights of Holders of outstanding Securities to receive solely from the trust fund

described in Section 7.04 hereof, and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, and interest on such Securities when such payments are due, (ii) the Company's obligations with respect to such Securities under Sections 2.04, 2.06, 2.07 and 3.02 hereof, (iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder, including, without limitation, the Trustee's rights under Section 6.07 hereof, and the Company's obligations in connection therewith and (iv) this Article 7. Subject to compliance with this Article 7, the Company may exercise its option under this Section 7.02 notwithstanding the prior exercise of its option under Section 7.03 hereof with respect to the Securities.

SECTION 7.03. COVENANT DEFEASANCE.

Upon the Company's exercise under Section 7.01 hereof of the option applicable to this Section 7.03, the Company shall be released from its obligations under the covenants contained in Sections 3.07, 3.08, 3.09, 3.10, 3.11, 3.12, 3.14, 3.15, and 3.16 and Article 4 hereof with respect to the outstanding Securities on and after the date the conditions set forth below are satisfied (hereinafter, "COVENANT DEFEASANCE "), and the Securities shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Securities shall not be deemed outstanding for accounting purposes). For this purpose, such Covenant Defeasance means that, with respect to the outstanding Securities, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 5.01(iii) hereof, but, except as specified above, the remainder of this Indenture and such Securities shall be unaffected thereby. In addition, upon the Company's exercise under Section 7.01 hereof of the option applicable to this Section 7.03, Sections 5.01(iv) through 5.01(vi) hereof shall not constitute Events of Default.

SECTION 7.04. CONDITIONS TO LEGAL OR COVENANT DEFEASANCE.

The following shall be the conditions to application of either Section 7.02 or Section 7.03 hereof to the outstanding Securities:

(i) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 6.10 who shall agree to comply with the provisions of this Article 7 applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities, (a) cash in U.S. Dollars in an amount, or (b) non-callable Government Securities that through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, cash in U.S. Dollars in an amount, or (c) a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay

and discharge and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge the principal of, premium, if any, and interest on such outstanding Securities on the stated maturity date of such principal or installment of principal, premium, if any, or

interest.

(ii) In the case of an election under Section 7.02 hereof, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States confirming that (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the Closing Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred.

(iii) In the case of an election under Section 7.03 hereof before the date that is one year prior to the final maturity of the Securities, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States confirming that the Holders of the outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred.

(iv) No Default or Event of Default with respect to the Securities shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) or, insofar as Section 5.01(vii) or 5.01(viii) hereof is concerned, at any time in the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(v) Such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound (other than a breach, violation or default resulting from the borrowing of funds to be applied to such deposit).

(vi) The Company shall have delivered to the Trustee an Opinion of Counsel to the effect that after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally.

(vii) The Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit made by the Company pursuant to its election under Section 7.02 or 7.03 hereof was not made by the Company with the intent of preferring the Holders of the Securities over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others.

(viii) The Company shall have delivered to the Trustee an Officers' Certificate stating that all conditions precedent provided for relating to either the Legal Defeasance under Section 7.02 hereof or the Covenant Defeasance under Section 7.03 hereof (as the case may be) have been complied with as contemplated by this Section 7.04.

SECTION 7.05. DEPOSITED MONEY AND G0VERNMENT SECURITIES TO BE HELD IN

TRUST; OTHER MISCELLANEOUS PROVISIONS.

Subject to Section 7.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 7.05, the "Trustee") pursuant to Section 7.04 hereof in respect of the outstanding Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Securities of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 7.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Securities.

Anything in this Article 7 to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the Company's request any money or non-callable Government Securities held by it as provided in Section 7.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 7.04(i) hereof), are in excess of the amount thereof which would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 7.06. REPAYMENT TO COMPANY.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Security and remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Company on its written request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; PROVIDED, HOWEVER, THAT the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the NEW YORK TIMES and THE WALL STREET JOURNAL National edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 7.07. REINSTATEMENT.

If the Trustee or Paying Agent is unable to apply any U.S. Dollars or non-callable Government Securities in accordance with Section 7.02 or 7.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to Section 7.02 or 7.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 7.02 or 7.03 hereof, as the case may be; PROVIDED, HOWEVER, that, if the Company makes any payment of

principal of, premium, if any, or interest on any Security following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Security to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 8
AMENDMENT, SUPPLEMENT AND WAIVER

SECTION 8.01. WITHOUT CONSENT OF HOLDERS.

The Company and the Trustee may amend or supplement this Indenture or the Securities without the consent of any Holder:

(i) to cure any ambiguity, defect or inconsistency;

(ii) to provide for uncertificated Securities in addition to or in place of certificated Securities;

(iii) to provide for any supplemental indenture required pursuant to Section 3.15 hereof;

(iv) to provide for the assumption of the Company's obligations to Holders of Securities in the case of a merger, consolidation or sale of assets pursuant to Article 4 hereof;

(v) to make any change that would provide any additional rights or benefits to the Holders of the Securities or that does not adversely affect the legal rights hereunder of any such Holder; or

(vi) to comply with requirements of the Commission in order to effect or maintain the qualification of this Indenture under the TIA.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such supplemental indenture, and upon receipt by the Trustee of the documents described in Section 8.06 hereof, the Trustee shall join with the Company in the execution of any supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations which may be therein contained, but the Trustee shall not be obligated to enter into such supplemental indenture which affects its own rights, duties or immunities under this Indenture or otherwise.

SECTION 8.02. WITH CONSENT OF HOLDERS.

Except as provided in Section 8.01 and the next succeeding paragraphs, this Indenture or the Securities may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Securities then outstanding (including consents obtained in connection with a tender offer or exchange offer for such Securities), and any existing default or compliance with any provision of this Indenture or the Securities may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Securities (including consents obtained in connection with a tender offer or exchange offer for such Securities).

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such supplemental indenture,

and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders as aforesaid, and upon receipt by the Trustee of the documents described in Section 8.06 hereof, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Holders under this Section 8.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section becomes effective, the Company shall mail to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or waiver. Subject to Sections 5.04 and 5.07 hereof, the Holders of a majority in aggregate principal amount of the Securities then outstanding may waive compliance in a particular instance by the Company with any provision of this Indenture or the Securities. Without the consent of each Holder affected, however, an amendment or waiver may not (with respect to any Security held by a non-consenting Holder):

(i) reduce the principal amount of Securities whose Holders must consent to an amendment, supplement or waiver;

(ii) reduce the principal of or change the fixed maturity of any Security;

(iii) reduce the rate of or change the time for payment of interest on any Security;

(iv) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Securities (except a rescission of acceleration of the Securities by the Holders of at least a majority in aggregate principal amount thereof and a waiver of the payment default that resulted from such acceleration);

(v) make any Security payable in money other than that stated in the Securities;

(vi) make any change in Section 5.04 or 5.07 hereof, or

(vii) make any change in this sentence of this Section 8.02.

SECTION 8.03. COMPLIANCE WITH TIA.

Every amendment to this Indenture or the Securities- shall be set forth in a supplemental indenture that complies with the TIA as then in effect.

SECTION 8.04. REVOCATION AND EFFECT OF CONSENTS.

Until an amendment or waiver becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security. However, any such Holder or subsequent Holder may revoke the consent as to its

Security if the Trustee receives written notice of revocation before the date the waiver or amendment becomes effective. An amendment or waiver becomes

effective in accordance with its terms and thereafter binds every Holder.

The Company may, but shall not be obligated to, fix a record date for determining which Holders must consent to such amendment or waiver. If the Company fixes a record date, the record date shall be fixed at (i) the later of 30 days prior to the first solicitation of such consent or the date of the most recent list of Holders furnished to the Trustee prior to such solicitation pursuant to Section 2.06 hereof or (ii) such other date as the Company shall designate.

SECTION 8.05. NOTATION ON OR EXCHANGE OF SECURITIES.

The Trustee may place an appropriate notation about an amendment or waiver on any Security thereafter authenticated. The Company in exchange for all Securities may issue and the Trustee shall authenticate new Securities that reflect the amendment or waiver.

Failure to make the appropriate notation or issue a new Security shall not affect the validity and effect of such amendment or waiver.

SECTION 8.06. TRUSTEE TO SIGN AMENDMENTS, ETC.

The Trustee shall sign any amendment or supplemental indenture authorized pursuant to this Article 8 if the amendment does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing or refusing to sign such amendment or supplemental indenture, the Trustee shall be entitled to receive and, subject to Section 6.01, shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel as conclusive evidence that such amendment or Supplemental Indenture is authorized or permitted by this Indenture, that it is not inconsistent herewith, and that it shall be valid and binding upon the Company in accordance with its terms. The Company may not sign an amendment or supplemental indenture until the Board of Directors approves it.

ARTICLE 9
MISCELLANEOUS

SECTION 9.01. TIA CONTROLS.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA Section 318(c), the imposed duties shall control.

SECTION 9.02. NOTICES.

Any notice or communication by the Company or the Trustee to the other is duly given if in writing and delivered in person or mailed by first class mail (registered or certified, return receipt requested), telex, telecopier or overnight air courier guaranteeing next day delivery, to the other's address:

If to the Company:

Tenet Healthcare Corporation
3820 State Street
Santa Barbara, California 93105
Telecopier No.: (805) 563-7070
Attention: Treasurer

With a copy to:

Skadden, Arps, Slate, Meagher & Flom
300 South Grand Avenue, Suite 3400
Los Angeles, California 90071
Telecopier No.: (213) 687-5600
Attention: Brian J. McCarthy

If to the Trustee:

The Bank of New York
101 Barclay Street, 21 West
New York, New York 10286
Telecopier No.: (212) 815-5915
Attention: Corporate Trust Trustee Administration

The Company or the Trustee, by notice to the others may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Unless otherwise set forth above, any notice or communication to a Holder shall be mailed by first class mail, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any notice or communication shall also be so mailed to any Person described in TIA Section 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

SECTION 9.03. COMMUNICATION BY HOLDERS WITH OTHER HOLDERS.

Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

SECTION 9.04. CERTIFICATE AND OPINION AS TO CONDITIONS PRECEDENT.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officers' Certificate (which shall include the statements set forth in Section 9.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel (which shall include the statements set forth in Section 9.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

SECTION 9.05. STATEMENTS REQUIRED IN CERTIFICATE OR OPINION.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA Section 314(a)(4)) shall include:

(1) a statement that the person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been satisfied; PROVIDED, HOWEVER, that with respect to matters of fact, an Opinion of Counsel may rely on an Officers' Certificate or certificates of public officials.

SECTION 9.06. RULES BY TRUSTEE AND AGENTS.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 9.07. LEGAL HOLIDAYS.

A "LEGAL HOLIDAY" is a Saturday, a Sunday or a day on which banking institutions in The City of New York or at a place of payment are authorized or obligated by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment

may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

SECTION 9.08. NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND SHAREHOLDERS.

No director, officer, employee, incorporator or shareholder of the Company, as such, shall have any liability for any obligations of the Company under the Securities, the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Securities by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Securities. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the Commission that such a waiver is against public policy.

SECTION 9.09. DUPLICATE ORIGINALS.

The parties may sign any number of copies of this Indenture. One signed copy is enough to prove this Indenture.

SECTION 9.10. GOVERNING LAW.

The internal law of the State of New York, shall govern and be used to construe this Indenture and the Securities, without regard to the conflict of laws provisions thereof.

SECTION 9.11. NO ADVERSE INTERPRETATION OF OTHER AGREEMENTS.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or its Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 9.12. SUCCESSORS.

All agreements of the Company in this Indenture and the Securities shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successor.

SECTION 9.13. SEVERABIL1TY.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, it being intended that all of the provisions hereof shall be enforceable to the full extent permitted by law.

SECTION 9.14. COUNTERPART ORIGINALS.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

SECTION 9.15. TABLE OF CONTENTS, HEADINGS, ETC.

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

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SIGNATURES

Dated as of January 15, 1997

TENET HEALTHCARE CORPORATION

By: /s/ Terence P. McMullen
Name: Terence P. McMullen
Title: Vice President

Attest:

/s/ Richard B. Silver (SEAL)
Richard B. Silver

Dated as of January 15, 1997

THE BANK OF NEW YORK,
as Trustee

By: (illegible)
Name:
Title:

Attest:

(SEAL)

By: (illegible)
Authorized Signatory

EXHIBIT A

(Face of Security)

7-7/8% Senior Note due January 15, 2003

CUSIP: 88033G AE 0
No. $ _____

TENET HEALTHCARE CORPORATION

promises to pay to
_____

or its registered assigns, the principal sum of _____ Dollars on January 15, 2003.

Interest Payment Dates: January 15 and July 15, commencing July 15, 1997.

Record Dates: January 1 and July 1 (whether or not a Business Day).

[(If Security is a Global Security--) This Security is a Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depositary or a nominee thereof. This Security may not be exchanged in whole or in part for a Security registered, and no transfer of this Security in whole or in part may be registered, in the name of any person other than such Depositary or a nominee thereof, except in the limited circumstances described in the Indenture.]

TENET HEALTHCARE CORPORATION

By:_____

(SEAL)

Dated: _____, ____

Trustee's Certificate of Authentication:

This is one of the Securities referred
to in the within-mentioned Indenture:

The Bank of New York, as Trustee

By:_____
Authorized Signatory

(Back of Security)

7-7/8% SENIOR NOTE
due January 15, 2003

Capitalized terms used herein have the meanings assigned to them in the Indenture (as defined below) unless otherwise indicated.

1. INTEREST. Tenet Healthcare Corporation, a Nevada corporation (the "Company"), promises to pay interest on the principal amount of this Security at the rate and in the manner specified below.

The Company shall pay interest in cash on the principal amount of this Security at the rate per annum of 7-7/8%. The Company shall pay interest semiannually in arrears on January 15 and July 15 of each year, commencing July 15, 1997 to Holders of record on the immediately preceding January 1 and July 1, respectively, or if any such date of payment is not a Business Day on the next succeeding Business Day (each an "Interest Payment Date").

Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months. Interest shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of the original issuance of the Securities. To the extent lawful, the

Company shall pay interest on overdue principal at the rate of 1% per annum in excess of the interest rate then applicable to the Securities; it shall pay interest on overdue installments of interest (without regard to any applicable grace periods) at the same rate to the extent lawful.

2. METHOD OF PAYMENT. The Company shall pay interest on the Securities (except defaulted interest) to the Persons who are registered Holders of Securities at the close of business on the record date next preceding the Interest Payment Date, even if such Securities are canceled after such record date and on or before such Interest Payment Date. The Holder hereof must surrender this Security to a Paying Agent to collect principal payments. The Company shall pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Principal, premium, if any, and interest shall be payable at the office or agency of the Company maintained for such purpose within the City and State of New York or, at the option of the Company, payment of interest may be made by check mailed to the Holder's registered address. Notwithstanding the foregoing, all payments with respect to Securities, the Holders of which have given appropriate written wire transfer instructions, on or before the relevant record date, to the Paying Agent shall be made by wire transfer of immediately available funds to the accounts specified by such Holders.

3. PAYING AGENT AND REGISTRAR. Initially, the Trustee shall act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar or co-registrar without prior notice to any Holder. The Company and any of its Subsidiaries may act in any such capacity.

4. INDENTURE. The Company issued the Securities under an Indenture, dated as of January 15, 1997 (the "Indenture"), between the Company and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbbb) (the "TIA") as in effect on the date of the Indenture. The Securities are subject to all such terms, and Holders are referred to the Indenture and such act for a statement of such terms. The terms of the Indenture shall govern any inconsistencies between the Indenture and the Securities. The Securities are unsecured general obligations of the Company. The Securities are limited to $400,000,000 in aggregate principal amount.

5. MANDATORY REDEMPTION. Subject to the Company's obligation to make an offer to repurchase Securities under certain circumstances pursuant to Section 3.12 of the Indenture (as described in paragraph 6 below), the Company shall not be required to make any mandatory redemption or sinking fund payments with respect to the Securities.

6. REPURCHASE AT OPTION OF HOLDER. If there is a Change of Control Triggering Event, the Company shall offer to repurchase on the Change of Control Payment Date all outstanding Securities at 101 % of the aggregate principal amount thereof plus accrued and unpaid interest thereon to the Change of Control Payment Date. Holders that are subject to an offer to purchase shall receive a Change of Control Offer from the Company prior to any related Change of Control Payment Date and may elect to have such Securities purchased by completing the form entitled "Option of Holder to Elect Purchase" appearing below.

7. DENOMINATIONS, TRANSFER, EXCHANGE. The Securities are in registered form without coupons, and in denominations of $1,000 and integral multiples of $1,000. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not exchange or register the transfer of any Securities between a record date and the corresponding Interest Payment Date.

8. PERSONS DEEMED OWNERS. Prior to due presentment to the Trustee for registration of the transfer of this Security, the Trustee, any Agent and the Company may deem and treat the Person in whose name this Security is registered as its absolute owner for the purpose of receiving payment of principal of, premium, if any, and interest on this Security and for all other purposes whatsoever, whether or not this Security is overdue, and neither the Trustee, any Agent nor the Company shall be affected by notice to the contrary. The registered Holder of a Security shall be treated as its owner for all purposes.

9. AMENDMENT, SUPPLEMENT AND WAIVERS. Except as provided in the next succeeding paragraphs, the Indenture or the Securities may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Securities then outstanding (including consents obtained in connection with a tender offer or exchange offer for such Securities), and any existing default or compliance with any provision of the Indenture or the Securities may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Securities (including consents obtained in connection with a tender offer or exchange offer for such Securities).

Without the consent of each Holder affected, an amendment or waiver may not (with respect to any Security held by a non-consenting Holder): (i) reduce the principal amount of Securities whose Holders must consent to an amendment, supplement or waiver; (ii) reduce the principal of or change the fixed maturity of any Security; (iii) reduce the rate of or change the time for payment of interest on any Security; (iv) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Securities, (except a rescission of acceleration of the Securities by the Holders of at least a majority in aggregate principal amount thereof and a waiver of the payment default that resulted from such acceleration); (v) make any Security payable in money other than that stated in the Securities; (vi) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders of Securities to receive payments of principal of or premium, if any, or interest on the Securities; or (vii) make any change in the foregoing amendment and waiver provisions.

Notwithstanding the foregoing, without the consent of any Holder of Securities, the Company and the Trustee may amend or supplement the Indenture or the Securities to cure any

ambiguity, defect or inconsistency, to provide for uncertificated Securities in addition to or in place of certificated Securities, to provide for any supplemental indenture required pursuant to Section 3.15 of the Indenture, to provide for the assumption of the Company's obligations to Holders of Securities in the case of a merger, consolidation or sale of assets pursuant to Article 4 of the Indenture, to make any change that would provide any additional rights or benefits to the Holders of the Securities or that does not adversely affect the legal rights under the Indenture of any such Holder, or to comply with requirements of the Commission in order to effect or maintain the qualification of the Indenture under the TIA.

10. DEFAULTS AND REMEDIES. Events of Default under the Indenture include: (i) a default for 30 days in the payment when due of interest on the Securities; (ii) a default in payment when due of the principal of or premium, if any, on the Securities, at maturity or otherwise; (iii) a failure by the Company to comply with the provisions of Sections 3.07, 3.09 or 3.12 of the Indenture; (iv) a failure by the Company for 60 days after notice to comply with any of its other agreements in the Indenture or the Securities; (v) any default occurs under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Significant Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Significant Subsidiaries), whether such Indebtedness or Guarantee exists on the date of the Indenture or is created after the date of the Indenture, which default (a) constitutes a Payment

Default or (b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or that has been so accelerated, aggregates $25.0 million or more; (vi) failure by the Company or any of its Significant Subsidiaries to pay a final judgment or final judgments aggregating in excess of $25.0 million, which judgment or judgments are not paid, discharged or stayed for a period of 60 days; and (vii) certain events of bankruptcy or insolvency with respect to the Company or any of its Significant Subsidiaries.

If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Securities by written notice to the Company and the Trustee, may declare all the Securities to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company or any of its Significant Subsidiaries, all outstanding Securities shall become due and payable without further action or notice. Holders of the Securities may not enforce the Indenture or the Securities except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Securities notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in the Holders' interest.

If an Event of Default occurs under the Indenture prior to maturity by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding the prohibition on redemption of such Securities prior to the date of maturity, then the premium specified in Section 5.02 of the Indenture shall also become immediately due and payable to the extent permitted by law upon the acceleration of such Securities.

The Holders of not less than a majority in aggregate principal amount of the Securities then outstanding by written notice to the Trustee may on behalf of the Holders of all of the Securities waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of the principal of, premium, if any, or interest on the Securities.

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

The above description of Events of Default and remedies is qualified by reference, and subject in its entirety, to the more complete description thereof contained in the Indenture.

11. RESTRICTIVE COVENANTS. The Indenture imposes certain limitations on the ability of the Company and its Subsidiaries to incur additional indebtedness and issue preferred stock, pay dividends or make other distributions, repurchase Equity Interests or subordinated indebtedness, create certain liens, enter into certain transactions with affiliates, issue or sell Equity Interests of the Company's Subsidiaries, issue Guarantees of Indebtedness by the Company's Subsidiaries and enter into certain mergers and consolidations.

12. TRUSTEE DEALINGS WITH COMPANY. The Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not Trustee.

13. NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND

SHAREHOLDERS. No director, officer, employee, incorporator or shareholder of the Company, as such, shall have any liability for any obligations of the Company under the Securities, the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Securities by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Securities. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the Commission that such a waiver is against public policy.

14. AUTHENTICATION. This security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

15. ABBREVIATIONS. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN = joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

16. CUSIP NUMBERS. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Securities and has directed the Trustee to use CUSIP numbers as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Securities and reliance may be placed only on the other identification numbers placed thereon.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Request may be made to:

Tenet Healthcare Corporation
3820 State Street
Santa Barbara, California 93105
Attention: Treasurer

17. GOVERNING LAW. The internal laws of the State of New York shall govern and be used to construe the Indenture and the Securities, without regard to conflict of laws provisions thereof.

ASSIGNMENT FORM

To assign this Security, fill in the form below: For value received (I) or (we) hereby sell, assign and transfer this Security to

---

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and do hereby irrevocably constitute and appoint _____ Attorney to transfer this Security on the books of the Company with full power of substitution in the premises.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Signature Guarantee.*

_____

*NOTICE: The Signature must be guaranteed by an Institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (Stamp); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) such other guarantee program acceptable to the Trustee.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have all or any part of this Security purchased by the Company pursuant to Section 3.12 of the Indenture, check the box below:

[ ] Section 3.12
(Change of Control)

If you want to have only part of the Security purchased by the Company pursuant to Section 3.12 of the Indenture, state the amount you elect to have purchased:

$ _____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Signature Guarantee.*

_____

*NOTICE: The Signature must be guaranteed by an Institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (Stamp); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) such other guarantee program acceptable to the Trustee.

EXHIBIT B

FORM OF SUPPLEMENTAL INDENTURE

SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of _____, between _____(the "Guarantor"), a subsidiary of Tenet Healthcare Corporation (or its successor), a Nevada corporation (the "Company"), and The Bank of New York, as trustee under the indenture referred to below (the "Trustee").

W I T N E S S E T H

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (the "Indenture"), dated as of January 15, 1997, providing for the issuance of an aggregate principal amount of $400,000,000 of 7-7/8% Senior Notes due 2003 (the "Securities");

WHEREAS, Section 3.15 of the Indenture provides that under certain circumstances the Company is required to cause the Guarantor to execute and deliver to the Trustee a supplemental indenture pursuant to which the Guarantor shall guarantee the payment of the Securities pursuant to a Guarantee on the terms and conditions set forth herein; and

WHEREAS, pursuant to Section 8.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guarantor and the Trustee mutually covenant and agree for the equal and ratable benefit of the holders of the Securities as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Guarantor hereby unconditionally guarantees to each Holder of a Security authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Securities or the Obligations of the Company hereunder and thereunder, that: (a) the principal of, premium, if any, and interest on the Securities will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal, premium, if any, and (to the extent permitted by law) interest on any interest on the Securities and all other payment Obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full, all in accordance with the terms hereof and thereof; and (b) in case of any extension of time of payment or renewal of any Securities or any of such other payment Obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration, redemption or otherwise. Failing payment when due of any amount so guaranteed for whatever reason the Guarantor shall be obligated to pay the same immediately. An Event of Default under the Indenture or the Securities shall constitute an event of default under this Guarantee, and shall entitle the Holders of Securities to accelerate the Obligations of the Guarantor hereunder in the same manner and to the same extent as the Obligations of the Company. The Guarantor hereby agrees that its Obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Securities or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Securities with respect to any provisions hereof or thereof, the recovery of any

judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of the Guarantor. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenant that this Guarantee will not be discharged except by complete performance of the Obligations contained in the Securities and the Indenture. If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Guarantor, or any Custodian, Trustee, liquidator or other similar official acting in relation to either the Company or the Guarantor, any amount paid by either to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. The Guarantor agrees that it shall not be entitled to, and hereby waives, any right of subrogation in relation to the Holders in respect of any Obligations guaranteed hereby. The Guarantor further agrees that, as between the Guarantor, on one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Obligations guaranteed hereby may be accelerated as provided in Article 5 of the Indenture for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such Obligations as provided in Article 5 of the Indenture, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantor for the purpose of this Guarantee.

3. EXECUTION AND DELIVERY OF GUARANTEE. To evidence its Guarantee set forth in Section 2, the Guarantor hereby agrees that a notation of such Guarantee substantially in the form of EXHIBIT A shall be endorsed by an officer of such Guarantor on each Security authenticated and delivered by the Trustee and that this Supplemental Indenture shall be executed on behalf of such Guarantor, by manual or facsimile signature, by its President or one of its Vice Presidents.

The Guarantor hereby agrees that its Guarantee set forth in Section 2 shall remain in full force and effect notwithstanding any failure to endorse on each Security a notation of such Guarantee.

If an Officer whose signature is on this Supplemental Indenture or on the Guarantee no longer holds that office at the time the Trustee authenticates the Security on which a Guarantee is endorsed, the Guarantee shall be valid nevertheless.

The delivery of any Security by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantee set forth in this Indenture on behalf of the Guarantors.

4. GUARANTORS MAY CONSOLIDATE, ETC. ON CERTAIN TERMS.

(a) Except as set forth in Articles 3 and 4 of the Indenture, nothing contained in this Supplemental Indenture or in the Securities shall prevent any consolidation or merger of the Guarantor with or into the Company or any Subsidiary of the Company that has executed and delivered a supplemental indenture substantially in the form hereof or shall prevent any sale or conveyance of the property of the Guarantor as an entirety or substantially as an entirety, to the Company or any such Subsidiary of the Company.

(b) Except as provided in Section 4(a) hereof or in a transaction referred to in Section 5 hereof, the Guarantor shall not consolidate with or merge with or into, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets to, another Person unless (1) either (x) the Guarantor shall be the surviving Person of such merger or consolidation or (y) the surviving Person or transferee is a corporation, partnership or trust organized and existing under the laws of the United States, any state thereof or the District of Columbia and such surviving Person or

transferee shall

expressly assume all the obligations of the Guarantor under this Guarantee and the Indenture pursuant to a supplemental indenture substantially in the form hereof; (2) immediately after giving effect to such transaction (including the incurrence of any Indebtedness incurred or anticipated to be incurred in connection with such transaction) no Default or Event of Default shall have occurred and be continuing; and (3) the Company has delivered to the Trustee an Officers' Certificate and Opinion of Counsel, each stating that such consolidation, merger or transfer complies with the Indenture, that the surviving Person agrees to be bound thereby, and that all conditions precedent in the Indenture relating to such transaction have been satisfied. For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of related transactions) of all or substantially all of the properties and assets of one or more Subsidiaries of the Guarantor, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Guarantor, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Guarantor.

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Guarantor in accordance with this Section 4(b) hereof, the successor corporation shall succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. Such successor corporation thereupon may cause to be signed any or all of the Guarantees to be endorsed upon all of the Securities issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee. All Guarantees so issued shall in all respects have the same legal rank and benefit under the Indenture as the Guarantees theretofore and thereafter issued in accordance with the terms of the Indenture as though all of such Guarantees had been issued at the date of the execution hereof.

5. RELEASES FOLLOWING SALE OF ASSETS. Concurrently with any sale, lease, conveyance or other disposition (by merger, consolidation or otherwise) of assets of the Guarantor (including, if applicable, disposition of all of the Capital Stock of the Guarantor), any Liens in favor of the Trustee in the assets sold, leased, conveyed or otherwise disposed of shall be released. If the assets sold, leased, conveyed or otherwise disposed of (by merger, consolidation or otherwise) include all or substantially all of the assets of the Guarantor or all of the Capital Stock of the Guarantor in each case, in compliance with the terms of the Indenture, then the Guarantor shall be automatically and unconditionally released from and relieved of its Obligations under its Guarantee. Upon delivery by the Company to the Trustee of an Officers' Certificate to the effect that such sale, lease, conveyance or other disposition was made by the Company in accordance with the provisions of the Indenture, the Trustee shall execute any documents reasonably required in order to evidence the release of the Guarantor from its Obligations under its Guarantee.

6. LIMITATION ON GUARANTOR LIABILITY. For purposes hereof, the Guarantor's liability will be that amount from time to time equal to the aggregate liability of the Guarantor hereunder, but shall be limited to the lesser of (i) the aggregate amount of the Obligations of the Company under the Securities and the Indenture and (ii) the amount, if any, which would not have (A) rendered the Guarantor "insolvent" (as such term is defined in the federal Bankruptcy Law and in the Debtor and Creditor Law of the State of New York) or (B) left it with unreasonably small capital at the time its Guarantee of the Securities was entered into, after giving effect to the incurrence of existing Indebtedness immediately prior to such time; PROVIDED that it shall be a presumption in any lawsuit or other proceeding in which the Guarantor is a party that the amount guaranteed pursuant to its Guarantee is the amount set forth in clause (i) above unless any creditor, or representative of creditors of the Guarantor, or debtor in possession or trustee in bankruptcy of the Guarantor, otherwise proves in such a lawsuit that the aggregate liability of the Guarantor

is limited to the amount set forth in clause (ii). In making any determination as to the solvency or sufficiency of capital of the Guarantor in accordance with the previous sentence, the right of the Guarantor to contribution from other Subsidiaries of the Company that

have executed and delivered a supplemental indenture substantially in the form hereof and any other rights the Guarantor may have, contractual or otherwise, shall be taken into account.

7. "TRUSTEE" TO INCLUDE PAYING AGENT. In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting under the Indenture, the term "Trustee" as used in this Supplemental Indenture shall in each case (unless the context shall otherwise require) be construed as extending to and including such Paying Agent within its meaning as fully and for all intents and purposes as if such Paying Agent were named in this Supplemental Indenture in place of the Trustee.

8. NO RECOURSE AGAINST OTHERS. No director, officer, employee, incorporator or stockholder of the Guarantor, as such, shall have any liability for any obligations of the Company or the Guarantor under the Securities, any Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Securities by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securities. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the Commission that such a waiver is against public policy.

9. NEW YORK LAW TO GOVERN. The internal law of the State of New York shall govern and be used to construe this Supplemental Indenture.

10. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

11. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated:_____ ___, ____

[Guarantor]

By: _____
Name:
Title:

The Bank of New York,
as Trustee

By: _____
Name:

EXHIBIT A TO SUPPLEMENTAL INDENTURE
GUARANTEE

The Guarantor hereby unconditionally guarantees to each Holder of a Security authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Securities or the Obligations of the Company to the Holders or the Trustee under the Securities or under the Indenture, that: (a) the principal of, and premium, if any, and interest on the Securities will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on overdue principal, premium, if any, and (to the extent permitted by law) interest on any interest on the Securities and all other payment Obligations of the Company to the Holders or the Trustee under the Indenture or under the Securities will be promptly paid in full, all in accordance with the terms thereof, and (b) in case of any extension of time of payment or renewal of any Securities or any of such other payment Obligations, the same will be promptly paid in full when due in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration, redemption or otherwise. Failing payment when due of any amount so guaranteed, for whatever reason, the Guarantor shall be obligated to pay the same immediately.

The obligations of the Guarantor to the Holders of Securities and to the Trustee pursuant to this Guarantee and the Indenture are expressly set forth in a Supplemental Indenture, dated as of _____ __, ____ I to the Indenture, and reference is hereby made to the Indenture, as supplemented, for the precise terms of this Guarantee.

This is a continuing Guarantee and shall remain in full force and effect and shall be binding upon the Guarantor and its respective successors and assigns to the extent set forth in the Indenture until full and final payment of all of the Company's Obligations under the Securities and the Indenture and shall inure to the benefit of the successors and assigns of the Trustee and the Holders of Securities and, in the event of any transfer or assignment of rights by any Holder of Securities or the Trustee, the rights and privileges herein conferred upon that party shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof. This a Guarantee of payment and not a guarantee of collection.

This Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Security upon which this Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized signatories.

For purposes hereof, the Guarantor's liability will be that amount from time to time equal to the aggregate liability of the Guarantor hereunder, but shall be limited to the lesser of (i) the aggregate amount of the Obligations of the Company under the Securities and the Indenture and (ii) the amount, if any, which would not have (A) rendered the Guarantor "insolvent" (as such term is defined in the federal Bankruptcy Law and in the Debtor and Creditor Law of the State of New York) or (B) left it with unreasonably small capital at the time its Guarantee of the Securities was entered into, after giving effect to the incurrence of existing Indebtedness immediately prior to such time; PROVIDED that it shall be a presumption in any lawsuit or other proceeding in which the Guarantor is a party that the amount guaranteed pursuant to its Guarantee is the amount set forth in clause (i) above unless any creditor, or representative of creditors of the Guarantor, or debtor in possession or trustee in bankruptcy of the Guarantor, otherwise proves in such a lawsuit that the aggregate liability of the Guarantor is limited to the amount set forth in clause (ii). The Indenture provides that, in making any determination as to the solvency or sufficiency of capital of a Guarantor in accordance with the previous sentence, the right of

the Guarantor to contribution from other Subsidiaries of the Company that have become Guarantors and any other rights the Guarantor may have, contractual or otherwise, shall be taken into account.

Capitalized terms used herein have the same meanings given in the Indenture unless otherwise indicated.

[GUARANTOR]

By: _____
Name:
Title:

EXHIBIT 4(g)

TENET HEALTHCARE CORPORATION

$900,000,000

8% SENIOR NOTES due 2005

INDENTURE

Dated as of January 15, 1997

THE BANK OF NEW YORK

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as Trustee

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310	(a)(1)	6.10
	(a)(2)	6.10
	(a)(3)	N.A.
	(a)(4)	N.A.
	(a)(5)	6.10
	(b)	6.08; 6.10

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311	(a)	6.11
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312	(a)	2.06
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313	(a)	6.06
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314	(a)	3.03; 9.02
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	(c)	2.15; 8.04
317	(a)(1)	5.08
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* This Cross-Reference Table is not part of the indenture.

318	(a)	9.01
	(b)	N.A.
	(c)	9.01

N.A. means not applicable

INDENTURE dated as of January 15, 1997 between Tenet Healthcare Corporation, a Nevada corporation (the "COMPANY"), and The Bank of New York, as trustee (the "TRUSTEE").

The Company and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the 8% Senior Notes due 2005 (the "SECURITIES").

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. DEFINITIONS.

"ACQUIRED DEBT" means, with respect to any specified Person, (i) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, including, without limitation, Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person, and (ii) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"AFFILIATE" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; PROVIDED that beneficial ownership of 10% or more of the voting securities of a Person shall be deemed to be control.

"AGENT" means any Registrar, Paying Agent or co-registrar.

"ASSET SALE" means (i) the sale, lease, conveyance or other disposition of any assets (including, without limitation, by way of a sale and leaseback) other than in the ordinary course of business consistent with past practices and (ii) the issuance or sale by the Company or any of its Subsidiaries of Equity Interests of any of the Company's Subsidiaries, in the case of either clause (i) or (ii), whether in a single transaction or a series of related transactions (a)

that have a fair market value in excess of $25.0 million or (b) for net proceeds in excess of $25.0 million. Notwithstanding the foregoing: (a) a transfer of assets by the Company to a Subsidiary or by a Subsidiary to the Company or to another Subsidiary, (b) an issuance of Equity Interests by a Subsidiary to the Company or to another Subsidiary, (c) a Restricted Payment that is permitted by Section 3.07 hereof and (d) a Hospital Swap shall not be deemed to be an Asset Sale.

"BOARD OF DIRECTORS" means the Board of Directors of the Company or any authorized committee thereof.

"BUSINESS DAY" means any day other than a Legal Holiday.

"CAPITAL LEASE" means, at the time any determination thereof is to be made, any lease of property, real or personal, in respect of which the present value of the minimum rental commitment would be capitalized on a balance sheet of the lessee in accordance with GAAP.

"CAPITAL LEASE OBLIGATION" means, at the time any determination thereof is to be made, the amount of the liability in respect of a Capital Lease that would at such time be required to be capitalized on a balance sheet in accordance with GAAP.

"CAPITAL STOCK" means (i) in the case of a corporation, corporate stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (iii) in the case of a partnership, partnership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"CHANGE OF CONTROL" means the occurrence of any of the following: (i) the sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole to any Person or group (as such term is used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) other than to a Person or group who, prior to such transaction, held a majority of the voting power of the voting stock of the Company, (ii) the acquisition by any Person or group (as defined above) of a direct or indirect interest in more than 50% of the voting power of the voting stock of the Company, by way of merger or consolidation or otherwise, or (iii) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors.

"CHANGE OF CONTROL TRIGGERING EVENT" means the occurrence of both a Change of Control and a Rating Decline.

"CLOSING DATE" means January 30, 1997.

"COMMISSION" means the Securities and Exchange Commission.

"COMPANY" means Tenet Healthcare Corporation, as obligor under the Securities, unless and until a successor replaces Tenet Healthcare Corporation, in accordance with Article 4 hereof and thereafter includes such successor.

"CONSOLIDATED CASH FLOW" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period PLUS (i) an amount equal to any extraordinary loss plus any net loss realized in connection with an Asset Sale (to the extent such losses were deducted in computing such Consolidated Net Income), PLUS (ii) provision for taxes based on income or profits of such Person and its Subsidiaries for such period, to the extent that such provision for taxes was included in computing such Consolidated Net Income,

PLUS (iii) the Fixed Charges of such Person and its Subsidiaries for such period, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income, PLUS (iv) depreciation and amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) of such Person and its Subsidiaries for such period to the extent that such depreciation and amortization were deducted in computing such Consolidated Net Income, in each case, on a consolidated basis and determined in accordance with GAAP. Notwithstanding the foregoing, the provision for taxes on the income or profits of, and the depreciation and amortization of, a Subsidiary of the referent Person shall be added to Consolidated Net Income to compute Consolidated Cash Flow only to the extent (and in same proportion) that the Net Income of such Subsidiary was included in calculating the Consolidated Net Income of such Person and only if a corresponding amount would be permitted at the date of determination to be dividended to the Company by such Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Subsidiary or its stockholders.

"CONSOLIDATED NET INCOME" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP but excluding any one-time charge or expense incurred in order to consummate the Refinancing; PROVIDED that (i) the Net Income of any Person that is not a Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the referent Person or a Wholly Owned Subsidiary thereof, (ii) the Net Income of any Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary or its stockholders, (iii) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded and (iv) the cumulative effect of a change in accounting principles shall be excluded.

"CONSOLIDATED NET WORTH" means, with respect to any Person as of any date, the sum of (i) the consolidated equity of the common stockholders of such Person and its consolidated Subsidiaries as of such date PLUS (ii) the respective amounts reported on such Person's balance sheet as of such date with respect to any series of preferred stock (other than Disqualified Stock), LESS all write-ups (other than write-ups resulting from foreign currency translations and write-ups of tangible assets of a going concern business made in accordance with GAAP as a result of the acquisition of such business) subsequent to the Closing Date in the book value of any asset owned by such Person or a consolidated Subsidiary of such Person, and excluding the cumulative effect of a change in accounting principles, all as determined in accordance with GAAP.

"CONTINUING DIRECTORS" means, as of any date of determination, any member of the Board of Directors of the Company who (i) was a member of such Board of Directors on the Closing Date or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"CORPORATE TRUST OFFICE OF THE TRUSTEE" shall be at the address of the Trustee specified in Section 9.02 hereof or such other address as to which the

Trustee may give notice to the Company.

"DEFAULT" means any event that is or with the passage of time or the giving of notice or both would be an Event of Default.

"DEPOSITARY" means a clearing agency registered under the Exchange Act that is designated to act as Depositary for the Securities.

"DISQUALIFIED STOCK" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the Holder thereof, in whole or in part, on or prior to January 15, 2005.

"EQUITY INTERESTS" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"EXISTING INDEBTEDNESS" means Indebtedness of the Company and its Subsidiaries (other than Indebtedness under the New Credit Facility) in existence on the Closing Date, until such amounts are repaid, including all reimbursement obligations with respect to letters of credit outstanding as of the Closing Date.

"FIXED CHARGE COVERAGE RATIO" means with respect to any Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Company or any of its Subsidiaries incurs, assumes, Guarantees or redeems any Indebtedness (other than revolving credit borrowings) or issues preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "CALCULATION DATE"), then the Fixed Charge Coverage Ratio shall be calculated giving PRO FORMA effect to such incurrence, assumption, Guarantee or redemption of Indebtedness, or such issuance or redemption of preferred stock, as if the same had occurred at the beginning of the applicable four-quarter reference period. In addition, for purposes of making the computation referred to above, (i) acquisitions that have been made by the Company or any of its Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be deemed to have occurred on the first day of the four-quarter reference period, and (ii) the Consolidated Cash Flow and Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded.

"FIXED CHARGES" means, with respect to any Person for any period, the sum of (i) the consolidated interest expense of such Person and its Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letters of credit or bankers' acceptance financings, and net payments or receipts (if any) pursuant to Hedging Obligations) and (ii) the consolidated interest expense of such

Person and its Subsidiaries that was capitalized during such period, and (iii) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries (whether or not such Guarantee or Lien is called upon) and (iv) the product of (a) all cash dividend payments (and non-cash dividend payments in the case of a Person that is a Subsidiary) on any series of preferred stock of such Person, TIMES (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, as in effect from time to time.

"GLOBAL SECURITY" means a Security that evidences all or part of the Securities of any series and bears the legend set forth in Section 2.02.

"GOVERNMENT SECURITIES" means direct obligations of, or obligations guaranteed by, the United States of America for the payment of which guarantee or obligations the full faith and credit of the United States is pledged.

"GUARANTEE" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or Indirect, in any manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness.

"HEDGING OBLIGATIONS" means, with respect to any Person, the obligations of such Person under (i) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, (ii) forward foreign exchange contracts or currency swap agreements and (iii) other agreements or arrangements designed to protect such Person against fluctuations in interest rates or currency values.

"HOLDER" means a Person in whose name a Security is registered.

"HOSPITAL" means a hospital, outpatient clinic, long-term care facility or other facility or business that is used or useful in or related to the provision of healthcare services.

"HOSPITAL SWAP" means an exchange of assets by the Company or a Subsidiary of the Company for one or more Hospitals and/or one or more Related Businesses or for the Capital Stock of any Person owning one or more Hospitals and/or one or more Related Businesses.

"INDEBTEDNESS" means, with respect to any Person, any indebtedness of such Person, whether or not contingent, in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) or banker's acceptances or representing Capital Lease Obligations or the balance deferred and unpaid of the purchase price of any property or representing any Hedging Obligations, except any such balance that constitutes an accrued expense or trade payable, if and to the extent any of the foregoing indebtedness (other than lenders of credit and Hedging Obligations) would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP, as well as all indebtedness of others secured by a Lien on any asset of such Person (whether or not such indebtedness is assumed by such Person) and, to the extent not otherwise included, the Guarantee by such Person of any indebtedness of any other Person.

"INDENTURE" means this Indenture, as amended or supplemented from time to time.

"INVESTMENT GRADE" means a rating of BBB- or higher by S&P or Baa3 or higher by Moody's or the equivalent of such ratings by S&P or Moody's. In the event that the Company shall select any other Rating Agency, the equivalent of such ratings by such Rating Agency shall be used.

"LIEN" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"MOODY'S" means Moody's Investors Services, Inc. and its successors.

"NET INCOME" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however, (i) any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with (a) any Asset Sale (including, without limitation, dispositions

pursuant to sale and leaseback transactions) or (b) the disposition of any securities by such Person or any of its Subsidiaries or the extinguishment of any Indebtedness of such Person or any of it Subsidiaries and (ii) any extraordinary or nonrecurring gain (but not loss), together with any related provision for taxes on such extraordinary or nonrecurring gain (but not loss).

"NEW CREDIT FACILITY" means that certain Credit Agreement by and among the Company and Morgan Guaranty Trust Company of New York and the other banks that are party thereto, providing for $2.8 billion in aggregate principal amount of Indebtedness, including any related notes, instruments and agreements executed in connection therewith, and in each case as amended, modified, extended, renewed, refunded, replaced or refinanced, in whole or in part, from time to time.

"OBLIGATIONS" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"OFFICERS" means the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary and any Vice President of the Company or any Subsidiary, as the case may be.

"OFFICERS' CERTIFICATE" means a certificate signed by two Officers, one of whom must be the principal executive officer, principal financial officer or principal accounting officer of the Company.

"OPINION OF COUNSEL" means an opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company, any Subsidiary or the Trustee.

"PAYMENT DEFAULT" means any failure to pay any scheduled installment of interest or principal on any Indebtedness within the grace period provided for such payment in the documentation governing such Indebtedness.

"PERMITTED LIENS" means (i) Liens in favor of the Company; (ii) Liens on

property of a Person existing at the time such Person is merged into or consolidated with the Company or any Subsidiary of the Company or becomes a Subsidiary of the Company; PROVIDED that such Liens were in existence prior to the contemplation of such merger, consolidation or acquisition (unless such Liens secure Indebtedness that was incurred in connection with or in contemplation of such acquisition and is used to refinance tax-exempt Indebtedness) and do not extend to any assets or the Company or its Subsidiaries other than those of the Person merged into or consolidated with the Company or that becomes a Subsidiary of the Company; (iii) Liens on property existing at the time of acquisition thereof by the Company or any Subsidiary of the Company; PROVIDED that such Liens were in existence prior to the contemplation of such acquisition (unless such Liens secure Indebtedness that was incurred in connection with or in contemplation of such acquisition and is used to refinance tax-exempt Indebtedness); (iv) Liens to secure the performance of statutory obligations, tender, bid, performance, government contract, surety or appeal bonds or other obligations of a like nature incurred in the ordinary course of business; (v) Liens existing on the Closing Date; (vi) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; PROVIDED that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefore; (vii) other Liens on assets of the Company or any Subsidiary of the Company securing Indebtedness that is permitted by the terms hereof to be outstanding having an aggregate principal amount at any one time outstanding not to exceed 10% of the Stockholders' Equity of the Company; and (viii) Liens to secure

Permitted Refinancing Indebtedness incurred to refinance Indebtedness that was secured by a Lien permitted hereunder and that was incurred in accordance with the provisions hereof; PROVIDED that such Liens do not extend to or cover any property or assets of the Company or any Subsidiary other than assets or property securing the Indebtedness so refinanced.

"PERMITTED REFINANCING INDEBTEDNESS" means any Indebtedness of the Company or any of its Subsidiaries issued in exchange for, or the net proceeds of which are used solely to extend, refinance, renew, replace, defease or refund, other Indebtedness of the Company or any of its Subsidiaries; PROVIDED that, except in the case of Indebtedness of the Company issued in exchange for, or the net proceeds of which are used solely to extend, refinance, renew, replace, defease or refund, Indebtedness of a Subsidiary of the Company: (i) the principal amount of such Permitted Refinancing Indebtedness does not exceed the principal amount of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of any premiums paid and reasonable expenses incurred in connection therewith); (ii) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (iii) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Securities, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Securities on subordination terms at least as favorable to the Holders of Securities as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (iv) such Indebtedness is incurred by the Company if the Company is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and (v) such Indebtedness is incurred by the Company or a Subsidiary if a Subsidiary is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"PERSON" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust or unincorporated organization (including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business).

"PHYSICIAN JOINT VENTURE DISTRIBUTIONS" means distributions made by the Company or any of its Subsidiaries to any physician, pharmacist or other allied healthcare professional in connection with the unwinding, liquidation or other termination of any joint venture or similar arrangement between any such Person and the Company or any of its Subsidiaries.

"PHYSICIAN SUPPORT OBLIGATIONS" means any obligation or Guarantee incurred in the ordinary course of business by the Company or a Subsidiary of the Company in connection with any advance, loan or payment to, or on behalf of or for the benefit of any physician, pharmacist or other allied healthcare professional for the purpose of recruiting, redirecting or retaining the physician, pharmacist or other allied healthcare professional to provide service to patients in the service area of any Hospital or Related Business owned or operated by the Company or any of its Subsidiaries; EXCLUDING, HOWEVER, compensation for services provided by physicians, pharmacists or other allied healthcare professionals to any Hospital or Related Business owned or operated by the Company or any of its Subsidiaries.

"QUALIFIED EQUITY INTERESTS" shall mean all Equity Interests of the Company other than Disqualified Stock of the Company.

"RATING AGENCIES" means (i) S&P and (ii) Moody's or (iii) if S&P or Moody's or both shall not make a rating of the Securities publicly available, a nationally recognized securities rating

agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P or Moody's or both, as the case may be.

"RATING CATEGORY" means (i) with respect to S&P, any of the following categories: BB, B, CCC, CC, C and D (or equivalent successor categories); (ii) with respect to Moody's, any of the following categories: Ba, B, Caa, Ca, C and D (or equivalent successor categories); and (iii) the equivalent of any such category of S&P or Moody's used by another Rating Agency. In determining whether the rating of the Securities has decreased by one or more gradations, gradations within Rating Categories (+ and - for S&P; 1, 2 and 3 for Moody's; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from BB+ to BB, as well as from BB- to B+, shall constitute a decrease of one gradation).

"RATING DATE" means the date which is 90 days prior to the earlier of (i) a Change of Control and (ii) the first public notice of the occurrence of a Change of Control or of the intention by the Company to effect a Change of Control.

"RATING DECLINE" means the occurrence on or within 90 days after the date of the first public notice of the occurrence of a Change of Control or of the intention by the Company to effect a Change of Control (which period shall be extended so long as the rating of the Securities is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of: (a) in the event the Securities are rated by either Moody's or S&P on the Rating Date as Investment Grade, a decrease in the rating of the Securities by both Rating Agencies to a rating that is below Investment Grade, or (b) in the event the Securities are rated below Investment Grade by both Rating Agencies on the Rating Date, a decrease in the rating of the Securities by either Rating Agency by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"REFINANCING" has the meaning ascribed to it in the prospectus dated January 27, 1997 relating to the Company's 7-7/8% Senior Notes due 2003, the Securities and the Senior Subordinated Notes.

"RELATED BUSINESS" means a healthcare business affiliated or associated with a Hospital or any business related or ancillary to the provision of healthcare services or information or the investment in, management, leasing or operation of a Hospital.

"RESPONSIBLE OFFICER" when used with respect to the Trustee, means any officer within the corporate trust department of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"SECURITIES" means the securities described above, issued under this Indenture.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SENIOR SUBORDINATED NOTES" means the 8-5/8% Senior Subordinated Notes due 2007 of the Company in an aggregate principal amount of $700.0 million, issued pursuant to the Senior Subordinated Note Indenture.

"SENIOR SUBORDINATED NOTE INDENTURE" means the Indenture dated as of January 15, 1997 between the Company and The Bank of New York, as trustee, as amended or supplemented from time to time, under which the Senior Subordinated Notes were issued.

"SIGNIFICANT SUBSIDIARY" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Closing Date.

"S&P" means Standard & Poor's Corporation and its successors.

"SPECIFIED EXCHANGE" means any retirement of Indebtedness upon the exercise by a holder of such Indebtedness, pursuant to the terms thereof, of any right to exchange such Indebtedness for shares of common stock of Vencor, Inc. or any successor thereto or any other equity securities, other than Equity Interests of a Subsidiary, owned by the Company as of October 11, 1995, or for any securities or other property received with respect to such common stock or equity securities or cash in lieu thereof, whether or not such right is subject to the Company's ability to pay an amount in cash in lieu thereof.

"STOCKHOLDERS' EQUITY" means, with respect to any Person as of any date, the stockholders' equity of such Person determined in accordance with GAAP as of the date of the most recent available internal financial statements of such Person, and calculated on a PRO FORMA basis to give effect to any acquisition or disposition by such Person consummated or to be consummated since the date of such financial statements and on or prior to the date of such calculation.

"SUBSIDIARY" means, with respect to any Person, (i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency), to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination

thereof) and (ii) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or of one or more Subsidiaries of such Person (or any combination thereof).

"TIA" means the Trust Indenture Act of 1939, as amended (15 U.S.C. Section 77aaa-77bbbb) as in effect on the date on which this Indenture is qualified under the TIA, except as provided in Section 8.03 hereof.

"TRANSFER RESTRICTION" means, with respect to the Company's Subsidiaries, any encumbrance or restriction on the ability of any Subsidiary to (i)(a) pay dividends or make any other distributions to the Company or any of its Subsidiaries (1) on its Capital Stock or (2) with respect to any other interest or participation in, or measured by, its profits, or (b) pay any Indebtedness owed to the Company or any of its Subsidiaries, (ii) make loans or advances to the Company or any of its Subsidiaries, or (iii) transfer any of its properties or assets to the Company or any of its Subsidiaries.

"TRUSTEE" means the party named as such above until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"WEIGHTED AVERAGE LIFE TO MATURITY" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (a) the

amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (ii) the then outstanding principal amount of such Indebtedness.

"WHOLLY OWNED SUBSIDIARY" of any Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person or by such Person and one or more Wholly Owned Subsidiaries of such Person.

"2005 EXCHANGEABLE SUBORDINATED NOTES" means the 6% Exchangeable Subordinated Notes due 2005 of the Company in an aggregate principal amount of $320.0 million, issued pursuant to the Indenture dated as of January 10, 1996, between the Company and The Bank of New York, as trustee, as amended or supplemented from time to time.

"2005 SENIOR SUBORDINATED NOTES" means the 10-1/8% Senior Subordinated Notes due 2005 of the Company in an aggregate principal amount of $900.0 million, issued pursuant to the Indenture dated as of March 1, 1995, between the Company and The Bank of New York, as trustee, as amended or supplemented from time to time.

SECTION 1.02. OTHER DEFINITIONS.

TERM	DEFINED IN SECTION
"Affiliate Transaction"	3.10
"Bankruptcy Law"	5.01
"Change of Control Offer"	3.12
"Change of Control Payment"	3.12
"Change of Control Payment Date"	3.12
"Covenant Defeasance"	7.03
"Custodian"	5.01

"Event of Default"	5.01
"incur"	3.09
"Legal Defeasance"	7.02
"Legal Holiday"	9.07
"Notice of Default"	5.01
"Paying Agent"	2.03
"Registrar"	2.03
"Restricted Payments"	3.07

SECTION 1.03. INCORPORATION BY REFERENCE OF TIA.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"INDENTURE SECURITIES" means the Securities;

"INDENTURE SECURITY HOLDER" means a Holder;

"INDENTURE TO BE QUALIFIED" means this Indenture;

"INDENTURE TRUSTEE" or "INSTITUTIONAL TRUSTEE" means the Trustee;

"OBLIGOR" on the Securities means the Company and any successor obligor upon the Securities.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by the Commission rule under the TIA have the meanings so assigned to them.

SECTION 1.04. RULES OF CONSTRUCTION.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) words in the singular include the plural, and in the plural include the singular; and

(5) provisions apply to successive events and transactions.

ARTICLE 2
THE SECURITIES

SECTION 2.01. FORM AND DATING.

The Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto, the terms of which are incorporated in and made a part of this Indenture. The Securities may have notations, legends or endorsements approved as to form by the Company and required by law, stock exchange rule, agreements to which the Company is subject or usage. Each Security shall be dated the date of its authentication. The Securities shall be issuable only in registered form, without coupons, in

denominations of $1,000 and integral multiples thereof. The Securities may be Global Securities, as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

SECTION 2.02. FORM OF LEGEND FOR GLOBAL SECURITY.

Every Global Security authenticated and delivered hereunder shall bear a legend in substantially the following form:

> "This Security is a Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depositary or a nominee thereof. This Security may not be exchanged in whole or in part for a Security registered, and no transfer of

> this Security in whole or in part may be registered, in the name of any person other than such Depositary or a nominee thereof, except in the limited circumstances described in the Indenture."

SECTION 2.03. EXECUTION AND AUTHENTICATION.

An Officer of the Company shall sign the Securities for the Company by manual or facsimile signature.

If an Officer whose signature is on a Security no longer holds that office at the time the Security is authenticated, the Security shall nevertheless be valid.

A Security shall not be valid until authenticated by the manual signature of the Trustee. The signature of the Trustee shall be conclusive evidence that the Security has been authenticated under this Indenture. The form of Trustee's certificate of authentication to be borne by the Securities shall be substantially as set forth in Exhibit A hereto.

The Trustee shall, upon a written order of the Company signed by two Officers of the Company, authenticate Securities for original issue up to the aggregate principal amount stated in paragraph 4 of the Securities. The aggregate principal amount of Securities outstanding at any time shall not exceed the amount set forth herein except as provided in Section 2.09 hereof.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Securities. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate of the Company.

Each Global Security authenticated under this Indenture shall be registered in the name of the Depositary designated for such Global Security or a nominee thereof and delivered to such Depositary or a nominee thereof or custodian therefor, and each such Global Security shall constitute a single Security for all purposes of this Indenture.

The Company initially appoints The Depository Trust Company as the Depositary.

SECTION 2.04. REGISTRAR AND PAYING AGENT.

The Company shall maintain (i) an office or agency where Securities may

be presented for registration of transfer or for exchange (including any co-registrar, the "REGISTRAR") and (ii) an office or agency where Securities may be presented for payment (the "PAYING AGENT"). The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent, Registrar or co-registrar without prior notice to any Holder. The Company shall notify the Trustee and the Trustee shall notify the Holders of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent, Registrar or co-registrar. The Company shall enter into an appropriate agency agreement with any Agent not a party to this Indenture, which shall incorporate the provisions of the TIA. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Company shall notify the Trustee of the name and address of any such

Agent. If the Company fails to maintain a Registrar or Paying Agent, or fails to give the foregoing notice, the Trustee shall act as such, and shall be entitled to appropriate compensation in accordance with Section 6.07 hereof.

The Company initially appoints the Trustee as Registrar, Paying Agent and agent for service of notices and demands in connection with the Securities.

SECTION 2.05. PAYING AGENT TO HOLD MONEY IN TRUST.

On or prior to the due date of principal of, premium, if any, and interest on any Securities, the Company shall deposit with the Trustee or the Paying Agent money sufficient to pay such principal, premium, if any, and interest becoming due. The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of the Holders or the Trustee all money held by the Paying Agent for the payment of principal of, premium, if any, and interest on the Securities, and shall notify the Trustee of any Default by the Company in making any such payment. While any such Default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company) shall have no further liability for the money delivered to the Trustee. If the Company acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent.

SECTION 2.06. HOLDER LISTS.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar,. the Company shall furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders, including the aggregate principal amount of the Securities held by each thereof, and the Company shall otherwise comply with TIA Section 312(a).

SECTION 2.07. TRANSFER AND EXCHANGE.

When Securities are presented to the Registrar with a request to register the transfer or to exchange them for an equal principal amount of Securities of other denominations, the Registrar shall register the transfer or make the exchange if its requirements for such transactions are met; PROVIDED, HOWEVER, that any Security presented or surrendered for registration of transfer or

exchange shall be duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar and the Trustee duly executed by the Holder thereof or by his attorney duly authorized in writing. To permit registrations of transfer and exchanges, the Company shall issue and the Trustee shall authenticate Securities at the Registrar's request, subject to such rules as the Trustee may reasonably require.

Neither the Company nor the Registrar shall be required to register the transfer or exchange of a Security between the record date and the next succeeding interest payment date.

No service charge shall be made to any Holder for any registration of transfer or exchange (except as otherwise expressly permitted herein), but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith

(other than such transfer tax or similar governmental charge payable upon exchanges pursuant to Sections 2.12 or 8.05 hereof, which shall be paid by the Company).

Notwithstanding the foregoing, a Global Security may not be transferred except as a whole by the Depositary to a nominee of the Depositary or any such nominee to a successor of the Depositary or a nominee of such successor, unless:

(i) the Depositary is at any time unwilling or unable to continue as depository or if at any time the Depositary ceases to be a clearing agency registered under the Exchange Act and a successor depository is not appointed by the Company within 90 days,

(ii) an Event of Default under this Indenture with respect to the Securities has occurred and is continuing and the beneficial owners representing a majority in principal amount of the Securities advise the Depositary to cease acting as depositary or

(iii) the Company, in its sole discretion, determines at any time that the Securities shall no longer be represented by a Global Security, the Company will issue individual Securities of the applicable amount and in certificated form in exchange for a Global Security. In any such instance, an owner of a beneficial interest in the Global Security will be entitled to physical delivery of individual securities in certificated form of like tenor, equal in principal amount to such beneficial interest and to have such Securities in certificated form registered in its name.

SECTION 2.08. PERSONS DEEMED OWNERS.

Prior to due presentment for registration of transfer of any Security, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of, premium, if any, and interest on such Security and for all other purposes whatsoever, whether or not such Security is overdue, and neither the Trustee, any Agent nor the Company shall be affected by notice to the contrary.

So long as the Depositary or its nominee is the registered Holder of a Global Security, the Depositary or its nominee, as the case may be, will be treated as the sole owner of it for all purposes under the Indenture and the beneficial owners of the Securities will be entitled only to those rights and benefits afforded to them in accordance with the Depositary's regular operating procedures. Except as provided in Section 2.07, owners of beneficial interests in a Global Security will not be entitled to have Securities represented by a Global Security registered in their names, will not receive or be entitled to

receive physical delivery of Securities in certificated form and will not be considered the registered Holders thereof under the Indenture.

None of the Company, the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

SECTION 2.09. REPLACEMENT SECURITIES.

If any mutilated Security is surrendered to the Trustee or the Company, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Security, the Company shall issue and the Trustee, upon the written order of the Company signed by two Officers of the Company,

shall authenticate a replacement Security if the Trustee's requirements for replacements of Securities are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss which any of them may suffer if a Security is re placed. Each of the Company and the Trustee may charge for its expenses in replacing a Security.

Every replacement Security is an additional obligation of the Company.

SECTION 2.10. OUTSTANDING SECURITIES.

The Securities outstanding at any time are all the Securities authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation and those described in this Section as not outstanding.

If a Security is replaced pursuant to Section 2.09 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a bona fide purchaser.

If the principal amount of any Security is considered paid under Section 3.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

Subject to Section 2.11 hereof, a Security does not cease to be outstanding because the Company or an Affiliate of the Company holds the Security.

SECTION 2.11. TREASURY SECURITIES.

In determining whether the Holders of the required principal amount of Securities then outstanding have concurred in any demand, direction, waiver or consent, Securities owned by the Company or any Affiliate of the Company shall be considered as though not outstanding, except that for purposes of determining whether the Trustee shall be protected in relying on any such demand, direction, waiver or consent, only Securities that a Responsible Officer actually knows to be so owned shall be so considered. Notwithstanding the foregoing, Securities that are to be acquired by the Company or an Affiliate of the Company pursuant to an exchange offer, tender offer or other agreement shall not be deemed to be owned by the Company or an Affiliate of the Company until legal title to such Securities passes to the Company or such Affiliate, as the case may be.

SECTION 2.12. TEMPORARY SECURITIES.

Until definitive Securities are ready for delivery, the Company may prepare and the Trustee, upon receipt of the written order of the Company signed

by two Officers of the Company, shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company and the Trustee consider appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee, upon receipt of the written order of the Company signed by two Officers of the Company, shall authenticate definitive Securities in exchange for temporary Securities. Until such exchange, temporary Securities shall be entitled to the same rights, benefits and privileges as definitive Securities.

SECTION 2.13. CANCELLATION.

The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee shall cancel all Securities surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall return such cancelled Securities to the Company. The Company may not issue new Securities to replace Securities that it has paid or that have been delivered to the Trustee for cancellation.

SECTION 2.14. DEFAULTED INTEREST.

If the Company defaults in a payment of interest on the Securities, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, which date shall be at the earliest practicable date but in all events at least five Business Days prior to the related payment date, in each case at the rate provided in the Securities and in Section 3.01 hereof. The Company shall, with the consent of the Trustee, fix or cause to be fixed each such special record date and payment date. At least 15 days before the special record date, the Company (or the Trustee, in the name of and at the expense of the Company) shall mail to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

SECTION 2.15. RECORD DATE.

The record date for purposes of determining the identity of Holders entitled to vote or consent to any action by vote or consent authorized or permitted under this Indenture shall be determined as provided for in TIA Section 316(c).

SECTION 2.16. CUSIP NUMBER.

The Company in issuing the Securities may use a "CUSIP" number, and if it does so, the Trustee shall use the CUSIP number in notices to Holders; PROVIDED that any such notice may state that no representation is made as to the correctness or accuracy of the CUSIP number printed in the notice or on the Securities and that reliance may be placed only on the other identification numbers printed on the Securities. The Company shall promptly notify the Trustee of any change in the CUSIP number.

ARTICLE 3
COVENANTS

SECTION 3.01. PAYMENT OF SECURITIES.

The Company shall pay or cause to be paid the principal of, premium, if any, and interest on the Securities on the dates and in the manner provided in this Indenture and the Securities. Principal, premium, if any, and interest shall be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary of the Company, holds as of 10:00 a.m. Eastern Time on the due date money deposited by the Company in immediately available funds and

designated for and sufficient to pay all principal, premium, if any, and interest then due. Such Paying Agent shall return to the Company, no later than five days following the date of payment, any money (including accrued interest) that exceeds such amount of principal, premium, if any, and interest to be paid on the Securities.

The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to 1% per annum in excess of the interest rate then applicable to the Securities to the extent lawful. In addition, it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace period) at the same rate to the extent lawful.

SECTION 3.02. MAINTENANCE OF OFFICE OR AGENCY.

The Company shall maintain in the Borough of Manhattan, the City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Securities may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; PROVIDED, HOWEVER, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, the City of New York for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates The Bank of New York, 101 Barclay Street, 21 West, New York, New York 10286 as one such office or agency of the Company in accordance with Section 2.04 hereof.

SECTION 3.03. COMMISSION REPORTS.

(i) So long as any of the Securities remain outstanding, the Company shall provide to the Trustee within 15 days after the filing thereof with the Commission copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) that the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act. All obligors on the Securities shall comply with the provisions of TIA Section 314(a). Notwithstanding that the Company may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the Commission, the Company shall file with the Commission and provide to the Trustee (a) within 90 days after the end of each fiscal year, annual reports on Form 10-K (or any successor or comparable form) containing the

information required to be contained therein (or required in such successor or comparable form), including a "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" and a report thereon by the Company's certified public accountants; (b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, reports on Form 10-Q (or any successor or comparable form) containing the information required to be contained therein (or required in any successor or comparable form), including a "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS"; and (c) promptly from time to time after the occurrence of an event required to be

therein reported, such other reports on Form 8-K (or any successor or comparable form) containing the information required to be contained therein (or required in any successor or comparable form); PROVIDED, HOWEVER, that the Company shall not be in default of the provisions of this Section 3.03(i) for any failure to file reports with the Commission solely by the refusal of the Commission to accept the same for filing. Each of the financial statements contained in such reports shall be prepared in accordance with GAAP.

(ii) The Trustee, at the Company's request and expense, shall promptly mail copies of all such annual reports, information, documents and other reports provided to the Trustee pursuant to Section 3.03(i) hereof to the Holders at their addresses appearing in the register of Securities maintained by the Registrar.

(iii) Whether or not required by the rules and regulations of the Commission, the Company shall file a copy of all such information and reports with the Commission for public availability and make such information available to securities analysts and prospective investors upon request.

(iv) The Company shall provide the Trustee with a sufficient number of copies of all reports and other documents and information that the Trustee may be required to deliver to the Holders under this Section 3.03.

(v) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

SECTION 3.04. COMPLIANCE CERTIFICATE.

(i) The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether each has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge each entity has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of

Default of which he or she may have knowledge and what action each is taking or proposes to take with respect thereto), all without regard to periods of grace or notice requirements, and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Securities is prohibited or if such event has occurred, a description of the event and what action each is taking or proposes to take with respect thereto.

(ii) So long as not contrary to the then current recommendations of the American Institute of Certified Public Accountants, the year-end financial statements delivered pursuant to Section 3.03 above shall be accompanied by a written statement of the Company's certified independent public accountants (who shall be a firm of established national reputation) that in making the examination necessary for certification of such financial statements nothing has come

to their attention which would lead them to believe that the Company or any Subsidiary of the Company has violated any provisions of Article 3 or of Article 4 of this Indenture or, if any such violation has occurred, specifying the nature and period of existence thereof, it being understood that such accountants shall not be liable directly or indirectly to any Person for any failure to obtain knowledge of any such violation.

(iii) The Company shall, so long as any of the Securities are outstanding, deliver to the Trustee, forthwith upon any Officer becoming aware of (a) any Default or Event of Default or (b) any event of default under any other mortgage, indenture or instrument referred to in Section 5.01(v) hereof, an Officers' Certificate specifying such Default, Event of Default or event of default and what action the Company is taking or proposes to take with respect thereto.

SECTION 3.05. TAXES.

The Company shall pay, and shall cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except (i) as contested in good faith by appropriate proceedings and with respect to which appropriate reserves have been taken in accordance with GAAP or (ii) where the failure to effect such payment is not adverse in any material respect to the Holders.

SECTION 3.06. STAY, EXTENSION AND USURY LAWS.

The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 3.07. LIMITATIONS ON RESTRICTED PAYMENTS.

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly: (i) declare or pay any dividend or make any distribution

on account of the Company's or any of its Subsidiaries' Equity Interests (other than (w) Physician Joint Venture Distributions, (x) dividends or distributions payable in Qualified Equity Interests of the Company, (y) dividends or distributions payable to the Company or any Subsidiary of the Company, and (z) dividends or distributions by any Subsidiary of the Company payable to all holders of a class of Equity Interests of such Subsidiary on a PRO RATA basis); (ii) purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Company; or (iii) make any principal payment on, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is subordinated to the Securities, except at the original final maturity date thereof or pursuant to a Specified Exchange or the Refinancing (all such payments and other actions set forth in clauses (i) through (iii) above being collectively referred to as "RESTRICTED PAYMENTS"), unless, at the time of and after giving effect to such Restricted Payment (the amount of any such Restricted Payment, if other than cash, shall be the fair market value (as conclusively evidenced by a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the Trustee within 60 days prior to the date of such Restricted Payment) of the asset(s) proposed to be transferred by the Company or such Subsidiary, as the case may be, pursuant to such Restricted Payment):

(a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and

(b) the Company would, at the time of such Restricted Payment and after giving PRO FORMA effect thereto as if such Restricted Payment had been made at the beginning of the most recently ended four full fiscal quarter period for which internal financial statements are available immediately preceding the date of such Restricted Payment, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 3.09 hereof; and

(c) such Restricted Payment, together with the aggregate of all other Restricted Payments made by the Company and its Subsidiaries after March 1, 1995 (excluding Restricted Payments permitted by clauses (ii), (iii) and (iv) of the next succeeding paragraph), is less than the sum of (1) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after March 1, 1995 to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), PLUS (2) 100% of the aggregate net cash proceeds received by the Company from the issue or sale (other than to a Subsidiary of the Company) since March 1, 1995 of Qualified Equity Interests of the Company or of debt securities of the Company or any of its Subsidiaries that have been converted into or exchanged for such Qualified Equity Interests of the Company, PLUS (3) $20.0 million.

If no Default or Event of Default has occurred and is continuing, or would occur as a consequence thereof, the foregoing provisions shall not prohibit the following Restricted Payments:

(i) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions hereof;

(ii) the payment of cash dividends on any series of Disqualified

Stock issued after the Closing Date in an aggregate amount not to exceed the cash received by the Company since the Closing Date upon issuance of such Disqualified Stock;

(iii) the redemption, repurchase, retirement or other acquisition of any Equity Interests of the Company or any Subsidiary in exchange for, or out of the net cash proceeds of, the substantially concurrent sale (other than to a Subsidiary of the Company) of Qualified Equity Interests of the Company; PROVIDED that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement or other acquisition shall be excluded from clause (c)(2) of the preceding paragraph;

(iv) the defeasance, redemption or repurchase of subordinated Indebtedness with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness or in exchange for or out of the net cash proceeds from the substantially concurrent sale (other than to a Subsidiary of the Company) of Qualified Equity Interests of the Company; PROVIDED that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement or other acquisition shall be excluded from clause (c)(2) of the preceding paragraph;

(v) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Subsidiary of the Company held by any member of the Company's (or any of its Subsidiaries') management pursuant to any management equity

subscription agreement or stock option agreement; PROVIDED that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed $15.0 million in any twelve-month period; and

(vi) the making and consummation of (A) a senior subordinated asset sale offer in accordance with the provisions of the indenture relating to the 2005 Senior Subordinated Notes or (B) a Change of Control Offer with respect to the Senior Subordinated Notes in accordance with the provisions of the Senior Subordinated Note Indenture or change of control offer with respect to the 2005 Senior Subordinated Notes or the 2005 Exchangeable Subordinated Notes in accordance with the provisions of the indentures relating thereto.

Not later than the date of making any Restricted Payment, the Company shall deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this covenant were computed.

SECTION 3.08. LIMITATIONS ON DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES.

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual Transfer Restriction, except for such Transfer Restrictions existing under or by reason of:

(a) Existing Indebtedness as in effect on the Closing Date,

(b) this Indenture, the Senior Subordinated Note Indenture and the Indenture related to the Company's 7-7/8% Senior Notes due 2003,

(c) applicable law,

(d) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition, unless such Indebtedness was incurred in connection with or in contemplation of such acquisition for the purpose of refinancing Indebtedness which was tax-exempt, or in violation of Section 3.09 hereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, PROVIDED that the Consolidated Cash Flow of such Person shall not be taken into account in determining whether such acquisition was permitted by the terms hereof except to the extent that such Consolidated Cash Flow would be permitted to be dividends to the Company without the prior consent or approval of any third party,

(e) customary non-assignment provisions in leases entered into in the ordinary course of business,

(f) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on the ability of any of the Company's Subsidiaries to transfer the property so acquired to the Company or any of its Subsidiaries,

(g) Permitted Refinancing Indebtedness, PROVIDED that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive than those contained in the agreements governing the Indebtedness being refinanced, or

(h) the New Credit Facility and related documentation as the same is in effect on the Closing Date and as amended or replaced from time to time, PROVIDED that no such amendment or replacement is more restrictive as to Transfer Restrictions than the New Credit Facility and related documentation as in effect on the Closing Date.

SECTION 3.09. LIMITATIONS ON INCURRENCE OF INDEBTEDNESS AND ISSUANCE OF PREFERRED STOCK.

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create, incur, issue, assume, Guarantee or otherwise become directly or indirectly liable contingently or otherwise, with respect to (collectively, "INCUR") after the Closing Date any Indebtedness (including Acquired Debt), and the Company shall not issue any Disqualified Stock and shall not permit any of its Subsidiaries to issue any shares of preferred stock; PROVIDED, HOWEVER, that the Company may incur Indebtedness (including Acquired Debt) and the Company may issue shares of Disqualified Stock if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock is issued would have been at least 2.5 to 1, determined on a PRO FORMA basis (including a PRO FORMA application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period. Indebtedness consisting of reimbursement obligations in respect of a letter of credit shall be deemed to be incurred when the letter of credit is first issued.

The foregoing provisions shall not apply to:

(a) the incurrence by the Company of Indebtedness pursuant to the New Credit Facility in an aggregate principal amount at any time outstanding not to exceed an amount equal to $2.8 billion less the aggregate amount of all mandatory repayments applied to permanently reduce the commitments with respect to such Indebtedness;

(b) the incurrence by the Company of Indebtedness represented by the Securities, the Senior 7-7/8% Notes due 2003 and the Senior Subordinated Notes;

(c) the incurrence by the Company and its Subsidiaries of the Existing Indebtedness;

(d) the incurrence by the Company or any of its Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund, Indebtedness that was permitted by this Indenture to be incurred (including, without limitation, Existing Indebtedness);

(e) the incurrence by the Company of Hedging Obligations that are incurred for the purpose of fixing or hedging interest rate or currency risk with respect to any fixed or floating rate Indebtedness that is permitted by the terms hereof to be outstanding or any receivable or liability the payment of which is determined by reference to a foreign currency; PROVIDED that the notional principal amount of any such Hedging Obligation does not exceed the principal amount of the Indebtedness to which such Hedging Obligation relates;

(f) the incurrence by the Company or any of its Subsidiaries of Physician Support Obligations;

(g) the incurrence by the Company or any of its Subsidiaries of intercompany Indebtedness between or among the Company and any of its Subsidiaries;

(h) the incurrence by the Company or any of its Subsidiaries of Indebtedness represented by tender, bid, performance, government contract, surety or appeal bonds, standby letters of credit or warranty or contractual service obligations of like nature, in each case to the extent incurred in the ordinary course of business of the Company or such Subsidiary;

(i) the incurrence by any Subsidiary of the Company of Indebtedness, the aggregate principal amount of which, together with all other Indebtedness of the Company's Subsidiaries at the time outstanding (excluding the Existing Indebtedness until repaid or refinanced and excluding Physician Support Obligations), does not exceed the greater of (1) 10% of the Company's Stockholders' Equity as of the date of incurrence or (2) $10.0 million; PROVIDED that, in the case of clause (1) only, the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Indebtedness is incurred would have been at least 2.5 to 1, determined on a PRO FORMA basis (including a PRO FORMA application of the net proceeds therefrom), as if such Indebtedness had been incurred at the beginning of such four-quarter period; and

(j) the incurrence by the Company of Indebtedness (in addition to

Indebtedness permitted by any other clause of this covenant) in an aggregate principal amount at any time outstanding not to exceed $250.0 million.

SECTION 3.10. LIMITATIONS ON TRANSACTIONS WITH AFFILIATES.

The Company shall not, and shall not permit any of its Subsidiaries to, sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make any contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an "AFFILIATE TRANSACTION"), unless (i) such Affiliate Transaction, is on terms that are no less favorable to the Company or the relevant Subsidiary than those that could have been obtained in a comparable transaction by the Company or such Subsidiary with an unrelated Person and (ii) the Company delivers to the Trustee (a) with respect to any Affiliate Transaction involving aggregate consideration in excess of $5.0 million, a resolution of the Board of Directors set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with clause (i) above and that such Affiliate Transaction was approved by a majority of the disinterested members of the Board of Directors and (b) with respect to any Affiliate Transaction involving aggregate consideration in excess of $15.0 million, an opinion as to the fairness to the Company or such Subsidiary of such Affiliate Transaction from a financial point of view issued by an investment banking firm of national standing; PROVIDED that (x) transactions or payments pursuant to any employment arrangements or employee or director benefit plans entered into by the Company or any of its Subsidiaries in the ordinary course of business and consistent with the past practice of the Company or such Subsidiary, (y) transactions between or among the Company and/or its Subsidiaries and (z) transactions permitted under Section 3.07 hereof, in each case, shall not be deemed to be Affiliate Transactions.

SECTION 3.11. LIMITATIONS ON LIENS.

The Company shall not, and sha11 not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien (except Permitted Liens) on any asset now owned or hereafter acquired, or any income or profits therefrom or assign or convey any right to receive income therefrom unless all payments due hereunder and under the Securities are secured on an equal and ratable basis with the Obligations so secured until such time as such Obligations are no longer secured by a Lien.

SECTION 3.12. CHANGE OF CONTROL.

Upon the occurrence of a Change of Control Triggering Event, each Holder of Securities shall have the right to require the Company to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of such Holder's Securities pursuant to the offer described below (the "CHANGE OF CONTROL OFFER") at an offer price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, thereon to the date of purchase (the "CHANGE OF CONTROL PAYMENT") on a date that is not more than 90 days after the occurrence of such Change of Control Triggering Event (the "CHANGE OF CONTROL PAYMENT DATE").

Within 30 days following any Change of Control Triggering Event, the Company shall mail, or at the Company's request the Trustee shall mail, a notice of a Change of Control to each Holder (at its last registered address with a copy to the Trustee and the Paying Agent) offering to repurchase the Securities held by such Holder pursuant to the procedure specified in such notice. The Change of Control Offer shall remain open from the time of mailing until the close of business on the Business Day next preceding the Change of

Control Payment Date. The notice, which shall govern the terms of the Change of Control Offer, shall contain all instructions and materials necessary to enable the Holders to tender Securities pursuant to the Change of Control Offer and shall state:

(1) that the Change of Control Offer is being made pursuant to this Section 3.12 and that all Securities tendered will be accepted for payment;

(2) the Change of Control Payment and the Change of Control Payment Date, which date shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed;

(3) that any Security not tendered will continue to accrue interest in accordance with the terms of this Indenture;

(4) that, unless the Company defaults in the payment of the Change of Control Payment, all Securities accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(5) that Holders electing to have a Security purchased pursuant to any Change of Control Offer will be required to surrender the Security, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Security completed, to the Company, a depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice prior to the close of business on the Business Day next preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their election if the Company, depositary or Paying Agent, as the case may be, receives, not later than the close of business on the Business Day next preceding the Change of Control Payment Date, a facsimile transmission

or letter setting forth the name of the Holder, the principal amount of the Security the Holder delivered for purchase, and a statement that such Holder is withdrawing his election to have such Security purchased;

(7) that Holders whose Securities are being purchased only in part will be issued new Securities equal in principal amount to the unpurchased portion of the Securities surrendered, which unpurchased portion must be equal to $1,000 in principal amount or an integral multiple thereof; and

(8) the circumstances and relevant facts regarding such Change of Control (including, but not limited to, information with respect to PRO FORMA historical financial information after giving effect to such Change of Control, information regarding the Person or Persons acquiring control and such Person's or Persons' business plans going forward) and any other information that would be material to a decision as to whether to tender a Security pursuant to the Change of Control Offer.

On the Change of Control Payment Date, the Company shall, to the extent lawful, (i) accept for payment all Securities or portions thereof properly tendered and not withdrawn pursuant to the Change of Control Offer, (ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Securities or portions thereof so tendered and (iii) deliver or cause to be delivered to the Trustee the Securities so accepted together with an Officers' Certificate stating the aggregate principal amount of Securities or portions thereof being purchased by the Company. The Paying Agent shall promptly mail to each Holder of Securities so tendered the Change of Control Payment for

such Securities, and the Trustee shall promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Security equal in principal amount to any unpurchased portion of the Securities surrendered, if any; PROVIDED that each such new Security shall be in a principal amount of $1,000 or an integral multiple thereof. The Company shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of Securities as a result of a Change of Control Triggering Event.

SECTION 3.13. CORPORATE EXISTENCE.

Subject to Section 3.12 and Article 4 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect (i) its corporate existence, and the corporate, partnership or other existence of each of its Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of each Subsidiary and (ii) the rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries; PROVIDED, HOWEVER, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries, if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders.

SECTION 3.14. LINE OF BUSINESS.

The Company shall not, and shall not permit any of its Subsidiaries to, engage in any material extent in any business other than the ownership, operation and management of Hospitals and Related Businesses.

Subsidiary simultaneously executes and delivers a supplemental indenture to this Indenture, in substantially the form attached hereto as Exhibit B, providing for the Guarantee of the payment of the Securities by such Subsidiary, which Guarantee shall be senior to or PARI PASSU with such Subsidiary's Guarantee of or pledge to secure such other Indebtedness. Notwithstanding the foregoing, any such Guarantee by a Subsidiary of the Securities shall provide by its terms that it shall be automatically and unconditionally released and discharged upon the sale or other disposition, by way of merger or otherwise, to any Person not an Affiliate of the Company, of all of the Company's stock in, or all or substantially all the assets of, such Subsidiary. The foregoing provisions shall not be applicable to any one or more Guarantees that otherwise would be prohibited of up to $25.0 million in aggregate principal amount of Indebtedness of the Company or its Subsidiaries at any time outstanding.

SECTION 3.15. LIMITATIONS ON ISSUANCES OF GUARANTEES OF INDEBTEDNESS BY SUBSIDIARIES.

The Company shall not permit any Subsidiary, directly or indirectly, to Guarantee or secure the payment of any other Indebtedness of the Company or any of its Subsidiaries (except Indebtedness of a Subsidiary of such Subsidiary or Physician Support Obligations) unless such Subsidiary simultaneously executes and delivers a supplemental indenture to this Indenture, in substantially the form attached hereto as Exhibit B, providing for the Guarantee of the payment of the Securities by such Subsidiary, which Guarantee shall be senior to or PARI PASSU with such Subsidiary's Guarantee of or pledge to secure such other Indebtedness. Notwithstanding the foregoing, any such Guarantee by a Subsidiary of the Securities shall provide by its terms that it shall be automatically and

unconditionally released and discharged upon the sale or other disposition, by way of merger or otherwise, to any Person not an Affiliate of the Company, of all of the Company's stock in, or all or substantially all the assets of, such Subsidiary. The foregoing provisions shall not be applicable to any one or more Guarantees that otherwise would be prohibited of up to $25.0 million in aggregate principal amount of Indebtedness of the Company or its Subsidiaries at any time outstanding.

SECTION 3.16. NO AMENDMENT TO SUBORDINATION PROVISIONS OF SENIOR SUBORDINATED NOTE INDENTURE.

The Company shall not amend, modify or alter the Senior Subordinated Note Indenture or the indentures relating to the 2005 Senior Subordinated Notes or the 2005 Exchangeable Subordinated Notes in any way that would (i) increase the principal of, advance the final maturity date of or shorten the Weighted Average Life to Maturity of (a) any 2005 Senior Subordinated Notes or 2005 Exchangeable Subordinated Notes or (b) any Senior Subordinated Notes such that the final maturity date of the Senior Subordinated Notes is earlier than the 91st day following the final maturity date of the Senior Notes or (ii) amend the provisions of Article 10 of the Senior Subordinated Note Indenture (which relates to subordination) or the subordination provisions of the indentures relating to the 2005 Senior Subordinated Notes or the 2005 Exchangeable Subordinated Notes or any of the defined terms used therein in a manner that would be adverse to the Holders of the Securities.

ARTICLE 4

SUCCESSORS

SECTION 4.01. LIMITATIONS ON MERGERS, CONSOLIDATIONS OR SALES OF ASSETS.

The Company may not consolidate or merge with or into (whether or not the Company is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to another corporation, Person or entity unless:

(i) the Company is the surviving corporation or the entity or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia;

(ii) the entity or Person formed by or surviving any such consolidation or merger (if other than the Company) or the entity or Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the Obligations of the Company under this Indenture and the Securities pursuant to a supplemental indenture in a form reasonably satisfactory to the Trustee;

(iii) immediately after such transaction no Default or Event of Default exists; and

(iv) the Company or the entity or Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made (A) shall have a Consolidated Net Worth immediately after the transaction equal to or greater than the Consolidated Net Worth of the Company immediately preceding the transaction and (B) shall, at

the time of such transaction and after giving PRO FORMA effect thereto as if such transaction had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 3.09 hereof.

The Company shall deliver to the Trustee prior to the consummation of the proposed transaction an Officers' Certificate to the foregoing effect and an Opinion of Counsel, covering clauses (i) through (iv) above, stating that the proposed transaction and such supplemental indenture comply with this Indenture. The Trustee shall be entitled to conclusively rely upon such Officers' Certificate and Opinion of Counsel.

SECTION 4.02. SUCCESSOR CORPORATION SUBSTITUTED.

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Company in accordance with Section 4.01 hereof, the successor corporation formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Company" shall refer instead to the successor corporation), and may exercise every right

and power of the Company under this Indenture with the same effect as if such successor Person has been named as the Company, herein.

ARTICLE 5
DEFAULTS AND REMEDIES

SECTION 5.01. EVENTS OF DEFAULT.

Each of the following constitutes an "EVENT OF DEFAULT":

(i) default for 30 days in the payment when due of interest on the Securities;

(ii) default in payment when due of the principal of or premium, if any, on the Securities at maturity or otherwise;

(iii) failure by the Company to comply with the provisions of Sections 3.07, 3.09 or 3.12 hereof;

(iv) failure by the Company to comply with any other covenant or agreement in the Indenture or the Securities for the period and after the notice specified below;

(v) any default that occurs under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Significant Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Significant Subsidiaries), whether such Indebtedness or Guarantee exists on the Closing Date or is created after the Closing Date, which default (a) constitutes a Payment Default or (b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or that has been so accelerated, aggregates $25.0 million or more;

(vi) failure by the Company or any of its Significant Subsidiaries to pay a final judgment or final judgments aggregating in excess of $25.0 million entered by a court or courts of competent jurisdiction against the Company or any of its Significant Subsidiaries if such final judgment or judgments remain unpaid or undischarged for a period (during which execution shall not be effectively stayed) of 60 days after their entry;

(vii) the Company or any Significant Subsidiary thereof pursuant to or within the meaning of any Bankruptcy Law:

(a) commences a voluntary case,

(b) consents to the entry of an order for relief against it in an involuntary case in which it is the debtor,

(c) consents to the appointment of a Custodian of it or for all or substantially all of its property,

(d) makes a general assignment for the benefit of its creditors, or

(e) admits in writing its inability generally to pay its debts as the same become due; and

(viii) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(a) is for relief against the Company or any Significant Subsidiary thereof in an involuntary case in which it is the debtor,

(b) appoints a Custodian of the Company or any Significant Subsidiary thereof or for all or substantially all of the property of the Company or any Significant Subsidiary thereof, or

(c) orders the liquidation of the Company or any Significant Subsidiary thereof, and the order or decree remains unstayed and in effect for 60 days.

The term "BANKRUPTCY LAW" means title 11, U.S. Code or any similar federal or state law for the relief of debtors. The term "CUSTODIAN" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

A Default under clause (iv) is not an Event of Default until the Trustee notifies the Company in writing, or the Holders of at least 25% in principal amount of the then outstanding Securities notify the Company and the Trustee in writing, of the Default and the Company does not cure the Default within 60 days after receipt of such notice. The written notice must specify the Default, demand that it be remedied and state that the notice is a "NOTICE OF DEFAULT."

SECTION 5.02. ACCELERATION.

If any Event of Default (other than an Event of Default specified in clause (vii) or (viii) of Section 5.01 hereof) occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 25% in principal amount of the then outstanding Securities by written notice to the Company and the Trustee, may declare the unpaid principal of, premium, if any, and any accrued and unpaid interest on all the Securities to be due and payable immediately. Upon such declaration the principal, premium, if any, and interest

shall be due and payable immediately. If an Event of Default specified in clause (vii) or (viii) of Section 5.01 hereof occurs with respect to the Company or any Significant Subsidiary thereof such an amount shall IPSO FACTO become and be immediately due and payable without further action or notice on the part of the Trustee or any Holder.

If an Event of Default occurs under this Indenture prior to the maturity of the Securities by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding the prohibition on redemption of such Securities prior to the date of maturity, then a premium with respect thereto (expressed as a percentage of the amount that would otherwise be due but for the provisions of this sentence) shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of such Securities if such Event of Default occurs during the twelve-month period beginning on January 15 of the years set forth below:

Year	Percentage
1997	108.000%
1998	106.857%
1999	105.714%
2000	104.571%
2001	103.428%
2002	102.285%
2003	101.142%
2004	100.000%

Any determination regarding the primary purpose of any such action or inaction, as the case may be, shall be made by and set forth in a resolution of the Board of Directors (including the concurrence of a majority of the independent directors of the Company then serving) delivered to the Trustee after consideration of the business reasons for such action or inaction, other than the avoidance of payment of such premium or prohibition on redemption. In the absence of fraud, each such determination shall be final and binding upon the Holders of Securities. Subject to Section 6.01 hereof, the Trustee shall be entitled to rely on the determination set forth in any such resolutions delivered to the Trustee.

SECTION 5.03. OTHER REMEDIES.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal or interest on the Securities or to enforce the performance of any provision of the Securities or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 5.04. WAIVER OF PAST DEFAULTS.

The Holders of not less than a majority in aggregate principal amount of the Securities then outstanding by written notice to the Trustee may on behalf of the Holders of all of the Securities waive any existing Default or Event of Default and its consequences under this Indenture except a continuing Default or Event of Default in the payment of the principal of, premium, if any, or interest on any Security. Upon any such waiver, such Default shall cease to

exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 5.05. CONTROL BY MAJORITY.

Holders of a majority in principal amount of the then outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders or that may involve the Trustee in personal liability. The Trustee may take any other action which it deems proper which is not inconsistent with any such direction.

SECTION 5.06. LIMITATION ON SUITS

A Holder may pursue a remedy with respect to this Indenture or the Securities only if:

(i) the Holder gives to the Trustee written notice of a continuing Event of Default;

(ii) the Holders of at least 25% in principal amount of the then outstanding Securities make a written request to the Trustee to pursue the remedy;

(iii) such Holder or Holders offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(iv) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(v) during such 60-day period the Holders of a majority in principal amount of the then outstanding Securities do not give the Trustee a direction inconsistent with the request.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

SECTION 5.07. RIGHTS OF HOLDERS TO RECEIVE PAYMENT.

Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal, premium, if any, and interest on the Security, on or after the respective due dates expressed in the Security, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the Holder.

SECTION 5.08. COLLECTION SUIT BY TRUSTEE.

If an Event of Default specified in Section 5.01(i) or (ii) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company or any other obligor for the whole amount of principal, premium, if any, and interest remaining unpaid on the Securities and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover amounts due the Trustee under Section 6.07 hereof, including the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and

advances of the Trustee, its agents and counsel.

SECTION 5.09. TRUSTEE MAY FILE PROOFS OF CLAIM.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Company (or any other obligor upon the Securities), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section

6.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 6.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties which the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 5.10. PRIORITIES.

If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 6.07, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders for amounts due and unpaid on the Securities for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for principal, premium, if any and interest, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 5.10 upon five Business Days prior notice to the Company.

SECTION 5.11. UNDERTAKING FOR COSTS.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party

litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 5.07 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Securities.

ARTICLE 6
TRUSTEE

SECTION 6.01. DUTIES OF TRUSTEE.

(i) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(ii) Except during the continuance of an Event of Default known to the Trustee:

(a) the duties of the Trustee shall be determined solely by the express provisions of this Indenture or the TIA and the Trustee need perform only those duties that are specifically set forth in this Indenture or the TIA and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee, and

(b) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such certificates or opinions which by any provisions hereof are required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(iii) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) this paragraph does not limit the effect of paragraph (ii) of this Section;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(c) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 5.05 hereof.

(iv) Whether or not therein expressly so provided every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (i), (ii), and (iii) of this Section.

(v) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee may refuse to perform any duty or exercise any right or power unless it receives security and indemnity satisfactory to it against any loss, liability or expense.

(vi) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Absent written instruction from the Company, the Trustee shall not be required to invest any such money. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(vii) The Trustee shall not be deemed to have knowledge of any matter unless such matter is actually known to a Responsible Officer.

SECTION 6.02. RIGHTS OF TRUSTEE.

(i) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(ii) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(iii) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(iv) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred upon it by this Indenture. A permissive right granted to the Trustee hereunder shall not be deemed an obligation to act.

(v) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

SECTION 6.03. INDIVIDUAL RIGHTS OF TRUSTEE.

The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee is subject to Sections 6.10 and 6.11 hereof.

SECTION 6.04. TRUSTEE'S DISCLAIMER.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Securities, nor shall it be accountable for the Company's use of the proceeds from the Securities or any money paid to the Company or upon the Company's direction under any provision of

this Indenture, nor shall it be responsible for the use or application of any money received by any Paying Agent other than the Trustee, nor shall it be responsible for any statement or recital herein or any statement in the Securities or any other document in connection with the sale of the Securities or pursuant to this Indenture other than its certificate of authentication.

SECTION 6.05. NOTICE OF DEFAULTS.

If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to Holders a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment on any Security, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders.

SECTION 6.06. REPORTS BY TRUSTEE TO HOLDERS.

Within 60 days after each December 31 beginning with the December 31 following the Closing Date, the Trustee shall mail to the Holders a brief report dated as of such reporting date that complies with TIA Section 313(a) (but if no event described in TIA Section 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall

comply with TIA Section 313(b). The Trustee shall also transmit by mail all reports as required by TIA Section 313(c).

A copy of each report at the time of its mailing to the Holders shall be mailed to the Company and filed with the Commission and each stock exchange on which the Securities are listed. The Company shall promptly notify the Trustee when the Securities are listed on any stock exchange.

SECTION 6.07. COMPENSATION AND INDEMNITY

The Company shall pay to the Trustee from time to time such compensation for its acceptance of this Indenture and services hereunder as the Company and Trustee shall agree in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

The Company shall indemnify the Trustee against any and all losses, liabilities, damages, claims or expenses incurred by it arising out of or in connection with the acceptance of its duties and the administration of the trusts under this Indenture, except as set forth below. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

The obligations of the Company under this Section 6.07 shall survive the satisfaction and discharge of this Indenture.

The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through its own negligence or bad faith.

To secure the Company's payment obligations in this Section, the Trustee shall have a Lien prior to the Securities on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on particular Securities. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 5.01(vii) or (viii) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

SECTION 6.08. REPLACEMENT OF TRUSTEE.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in principal amount of the then

outstanding Securities may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

(1) the Trustee fails to comply with Section 6.10 hereof;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(3) a Custodian or public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Securities may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of at least 10% in principal amount of the then outstanding Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee after written request by any Holder who has been a Holder for at least six months fails to comply with Section 6.10 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 6.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 6.08, the Company's obligations under Section 6.07 hereof shall continue for the benefit of the retiring Trustee.

SECTION 6.09. SUCCESSOR TRUSTEE OR AGENT BY MERGER, ETC.

If the Trustee or any Agent consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee or Agent.

SECTION 6.10. ELIGIBILITY; DISQUALIFICATION.

There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America or of any state thereof authorized under such laws to exercise corporate trustee power, shall be subject to supervision or examination by federal or state authority and shall have a combined capital and surplus of at least $100.0 million as set forth in its most recent published annual report of condition.

This Indenture shall always have a Trustee who satisfies the requirements of TIA Section 310(a)(1), (2) and (5). The Trustee is subject to TIA Section 310(b).

SECTION 6.11. PREFERENTIAL COLLECTION OF CLAIMS AGAINST COMPANY.

The Trustee is subject to TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE 7
DISCHARGE OF INDENTURE

SECTION 7.01. DEFEASANCE AND DISCHARGE OF THIS INDENTURE AND THE SECURITIES.

The Company may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, with respect to the Securities, elect to have either Section 7.02 or 7.03 hereof be applied to all outstanding Securities upon compliance with the conditions set forth below in this Article 7.

SECTION 7.02. LEGAL DEFEASANCE AND DISCHARGE.

Upon the Company's exercise under Section 7.01 hereof of the option applicable to this Section 7.02, the Company shall be deemed to have been discharged from its obligations with respect to all outstanding Securities on the date the conditions set forth below are satisfied (hereinafter, "LEGAL DEFEASANCE"). For this purpose, such Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Securities, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 7.05 hereof and the other Sections of this Indenture referred to in clauses (i) and (ii) of this Section 7.02, and to have satisfied all its other obligations under such Securities and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (i) the rights of Holders of outstanding Securities to receive solely from the trust fund described in Section 7.04 hereof, and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, and interest on such Securities when such payments are due, (ii) the Company's obligations with respect to such Securities under Sections 2.04, 2.06, 2.07 and 3.02 hereof, (iii) the rights, powers, trusts, duties and

immunities of the Trustee hereunder, including, without limitation, the Trustee's rights under Section 6.07 hereof, and the Company's obligations in connection therewith and (iv) this Article 7. Subject to compliance with this Article 7, the Company may exercise its option under this Section 7.02 notwithstanding the prior exercise of its option under Section 7.03 hereof with respect to the Securities.

SECTION 7.03. COVENANT DEFEASANCE.

Upon the Company's exercise under Section 7.01 hereof of the option applicable to this Section 7.03, the Company shall be released from its obligations under the covenants contained in Sections 3.07, 3.08, 3.09, 3.10, 3.11, 3.12, 3.14, 3.15, and 3.16 and Article 4 hereof with respect to the outstanding Securities on and after the date the conditions set forth below are satisfied (hereinafter, "COVENANT DEFEASANCE"), and the Securities shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any

thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Securities shall not be deemed outstanding for accounting purposes). For this purpose, such Covenant Defeasance means that, with respect to the outstanding Securities, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 5.01(iii) hereof, but, except as specified above, the remainder of this Indenture and such Securities shall be unaffected thereby. In addition, upon the Company's exercise under Section 7.01 hereof of the option applicable to this Section 7.03, Sections 5.01(iv) through 5.01(vi) hereof shall not constitute Events of Default.

SECTION 7.04. CONDITIONS TO LEGAL OR COVENANT DEFEASANCE.

The following shall be the conditions to application of either Section 7.02 or Section 7.03 hereof to the outstanding Securities:

(i) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 6.10 who shall agree to comply with the provisions of this Article 7 applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities, (a) cash in U.S. Dollars in an amount, or (b) non-callable Government Securities that through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, cash in U.S. Dollars in an amount, or (c) a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge the principal of, premium, if any, and interest on such outstanding Securities on the stated maturity date of such principal or installment of principal, premium, if any, or interest.

(ii) In the case of an election under Section 7.02 hereof, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States confirming that (a) the Company has received from, or there

has been published by, the Internal Revenue Service a ruling or (b) since the Closing Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred.

(iii) In the case of an election under Section 7.03 hereof before the date that is one year prior to the final maturity of the Securities, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States confirming that the Holders of the outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred.

(iv) No Default or Event of Default with respect to the Securities shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) or, insofar as Section 5.01(vii) or 5.01(viii) hereof is concerned, at any time in the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(v) Such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound (other than a breach, violation or default resulting from the borrowing of funds to be applied to such deposit).

(vi) The Company shall have delivered to the Trustee an Opinion of Counsel to the effect that after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally.

(vii) The Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit made by the Company pursuant to its election under Section 7.02 or 7.03 hereof was not made by the Company with the intent of preferring the Holders of the Securities over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others.

(viii) The Company shall have delivered to the Trustee an Officers' Certificate stating that all conditions precedent provided for relating to either the Legal Defeasance under Section 7.02 hereof or the Covenant Defeasance under Section 7.03 hereof (as the case may be) have been complied with as contemplated by this Section 7.04.

SECTION 7.05. DEPOSITED MONEY AND GOVERNMENT SECURITIES TO BE HELD IN TRUST; OTHER MISCELLANEOUS PROVISIONS.

Subject to Section 7.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other

qualifying trustee, collectively for purposes of this Section 7.05, the "Trustee") pursuant to Section 7.04 hereof in respect of the outstanding Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Securities of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 7.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Securities.

Anything in this Article 7 to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the Company's request any money or non-callable Government Securities held by it as provided in Section 7.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered

to the Trustee (which may be the opinion delivered under Section 7.04(i) hereof), are in excess of the amount thereof which would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 7.06. REPAYMENT TO COMPANY.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Security and remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Company on its written request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; PROVIDED, HOWEVER, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the NEW YORK TIMES and THE WALL STREET JOURNAL National edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 7.07. REINSTATEMENT.

If the Trustee or Paying Agent is unable to apply any U.S. Dollars or non-callable Government Securities in accordance with Section 7.02 or 7.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to Section 7.02 or 7.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 7.02 or 7.03 hereof, as the case may be; PROVIDED, HOWEVER, that, if the Company makes any payment of principal of, premium, if any, or interest on any Security

following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Security to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 8
AMENDMENT, SUPPLEMENT AND WAIVER

SECTION 8.01. WITHOUT CONSENT OF HOLDERS.

The Company and the Trustee may amend or supplement this Indenture or the Securities without the consent of any Holder:

(i) to cure any ambiguity, defect or inconsistency;

(ii) to provide for uncertificated Securities in addition to or in place of certificated Securities;

(iii) to provide for any supplemental indenture required pursuant to Section 3.15 hereof;

(iv) to provide for the assumption of the Company's obligations to Holders of Securities in the case of a merger, consolidation or sale of assets pursuant to Article 4 hereof;

(v) to make any change that would provide any additional rights or benefits to the Holders of the Securities or that does not adversely affect the legal rights hereunder of any such Holder; or

(vi) to comply with requirements of the Commission in order to effect or maintain the qualification of this Indenture under the TIA.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such supplemental indenture, and upon receipt by the Trustee of the documents described in Section 8.06 hereof, the Trustee shall join with the Company in the execution of any supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations which may be therein contained, but the Trustee shall not be obligated to enter into such supplemental indenture which affects its own rights, duties or immunities under this Indenture or otherwise.

SECTION 8.02. WITH CONSENT OF HOLDERS.

Except as provided in Section 8.01 and the next succeeding paragraphs, this Indenture or the Securities may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Securities then outstanding (including consents obtained in connection with a tender offer or exchange offer for such Securities), and any existing default or compliance with any provision of this Indenture or the Securities may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Securities (including consents obtained in connection with a tender offer or exchange offer for such Securities).

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders as aforesaid, and upon receipt by the Trustee of the documents described in Section 8.06 hereof, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this

Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Holders under this Section 8.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section becomes effective, the Company shall mail to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or waiver. Subject to Sections 5.04 and 5.07 hereof, the Holders of a majority in aggregate principal amount of the Securities then outstanding may waive compliance in a particular instance by the Company with any provision of this Indenture or the Securities. Without the consent of each Holder affected, however, an amendment or waiver may not (with respect to any Security held by a non-consenting Holder):

(i) reduce the principal amount of Securities whose Holders must consent to an amendment, supplement or waiver;

(ii) reduce the principal of or change the fixed maturity of any Security;

(iii) reduce the rate of or change the time for payment of interest on any Security;

(iv) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Securities (except a rescission of acceleration of the Securities by the Holders of at least a majority in aggregate principal amount thereof and a waiver of the payment default that resulted from such acceleration);

(v) make any Security payable in money other than that stated in the Securities;

(vi) make any change in Section 5.04 or 5.07 hereof; or

(vii) make any change in this sentence of this Section 8.02.

SECTION 8.03. COMPLIANCE WITH TIA.

Every amendment to this Indenture or the Securities shall be set forth in a supplemental indenture that complies with the TIA as then in effect.

SECTION 8.04. REVOCATION AND EFFECT OF CONSENTS.

Until an amendment or waiver becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security. However, any such Holder or subsequent Holder may revoke the consent as to its Security if the Trustee receives written notice of revocation before the date the waiver or amendment becomes effective. An amendment or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

The Company may, but shall not be obligated to, fix a record date for determining which Holders must consent to such amendment or waiver. If the Company fixes a record date, the record date shall be fixed at (i) the later of

30 days prior to the first solicitation of such consent or the date of the most recent list of Holders furnished to the Trustee prior to such solicitation pursuant to Section 2.06 hereof or (ii) such other date as the Company shall designate.

SECTION 8.05. NOTATION ON OR EXCHANGE OF SECURITIES.

The Trustee may place an appropriate notation about an amendment or waiver on any Security thereafter authenticated. The Company in exchange for all Securities may issue and the Trustee shall authenticate new Securities that reflect the amendment or waiver.

Failure to make the appropriate notation or issue a new Security shall not affect the validity and effect of such amendment or waiver.

SECTION 8.06. TRUSTEE TO SIGN AMENDMENTS, ETC.

The Trustee shall sign any amendment or supplemental indenture authorized pursuant to this Article 8 if the amendment does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing or refusing to sign such amendment or supplemental indenture, the Trustee shall be entitled to receive and, subject to Section 6.01, shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel as conclusive evidence that such amendment or Supplemental Indenture is authorized or permitted by this Indenture, that it is not inconsistent herewith, and that it shall be valid and binding upon the Company in accordance with its terms. The Company may not sign an amendment or supplemental indenture until the Board of Directors approves it.

ARTICLE 9
MISCELLANEOUS

SECTION 9.01. TIA CONTROLS.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA Section 318(c), the imposed duties shall control.

SECTION 9.02. NOTICES.

Any notice or communication by the Company or the Trustee to the other is duly given if in writing and delivered in person or mailed by first class mail (registered or certified, return receipt requested), telex, telecopier or overnight air courier guaranteeing next day delivery, to the other's address:

If to the Company:

Tenet Healthcare Corporation
3820 State Street
Santa Barbara, California 93105
Telecopier No.: (805) 563-7070
Attention: Treasurer

With a copy to:

Skadden, Arps, Slate, Meagher & Flom
300 South Grand Avenue, Suite 3400
Los Angeles, California 90071
Telecopier No.: (213) 687-5600
Attention: Brian J. McCarthy

If to the Trustee:

The Bank of New York
101 Barclay Street, 21 West
New York, New York 10286

Telecopier No.: (212) 815-5915
Attention: Corporate Trust Trustee Administration

The Company or the Trustee, by notice to the others may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Unless otherwise set forth above, any notice or communication to a Holder shall be mailed by first class mail, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any notice or communication shall also be so mailed to any Person described in TIA Section 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

SECTION 9.03. COMMUNICATION BY HOLDERS WITH OTHER HOLDERS.

Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

SECTION 9.04. CERTIFICATE AND OPINION AS TO CONDITIONS PRECEDENT.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officers' Certificate (which shall include the statements set forth in Section 9.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel (which shall include the statements set forth in Section 9.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

SECTION 9.05. STATEMENTS REQUIRED IN CERTIFICATE OR OPINION.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA Section 314(a)(4)) shall include:

(1) a statement that the person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been satisfied; PROVIDED, HOWEVER, that with respect to matters of fact, an Opinion of Counsel may rely on an Officers' Certificate or certificates of public officials.

SECTION 9.06. RULES BY TRUSTEE AND AGENTS.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 9.07. LEGAL HOLIDAYS.

A "LEGAL HOLIDAY" is a Saturday, a Sunday or a day on which banking institutions in The City of New York or at a place of payment are authorized or obligated by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

SECTION 9.08. NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND SHAREHOLDERS.

No director, officer, employee, incorporator or shareholder of the Company, as such, shall have any liability for any obligations of the Company under the Securities, the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Securities by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Securities. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the Commission that such a waiver is against public policy.

SECTION 9.09. DUPLICATE ORIGINALS.

The parties may sign any number of copies of this Indenture. One signed copy is enough to prove this Indenture.

SECTION 9.10. GOVERNING LAW.

The internal law of the State of New York, shall govern and be used to construe this Indenture and the Securities, without regard to the conflict of laws provisions thereof.

SECTION 9.11. NO ADVERSE INTERPRETATI0N OF OTHER AGREEMENTS.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or its Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 9.12. SUCCESSORS.

All agreements of the Company in this Indenture and the Securities shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successor.

SECTION 9.13. SEVERABILITY.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, it being intended that all of the provisions hereof shall be enforceable to the full extent permitted by law.

SECTION 9.14. COUNTERPART ORIGINALS.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

SECTION 9.15. TABLE OF CONTENTS, HEADINGS, ETC.

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

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SIGNATURES

Dated as of January 15, 1997

TENET HEALTHCARE CORPORATION

By: /s/ Terence P. McMullen
Name: Terence P. McMullen
Title: Vice President

Attest:

/s/ Richard B. Silver (SEAL)
Richard B. Silver

Dated as of January 15, 1997

THE BANK OF NEW YORK,
as Trustee

By: /s/ Vivian George
Name: Vivian George
Title: Assistant Vice President

Attest:

_____ (SEAL)

By: /s/
Authorized Signatory

EXHIBIT A

(Face of Security)

8% Senior Note
due January 15, 2005

CUSIP: 88033G AF 7
No.

$_____

TENET HEALTHCARE CORPORATION

promises to pay to

_____

or its registered assigns, the principal sum of _____ Dollars on January 15, 2005.

Interest Payment Dates: January 15 and July 15, commencing July 15, 1997.

Record Dates: January 1 and July 1 (whether or not a Business Day).

[(If Security is a Global Security--) This Security is a Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depositary or a nominee thereof. This Security may not be exchanged in whole or in part for a Security registered, and no transfer of this Security in whole or in part may be registered, in the name of any person other than such Depositary or a nominee thereof, except in the limited circumstances described in the Indenture.]

TENET HEALTHCARE CORPORATION

By: _____

(SEAL)

Dated: _____, ____

Trustee's Certificate of Authentication:

This is one of the Securities referred to in the within-mentioned Indenture:

The Bank of New York, as Trustee

By:_____
Authorized Signatory

(Back of Security)

8% SENIOR NOTE
due January 15, 2005

Capitalized terms used herein have the meanings assigned to them in the Indenture (as defined below) unless otherwise indicated.

1. INTEREST. Tenet Healthcare Corporation, a Nevada corporation (the "Company"), promises to pay interest on the principal amount of this Security at the rate and in the manner specified below.

The Company shall pay interest in cash on the principal amount of this Security at the rate per annum of 8%. The Company shall pay interest semiannually in arrears on January 15 and July 15 of each year, commencing July 15, 1997 to Holders of record on the immediately preceding January 1 and July 1, respectively, or if any such date of payment is not a Business Day on the next succeeding Business Day (each an "Interest Payment Date").

Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months. Interest shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of the original issuance of the Securities. To the extent lawful, the Company shall pay interest on overdue principal at the rate of 1% per annum in excess of the interest rate then applicable to the Securities; it shall pay interest on overdue installments of interest (without regard to any applicable grace periods) at the same rate to the extent lawful.

2. METHOD OF PAYMENT. The Company shall pay interest on the Securities (except defaulted interest) to the Persons who are registered Holders of Securities at the close of business on the record date next preceding the Interest Payment Date, even if such Securities are canceled after such record date and on or before such Interest Payment Date. The Holder hereof must surrender this Security to a Paying Agent to collect principal payments. The Company shall pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Principal, premium, if any, and interest shall be payable at the office or agency of the Company maintained for such purpose within the City and State of New York or, at the option of the Company, payment of interest may be made by check mailed to the Holder's registered address. Notwithstanding the foregoing, all payments with respect to Securities, the Holders of which have given appropriate written wire transfer instructions, on or before the relevant record date, to the Paying Agent shall be made by wire transfer of immediately available funds to the accounts specified by such Holders.

3. PAYING AGENT AND REGISTRAR. Initially, the Trustee shall act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar or co-registrar without prior notice to any Holder. The Company and any of its Subsidiaries may act in any such capacity.

4. INDENTURE. The Company issued the Securities under an Indenture, dated as of January 15, 1997 (the "Indenture"), between the Company and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbbb) (the "TIA") as in effect on the date of the Indenture. The Securities are subject to all such terms, and Holders are referred to the Indenture and such act for a statement of such terms. The terms of the Indenture shall govern any inconsistencies between the Indenture and the Securities. The Securities are unsecured general obligations of the Company. The Securities are limited to $900,000,000 in aggregate principal amount.

5. MANDATORY REDEMPTION. Subject to the Company's obligation to make an offer to repurchase Securities under certain circumstances pursuant to Section 3.12 of the Indenture (as described in paragraph 6 below), the Company shall not be required to make any mandatory redemption or sinking fund payments with respect to the Securities.

6. REPURCHASE AT OPTION OF HOLDER. If there is a Change of Control Triggering Event, the Company shall offer to repurchase on the Change of Control Payment Date all outstanding Securities at 101% of the aggregate principal amount thereof plus accrued and unpaid interest thereon to the Change of Control Payment Date. Holders that are subject to an offer to purchase shall receive a Change of Control Offer from the Company prior to any related Change of Control Payment Date and may elect to have such Securities purchased by completing the form entitled "Option of Holder to Elect Purchase" appearing below.

7. DENOMINATIONS, TRANSFER, EXCHANGE. The Securities are in registered

form without coupons, and in denominations of $1,000 and integral multiples of $1,000. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not exchange or register the transfer of any Securities between a record date and the corresponding Interest Payment Date.

8. PERSONS DEEMED OWNERS. Prior to due presentment to the Trustee for registration of the transfer of this Security, the Trustee, any Agent and the Company may deem and treat the Person in whose name this Security is registered as its absolute owner for the purpose of receiving payment of principal of, premium, if any, and interest on this Security and for all other purposes whatsoever, whether or not this Security is overdue, and neither the Trustee, any Agent nor the Company shall be affected by notice to the contrary. The registered Holder of a Security shall be treated as its owner for all purposes.

9. AMENDMENT, SUPPLEMENT AND WAIVERS. Except as provided in the next succeeding paragraphs, the Indenture or the Securities may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Securities then outstanding (including consents obtained in connection with a tender offer or exchange offer for such Securities), and any existing default or compliance with any provision of the Indenture or the Securities may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Securities (including consents obtained in connection with a tender offer or exchange offer for such Securities).

Without the consent of each Holder affected, an amendment or waiver may not (with respect to any Security held by a non-consenting Holder): (i) reduce the principal amount of Securities whose Holders must consent to an amendment, supplement or waiver; (ii) reduce the principal of or change the fixed maturity of any Security; (iii) reduce the rate of or change the time for payment of interest on any Security; (iv) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Securities, (except a rescission of acceleration of the Securities by the Holders of at least a majority in aggregate principal amount thereof and a waiver of the payment default that resulted from such acceleration); (v) make any Security payable in money other than that stated in the Securities; (vi) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders of Securities to receive payments of principal of or premium, if any, or interest on the Securities; or (vii) make any change in the foregoing amendment and waiver provisions.

Notwithstanding the foregoing, without the consent of any Holder of Securities, the Company and the Trustee may amend or supplement the Indenture or the Securities to cure any

ambiguity, defect or inconsistency, to provide for uncertificated Securities in addition to or in place of certificated Securities, to provide for any supplemental Indenture required pursuant to Section 3.15 of the Indenture, to provide for the assumption of the Company's obligations to Holders of Securities in the case of a merger, consolidation or sale of assets pursuant to Article 4 of the Indenture, to make any change that would provide any additional rights or benefits to the Holders of the Securities or that does not adversely affect the legal rights under the Indenture of any such Holder, or to comply with requirements of the Commission in order to effect or maintain the qualification of the Indenture under the TIA.

10. DEFAULTS AND REMEDIES. Events of Default under the Indenture include: (i) a default for 30 days in the payment when due of interest on the Securities; (ii) a default in payment when due of the principal of or premium, if any, on

the Securities, at maturity or otherwise; (iii) a failure by the Company to comply with the provisions of Sections 3.07, 3.09 or 3.12 of the Indenture; (iv) a failure by the Company for 60 days after notice to comply with any of its other agreements in the Indenture or the Securities; (v) any default occurs under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Significant Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Significant Subsidiaries), whether such Indebtedness or Guarantee exists on the date of the Indenture or is created after the date of the Indenture, which default (a) constitutes a Payment Default or (b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or that has been so accelerated, aggregates $25.0 million or more; (vi) failure by the Company or any of its Significant Subsidiaries to pay a final judgment or final judgments aggregating in excess of $25.0 million, which judgment or judgments are not paid, discharged or stayed for a period of 60 days; and (vii) certain events of bankruptcy or insolvency with respect to the Company or any of its Significant Subsidiaries.

If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Securities by written notice to the Company and the Trustee, may declare all the Securities to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company or any of its Significant Subsidiaries, all outstanding Securities shall become due and payable without further action or notice. Holders of the Securities may not enforce the Indenture or the Securities except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Securities notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in the Holders' interest.

If an Event of Default occurs under the Indenture prior to maturity by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding the prohibition on redemption of such Securities prior to the date of maturity, then the premium specified in Section 5.02 of the Indenture shall also become immediately due and payable to the extent permitted by law upon the acceleration of such Securities.

The Holders of not less than a majority in aggregate principal amount of the Securities then outstanding by written notice to the Trustee may on behalf of the Holders of all of the Securities waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of the principal of, premium, if any, or interest on the Securities.

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

The above description of Events of Default and remedies is qualified by reference, and subject in its entirety, to the more complete description thereof contained in the Indenture.

11. RESTRICTIVE COVENANTS. The Indenture imposes certain limitations on the ability of the Company and its Subsidiaries to incur additional indebtedness and issue preferred stock, pay dividends or make other distributions, repurchase Equity Interests or subordinated indebtedness, create certain liens, enter into certain transactions with affiliates, issue or sell Equity Interests of the Company's Subsidiaries, issue Guarantees of Indebtedness by the Company's Subsidiaries and enter into certain mergers and consolidations.

12. TRUSTEE DEALINGS WITH COMPANY. The Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates and may otherwise deal with the Company or its Affiliates, as if it were not Trustee.

13. NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND SHAREHOLDERS. No director, officer, employee, incorporator or shareholder of the Company, as such, shall have any liability for any obligations of the Company under the Securities, the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Securities by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Securities. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the Commission that such a waiver is against public policy.

14. AUTHENTICATION. This Security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

15. ABBREVIATIONS. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN = joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

16. CUSIP NUMBERS. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Securities and has directed the Trustee to use CUSIP numbers as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Securities and reliance may be placed only on the other identification numbers placed thereon.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Request may be made to:

Tenet Healthcare Corporation
3820 State Street
Santa Barbara, California 93105
Attention: Treasurer

17. GOVERNING LAW. The internal laws of the State of New York shall govern and be used to construe the Indenture and the Securities, without regard to conflict of laws provisions thereof.

ASSIGNMENT FORM

To assign this Security, fill in the form below: For value received (I) or (we) hereby sell, assign and transfer this Security to

_____

(Insert assignee's soc. sec. or tax I.D. no.)

_____

_____

_____

_____
(Print or type assignee's name, address and zip code)

and do hereby irrevocably constitute and appoint _____
Attorney to transfer this Security on the books of the Company with full power of substitution in the premises.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Signature Guarantee.*

---

* NOTICE: The Signature must be guaranteed by an Institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (Stamp); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) such other guarantee program acceptable to the Trustee.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have all or any part of this Security purchased by the Company pursuant to Section 3.12 of the Indenture, check the box below:

[ ] Section 3.12
(Change of Control)

If you want to have only part of the Security purchased by the Company pursuant to Section 3.12 of the Indenture, state the amount you elect to have purchased:

$_____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Signature Guarantee.*

---

* NOTICE: The Signature must be guaranteed by an Institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (Stamp); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) such other guarantee program acceptable to the Trustee.

EXHIBIT B

FORM OF SUPPLEMENTAL INDENTURE

SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of _____, between _____ (the "Guarantor"), a subsidiary of Tenet Healthcare Corporation (or its successor), a Nevada corporation (the "Company"), and The Bank of New York, as trustee under the indenture referred to below (the "Trustee").

W I T N E S S E T H

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (the "Indenture"), dated as of January 15, 1997, providing for the issuance of an aggregate principal amount of $900,000,000 of 8% Senior Notes due 2005 (the "Securities");

WHEREAS, Section 3.15 of the Indenture provides that under certain circumstances the Company is required to cause the Guarantor to execute and deliver to the Trustee a supplemental indenture pursuant to which the Guarantor shall guarantee the payment of the Securities pursuant to a Guarantee on the terms and conditions set forth herein; and

WHEREAS, pursuant to Section 8.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guarantor and the Trustee mutually covenant and agree for the equal and ratable benefit of the holders of the Securities as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Guarantor hereby unconditionally guarantees to each Holder of a Security authenticated and delivered by the

Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Securities or the Obligations of the Company hereunder and thereunder, that: (a) the principal of, premium, if any, and interest on the Securities will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal, premium, if any, and (to the extent permitted by law) interest on any interest on the Securities and all other payment Obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full, all in accordance with the terms hereof and thereof and (b) in case of any extension of time of payment or renewal of any Securities or any of such other payment Obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration, redemption or otherwise. Failing payment when due of any amount so guaranteed for whatever reason the Guarantor shall be obligated to pay the same immediately. An Event of Default under the Indenture or the Securities shall constitute an event of default under this Guarantee, and shall entitle the Holders of Securities to accelerate the Obligations of the Guarantor hereunder in the same manner and to the same extent as the Obligations of the Company. The Guarantor hereby agrees that its Obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Securities or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Securities with respect to any provisions hereof or thereof, the recovery of any

judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of the Guarantor. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenant that this Guarantee will not be discharged except by complete performance of the Obligations contained in the Securities and the Indenture. If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Guarantor, or any Custodian, Trustee, liquidator or other similar official acting in relation to either the Company or the Guarantor, any amount paid by either to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. The Guarantor agrees that it shall not be entitled to, and hereby waives, any right of subrogation in relation to the Holders in respect of any Obligations guaranteed hereby. The Guarantor further agrees that, as between the Guarantor, on one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Obligations guaranteed hereby may be accelerated as provided in Article 5 of the Indenture for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such Obligations as provided in Article 5 of the Indenture, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantor for the purpose of this Guarantee.

3. EXECUTION AND DELIVERY OF GUARANTEE. To evidence its Guarantee set forth in Section 2, the Guarantor hereby agrees that a notation of such Guarantee substantially in the form of EXHIBIT A shall be endorsed by an officer of such Guarantor on each Security authenticated and delivered by the Trustee and that this Supplemental Indenture shall be executed on behalf of such Guarantor, by manual or facsimile signature, by its President or one of its Vice Presidents.

The Guarantor hereby agrees that its Guarantee set forth in Section 2 shall remain in full force and effect notwithstanding any failure to endorse on each Security a notation of such Guarantee.

If an Officer whose signature is on this Supplemental Indenture or on the Guarantee no longer holds that office at the time the Trustee

authenticates the Security on which a Guarantee is endorsed, the Guarantee shall be valid nevertheless.

The delivery of any Security by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantee set forth in this Indenture on behalf of the Guarantors.

4. GUARANTORS MAY CONSOLIDATE, ETC. ON CERTAIN TERMS.

(a) Except as set forth in Articles 3 and 4 of the Indenture, nothing contained in this Supplemental Indenture or in the Securities shall prevent any consolidation or merger of the Guarantor with or into the Company or any Subsidiary of the Company that has executed and delivered a supplemental indenture substantially in the form hereof or shall prevent any sale or conveyance of the property of the Guarantor as an entirety or substantially as an entirety, to the Company or any such Subsidiary of the Company.

(b) Except as provided in Section 4(a) hereof or in a transaction referred to in Section 5 hereof, the Guarantor shall not consolidate with or merge with or into, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets to, another Person unless (1) either (x) the Guarantor shall be the surviving Person of such merger or consolidation or (y) the surviving Person or transferee is a corporation, partnership or trust organized and existing under the laws of the United States, any state thereof or the District of Columbia and such surviving Person or transferee shall

expressly assume all the obligations of the Guarantor under this Guarantee and the Indenture pursuant to a supplemental indenture substantially in the form hereof; (2) immediately after giving effect to such transaction (including the incurrence of any Indebtedness incurred or anticipated to be incurred in connection with such transaction) no Default or Event of Default shall have occurred and be continuing; and (3) the Company has delivered to the Trustee an Officers' Certificate and Opinion of Counsel, each stating that such consolidation, merger or transfer complies with the Indenture, that the surviving Person agrees to be bound thereby, and that all conditions precedent in the Indenture relating to such transaction have been satisfied. For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of related transactions) of all or substantially all of the properties and assets of one or more Subsidiaries of the Guarantor, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Guarantor, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Guarantor.

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Guarantor in accordance with this Section 4(b) hereof, the successor corporation shall succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. Such successor corporation thereupon may cause to be signed any or all of the Guarantees to be endorsed upon all of the Securities issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee. All Guarantees so issued shall in all respects have the same legal rank and benefit under the Indenture as the Guarantees theretofore and thereafter issued in accordance with the terms of the Indenture as though all of such Guarantees had been issued at the date of the execution hereof.

5. RELEASES FOLLOWING SALE OF ASSETS. Concurrently with any sale, lease, conveyance or other disposition (by merger, consolidation or otherwise) of assets of the Guarantor (including, if applicable, disposition of all of the Capital Stock of the Guarantor), any Liens in favor of the Trustee in the assets sold, leased, conveyed or otherwise disposed of shall be released. If the assets sold, leased, conveyed or otherwise disposed of (by merger, consolidation or otherwise) include all or substantially all of the assets of the Guarantor or

all of the Capital Stock of the Guarantor in each case, in compliance with the terms of the Indenture, then the Guarantor shall be automatically and unconditionally released from and relieved of its Obligations under its Guarantee. Upon delivery by the Company to the Trustee of an Officers' Certificate to the effect that such sale, lease, conveyance or other disposition was made by the Company in accordance with the provisions of the Indenture, the Trustee shall execute any documents reasonably required in order to evidence the release of the Guarantor from its Obligations under its Guarantee.

6. LIMITATION ON GUARANTOR LIABILITY. For purposes hereof, the Guarantor's liability will be that amount from time to time equal to the aggregate liability of the Guarantor hereunder, but shall be limited to the lesser of (i) the aggregate amount of the Obligations of the Company under the Securities and the Indenture and (ii) the amount, if any, which would not have (A) rendered the Guarantor "insolvent" (as such term is defined in the federal Bankruptcy Law and in the Debtor and Creditor Law of the State of New York) or (B) left it with unreasonably small capital at the time its Guarantee of the Securities was entered into, after giving effect to the incurrence of existing Indebtedness immediately prior to such time; PROVIDED that it shall be a presumption in any lawsuit or other proceeding in which the Guarantor is a party that the amount guaranteed pursuant to its Guarantee is the amount set forth in clause (i) above unless any creditor, or representative of creditors of the Guarantor, or debtor in possession or trustee in bankruptcy of the Guarantor, otherwise proves in such a lawsuit that the aggregate liability of the Guarantor is limited to the amount set forth in clause (ii). In making any determination as to the solvency or sufficiency of capital of the Guarantor in accordance with the previous sentence, the right of the Guarantor to contribution from other Subsidiaries of the Company that

have executed and delivered a supplemental indenture substantially in the form hereof and any other rights the Guarantor may have, contractual or otherwise, shall be taken into account.

7. "TRUSTEE" TO INCLUDE PAYING AGENT. In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting under the Indenture, the term "Trustee" as used in this Supplemental Indenture shall in each case (unless the context shall otherwise require) be construed as extending to and including such Paying Agent within its meaning as fully and for all intents and purposes as if such Paying Agent were named in this Supplemental Indenture in place of the Trustee.

8. NO RECOURSE AGAINST OTHERS. No director, officer, employee, incorporator or stockholder of the Guarantor, as such, shall have any liability for any obligations of the Company or the Guarantor under the Securities, any Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Securities by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securities. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the Commission that such a waiver is against public policy.

9. NEW YORK LAW TO GOVERN. The internal law of the State of New York shall govern and be used to construe this Supplemental Indenture.

10. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

11. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated: _____ __, _____

[Guarantor]

By: _____
Name:
Title:

The Bank of New York,
as Trustee

By: _____
Name:
Title:

EXHIBIT A TO SUPPLEMENTAL INDENTURE
GUARANTEE

The Guarantor hereby unconditionally guarantees to each Holder of a Security authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Securities or the Obligations of the Company to the Holders or the Trustee under the Securities or under the Indenture, that: (a) the principal of, and premium, if any, and interest on the Securities will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on overdue principal, premium, if any, and (to the extent permitted by law) interest on any interest on the Securities and all other payment Obligations of the Company to the Holders or the Trustee under the Indenture or under the Securities will be promptly paid in full, all in accordance with the terms thereof; and (b) in case of any extension of time of payment or renewal of any Securities or any of such other payment Obligations, the same will be promptly paid in full when due in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration, redemption or otherwise. Failing payment when due of any amount so guaranteed, for whatever reason, the Guarantor shall be obligated to pay the same immediately.

The obligations of the Guarantor to the Holders of Securities and to the Trustee pursuant to this Guarantee and the Indenture are expressly set forth in a Supplemental Indenture, dated as of _____ __, _____ to the Indenture, and reference is hereby made to the Indenture, as supplemented, for the precise terms of this Guarantee.

This is a continuing Guarantee and shall remain in full force and effect and shall be binding upon the Guarantor and its respective successors and assigns to the extent set forth in the Indenture until full and final payment of

all of the Company's Obligations under the Securities and the Indenture and shall inure to the benefit of the successors and assigns of the Trustee and the Holders of Securities and, in the event of any transfer or assignment of rights by any Holder of Securities or the Trustee, the rights and privileges herein conferred upon that party shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof. This a Guarantee of payment and not a guarantee of collection.

This Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Security upon which this Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized signatories.

For purposes hereof, the Guarantor's liability will be that amount from time to time equal to the aggregate liability of the Guarantor hereunder, but shall be limited to the lesser of (i) the aggregate amount of the Obligations of the Company under the Securities and the Indenture and (ii) the amount, if any, which would not have (A) rendered the Guarantor "insolvent" (as such term is defined in the federal Bankruptcy Law and in the Debtor and Creditor Law of the State of New York) or (B) left it with unreasonably small capital at the time its Guarantee of the Securities was entered into, after giving effect to the incurrence of existing Indebtedness immediately prior to such time; PROVIDED that it shall be a presumption in any lawsuit or other proceeding in which the Guarantor is a party that the amount guaranteed pursuant to its Guarantee is the amount set forth in clause (i) above unless any creditor, or representative of creditors of the Guarantor, or debtor in possession or trustee in bankruptcy of the Guarantor, otherwise proves in such a lawsuit that the aggregate liability of the Guarantor is limited to the amount set forth in clause (ii). The Indenture provides that, in making any determination as to the solvency or sufficiency of capital of a Guarantor in accordance with the previous sentence, the right of

the Guarantor to contribution from other Subsidiaries of the Company that have become Guarantors and any other rights the Guarantor may have, contractual or otherwise, shall be taken into account.

Capitalized terms used herein have the same meanings given in the Indenture unless otherwise indicated.

[GUARANTOR]

By: _____
Name:
Title:

Exhibit 10(n)

TENET HEALTHCARE CORPORATION

AMENDED AND RESTATED

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

As of October 9, 2001

Originally Dated November 1, 1984

Amended May 21, 1986

Amended April 25, 1994

Amended July 25, 1994

Amended January 28, 1997

Restated as of May 31, 1998

Amended and Restated as of October 9, 2001

TENET HEALTHCARE CORPORATION
AMENDED AND RESTATED
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
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TENET HEALTHCARE CORPORATION

AMENDED AND RESTATED

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Section 1 – Statement of Purpose

The Supplemental Executive Retirement Plan (the "Plan") has been adopted by Tenet Healthcare Corporation ("Tenet") to attract, retain, motivate and provide financial security to highly compensated or management employees (the "Participants") who render valuable services to Tenet and its Subsidiaries.

Section 2 – Definitions

2.1 Acquisition. "Acquisition" refers to a company of which substantially all of its assets or a majority of its capital stock are acquired by, or which is merged with or into, Tenet or a Subsidiary.

2.2 Actual Final Average Earnings. "Actual Final Average Earnings" means the highest average monthly Earnings for any 60 consecutive months during the ten years, or actual employment period if less, preceding Termination of Employment.

2.3 Agreement. "Agreement" means a written agreement substantially in the form of Exhibit A between Tenet and a Participant.

2.4 Committee. "Committee" means the Compensation and Stock Option Committee of the Board of Directors of Tenet.

2.5 Change of Control. "Change of Control" of Tenet shall be deemed to have occurred if either (a) any person as such term is used in Sections 13(c) and 14(d)(2) of the Securities Exchange Act of 1934, as amended, is or becomes the beneficial owner directly or indirectly of securities of Tenet representing 20% or more of the combined voting power of Tenet's then outstanding securities or (b) individuals who, as of April 1, 1994, constitute the Board of Directors of Tenet (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that (i) any individual who becomes a director of Tenet subsequent to April 1, 1994, whose election, or nomination for election by the Tenet's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed to have been a member of the Incumbent Board and (ii) no individual who was elected initially (after April 1, 1994) as a director as a result of an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended, or any other actual or threatened solicitations of proxies or consents by or on behalf of any person other than the Incumbent Board shall be deemed to have been a member of the Incumbent Board.

2.6 Date of Employment. "Date of Employment" means the date on which a person began to perform Services directly for Tenet or a Subsidiary as a result of an Acquisition or becoming an Employee.

2.7 Date of Enrollment. "Date of Enrollment" means the date on or after June 1, 1984 on which an Employee first becomes a Participant in the Plan, provided that any Employee who becomes a Participant prior to June 1, 1985 shall be deemed to have a Date of Enrollment of the later of Date of Employment or June 1, 1984.

2.8 Disability. "Disability" means any Termination of Employment during the life of a Participant and prior to Normal Retirement or Early Retirement by reason of a Participant's total and permanent disability, as determined by the Committee, in its sole and absolute discretion. A Participant, who makes application for and qualifies for disability benefits under Tenet's Group Long-Term Disability Plan or under any similar plan provided by Tenet or a Subsidiary, as now in effect or as hereinafter amended (the "LTD Plans"), shall usually qualify for Disability under this Plan, unless the Committee determines that the Participant is not totally and permanently disabled. A Participant who fails to qualify for disability benefits under the LTD Plans (whether or not the Participant makes application for disability benefits thereunder) shall not be deemed to be totally and permanently disabled under this Plan, unless the Committee otherwise determines, based upon the opinion of a qualified physician or medical clinic selected by the Committee to the effect that a condition of total and permanent disability exists.

2.9 Early Retirement. "Early Retirement" means any Termination of Employment during the life of a Participant prior to Normal Retirement and after the Participant attains age 55 and has completed ten Years of Service or attains age 62 with no minimum Years of Service.

2.10 Earnings. "Earnings" means the base salary paid to a Participant by Tenet or a Subsidiary, excluding bonuses, car and other allowances and other cash and non-cash compensation. However, for all Participants actively at work on or after February 1, 1997 as full-time, regular employees, "Earnings" means the base salary, any annual cash award paid under Tenet's annual incentive plan and any discretionary awards made under Tenet's deferred compensation plan(s) by Tenet or a Subsidiary to such Participant, but shall exclude car and other allowances and other cash and non-cash compensation.

2.11 Eligible Children. "Eligible Children" means all natural or adopted children of a Participant under the age of 21, including any child conceived prior to the death of a Participant.

2.12 Employee. "Employee" means any person who regularly performs Services on a full-time basis (that is, works a minimum of 32 hours a week) for Tenet or a Subsidiary and receives a salary plus employee benefits normally made available to persons of similar status.

2.13 Employment or Service. "Employment" or "Service" means any continuous period during which an Employee is actively engaged in performing services for Tenet and its Subsidiaries plus the term of any leave of absence approved by the Committee.

2.14 Existing Retirement Benefit Plans Adjustment Factor. "Existing Retirement Benefit Plans Adjustment Factor or Factors" means the assumed benefit the Participant would be eligible for under Social Security and all retirement plans of Tenet and its Subsidiaries whether or not he participates in such plans. This Factor will be used for calculating all benefits under the Plan and is a projection of the benefits payable under the Social Security regulations in effect June 1, 1984, and retirement plans of

Tenet in effect on June 1, 1984, or the participant's Date of Enrollment in the Plan, if later. Once established for a Participant this Factor will not thereafter be altered to reflect any reduction in benefits under Social Security. This Factor will be adjusted to reflect changes in benefits under Tenet retirement plans if a Participant is transferred to different retirement plans or the Company contribution to a retirement plan is increased or decreased from the percentage used for original calculation of the Participant's Factor or the Participant becomes eligible for other retirement plans adopted by the Company which would provide benefits greater or less than the Plan considered in calculating the Participant's original Factor, except that such Factor for Participant's who are regular, full-time employees actively at work with the Company on April 1, 1994, with the corporate office or a division or Subsidiary that is not announced as a discontinued operation shall be revised based upon the Participant's actual base salary as of April 1, 1994, but no Factor will be increased as a result of revision of the Factor to use the base salary as of April 1, 1994; provided, however, for a Participant who is a full-time, regular employee actively at work on or after February 1, 1997, the Existing Retirement Benefit Plans Adjustment Factor shall be applied only to the base salary component of Final Average Earnings.

2.15 Final Average Earnings. "Final Average Earnings" means the lesser of (i) Actual Final Average Earnings, or (ii) if the Participant has completed at least sixty (60) months of service, Projected Final Average Earnings; however, for a Participant who is actively at work as a full-time, regular employee on or after February 1, 1997 "Final Average Earnings" means Actual Final Average Earnings.

2.16 Normal Retirement. "Normal Retirement" means any Termination of Employment during the life of a Participant on or after the date on which the Participant attains age 65.

2.17 Participant. "Participant" means any Employee selected to participate in this Plan by the Committee, in its sole and absolute discretion.

2.18 Prior Service Credit Percentage. "Prior Service Credit Percentage" means the percentage to be applied to a Participant's Years of Service with Tenet and its Subsidiaries prior to his or her Date of Enrollment in the Plan, in accordance with the following formula:

Years of Service After Date of Enrollment	Prior Service Credit Percentage
During 1st year	25
During 2nd year	35
During 3rd year	45
During 4th year	55
During 5th year	75
After 5th year	100

2.19 Projected Earnings. "Projected Earnings" means the (a) actual Earnings of the Participant on the Date of Enrollment plus an assumed increase of eight percent per annum, or (b) for Participants who are regular full-time employees actively at work on April 1, 1994, with the corporate office or a division or a subsidiary that has not been declared to be a discontinued operation, the actual Earnings of the Participant on April 1, 1994, plus an assumed increase of eight percent per annum.

2.20 Projected Final Average Earnings. "Projected Final Average Earnings" means the average of a Participant's Projected Earnings during the 60 months preceding Termination of Employment.

2.21 Subsidiary. A "Subsidiary" of the Company is any corporation, partnership, venture or other entity in which the Company owns 50% of the capital stock or otherwise has a controlling interest as determined by the Committee, in its sole and absolute discretion.

2.22 Surviving Spouse. "Surviving Spouse" means the person legally married to a Participant for at least one year prior to the Participant's death or Termination of Employment.

2.23 Termination of Employment. "Termination of Employment" means the ceasing of the Participant's Employment for any reason whatsoever, whether voluntarily or involuntarily.

2.24 Year. A "Year" is a period of twelve consecutive calendar months.

2.25 Year of Service. "Year of Service" means each complete year (up to a maximum of 20) of continuous Service (up to age 65) as an Employee of Tenet and its Subsidiaries beginning with the Date of Employment with Tenet and its Subsidiaries. Years of Service shall be deemed to have begun as of the first day of the calendar month of Employment and to have ceased on the last day of the calendar month of Employment.

Section 3 – Retirement Benefits

3.1 Normal Retirement Benefit.

a. Upon a Participant's Normal Retirement, the Company agrees to pay to the Participant a monthly Normal Retirement Benefit for the Participant's lifetime which is determined in accordance with the Benefit Formula set forth below, adjusted by the Vesting Percentage in Section 3.3. Except as provided below, the amount of such monthly Normal Retirement Benefit will be determined by using the following formula:

$$X = A \times [B1 + [B2 \times C]] \times [2.7\% - D] \times E$$

X = Normal Retirement Benefit
A = Final Average Earnings
B1 = Years of Service After Date of Enrollment
B2 = Years of Service Prior to Date of Enrollment
C = Prior Service Credit Percentage
D = Existing Retirement Benefit Plans Adjustment Factor
E = Vesting Percentage

Note: B1 and B2 Years of Service combined cannot exceed 20 years.

b. In the event of the death or Disability of a Participant at any age or the Normal or Early Retirement of a Participant after age 60, the Normal or Early Retirement Benefit will be determined on the basis of a Prior Service Credit Percentage of 100.

c. If a Participant who is receiving a Normal Retirement Benefit dies, his or her Surviving Spouse or Eligible Children shall be entitled to receive (in accordance with Sections 3.5 and 3.6) 50% of the Participant's Normal Retirement Benefit.

d. If a Participant who is eligible for Normal Retirement dies while an Employee of the Company after attaining age 65, his or her Surviving Spouse or Eligible Children shall be entitled to receive (in accordance with Sections 3.5 and 3.6) the installments of

the Normal Retirement Benefit which would have been payable to the Surviving Spouse or Eligible Children in accordance with this Section 3.1 as if the Participant had retired on the day before he or she died.

3.2 Early Retirement Benefit.

a. Upon a Participant's Early Retirement, Tenet shall pay the Participant a monthly Early Retirement Benefit for the Participant's lifetime commencing on the first day of the calendar month following the date he or she attains age 65, calculated in accordance with Section 3.1 and Section 3.3 with the following adjustments:

(i) Only the Participant's actual Years of Service, adjusted appropriately for the Prior Service Credit Percentage, as of the date of Early Retirement shall be used.

(ii) For purposes of determining the Actual Final Average Earnings and Projected Final Average Earnings, only the Participant's Earnings and Projected Earnings as of the date of Early Retirement shall be used.

(iii) To arrive at the payments to commence at age 65 for a Participant whose termination occurs prior to February 1, 1997 the amount calculated under paragraphs a(i) and a(ii) of this Section 3.2 will be reduced by 0.42% for each month Early Retirement commences before age 62. To arrive at the payments to commence at age 65 for a Participant who is actively at work as a full-time, regular employee on or after February 1, 1997, the amount calculated under paragraphs a(i) and a(ii) of this Section 3.2 will be reduced by 0.25% for each month Early Retirement commences before age 62.

b. Upon the written request of a Participant prior to termination of employment, the Committee, in its sole and absolute discretion, may authorize payment of the Early Retirement Benefit at a date prior to the Participant"s attainment of age 65; provided, however, that in such event the amount calculated under paragraphs a(i) and a(iii) of this Section 3.2 shall be further reduced by 0.42% for each month that the date of the commencement of payment precedes the date on which the Participant will attain age 62; however, for a Participant who is actively at work as a full-time, regular employee on or after February 1, 1997, the amount of further reduction under paragraphs a(i) and a(iii) of this Section 3.2 shall be 0.25% for each month that the date of commencement of payment precedes the date on which the Participant will attain age 62.

c. If a Participant dies after commencement of payment of his or her Early Retirement Benefit, the Surviving Spouse or Eligible Children shall be entitled to receive (in accordance with Sections 3.5 and 3.6) 50% of the Participant's Early Retirement Benefit.

d. If a Participant dies after his or her Early Retirement but before benefits have commenced, or while on Disability, the Surviving Spouse or Eligible Children shall be entitled to receive (in accordance with Sections 3.5 and 3.6) 50% of the benefit that would have been payable on the date the Participant elected to have benefits commence.

e. If a Participant dies after becoming eligible for Early Retirement but before taking Early Retirement or while on Disability, the Surviving Spouse or Eligible Children shall be entitled to receive (in accordance with Sections 3.5 and 3.6) 50% of the Participant's Early Retirement Benefit determined as if the Participant had retired on the day prior to his or her death with payments commencing on the first of the month following the Participant's death. The benefits payable to a Surviving Spouse or Eligible Children under this paragraph shall be no less than the benefits payable to a Surviving Spouse or Eligible Children under Section 3.4 as if the Participant had died immediately prior to age 55.

3.3 Vesting of Retirement Benefit. A Participant's interest in his or her Retirement Benefit shall, subject to Sections 5.5 and 5.7, vest in accordance with the following schedule:

Years of Service	Vesting
Less than 5	-0-
5 but less than 6	25%
6 through 20	5% per year

Notwithstanding the foregoing, a Participant who is at least 60 years old and who has completed at least five years of Service will be fully vested, subject to Sections 5.5 and 5.7, in his or her Retirement Benefits. No Years of Service will be credited for Service after age

65 or for more than 20 years.

3.4 Termination Benefit. Upon any Termination of Employment of the Participant before Normal Retirement or Early Retirement for reasons other than death or Disability, Tenet shall pay, commencing at age 65, to the Participant a Retirement Benefit calculated under Section 3.1 and 3.3 but with the following adjustments:

a. Only the Participant's actual Years of Service, adjusted appropriately for the Prior Service Credit Percentage, as of the date of Termination of Employment shall be used.

b. For purposes of determining the Actual Final Average Earnings and the Projected Final Average Earnings, as used in Section 3.1, only the Participant's Earnings and Projected Earnings prior to the date of his or her Termination of Employment shall be used.

c. (i) If a Participant dies after commencement of payment of his or her Retirement Benefit under this Section 3.4, the Surviving Spouse or Eligible Children shall be entitled at Participant's death to receive (in accordance with Sections 3.5 and 3.6) 50% of the Participant's Retirement Benefit.

(ii) If a Participant, who has a vested interest under Section 3.3, dies after Termination of Employment but at death is not receiving any Retirement Benefits under this Plan, the Surviving Spouse or Eligible Children shall be entitled to receive (in accordance with Sections 3.5 and 3.6) commencing on the date when the Participant would have attained age 65, 50% of the Retirement Benefit which would have been payable to the Participant at age 65.

(iii) If a Participant, who has a vested interest under Section 3.3, dies while still actively employed by Tenet or a Subsidiary or on Disability before he or she was eligible for Early Retirement, his or her Surviving Spouse or Eligible Children shall be entitled at the Participant"s death to receive 50% of the Retirement Benefit (in accordance with Sections 3.5 and 3.6) calculated as if the Participant was age 55 and eligible for Early Retirement on the day before the Participant"s death; provided, however, that the combined reductions for Early Retirement and early payment shall not exceed 21% of the amount calculated under paragraphs a(i) and a(ii) of Section 3.2.

d. To arrive at the payments to commence at age 65, the amount calculated under paragraphs (a), (b), (c)(i) and (c)(ii) of this Section 3.4 will be reduced by the maximum percentage reduction for Early Retirement at age 55 (i.e., 21%).

3.5 Duration of Benefit Payment. Normal and Early Retirement Benefit payments shall be for the life of the Participant. Surviving Spouse Benefit payments shall be for the Spouse's lifetime. All benefits payable to the Surviving Spouse are subject to actuarial reduction if spouse is more than three years younger than the Participant. Eligible Children Benefit payments shall be made until the youngest of the Eligible Children reaches 21.

3.6 Recipients of Benefit Payments. If a Participant dies without a Surviving Spouse but is survived by any Eligible Children, then benefits will be paid to the Eligible Children or their legal guardian, if applicable. The total monthly benefit payable will be equal to the monthly benefit that a Surviving Spouse would have received without actuarial reduction. This benefit will be paid in equal shares to all Eligible Children until the youngest of the Eligible Children attains age 21. If the Surviving Spouse dies after the death of the Participant but is survived by Eligible Children then the total monthly benefit previously paid to the Surviving Spouse will be paid in equal shares to all Eligible Children until the youngest of the Eligible Children attains age 21. When any of the Eligible Children reaches 21, his or her share will be reallocated equally to the remaining Eligible Children.

3.7 Disability. Any Participant, who is under Disability upon reaching age 65 will be paid the Normal Retirement Benefit in accordance with Sections 3.1 and 3.3. Upon a Participant's Disability while an Employee of the Company, the Participant will continue to accrue Years of Service during his or her Disability until the earliest of his or her:

a. Recovery from Disability,

b. His or her 65th Birthday, or

c. Death,

If a Participant is receiving Disability payments, he or she shall not be entitled to receive an Early Retirement Benefit. For purposes of calculating the foregoing benefits, the Participant's Actual Final Average Earnings and Projected Final Average Earnings shall be determined using his or her Earnings and Projected Earnings up to the date of Disability.

3.8 Change of Control.

a. In the event of a Change of Control of Tenet while this Plan remains in effect, (i) a Participant's Retirement Benefits hereunder (a) will be determined on the basis of receiving full Prior Service Credit under Sections 3.1 and 3.2 for all Years of Service prior to his or her Date of Enrollment and (b) will be fully vested in the Participant without regard to his or her Years of Service with Tenet and its Subsidiaries and (ii), notwithstanding any other provisions of the Plan, a Participant will be entitled to receive the Normal Retirement Benefit on or after age 60 with no reduction by virtue of paragraphs a(iii) and b of Section 3.2.

b. For a Participant who is a regular, full-time employee actively at work on April 1, 1994, with the corporate office or a division or a Subsidiary which has not been declared to be a discontinued operation, who has not yet begun to receive benefit payments under the Plan and whose employment is Terminated without cause or who voluntarily Terminates Employment following (a) a material downward change in the functions, duties, or responsibilities which reduce the rank or position of the Participant, (b) (i) a reduction in the Participant's annual base salary, or (ii) a material reduction in the Participant's annual incentive plan bonus payment other than for financial performance as it broadly applies to all similarly situated active Participants in the same plan, or (iii) a material reduction in the Participant's retirement or supplemental retirement benefits that does not broadly apply to all active Participant's in the same plan, or (c) a transfer of a Participant's office to a location that is more than fifty (50) miles from the Participant's current principal office location, if such Termination of Employment occurs within two years following a Change of Control of Tenet while this Plan remains in effect, the provisions of Section 3.8(a) above shall not apply and (i) a Participant's Early or Normal Retirement Benefits under this Plan (a) will be determined on the basis of (I) receiving full Prior Service Credit under Sections 3.1 and 3.2 for all Years of Service prior to his or her Date of Enrollment and (II) being credited with three additional years to his or her Years of Service (with total Years of Service not to exceed 20 years) and (b) will be fully vested in the Participant without regard to his or her Years of Service with Tenet and its Subsidiaries, (ii) will be determined by replacing the definition of "Earnings" under Section 2.10 hereof with the following "the base salary and

the annual cash bonus paid to a Participant by Tenet or a Subsidiary, excluding (A) any cash bonus paid under the LTIP, (B) any car and other allowances and (C) other cash and non-cash compensation", and (iii) notwithstanding any other provision of this Plan to the contrary, a Participant will be entitled to receive the Normal Retirement Benefit on or after the age of 60, without reduction, and after the age of 55 with a reduction of 0.25% per month for each month for which the benefit commences to be paid prior to the Participant's attaining the age of 60 and after the age of 50 with the foregoing reduction from age 60 to age 55 and with a reduction to 0.56% per month for each month for which the benefit commences to be paid prior to the Participant's attaining the age of 55. No other reductions set forth in Sections 3.2(a)(iii) and 3.2(b) will apply.

c. For a Participant who (a) is an active, full-time employee, (b) has not yet begun to receive benefit payments under the Plan and (c) is involuntarily terminated from employment without cause or voluntarily terminates employment pursuant to Section 3.8(b) above, within two years following a Change of Control of Tenet while this Plan remains in effect, the provisions of Section 5.7(ii) below shall not apply.

3.9 Golden Parachute Cap. Notwithstanding any provision in this Plan to the contrary, in no event shall the total present value of all payments under this Plan that are payable to a Participant and are contingent upon a Change of Control in accordance with the rules set forth in Section 280G of the Internal Revenue Service Code of 1986, as amended (the "Code") and the Treasury Regulations thereunder, when added to the present value of all other payments, other than payments that are made pursuant to

this Plan, that are payable to a Participant and are contingent upon a Change of Control, exceed an amount equal to two hundred and ninety-nine percent (299%) of the Participant's "base amount"as that term is defined in Section 280G of the Code. For purposes of making a calculation under this Section 3.9, the determination of the portion of a payment that shall be treated as contingent upon a Change of Control shall be made in accordance with Proposed Treasury Regulations Section 1.280G-1Q/A-24.

Section 4 – Payment

4.1 Commencement of Payments. Payments under this Plan shall begin not later than the first day of the calendar month following the occurrence of an event which entitles a Participant (or a Surviving Spouse or Eligible Children) to payments under this Plan.

4.2 Withholding; Unemployment Taxes. To the extent required by the law in effect at the time payments are made, Tenet shall withhold from payments made hereunder any taxes required to be withheld by the Federal or any state or local government.

4.3 Recipients of Payments. All payments to be made by Tenet under the Plan shall be made to the Participant during his or her lifetime. All subsequent payments under the Plan shall be made by Tenet to Participant's Surviving Spouse, Eligible Children or their guardian, if applicable.

4.4 No Other Benefits. Tenet shall pay no benefits hereunder to the Participant, his or her Surviving Spouse, Eligible Children or their legal guardian, if applicable, by reason of Termination of Employment or otherwise, except as specifically provided herein.

4.5 Lump Sum Distributions. At any time following a Termination of Employment which occurs within two (2) years after a Change of Control or following an Early Retirement or a Normal Retirement, a Participant, or the Surviving Spouse of a Participant, who has a vested interest in the Plan may elect to receive a lump sum payment, in an amount determined below, sixty (60) days after giving notice to the Committee of the Participant's, or the Participant's Surviving Spouse's, desire to receive such lump sum benefit. The date of the notice shall be the "Commencement Date."The lump sum payment shall be determined in accordance with the following provisions of this Section 4.5, and then shall be reduced by a penalty equal to ten percent (10%) of such payment which shall be forfeited to Tenet. However, the penalty shall not apply if the Committee determines, based on the advice of counsel or a final determination by the Internal Revenue Service or any court of competent jurisdiction, that by reason of the foregoing elective provisions of this Section 4.5 any Participant, Surviving Spouse or Eligible Children has recognized or will recognize gross income for federal income tax purposes under this Plan in advance of payment to him or her of Plan benefits. Tenet shall notify all Participants (and Surviving Spouses or Eligible Children of deceased Participants) of any such determination. Wherever any such determination is made, Tenet shall refund all penalties which were imposed hereunder on account of making lump sum payments at any time during or after the first year to which such determination applies (i.e., the first year when gross income is recognized for federal income tax purposes). Interest shall be paid on any such refunds based on an interest factor determined under Section 4.5b hereof. The Committee may also reduce or eliminate the penalty if it determines that this action will not cause any Participant to recognize gross income for federal income

tax purposes under this Plan in advance of payment to him or her of Plan benefits. Notwithstanding any other provision of this Plan, a penalty shall not apply if a retired Participant or the Surviving Spouse or Eligible Children of a deceased Participant receives a lump sum distribution due to a financial hardship. The Committee shall determine whether a financial hardship exists in its sole discretion, but in good faith and on a uniform, nondiscriminatory and reasonable basis. A hardship distribution shall be a cash payment not to exceed the amount necessary to relieve the hardship.

a. When monthly benefit payments have not yet commenced and the Participant is living on the Commencement Date, the lump sum payment (prior to the ten percent (10%) reduction) shall equal the lump sum value of the Participant's Early Retirement Benefit or Normal Retirement Benefit as of the Commencement Date. The amount described in this Section 4.5a shall include, in addition, in the case of a Participant who has a spouse or Eligible Children on the Commencement Date, the lump sum value, determined as of such date, of any benefit payable to a Surviving Spouse or Eligible Children by reason of the Participant's death on or after such date assuming such spouse would qualify as a Surviving Spouse on and after such date. The lump sum amount representing the value of the benefits described in the preceding two sentences shall be computed (i) first by reducing the amount of the Participant's monthly benefit payable under Section 3.2 hereof, if the Participant's Commencement Date occurs before the Participant's Normal Retirement date, (ii) then determining the survivor benefit which would be payable to a Surviving Spouse or Eligible Children in respect of such

monthly benefit under Section 3.1c or Section 3.2c whichever is applicable, and (iii) next commuting such benefits to their lump sum equivalent at the Commencement Date by reference to the factor described in Section 4.5b. In computing the Participant's monthly benefit under clause (i) of the preceding sentence, if the Commencement Date occurs before the earliest date when the Participant may commence to receive his or her Early Retirement Benefit, the Participant's Early Retirement Benefit shall be computed as the annual actuarial equivalent of the Early Retirement Benefit which would be payable to him or her at the earliest date when benefits could commence under the Early Retirement provisions of Section 3.2, in the form of a single life annuity.

When annual benefits have previously commenced, the lump sum payment (prior to the ten percent (10%) reduction) shall be equal to the difference between (A) minus (B) below, determined as of the Participant's Commencement Date, accumulated to the date of the lump sum payment using the same interest rate which is used in calculating the amounts (A) and (B):

(A) The lump sum value of the monthly benefits payable to the Participant (including any benefit payable to the Surviving Spouse or Eligible Children) determined as of the Participant's Commencement Date in the same manner as described in the previous paragraph.

(B) The lump sum value of the monthly benefits previously paid to the Participant discounted to the Participant's Commencement Date.

When a Surviving Spouse of a deceased Participant elects to receive a lump sum payment, the amount of the lump sum payment shall be determined by the Committee in a manner similar to that used for a Participant, except that the lump sum payment shall only reflect the benefit which would be payable to a Surviving Spouse and Eligible Children. All lump sum equivalents hereunder shall be determined by reference to the factor described in Section 4.5b.

b. The factor described in this Section 4.5b is the actuarial equivalence factor of the Pension Benefit Guaranty Corporation applicable to plans terminating on the Commencement Date.

Section 5 – Conditions Related to Benefits

5.1 Administration of Plan. The Committee has been authorized to administer the Plan and to interpret, construe and apply its provisions in accordance with its terms. The Committee shall administer the Plan and shall establish, adopt or revise such rules and regulations as it may deem necessary or advisable for the administration of the Plan. All decisions of the Committee shall be by vote or written consent of the majority of its members and shall be final and binding. Members of the Committee shall not be eligible to participate in the Plan while serving as a member of the Committee.

5.2 No Right to Assets. Neither a Participant nor any other person shall acquire by reason of the Plan any right in or title to any assets, funds or property of Tenet and its subsidiaries whatsoever including, without limiting the generality of the foregoing, any specific funds or assets which Tenet, in its sole discretion, may set aside in anticipation of a liability hereunder. Tenet has established the 1994 Supplemental Executive Retirement Plan Trust, dated May 25, 1994 and amended and restated on July 25, 1994 (the "Trust"). Without limiting the generality of the foregoing, Section 1(d) of the Trust provides as follows:

Plan participants and their beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of Tenet. Any rights created under the Plan and this Agreement shall be mere unsecured contractual rights of Plan participants and their beneficiaries against Company. Any assets held by the Trust will be subject to the claims of Company"s general creditors under federal and state law in the event of Insolvency, as defined in Section 3(a) herein.

A Participant shall have only an unsecured contractual right to the amounts, if any, payable hereunder.

5.3 No Employment Rights. Nothing herein shall constitute a contract of continuing employment or in any manner obligate Tenet and its Subsidiaries to continue the service of a Participant, or obligate a Participant to continue in the service of Tenet and its Subsidiaries, and nothing herein shall be construed as fixing or regulating the compensation paid to a Participant.

5.4 Right to Terminate or Amend. Except during any two year period after any Change of Control of Tenet, Tenet reserves the sole right to terminate the Plan at any time and to terminate an Agreement with any Participant at any time. In the event of termination of the Plan or of a Participant's Agreement, a Participant shall be entitled to only the vested portion of his or her accrued benefits under Section 3 of the Plan as of the time of the termination of the Plan or his or her Agreement. All further vesting and benefit accrual shall cease on the date of Plan or Agreement termination. Benefit payments would be in the amounts specified and would commence at the time specified in Section 3 as appropriate. Tenet further reserves the right in its sole

discretion to amend the Plan in any respect except that Plan benefits cannot be reduced during any two-year period after any Change of Control of Tenet. No amendment of the Plan (whether there has or has not been a Change of Control of Tenet) that reduces the value of the benefits theretofore accrued and vested by the Participant shall be effective.

5.5 Eligibility. Eligibility to participate in the Plan is expressly conditional upon an Employee's furnishing to Tenet certain information and taking physical examinations and such other relevant action as may be reasonably requested by Tenet. Any Employee Participant who refuses to provide such information or to take such action shall not be enrolled as or cease to be a Participant under the Plan. Any Participant who commits suicide during the two-year period beginning on the date of his or her Agreement, or who makes any material misstatement of information or non-disclosure of medical history, will not receive any benefits hereunder unless, in the sole discretion of the Committee, benefits in a reduced amount are awarded.

5.6 Offset. If at the time payments or installments of payments are to be made hereunder, any Participant or his or her Surviving Spouse or both are indebted to Tenet and its Subsidiaries, then the payments remaining to be made to the Participant or his or her Surviving Spouse or both may, at the discretion of the Committee, be reduced by the amount of such indebtedness; provided, however, than an election by the Committee not to reduce any such payment or payments shall not constitute a waiver of any claim for such indebtedness.

5.7 Conditions Precedent. No Retirement Benefits will be payable hereunder to any Participant (i) whose Employment with Tenet or a Subsidiary is terminated because of his or her willful misconduct or gross negligence in the performance of his or her

duties or (ii) who within 3 years after Termination of Employment becomes an employee with or consultant to any third party engaged in any line of business in competition with Tenet and its Subsidiaries (a) in a line of business in which Participant has performed Services for Tenet and its Subsidiaries or (b) that accounts for more than ten percent (10%) of the gross revenues of Tenet and its Subsidiaries taken as a whole.

Section 6 – Miscellaneous.

6.1 Non-assignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance any provision hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any person's bankruptcy or insolvency. Tenet may assign this Plan to any Subsidiary which employs any Participant.

6.2 Gender and Number. Wherever appropriate herein, the masculine may mean the feminine and the singular may mean the plural or vice versa.

6.3 Notice. Any notice required or permitted to be given to the Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the principal office of Tenet, directed to the attention of the Secretary of the Committee. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark or on the receipt for registration or certification.

6.4 Validity. In the event any provision of this Plan is held invalid, void or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of this Plan.

6.5 Applicable Law. This Plan shall be governed and construed in accordance with the laws of the State of California.

6.6 Successors in Interest. This Plan shall inure to the benefit of, be binding upon, and be enforceable by, any corporate successor to Tenet or successor to substantially all of the assets of Tenet.

6.7 No Representation on Tax Matters. Tenet makes no representation to Participants regarding current or future income tax ramifications of the Plan.

THIRD AMENDED AND RESTATED

TENET 2001

DEFERRED COMPENSATION PLAN

THIRD AMENDED AND RESTATED
TENET 2001
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ARTICLE I
PREAMBLE AND PURPOSE

1.1 **Preamble**. This Third Amended and Restated Tenet 2001 Deferred Compensation Plan (the "Plan") of Tenet Healthcare Corporation (the "Company"), adopted on December 4, 2001, by the Compensation Committee, amends and restates the Second Amended and Restated Tenet Healthcare Corporation 2001 Deferred Compensation Plan adopted on July 24, 2001, and the First Amended and Restated Tenet Healthcare Corporation 2001 Deferred Compensation Plan adopted on May 22, 2001. The Plan is intended to permit the Company to attract and retain a select group of management or highly compensated employees and Directors of the Company.

Effective as of December 5, 1995, the Company adopted the Tenet Executive Deferred Compensation and Supplemental Savings Plan (as the same has been amended from time to time, the "Supplemental Plan"). The Company intends to transfer to this Plan amounts held for the benefit of certain participants in the Supplemental Plan, other than those balances held for the benefit of physician-employees who participate in the Supplemental Plan and participants who are in pay-out status as of December 31, 2000, under the Supplemental Plan. In addition, the Company may adopt one or more trusts to serve as a possible source of funds for the payment of benefits under this Plan.

1.2 **Purpose**. Through this Plan, the Company intends to permit the deferral of compensation and to provide additional benefits to Directors and a select group of management or highly compensated employees of the Company. Accordingly, it is intended that this Plan shall not constitute a "qualified plan" subject to the limitations of Section 401 (a) of the Code, nor shall it constitute a "funded plan", for purposes of such requirements. It also is intended that this Plan shall be exempt from the participation and vesting requirements of Part 2 of Title I of the Act, the funding requirements of Part 3 of Title I of the Act, and the fiduciary requirements of Part 4 of Title I of the Act by reason of the exclusions afforded plans that are unfunded and maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees.

ARTICLE II
DEFINITIONS AND CONSTRUCTION

2.1 **Definitions**. When a word or phrase appears in this Plan with the initial letter capitalized, and the word or phrase does not commence a sentence, the word or phrase shall generally be a term defined in this Section 2.1. The following words and phrases with the initial letter capitalized shall have the meaning set forth in this Section 2.1, unless a different meaning is required by the context in which the word or phrase is used.

(a) "**Account**" means one or more of the bookkeeping accounts maintained by the Company or its agent on behalf of a Participant, as described in more detail in Section 4.3.

(b) "**Act**" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

(c) "**Affiliate**" means a corporation that is a member of a controlled group of corporations (as defined in Section 414(b) of the Code) that includes the Company, any trade or business (whether or not incorporated) that is in common control (as defined in Section 414(c) of the Code) with the Company, or any entity that is a member of the same affiliated service group (as defined in Section 414(m) of the Code) as the Company.

(d) **"Alternate Payee"** means any spouse, former spouse, child, or other dependent of a Participant who is recognized by a DRO as having a right to receive all, or a portion of, the benefits payable under the Plan with respect to such Participant.

(e) "**Annual Incentive Plan Award**" means the amount payable to an Employee each year, if any, under the Company's 1997 Annual Incentive Plan, as the same may be amended, restated, modified, renewed or replaced from time to time.

(f) "**Basic Deferral**" means the Compensation deferral made by a Participant pursuant to Section 4.1(a).

(g) "**Beneficiary**" means the person designated by the Participant to receive a distribution of his/her benefits under the Plan upon the death of the Participant. If the Participant is married, his/her spouse shall be his/her Beneficiary, unless his/her spouse consents in writing to the designation of an alternate Beneficiary. In the event that a Participant fails to designate a Beneficiary, or if the Participant's Beneficiary does not survive the Participant, the Participant's Beneficiary shall be his/her surviving spouse, if any, or if the Participant does not have a surviving spouse, his/her estate. The term "Beneficiary" also shall mean a Participant's spouse or former spouse who is entitled to all or a portion of a Participant's benefit pursuant to Section 6.1.

(h) "**Board**" means the Board of Directors of the Company.

(i) "**Bonus**" means (i) a bonus paid to a Participant in the form of an Annual Incentive Plan Award, or (ii) any other bonus payment designated by the PAC as an eligible bonus under the Plan.

(j) "**Bonus Deferral**" means the Bonus deferral made by a Participant pursuant to Section 4.1(b).

(k) "**Change of Control**" of the Company shall be deemed to have occurred if either (i) any person, as such term is used in Section 13(c) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power

of the Company's then outstanding securities, or (ii) individuals who, as of August 1, 2000, constitute the Board of the Company (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board at any time; provided, however, that (a) any individual who becomes a director of the Company subsequent to August 1, 2000, whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of directors then comprising the Incumbent Board shall be deemed to have been a member of the Incumbent Board, and (b) no individual who is elected initially (after August 1, 2000) as a director as a result of an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act or any other actual or threatened solicitations of proxies or consent by or on behalf of any person other than the Incumbent Board shall be deemed to have been a member of the Incumbent Board.

(l) "**Code**" means the Internal Revenue Code of 1986, as amended from time to time.

(m) "**Company**" means Tenet Healthcare Corporation.

(n) "**Compensation**" means base salaries, commissions, and certain other amounts of cash compensation payable to the Participant during the Plan Year. Compensation shall exclude cash bonuses, foreign service pay, hardship withdrawal allowances and any other pay intended to reimburse the Employee for the higher cost of living outside the United States, Annual Incentive Plan Awards, automobile allowances, ExecuPlan payments, housing allowances, relocation payments, deemed income, income payable under stock incentive plans, Christmas gifts, insurance premiums, and other imputed income, pensions, retirement benefits, and contributions to and payments from the 401 (k) Plan and this Plan. The term "Compensation" for Directors shall mean any cash compensation from retainers, meeting fees and committee fees paid during the Plan Year.

(o) "**Compensation Committee**" means the Compensation Committee of the Board, which has the authority to amend and terminate the Plan as provided in Article X. The Compensation Committee also will be responsible for determining the amount of the Discretionary Contribution and Supplemental Director Contribution, if any, to be made by the Company.

(p) "**Compensation Deferrals**" means the Basic Deferrals, Supplemental Deferrals and Discretionary Deferrals made pursuant to Section 4.1 of the Plan.

(q) "**Covered Person**" means a covered employee within the meaning of Code Section 162(m)(3) or an Employee

designated as a Covered Person by the Compensation Committee.

(r) "**Director**" means a member of the Board who is not an Employee of the Company.

(s) "**Disability**" means the total and permanent incapacity of a Participant, due to physical impairment or mental incompetence, to perform the usual duties of his/her employment with the Company or an Affiliate. Disability shall be determined by the Plan Administrator on the basis of (i) evidence that the Participant has become entitled to receive benefits from a Company sponsored long-term disability plan or (ii) evidence that the Participant has become entitled to receive primary benefits as a disabled employee under the Social Security Act in effect on such date of Disability or (iii) in the case of Directors, such evidence that the Plan Administrator deems appropriate.

(t) "**Discretionary Contribution**" means the contribution made by the Company on behalf of a Participant as described in Section 4.2(b).

(u) "**Discretionary Deferral**" means the Compensation deferral described in Section 4.1 (d) made by a Participant.

(v) "**DRO**" means a Domestic Relations Order that is a judgment, decree, or order (including one that approves a property settlement agreement) that relates to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent of a Participant and is rendered under a state (within the meaning of Section 7701(a)(10) of the Code) domestic relations law (including a community property law) and that:

(i) Creates or recognizes the existence of an Alternate Payee's right to, or assigns to an Alternate Payee the right to receive all or a portion of the benefits payable with respect to a Participant under the Plan;

(ii) Does not require the Plan to provide any type or form of benefit, or any option, not otherwise provided under the Plan;

(iii) Does not require the Plan to provide increased benefits (determined on the basis of actuarial value);

(iv) Does not require the payment of benefits to an Alternate Payee that are required to be paid to another Alternate Payee under another order previously determined to be a DRO; and

(v) Clearly specifies: the name and last known mailing address of the Participant and of each Alternate Payee covered by the DRO; the amount or percentage of the Participant's benefits to be paid by the Plan to each such Alternate Payee, or the manner in which such amount or percentage is to be determined; the number of payments or payment periods to which such order applies; and that it is applicable with respect to this Plan.

(w) "**Effective Date**" means January 1, 2001.

(x) "**Election Form**" means the written form(s) provided by the PAC or the Plan Administrator pursuant to which the Participant consents to participation in the Plan and makes elections with respect to deferrals, requested investment crediting rates and distributions hereunder.

(y) "**Eligible Employee**" means (i) each Employee who is eligible for the Company's Annual Incentive Plan Award for the applicable Plan Year, (ii) each Director and (iii) all aviation personnel who are designated as captains. In addition, the term "Eligible Employee" shall include any Employee designated as an Eligible Employee by the PAC. The PAC may, in its sole and absolute discretion, limit the classification of Employees who are eligible to participate in the Plan for a Plan Year without the need for an amendment to the Plan. Any such limitation shall be set forth in a resolution by the PAC and attached hereto as an Exhibit to the Plan.

(z) "**Emergency**" means a Foreseeable Emergency or Unforeseeable Emergency that makes a Participant eligible for a Financial Necessity Distribution under Section 5.5.

(aa) "**Employee**" means each select member of management or highly compensated employee receiving remuneration, or who is entitled to remuneration, for services rendered to the Company or to an Affiliate who has adopted this Plan, in the legal relationship of employer and employee.

(bb) **"Fair Market Value"** means the closing price of a share of Stock on the New York Stock Exchange on the date as of which fair market value is to be determined.

(cc) "**Foreseeable Emergency**" means a severe financial hardship to the Participant resulting from an event that, although foreseeable, is outside the Participant's control, as determined by the Plan Administrator in its sole and absolute discretion. Such potentially foreseeable but uncontrollable events include the following: (i) expenses for medical care described in Section 213(d) of the Code incurred by the Participant, the Participant's spouse, or any dependents of the Participant (as defined in Section 152 of the Code) or necessary for those persons to obtain medical care described in Section 213(d) of the Code; (ii) such other events deemed by the Plan Administrator, in its sole and absolute discretion, to constitute a Foreseeable Emergency.

(dd) "**401 (k) Plan**" means the Tenet Healthcare Corporation Retirement Savings Plan or the Tenet 401 (k) Retirement Savings Plan, as such plans may be amended, restated, modified, renewed or replaced from time to time.

(ee) "**Matching Contribution**" means the contribution made by the Company pursuant to Section 4.2(a) on behalf of a Participant who either makes Supplemental Deferrals to the Plan as described in Section 4.1 (c), or is not eligible for an employer matching contribution under the 401 (k) Plan.

(ff) "**Non-Scheduled Withdrawal**" means an election by a Participant in accordance with Section 5.4 to receive a withdrawal of amounts from his/her Account prior to the time at which such Participant otherwise would be entitled to such amounts.

(gg) "**Open Enrollment Period**" means the period prior to the beginning of the Plan Year during which an Eligible Employee may make his/her elections concerning Compensation Deferrals pursuant to Article IV, and distribution elections in accordance with Article V.

(hh) "**PAC**" means the Pension Administration Committee of the Company established by the Compensation Committee of the Board, and whose members have been appointed by such Compensation Committee. The PAC shall have the responsibility to administer the Plan and make final determinations regarding claims for benefits, as described in Article VIII.

(ii) "**Participant**" means each Eligible Employee who has been designated for participation in this Plan and each Employee or former Employee whose participation in this Plan has not terminated.

(jj) "**Plan**" shall have the meaning set forth in Section 1.1 above.

(kk) "**Plan Administrator**" means the individual or entity appointed by the PAC to handle the day-to-day administration of the Plan, including but not limited to determining a Participant's eligibility for benefits and the amount of such benefits and complying with all applicable reporting and disclosure obligations imposed on the Plan. If the PAC does not appoint an individual or entity as Plan Administrator, the PAC shall serve as the Plan Administrator.

(ll) "**Plan Year**" means the fiscal year of this Plan, which shall commence on January 1 each year and end on December 31 of such year.

(mm) "**Scheduled Withdrawal Date**" means the distribution date elected by the Participant for an in-service withdrawal of amounts of Basic Deferrals and Bonus Deferrals deferred in a given Plan Year, and earnings or losses attributable thereto, as set forth on the Election Form for such Plan Year.

(nn) "**Stock**" means the common stock, par value $0.075 per share, of the Company.

(oo) "**Stock Unit**" means a non-voting, non-transferable unit of measurement that is deemed for bookkeeping and distribution purposes only to represent one outstanding share of Stock.

(pp) "**Supplemental Deferral**" means the Compensation Deferral described in Section 4.1(c).

(qq) "**Supplemental Director Contribution**" means the contribution made by the Company on behalf of a Director as described in Section 4.2(c).

(rr) "**Supplemental Plan**" shall have the meaning set forth in Section 1.1 of this Plan.

(ss) "**Unforeseeable Emergency**" means a severe financial hardship to the Participant resulting from (i) a sudden and unexpected illness or accident of the Participant or one of the Participant's dependents (as defined under Section 152(a) of the Code); (ii) loss of the Participant's property due to casualty; or (iii) such other similar extraordinary and unforeseeable circumstances arising as a result of an unforeseeable event or events beyond the control of the Participant, as determined by the Plan Administrator in its

sole and absolute discretion.

2.2 **Construction**. If any provision of this Plan is determined to be for any reason invalid or unenforceable, the remaining provisions of this Plan shall continue in full force and effect. All of the provisions of this Plan shall be construed and enforced in accordance with the laws of the State of California and shall be administered according to the laws of such state, except as otherwise required by the Act, the Code or other applicable federal law. The term "delivered to the PAC or Plan Administrator," as used in this Plan, shall include delivery to a person or persons designated by the PAC or Plan Administrator, as applicable, for the disbursement and the receipt of administrative forms. Delivery shall be deemed to have occurred only when the form or other communication is actually received. Headings and subheadings are for the purpose of reference only and are not to be considered in the construction of this Plan.

ARTICLE III
PARTICIPATION AND FORFEITABILITY OF BENEFITS

3.1 **Eligibility and Participation**. It is intended that eligibility to participate in the Plan shall be limited to Eligible Employees, as determined by the PAC, in its sole and absolute discretion. Prior to the beginning of each Plan year, each Eligible Employee will be contacted and informed that he/she may elect to defer portions of his/her Compensation and/or Bonus and shall be provided with an Election Form, investment crediting rate preference designation and such other forms as the PAC or the Plan Administrator shall determine. An Eligible Employee shall become a Participant by completing all required forms and making a deferral election pursuant to Section 4.1. Eligibility to become a Participant for any Plan Year shall not entitle an Eligible Employee to continue as an active Participant for any subsequent Plan Year.

If an Eligible Employee is hired/retained during the Plan Year and designated by the PAC to be a Participant for such year, such Eligible Employee may elect to participate within 30 days from the date he/she is notified that he/she is eligible to participate in

the Plan, for the remainder of such Plan Year, by completing all required forms and making a deferral election pursuant to Section 4.1. Designation as a Participant for the Plan Year in which he/she is hired/retained shall not entitle the Eligible Employee to continue as an active Participant for any subsequent Plan Year.

A Participant under this Plan who separates from employment with the Company, or who ceases to be a Director, will continue as an inactive Participant under this Plan until the Participant has received payment of all amounts payable to him/her under this Plan. In the event that an Eligible Employee shall cease active participation in the Plan because the Eligible Employee is no longer described as a Participant pursuant to this Section 3.1, or because he/she shall cease making deferrals of Compensation and/or Bonuses, the Eligible Employee shall continue as an inactive Participant under this Plan until he/she has received payment of all amounts payable to him/her under this Plan.

3.2 **Forfeitability of Benefits**. Except as provided in Section 5.4 and Section 6.1, a Participant shall at all times have a nonforfeitable right to amounts credited to his/her Account pursuant to Section 4.3, subject to the distribution provisions of Article V. As provided in Section 7.2, however, each Participant shall be only a general creditor of the Company or the Participant's employing Affiliate with respect to the payment of any benefit under this Plan.

ARTICLE IV
DEFERRAL, COMPANY CONTRIBUTIONS, ACCOUNTING AND INVESTMENT CREDITING RATES

4.1 **Deferral**. An Eligible Employee who is designated by the PAC to be an Eligible Employee for a Plan Year may become a Participant for such Plan Year by electing to defer Compensation and/or his/her Bonus pursuant to an Election Form. Such Election Form shall be submitted to the Company not later than a date to be set by the Plan Administrator and shall be effective with respect to deferral elections with the first paycheck dated on or after the next following January 1. In the case of an Eligible Employee who is hired/retained during the Plan Year, the Election Form shall be entered into within 30 days after the Eligible Employee is provided with notice of his/her eligibility to participate in the Plan and shall only be effective with respect to deferral elections with respect to Compensation and/or Bonuses earned after the date such Election Form is received by the Plan Administrator. A Participant's Election Form shall only be effective with respect to a single Plan Year and shall be irrevocable for the duration of such Plan Year. Deferral elections for each subsequent Plan Year of participation shall be made pursuant to a new Election Form.

Compensation deferred by a Participant may be distributed, at the Participant's election, either in a lump sum or, in certain instances as described herein, in equal monthly installments over a period of not less than one year nor more than 15 years. On each Election Form, the Participant shall specify the method in which Compensation and/or Bonuses deferred under the Plan shall be paid. If the Participant, during the Open Enrollment Period, elects a different method of payment on a subsequent Election Form, such form

of payment election shall supersede any prior payment elections made on an earlier Election Form, provided such election has been in effect

for 12 months.

Four types of deferrals may be made under the Plan:

(a) **Basic Deferral**. Each Eligible Employee may elect to defer a stated dollar amount, or designated full percentage, of Compensation to the Plan up to a maximum percentage of 75% (100% for Directors) of the Eligible Employee's Compensation for such Plan Year. The Company shall not make any Matching Contributions with respect to any Basic Deferrals made to the Plan.

(b) **Bonus Deferral**. Each Eligible Employee may elect to defer a stated dollar amount, or designated full percentage, of his/her Bonus to the Plan up to a maximum percentage of 100% (97% if a Supplemental Deferral is elected pursuant to Section 4.1(c)) of the Employee's Bonus for such Plan Year. The Company shall not make any Matching Contributions with respect to any Bonus Deferrals made to the Plan.

(c) **Supplemental Deferral**. Each Eligible Employee may elect to make Supplemental Deferrals to the Plan in accordance with the following provisions of this Section 4.1(c).

(i) **Statutory Limits**. Each Eligible Employee who is also a participant in the 401 (k) Plan may elect to automatically have 3% of his/her Compensation deferred under the Plan when he/she reaches any of the following statutory limitations under the 401 (k) Plan: (A) the limitation on Compensation under Section 401(a)(17) of the Code, as such limit is adjusted for cost of living increases; (B) the limitation imposed on elective deferrals under Section 402(g) of the Code, as such limit is adjusted for cost of living increases; (C) the limitations on contributions and benefits under Section 415 of the Code; or (D) the limitations on contributions imposed by the 401(k) Plan administrator in order to satisfy the limitations on contributions under sections 401 (k) and 401 (m) of the Code.

(ii) **Bonus**. Each Eligible Employee who is also a participant in the 401 (k) Plan may elect to automatically have 3% of his/her Bonus deferred under the Plan as a Supplemental Deferral whether or not the Eligible Employee has reached the statutory limitations under the 401 (k) Plan described in Section 4.1(c)(i). This Supplemental Deferral shall be applied to that portion of the Eligible Employee's Bonus in excess of that deferred as a Bonus Deferral under Section 4.1(b). For example, if the Eligible Employee elects to defer 50% of his/her Bonus under Section 4.1(b) and also elects to make a Supplemental Deferral under this Section 4.1(c), 50% of the Eligible Employee's Bonus will be deferred under Section 4.1(b) and 3% of the Eligible Employee's Bonus will be deferred under this Section 4.1(c).

(iii) **401(k) Plan Before-Tax Savings Contribution Eligibility**. Each Eligible Employee who elects to participate in this Plan prior to the date on which he/she becomes eligible to make before-tax savings contributions to the 401(k) Plan, may elect, until such 401(k) Plan before-tax contribution eligibility date, to defer 3% of his/her Compensation under the Plan as a Supplemental Deferral for such Plan Year. Upon the Eligible Employee's 401 (k) Plan before-tax contribution eligibility date, his/her Supplemental Deferrals under this Section 4.1(c)(iii) shall cease and any subsequent Supplemental Deferrals shall only be made by the Employee pursuant to Section 4.1(c)(i) or Section 4.1(c)(ii), as applicable.

(d) **Discretionary Deferral**. The PAC may authorize an Eligible Employee to defer a stated dollar amount, or designated full percentage, of Compensation to the Plan as a Discretionary Deferral. The PAC, in its sole and absolute discretion, may limit the amount or percentage of Compensation an Eligible Employee may defer to the Plan as a Discretionary Deferral. The Company shall not make any Matching Contributions pursuant to Section 4.2(a) with respect to any Discretionary Deferrals, but may elect to make a Discretionary Contribution to the Plan with respect to such Discretionary Deferrals in the form of a discretionary matching contribution as described in Section 4.2(b).

4.2 **Company Contributions**.

(a) **Matching Contribution**. The Company shall make a Matching Contribution to the Plan each Plan Year on behalf of each Participant who makes a Supplemental Deferral to the Plan. Such Matching Contribution shall equal 100% of the Participant's Supplemental Deferrals for such Plan Year. In addition, the Company shall make a Matching Contribution to the Plan for the Plan Year on behalf of each Participant who is eligible to participate in the 401 (k) Plan but is not eligible to receive an employer matching contribution under the 401 (k) Plan by reason of the one year eligibility service requirement. Such Matching Contribution shall equal 3% of the Participant's Compensation earned during the period beginning on the date on which such Participant elects to make Supplemental Deferrals to the Plan in accordance with Section 4.1(c)(iii).

(b) **Discretionary Contribution**. The Company may elect to make a Discretionary Contribution to a Participant's Account in such amount, and at such time, as shall be determined by the Compensation Committee. If a Participant who is a Covered Person receives a Discretionary Contribution, that Participant shall not be permitted to receive that Discretionary Contribution until such Participant's employment with the Company is terminated; provided, however, that if such Participant has elected to receive a distribution upon the occurrence of a Change of Control and a Change of Control occurs, such Participant shall be entitled to receive such Change of Control distribution in accordance with Section 5.9 of this Plan.

(c) **Supplemental Director Contribution**. The Company shall make a Supplemental Director Contribution to the Plan on behalf of each Director who makes a Basic Deferral and makes a request for amounts deferred to be invested in Stock Units pursuant to Section 4.4(b). On each date on which a Director's Basic Deferral is invested in Stock Units, the Company will make a Supplemental Director Contribution in an amount equal to 15% of the amount of the Director's Basic Deferral invested in Stock Units on such date. Such Supplemental Director Contribution shall be invested in Stock Units for the account of such Director.

4.3 **Accounting for Deferred Compensation**.

(a) **Cash Account**. If a Participant has made an election to defer his/her Compensation and/or Bonus and has made a request for amounts deferred to be invested pursuant to Section 4.4(a), the Company may, in its sole and absolute discretion, establish and maintain a cash Account for the Participant under this Plan. Each cash Account shall be adjusted at least quarterly to reflect the Basic Deferrals, Bonus Deferrals, Supplemental Deferrals, Discretionary Deferrals, Matching Contributions and Discretionary Contributions credited thereto, earnings or losses credited on such Basic Deferrals, Bonus Deferrals, Supplemental Deferrals, Discretionary Deferrals, Matching Contributions and Discretionary Contributions, and any payment or withdrawal of such Basic Deferrals, Bonus Deferrals, Supplemental Deferrals, Discretionary Deferrals and, Matching Contributions and Discretionary Contributions. The amounts of Basic Deferrals, Bonus Deferrals, Supplemental Deferrals, Discretionary Deferrals and Matching Contributions shall be credited to the Participant's cash Account within five business days of the date on which such Compensation and/or Bonus would have been paid to the Participant had the Participant not elected to defer such amount pursuant to the terms and provisions of the Plan. Any Discretionary Contributions shall be credited to each Participant's cash Account at such times as determined by the Compensation Committee. In the sole and absolute discretion of the Plan Administrator, more than one cash Account may be established for each Participant to facilitate record-keeping convenience and accuracy. Each such cash Account shall be credited and adjusted as provided in this Plan.

(b) **Stock Unit Account**. If a Participant has made an election to defer his/her Compensation and/or Bonus and has made a request for amounts deferred to be invested in Stock Units pursuant to Section 4.4(b), the Company may, in its sole and absolute discretion, establish and maintain a Stock Unit Account and credit the Participant's Stock Unit Account, within five business days of the date on which such Compensation and/or Bonus otherwise would have been payable, with a number of Stock Units determined by dividing an amount equal to the Basic Deferrals, Bonus Deferrals, Supplemental Deferrals, Discretionary Deferrals, Matching Contributions and Discretionary Contributions made as of such date by the Fair Market Value of a share of Stock on the fifth day following the date such Compensation and/or Bonus otherwise would have been

payable. In the sole and absolute discretion of the Plan Administrator, more than one Stock Unit Account may be established for each Participant to facilitate record-keeping convenience and accuracy.

(i) The Stock Units credited to a Participant's Stock Unit Account shall be used solely as a device for determining the number of shares of Stock eventually to be distributed to the Participant in accordance with this Plan. The Stock Units shall not be treated as property of the Participant or as a trust fund of any kind. No Participant shall be entitled to any voting or other stockholder rights with respect to Stock Units credited under this Plan.

(ii) If the outstanding shares of Stock are increased, decreased, or exchanged for a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed with respect to such shares of Stock or other securities, through merger, consolidation, spin-off, sale of all or substantially all the assets of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other distribution with respect to such shares of Stock or other securities, an appropriate and proportionate adjustment shall be made by the Compensation Committee in the number and kind of Stock Units credited to a Participant's Stock Unit Account.

(c) **Accounts Held in Trust**. Amounts credited to Participants' Accounts may be secured by one or more trusts, as provided in Section 7.1, but shall be subject to the claims of the Company's general creditors. Although the principal of such trust and any earnings or losses thereon shall be separate and apart from other funds of the Company and shall be used for the purposes set forth therein, neither the Participants nor their Beneficiaries shall have any preferred claim on, or any beneficial ownership in, any assets of the trust prior to the time such assets are paid to the Participant or Beneficiaries as benefits and all rights created under this Plan shall be unsecured contractual rights of Plan Participants and Beneficiaries against the Company. Any assets held in the trust shall be subject to the claims of the Company's general creditors under federal and state law in the event of insolvency. The assets of any trust established pursuant to this Plan shall never inure to the benefit of the Company and the same shall be held for the exclusive purpose of providing benefits to Participants and their beneficiaries.

4.4 **Investment Crediting Rates**. At the time of making a deferral election described in Section 4.1, the Participant shall request on an Election Form the type of investment crediting rate option with which the Participant would like the Company, in its sole and absolute

discretion, to credit the Participant: one of several investment crediting rate options payable in cash or an investment crediting rate option based on the performance of the price of the Company's Stock and payable in the Company's Stock.

(a) **Cash Investment Crediting Rate Options**. A Participant may request on an Election Form the type of investment in which the Participant would like amounts deferred by the Participant to be deemed invested for purposes of determining the amount of earnings or losses to be credited or losses to be debited to his/her cash Account. The Participant shall specify his/her preference from among the following possible investment crediting rate options:

(i) An annual rate of interest equal to 1% below the prime rate of interest as quoted by Bloomberg, compounded daily; or

(ii) One or more benchmark mutual funds.

A Participant may change, on a daily basis, the investment crediting rate preference under this Section 4.4(a) by filing an election in such manner as shall be determined by the PAC. Notwithstanding any request made by a Participant, the Company, in its sole and absolute discretion, shall determine the investment rate with which to credit amounts deferred by Participants under this Plan, provided, however, that if the Company chooses an investment crediting rate other than the investment crediting rate requested by the Participant, such investment crediting rate cannot be less than (i) above.

(b) **Stock Units**. A Participant may request on an Election Form to have amounts deferred by him/her invested in Stock Units. Deferrals invested in Stock Units are irrevocable and shall be distributed in an equivalent whole number of shares of Stock. Any fractional share interests shall be paid in cash with the last distribution.

(c) **Deemed Election**. In his/her request(s) pursuant to this Section 4.4, the Participant may request that all or any multiple of his/her Account (in whole percentage increments) be deemed invested in one or more of the investment crediting rate preferences provided under the Plan as communicated from time to time by the PAC. Although a Participant may express an investment crediting rate preference, the Company shall not be bound by such request. If a Participant fails to set forth his/her investment crediting rate preference under this Section 4.4, he/she shall be deemed to have elected an annual rate of interest equal to 1% below the prime rate of interest as quoted by Bloomberg, compounded daily. The PAC shall select from time to time, in its sole and absolute discretion, the possible investment crediting rate options to be offered on a Participant's deferrals and contributions for any Plan Year.

(d) **Transferred Accounts**. The Company retains the right in its sole and absolute discretion to transfer a Participant's Supplemental Plan account balance, as the Company deems appropriate, from the Supplemental Plan to this Plan. In the event that the Company determines that a transfer of a Participant's Supplemental Plan account balance to this Plan is appropriate, a Participant shall be permitted to express an investment crediting rate preference with respect to such transferred amounts. In the event a Participant's Supplemental Plan account balance is transferred from the Supplemental Plan to this Plan, such transferred amount shall be treated in all other respects as if such amount were initially deferred pursuant to the terms of this Plan.

(e) **Company Contributions**. Contributions to the Plan made by the Company and allocated to a Participant's Account pursuant to Section 4.2 shall be invested in accordance with the investment crediting rate requested by such Participant on his/her Election Form for the relevant Plan Year.

ARTICLE V
DISTRIBUTION OF BENEFITS

5.1 **General Rules**. A Participant may elect to receive payment on Basic Deferrals and Bonus Deferrals, and earnings or losses thereon, at any of the following times:

(a) As soon as practicable after termination of a Participant's employment, retirement, Disability or death;

(b) In the first January following, or in the second January following, but not later than the second January following, the Participant's termination of employment, retirement, Disability or death; or

(c) At a specified future date while still in the employ of the Company.

Supplemental Deferral Balances and earnings or losses thereon, are distributable only upon a Participant's termination of employment, retirement, Disability or death.

All distributions from the Plan shall be taxable as ordinary income when received and subject to appropriate withholding of income taxes.

5.2 **Distributions Resulting from Termination**. In the case of a Participant who terminates employment with the Company for any reason and has an Account balance of $100,000 or less, such Participant shall be paid the balance in his/her Account in a lump sum in accordance with Section 5.1.

A Participant who has an Account balance in excess of $100,000 may elect either a lump sum distribution or monthly installments over a period of not less than one nor more than 15 years. Such Participant's Election Form that has been in effect for at least 12 months and made during an Open Enrollment Period shall govern the form of distribution. In the event a Participant elects monthly installments, such installment payments will begin in accordance with Section 5.1(a) or 5.1(b). All amounts held for a Participant's or Beneficiary's benefit shall be revalued annually if paid in installments.

5.3 **Scheduled In-Service Withdrawals**. In the case of a Participant who, while still in the employ of the Company, has elected a Scheduled Withdrawal Date for distribution of his/her Basic Deferrals and Bonus Deferrals, and earnings or losses thereon, such Participant shall receive a lump sum payment that must occur at least two calendar years after the end of the Plan Year in which the Basic and Bonus Deferrals occurred. A Participant may extend the Scheduled Withdrawal Date with respect to Basic Deferrals and

Bonus Deferrals for any Plan Year, provided (i) such extension occurs at least one year before the Scheduled Withdrawal Date, (ii) such extension is for a period of not less than two years from the Scheduled Withdrawal Date, (iii) the Participant may not extend the Scheduled Withdrawal Date more than two times and (iv) any such extension shall be effective only if consented to by the PAC. All such lump sum distributions will be paid in the January of the year specified on the election form.

If a Participant retires, terminates employment, incurs a Disability or dies prior to any Scheduled Withdrawal Date, the Scheduled In-Service Withdrawal will be disregarded and waived and the Participant's Account balance will be distributed after the Participant's retirement, death, Disability or termination of employment in the same form of distribution elected with respect to retirement, death, Disability or termination.

5.4 **Non-Scheduled Withdrawals**. A Participant shall be permitted to elect a Non-Scheduled Withdrawal, subject to the following restrictions:

(a) The election to take a Non-Scheduled Withdrawal shall be made by filing a form provided by and filed with the PAC prior to the end of any calendar month.

(b) The amount of the Non-Scheduled Withdrawal shall in all cases not exceed 90% of the gross amount of a Participant's Account balance.

(c) The amount described in subsection (b) above shall be paid in a lump sum as soon as practicable after the end of the month in which the Non-Scheduled Withdrawal election is made.

(d) If a Participant receives a Non-Scheduled Withdrawal from his/her Account, the Participant shall permanently forfeit an amount equal to 10% of the gross amount of the Non-Scheduled Withdrawal and the Company shall have no obligation to the Participant or his/her Beneficiary with respect to such forfeited amount.

(e) If a Participant receives a Non-Scheduled Withdrawal of any part of his/her Account, the Participant will be ineligible to participate in the Plan for the balance of the Plan Year and the next following Plan Year.

5.5 **Financial Necessity Distributions**.

(a) **Unforeseeable Emergency**. Upon application by the Participant, the Plan Administrator, in its sole and absolute discretion, may direct payment of all or a portion of the Basic Deferrals, Bonus Deferrals and/or Discretionary Deferrals credited to the Account of a Participant prior to his/her separation from employment or termination as a Director in the event of an Unforeseeable Emergency. Any such application shall set forth the circumstances constituting such Unforeseeable Emergency.

In addition to the deferrals specified in this Section 5.5(a), upon application by the Participant, the Plan Administrator, in its sole and absolute discretion, may direct payment of all or a portion of the Supplemental Deferrals credited to the Account of

the Participant prior to his/her separation from employment or termination as a Director in the event of an Unforeseeable Emergency. Such application and payment shall be subject to the same conditions and limitations as a request for any other payment of deferrals

under this Section 5.5.

(b) **Foreseeable Emergency**. Upon application by the Participant, the Plan Administrator, in its sole and absolute discretion, may direct payment of all or a portion of the Basic Deferrals, Bonus Deferrals and/or Discretionary Deferrals credited to the Account of a Participant prior to his/her separation from employment or termination as a Director in the event of an Foreseeable Emergency. Any such application shall set forth the circumstances constituting such Foreseeable Emergency.

(c) **General Rules Regarding Financial Necessity Distributions** . The Plan Administrator may not direct payment of any Basic Deferrals, Bonus Deferrals, Supplemental Deferrals, and/or Discretionary Deferrals credited to the Account of a Participant to the extent that such an Emergency is or may be relieved (i) by reimbursement or compensation by insurance or otherwise or (ii) by cessation of Basic Deferrals, Bonus Deferrals and/or Discretionary Deferrals under this Plan. In the event that the Plan Administrator, in its sole and absolute discretion, shall determine that such Emergency may be alleviated by such cessation of deferrals under the Plan, the Plan Administrator shall deny such financial necessity distribution and require the cancellation of the Participant's Basic Deferral, Bonus Deferral and/or Discretionary Deferral elections for the Plan Year in which an Emergency shall occur. Conversely, if the Plan Administrator, in its sole and absolute discretion, shall determine that such Emergency may not be alleviated by such cessation of Basic Deferrals, Bonus Deferrals and/or Discretionary Deferrals, it may approve such financial necessity distribution. Any distribution from the Plan due to Emergency shall be permitted only to the extent necessary to satisfy such Emergency, in the sole and absolute discretion of the Plan Administrator, both with respect to the determination as to whether an Emergency exists and also with respect to determination of the amount distributable. The Plan Administrator may permit a financial necessity distribution under this Section 5.5, but as a result the Participant will be ineligible to participate in the Plan for the balance of the Plan Year and the next following Plan Year.

5.6 **Elective Distributions**. A Participant may elect to receive a distribution of amounts credited to his/her Account upon a determination by the Internal Revenue Service or a state taxing authority of competent jurisdiction that amounts credited to such Account are subject to inclusion in the gross income of such Participant or Beneficiary for federal or state income tax purposes. Neither the PAC nor the Plan Administrator shall have any obligation to determine whether any such determination is or has been made with respect to any Participant and shall assume that no such determination has been made until advised by the Participant, in writing, that such determination has been made and that either such determination is final and binding, or that obtaining judicial review of such determination is not reasonably likely to result in a reversal of such determination or is economically prohibitive.

5.7 **Death of a Participant**. If a Participant dies while employed by the Company, the Participant's Account balance will be paid to the Participant's Beneficiary in the manner elected by the Participant.

In the event a terminated Participant dies while receiving installment payments, the remaining installments shall be paid to the Participant's Beneficiary as such payments become due.

In the event a terminated Participant dies before receiving his/her lump sum payment or before he/she begins receiving installment payments, the lump sum payment or installment payments shall be paid to the Participant's Beneficiary as such payments become due.

5.8 **Disability of a Participant**. In the event of the Disability of the Participant, the Participant shall be entitled to a distribution of the Participant's Account balance in the manner elected in advance by the Participant and, if applicable, in accordance with Section 6.2.

5.9 **Change of Control**. A Participant may, during an Open Enrollment Period, file an Election Form in which the Participant elects to receive a lump sum distribution of his/her Account balance in the event that a Change of Control, as defined in Section 2.1(j), occurs. The Participant's election with respect to a distribution of his/her Account in the event of a Change of Control must have been in effect for 12 months prior to the time of the Change of Control. If elected, payment will be made as soon as practicable, but in any event not more than six months, after the occurrence of a Change of Control.

Notwithstanding any provision in this Plan to the contrary, to the extent that any portion of the lump sum distribution is characterized as a parachute payment within the meaning of Proposed Regulations Section 1.280G-1 Q/A-24, or any similar Regulations, then in no event shall the present value of such parachute payment, when added to the present value of all other parachute payments received as a result of a Change of Control, exceed 299% of the Participant's "base amount" as that term is defined in Section 280G of the Code.

If a Participant has elected to receive a lump sum distribution of his/her Account balance in the event of a Change of Control, a portion of which distribution is characterized as a parachute payment, and such portion, when added to the present value of all other parachute payments to be received as a result of a Change of Control, exceeds an amount equal to 299% of the Participant's base amount, then the Participant may elect (a) to revoke the election made pursuant to this Section 5.9, or (b) to receive in a lump sum distribution that portion of his/her Account balance which does not result in a parachute payment with the remainder being distributed in accordance with the Participant's election under Section 5.1.

5.10 **Withholding**. Any taxes or other legally required withholdings from Compensation and Bonus deferrals and/or payments to Participants or Beneficiaries hereunder shall be deducted and withheld by the Company, benefit provider or funding agent as required pursuant to applicable law. A Participant or Beneficiary shall be provided with a tax withholding election form for purposes of federal and state

tax withholding, if applicable.

5.11 **Suspension of Benefits**. If a Participant terminates service and begins receiving installment distributions and such Participant is reemployed by the Company, then such Participant's installment distributions shall be suspended during the period of his/her reemployment. Upon the Participant's subsequent termination of service, such installment distributions shall recommence in the same form as they were being paid before the reemployment, unless during the period of the Participant's reemployment he/she is eligible to participate in the Plan and elects a different form of payment on his/her Election Form in accordance with this Article V.

ARTICLE VI
PAYMENT LIMITATIONS

6.1 **Spousal Claims**.

(a) In the event that an Alternate Payee is entitled to all or a portion of a Participant's Account(s) pursuant to the terms of a DRO, such Alternate Payee shall have the following distribution rights with respect to such Participant's Account(s):

(i) payment of benefit in a lump sum as soon as practicable following the acceptance of the DRO by the Plan Administrator;

(ii) payment of benefit in a lump sum in the first January following, or in the second January following, but not later than the second January following, the acceptance of the DRO by the Plan Administrator;

(iii) payment of benefit in equal monthly installments over a period of not less than one nor more than 15 years from the date the DRO is accepted by the Plan Administrator, but only if the Alternate Payee has an Account balance in excess of $100,000;

(iv) payment of benefit in equal monthly installments over a period of not less than one nor more than 15 years beginning the first January following, or the second January following, the date the DRO is accepted by the Plan Administrator, but only if the Alternate Payee has an Account balance in excess of $100,000.

An Alternate Payee who desires to elect either of the distributions described in subsections (ii) or (iii) above, must complete and deliver to the Plan Administrator all required forms and make such election within 30 days from the date she/he is notified that she/he is eligible to participate in the Plan. Any Alternate Payee who does not complete and deliver to the Plan Administrator all required forms and/or does not elect either of the distributions described in subsections (ii) or (iii) above shall receive his/her distributions in a lump sum according to subsection (i) above.

(b) Any taxes or other legally required withholdings from payments to such Alternate Payee shall be deducted and withheld by the Company, benefit provider or funding agent. The Alternate Payee shall be provided with a tax withholding election form for purposes of federal and state tax withholding, if applicable.

(c) The Plan Administrator shall have sole and absolute discretion to determine whether a judgment, decree or order is a DRO, to determine whether a DRO shall be accepted for purposes of this Section 6.1 and to make interpretations under this Section 6.1, including determining who is to receive benefits, all calculations of benefits, and the amount of taxes to be withheld. The decisions of the Plan Administrator shall be binding on all parties with an interest.

(d) Any benefits payable to an Alternate Payee pursuant to the terms of a DRO shall be subject to all provisions and restrictions of the Plan and any dispute regarding such benefits shall be resolved pursuant to the Plan claims procedure in Article VIII.

6.2 **Legal Disability**. If a person entitled to any payment under this Plan shall, in the sole judgment of the Plan Administrator, be under a legal disability, or otherwise shall be unable to apply such payment to his/her own interest and advantage, the Plan Administrator, in the exercise of its discretion, may direct the Company or payor of the benefit to make any such payment in any one or more of the following ways:

(a) Directly to such person;

(b) To his/her legal guardian or conservator; or

(c) To his/her spouse or to any person charged with the duty of his/her support, to be expended for his/her benefit and/or that

of his/her dependents.

The decision of the Plan Administrator shall in each case be final and binding upon all persons in interest, unless the Plan Administrator shall reverse its decision due to changed circumstances.

6.3 **Assignment**. Except as provided in Section 6.1, no Participant or Beneficiary shall have any right to assign, pledge, transfer, convey, hypothecate, anticipate or in any way create a lien on any amounts payable hereunder. No amounts payable hereunder shall be subject to assignment or transfer or otherwise be alienable, either by voluntary or involuntary act, or by operation of law, or subject to attachment, execution, garnishment, sequestration or other seizure under any legal, equitable or other process, or be liable in any way for the debts or defaults of Participants and their Beneficiaries.

ARTICLE VII
FUNDING

7.1 **Funding**. Benefits under this Plan shall be funded solely by the Company and its Affiliates. Benefits under this Plan shall constitute an unfunded general obligation of the Company, but the Company may create reserves, funds and/or provide for amounts to be held in trust to fund such benefits on the Company's or its Affiliates' behalf. Payment of benefits may be made by the Company, any trust established by the Company or through a service or benefit provider to the Company or such trust.

7.2 **Creditor Status**. Participants and their Beneficiaries shall be general unsecured creditors of the Company or the Participants' employing Affiliate(s) with respect to the payment of any benefit under this Plan, unless such benefits are provided under a contract of insurance or an annuity contract that has been delivered to Participants, in which case Participants and their Beneficiaries shall look to the insurance carrier or annuity provider for payment, and not to the Company or Affiliate. The Company's or Affiliate's obligation for such benefit shall be discharged by the purchase and delivery of such annuity or insurance contract.

ARTICLE VIII
ADMINISTRATION

8.1 **The PAC**. The overall administration of the Plan will be the responsibility of the PAC.

8.2 **Powers of PAC**. In order to effectuate the purposes of the Plan, the PAC will have the following powers:

(a) To appoint the Plan Administrator;

(b) To review and render decisions respecting a denial of a claim for benefits under the Plan;

(c) To construe the Plan and to make equitable adjustments for any mistakes or errors made in the administration of the Plan; and

(d) To determine and resolve, in its sole and absolute discretion, all questions relating to the administration of the Plan and the trust established to secure the assets of the Plan (i) when differences of opinion arise between the Employer, the Plan Administrator, the Trustee, a Participant, or any of them and (ii) whenever it is deemed advisable to determine such questions in order to promote the uniform and nondiscriminatory administration of the Plan for the greatest benefit of all parties concerned.

The foregoing list of express powers is not intended to be either complete or conclusive, and the PAC will, in addition, have such powers as it may reasonably determine to be necessary or appropriate in the performance of its powers and duties under the Plan.

8.3 **Appointment of Plan Administrator**. The PAC will appoint the Plan Administrator, who will have the responsibility and duty to administer the Plan on a daily basis. The PAC may remove the Plan Administrator with or without cause at any time. The Plan Administrator may resign upon written notice to the PAC.

8.4 **Duties of Plan Administrator**. The Plan Administrator will have the following duties:

(a) To direct the administration of the Plan in accordance with the provisions herein set forth;

(b) To adopt rules of procedure and regulations necessary for the administration of the Plan, provided such rules are not inconsistent with the terms of the Plan;

(c) To determine all questions with regard to rights of Employees, Participants, and Beneficiaries under the Plan including, but not limited to, questions involving eligibility of an Employee to participate in the Plan and the value of a Participant's Accounts;

(d) To enforce the terms of the Plan and any rules and regulations adopted by the PAC;

(e) To review and render decisions respecting a claim for a benefit under the Plan;

(f) To furnish the Company with information that the Company may require for tax or other purposes;

(g) To engage the service of counsel (who may, if appropriate, be counsel for the Company), actuaries, and agents whom it may deem advisable to assist it with the performance of its duties;

(h) To prescribe procedures to be followed by distributees in obtaining benefits;

(i) To receive from the Company and from Participants such information as is necessary for the proper administration of the Plan;

(j) To establish and maintain, or cause to be maintained, the individual Accounts described in Section 4.3;

(k) To create and maintain such records and forms as are required for the efficient administration of the Plan;

(l) To make all determinations and computations concerning the benefits, credits and debits to which any Participant, or other Beneficiary, is entitled under the Plan;

(m) To give the Trustee of the trust established to serve as a source of funds under the Plan specific directions in writing with respect to:

(i) the making of distribution payments, giving the names of the payees, the amounts to be paid and the time or times when payments will be made; and

(ii) the making of any other payments which the Trustee is not by the terms of the trust agreement authorized to make without a direction in writing by the Plan Administrator;

(n) To comply with all applicable lawful reporting and disclosure requirements of the Act;

(o) To comply (or transfer responsibility for compliance to the Trustee) with all applicable federal income tax withholding requirements for benefit distributions; and

(p) To construe the Plan, in its sole and absolute discretion, and make equitable adjustments for any mistakes and errors made in the administration of the Plan.

The foregoing list of express duties is not intended to be either complete or conclusive, and the Plan Administrator will, in addition, exercise such other powers and perform such other duties as it may deem necessary, desirable, advisable or proper for the supervision and administration of the Plan.

8.5 **Indemnification of PAC and Plan Administrator**. To the extent not covered by insurance, or if there is a failure to provide full insurance coverage for any reason, and to the extent permissible under corporate by-laws and other applicable laws and regulations, the Company agrees to hold harmless and indemnify the PAC and Plan Administrator against any and all claims and causes of action by or on behalf of any and all parties whomsoever, and all losses therefrom, including, without limitation, costs of defense and reasonable attorneys' fees, based upon or arising out of any act or omission relating to or in connection with the Plan other than losses resulting from the PAC's, or any such person's, fraud or willful misconduct.

8.6 **Claims for Benefits**.

(a) **Initial Claim**. In the event that an Employee, Eligible Employee, Participant or his/her Beneficiary claims to be eligible for benefits, or claims any rights under this Plan, he/she must complete and submit such claim forms and supporting

documentation as shall be required by the Plan Administrator, in its sole and absolute discretion. Likewise, any Participant or Beneficiary who feels unfairly treated as a result of the administration of the Plan, must file a written claim, setting forth the basis of the claim, with the Plan Administrator. In connection with the determination of a claim, or in connection with review of a denied claim,

the claimant may examine this Plan, and any other pertinent documents generally available to Participants that are specifically related to the claim.

A written notice of the disposition of any such claim shall be furnished to the claimant within 90 days after the claim is filed with the Plan Administrator. Such notice shall refer, if appropriate, to pertinent provisions of this Plan, shall set forth in writing the reasons for denial of the claim if a claim is denied (including references to any pertinent provisions of this Plan) and, where appropriate, shall explain how the claimant may perfect the claim. If the claim is denied, in whole or in part, the claimant shall also be notified in writing that a review procedure is available. All benefits provided in this Plan as a result of the disposition of a claim will be paid as soon as practicable following receipt of proof of entitlement, if requested.

(b) **Request for Review**. Within 90 days after receiving the written notice of the Plan Administrator's disposition of the claim, the claimant may file with the PAC a written request for review of his/her claim. In connection with the request for review, the claimant shall be entitled to be represented by counsel. If the claimant does not file a written request for review within 90 days after receiving written notice of the Plan Administrator's disposition of the claim, the claimant shall be deemed to have accepted the Plan Administrator's written disposition, unless the claimant shall have been physically or mentally incapacitated so as to be unable to request review within the 90 day period.

(c) **Decision on Review**. A decision on review of the claim shall be made by the PAC at its next meeting following receipt of the written request for review. If no meeting of the PAC is scheduled within 45 days of receipt of the written request for review, then the PAC shall hold a special meeting to review such written request for review within such 45-day period. If special circumstances require an extension of the 45-day period, the PAC shall so notify the claimant and a decision shall be rendered within 90 days of the receipt of the request for review. In any event, if a claim is not determined by the PAC within 90 days of receipt of written submission for review, it shall be deemed to be denied.

The PAC shall have the right to request of, and receive from, a claimant such additional information, documents or other evidence as the PAC may reasonably require. The decision of the PAC shall be in writing and shall reference the provisions of the Plan on which the decision is based. To the extent permitted by law, a decision on review by the PAC shall be binding and conclusive upon all persons whomsoever.

8.7 **Arbitration**. In the event the claims review procedure described in Section 8.6 of the Plan does not result in an outcome thought by the claimant to be in accordance with the Plan document, he/she may appeal to a third party neutral arbitrator. The claimant must appeal to an arbitrator within 60 days after receiving the PAC's denial or deemed denial of his/her request for review and before bringing suit in court.

The arbitrator shall be mutually selected by the Participant and the PAC from a list of arbitrators provided by the American Arbitration Association ("AAA"). If the parties are unable to agree on the selection of an arbitrator within 10 days of receiving the list from the AAA, the AAA shall appoint an arbitrator. The arbitrator's review shall be limited to interpretation of the Plan document in the context of the particular facts involved. The claimant, the PAC and the Company agree to accept the award of the arbitrator as binding, and all exercises of power by the arbitrator hereunder shall be final, conclusive and binding on all interested parties, unless found by a court of competent jurisdiction, in a final judgment that is no longer subject to review or appeal, to be arbitrary and capricious. The costs of arbitration shall be shared by the Company and the claimant; the costs of legal representation for the claimant or witness costs for the claimant shall be borne by the claimant.

The arbitrator shall have no power to add to, subtract from, or modify any of the terms of the Plan, or to change or add to any benefits provided by the Plan, or to waive or fail to apply any requirements of eligibility for a benefit under the Plan. Nonetheless, the arbitrator shall have absolute discretion in the exercise of its powers in this Plan. Arbitration decisions will not establish binding precedent with respect to the administration or operation of the Plan.

8.8 **Receipt and Release of Necessary Information**. In implementing the terms of this Plan, the PAC and Plan Administrator, as applicable, may, without the consent of or notice to any person, release to or obtain from any other insuring entity or other organization or person any information, with respect to any person, which the PAC or Plan Administrator deems to be necessary for such purposes. Any Participant or Beneficiary claiming benefits under this Plan shall furnish to the PAC or Plan Administrator, as applicable, such information as may be necessary to determine eligibility for and amount of benefit, as a condition of claiming and receiving such benefit.

8.9 **Overpayment and Underpayment of Benefits**. The Plan Administrator may adopt, in its sole and absolute discretion, whatever rules, procedures and accounting practices are appropriate in providing for the collection of any overpayment of benefits. If a Participant or Beneficiary receives an underpayment of benefits, the Plan Administrator shall direct that payment be made as soon as practicable to make up for the underpayment. If an overpayment is made to a Participant or Beneficiary, for whatever reason, the Plan Administrator may, in its sole and absolute discretion, withhold payment of any further benefits under the Plan until the overpayment has been collected or may require repayment of benefits paid under this Plan without regard to further benefits to which the Participant or Beneficiary may be entitled.

ARTICLE IX
OTHER BENEFIT PLANS OF THE COMPANY

9.1 **Other Plans**. Nothing contained in this Plan shall prevent a Participant prior to his/her death, or a Participant's spouse or other Beneficiary after such Participant's death, from receiving, in addition to any payments provided for under this Plan, any payments provided for under any other plan or benefit program of the Company or an Affiliate, or which would otherwise be payable or distributable to him/her, his/her surviving spouse or Beneficiary under any plan or policy of the Company or otherwise. Nothing in this Plan shall be construed as preventing the Company or any of its Affiliates from establishing any other or different plans providing for current or deferred compensation for employees and/or Directors. Unless otherwise specifically provided in any plan of the Company intended to "qualify" under Section 401 of the Code, Compensation Deferrals made under this Plan shall constitute earnings or compensation for purposes of determining contributions or benefits under such qualified plan.

ARTICLE X
AMENDMENT AND TERMINATION OF THE PLAN

10.1 **Amendment**. The Compensation Committee may amend this Plan by duly authorized written amendment; provided that no amendment or modification shall deprive a Participant, or person claiming benefits under this Plan through a Participant, of any benefit accrued under this Plan up to the date of amendment or modification, except as may be required by applicable law.

10.2 **Termination**. The Compensation Committee may terminate or suspend this Plan in whole or in Part at any time, provided that no such termination or suspension shall deprive a Participant, or person claiming benefits under this Plan through a Participant, of any benefit accrued under this Plan up to the date of suspension or termination, except as required by applicable law. Upon the complete termination of the Plan, the Compensation Committee, in its sole and absolute discretion, may direct the Plan Administrator to distribute each Participant's account to him/her or his/her Beneficiary, as applicable, in a lump sum and regardless of whether benefit payments have previously commenced to be made to such Participant.

10.3. **Continuation**. The Company intends to continue this Plan indefinitely, but nevertheless assumes no contractual obligation beyond the promise to pay the benefits described in this Plan.

ARTICLE XI
MISCELLANEOUS

11.1 **No Reduction of Employer Rights**. Nothing contained in this Plan shall be construed as a contract of employment between the Company or an Affiliate and an Employee, or as a right of any Employee to continue in the employment of the Company or an Affiliate, or as a limitation of the right of the Company or an Affiliate to discharge any of its Employees, with or without cause or as a right of any Director to be renominated to serve as a Director.

11.2 **Provisions Binding**. All of the provisions of this Plan shall be binding upon all persons who shall be entitled to any benefit hereunder, their heirs and personal representatives.

TENET HEALTHCARE CORPORATION
AMENDED AND RESTATED
1995 STOCK INCENTIVE PLAN

1. Purpose Of The Plan.

Effective upon the approval of the Company's shareholders, this Amended and Restated 1995 Stock Incentive Plan amends and restates, in its entirety, the 1995 Stock Incentive Plan approved by the shareholders of the Company on September 27, 1995.

The purpose of the Amended and Restated 1995 Stock Incentive Plan of Tenet Healthcare Corporation is to promote the interests of the Company and its shareholders by strengthening the Company's ability to attract, motivate and retain employees, advisors and consultants of training, experience and ability, and to provide a means to encourage stock ownership and a proprietary interest in the Company to officers and valued employees of the Company and consultants and advisors to the Company upon whose judgment, initiative, and efforts the financial success and growth of the business of the Company largely depend.

2. Definitions.

(a) "Appreciation Right" means a right to receive an amount, representing the difference between a price per share of Common Stock assigned on the date of grant and the Fair Market Value of a share of Common Stock on the date of exercise of such grant, payable in cash.

(b) "Board" means the Board of Directors of the Company.

(c) "Business Unit" means any division, group, subsidiary or other unit within the Company which is designated by the Committee to constitute a Business Unit.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means the Compensation and Stock Option Committee of the Board, unless the Board appoints another committee to administer the Plan.

(f) "Common Stock" means the $0.075 par value Common Stock of the Company.

(g) "Company" means Tenet Healthcare Corporation, a Nevada corporation.

(h) "Eligible Person" means an Employee, advisor or consultant of the Company or any of its present or future Business Units but shall not include a director who is not an Employee of the Company.

(i) "Employee" means any executive officer or any employee of the Company, or of any of its present or future Business Units.

(j) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time or any successor statute.

(k) "Fair Market Value" means the closing price of a share of Common Stock on the New York Stock Exchange on the date as of which fair market value is to be determined or the actual sale price of the shares acquired upon exercise if the shares are sold in a same day sale, or if no sales were made on such date, the closing price of such shares on the New York Stock Exchange on the next preceding date on which there were such sales.

(l) "Incentive Award" means an Option, Appreciation Right, Performance Unit, Restricted Unit, a Section 162(m) Award or cash bonus award granted under the Plan.

(m) "Incentive Stock Option" means an Option intended to qualify under Section 422 of the Code and the Treasury Regulations thereunder.

(n) "Option" means an Incentive Stock Option or a nonqualified stock option.

(o) "Participant" means any Eligible Person selected to receive an Incentive Award pursuant to Section 5.

(p) "Plan" means the Amended and Restated 1995 Stock Incentive Plan as set forth herein, as it may be amended from time to time.

(q) "Performance Criteria" means one or more of the following criteria selected by, and as further defined by, the Committee to measure achievement of Performance Goals:

(i) Income, either before or after income taxes, including or excluding interest, depreciation and amortization, extraordinary items and other material non-recurring gains or losses, discontinued operations, the cumulative effect of changes in accounting policies and the effects of any tax law changes;

(ii) Return on average equity, which shall be income calculated in accordance with paragraph (i) above, divided by the average of stockholders'equity as of the beginning and as of the end of the applicable period;

(iii) Primary or fully diluted earnings per share of Common Stock, which shall be income calculated in accordance with paragraph (i) above, divided by the weighted average number of shares and share equivalents of Common Stock;

(iv) Net cash provided by operating activities based upon income calculated in accordance with paragraph (i) above; or

(v) Quality of service and/or patient care, measured by the extent to which pre-set quality objectives are achieved by the Company or a Business Unit.

(r) "Performance Goals" are the performance objectives with respect to Performance Criteria established by the Committee for the Company or a Business Unit for the purpose of determining whether, and the extent to which, a Section 162(m) Award will be awarded or paid.

(s) "Performance Unit" means a grant made under Section 8 entitling a Participant to a payment of cash at the end of a performance period if certain conditions as may be established by the Committee are met.

(t) "Restricted Unit" means a grant made under Section 9 entitling a Participant to a payment of cash at the end of a vesting period established by the Committee equivalent in value to the Fair Market Value of a share of Common Stock with such limits as to maximum value, if any, as may be established by the Committee.

(u) "Section 162(m)" means Section 162(m) of the Code and regulations and governmental interpretations thereunder.

(v) "Section 162(m) Award" means a Performance Unit or a Restricted Unit meeting the requirements of Section 10.

3. Shares Of Common Stock Subject To The Plan.

(a) Subject to the provisions of Section 3(c) and Section 12, the aggregate number of shares of Common Stock that may be issued, transferred or exercised pursuant to Incentive Awards under the Plan is 30,000,000 shares of Common Stock.

(b) The shares of Common Stock to be delivered under the Plan will be made available, at the discretion of the Board or the Committee, either from authorized but unissued shares of Common Stock or from previously issued shares of Common Stock reacquired by the Company, including shares purchased on the open market.

(c) If any share of Common Stock that is the subject of an Incentive Award is not issued or transferred and ceases to be issuable or transferable for any reason, such share of Common Stock will no longer be charged against the limitations provided for in Section 3(a) and may again be made subject to Incentive Awards. Shares as to which an Option has been surrendered in connection with the exercise of a related Appreciation Right, however, will not again be available for the grant of any further Incentive Awards. Incentive Awards to the extent they are paid out in cash and not in Common Stock shall not be applied against the limitations provided for in Section 3(a).

4. Administration Of The Plan.

(a) The Plan will be administered by the Committee, which will consist of two or more persons (i) who satisfy the requirements of a "Non-Employee Director" for purposes of Rule 16b-3 under the Exchange Act, and (ii) who satisfy the requirements of an "outside director" for purposes of Section 162(m).

(b) The Committee has and may exercise such powers and authority of the Board as may be necessary or appropriate for the Committee to carry out its functions as described in the Plan. The Committee has authority in its discretion to determine the Eligible Persons to whom, and the time or times at which, Incentive Awards may be granted and the number of shares, units, or Appreciation Rights subject to each Incentive Award. The Committee also has authority to interpret the Plan, to make determinations as to whether a grantee is permanently and totally disabled, and to determine the terms and provisions of the respective Incentive Award agreements and to make all other determinations necessary or advisable for Plan administration. The Committee has authority to prescribe and rescind rules and regulations relating to the Plan. All interpretations, determinations, and actions by the Committee will be final, conclusive, and binding upon all parties.

(c) No member of the Board nor the Committee will be liable for any action or determination made in good faith by the Board or the Committee with respect to the Plan or any Incentive Award under it.

5. Eligibility.

(a) All Employees who have been determined by the Committee to be key Employees and all consultants and advisors to the Company, or to any Business Unit, present or future, that have been determined by the Committee to be key consultants or advisors are eligible to receive Incentive Awards under the Plan; however, only Employees who have been determined by the Committee to be key Employees of the Company or any subsidiary corporation (within the meaning of Section 424(f) of the Code) shall be eligible to receive Incentive Stock Options under the Plan. The Committee has authority, in its sole discretion, to determine and designate from time to time those Eligible Persons who are to be granted Incentive Awards, and the type and amount of Incentive Award to be granted. Each Incentive Award will be evidenced by a written instrument and may include any other terms and conditions consistent with the Plan, as the Committee may determine.

(b) No person will be eligible for the grant of any Incentive Stock Option who owns or would own immediately after the grant of such Option, directly or indirectly, stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or of any subsidiary corporation (within the meaning of Section 424(f) of the Code). This does not apply if, at the time such Incentive Stock Option is granted, the Incentive Stock Option price is at least 110% of the Fair Market Value of the Common Stock on the date of the grant. In this event, the Incentive Stock Option by its terms is not exercisable after the expiration of five years from the date of grant.

6. Terms And Conditions Of Stock Options.

(a) The exercise price per share for each Option will be at least equal to the Fair Market Value of the Common Stock on the date of grant.

(b) Options shall vest no earlier than ratably over three years and will not be exercisable for at least one year after being granted. Options may be exercised as determined by the Committee, but in no event may an Option be exercisable after 10 years from the date of grant.

(c) Upon the exercise of an Option, the exercise price will be payable in full in cash or, in the discretion of the Committee, by the assignment and delivery to the Company of shares of Common Stock owned by the optionee; or in the discretion of the Committee, by a promissory note secured by shares of Common Stock bearing interest at a rate determined by the Committee; or by a combination of any of the above. The exercise price may, in the discretion of the Committee, also be paid by delivering a properly executed exercise notice for such Option along with irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds necessary to fully pay the purchase price and such other documents as the Committee may determine. Any shares assigned and delivered to the Company in payment or partial payment of the exercise price will be valued at the Fair Market Value on the exercise date.

(d) With respect to Incentive Stock Options granted under the Plan, the aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the number of shares with respect to which Incentive Stock Options are exercisable for the first time by an Employee during any calendar year (under the Plan or any other plan of the Company or a subsidiary corporation (within the meaning of Section 424(f) of the Code)) shall not exceed one hundred thousand dollars ($100,000) or such other limit as may be set forth in the Code.

(e) No fractional shares will be issued pursuant to the exercise of an Option nor will any cash payment be made in lieu of fractional shares.

(f) With respect to the exercise of an Option under the Plan, the Participant may, in the discretion of the Committee, receive a replacement Option under the Plan to purchase a number of shares of Common Stock equal to the number of shares of Common Stock, if any, which the Participant delivered on exercise of the Option, with a purchase price equal to the Fair Market Value on the exercise date and with a term extending to the expiration date of the original Option.

(g) At the time a Participant exercises an Option (other than, in the case of a participant who is a “covered employee” for purposes of Section 162(m) at the time of exercise, an Option that meets the requirements of Section 162(m)), the Committee may grant a cash bonus award in such amount as the Committee may determine. The Committee may make such a determination at the time of grant or exercise. The cash bonus award may be subject to any condition imposed by the Committee, including a reservation of the right to revoke a cash bonus award at any time before it is paid.

(h) All Incentive Stock Options shall be granted within 10 years from the date this Plan is adopted or is approved by the shareholders, whichever is earlier.

(i) Incentive Stock Options by their terms shall not be transferable by the Employee, other than by will or by laws of descent and distribution and shall be exercisable only by an Employee during his or her lifetime.

7. Terms And Conditions Of Appreciation Rights.

(a) An Appreciation Right may be granted in connection with an Option, either at the time of grant or at any time thereafter during the term of the Option.

(b) An Appreciation Right granted in connection with an Option will entitle the holder, upon exercise, to surrender such Option or any portion thereof to the extent unexercised, with respect to the number of shares as to which such Appreciation Right is exercised, and to receive payment of an amount computed pursuant to Section 7(d). Such Option will, to the extent and when surrendered, cease to be exercisable.

(c) Subject to Section 7(i), an Appreciation Right granted in connection with an Option hereunder will be exercisable at such time or times, and only to the extent, that a related Option is exercisable, will expire no later than the related Option expires and will not be transferable except to the extent that such related Option may be transferable.

(d) Upon the exercise of an Appreciation Right granted in connection with an Option, the holder will be entitled to receive payment of an amount determined by multiplying:

(i) The difference obtained by subtracting the purchase price of a share of Common Stock specified in the related Option from the Fair Market Value of a share of Common Stock on the date of exercise of such Appreciation Right, by

(ii) The number of shares as to which such Appreciation Right will have been exercised.

(e) An Appreciation Right may be granted without relationship to an Option and, in such case, will be exercisable as determined by the Committee, but in no event after 15 years from the date of grant.

(f) An Appreciation Right granted without relationship to an Option will entitle the holder, upon exercise of the Appreciation Right, to receive payment of an amount determined by multiplying:

(i) The difference obtained by subtracting the amount assigned to the Appreciation Right by the Committee on the date of grant (which shall not be less than the amount allowed by applicable law) from the Fair Market Value of a share of Common Stock on the date of exercise of such Appreciation Right, by

(ii) The number of shares as to which such Appreciation Right will have been exercised.

(g) At the time of grant of an Appreciation Right, the Committee may determine the maximum amount payable with respect to such Appreciation Right; however, such maximum amount shall in no event be greater than the applicable amount determined in accordance with Section 7(d) or 7(f).

(h) Payment of the amount determined under Section 7(d) or (f) shall be made in cash.

(i) An Appreciation Right granted in connection with an Incentive Stock Option may be exercised only when the market price of the Common Stock subject to the Incentive Stock Option exceeds the purchase price of a share of Common Stock related to the Incentive Stock Option.

8. Terms And Conditions Of Performance Units.

Performance Units, measured in whole or in part by the value of shares of Common Stock, the performance of the Participant, the performance of the Company or any Business Unit or any combination thereof, may be granted under the Plan. Such incentives shall be payable in cash and shall be subject to such restrictions and conditions, as the Committee shall determine. At the time of a Performance Unit grant, the Committee shall determine, in its sole discretion, one or more performance periods and performance goals to be achieved during the applicable performance periods as well as a target payment value for the Performance Unit or a range of payment values. No performance period shall exceed 10 years from the date of the grant. The performance goals applicable to a Performance Unit grant may be subject to such later revisions as the Committee shall deem appropriate to reflect significant unforeseen events such as changes in laws, regulations or accounting practices, or unusual or nonrecurring items or occurrences. At the end of the performance period, the Committee shall determine the extent to which performance goals have been attained or a degree of achievement between maximum and minimum levels in order to establish the level of payment to be made, if any.

The Committee may provide that during a performance period a Participant shall be paid a cash amount per Performance Unit in the same amount and at the same time as a dividend on a share of Common Stock.

9. Terms And Conditions Of Restricted Units.

Restricted Units may be granted under the Plan based on past, current and potential performance. Such Units shall be subject to such restrictions and conditions as the Committee shall determine. At the time of a Restricted Unit grant, the Committee shall determine, in its sole discretion, the vesting period of the Units and the maximum value of the Units. No vesting period shall exceed 10 years from the date of the grant. A Restricted Unit grant may be made subject to such later revisions as the Committee shall deem appropriate to reflect significant unforeseen events such as changes in laws, regulations or accounting practices, or unusual or nonrecurring items or occurrences. At the end of the vesting period applicable to Restricted Units granted to a Participant, a cash amount equivalent in value to the Fair Market Value of one share of Common Stock on the last day of the vesting period, subject to any maximum value determined by the Committee at the time of grant, shall be paid with respect to each such Restricted Unit to the Participant.

During the vesting period for Restricted Units, the Committee may provide that a Participant shall be paid with respect to each Restricted Unit, cash amounts in the same amount and at the same time as a dividend on a share of Common Stock.

10. Section 162(M) Awards.

Without limiting the generality of the foregoing, any of the Performance Units or Restricted Units referred to in Sections 8 and 9, respectively, may be granted as awards that satisfy the additional requirements of this Section 10 so as to qualify for exemption as "performance-based compensation" within the meaning of Section 162(m). Any such award shall be designated as a Section 162(m) Award at the time of grant.

(a) *Eligible Class*. The eligible class of persons for Section 162(m) Awards shall be all Eligible Persons.

(b) *Performance Goals*. A Participant's right to receive any payment with respect to an Incentive Award designated as a Section 162(m) Award shall be determined by the degree of achievement of a Performance Goal or Goals. The specific Performance Goals with respect to a Section 162(m) Award must be established by the Committee in advance of the deadlines applicable under Section 162(m) and while the performance relating to the Performance Goals remains substantially uncertain. Notwithstanding anything elsewhere in the Plan to the contrary (other than Section 12(d)), as and to the extent required by Section 162(m), the Performance Goal must state, in terms of an objective formula or standard, the method of computing the amount of compensation payable to the Participant if the Performance Goal is attained, and must preclude discretion to increase the amount of compensation payable that otherwise would be due upon attainment of the Performance Goal.

(c) *Committee Certification*. Before any Section 162(m) Award is paid to a Participant, the Committee must certify in writing (by resolution or otherwise) that the applicable Performance Goals and any other material terms of the Section 162(m) Award were satisfied; provided, however, that a Section 162(m) Award may be paid without regard to the satisfaction of the applicable Performance Goal (and the requirements of Section 162(m)) in the event of a Change in Control as provided in Section 12(d).

(d) *Terms And Conditions Of Awards; Committee Discretion To Reduce Awards*. The Committee shall have discretion to determine the conditions, restrictions or other limitations, in accordance with the terms of this Plan and Section 162(m), on the payment of individual Section 162(m) Awards. To the extent set forth in a Section 162(m) Award agreement, the Committee may reserve the right to reduce the amount payable in accordance with any standards or on any other basis (including the Committee's discretion), as the Committee may impose.

(e) *Adjustments For Material Changes*. As and to the extent permitted by Section 162(m), in the event of (i) a change in corporate capitalization, a corporate transaction or a complete or partial corporate liquidation, or (ii) any extraordinary gain or loss or other event that is treated for accounting purposes as an extraordinary item under generally accepted accounting principles, or (iii) any material change in accounting policies or practices affecting the Company and/or the Performance Goals, then, to the extent any of the foregoing events was not anticipated at the time the Performance Goals were established, the Committee may make adjustments to the Performance Goals, based solely on objective criteria, so as to neutralize the effect of the event on the applicable Section 162(m) Award.

(f) *Interpretation*. It is the intent of the Company that the Section 162(m) Awards satisfy, and be interpreted in a manner that satisfy, the applicable requirements of Section 162(m), including the requirements for performance-based compensation under Section 162(m)(4)(C), so that the Company's tax deduction for remuneration in respect of such an award for services performed by employees of the Company who are subject to Section 162(m) is not disallowed in whole or in part by the operation of such Code section. If any provision of this Plan otherwise would frustrate or conflict with the intent expressed in this Section 10, that provision, to the extent possible, shall be interpreted and deemed amended so as to avoid such conflict. To the extent of any remaining irreconcilable conflict with such intent, such provision shall be deemed void as applicable to such employees with respect to whom such conflict exists. Nothing herein shall be interpreted so as to preclude any Eligible Person from receiving an award that is not a Section 162(m) Award.

11. Limits On Awards.

The maximum number of shares of Common Stock or stock units underlying (i) Options and Appreciation Rights and/or (ii) Performance Units and Restricted Units, that may be granted to any Eligible Person during any period of five consecutive fiscal years of the Company, beginning with fiscal year 1996, shall not exceed an average number of 500,000 shares per year, either individually or in the aggregate with respect to all such types of awards, with such number of shares subject to adjustment on the same basis as provided in Section 12. To the extent required by Section 162(m), awards subject to the foregoing limit that are cancelled shall not again be available for grant under this limit. The maximum dollar amount of compensation in respect of Performance Units and Restricted Units that may be paid to any Eligible Person during any fiscal year of the Company shall not exceed $1,500,000.

12. Adjustment Provisions.

(a) Subject to Section 12(b), if the outstanding shares of Common Stock of the Company are increased, decreased, or exchanged for a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed with respect to such shares of Common Stock or other securities, through merger, consolidation, spin off, sale of all or substantially all the property of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other distribution with respect to such shares of Common Stock, or other securities, an appropriate and proportionate adjustment may be made in (i) the maximum number and kind of shares provided in Section 3, (ii) the number and kind of shares, units, or other securities subject to the then-outstanding Incentive Awards, and (iii) the price for each share or other unit of any other securities subject to then-outstanding Incentive Awards without change in the aggregate purchase price or value as to which such Incentive Awards remain exercisable or subject to restrictions.

(b) Despite the provisions of Section 12(a), upon dissolution or liquidation of the Company or upon a reorganization, merger, or consolidation of the Company with one or more corporations as a result of which the Company is not the surviving corporation or survives as a subsidiary of another corporation, or upon the sale of all or substantially all the property of the Company, all Incentive Awards then outstanding under the Plan will be fully vested and exercisable and all restrictions will immediately cease, unless provisions are made in connection with such transaction for the continuance of the Plan and the assumption or the substitution for such Incentive Awards of new incentive awards covering the stock of a successor employer corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices.

(c) Adjustments under Section 12(a) and 12(b) will be made by the Committee, whose determination as to what adjustments will be made and the extent thereof will be final, binding and conclusive. No fractional interest will be issued under the Plan on account of any such adjustments.

(d) Notwithstanding any provision herein to the contrary, in the event a Change of Control occurs or in the event that any Person makes a filing under Sections 13(d) or 14(d) of the Exchange Act with respect to the Company, the Committee may, in its sole discretion, without obtaining shareholder approval, take any one or more of the following actions with respect to all Eligible Persons and Participants:

(i) Accelerate the vesting dates of any outstanding Appreciation Rights, Restricted Units or Options, accelerate the performance period of outstanding Performance Units, or make outstanding Performance Units fully payable;

(ii) Determine that all or any portion of conditions associated with any Incentive Award have been met;

(iii) Grant a cash bonus award to any of the holders of outstanding Options (other than, in the case of a Participant who is a covered employee, an Option that meets the requirements of Section 162(m));

(iv) Grant Appreciation Rights to holders of outstanding Options;

(v) Pay cash to any or all Option holders in exchange for the cancellation of their outstanding Options;

(vi) Make any other adjustments or amendments to the Plan and outstanding Incentive Awards and substitute new Incentive Awards.

For purposes of this Section 12(d), the following definitions shall apply:

(A) A “Change in Control” of the Company shall have occurred when a Person, alone or together with its Affiliates and Associates, becomes the beneficial owner of 20% or more of the general voting power of the Company.

(B) “Affiliate” and “Associate” shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

(C) “Person” shall mean an individual, firm, corporation or other entity or any successor to such entity, but “Person” shall not include the Company, any subsidiary of the Company, any employee benefit plan or employee stock plan of the Company, or any Person organized, appointed, established or holding Voting Stock by, for or pursuant to the terms of such a plan or any Person who acquires 20% or more of the general voting power of the Company in a transaction or series of transactions approved prior to such transaction or series of transactions by the Board.

(D) “Voting Stock” shall mean shares of the Company’s capital stock having general voting power, with “voting power” meaning the power under ordinary circumstances (and not merely upon the happening of a contingency) to vote in the election of directors.

13. General Provisions.

(a) Nothing in the Plan or in any instrument executed pursuant to the Plan will confer upon any Participant who is an Employee any right to continue in the employ of the Company or any of its subsidiaries or affect the right of the Company to terminate the employment of such Participant or terminate the consulting or advisory services of any Participant at any time with or without cause.

(b) No shares of Common Stock will be issued or transferred pursuant to an Incentive Award unless and until all then-applicable requirements imposed by federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any stock exchanges upon which the Common Stock may be listed, have been fully met. As a condition precedent to the issuance of shares pursuant to the grant or exercise of an Incentive Award, the Company may require the Participant to take any reasonable action to meet such requirements.

(c) No Participant and no beneficiary or other person claiming under or through such Participant will have any right, title or interest in or to any shares of Common Stock allocated or reserved under the Plan or subject to any Incentive Award except as to such shares of Common Stock, if any, that have been issued or transferred to such Participant.

(d) The Company shall have the right to deduct from any settlement, including the delivery or vesting of Incentive Awards, made under the Plan any federal, state or local taxes of any kind required by law to be withheld with respect to such payments or take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. With respect to any nonqualified stock Option, the Committee may, in its discretion, permit the Participant to satisfy, in whole or in part, any tax withholding obligation which may arise in connection with the exercise of the nonqualified stock Option by electing to have the Company withhold shares of Common Stock having a Fair Market Value equal to the amount of the tax withholding.

(e) No Incentive Award and no right under the Plan, contingent or otherwise, will be transferable, assignable or subject to any encumbrances, pledge or charge of any nature except that, under such rules and regulations as the Company may establish pursuant to the terms of the Plan, a beneficiary may be designated with respect to an Incentive Award in the event of death of a Participant. If such beneficiary is the executor or administrator of the estate of the Participant, any rights with respect to such Incentive Award may be transferred to the person or persons or entity (including a trust) entitled thereto.

(f) The Company may make a loan to a Participant in connection with the exercise of an Option in an amount not to exceed the aggregate exercise price of the Option being exercised and the amount of any federal and state taxes payable in connection with such exercise for the purpose of assisting such optionee to exercise such Option. Any such loan may be secured by shares of Common Stock or other collateral deemed adequate by the Committee and will comply in all respects with all applicable laws and regulations. The Committee may adopt policies regarding eligibility for such loans, the maximum amounts thereof and any terms and conditions not specified in the Plan upon which such loans will be made. Such loans will bear interest at a rate determined by the Committee.

(g) The forms of Options and Appreciation Rights granted under the Plan may contain such other provisions as the Committee may deem advisable.

14. Amendment And Termination.

(a) The Board will have the power, in its discretion, to amend, suspend or terminate the Plan at any time. The Board may amend the Plan to address administrative matters but may not, however, amend the Plan in any material respect, including without limitation, to increase the number of shares of Common Stock that may be issued, transferred or exercised pursuant to Incentive Awards under the Plan or change the types or terms of Incentive Awards that may be made under the Plan, without the approval of the shareholders of the Company.

(b) The Committee may, with the consent of a Participant, make such modifications in the terms and conditions of an Incentive Award agreement as it deems advisable.

(c) No amendment, suspension or termination of the Plan will, without the consent of the Participant, alter, terminate, impair or adversely affect any right or obligation under any Incentive Award previously granted under the Plan.

(d) An Appreciation Right or an Option held by a person who was an Employee at the time such Appreciation Right or Option was granted will expire immediately if and when the Participant ceases to be an Employee, except as follows:

(i) If the employment of an Employee is terminated by the Company other than for cause, for which the Company will be the sole judge, then the Appreciation Rights and Options will expire three months thereafter unless by their terms they expire sooner. During said period, the Appreciation Rights and Options may be exercised in accordance with their terms, but only to the extent exercisable on the date of termination of employment.

(ii) If the Employee retires at normal retirement age or retires with the consent of the Company at an earlier date or becomes permanently and totally disabled, as determined by the Committee, while employed by the Company, the Appreciation Rights and Options of the Employee will be exercisable and expire in accordance with their terms.

(iii) If an Employee dies while employed by the Company, the Appreciation Rights and Options of the Employee will become fully exercisable as of the date of death and will expire three years after the date of death unless by their terms they expire sooner. If the Employee dies or becomes permanently and totally disabled as determined by the Committee within the three months referred to in subparagraph (i) above, the Appreciation Rights and Options will become fully exercisable as of the date of death or such permanent disability and will expire, in the case of death, one year after the date of such death. In the case of permanent and total disability such Options and Appreciation Rights will expire in accordance with their terms. If the Employee dies or becomes permanently and totally disabled as determined by the Committee subsequent to the time the Employee retires at normal retirement age or retires with the consent of the Company at an earlier date, the Appreciation Rights and Options will fully vest as of the date of death or permanent and total disability and will expire, in the case of death, one year after the date of death. In the case of permanent and total disability, such Appreciation Rights and Options will expire in accordance with their terms.

(e) In the event a holder of Performance Units or Restricted Units (including any such award designated as a Section 162(m) Award) ceases to be an Employee, all such Performance Units or Restricted Units subject to restrictions at the time his or her employment terminates will be returned to the Company unless the Committee determines otherwise except as follows:

(i) In the event the holder of Restricted Units ceases to be an Employee due to death all such Restricted Units subject to restrictions at the time his or her employment terminates will no longer be subject to said restrictions.

(ii) If an Employee retires at normal retirement age or retires with the consent of the Company at an earlier date or becomes permanently and totally disabled as determined by the Committee, all such Performance Units and Restricted Units will continue to vest over the applicable vesting or performance period provided that during these periods such Employee does not engage in or assist any business that the Company, in its sole discretion, determines to be in competition with businesses engaged in by the Company.

(iii) In the event a holder of Performance Units ceases to be an Employee prior to the end of a performance period applicable thereto, the Committee in its sole discretion shall determine whether to make any payment to the Participant in respect of such Performance Unit and the timing of such payment, if any.

(f) The Committee may in its sole discretion determine, (i) with respect to an Incentive Award, that any Participant who is on leave of absence for any reason will be considered as still in the employ of the Company, provided that rights to such Incentive Award during a leave of absence will be limited to the extent to which such right was earned or vested at the commencement of such leave of absence, or (ii) with respect to any Appreciation Rights and Options of any Employee who is retiring at normal retirement age or with the consent of the Company at an earlier age, or of an Employee who becomes permanently and totally disabled as determined by the Committee that the Appreciation Rights and/or Options of such Employee will accelerate and become fully exercisable on a date specified by the Committee which is not later than the effective date of such Employee's retirement or on a date specified by the Committee which is not later than the date that the Employee becomes permanently and totally disabled as determined by the Committee.

15. Effective Date Of Plan And Duration Of Plan.

This Plan, as amended hereby, will become effective upon adoption by the Board subject to approval by the holders of a majority of the shares which are represented in person or by proxy and entitled to vote on the subject at the Special Meeting of Shareholders of the Company held on January 28, 1997. Unless previously terminated, the Plan will terminate on January 28, 2007 except with respect to Incentive Awards then outstanding.

FIRST AMENDED AND RESTATED
TENET HEALTHCARE CORPORATION
1999 BROAD-BASED STOCK INCENTIVE PLAN

1. Purpose of the Plan.

The purpose of the 1999 Broad-Based Stock Incentive Plan of Tenet Healthcare Corporation (the "Company") is to promote the interests of the Company and its shareholders by strengthening the Company's ability to attract, motivate and retain employees, advisors and consultants of training, experience and ability, and to provide a means to encourage stock ownership and a proprietary interest in the Company to officers and valued employees of the Company and consultants and advisors to the Company upon whose judgment, initiative, and efforts the financial success and growth of the business of the Company depend. Executive Officers (as defined in Section 2 below) of the Company are not eligible to participate in this Plan. This Plan is intended to be a broad-based stock-based incentive plan under the rules of the New York Stock Exchange.

2. Definitions.

(a) "Appreciation Right" means a right to receive an amount, representing the difference between a price per share of Common Stock assigned on the date of grant and the Fair Market Value of a share of Common Stock on the date of exercise of such grant, payable in cash and/or Common Stock.

(b) "Board" means the Board of Directors of the Company.

(c) "Business Unit" means any division, group, subsidiary or other unit within the Company which is designated by the Committee to constitute a Business Unit.

(d) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(e) "Committee" means the Compensation and Stock Option Committee of the Board, unless the Board appoints another committee to administer the Plan.

(f) "Common Stock" means the $0.075 par value Common Stock of the Company.

(g) "Company" means Tenet Healthcare Corporation, a Nevada corporation.

(h) "Eligible Person" means an Employee, advisor or consultant of the Company or any of its present or future Business Units but shall not include a director who is not an Employee of the Company or any employee who is an "Officer"as defined in SEC Release No. 34-41479, File No. SR-NYSE-98 dated June 4, 1999, as the same may be amended or superseded from time to time.

(i) "Employee" means any employee of the Company, or of any of its present or future Business Units.

(j) "Executive Officer" means a person required to file reports with the Securities and Exchange Commission pursuant to Section 16, or any successor provision, of the Exchange Act.

(k) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time or any successor statute.

(l) "Fair Market Value" means the closing price of a share of Common Stock on the New York Stock Exchange on the date as of which fair market value is to be determined or the actual sale price of the shares acquired upon exercise if the shares are sold in a same day sale, or if no sales were made on such date, the closing price of such shares on the New York Stock Exchange on the next preceding date on which there were such sales.

(m) "Incentive Award" means an Option, Incentive Stock Award, Appreciation Right, Performance Unit, Restricted Unit or cash bonus award granted under the Plan.

(n) "Incentive Stock Award" means a right to the grant or purchase, at a price determined by the Committee, of Common Stock of the Company which is nontransferable and subject to substantial risk of forfeiture until specific conditions are met. Such conditions will be determined by the Committee. An Incentive Stock Award includes a Performance Unit paid in Common Stock of the Company.

(o) "Option" means a nonqualified stock option.

(p) "Participant" means any Eligible Person selected to receive an Incentive Award pursuant to Section 5.

(q) "Plan" means the 1999 Broad-Based Stock Incentive Plan as set forth herein, as it may be amended from time to time.

(r) "Performance Criteria" means one or more of the following criteria selected by, and as further defined by, the Committee to measure achievement of performance goals:

(i) Income, either before or after income taxes, including or excluding interest, depreciation and amortization, extraordinary items and other material non-recurring gains or losses, discontinued operations, the cumulative effect of changes in accounting policies and the effects of any tax law changes;

(ii) Return on average equity, which shall be income calculated in accordance with paragraph (i) above, divided by the average of stockholders'equity as of the beginning and as of the end of the applicable period;

(iii) Primary or fully diluted earnings per share of Common Stock, which shall be income calculated in accordance with paragraph (i) above, divided by the weighted average number of shares and share equivalents of Common Stock;

(iv) Net cash provided by operating activities based upon income calculated in accordance with paragraph (i) above;

(v) Quality of service and/or patient care, measured by the extent to which pre-set quality objectives are achieved by the Company or a Business Unit; or

(vi) Any other performance criterion or criteria deemed appropriate by the Company.

(s) "Performance Unit" means a grant made under Section 9 entitling a Participant to a payment of Common Stock or cash at the end of a performance period if certain conditions as may be established by the Committee are met.

(t) "Restricted Unit" means a grant made under Section 10 entitling a Participant to a payment of cash or stock at the end of a vesting period established by the Committee equivalent in value to the Fair Market Value of a share of Common Stock with such limits as to maximum value, if any, as may be established by the Committee.

3. Shares of Common Stock Subject to the Plan.

(a) Subject to the provisions of Section 3(c) and Section 12, the aggregate number of shares of Common Stock that may be issued or transferred or exercised pursuant to Incentive Awards under the Plan is 13,000,000 shares of Common Stock.

(b) The shares of Common Stock to be delivered under the Plan will be made available, at the discretion of the Board or the Committee, either from authorized but unissued shares of Common Stock or from previously issued shares of Common Stock reacquired by the Company, including shares purchased on the open market.

(c) If any share of Common Stock that is the subject of an Incentive Award is not issued or transferred and ceases to be issuable or transferable for any reason, such share of Common Stock will no longer be charged against the limitations provided for in Section 3(a) and may again be made subject to Incentive Awards. However, shares as to which an Option has been surrendered in connection with the exercise of a related Appreciation Right will not again be available for the grant of any further Incentive Awards. Incentive Awards to the extent they are paid out in cash and not in Common Stock shall not be applied against the limitations provided for in Section 3(a).

4. Administration of the Plan.

(a) The Plan will be administered by the Committee, which will consist of two or more persons (i) who are not eligible to receive Incentive Awards under the Plan, and (ii) who have not been eligible at any time within one year before appointment to the Committee for selection as persons to whom Incentive Awards may be granted pursuant to the Plan, or to whom shares may be allocated or Options or Appreciation Rights may be granted pursuant to any other plan of the Company or any of its Business Units entitling the participants therein to acquire stock, appreciation rights, or options of the Company or any of its present or future Business Units, except that this requirement shall not prohibit any person from serving on the Committee solely by reason of the fact that such person is eligible or may have been granted such rights under the Company's Directors Stock Option Plan or the Director Restricted Share Plan.

(b) The Committee has and may exercise such powers and authority of the Board as may be necessary or appropriate for the Committee to carry out its functions as described in the Plan. The Committee has authority in its discretion to determine the Eligible Persons to whom, and the time or times at which, Incentive Awards may be granted and the number of shares, units, or Appreciation Rights subject to each Incentive Award. The Committee also has authority to interpret the Plan, to make determinations as to whether a grantee is

permanently and totally disabled, and to determine the terms and provisions of the respective Incentive Award agreements and to make all other determinations necessary or advisable for Plan administration. The Committee has authority to prescribe, amend, and rescind rules and regulations relating to the Plan. All interpretations, determinations, and actions by the Committee will be final, conclusive, and binding upon all parties.

(c) No member of the Board nor the Committee will be liable for any action or determination made in good faith by the Board or the Committee with respect to the Plan or any Incentive Award under it.

5. Eligibility.

All Employees of the Company, except Executive Officers, are eligible to participate in the Plan. The Committee has authority, in its sole discretion, to determine and designate from time to time those Eligible Persons who are to be granted Incentive Awards, and the type and amount of Incentive Award to be granted. Each Incentive Award will be evidenced by a written instrument and may include any other terms and conditions consistent with the Plan, as the Committee may determine.

6. Terms and Conditions of Stock Options.

(a) The exercise price per share for each Option shall be determined by the Committee and shall not be less than an amount allowed by applicable law.

(b) Options shall vest and may be exercised as determined by the Committee but in no event may an Option be exercisable after 15 years from the date of grant.

(c) Upon the exercise of an Option, the exercise price will be payable in full in cash or, in the discretion of the Committee, by the assignment and delivery to the Company of shares of Common Stock owned by the optionee (including Common Stock subject to Incentive Stock Awards under the Plan); or in the discretion of the Committee, by a promissory note secured by shares of Common Stock bearing interest at a rate determined by the Committee; or by a combination of any of the above. The exercise price may, in the discretion of the Committee, also be paid by delivering a properly executed exercise notice for such Option along with irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds necessary to fully pay the purchase price and such other documents as the Committee may determine. Any shares assigned and delivered to the Company in payment or partial payment of the exercise price will be valued at the Fair Market Value on the exercise date.

(d) No fractional shares will be issued pursuant to the exercise of an Option nor will any cash payment be made in lieu of fractional shares.

(e) With respect to the exercise of an Option under the Plan, the Participant may, in the discretion of the Committee, receive a replacement Option under the Plan to purchase a number of shares of Common Stock equal to the number of shares of Common Stock, if any, which the Participant delivered on exercise of the Option, with a purchase price equal to the Fair Market Value on the exercise date and with a term extending to the expiration date of the original Option.

(f) At the time a Participant exercises an Option, the Committee may grant a cash bonus award in such amount as the Committee may determine. The Committee may make such a determination at the time of grant or exercise. The cash bonus award may be subject to any condition imposed by the Committee, including a reservation of the right to revoke a cash bonus award at any time before it is paid.

7. Terms and Conditions of Appreciation Rights.

(a) An Appreciation Right may be granted in connection with an Option, either at the time of grant or at any time thereafter during the term of the Option.

(b) An Appreciation Right granted in connection with an Option will entitle the holder, upon exercise, to surrender such Option or any portion thereof to the extent unexercised, with respect to the number of shares as to which such Appreciation Right is exercised, and to receive payment of an amount computed pursuant to Section 7(d). Such Option will, to the extent and when surrendered, cease to be exercisable.

(c) Subject to Section 7(i), an Appreciation Right granted in connection with an Option hereunder will be exercisable to such time or times, and only to the extent, that a related Option is exercisable, will expire no later than the related Option expires and will not be transferable except to the extent that such related Option may be transferable.

(d) Upon the exercise of an Appreciation Right granted in connection with an Option, the holder will be entitled to receive payment of an amount determined by multiplying:

(i) The difference obtained by subtracting the purchase price of a share of Common Stock specified in the related Option from the Fair Market Value of a share of Common Stock on the date of exercise of such Appreciation Right, by

(ii) The number of shares as to which such Appreciation Right will have been exercised.

(e) An Appreciation Right may be granted without relationship to an Option and, in such case, will be exercisable as determined by the Committee, but in no event after 15 years from the date of grant.

(f) An Appreciation Right granted without relationship to an Option will entitle the holder, upon exercise of the Appreciation Right, to receive payment of an amount determined by multiplying:

(i) The difference obtained by subtracting the amount assigned to the Appreciation Right by the Committee on the date of grant (which shall not be less than the amount allowed by applicable law) from the Fair Market Value of a share of Common Stock on the date of exercise of such Appreciation Right, by

(ii) The number of shares as to which such Appreciation Right will have been exercised.

(g) At the time of grant of an Appreciation Right, the Committee may determine the maximum amount payable with respect to such Appreciation Right; however, such maximum amount shall in no event be greater than the applicable amount determined in accordance with Section 7(d) or 7(f).

(h) Payment of the amount determined under Section 7(d) or (f) may be made solely in whole shares of Common Stock valued at their Fair Market Value on the date of exercise of the Appreciation Right or alternatively, in the sole discretion of the Committee, solely in cash or a combination of cash and shares as the Committee deems advisable. If the Committee decides that payment may be made in shares of Common Stock, and the amount payable results in a fractional share, payment for the fractional share will be made in cash.

8. Terms and Conditions of Incentive Stock Awards.

(a) All shares of Incentive Stock Awards granted pursuant to the Plan will be subject to the following conditions:

(i) The shares may not be transferred, assigned or subject to any encumbrance, pledge or charge until the restrictions are removed or expire or unless otherwise allowed by the Committee.

(ii) The Committee may require the Participant to enter into an escrow agreement providing that the certificates representing Incentive Stock Awards granted or sold pursuant to the Plan will remain in the physical custody of an escrow holder until all restrictions are removed or expire.

(iii) Each certificate representing Incentive Stock Awards granted pursuant to the Plan will bear a legend making appropriate reference to the restrictions imposed.

(iv) The Committee may impose such conditions on any shares granted or sold pursuant to the Plan as it may deem advisable, including, without limitation, restrictions under the Securities Act of 1933, as amended, under the requirements of any stock exchange upon which such shares of the same class are then listed and under any blue sky or other securities laws applicable to such shares.

(v) The Committee, in its sole discretion, may elect to settle all or a portion of an Incentive Stock Award in cash in lieu of issuing shares of Common Stock based on the Fair Market Value on the date of payment.

(b) The restrictions imposed under subparagraph (a) above upon Incentive Stock Awards will lapse in accordance with a schedule or other conditions as determined by the Committee, subject to the provisions of Section 12(d) and Section 14(e).

(c) Subject to the provisions of subparagraph (a) above and Section 14(e), the holder will have all rights of a shareholder with respect to the Incentive Stock Awards granted or sold, including the right to vote the shares and receive all dividends and other distributions paid or made with respect thereto, unless the Committee determines otherwise at the time the Incentive Stock Awards are granted or sold.

9. Terms and Conditions of Performance Units.

Performance Units, measured in whole or in part by the value of shares of Common Stock, the performance of the Participant, the performance of the Company or any Business Unit or any combination thereof, may be granted under the Plan. Such incentives may be payable in Common Stock, cash or both, and shall be subject to such restrictions and conditions, as the Committee shall determine. At the time of a Performance Unit grant, the Committee shall determine, in its sole discretion, one or more performance periods and performance goals to be achieved during the applicable performance periods as well as a target payment value for the Performance Unit or a range of payment values. No performance period shall exceed 15 years from the date of the grant. The performance goals applicable to a Performance Unit grant shall be based upon Performance Criteria and may be subject to such later revisions as the Committee shall deem appropriate to reflect significant unforeseen events such as changes in laws, regulations or accounting practices, or unusual or nonrecurring items or occurrences. At the end of the performance period, the Committee shall determine the extent to which performance goals have been attained or a degree of achievement between maximum and minimum levels in order to establish the level of payment to be made, if any, and shall determine if payment is to be made in the form of Common Stock or cash or both.

The Committee may provide that during a performance period a Participant shall be paid a cash amount per Performance Unit in the same amount and at the same time as a dividend on a share of Common Stock.

10. Terms and Conditions of Restricted Units.

Restricted Units may be granted under the Plan based on past, current and potential performance. Such Units shall be subject to such restrictions and conditions as the Committee shall determine. At the time of a Restricted Unit grant, the Committee shall determine, in its sole discretion, the vesting period of the Units and the maximum value of the Units. No vesting period shall exceed 15 years from the date of the grant. A Restricted Unit grant may be made subject to such later revisions as the Committee shall deem appropriate to reflect significant unforeseen events such as changes in laws, regulations or accounting practices, or unusual or nonrecurring items or occurrences. At the end of the vesting period applicable to Restricted Units granted to a Participant, a cash or stock amount equivalent in value to the Fair Market Value of one share of Common Stock on the last day of the vesting period, subject to any maximum value determined by the Committee at the time of grant, shall be paid with respect to each such Restricted Unit to the Participant.

During the vesting period for Restricted Units, the Committee may provide that a Participant shall be paid with respect to each Restricted Unit, cash amounts in the same amount and at the same time as a dividend on a share of Common Stock.

11. Limits on Awards.

The maximum number of shares of Common Stock or stock units underlying (i) Options and Appreciation Rights and/or (ii) Incentive Stock Awards, Performance Units and Restricted Units, that may be granted to any Eligible Person under this Plan or any other stock-based incentive plan of the Company during any period of five consecutive fiscal years of the Company, beginning with fiscal year 1996, shall not exceed an average number of 500,000 shares per year, either individually or in the aggregate with respect to all such types of awards, with such number of shares subject to adjustment on the same basis as provided in Section 12. The maximum dollar amount of compensation in respect of Performance Units and Restricted Units denominated in cash (rather than in Common Stock or stock units) that may be paid to any Eligible Person under this Plan or any other stock-based incentive plan of the Company during any fiscal year of the Company shall not exceed $1,500,000.

12. Adjustment Provisions.

(a) Subject to Section 12(b), if the outstanding shares of Common Stock of the Company are increased, decreased, or exchanged for a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed with respect to such shares of Common Stock or other securities, through merger, consolidation, spin off, sale of all or substantially all the property of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other distribution with respect to such shares of Common Stock, or other securities, an appropriate and proportionate adjustment may be made in (i) the maximum number and kind of shares provided in Section 3, (ii) the number and kind of shares, units, or other securities subject to the then-outstanding Incentive Awards, and (iii) the price for each share or other unit of any other securities subject to then-outstanding Incentive Awards without change in the aggregate purchase price or value as to which such Incentive Awards remain exercisable or subject to restrictions.

(b) Despite the provisions of Section 12(a), upon dissolution or liquidation of the Company or upon a reorganization, merger, or consolidation of the Company with one or more corporations as a result of which the Company is not the surviving corporation, or upon the sale of all or substantially all the property of the Company, all Incentive Awards then outstanding under the Plan will be fully vested and exercisable and all restrictions will immediately cease, unless provisions are made in connection with such transaction for the continuance of the Plan and the assumption or the substitution for such Incentive Awards of new incentive awards covering the stock of a successor employer corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices.

(c) Adjustments under Section 12(a) and 12(b) will be made by the Committee, whose determination as to what adjustments will be made and the extent thereof will be final, binding and conclusive. No fractional interest will be issued under the Plan on account of any such adjustments.

(d) In the event a Change of Control occurs or in the event that any Person makes a filing under Sections 13(d) or 14(d) of the Exchange Act with respect to the Company, the Committee may, in its sole discretion, without obtaining shareholder approval, take any one or more of the following actions with respect to all Eligible Persons and Participants:

(i) Accelerate the vesting dates of any outstanding Appreciation Rights or Options, accelerate the vesting dates of outstanding Restricted Units or Incentive Stock Awards or the performance period of outstanding Performance Units, or make outstanding Performance Units fully payable;

(ii) Determine that all or any portion of conditions associated with any Incentive Award have been met;

(iii) Grant a cash bonus award to any of the holders of outstanding Options;

(iv) Grant Appreciation Rights to holders of outstanding Options;

(v) Pay cash to any or all Option holders in exchange for the cancellation of their outstanding Options;

(vi) Make any other adjustments or amendments to the Plan and outstanding Incentive Awards and substitute new Incentive Awards.

For purposes of this Section 12(d), the following definitions shall apply:

(A) A “Change in Control”of the Company shall have occurred when a Person, alone or together with its Affiliates and Associates, becomes the beneficial owner of 20% or more of the general voting power of the Company.

(B) “Affiliate”and “Associate”shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

(C) “Person” shall mean an individual, firm, corporation or other entity or any successor to such entity, but “Person” shall not include the Company, any subsidiary of the Company, any employee benefit plan or employee stock plan of the Company, or any Person organized, appointed, established or holding Voting Stock by, for or pursuant to the terms of such a plan or any Person who acquires 20% or more of the general voting power of the Company in a transaction or series of transactions approved prior to such transaction or series of transactions by the Board.

(D) “Voting Stock”shall mean shares of the Company’s capital stock having general voting power, with “voting power”meaning the power under ordinary circumstances (and not merely upon the happening of a contingency) to vote in the election of directors.

13. General Provisions.

(a) Nothing in the Plan or in any instrument executed pursuant to the Plan will confer upon any Participant who is an Employee any right to continue in the employ of the Company or any of its subsidiaries or affect the right of the Company to terminate the employment of such Participant or terminate the consulting or advisory services of any Participant at any time with or without cause.

(b) No shares of Common Stock will be issued or transferred pursuant to an Incentive Award unless and until all then-applicable requirements imposed by federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any stock exchanges upon which the Common Stock may be listed, have been fully met. As a condition precedent to the issuance of shares pursuant to the grant or exercise of an Incentive Award, the Company may require the Participant to take any reasonable action to meet such requirements.

(c) No Participant and no beneficiary or other person claiming under or through such Participant will have any right, title or interest in or to any shares of Common Stock allocated or reserved under the Plan or subject to any Incentive Award except as to such shares of Common Stock, if any, that have been issued or transferred to such Participant.

(d) The Company shall have the right to deduct from any settlement, including the delivery or vesting of Incentive Awards, made under the Plan any federal, state or local taxes of any kind required by law to be withheld with respect to such payments or take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. With respect to any nonqualified stock Option, the Committee may, in its discretion, permit the Participant to satisfy, in whole or in part, any tax withholding obligation which may arise in connection with the exercise of the nonqualified stock Option by electing to have the Company withhold shares of Common Stock having a Fair Market Value equal to the amount of the tax withholding.

(e) No Incentive Award and no right under the Plan, contingent or otherwise, will be transferable, assignable or subject to any encumbrances, pledge or charge of any nature except that, under such rules and regulations as the Company may establish pursuant to the terms of the Plan, a beneficiary may be designated with respect to an Incentive Award in the event of death of a Participant. If such beneficiary is the executor or administrator of the estate of the Participant, any rights with respect to such Incentive Award may be transferred to the person or persons or entity (including a trust) entitled thereto.

(f) The Company may make a loan to a Participant in connection with (i) the exercise of an Option in an amount not to exceed the aggregate exercise price of the Option being exercised and the amount of any federal and state taxes payable in connection with such exercise for the purpose of assisting such optionee to exercise such Option and (ii) an Incentive Stock Award or Performance Unit paid in Common Stock in an amount not to exceed the amount of any federal and state taxes payable upon expiration of any applicable forfeiture provision, performance period or vesting period for the purpose of assisting the holder of the Incentive Stock Award or Performance Unit to enjoy the rights thereunder. Any such loan may be secured by shares of Common Stock or other collateral deemed adequate by the Committee and will comply in all respects with all applicable laws and regulations. The Committee may adopt policies regarding eligibility for such loans, the maximum amounts thereof and any terms and conditions not specified in the Plan upon which such loans will be made. Such loans will bear interest at a rate determined by the Committee.

(g) The forms of Options and Appreciation Rights granted under the Plan may contain such other provisions as the Committee may deem advisable.

14. Amendment and Termination.

(a) The Board will have the power, in its discretion, to amend, suspend or terminate the Plan at any time, subject to approval of the shareholders of the Company to the extent necessary for compliance with Rule 16b-3 under the Exchange Act or the rules of the New York Stock Exchange.

(b) The Committee may, with the consent of a Participant, make such modifications in the terms and conditions of an Incentive Award agreement as it deems advisable.

(c) No amendment, suspension or termination of the Plan will, without the consent of the Participant, alter, terminate, impair or adversely affect any right or obligation under any Incentive Award previously granted under the Plan.

(d) An Appreciation Right or an Option held by a person who was an Employee at the time such Appreciation Right or Option was granted will expire immediately if and when the Participant ceases to be an Employee, except as follows:

(i) If the employment of an Employee is terminated by the Company other than for cause, for which the Company will be the sole judge, then the Appreciation Rights and Options will expire three months thereafter unless by their terms they expire sooner. During said period, the Appreciation Rights and Options may be exercised in accordance with their terms, but only to the extent exercisable on the date of termination of employment.

(ii) If the Employee retires at normal retirement age or retires with the consent of the Company at an earlier date or becomes permanently and totally disabled, as determined by the Committee, while employed by the Company, the Appreciation Rights and Options of the Employee will be exercisable and expire in accordance with their terms.

(iii) If an Employee dies while employed by the Company, the Appreciation Rights and Options of the Employee will become fully exercisable as of the date of death and will expire three years after the date of death unless by their terms they expire sooner. If the Employee dies or becomes permanently and totally disabled as determined by the Committee within the three months referred to in subparagraph (i) above, the Appreciation Rights and Options will become fully exercisable as of the date of death or such permanent disability and will expire, in the case of death, one year after the date of such death. In the case of permanent and total disability such Options and Appreciation Rights will expire in accordance with their terms. If the Employee dies or becomes permanently and totally disabled as determined by the Committee subsequent to the time the Employee retires at normal retirement age or retires with the consent of the Company at an earlier date, the Appreciation Rights and Options will fully vest as of the date of death or permanent and total disability and will expire, in the case of death, one year after the date of death. In the case of permanent and total disability, such Appreciation Rights and Options will expire in accordance with their terms.

(e) In the event a holder of Incentive Stock Awards, Performance Units or Restricted Units ceases to be an Employee, all such Incentive Stock Awards, Performance Units or Restricted Units subject to restrictions at the time his or her employment terminates will be returned to the Company unless the Committee determines otherwise except as follows:

(i) In the event the holder of Incentive Stock Awards or Restricted Units ceases to be an Employee due to death all such Incentive Stock Awards or Restricted Units subject to restrictions at the time his or her employment terminates will no longer be subject to said restrictions.

(ii) If an Employee retires at normal retirement age or retires with the consent of the Company at an earlier date or becomes permanently and totally disabled as determined by the Committee, all such Incentive Stock Awards, Performance Units and Restricted Units will continue to vest over the applicable vesting or performance period provided that during these periods such Employee does not engage in or assist any business that the Company, in its sole discretion, determines to be in competition with businesses engaged in by the Company.

(iii) In the event a holder of Performance Units ceases to be an Employee prior to the end of a performance period applicable thereto, the Committee in its sole discretion shall determine whether to make any payment to the Participant in respect of such Performance Unit and the timing of such payment, if any.

(f) Without limiting the provisions of Section 14(d), the Committee may in its sole discretion determine, (i) with respect to an Incentive Award, that any Participant who is on leave of absence for any reason will be considered as still in the employ of the Company, provided that rights to such Incentive Award during a leave of absence will be limited to the extent to which such right was earned or vested at the commencement of such leave of absence, or (ii) with respect to any Appreciation Rights and Options of any Employee who is retiring at normal retirement age or with the consent of the Company at an earlier age, or of an Employee who becomes permanently and totally disabled as determined by the Committee, that the Appreciation Rights and/or Options of such Employee will accelerate and become fully exercisable on a date specified by the Committee which is not later than the effective date of such Employee's retirement or on a date specified by the Committee which is not later than the date that the Employee becomes permanently and totally disabled as determined by the Committee.

15. Effective Date of Plan and Duration of Plan.

This Plan, as amended hereby, will become effective upon adoption by the Board. Unless previously terminated, the Plan will terminate on May 24, 2010 except with respect to Incentive Awards then outstanding.

Leadership

Tenet

Healthcare Corporation

2002

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The people pictured here and on the cover represent the best of what we do — excellence in patient care, excellence in service, excellence in financial results. Each one is a leader, helping to motivate others around them to attain the same high standards. And each is a recipient of one of Tenet's annual awards recognizing the best of the best for 2002. These eight people are just a sample of the 94 winners of this year's awards for outstanding hospital Chief Executive Officers, Chief Financial Officers, Chief Nursing Officers and corporate team members, as well as the Chairman Award for outstanding caregivers. These are the people of Tenet.

They are the Tenet Difference.

Front cover from left to right: **Outstanding Chief Nursing Officer Linda K. Mercier, Houston Northwest Medical Center; Circle of Excellence award winner Paul S. Viviano, CEO of USC University Hospital; Outstanding Chief Financial Officer Margaret M. Gill, North Shore Medical Center; Outstanding Teamwork award winner Patricia D. Kirnon, manager, Quality, Tenet Service Center; Chairman's Award winner Gary J. Orrell, Patient Care Associate, MetroWest Medical Center Leonard Morse.**

Inside cover from left to right: **Circle of Excellence award winner Thomas E. Casaday, CEO Providence Memorial Hospital and Sierra Medical Center; Outstanding Chief Nursing Officer Darlene R. Wetton, Alvarado Hospital Medical Center; Outstanding Chief Financial Officer Steven R. Maekawa, Century City Hospital and Midway Hospital Medical Center.**

Tenet, through its subsidiaries, owns and operates general hospitals and many related health care services. Our 113,000 employees treated millions of patients last year. Their work embodies the core business philosophy reflected in our name: *the importance of shared values among partners in providing a full spectrum of quality health care.*

Tenet

Healthcare Corporation

LETTER TO THE SHAREHOLDERS

Chairman and Chief Executive Officer Jeffrey C. Barbakow

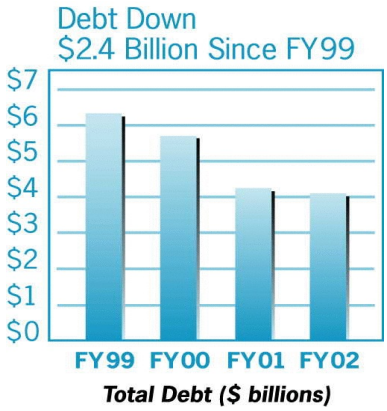
Fiscal 2002 was a terrific year for Tenet.

In fact, it was the best in our company's history — so far.

The energy we unleashed three and a half years ago through our intense focus on improving and growing our company continues to drive Tenet's(1) financial and operational performance to record levels. Look at some of the highlights of our year:

- Earnings per share from operations before special items were up 42 percent over the prior year, to $2.17. Net income from operations before special items was up 45 percent, to $1.09 billion.(2)
- Admissions at our hospitals increased 2.4 percent on a same-facility basis over the prior year.
- Both operating and pretax margins before special items hit new company highs — to 15.8 percent and 13.4 percent, respectively.
- Cash flow from operations totaled $2.32 billion, up 27 percent over last year.
- We reinvested a record $889 million in capital expenditures, acquired five new hospitals, executed a share repurchase program and still reduced debt by $209 million.

Looking back just a few years, the company's financial transformation is clear. Since fiscal 1999, we've paid down $2.4 billion of debt and dramatically strengthened the balance sheet. Accordingly, last fall, all three major ratings agencies raised their ratings on Tenet's debt to investment grade. We quickly took advantage of the new ratings — and a historically low interest rate environment — to refinance most of our public debt. In doing so, we locked in lower interest rates and doubled our average maturity. Reflecting the debt repayments and refinancings, interest expense declined $129 million in the year and key balance sheet ratios continued to strengthen. Our debt-to-EBITDA (earnings before interest, taxes, depreciation and amortization) ratio dropped from 3.5 in 1999 to 1.4 today. Our coverage ratio, or EBITDA-to-net-interest expense, rose from 3.8 to 8.6 over the same timeframe. Simply put, our balance sheet has never been stronger.



A year ago, I said that the operational improvements we have made internally and the initiatives we are pursuing, together with an improving external environment, had set the stage for an extended period of outstanding growth for Tenet.

That is proving to be the case.

Quarter after quarter, we've demonstrated across-the-board improvements in virtually all areas of our operations, and

throughout the income statement, the balance sheet and the cash flow statement. The consistency has been remarkable.

1 *All references to "Tenet"and the "company" mean Tenet and its consolidated subsidiaries.*

2 *For a reconciliation of these performance measures with corresponding measures as determined under accounting principles generally accepted in the United States, please see page 10.*

We've now delivered 10 straight quarters of growth in earnings per share of 20 percent or better. The most recent five quarters have been even more impressive —exceeding 30 percent.

This consistency has dramatically increased the value of our company over the last 12 months and brought us independent recognition of our efforts. It's a wonderful testament to our success that *Business Week* magazine recently named us among the top 50 performers for 2001 from all of the S&P 500 companies. We ranked in their very top category for one-year and three-year total return to shareholders and for one-year and three-year profit growth.

The key to our success is our intense focus on those things that make an outstanding hospital: creating a true service culture in our hospitals; making our hospitals the preferred places for the best caregivers to work; creating demonstrable ways to improve the quality of care; developing and enhancing core clinical programs, and carefully managing the complexities of our business to ensure that we are paid appropriately for the care we provide and that we have the financial resources available to reinvest and continually improve our operations.

This is a highly complex business. Success is dependent upon correctly managing a myriad of details — both operational and financial. We are fortunate to have on the Tenet team many experts in their respective fields; people who can help us to determine best practices in each distinct arena, then help migrate those best practices to all our hospitals and business offices. The depth of this expertise is one of our major competitive advantages.

To make sure we maintain our momentum in fiscal 2003 and beyond, we continue to challenge our hospitals and our employees every day to reach new heights in their performance. By continually raising the bar and testing ourselves against ever-higher standards, I believe we can continue to achieve excellent outcomes for our patients, physicians, employees and shareholders.

Bringing Customer Service to Health Care

One of our key goals is to bring a true customer service culture to our hospitals.

For many years, health care in the U.S. has been fraught with frustrations for patients, physicians and employees. We aim to change this. We are working to differentiate Tenet hospitals as better places to work, better places to practice medicine and better places to receive care.

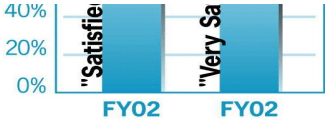
In fiscal 2002, we completed implementation of our innovative Target 100 program. Target 100 seeks to achieve 100 percent satisfaction among our patients, physicians and employees.

Clearly, it's working.

Companywide, patient, employee and physician satisfaction rates are all up since we first piloted Target 100 two and a half years ago. In fiscal 2002, our overall patient satisfaction rating reached 94 percent.

But we don't want just "satisfied" patients — we want "very satisfied" patients. So, we're raising the bar. A satisfied patient will likely return to our hospital, but one who is very satisfied is likely to tell others about the experience. To capture this differentiation, we challenged our hospitals to achieve a new target on our 10-

point scale: consistently scoring nines or perfect 10s. Already, 83 percent of our patients surveyed give us those exemplary ratings. And we aim to raise that percentage even higher.



Investing in Nurses

At the same time that we are working to create a true customer service culture in our hospitals, we face a serious challenge: an industrywide shortage of nurses. In fact, this is perhaps the biggest challenge facing every U.S. hospital today, and it is not easily solved.

We're working to recruit more people into the nursing profession. For example, we're instituting a program under which Tenet may pay off over time student loans of nurses who come to work at one of our hospitals after graduation. Additionally, with the Tenet Healthcare Foundation, Tenet's charitable-giving arm, we're promoting nursing as a career among minorities that historically have been underrepresented in the profession. In Los Angeles, Tenet and the foundation awarded a four-year, $1 million grant to provide scholarships for Latino nursing students. And in Florida, we've awarded more than $350,000 over several years to two colleges to help them hire more nursing instructors.

We're also working to position our hospitals to best compete for the available pool of nurses. There may not be enough nurses to staff all U.S. hospitals, but there are enough to staff all of Tenet's hospitals — so, we need to ensure that our hospitals are where the best nurses choose to work.

Our companywide Employer of Choice initiative offers a wide range of programs — including competitive salaries and benefits, online continuing education courses, mentoring programs and leadership training — designed to help our hospitals recruit and retain nurses. We're committed to fostering a culture at our hospitals that empowers employees and ensures their voices are heard. We're also committed to making sure they have the tools they need to do their job.

We believe Target 100 and our Employer of Choice initiative have had a significant impact on reducing nurse turnover rates at our hospitals. For example, in Birmingham, Ala., our Brookwood Medical Center cut its nurse turnover rate almost in half despite strong competition for the limited number of nurses available. It's a similar situation in Philadelphia, where Hahnemann University Hospital — a complex teaching hospital and trauma center — was able to reduce its R.N. turnover rate from 26 percent to less than 16 percent.

Companywide, our nurse turnover rate declined three percentage points over the prior year — an indication that our Employer of Choice strategy is working.

Measuring, Managing and Demonstrating Quality of Care

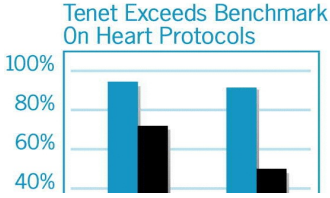
There's a lot of talk these days about quality of care. Payors talk about insurance products that tier hospitals based on quality. Employer groups talk about quality initiatives that can be easily understood by consumers. The efforts are commendable, but they lack a critical element: accurate, scientifically valid measures of quality.

At Tenet, we've already devoted a great deal of time and energy over the past several years to addressing this issue. We now have enough hard, scientific data from our 38 Partnership for Change hospitals to show that we're saving lives and improving patient outcomes. The Partnership for Change initiative, which we first piloted two and a half years ago, provides our physicians with real-time evidence about their practice patterns, as well as comparisons with accepted clinical standards, using clinical data that our proprietary data collection system gathers from the participating hospitals and from other clinical studies. With this data, we can develop and track best practice protocols and tailor hospital processes to meet these protocols.

For example, our Partnership for Change hospitals have implemented best practice protocols to help ensure that all heart-attack patients receive aspirin and/or beta-blockers within 24 hours of admission, where appropriate. These treatments are proven to significantly reduce mortality.

The results speak for themselves.

By the end of June 2002, 95 percent of heart-attack patients at our Partnership for Change hospitals received aspirin within 24 hours and 90 percent received beta-blockers within 24 hours. For comparison, consider the national norms. The closest available comparison we know of is a study published in the March 2002 issue of *The Journal of the American Medical Association*, which tracked the administration of these medications within 48 hours — twice our targeted timeframe. In that study, only 72 percent of heart-



attack patients received aspirin within 48 hours, and only 50 percent received beta-blockers. Yet studies show these two simple measures save lives. In our Partnership for Change hospitals, we've seen a significant reduction in mortality in certain subsets of patients through these protocols.

And that's for just one diagnosis group. Results for our two other major areas of focus — reducing mortality rates for coronary artery bypass surgery patients and improving treatments for patients with community-acquired pneumonia — have been similarly noteworthy.

Throughout fiscal 2003, we'll be rolling out the Partnership for Change to all of our hospitals. We're also going to expand the diagnosis-related groups covered by the program to include all surgical procedures.

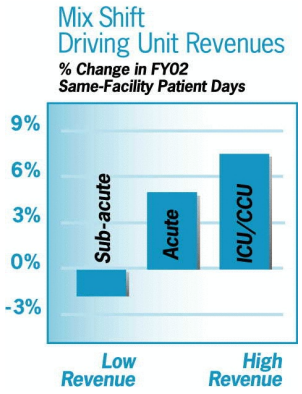
All our Partnership for Change protocols are created from evidence-based, scientific study. We know that they improve patient outcomes and save lives. This is good for our patients. It's also good for our business — it promotes efficient, effective medicine that saves unnecessary costs. It's also just one more way to demonstrate how we are making Tenet hospitals the preferred places for patients to receive treatment.

Focusing on Core Services

Another way we are improving our hospitals is by developing and enhancing core clinical programs like cardiology, neurology and orthopedics. More recently, we have expanded into oncology as well.

Several of our earlier investments in these areas generated significant growth in fiscal 2002. For example, at Des Peres Hospital in St. Louis, a new outpatient cardiac catheterization lab, a new Medical Arts Pavilion, and an operating room renovation all contributed to remarkable growth in admissions this fiscal year. The new cath lab has helped generate an overall 37 percent increase in diagnostic catheterizations. The new Medical Arts Pavilion and renovated operating room have helped drive orthopedic admissions up 30 percent and overall admissions up by 24 percent over the prior fiscal year.

During the year we opened additional service enhancements that will generate future growth. For example, at Saint Louis University Hospital we opened a new $10 million cancer center that combines the latest advances in research, prevention and education with personalized care. And in New Orleans, we invested $10 million in the New Orleans Surgery and Heart Institute, a four-story "heart hospital within a hospital" at Memorial Medical Center.



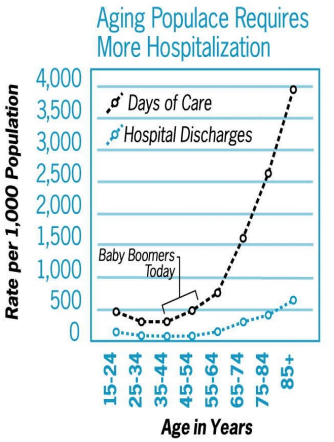
Our efforts to grow higher-acuity clinical programs have caused a shift in our business mix. During the year, on a same-facility basis, acute care patient days rose 4.7 percent while subacute days declined 1.7 percent. Perhaps even more telling, same-facility patient days rose 7.0 percent in the intensive care and cardiac care arena.

Because high-acuity services generate higher revenues, this mix shift contributed to robust unit revenue trends throughout the year. This effect, combined with continued strong reimbursement trends, pushed same-facility patient revenue per admission up 12.9 percent in the year. This, in turn, helped generate very strong top-line trends. This is no accident, but a very deliberate part of our strategy.

All of these enhancements will better position Tenet to meet the growing health care needs of the communities we serve, and particularly the growing needs of the baby boom generation. The baby boomers are entering the phase of life when the need for hospital care rises. This huge population of aging Americans is more than 80 million strong, representing fully one-third of the U.S. population. We believe that they will transform the health care industry.

Expanding Services, Facilities and Networks

The baby boomers already are impacting our business. Quarter after quarter, we continue to see our highest rates of admissions growth among the baby boom age groups. In fiscal 2002, same-facility admissions rose 6 percent among those aged 41-to-50, and more than 5 percent for those aged 51-to-60. And the effect is just beginning. We are now experiencing capacity constraints in several of our hospitals around the country. As the baby boom generation ages, needing increasingly more health care services, we expect capacity constraints to become more and more common.



Source: National Hospital Discharges Survey, Center for Disease Control & Prevention, 1999.

During fiscal 2002, we invested in several capacity and service expansions at hospitals that were struggling to meet the demand for their services. For example, at Redding Medical Center in Redding, Calif., we completed a $55 million expansion project, adding additional beds to a four-story patient tower that opened in fiscal 2000.

We've also continued to invest in innovative programs that enable our hospitals to distinguish themselves in their markets. We opened our first two TenetCare outpatient diagnostic and treatment centers in fiscal 2002, in New Orleans and St. Louis. Baby boomers are notoriously demanding consumers and these centers are designed with them in mind, emphasizing superior customer service and personalized care in comfortable surroundings. We plan to open at least nine additional Tenet*Care* sites in fiscal 2003.

Additionally, we pursued acquisitions that enhanced our existing hospital networks. The two Intracoastal Health Systems hospitals in West Palm Beach, Fla., that we acquired in July 2001 have made us the largest provider in South Florida. In October, we completed the acquisition of St. Alexius Hospital, enhancing our growing, five-hospital network in St. Louis. And our acquisition in December of the Daniel Freeman Hospitals creates a stronger network in southwest Los Angeles. All five of the hospitals we acquired in fiscal 2002 were losing money when we acquired them. By the end of our May quarter, these hospitals as a group had achieved an EBITDA margin of almost 12 percent. Restoring health to ailing hospitals is one of Tenet's core competencies.

In two of our markets, we are meeting the communities'needs by building new hospitals in adjacent, fast-growing suburbs. In July 2001, we opened a new, 150-bed hospital in Weston, Fla., in partnership with The Cleveland Clinic Florida, a branch of the renowned Cleveland Clinic. Additionally, we broke ground for a new 90-bed facility in Bartlett, Tenn., near Memphis, where we own 651-bed Saint Francis Hospital.

Generating Robust Cash Flow

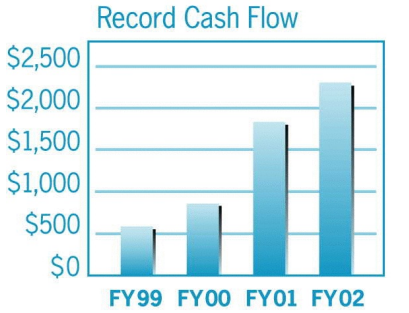
These enhancements in our programs, services and facilities are possible because our financial performance has enabled us to fund the necessary strategic investments. The key has been remarkable, ongoing improvement in receivables days outstanding and cash flow. Companywide, accounts receivable days outstanding declined almost nine days this year alone, dropping below 60 days. Contrast that to just over two years ago when days outstanding peaked at 82.

This was no easy feat.

As with our best practices for our Target 100, Employer of Choice and Partnership for Change programs, we first began with an in-depth analysis of the problem. Once we fully understood the issues, we created and implemented initiatives to address them. These initiatives include toolkits and best practices that cover virtually all aspects of the contracting, admitting, billing and collections functions. Today, we continue to apply and fine-tune the wide range of initiatives we launched two and a half years ago.

For example, on a same-facility basis two years ago, 12.8 percent of our Medicare accounts receivable remained outstanding after 60 days. But 27 of our hospitals reported this measure below 6 percent. So, we challenged the rest of our hospitals to at least match that figure. They responded so well that we exceeded our target. On a same-facility basis, only 4.6 percent of our Medicare accounts receivable remained unpaid after 60 days when we ended fiscal 2002.

As a result of this focused management of all aspects of contracting, admitting, billing and collecting, we've dramatically improved cash flow. Since 1999, cash flow from operations has nearly quadrupled to $2.32 billion. During the same timeframe, free cash flow — defined as cash flow from operations, less capital expenditures — has gone from negative to $1.43 billion. And that's after a record rate of reinvestment in fiscal 2002.



We have come a long way.

Changes To The Board

There were two notable changes to Tenet's board of directors during the first quarter of fiscal 2003.

In July, Michael H. Focht Sr. retired from the board. I'm especially grateful for the nearly 24 years of dedicated service that Mike gave this company. Mike served as President and Chief Operating Officer until 1999 and has been a member of the board since 1990. Mike's personal integrity and commitment to the highest ethical standards were a hallmark of his time at Tenet and we've all benefited greatly from his leadership.

It's my privilege to welcome to the board Mónica C. Lozano, President and Chief Operating Officer of *La Opinión*, the largest Spanish-language daily newspaper in the United States. Mónica's strategic vision, her experience as an independent outside director, her keen community insights and her deep understanding of the challenges facing business today will be invaluable to Tenet.

Integrity

We've emphasized high ethical standards at Tenet for many, many years. Ethical behavior is central to our culture and we continually reinforce it in many ways, including providing annual ethics training for every employee and member of the board of directors. With all the questions that have been raised about corporate credibility in recent months, I take considerable comfort in that fact.

As investors are rightly questioning many things that they previously took for granted, I think it's important to look at the quality of Tenet's earnings. In fiscal 2002, our earnings from operations before special items were $2.17 per share. Our cash flow from operations was $4.60 per share. Our free cash flow from operations — after a 48 percent increase in capital spending — was $2.83 per share. In other words, free cash flow per share was 1.3 times our earnings per share before special items. I believe that's an excellent indicator of the very high quality of our earnings.

Looking Ahead

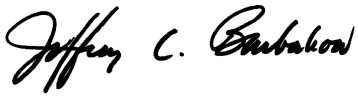
FY02 Per Share Results

This has been a year to remember for all of us at Tenet. Together, we have seen the fruits of our hard work and our disciplined focus. For me personally, it was a very special year. I was fortunate to fulfill my own commitment to visit every one of our hospitals within the year, and I can easily say that it truly was one of the most inspirational and satisfying experiences I have ever had.

In my travels, I met countless Tenet employees. I was deeply moved by their commitment to their chosen profession. Every great organization is defined by the quality of its people. At Tenet, I believe we're fortunate to have some of the finest caregivers working in health care today. We also have outstanding leaders who support the efforts of our caregivers — and challenge them to achieve even greater results.

Through all of our efforts, I believe Tenet has already proven itself as a force for positive change in our industry and I thank you for your continued support.

Sincerely,



Jeffrey C. Barbakow
Chairman and Chief Executive Officer

SELECTED FINANCIAL DATA

Dollars in Millions, Except Per Share Amounts(1)	Years Ended May 31				
OPERATING RESULTS	1998	1999	2000	2001	2002
Net operating revenues	$ 9,895	$ 10,880	$ 11,414	$ 12,053	$ 13,913
Operating Expenses:					
Salaries and benefits	4,052	4,412	4,508	4,680	5,346
Supplies	1,375	1,525	1,595	1,677	1,960
Provision for doubtful accounts	588	743	851	849	986
Other operating expenses	2,071	2,342	2,525	2,603	2,824
Depreciation	347	421	411	428	472
Amortization	113	135	122	126	132
Impairment and other unusual charges	221	363	355	143	99
Operating income	**1,128**	**939**	**1,047**	**1,547**	**2,094**
Interest expense	(464)	(485)	(479)	(456)	(327)
Investment earnings	22	27	22	37	32
Minority interests in income of consolidated subsidiaries	(22)	(7)	(21)	(14)	(38)
Net gains (losses) on disposals of facilities and long-term investments	(17)	—	49	28	—

Income from continuing operations before income taxes	**647**	**474**	**618**	**1,142**	**1,761**
Income taxes	(269)	(225)	(278)	(464)	(736)
Income from continuing operations	**$ 378**	**$ 249**	**$ 340**	**$ 678**	**$ 1,025**
Basic earnings per common share from continuing operations	**$ 0.82**	**$ 0.53**	**$ 0.73**	**$ 1.41**	**$ 2.09**
Diluted earnings per common share from continuing operations	**$ 0.81**	**$ 0.53**	**$ 0.72**	**$ 1.39**	**$ 2.04**

(1) All periods have been adjusted to reflect a 3-for-2 stock split declared in May 2002.

Balance Sheet Data	As of May 31				
	1998	1999	2000	2001	2002
Working capital	$ 1,182	$ 1,940	$ 1,682	$ 1,060	$ 810
Total assets	12,774	13,771	13,161	12,995	13,814
Long-term debt, net of current portion	5,829	6,391	5,668	4,202	3,919
Shareholders' equity	3,558	3,870	4,066	5,079	5,619

Cash Flow Data	Years Ended May 31				
	1998	1999	2000	2001	2002
Cash provided by operating activities	$ 403	$ 582	$ 869	$ 1,818	$ 2,315
Cash used in investing activities	(1,083)	(1,147)	(36)	(574)	(1,227)
Cash provided by (used in) financing activities	668	571	(727)	(1,317)	(1,112)

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

On a same-facility basis, net patient revenues improved 13.7%, admissions were up 2.4% and net inpatient revenue per admission improved 12.9% over last year. Total company operating margins (the ratio of operating income to net operating revenues) increased from 12.8% to 15.1%. Net cash provided by operating activities increased by $497 million during the year to $2.32 billion.

The Company reported income from continuing operations before income taxes of $618 million in 2000, $1.14 billion in 2001 and $1.76 billion in 2002. The unusual items affecting the results of continuing operations in the last three years are shown below:

EFFECT OF UNUSUAL ITEMS	Dollars in Millions		
	2000	2001	2002
Impairment and other unusual charges	$(355)	$(143)	$ (99)

Net gains on sales of facilities and long-term investments	49	28	—
Net pretax impact	(306)	(115)	(99)
Net after tax impact	(229)	(74)	(66)
Diluted earnings per share from continuing operations	0.72	1.39	2.04
Diluted per share impact	(0.49)	(0.14)	(0.13)
Earnings per share from operations before special items	$ 1.21	$ 1.53	$ 2.17

Excluding the items in the table above, income from continuing operations after income taxes (referred to as "net income from operations before special items" in the Chairman's Letter to the Shareholders on page 1 of this report) would have been $569 million in 2000, $752 million in 2001 and $1.09 billion in 2002 and diluted earnings per share from continuing operations (referred to as "earnings per share from operations before special items" in the Chairman's Letter to the Shareholders) would have been $1.21, $1.53 and $2.17, respectively.

Results of operations for the year ended May 31, 2002 include the operations of two general hospitals acquired in 2001, five general hospitals acquired in 2002 and a new 51% owned general hospital opened after May 31, 2001, and exclude, from the dates of sale or closure, the operations of one general hospital and certain other facilities sold or closed since May 31, 2001. Results of operations for the year ended May 31, 2001 include the operations of one general hospital acquired in 2000 and two general hospitals acquired in 2001 and exclude, from the dates of sale or closure, the operations of one general hospital and certain other facilities sold or closed since May 31, 2000.

[redacted]

The following is a summary of operating income for the past three fiscal years:

[redacted] OPERATING INCOME

	2000	2001	2002	2000	2001	2002
	(Dollars in Millions)			(% of Net Operating Revenues)		
Net Operating Revenues:						
Domestic general hospitals (1)	$10,666	$11,542	$13,488	93.4%	95.8%	96.9%
Other operations (2)	748	511	425	6.6%	4.2%	3.1%
	$11,414	**$12,053**	**$13,913**	**100.0%**	**100.0%**	**100.0%**
Operating Expenses:						
Salaries and benefits	4,508	4,680	5,346	39.5%	38.8%	38.4%
Supplies	1,595	1,677	1,960	14.0%	13.9%	14.1%
Provision for doubtful accounts	851	849	986	7.5%	7.0%	7.1%
Other operating expenses	2,525	2,603	2,824	22.1%	21.6%	20.3%
Depreciation	411	428	472	3.6%	3.6%	3.4%
Amortization	122	126	132	1.0%	1.0%	0.9%

Operating income before impairment and other unusual charges	**1,402**	**1,690**	**2,193**	**12.3%**	**14.0%**	**15.8%**
Impairment and other unusual charges	355	143	99	3.1%	1.2%	0.7%
Operating income	**$ 1,047**	**$ 1,547**	**$ 2,094**	**9.2%**	**12.8%**	**15.1%**

(1) Net operating revenues of domestic general hospitals include inpatient and outpatient revenues, as well as nonpatient revenues, primarily rental income and services such as cafeteria, gift shops, parking and other miscellaneous revenue.

(2) Net operating revenues of other operations consist primarily of revenues from (i) physician practices; (ii) rehabilitation hospitals, long-term-care facilities, psychiatric and specialty hospitals, all of which are located on or near the same campuses as the Company's general hospitals; (iii) the Company's hospital in Barcelona, Spain; (iv) health care joint ventures operated by the Company; (v) subsidiaries of the Company offering managed care and indemnity products; and (vi) equity in earnings of unconsolidated affiliates.

The table below sets forth certain selected historical operating statistics for the Company's domestic general hospitals:

OPERATING STATISTICS	2000	2001	2002	Increase 2001 to 2002
Number of hospitals (at end of period)	110	111	116	5 (1)
Licensed beds (at end of period)	26,939	27,277	28,667	5.1%
Net inpatient revenues (in millions)	$ 7,029	$ 7,677	$ 9,140	19.1%
Net outpatient revenues (in millions)	$ 3,394	$ 3,603	$ 4,108	14.0%
Admissions	936,142	939,601	1,001,036	6.5%
Equivalent admissions (2)	1,351,295	1,341,138	1,429,552	6.6%
Average length of stay (days)	5.2	5.3	5.3	—
Patient days	4,888,649	4,936,753	5,335,919	8.1%
Equivalent patient days (2)	6,975,306	6,956,539	7,516,306	8.0%
Net inpatient revenues per patient day	$ 1,438	$ 1,555	$ 1,713	10.2%
Net inpatient revenues per admission	$ 7,508	$ 8,170	$ 9,131	11.8%
Utilization of licensed beds	46.8%	50.0%	51.6%	1.6%(1)
Outpatient visits	9,276,372	9,054,117	9,320,743	2.9%

(1) The change is the difference between the 2001 and 2002 amounts shown.

(2) Equivalent admissions/patient days represents actual admissions/patient days adjusted to include outpatient and emergency room services by multiplying actual admissions/patient days by the sum of gross inpatient revenues and outpatient revenues and dividing the result by gross inpatient revenues.

The table below sets forth certain selected operating statistics for the Company's domestic general hospitals, on a same-facility basis:

SELECTED OPERATING STATISTICS	2001	2002	Increase(Decrease)
Average licensed beds	26,712	26,563	(0.6)%
Patient days	4,891,119	5,075,670	3.8%

Net inpatient revenue per patient day	$ 1,559	$ 1,737	11.4%
Admissions	929,778	952,202	2.4%
Net inpatient revenue per admission	$ 8,201	$ 9,259	12.9%
Outpatient visits	8,963,138	8,857,252	(1.2)%
Average length of stay (days)	5.3	5.3	—

The table below sets forth the sources of net patient revenue for the Company's domestic general hospitals:

NET PATIENT REVENUES	2000	2001	2002	Increase (Decrease) 2001 to 2002(1)
Medicare	32.6%	30.8%	31.8%	1.0%
Medicaid	8.3%	8.2%	8.6%	0.4%
Managed care	40.7%	43.3%	43.9%	0.6%
Indemnity and other	18.4%	17.7%	15.7%	(2.0)%

(1) The change is the difference between the 2001 and 2002 amounts shown.

The Company's focus on expansions and additions of higher-revenue core services, such as cardiology, orthopedics and neurology, has led to increases in inpatient acuity and intensity of services. Total-facility admissions increased by 6.5% compared to 2001. These are the main factors that contributed to a 19.1% increase in net inpatient revenues in 2002 as compared to 2001. The Company's net outpatient revenues on a total-facility basis increased by 6.2% during 2001 compared to 2000 and increased 14.0% during 2002 compared to 2001. The Company is continuing to see increased outpatient surgery and outpatient diagnostic procedures, which provide higher per-visit revenue, along with a declining home health business, which provides lower per-visit revenue.

One of the most significant trends in recent years has been the improvement in net inpatient revenue per admission. On a total-facility basis this statistic increased 11.8% and on a same-facility basis it increased by 12.9%, reflecting a shift in the Company's business mix to the higher-acuity services mentioned above and continued strong reimbursement trends. Same-facility subacute patient days, which generate lower revenues, declined 1.7% during 2002 compared to 2001, while higher-revenue intensive care and cardiac care patient days rose 7.0%. Driven by reductions in Medicare payments under the Balanced Budget Act of 1997, the Company's Medicare revenues declined steadily through the end of September 2000. As a result of the Balanced Budget Refinement Act, the Company began to receive improved Medicare payments on October 1, 2000. This trend continued with the implementation of the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000, which became effective in April 2001.

The pricing environment for managed care and other nongovernment payors also has improved and the Company expects this trend will continue throughout the next fiscal year as it renegotiates and renews contracts with improved terms.

In fiscal 2000, the Company implemented a program designed to improve patient, physician and employee satisfaction by building a true customer-service culture. The program, which is called Target 100, consists of action teams in each hospital that address the concerns of patients, physicians and employees — the Company's primary customers. The Company believes the recent improvement in volume trends is attributable, in part, to

the implementation of this new program. In addition, the Company is experiencing significant admissions growth in the 41-to-50 and 51-to-60 baby boomer age groups. As these baby boomers age, their demand for health care will continue to grow.

To address all the changes impacting the health care industry, while continuing to provide quality care to patients, the Company has implemented strategies to reduce inefficiencies, create synergies, obtain additional business and control costs. Such strategies have included acquisitions and the sales or closures of certain facilities, enhancement of integrated health care delivery systems, hospital cost-control programs and overhead-reduction plans. Further acquisitions and sales or closures of facilities and implementation of additional cost-control programs and other operating efficiencies may be undertaken in the future.

Net operating revenues from the Company's other operations were $748 million in 2000, $511 million in 2001 and $425 million in 2002. The decreases are primarily the result of terminations and contract expirations of unprofitable physician practices and sales of facilities other than general hospitals.

Salaries and benefits expense as a percentage of net operating revenues was 39.5% in 2000, 38.8% in 2001 and 38.4% in 2002. The decreases have primarily resulted from continuing cost-control measures, improved labor productivity and the outsourcing of certain hospital services. In addition, these costs have not grown at the same rate as revenues from managed care and other nongovernment payors. This trend is expected to continue, despite the pressures created by the current nursing shortages throughout the country.

Supplies expense as a percentage of net operating revenues was 14.0% in 2000, 13.9% in 2001 and 14.1% in 2002. The Company controls supplies expense through improved utilization, by improving the supply chain process and by developing and expanding programs designed to improve the purchase of supplies through Broadlane, Inc., its majority-owned subsidiary that provides group-purchasing and other supplies-management services.

The provision for doubtful accounts as a percentage of net operating revenues was 7.5% in 2000, 7.0% in 2001 and 7.1% in 2002. The Company continues to focus on initiatives that have improved cash flow, including improving the process for collecting receivables, pursuing timely payments from all payors, standardizing and improving contract terms and billing systems and developing best practices in the patient admission and registration process. Accounts receivable days outstanding declined from 68.4 days at May 31, 2001 to 59.7 days at May 31, 2002.

Other operating expenses as a percentage of net operating revenues were 22.1% in 2000, 21.6% in 2001 and 20.3% in 2002. This decrease, despite significant increases in malpractice expense, is primarily because many of these expenses are fixed and, as a result, the percentage has declined with the increase in revenues over the prior years. Malpractice expense was $120 million in 2000, $144 million 2001 and $240 million in 2002. Due to unfavorable pricing and availability trends in the professional and general liability insurance markets and increases in the magnitude of claim settlements, malpractice expense has risen significantly. The Company expects this trend may continue unless meaningful tort reform legislation is enacted.

Depreciation and amortization expense was $533 million in 2000, $554 million in 2001 and $604 million in 2002. The increases were primarily due to increased capital expenditures, acquisitions and the opening of new hospitals in 2001 and 2002. Goodwill amortization in 2002 was approximately $101 million, or $0.17 per share after taxes. On June 1, 2002 the Company adopted new accounting standards for goodwill and other intangible assets in accordance with Statement of Financial Accounting Standards No. 142. Accordingly, after May 31, 2002, goodwill will no longer be amortized but instead will be assessed for impairment at least annually. Additionally, this standard included a preadoption measure requiring the cessation of goodwill amortization for acquisitions consummated after June 30, 2001, the effect of which was not material.

The Company has not yet completed its initial transitional tests for impairment of goodwill, but, in accordance with the new accounting standards, expects to have completed the evaluation by November 30, 2002. Any impairment loss recognized as a result of this transitional impairment test would be recorded, net of tax, as the effect of a change in accounting principle. Any future impairments to the carrying amount of goodwill would reduce operating income.

Impairment of long-lived assets and other unusual charges of $355 million, $143 million and $99 million were recorded in fiscal 2000, 2001 and 2002, respectively.

The Company begins its process of determining if its long-lived assets are impaired (other than those related to the elimination of duplicate facilities or excess capacity) by reviewing the three-year historical and one-year projected cash flows of each facility. Facilities whose cash flows are negative and/or trending significantly downward on this basis are selected for further impairment analysis. Future cash flows (undiscounted and without interest charges) for these selected facilities are estimated over the expected useful life of the facility, taking into account patient volumes, changes in payor mix, revenue and expense growth rates and reductions in Medicare reimbursement and other payor payment patterns, which assumptions vary by type of facility. Over the past several years these factors have caused significant declines in cash flows at certain facilities such that estimated future cash flows were deemed inadequate to recover the carrying values of the related long-lived assets. Continued deterioration of operating results for certain of the Company's physician practices also led to impairment and restructuring charges. Impairment charges have resulted in subsequent minor reductions in depreciation and amortization expense.

In addition to striving to continually improve its portfolio of general hospitals through acquisitions, the Company divests, from time to time, hospitals that are not essential to its strategic objectives. For the most part, these facilities are not part of an integrated delivery system. The size and performance of these facilities vary, but on average they are smaller, with lower margins. Such divestitures allow the Company to streamline its organization by concentrating on markets where it already has a strong presence.

Over the past several years, the Company's subsidiaries have employed or entered into at-risk management agreements with physicians. A significant percentage of these physician practices were acquired as part of large hospital acquisitions or through the formation of integrated health care delivery systems. Many of these physician practices, however, were not profitable. During the latter part of fiscal 1999, the Company undertook the process of evaluating its physician strategy and began to develop plans to divest, terminate or allow to expire a number of its existing unprofitable physician contracts. During fiscal 2000, Company management, with the authority to do so, authorized the termination, divesture or expiration of the contractual relationships with approximately 50% of its contracted physicians. The termination, divesture or expiration of additional unprofitable physician contracts similarly was authorized in fiscal 2001. As of May 31, 2002 the Company had exited most of the unprofitable contracts that management had authorized be terminated or allowed to expire. Substantially all such remaining unprofitable contracts will be terminated by July 31, 2002.

During the year ended May 31, 2002 the Company recorded impairment and other unusual charges of $99 million, primarily relating to the planned closure of two general hospitals and the sales of certain other health care businesses. The impairment and other unusual charges included the write-downs of $39 million for property and equipment, $13 million for goodwill and $24 million for other assets. The principal elements of the balance of the charges are $7 million in lease cancellation costs, $5 million in severance costs related to the termination of 691 employees, $2 million in legal costs and settlements and $9 million in other exit costs. The Company decided to close these hospitals because they were operating at a loss and were not essential to the Company's strategic objectives.

The impairment and other unusual charges recorded in fiscal 2001 include $98 million related to the completion of the Company's program to divest, terminate or allow to expire the unprofitable physician contracts mentioned above. That was the final charge for this program. Additional charges of $45 million were related to asset impairment write-downs for the closure of one hospital and certain other health care businesses. The total charge consists of $55 million in impairment write-downs of property, equipment and other assets to estimated fair values and $88 million for expected cash disbursements related to costs of terminating unprofitable physician contracts, severance costs, lease cancellation and other exit costs. The impairment charge consists of $29 million for the write-down of property and equipment and $26 million for the write-down of other assets. The principal elements of the balance of the charges are $56 million for the buyout of unprofitable physician contracts, $6 million in severance costs related to the termination of 322 employees, $3 million in lease cancellation costs and $23 million in other exit costs.

The charges recorded in fiscal 2000 include $177 million relating to the divestiture or termination of unprofitable physician contracts and $178 million relating to the closure or planned sale of five general hospitals and other property and equipment.

Costs remaining in accrued liabilities at May 31, 2002 for impairment and other unusual charges include $62 million for lease cancellations and exit costs, $9 million in severance costs, $8 million for unfavorable lease commitments and $6 million in estimated costs to buy out unprofitable physician contracts.

Interest expense, net of capitalized interest, was $479 million in 2000, $456 million in 2001 and $327 million in 2002. The decrease in 2001 is primarily due to a decrease in debt, partially offset by interest rate increases and capitalized interest during the year. The decrease in 2002 is due to the reduction of debt and lower interest rates. During 2001 and 2002 the Company refinanced most of its then-existing publicly traded debt with new publicly traded debt at lower rates, doubling the average maturity of such debt from five years to more than 10 years.

In connection with the refinancing of debt, the Company recorded extraordinary charges from early extinguishment of debt in the amounts of $35 million, net of the tax benefits of $21 million, in 2001 and $240 million, net of the tax benefits of $143 million, in 2002. Under the provisions of Statement of Financial Accounting Standards No. 145, issued by the Financial Accounting Standards Board in April 2002 and adopted by the Company as of June 1, 2002, these extraordinary charges will be reclassified in future periods on a pretax basis as part of income from continuing operations. The new standard generally eliminates the previous requirement to report gains or losses from early extinguishment of debt as extraordinary items in the income statement.

Investment earnings of $22 million in 2000, $37 million in 2001 and $32 million in 2002 were earned primarily from notes receivable and investments in debt and equity securities.

Minority interests in income of consolidated subsidiaries were $21 million in 2000, $14 million in 2001 and $38 million in 2002. These fluctuations are primarily related to the changes in profitability of certain of these majority-owned subsidiaries.

The $49 million net gains from sales of facilities and other long-term investments in 2000 comprises $50 million in gains on sales of 17 general hospitals, three long-term-care facilities and various other businesses, and $61 million in gains from sales of investments in Internet-related health care ventures, offset by $62 million in net losses from sales of other investments. The $28 million net gains in 2001 comprise gains from sales of investments in various health care ventures. There were no such gains or losses in fiscal 2002.

The Company's tax rate in 2002 before the effect of impairment and other unusual charges was 41.3%. The Company expects this tax rate to be approximately 39.0% in fiscal 2003. This expected reduction is primarily related to the cessation of goodwill amortization discussed earlier herein.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company regularly evaluates the accounting policies and estimates it uses to prepare its consolidated financial statements. In general, those estimates are based on historical experience and various assumptions that the Company believes to be reasonable under the particular facts and circumstances. Actual results may vary from those estimates.

Critical accounting policies in general are those that (1) involve significant judgments and uncertainties, (2) require estimates that are more difficult for management to determine and (3) have the potential to result in materially different results under different assumptions and conditions. The Company's critical accounting policies are described below.

Revenue Recognition

Net operating revenues are recognized in the period services are performed and consist primarily of net patient service revenues that are recorded based on established billing rates less applicable estimated discounts for contractual allowances, principally for patients covered by Medicare, Medicaid and managed care and other health plans.

Percentages of consolidated net patient revenues for the Company's domestic general hospitals for the past three years are shown in the table below:

PERCENTAGES OF CONSOLIDATED NET PATIENT REVENUES

	2000	2001	2002
Medicare	32.6%	30.8%	31.8%
Medicaid	8.3%	8.2%	8.6%
Managed care	40.7%	43.3%	43.9%

Indemnity and other	18.4%	17.7%	15.7%

The discounts for Medicare and Medicaid contractual allowances are based primarily on prospective payment systems. Discounts for retrospectively cost-based revenues, which were more prevalent in earlier periods, are estimated based on historical and current factors and are adjusted in future periods when settlements of filed cost reports are received. Final settlements under these programs are subject to adjustment based on administrative review and audit by third parties, which can take several years to resolve completely. Because the laws and regulations governing the Medicare and Medicaid programs are ever-changing and complex, the estimates recorded by the Company could change by material amounts. The Company records adjustments to its previously recorded contractual allowances in future periods as final settlements are determined. Adjustments related to final settlements increased revenues in each of the years ended May 31, 2000, 2001 and 2002 by $103 million, $4 million and $36 million, respectively.

Revenues under managed care health plans are based primarily on payment terms involving predetermined rates per diagnosis, per-diem rates, discounted fee-for-service rates and/or other similar contractual arrangements. These revenues also are subject to review and possible audit by the payors.

Management believes that adequate provision has been made for any adjustments that may result from final determination of amounts earned under all the above arrangements. There are no known material claims, disputes or unsettled matters with any payors that are not adequately provided for in the accompanying consolidated financial statements.

Accruals for General and Professional Liability Risks

For years, through May 31, 2002, the Company insured substantially all of its professional and comprehensive general liability risks in excess of self-insured retentions through a majority-owned insurance subsidiary under a mature claims-made policy with a 10-year discovery period. These self-insured retentions were $1 million per occurrence for

the three years ended May 31, 2002 and in prior years varied by hospital and by policy period from $500,000 to $5 million per occurrence. Risks in excess of $3 million per occurrence were, in turn, reinsured with major independent insurance companies. Effective June 1, 2002, the Company, along with another unrelated health care company, formed a new majority-owned insurance subsidiary. This subsidiary insures professional and general liability risks, in excess of a $2 million self-insured retention, under a first-year only claims-made policy, and, in turn, reinsures its risks in excess of $5 million per occurrence with major independent insurance companies. In addition to the reserves recorded by the above insurance subsidiaries, the Company maintains reserves based on actuarial estimates by an independent third party for the portion of its professional liability risks, including incurred but not reported claims, for which it does not have insurance coverage. Reserves for losses and related expenses are estimated using expected loss-reporting patterns and are discounted to their present value using a discount rate of 7.5%. There can be no assurance that the ultimate liability will not exceed such estimates. Adjustments to the reserves are included in results of operations in the periods when such amounts are determined. These costs are included in other operating expenses.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future cash flows. Measurement of the amount of the impairment, if any, may be based on independent appraisals, established market values of comparable assets or estimates of future discounted cash flows expected to result from the use and ultimate disposition of the asset. The estimates of these future cash flows are based on assumptions and projections believed by management to be reasonable and supportable. They require management's subjective judgments and take into account assumptions about patient volumes, changes in payor mix, revenue and expense growth rates and changes in legislation and other payor payment patterns. These assumptions may vary by type of facility.

In general, long-lived assets to be disposed of are reported at the lower of their carrying amounts or fair values less costs to sell or close. In such circumstances, the company's estimates of fair value are usually based on established market prices for comparable assets.

Accounting for Income Taxes

The Company accounts for income taxes under the asset and liability method. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

Developing the Company's provision for income taxes requires significant judgment and expertise in federal and state income tax laws, regulations and strategies, including the determination of deferred tax assets and liabilities and, if necessary, any valuation allowances that may be required for deferred tax assets. The Company has not recorded any valuation allowances as of May 31, 2002 because management believes that future taxable income will, more likely than not, be sufficient to realize the benefits of those assets as the temporary differences in basis reverse over time. The Company's judgments and tax strategies are subject to audit by various taxing authorities. While the Company believes it has provided adequately for its income tax liabilities in its consolidated financial statements, adverse determinations by these taxing authorities could have a material adverse effect on the Company's consolidated financial condition and results of operations.

Provisions for Doubtful Accounts

The Company provides for accounts receivable that could become uncollectible in the future by establishing an allowance to reduce the carrying value of such receivables to their estimated net realizable value. The Company estimates this allowance based on the aging of its accounts receivable and its historical collection experience by hospital and for each type of payor.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity for the year ended May 31, 2002 was derived principally from net cash provided by operating activities, proceeds from sales of senior notes and borrowings under its unsecured revolving credit agreement. The revolving credit agreement allows the Company to borrow, repay and reborrow up to $500 million prior to March 1, 2003 and $1.5 billion prior to March 1, 2006.

Net cash provided by operating activities for the years ended May 31, 2000, 2001 and 2002 was $979 million, $1.9 billion and $2.4 billion, respectively, before net expenditures for discontinued operations, impairment and other unusual charges of $110 million in 2000, $129 million in 2001 and $77 million in 2002.

On March 1, 2001, the Company entered into a new senior unsecured $500 million 364-day credit agreement and a new senior unsecured $1.5 billion five-year revolving credit agreement (together, the "credit agreement"). The credit agreement replaced the Company's $2.8 billion five-year revolving bank credit agreement that would have expired on January 31, 2002. It extended the Company's maturities, offered efficient pricing tied to quantifiable credit measures and has more flexible covenants than the previous credit agreement. On February 28, 2002, the Company renewed the 364-day agreement for another 364 days.

Management believes that future cash provided by operating activities, the availability of credit under the Company's credit agreement and, depending on capital market conditions, other borrowings and/or the sale of equity securities should be adequate to meet known debt-service requirements and to finance planned capital expenditures, acquisitions and other presently known operating needs for the next three years.

Proceeds from borrowings under the credit agreements amounted to $1.3 billion in 2000, $992 million in 2001 and $4.4 billion in 2002. Loan repayments under the credit agreements were $2.0 billion in 2000, $2.4 billion in 2001 and $3.5 billion in 2002.

Cash proceeds from the sale of new senior notes in the years ended May 31, 2001 and 2002 were $395 million and $2.5 billion, respectively.

During the years ended May 31, 2001 and 2002, the Company expended $556 million and $4.1 billion, respectively, to purchase $514 million and $3.7 billion principal amounts, respectively, of its senior and senior subordinated notes. In connection with the repurchase of this debt and the refinancing of the Company's $2.8 billion bank credit agreement, the Company recorded extraordinary charges from early extinguishment of debt in the amount of $35 million, net of the tax benefits of $21 million in 2001, and $240 million, net of the tax benefits of $143 million in 2002.

On June 20, 2002, the Company announced that it would redeem at par the $282 million balance of its 6% Exchangeable Subordinated Notes due 2005 with a portion of the proceeds from the issuance of new 5% Senior Notes on June 25, 2002. The proceeds of the new notes were approximately $392 million. The balance of the proceeds were used to retire existing bank loans.

During fiscal 2000, 2001 and 2002, the Company received net proceeds from the sales of facilities, long-term investments and other assets of $764 million, $132 million and $28 million, respectively.

Capital expenditures were $619 million in fiscal 2000, $601 million in 2001 and $889 million in 2002. The Company expects to spend approximately $1 billion in fiscal 2003 for capital expenditures, before any significant acquisitions of facilities or other health care operations. Such capital expenditures relate primarily to the development of integrated health care delivery systems in selected geographic areas, design and construction of new buildings, expansion and renovation of existing facilities, equipment and information systems additions and replacements, enhancement of core services and the introduction of new medical technologies.

During fiscal 2000, 2001 and 2002, the Company spent $38 million, $29 million and $324 million, respectively, for purchases of new businesses, net of cash acquired.

The Company's strategy includes the prudent development of integrated health care delivery systems, including the possible acquisition of general hospitals and related health care businesses or joining with others to develop integrated health care delivery networks. These strategies may be financed by net cash provided by operating activities, the availability of credit under the credit agreement, sale of assets, and, depending on capital market conditions, the sale of additional debt or equity securities or additional bank borrowings. The Company's unused borrowing capacity under its credit agreement was $931 million at May 31, 2002.

With the retirement or substantial retirement of eight issues of senior notes and senior subordinated notes since May 31, 2001, together with amendments to the loan covenants, the Company has eliminated substantially all of the restrictive covenants associated with debt issued when the Company was considered a "high yield" issuer. During fiscal 2002 the Company's senior notes and senior subordinated notes were upgraded to investment grade. The Company's credit agreement and the indentures governing the Company's senior notes and senior subordinated notes, contain affirmative, negative and financial covenants which have, among other requirements, limitations on (i) liens, (ii) consolidations, mergers or the sale of all or substantially all assets unless no default exists and, in the case of a consolidation or merger, the surviving entity assumes all of the Company's obligations under the credit agreement, and (iii) subsidiary debt. The covenants also provide that the Company may declare and pay a dividend and purchase its common stock so long as no default exists and the Company's leverage ratio (the ratio of the Company's consolidated total debt to consolidated EBITDA (earnings before interest, taxes, depreciation and amortization)) is less than 3.0 to 1. The Company's leverage ratio was significantly less than 3.0 to 1 at May 31, 2002. The credit agreement covenants also require that the Company's leverage ratio not exceed 3.5 to 1 and that the Company maintain specified levels of net worth and fixed-charge coverages. The Company is in compliance with all of its loan covenants.

In July 2001 and February 2002, the Board of Directors authorized the Company to repurchase an aggregate of up to 30 million shares of the Company's common stock to offset the dilutive effect of employee stock option exercises. On July 24, 2002, the Board authorized the repurchase of up to an additional 20 million shares not only to offset the dilutive effect of anticipated employee stock option exercises but also to enable the Company to take advantage of opportunistic market conditions. With the authorization, the Company may, from time to time as market conditions warrant, repurchase shares either on the open market or through other means, including the use of forward purchase agreements. During the year ended May 31, 2002, the Company purchased 18,180,750 shares of its common stock for $715 million at an average cost of $39.35. The Company also established forward purchase agreements with two unaffiliated counterparties for the purchase of another $182 million of stock (4.46 million shares at an average cost of $40.74 per share). The Company expects to settle those agreements within the next year. The

Company, at its option, may settle those forward purchase agreements through full-physical, net-share or net-cash settlements.

Subsequent to May 31, 2002, the Company purchased 901,700 shares of common stock for approximately $40 million at an average cost of $44.48 and entered into additional forward purchase agreements, on the same terms as those discussed above, for the purchase of $75 million of common stock (1.6 million shares at an average cost of $46.29 per share).

The Company's obligations to make future cash payments under contracts, such as debt and lease agreements, are summarized in the tables below, as of May 31, 2002:

Dollars in Millions

CONTRACTUAL OBLIGATIONS AND OTHER COMMERCIAL COMMITMENTS

	Total	2003	2004	2005	2006	2007	Later Years
Long-term debt	$4,036	$ 95	$ 21	$ 28	$1,261	$554	$2,077
Capital lease obligations	49	4	3	13	2	2	25
Long-term operating leases	837	192	161	100	81	71	232
Standby letters of credit and guarantees	118	42	6	4	5	61	—
Total	$5,040	$333	$191	$145	$1,349	$688	$2,334

MARKET RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

The table below presents information about certain of the Company's market-sensitive financial instruments as of May 31, 2002. The fair values were determined based on quoted market prices for the same or similar instruments. The Company is exposed to interest rate changes on its variable rate long-term debt. A 1% change in interest rates on that debt would have resulted in changes in net income of approximately $5 million in 2002.

The Company does not hold or issue derivative instruments for trading purposes and is not a party to any instruments with leverage or prepayment features.

Dollars in Millions

FINANCIAL INSTRUMENTS

	Maturity Date, Year Ending May 31							
	2003	2004	2005	2006	2007	Thereafter	Total	Fair Value
Fixed-rate long-term debt	$ 99	$ 24	$ 41	$ 288	$ 556	$ 2,102	$ 3,110	$3,097
Average interest rates	10.0%	9.6%	9.8%	6.1%	5.4%	6.6%	6.6%	—
Variable-rate long-term debt	—	—	—	$ 975		—	$ 975	$ 975
Average interest rates	—	—	—	3.5%		—	3.5%	—

At May 31, 2002, the Company's principal long-term, market-sensitive investments consisted of 8,301,067 shares of Ventas, Inc., with a market value of $109 million and an independently managed investment portfolio of debt securities with a market value of $69 million. The investment portfolio of debt securities consisted of investments in U.S. Treasury Bills and notes with the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association, with an average maturity of 180 days. The Company's market risk associated with its investments in debt securities classified as a current asset is substantially mitigated by the frequent turnover of the portfolio.

The Company has no affiliation with partnerships, trusts or other entities (sometimes referred to as special purpose entities) whose purpose is to facilitate off-balance sheet financial transactions or similar arrangements. Thus, the Company has no exposure to the financing, liquidity, market or credit risks associated with such entities.

BUSINESS OUTLOOK

For many years, significant unused capacity at U.S. hospitals, payor-required preadmission authorization and payor pressure to maximize outpatient and alternative health care delivery services for less acutely ill patients created an environment where hospital admissions and length of stay declined significantly. More recently, admissions have begun to increase as the baby boomer generation enters the stage of life where hospital utilization increases. Admissions to Tenet hospitals during fiscal 2001 and 2002 increased the most in those baby boomer age groups — 41-to-50 and 51-to-60. The Company anticipates a long period of increasing demand for hospital services as this population group continues to age.

Simultaneously, the Company has experienced three successive years of significant increases in same-facility inpatient revenue per admission. Given the current outlook for government reimbursement rates and managed care contracting rates, combined with the strong competitive positioning of the Company's integrated health care delivery systems and its emphasis in growing high-acuity services, the Company expects continued increases in same-facility inpatient revenue per admission.

The ongoing challenge facing the Company and the health care industry as a whole is to continue to provide quality patient care in a competitive environment, to attain reasonable rates for the services it provides and to manage its costs. The primary cost pressure facing the Company and the industry is the ongoing increase of labor costs due to a nationwide shortage of nurses. The Company expects the nursing shortage to continue and has implemented various initiatives to better position its hospitals to attract and retain qualified nursing personnel, improve productivity and otherwise manage labor-cost pressures.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report, including, without limitation, statements containing the words believes, anticipates, expects, will, may, might, should, surmises, estimates, intends, appears and words of similar import, and statements regarding the Company's business strategy and plans, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on management's current expectations and involve known and unknown risks, uncertainties and other factors, many of which the Company is unable to predict or control, that may cause the Company's or the health care industry's actual results, performance or achievements 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 and/or other health care professionals; the significant indebtedness of the Company; the availability of professional liability insurance coverage at current levels; 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; and other factors referenced in this Annual Report and the Company's annual report on Form 10-K. Given these uncertainties, investors and prospective investors are cautioned not to rely on such forward-looking statements. The Company disclaims any obligation, and makes no promise, to update any such factors or forward-looking statements or to publicly announce the results of any revisions to any such factors or forward-looking statements, whether as a result of changes in underlying factors, to reflect new information, as a result of the occurrence of events or developments or otherwise.

REPORT OF MANAGEMENT

To Our Shareholders:

The management of Tenet Healthcare Corporation ("Tenet") is responsible for the preparation, integrity and objectivity of the consolidated financial statements of the Company and its subsidiaries and all other information in this Annual Report to Shareholders. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and, accordingly, include certain amounts that are based on management's informed judgment and best estimates.

The Company maintains a comprehensive system of internal accounting controls to assist management in fulfilling its responsibility for financial reporting. These controls are supported by the careful selection and training of qualified personnel and an appropriate division of responsibilities. Management believes that these controls provide reasonable assurance that assets are safeguarded from loss or unauthorized use and that the Company's financial records are a reliable basis for preparing the consolidated financial statements.

The Audit Committee of the Board of Directors (the "Board"), comprised solely of directors who are neither current nor former officers or employees of the Company and who the Board has determined are "independent" as that term is defined by the New York Stock Exchange, meets regularly with Tenet's management, internal auditors and independent certified public accountants to review matters relating to financial reporting (including the quality of accounting principles), internal accounting controls and auditing. The independent accountants and the internal auditors have direct and confidential access to the Audit Committee at all times to discuss the results of their audits.

The Company's independent certified public accountants, selected and engaged by the Audit Committee of the Board, perform an annual audit of the consolidated financial statements of the Company in accordance with auditing standards generally accepted in the United States of America. These standards require a review of the system of internal controls and tests of transactions to the extent deemed necessary by the independent certified public accountants for purposes of supporting their opinion as set forth in their independent auditors' report. Their report expresses an independent opinion on the fairness of presentation of the consolidated financial statements.

David L. Dennis
Office of the President,
Chief Corporate Officer and Chief Financial Officer, Vice Chairman

Raymond L. Mathiasen
Executive Vice President and Chief Accounting Officer

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TENET HEALTHCARE CORPORATION:

We have audited the accompanying consolidated balance sheets of Tenet Healthcare Corporation and subsidiaries as of May 31, 2001 and 2002, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended May 31, 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial

statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tenet Healthcare Corporation and subsidiaries as of May 31, 2001 and 2002, and the results of their operations and their cash flows for each of the years in the three-year period ended May 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 16 to the consolidated financial statements, effective June 1, 1999, the Company changed its method of accounting for start-up costs.

KPMG LLP

Los Angeles, California
July 10, 2002, except as to the first and last paragraphs of
Note 5, which are as of July 24, 2002

CONSOLIDATED FINANCIAL STATEMENTS

Dollars in Millions

CONSOLIDATED BALANCE SHEETS	2001	May 31 2002
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 62	$ 38
Investments in debt securities	104	100
Accounts receivable, less allowances for doubtful accounts ($333 in 2001 and $315 in 2002)	2,386	2,425
Inventories of supplies, at cost	214	231
Deferred income taxes	155	199
Other current assets	305	401
Total current assets	**3,226**	**3,394**
Investments and other assets	395	363
Property and equipment, net	5,976	6,585
Costs in excess of net assets acquired, less accumulated amortization ($516 in 2001 and $610 in 2002)	3,265	3,289
Other intangible assets, at cost, less accumulated amortization ($90 in 2001 and $107 in 2002)	133	183
	$ 12,995	**13,814**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ 25	$ 99

Accounts payable	775	968
Employee compensation and benefits	476	591
Accrued interest payable	132	59
Other current liabilities	758	867
Total current liabilities	**2,166**	**2,584**
Long-term debt, net of current portion	4,202	3,919
Other long-term liabilities and minority interests	994	1,003
Deferred income taxes	554	689
Commitments and contingencies		
Shareholders' Equity:		
Common stock, $0.05 par value; authorized 1,050,000,000 shares; 493,833,000 shares issued at May 31, 2001 and 512,354,001 shares issued at May 31, 2002	25	26
Additional paid-in capital	2,898	3,367
Accumulated other comprehensive loss	(44)	(44)
Retained earnings	2,270	3,055
Less common stock in treasury, at cost, 5,632,062 shares at May 31, 2001 and 23,812,812 shares at 2002	(70)	(785)
Total shareholders' equity	**5,079**	**5,619**
	$ 12,995	**$ 13,814**

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

Dollars in Millions, Except Per Share Amounts

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended May 31		
	2000	2001	2002
Net operating revenues	**$ 11,414**	**$ 12,053**	**$ 13,913**
Operating Expenses:			
Salaries and benefits	4,508	4,680	5,346
Supplies	1,595	1,677	1,960
Provision for doubtful accounts	851	849	986
Other operating expenses	2,525	2,603	2,824
Depreciation	411	428	472
Amortization	122	126	132
Impairment and other unusual charges	355	143	99

Operating income	**1,047**	**1,547**	**2,094**
Interest expense	(479)	(456)	(327)
Investment earnings	22	37	32
Minority interests in income of consolidated subsidiaries	(21)	(14)	(38)
Net gains on sales of facilities and long-term investments	49	28	—
Income from continuing operations before income taxes	**618**	**1,142**	**1,761**
Income taxes	(278)	(464)	(736)
Income from continuing operations, before discontinued operations, extraordinary charge and cumulative effect of accounting change	**340**	**678**	**1,025**
Discontinued operations, net of taxes	(19)	—	—
Extraordinary charge from early extinguishment of debt, net of taxes	—	(35)	(240)
Cumulative effect of accounting change, net of taxes	(19)	—	—
Net income	**$ 302**	**$ 643**	**$ 785**
EARNINGS (LOSS) PER COMMON AND COMMON EQUIVALENT SHARE:			
Basic:			
Continuing operations	$ 0.73	$ 1.41	$ 2.09
Discontinued operations	(0.04)	—	—
Extraordinary charge	—	(0.07)	(0.49)
Cumulative effect of accounting change	(0.04)	—	—
	$ 0.65	$ 1.34	$ 1.60
Diluted:			
Continuing operations	$ 0.72	$ 1.39	$ 2.04
Discontinued operations	(0.04)	—	—
Extraordinary charge	—	(0.08)	(0.48)
Cumulative effect of accounting change	(0.04)	—	—
	$ 0.64	$ 1.31	$ 1.56
WEIGHTED SHARES AND DILUTIVE SECURITIES OUTSTANDING (IN THOUSANDS):			
Basic	467,970	479,621	489,717
Diluted	472,377	490,728	502,899

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

Dollars in Millions

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended May 31		
	2000	2001	2002
Net Income	**$ 302**	**$ 643**	**$ 785**
Other Comprehensive Income (Loss):			
Unrealized gains (losses) on securities held as available for sale:			
Unrealized net holding gains (losses) arising during period	(142)	80	31
Less: reclassification adjustment for (gains) losses included in net income	(92)	(39)	1
Foreign currency translation adjustments	(1)	(3)	(4)
Losses on derivative instruments designated and qualifying as cash flow hedges	—	—	(28)
Other comprehensive income (loss), before income taxes	**(235)**	**38**	**—**
Income tax benefit (expense) related to items of other comprehensive income	88	(12)	—
Other comprehensive income (loss)	(147)	26	—
Comprehensive income	**$ 155**	**$ 669**	**$ 785**

See accompanying Notes to Consolidated Financial Statements.

Dollars in Millions, Share Amounts in Thousands

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Outstanding Shares	Issued Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock
Balances, May 31, 1999	**466,536**	**$24**	**$2,510**	**$ 77**	**$ 1,329**	**$(70)**
Net income					302	
Other comprehensive loss				(147)		
Issuance of common stock	1,833		20			
Stock options exercised	1,821		25			
Redemption of shareholder rights					(4)	
Balances, May 31, 2000	**470,190**	**24**	**2,555**	**(70)**	**1,627**	**(70)**
Net income					643	
Other comprehensive income				26		

Issuance of common stock	840	1	15			
Stock options exercised	17,171		328			
Balances, May 31, 2001	**488,201**	**25**	**2,898**	**(44)**	**2,270**	**(70)**
Net income					785	
Other comprehensive income				—		
Issuance of common stock	692		21			
Stock options exercised	17,829	1	448			
Shares repurchased	(18,181)					(715)
Balances, May 31, 2002	**488,541**	**$26**	**$3,367**	**$(44)**	**$ 3,055**	**$(785)**

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED FINANCIAL STATEMENTS

Dollars in Millions

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended May 31		
	2000	2001	2002
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	**$ 302**	**$ 643**	**$ 785**
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation and amortization	533	554	604
Provision for doubtful accounts	851	849	986
Impairment and other unusual charges	355	143	99
Income tax benefit related to stock options	3	74	176
Deferred income taxes	2	48	90
Net gain on sales of facilities and long-term investments	(49)	(28)	—
Discontinued operations	19	—	—
Extraordinary charge from early extinguishment of debt	—	35	240
Cumulative effect of accounting change	19	—	—
Other items	30	27	46
Increases (Decreases) in Cash from Changes in Operating Assets and Liabilities, Net of Effects from Purchases of New Businesses and Sales of Facilities:			

Accounts receivable	(1,139)	(735)	(1,075)
Inventories and other current assets	51	45	(104)
Accounts payable, accrued expenses and other current liabilities	(15)	312	526
Other long-term liabilities and minority interests	17	(20)	19
Net expenditures for discontinued operations, impairment and other unusual charges	(110)	(129)	(77)
Net cash provided by operating activities	**869**	**1,818**	**2,315**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(619)	(601)	(889)
Purchases of new businesses, net of cash acquired	(38)	(29)	(324)
Proceeds from sales of facilities, long-term investments and other assets	764	132	28
Other items, including expenditures related to prior-year purchases of new businesses	(143)	(76)	(42)
Net cash used in investing activities	**(36)**	**(574)**	**(1,227)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings	1,298	992	4,394
Sales of senior notes	—	395	2,541
Repayments of borrowings	(2,085)	(2,389)	(3,513)
Repurchases of senior and senior subordinated notes	—	(556)	(4,063)
Proceeds from exercises of stock options	25	254	273
Purchases of treasury stock	—	—	(715)
Proceeds from sales of common stock	20	15	21
Other items	15	(28)	(50)
Net cash used in financing activities	**(727)**	**(1,317)**	**(1,112)**
Net increase (decrease) in cash and cash equivalents	106	(73)	(24)
Cash and cash equivalents at beginning of year	29	135	62
Cash and cash equivalents at end of year	$ 135	$ 62	$ 38

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1

BASIS OF PRESENTATION

The accounting and reporting policies of Tenet Healthcare Corporation (together with its subsidiaries, "Tenet" or the "Company") conform to accounting principles generally accepted in the United States of America and prevailing practices for investor-owned entities within the health care industry. The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Note 2

SIGNIFICANT ACCOUNTING POLICIES

A. The Company

Tenet is an investor-owned health care services company whose subsidiaries and affiliates (collectively, "subsidiaries") own or operate general hospitals and related health care facilities and hold investments in other companies, including health care companies. At May 31, 2002, the Company's subsidiaries operated 116 domestic general hospitals serving urban and rural communities in 17 states, with a total of 28,667 licensed beds. The Company's subsidiaries also own or operate a small number of rehabilitation hospitals, specialty hospitals, long-term-care facilities, a psychiatric facility and medical office buildings all located on the same campus as, or nearby, the Company's general hospitals, a general hospital and related health care facilities in Barcelona, Spain, physician practices and various other ancillary health care businesses, including outpatient surgery centers, home health care agencies, occupational and rural health care clinics and health maintenance organizations.

At May 31, 2002, the Company's largest concentrations of hospital beds were in California with 29.7%, Florida with 16.3% and Texas with 12.2%. The concentration of hospital beds in these three states increases the risk that any adverse economic, regulatory or other developments that may occur in such states may adversely affect the Company's results of operations or financial position.

The Company is also subject to changes in government legislation that could impact Medicare and Medicaid payment levels and to increased levels of managed care penetration and changes in payor patterns that may impact the level and timing of payments for services rendered.

B. Principles of Consolidation

The consolidated financial statements include the accounts of Tenet and its wholly owned and majority-owned subsidiaries. Significant investments in other affiliated companies generally are accounted for using the equity method. Intercompany accounts and transactions are eliminated in consolidation. The results of operations of acquired businesses in purchase transactions are included from their respective acquisition dates.

C. Net Operating Revenues

Net operating revenues are recognized in the period when services are performed and consist primarily of net patient service revenues that are recorded based on established billing rates less estimated discounts for contractual allowances principally for patients covered by Medicare, Medicaid and managed care and other health plans.

Percentages of consolidated net patient revenues for the Company's domestic general hospitals for the past three years are shown in the table below:

	PERCENTAGES OF CONSOLIDATED NET PATIENT REVENUES		
	2000	2001	2002
Medicare	32.6%	30.8%	31.8%

Medicaid	8.3%	8.2%	8.6%
Managed care	40.7%	43.3%	43.9%
Indemnity and other	18.4%	17.7%	15.7%

The discounts for Medicare and Medicaid contractual allowances are based primarily on prospective payment systems. Discounts for retrospectively cost-based revenues, which were more prevalent in earlier periods, are estimated based on historical and current factors and are adjusted in future periods when settlements of filed cost reports are received. Final settlements under these programs are subject to adjustment based on administrative review and audit by third parties, which can take several years to resolve completely. Because the laws and regulations governing the Medicare and Medicaid programs are ever-changing and complex, the estimates recorded by the Company could change by material amounts. The Company records adjustments to its previously recorded contractual allowances in future periods as final settlements are determined. Adjustments related to final settlements increased revenues in each of the years ended May 31, 2000, 2001 and 2002 by $103 million, $4 million and $36 million, respectively.

Revenues under managed care health plans are based primarily on payment terms involving predetermined rates per diagnosis, per-diem rates, discounted fee-for-service rates and other similar contractual arrangements. These revenues also are subject to review and possible audit by the payors.

Management believes that adequate provision has been made for any adjustments that may result from final determination of amounts earned under all the above arrangements. There are no known material claims, disputes or unsettled matters with any payors that are not adequately provided for in the accompanying consolidated financial statements.

The Company provides care, without charge or at amounts substantially less than its established rates, to patients who meet certain financial or economic criteria. Because the Company does not pursue collection of amounts determined to qualify as charity care, they are not reported in net operating revenues or in operating expenses.

D. Cash Equivalents

The Company treats highly liquid investments with original maturities of three months or less as cash equivalents.

E. Investments in Debt and Equity Securities

Investments in debt and equity securities are classified as either available-for-sale, held-to-maturity or as part of a trading portfolio. At May 31, 2001 and 2002, the Company had no significant investments in securities classified as either held-to-maturity or trading. Securities classified as available-for-sale are carried at fair value if unrestricted. Their unrealized gains and losses, net of tax, are reported as accumulated other comprehensive income (loss). Realized gains or losses are included in net income on the specific identification method.

F. Provision for Doubtful Accounts

The Company provides for accounts receivable that could become uncollectible in the future by establishing an allowance to reduce the carrying value of such receivables to their estimated net realizable value. The Company estimates this allowance based on the aging of its accounts receivable and its historical collection experience by hospital and for each type of payor.

G. Long-Lived Assets

The Company uses the straight-line method of depreciation for buildings, building improvements and equipment over estimated useful lives of 25 to 50 years for buildings and improvements; and three to 15 years for equipment. Capital leases are recorded at the beginning of the lease term as assets and liabilities at the lower of the present value of the minimum lease payments or the fair value of the assets. Such assets, including improvements, are amortized over the shorter of the lease term or estimated useful life. The Company capitalizes interest costs related to construction projects. Capitalized interest was $29 million in 2000, $8 million in 2001 and $9 million in 2002.

Prior to June 1, 2002, except for acquisitions consumated after June 30, 2001, costs in excess of the fair value of the net assets of purchased businesses (goodwill) generally were amortized on a straight-line basis, primarily over 40 years. On June 1, 2002 the Company adopted Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets” (“SFAS 142”). Under this new accounting standard, all goodwill will no longer be amortized, but will be subject to impairment tests at least annually. As a preadoption measure, this standard also required the cessation

of goodwill amortization for acquisitions consummated after June 30, 2001, the effect of which was not material.

The Company evaluates its long-lived assets to be held and used for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future cash flows. Measurement of the amount of the impairment, if any, may be based on independent appraisals, established market values of comparable assets or estimates of future discounted cash flows expected to result from the use and ultimate disposition of the asset. The estimates of these future cash flows are based on assumptions and projections believed by management to be reasonable and supportable. They require management's subjective judgments and take into account assumptions about patient volumes, changes in payor mix, revenue and expense growth rates and changes in legislation and other payor payment patterns. These assumptions vary by type of facility.

In general, long-lived assets to be disposed of are reported at the lower of their carrying amounts or fair values less costs to sell or close. In such circumstances, the company's estimates of fair value are usually based on established market prices for comparable assets.

H. Accrual for General and Professional Liability Risks

The Company maintains reserves based on actuarial estimates by an independent third party for the portion of its professional liability risks, including incurred but not reported claims, for which it does not have insurance coverage. Reserves for losses and related expenses are estimated using expected loss-reporting patterns and are discounted to their present value using a discount rate of 7.5%. There can be no assurance that the ultimate liability will not exceed such estimates. Adjustments to the reserves are included in results of operations in the periods when such amounts are determined.

I. Income Taxes

The Company accounts for income taxes under the asset and liability method. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

Developing the Company's provision for income taxes requires significant judgment and expertise in federal and state income tax laws, regulations and strategies, including the determination of deferred tax assets and liabilities and, if necessary, any valuation allowances that may be required for deferred tax assets. The Company has not recorded any valuation allowances as of May 31, 2002 because management believes that future taxable income will, more likely than not, be sufficient to realize the benefits of those assets as the temporary differences in basis reverse over time. The Company's judgments and tax strategies are subject to audit by various taxing authorities.

While the Company believes it has provided adequately for its income tax liabilities in its consolidated financial statements, adverse determinations by these taxing authorities could have a material adverse effect on the Company's consolidated financial position and results of operations.

J. Stock Options

The Company has stock-based compensation plans and applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized for stock options granted to employees or directors under the plans because the exercise prices for options granted were equal to the quoted market prices on the option grant dates.

K. Segment Reporting

The Company and its subsidiaries operate in one line of business: the provision of health care through general hospitals and related health care facilities. The Company's domestic general hospitals (which generated 93.4%, 95.8% and 96.9% of the Company's net operating revenues in fiscal years 2000, 2001 and 2002, respectively) and the Company's other health care related facilities are organized generally into three operating segments or divisions. These divisions' economic characteristics, the nature of their operations, the regulatory environment in which they operate and the manner in which they are managed all are similar. The components of these divisions share certain resources and they benefit from many common clinical and management practices. Accordingly, the Company aggregates these divisions into a single reportable operating segment, as that term is defined by Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information."

Note 3

ACQUISITIONS AND DISPOSALS OF FACILITIES

During the past three fiscal years the Company's subsidiaries have acquired eight general hospitals and certain other health care entities, as shown in the table below:

Dollars in Millions ACQUISITIONS	2000	2001	2002
Number of hospitals	1	2	5
Number of licensed beds	230	417	1,528
Purchase price information:			
Fair value of assets acquired	$ 55	$ 27	$ 370
Liabilities assumed	(20)	(7)	(53)
Net assets acquired	35	20	317
Other health care entities	3	9	7
Net cash paid	$ 38	$ 29	$ 324

Costs in excess of the fair value of identifiable net assets acquired (goodwill) were $28 million, $8 million and $128 million in the years ended May 31, 2000, 2001 and 2002, respectively. All of the goodwill related to those acquisitions is expected to be fully deductible for income tax purposes.

In addition to striving to continually improve its portfolio of general hospitals through acquisitions, from time to time the Company divests hospitals that are not essential to its strategic objectives. For the most part, these facilities are not part of an integrated delivery system. The size and performance of these facilities vary, but on average they are smaller, with lower margins. Such divestitures allow the Company to streamline its organization by concentrating on, or strengthening, the integrated health care delivery systems in geographic areas where it already has a strong presence.

During the year ended May 31, 2000, the Company sold 17 general hospitals, closed three general hospitals and terminated the lease on one general hospital. The Company also sold three long-term-care facilities. The net gain on the sales of these facilities in 2000 was $50 million. During the year ended May 31, 2001 the Company sold one general hospital and three long-term-care facilities, closed one long-term-care facility and combined the operations of one rehabilitation hospital with the operations of a general hospital. During the year ended May 31, 2002, the Company sold one general hospital and three long-term-care facilities. The results of operations of the sold or closed businesses were not significant.

In addition, during the year ended May 31, 2000, the Company recorded $61 million in gains from sales of investments in Internet-related health care ventures, offset by $62 million in net losses from sales of other investments. During the year ended May 31, 2001, the Company recorded $28 million in net gains from sales of investments in health care ventures. There were no such gains or losses in the year ended May 31, 2002.

Note 4

IMPAIRMENT AND OTHER UNUSUAL CHARGES

2002

In the second quarter of the year ended May 31, 2002 the Company recorded impairment and other unusual charges of $99 million primarily relating to the planned closure of two general hospitals and the sales of certain other health care

businesses. The total charge consists of:

IMPAIRMENT AND OTHER UNUSUAL CHARGES	Dollars in Millions
Impairment write-downs of property, equipment and other assets to estimated fair value	$76
Expected cash disbursements related to lease cancellation costs, severance costs and other exit costs	23
	$99

The impairment charge consists of write-downs of $39 million for property and equipment, $13 million for goodwill and $24 million for other assets. The principal elements of the balance of the charges are $7 million in lease cancellation costs, $5 million in severance costs related to the termination of 691 employees, $2 million in legal costs and settlements and $9 million in other exit costs. The Company decided to close these hospitals because they were operating at a loss, which was not significant, and were not essential to the Company's strategic objectives. One of these hospitals has been closed and the Company has reached a tentative agreement to sell the other hospital.

2001

In the fourth quarter of the year ended May 31, 2001, the Company recorded impairment and other unusual charges of $143 million relating to:

IMPAIRMENT AND OTHER UNUSUAL CHARGES	Dollars in Millions
The completion of the Company's program to terminate or buy out certain employment and management contracts with approximately 248 physicians over the next 18 months	$ 98
Impairment of the carrying values of property and equipment and other assets in connection with the closure of one hospital and certain other health care businesses	45
	$143

The total charge consists of $55 million in impairment write-downs of property, equipment and other assets to estimated fair values and $88 million for expected cash disbursements related to costs of terminating unprofitable physician contracts, severance costs, lease cancellation and other exit costs. The impairment charge consists of write-downs of $29 million for property and equipment and $26 million for the other assets. The principal elements of the balance of the charges are $56 million for the buyout of unprofitable physician contracts, $6 million in severance costs related to the termination of 322 employees, $3 million in lease cancellation costs, and $23 million in other exit costs.

The Company decided to terminate or buy out the physician contracts because they were not profitable. During the latter part of fiscal 1999, the Company undertook the process of evaluating its physician strategy and began to develop plans to either terminate or allow a significant number of its existing unprofitable contracts with physicians to expire. During fiscal 2000, Company management, with the authority to do so, authorized the termination of approximately 50% of its unprofitable physician contracts. The termination of additional physician contracts that were not profitable was similarly authorized in fiscal 2001. As of May 31, 2002, the Company had exited most of the unprofitable contracts that management had authorized to be terminated or allowed to expire. Substantially all such remaining contracts will be terminated by July 31, 2002. The physicians, employees and property owners/lessors affected by this decision were duly notified, prior to the Company's respective fiscal year-ends.

2000

In the third and fourth quarters of the year ended May 31, 2000, the Company recorded impairment and other unusual charges of $355 million relating to:

Dollars in Millions

IMPAIRMENT AND OTHER UNUSUAL CHARGES	
The Company's plan to terminate or buy out certain employment and management contracts with approximately 440 physicians over the next 15 months	$177
The closure or sale of five general hospitals and other property and equipment	178
	$355

The charges consisted of $244 million in impairment write-downs of property, equipment and other assets to the lower of carrying values or estimated fair values and $111 million for expected cash expenditures for lease cancellation and other exit costs, the estimated and actual costs to close or sell the five general hospitals, severance costs and costs to terminate or buy out the unprofitable physician contracts. The impairment charge includes write-downs of $116 million for property and equipment, $69 million for goodwill and $59 million for other assets. The principal elements of the other charges were $38 million in lease cancellation costs, $12 million in severance costs related to the termination of 713 employees and $61 million in other exit costs.

The table below presents a reconciliation of beginning and ending liability balances in connection with impairment and other unusual charges recorded in the current and prior fiscal years, as of May 31, 2000, 2001 and 2002.

Dollars in Millions

LIABILITY BALANCES IN CONNECTION WITH IMPAIRMENT AND OTHER UNUSUAL CHARGES									
Reserves Related to:	**May 31, 2000(1)**	**Charges**	**Cash Payments**	**Other Items(2)**	**May 31, 2001(1)**	**Charges**	**Cash Payments**	**Other Items(2)**	**May 31, 2002(1)**
Lease cancellations, exit costs and estimated costs to sell or close hospitals and other facilities	$106	$ 26	$(42)	$(5)	$ 85	$18	$(36)	$(5)	$62
Impairment losses to value property, equipment, goodwill and other assets, at estimated fair values	—	55	—	(55)	—	76	—	(76)	—
Severance costs in connection with the implementation of hospital cost-control programs, general overhead-reduction plans, closure of home health agencies and closure of hospitals and termination of physician contracts	17	6	(11)	—	12	5	(8)	—	9
Accruals for unfavorable lease commitments at six medical office buildings	12	—	(2)	—	10	—	(2)	—	8
Buyout of physician contracts	4	56	(32)	—	28	—	(22)	—	6
Other	2	—	(2)	—	—	—	—	—	—
Total	**$141**	**$143**	**$(89)**	**$(60)**	**$135**	**$99**	**$(68)**	**$(81)**	**$85**

(1) The liability balances are included in other current liabilities and other long-term liabilities in the accompanying consolidated balance sheets. Cash payments to be applied against these liabilities are expected to approximate $48 million in fiscal 2003 and $37 million thereafter.

(2) Other items primarily include write-offs of long-lived assets, including property and equipment, goodwill and other assets.

Note 5

REPURCHASES OF COMMON STOCK

During the year ended May 31, 2002, the Company's Board of Directors authorized the repurchase of up to 30 million shares of its common stock to offset the dilutive effect of employee stock option exercises. On July 24, 2002, the Board of Directors authorized the repurchase of up to an additional 20 million shares of the Company's common stock not only to offset the dilutive effect of anticipated employee stock option exercises but also to enable the Company to take advantage of opportunistic market conditions. During the year ended May 31, 2002, the Company purchased 18,180,750 shares for approximately $715 million at an average cost of $39.35 per share, as shown in the following table:

REPURCHASES OF COMMON STOCK

Quarter Ended	Number of Shares	Cost	Average Cost
August 31, 2001	2,618,250	$ 94,512,283	$36.10
November 30, 2001	2,437,500	$ 93,322,287	$38.29
February 28, 2002	7,500,000	$292,122,301	$38.95
May 31, 2002	5,625,000	$235,461,974	$41.86
Total	**18,180,750**	**$715,418,845**	**$39.35**

All purchased shares are held as treasury stock. All of the repurchases were funded by proceeds from employee stock option exercises and cash flow from operations. The Company has not purchased, nor does it intend to purchase, any shares from its officers or employees.

As of May 31, 2002, the Company had entered into forward purchase agreements with two unaffiliated counterparties for the purchase of $182 million of stock (4.46 million shares at an average cost of $40.74 per share). The Company expects to settle those agreements within the next year and, at its option, may settle them through full-physical, net-share or net-cash settlements. The Company accounts for these agreements as equity transactions within permanent equity. Changes in fair value are not recognized in the financial statements. If the Company were to settle the agreements on a basis other than net-cash, the Company would be required to deliver approximately 113,000 more shares of its common stock than it is entitled to receive for a $1 decrease in the market price of its common stock below the average contract price above. The agreement terms provide for maximum numbers of shares that may be required to be issued in net-share settlements with each counterparty, which maximum currently aggregates to 22.2 million shares.

Subsequent to May 31, 2002, the Company purchased 901,700 shares of common stock for approximately $40 million at an average cost of $44.48 and entered into additional forward purchase agreements, on the same terms as those discussed above, for the purchase of $75 million of common stock (1.6 million shares at an average cost of $46.29 per share).

Note 6

LONG-TERM DEBT AND LEASE OBLIGATIONS

Dollars in Millions

LONG-TERM DEBT	2001	2002
Loans payable to banks — unsecured	$ 60	$ 975
5 3/8% Senior Notes due 2006	—	550
6 3/8% Senior Notes due 2011	—	1,000
6 1/2% Senior Notes due 2012	—	600

6 7/8% Senior Notes due 2031	—	450
8 1/8% Senior Subordinated Notes due 2008	897	2
6% Exchangeable Subordinated Notes due 2005	320	282
8 5/8% Senior Notes due 2003	455	16
7 7/8% Senior Notes due 2003	400	6
8% Senior Notes due 2005	811	22
7 5/8% Senior Notes due 2008	313	—
9 1/4% Senior Notes due 2010	238	—
8 5/8% Senior Subordinated Notes due 2007	628	—
Zero-coupon guaranteed bonds due 2002	45	45
Notes payable and capital lease obligations, secured by property and equipment, payable in installments to 2013	71	100
Other notes, primarily unsecured	53	37
Unamortized note discounts	(64)	(67)
	4,227	**4,018**
Less current portion	(25)	(99)
	$ 4,202	**$ 3,919**

Loans Payable to Banks — On March 1, 2001, the Company entered into a new senior unsecured $500 million 364-day credit agreement and a new senior unsecured $1.5 billion five-year revolving credit agreement (together, the "credit agreement"). The credit agreement replaced the Company's $2.8 billion five-year revolving bank credit agreement that would have expired on January 31, 2002. On February 28, 2002, the Company renewed the 364-day agreement for another 364 days. The credit agreement allows the Company to borrow, repay and reborrow up to $500 million prior to March 1, 2003 and up to $1.5 billion prior to March 1, 2006. The new credit agreement extends the Company's maturities, offers efficient pricing tied to quantifiable credit measures and has more flexible covenants than the previous credit agreement. The Company's unused borrowing capacity under its credit agreement was $931 million at May 31, 2002. At May 31, 2002 the interest rate on loans payable to banks under the credit agreement was 2.74%.

Loans under the credit agreement are unsecured and generally bear interest at a base rate equal to the prime rate or, if higher, the federal funds rate plus 0.5% or, at the option of the Company, an adjusted London Interbank Offered Rate ("LIBOR") plus an interest margin between 50 and 200 basis points. The Company has agreed to pay the lenders under the new credit agreement an annual facility fee on the total loan commitment at rates ranging from 20 to 57.5 basis points. The interest rate margins and the facility fee rates are based on the ratio of the Company's consolidated total debt to consolidated EBITDA (defined in the credit agreement as operating income plus depreciation, amortization, impairment and certain other unusual charges.)

Senior Notes and Senior Subordinated Notes — In May 2001, the Company repurchased an aggregate of $514 million of its senior and senior subordinated notes. In connection with the repurchase of debt and the refinancing of its bank credit agreement, the Company recorded an extraordinary charge from early extinguishment of debt in the amount of $35 million, net of tax benefits of $21 million, in the fourth quarter of the year ended May 31, 2001.

During the quarter ended August 31, 2001, the Company repurchased approximately $1.1 billion of portions of various issues of its senior notes. The transactions were funded with cash and borrowings under the Company's credit agreement.

On November 6, 2001, the Company sold $2.0 billion of new senior notes at interest rates and due dates as follows: $550 million— 5 3/8% Senior Notes due 2006, $1.0 billion— 6 3/8% Senior Notes due 2011 and $450 million— 6 7/8% Senior Notes due 2031, and used substantially all of the proceeds to repurchase approximately $1.6 billion of various issues of its senior and senior subordinated notes and borrowings under the bank credit agreement. These new senior notes are unsecured senior obligations of the Company, rank equally with all of the Company's other unsecured senior indebtedness and are redeemable at any time at the option of the Company.

During the quarter ended February 28, 2002, the Company repurchased the remaining $65 million of its 8 5/8% Senior Subordinated Notes due 2007, $56 million of its 8 1/8% Senior Subordinated Notes due 2008 and $24 million of its 6% Exchangeable Subordinated Notes due 2005. On March 4, 2002, the Company sold $600 million of new 6 1/2% Senior Notes due 2012 and used the proceeds to repurchase, on April 8, 2002, its 8 1/8% Senior Subordinated Notes due 2008 and for general corporate purposes.

On June 25, 2002, the Company sold $400 million of new 5% Senior Notes due 2007, used a portion of the proceeds to repay bank loans under the Company's credit agreement and will use the remainder of the proceeds to repurchase, at par, the remaining $282 million balance of its 6% Exchangeable Subordinated Notes due 2005.

In connection with the repurchases of debt during the year, the Company recorded extraordinary charges from early extinguishments of debt in the aggregate amount of $240 million, net of tax benefits of $143 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Prior to the sale of the new senior notes in November 2001 and March 2002, the Company used hedging strategies to lock in the risk-free component of interest rates in effect on the offering dates of the notes. The interest rate lock agreements were settled on the dates the notes were issued. Because the risk-free interest rates declined during the hedge periods, the Company incurred losses on these transactions when it unwound the hedges. The losses on the hedges were charged to Other Comprehensive Income (as the hedges were determined to be highly effective, based on the Company's assessment using the dollar offset method, performed at the inception of the hedges), and are being amortized into earnings over the terms of the new senior notes. The losses will be entirely offset by the effect of lower interest rates on the notes.

All of the remaining senior subordinated notes also are unsecured obligations of the Company and are subordinated in right of payment to all existing and future senior debt, including the senior notes and borrowings under the credit agreement.

Loan Covenants — With the retirement or substantial retirement of eight issues of senior notes and senior subordinated notes since May 31, 2001, together with amendments to the loan covenants, the Company has eliminated substantially all of the restrictive covenants associated with debt issued when the Company was considered a "high yield" issuer. During fiscal 2002, the Company's senior notes and senior subordinated notes were upgraded to investment grade. The Company's credit agreement and the indentures governing the Company's senior and senior subordinated notes contain affirmative, negative and financial covenants which have, among other requirements, limitations on (i) liens, (ii) consolidations, mergers or the sale of all or substantially all assets unless no default exists and, in the case of a consolidation or merger, the surviving entity assumes all of the Company's obligations under the credit agreement, and (iii) subsidiary debt. The covenants also provide that the Company may declare and pay a dividend and purchase its common stock so long as no default exists and the Company's leverage ratio (the ratio of the Company's consolidated total debt to consolidated EBITDA (as defined on page 38)) is less than 3.0 to 1. The Company's leverage ratio was significantly less than 3.0 to 1 at May 31, 2002. The credit agreement covenants also require that the Company's leverage ratio not exceed 3.5 to 1 and that the Company maintain specified levels of net worth and fixed-charge coverages. The Company is in compliance with its loan covenants. There are no compensating balance requirements for any credit line or borrowing.

Future long-term debt maturities and minimum operating lease payments as of May 31, 2002 are as follows:

Dollars in Millions

LONG-TERM DEBT MATURITIES & LEASE OBLIGATIONS	2003	2004	2005	2006	2007	Later Years
Long-term debt	$ 99	$ 24	$ 41	$1,263	$556	$2,102
Long-term operating leases	192	161	100	81	71	232

Rental expense under operating leases, including short-term leases, was $286 million in 2000, $237 million in 2001 and $241 million in 2002.

Note 7

INCOME TAXES

Dollars in Millions INCOME TAXES ON CONTINUING OPERATIONS	2000	2001	2002
Currently Payable:			
Federal	$ 232	$361	$569
State	32	55	77
	264	416	646
Deferred:			
Federal	(4)	32	58
State	18	16	32
	14	48	90
	$ 278	**$464**	**$736**

A reconciliation between the amount of reported income tax expense and the amount computed by multiplying income from continuing operations before income taxes by the statutory Federal income tax rate is shown below:

Dollars in Millions Income Taxes	2000	2001	2002
Tax provision at statutory federal rate of 35%	$ 216	$ 400	$616
State income taxes, net of federal income tax benefit	32	44	71
Goodwill amortization	23	22	22
Nondeductible goodwill included in asset sales	32	—	—
Nondeductible asset impairment charges	1	—	4
Change in valuation allowance and tax contingency reserves	(32)	(8)	13
Other items	6	6	10
	$ 278	**$ 464**	**$736**

Deferred tax assets and liabilities as of May 31, 2001 and 2002 relate to the following:

Dollars in Millions

DEFERRED TAX ASSETS AND LIABILITIES

	2001		2002	
	Assets	Liabilities	Assets	Liabilities
Depreciation and fixed-asset basis differences	$ —	$796	$ —	$ 866
Reserves related to discontinued operations, impairment and other unusual charges	122	—	101	—
Receivables — doubtful accounts and adjustments	—	10	—	2
Accruals for insurance risks	127	—	142	—
Intangible assets	—	68	—	137
Other long-term liabilities	39	—	51	—
Benefit plans	79	—	90	—
Other accrued liabilities	60	—	94	—
Investments and other assets	30	—	—	8
Net operating loss carryforwards	11	—	21	—
Other items	7	—	24	—
	$475	**$874**	**$523**	**$1,013**

Management believes that realization of the deferred tax assets is more likely than not to occur as temporary differences reverse against future taxable income.

At May 31, 2002, the Company's carryforwards from prior tax returns available to offset future federal net taxable income consisted of net operating loss carryforwards of approximately $24 million expiring in 2004 and $37 million expiring in 2014 through 2016.

Allowable federal deductions relating to net operating losses are subject to annual limitations. These limitations are not expected to significantly affect the ability of the Company to ultimately recognize the benefit of these net operating loss deductions in future years.

Note 8

CLAIMS AND LAWSUITS

For years, through May 31, 2002, the Company insured substantially all of its professional and comprehensive general liability risks in excess of self-insured retentions through a majority-owned insurance subsidiary under a mature claims-made policy with a 10-year discovery period. These self-insured retentions were $1 million per occurrence for the three years ended May 31, 2002 and in prior years varied by hospital and by policy period from $500,000 to $5 million per occurrence. Risks in excess of $3 million per occurrence

were, in turn, reinsured with major independent insurance companies. Effective June 1, 2002, the Company, along with another unrelated health care company, formed a new insurance subsidiary. This subsidiary insures professional and general liability risks, in excess of a $2 million self-insured retention, under a first-year only claims-made policy, and, in turn, reinsures its risks in excess of $5 million per occurrence with major independent insurance companies. In addition to the reserves recorded by the above insurance subsidiaries, the Company maintains reserves based on actuarial estimates for the portion of its professional liability risks, including incurred but not reported claims, for which it does not have insurance coverage. Reserves for losses and related expenses are estimated using expected loss-reporting patterns and have been discounted to their present value using a discount rate of 7.5%. There can be no assurance that the ultimate liability will not exceed such estimates. Adjustments to the reserves are included in results of

operations in the periods when such amounts are determined.

Both federal and state agencies continue heightened and coordinated civil and criminal enforcement efforts against the health care industry. As part of an announced work plan, which is implemented through the use of national initiatives against health care providers, including the Company, the government is scrutinizing, among other things, the terms of acquisitions of physician practices and the coding practices related to certain clinical laboratory procedures and inpatient procedures. In addition, health care providers, including the Company, continue to see increased use of the False Claims Act, particularly by individuals who bring actions on behalf of the government alleging that a hospital has defrauded the federal government. Although companies in the health care industry in general, and the Company in particular, have been and may continue to be subject to these government investigations and other actions, the Company is unable to predict the impact of such actions on its business, financial condition or results of operations.

Note 9

SELECTED BALANCE SHEET DETAILS

Dollars in Millions

OTHER CURRENT ASSETS	2001	2002
Other receivables	$162	$252
Prepaid expenses and other current items	87	107
Assets held for sale or disposal, at the lower of carrying value or fair value less estimated costs to sell or dispose	56	42
Other current assets	$305	$401

The results of operations of the assets held for sale or disposal and the impact of suspending depreciation and amortization were not significant.

Dollars in Millions

PROPERTY AND EQUIPMENT	2001	2002
Land	$ 530	$ 594
Buildings and improvements	4,949	5,412
Construction in progress	199	262
Equipment	2,905	3,303
	8,583	**9,571**
Less accumulated depreciation and amortization	(2,607)	(2,986)
Net property and equipment	**$ 5,976**	**$ 6,585**

Property and equipment is stated at cost less accumulated depreciation and amortization and impairment write-downs related to assets held and used.

Note 10

STOCK BENEFIT PLANS

The Company currently grants stock-based awards pursuant to its 2001 Stock Incentive Plan, which is described below. Prior to the Company's shareholders approving that plan at their 2001 Annual Meeting, the Company granted stock-based awards to its directors and employees pursuant to other plans. Stock options remain outstanding under those other plans, but no additional stock-based awards will be granted under those other plans. The Company applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized for stock options granted to employees or directors under the plans because the exercise prices for options granted were equal to the quoted market prices on the option grant dates.

Pursuant to the terms of the Company's stock-based compensation plans, awards granted under the plans vest and may be exercised as determined by the Compensation Committee of the Company's Board of Directors. In the event of a change in control, the Compensation Committee may, in its sole discretion, without obtaining shareholder approval, accelerate the vesting or performance periods of the awards.

Under the 2001 Stock Incentive Plan, 60,000,000 shares of common stock were approved for stock-based awards. At May 31, 2002, there were 49,908,830 shares of common stock available for future grants of stock options and other incentive awards to the Company's key employees, advisors, consultants and directors under the plan. Options granted to employees, advisors and consultants have an exercise price equal to the fair market value of the Company's shares on the date of grant and normally are exercisable at the rate of one-third per year beginning one year from the date of grant. Stock options generally expire 10 years from the date of grant. No performance-based incentive stock awards have been granted since fiscal 1994.

Under the 2001 Stock Incentive Plan, nonemployee directors receive 18,000 options per year and 36,000 options upon joining the Board of Directors. Awards have an exercise price equal to the fair market value of the Company's shares on the date of grant. At the recommendation of independent compensation consultants retained by the Compensation Committee, the options granted vest immediately upon issuance and expire 10 years after the date of grant.

The following table summarizes certain information about the Company's stock options outstanding at May 31, 2002:

OUTSTANDING STOCK OPTIONS

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
Range of Exercise Prices	Number of Options	Weighted-Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$ 6.25 to $14.52	10,323,931	5.7 years	$11.60	6,697,797	$11.77
$ 14.53 to $22.80	8,180,581	5.9 years	19.96	8,135,395	19.97
$ 22.81 to $31.07	11,290,889	8.6 years	28.14	2,221,049	27.68
$ 31.08 to $39.34	369,000	9.3 years	37.39	144,000	39.00
$ 39.35 to $47.61	10,232,171	9.5 years	40.42	30,000	40.41
	40,396,572	**7.5 years**	**$25.45**	**17,228,241**	**$17.97**

A summary of the status of the Company's stock option plans as of May 31, 2000, 2001 and 2002, and changes during the years ended on those dates is presented below:

STOCK OPTIONS PLANS

	2000		2001		2002	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	47,081,279	$15.84	52,963,926	$14.81	46,126,755	$17.74
Granted	12,252,977	11.32	10,758,462	27.53	12,869,792	38.60
Exercised	(1,821,116)	11.77	(17,170,896)	14.81	(17,829,297)	15.29

Forfeited	(4,549,214)	17.20	(424,737)	19.57	(770,678)	20.06
Outstanding at end of year	52,963,926	14.81	46,126,755	17.74	40,396,572	25.45
Options exercisable at year end	**30,179,508**	**$14.37**	**24,298,478**	**$15.28**	**17,228,241**	**$17.97**

The weighted average fair value of options granted in 2000, 2001 and 2002 was $5.47, $14.01 and $18.45, respectively. The fair values of the option grants in the table above, and for purposes of the pro forma disclosures below, have been estimated as of the date of each grant using a Black-Scholes option-pricing model with the following weighted-average assumptions:

VALUATION ASSUMPTIONS	2000	2001	2002
Expected volatility	36.0%	39.0%	39.9%
Risk-free interest rates	5.9%	5.4%	4.5%
Expected lives, in years	6.6	7.0	6.8
Expected dividend yield	0%	0%	0%

The Expected Volatility is derived using daily data drawn from the five years preceding the date of grant. The risk-free interest rate is the approximate yield on seven-and 10-year United States Treasury Bonds on the date of grant. The expected life is an estimate of the number of years the option will be held before it is exercised. The valuation model was not adjusted for nontransferability, risk of forfeiture or the vesting restrictions of the options, all of which would reduce the value if factored into the calculation.

Had compensation cost for the Company's stock options granted to employees and directors been determined based on these fair values for awards granted during the past three years, the Company's net income and earnings per share would have been the amounts indicated below:

Dollars in Millions, Except Per Share Amounts

PRO FORMA DISCLOSURES			
Net Income:	**2000**	**2001**	**2002**
As reported	$ 302	$ 643	$ 785
Pro forma	$ 249	$ 590	$ 713
Basic Earnings Per Common Share:			
As reported	$ 0.65	$ 1.34	$ 1.60
Pro forma	$ 0.54	$ 1.24	$ 1.46
Diluted Earnings Per Common Share:			
As reported	$ 0.64	$ 1.31	$ 1.56
Pro forma	$ 0.53	$ 1.21	$ 1.43

Note 11

EMPLOYEE STOCK PURCHASE PLAN

The Company has an Employee Stock Purchase Plan under which it is authorized to issue up to 14,250,000 shares of common stock to eligible employees of the Company or its designated subsidiaries. Under the terms of the plan, eligible employees may elect to have between 1% and 10% of their base earnings withheld each calendar quarter to purchase, on the last day of the quarter, shares of the Company's common stock at a purchase price equal to 85% of the lower of the closing price on the first day of the quarter or its closing price on the last day of the quarter. In accordance with APB No. 25, no compensation cost has been recognized for the purchase price discount under this plan. Under the plan, no individual may purchase, in any year, shares with a fair market value in excess of $25,000. Under the plan, the Company sold the following numbers of shares in each of the three years ended May 31:

EMPLOYEE STOCK PURCHASE PLAN	2000	2001	2002
Number of shares	1,647,831	839,982	691,704
Weighted average price	$10.61	$18.01	$30.19

Note 12

EMPLOYEE RETIREMENT PLAN

Substantially all domestic employees who are employed by the Company or its subsidiaries, upon qualification, are eligible to participate in a defined contribution 401(k) plan. Employees who elect to participate may make contributions of from 1% to 20% of their eligible compensation, and the Company matches such contributions up to a maximum percentage. Company contributions to the plan were approximately $52 million for fiscal 2000, $54 million for fiscal 2001 and $60 million for fiscal 2002.

Note 13

INVESTMENTS

The Company's principal long-term investments in unconsolidated affiliates at May 31, 2002 included 8,301,067 shares of Ventas and shares of various other investments, primarily in Internet-related health care ventures. Also included in the Company's long-term investments at May 31, 2002 is an investment portfolio of U.S. government securities aggregating $69 million. The portfolio is being held in an escrow account for the benefit of the holders of the Company's 6% Exchangeable Notes and will be released from escrow when the Company repurchases these Notes (see Note 6). The Company classifies all these investments as "available-for-sale," whereby the carrying values of the shares and debt instruments are adjusted to market value at the end of each accounting period through

a credit or charge, net of income taxes, to other comprehensive income. Through May 31, 2001 and 2002, the accumulated unrealized loss on the Company's long-term investments was $71 million and $40 million, respectively. At May 31, 2001 and 2002 the aggregate market value of these investments was approximately $170 million and $200 million, respectively.

Note 14

EARNINGS PER COMMON SHARE

The table below is a reconciliation of the numerators and the denominators of the Company's basic and diluted earnings per common share computations for income from continuing operations for each of the three years ended May 31, 2000 through 2002, adjusted for the June 28, 2002 3-for-2 stock split (see Note 21). Income is expressed in millions and weighted average shares are expressed in thousands:

EARNINGS PER COMMON SHARE RECONCILIATION

		Basic Earnings Per Share	Effect of Dilutive Stock Options and Warrants	Diluted Earnings Per Share
2000	Income (Numerator)	$ 340	—	$ 340
	Weighted average shares (Denominator)	467,970	4,407	472,377
	Per share amount	$ 0.73		$ 0.72
2001	Income (Numerator)	$ 678	—	$ 678
	Weighted average shares (Denominator)	479,621	11,107	490,728
	Per share amount	$ 1.41		$ 1.39
2002	Income (Numerator)	$ 1,025	—	$ 1,025
	Weighted average shares (Denominator)	489,717	13,182	502,899
	Per share amount	$ 2.09		$ 2.04

Outstanding options to purchase 171,000 shares of common stock were not included in the computation of earnings per share for fiscal 2002 because the options' exercise prices were greater than the average market price of the common stock.

Note 15

DISCONTINUED OPERATIONS—
PSYCHIATRIC HOSPITAL BUSINESS

During the year ended May 31, 2000, the Company recorded a $30 million charge to discontinued operations ($19 million after taxes or $0.04 per share) to reflect a July 19, 2000 agreement to settle substantially all of the remaining civil litigation related to certain of the Company's former psychiatric hospitals. The settlements were paid in fiscal 2001.

Note 16

CUMULATIVE EFFECT
OF ACCOUNTING CHANGE

On June 1, 1999, the Company changed its method of accounting for start-up costs to expense such costs as incurred in accordance with Statement of Position 98-5. The adoption of the Statement resulted in the write-off of previously capitalized start-up costs as of May 31, 1999 in the amount of $19 million, net of tax benefit, which amount is shown in the accompanying consolidated statement of income for the year ended May 31, 2000 as a cumulative effect of accounting change.

Note 17

DISCLOSURES ABOUT FAIR VALUE
OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts receivable, current portion of long-term debt, accounts payable and accrued interest payable approximate fair value because of the short maturity of these instruments. The carrying values of investments, both short-term and long-term (excluding investments accounted for by the equity method), are reported at fair value. Long-term receivables are carried at cost and are not materially different from their estimated fair values. The fair value of long-term debt is based on quoted market prices and approximates its carrying

value.

Note 18

SUPPLEMENTAL DISCLOSURES TO
CONSOLIDATED STATEMENTS OF CASH FLOWS

Dollars in Millions

SUPPLEMENTAL DISCLOSURES TO CONSOLIDATED STATEMENTS OF CASH FLOWS	2000	2001	2002
Interest paid (net of amounts capitalized)	$473	$462	$389
Income taxes paid (net of refunds received)	226	257	268

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 19

SUPPLEMENTAL DISCLOSURE
FOR OTHER COMPREHENSIVE INCOME

The following table sets forth the tax effects allocated to each component of other comprehensive income for the years ended May 31, 2000, 2001 and 2002.

Dollars in Millions

TAX EFFECTS OF OTHER COMPREHENSIVE INCOME	Before-Tax Amount	Tax (Expense) or Benefit	Net-of-Tax Amount
Year Ended May 31, 2000			
Foreign currency translation adjustment	$ (1)	$ 1	$ —
Unrealized losses on securities held as available-for-sale	(142)	53	(89)
Less: reclassification adjustment for realized gains included in net income	(92)	34	(58)
	$(235)	**$ 88**	**$(147)**
Year Ended May 31, 2001			
Foreign currency translation adjustment	$ (3)	$ 1	$ (2)
Unrealized gains on securities held as available-for-sale	80	(28)	52
Less: reclassification adjustment for realized gains included in net income	(39)	15	(24)
	$ 38	**$(12)**	**$ 26**
Year Ended May 31, 2002			
Foreign currency translation adjustments	$ (4)	$ 2	$ (2)

Losses on derivatives designated and qualifying as cash flow hedges	(28)	10	(18)
Unrealized gains on securities held as available-for-sale	31	(12)	19
Less: reclassification adjustment for realized losses included in net income	1	—	1
	$ —	$ —	$ —

Note 20

RECENTLY ISSUED ACCOUNTING STANDARDS

On June 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), which, as amended by SFAS No. 137 and No. 138, establishes accounting and reporting standards for derivative instruments and hedging activities. The adoption of this new accounting standard has not had a material effect on the Company's results of operations.

In June 2001, the FASB issued two new accounting standards, SFAS No. 141, "Business Combinations," and SFAS No. 142, "Accounting for Goodwill and Other Intangible Assets." Under SFAS No. 141, any business combinations initiated after June 30, 2001 must be accounted for using the purchase method of accounting; the use of the pooling-of-interests method is prohibited. SFAS No. 141 also specifies criteria that intangible assets acquired in a business combination must meet in order to be recognized and reported separately from goodwill. The Company adopted SFAS No. 141 on June 1, 2001.

SFAS No. 142, effective for fiscal years beginning after December 15, 2001, eliminates the amortization of goodwill and intangible assets with indefinite useful lives. Instead, under SFAS No. 142, the carrying amount of goodwill and intangible assets with indefinite useful lives is tested for impairment at least annually at the reporting unit level, as defined, and will be reduced if it is found to be impaired or is associated with assets sold or otherwise disposed of. SFAS No. 142 also requires that intangible assets with estimated useful lives be amortized over these estimated useful lives to estimated residual values and reviewed for impairment in accordance with SFAS No. 121 and, subsequently, SFAS No.144 after its adoption. The Company is evaluating, but has not yet determined, whether the adoption of the new standard will result in a transitional goodwill impairment adjustment. The Company has until November 30, 2002 to make that determination.

The adoption of the new standard (as of June 1, 2002) will have a material effect on future results of operations. The table below, for example, shows the Company's income from continuing operations and net income for the years ended May 31, 2000, 2001 and 2002 on a pro forma basis as if the cessation of goodwill amortization had occurred as of June 1, 1999:

Dollars in Millions, Except Per Share Amounts

EFFECT OF SFAS NO. 142

	2000	2001	2002
Income from continuing operations, as reported	$ 340	$ 678	$ 1,025
Goodwill amortization, net of applicable income tax benefits	84	86	86
Pro forma income from continuing operations	$ 424	$ 764	$ 1,111
Net income, as reported	$ 302	$ 643	$ 785
Goodwill amortization, net of applicable income tax benefits	84	86	86
Pro forma net income	$ 386	$ 729	$ 871

Diluted Earnings Per Common And Common Equivalent Share:

Continuing operations, as reported	$ 0.72	$ 1.39	$ 2.04
Goodwill amortization, net of applicable income tax benefits	0.17	0.17	0.17
Pro forma continuing operations	$ 0.89	$ 1.56	$ 2.21
Net income, as reported	$ 0.64	$ 1.31	$ 1.56
Goodwill amortization, net of applicable income tax benefits	0.17	0.17	0.17
Pro forma net income	$ 0.81	$ 1.48	$ 1.73

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." The Statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and associated asset-retirement costs. The Statement requires that the fair value of a liability for an asset-retirement obligation be recognized in the period in which it is incurred. Any asset-retirement obligations would be capitalized as part of the carrying amount of the long-lived asset. The Statement applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and normal operation of long-lived assets. The Statement is effective for years beginning after June 15, 2002, with earlier adoption permitted. Management does not believe that this Statement will have a material effect on the Company's financial statements.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The Statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." This Statement also supersedes earlier standards related to accounting and reporting for the disposal of a segment of a business. This Statement establishes a single accounting model for long-lived assets to be disposed of. The Statement retains most of the earlier requirements related to the recognition of impairment of long-lived assets to be held and used. The Company adopted this Statement as of June 1, 2002. Management does not believe that this Statement will have a material effect on the Company's financial statements.

In April 2002, the FASB issued SFAS No. 145, which eliminates the requirement to report gains or losses from early extinguishments of debt as extraordinary items in the income statement, unless they meet the criteria for an extraordinary item under APB Opinion No. 30. Under the new rule, such gains or losses generally will be reported as part of income from continuing operations. Any gain or loss on early extinguishment of debt that was classified as an extraordinary item in prior periods presented will be reclassified. The Company adopted the provisions of SFAS No. 145 as of June 1, 2002, and thus will reclassify its losses from early extinguishment of debt in future presentations of its consolidated statements of income, including interim periods. Each of the Company's fiscal years ended May 31, 2001 and 2002 contained these types of losses.

The following table sets forth the required reclassifications:

Dollars in Millions

EARLY EXTINGUISHMENT OF DEBT RECLASSIFICATION

		As Presently Classified	Reclassification of Extraordinary Item	Effect of SFAS No. 145
2001	Income from continuing operations before income taxes	$ 1,142	$(56)	$ 1,086
	Income taxes	(464)	21	(443)

	Income from continuing operations	678	(35)	643
	Extraordinary charge from early extinguishment of debt, net of taxes	(35)	35	—
	Net income	$ 643	$ —	$ 643
2002	Income from continuing operations before income taxes	$ 1,761	$(383)	$ 1,378
	Income taxes	(736)	143	(593)
	Income from continuing operations	1,025	(240)	785
	Extraordinary charge from early extinguishment of debt, net of taxes	(240)	240	—
	Net income	$ 785	$ —	$ 785

Note 21

COMMON STOCK SPLIT

On May 22, 2002, the Company's Board of Directors approved a 3-for-2 common stock split distributed June 28, 2002 to holders of record on June 12, 2002 and concurrently approved an increase in the Company's authorized common stock from 700 million shares to 1.05 billion shares and a reduction in the par value of the common stock from $0.075 to $0.05 per share. Neither action required shareholder approval. Share and per share amounts in the accompanying consolidated financial statements have been adjusted to reflect the stock split.

Supplementary Financial Information

Dollars in Millions, Except Per Share Amounts

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	FISCAL 2001 QUARTERS				FISCAL 2002 QUARTERS			
	First	Second	Third	Fourth	First	Second	Third	Fourth
Net operating revenues	$2,893	$2,915	$3,036	$3,209	$3,297	$3,394	$3,484	$3,738
Income from continuing operations	154	175	198	151	224	192	288	321
Net income	154	175	198	116	155	89	280	261
Earnings Per Share from Continuing Operations:								
Basic	$ 0.33	$ 0.37	$ 0.41	$ 0.31	$ 0.46	$ 0.39	$ 0.59	$ 0.65
Diluted	$ 0.32	$ 0.36	$ 0.40	$ 0.31	$ 0.45	$ 0.38	$ 0.57	$ 0.64

All periods have been adjusted to reflect a 3-for-2 stock split declared in May 2002 and distributed on June 28, 2002.

Quarterly operating results are not necessarily representative of operations for a full year for various reasons, including levels of occupancy, interest rates, acquisitions, disposals, revenue allowance and discount fluctuations, the timing of price changes, gains and losses on sales of assets, impairment and other unusual charges and fluctuations in quarterly tax rates. For example, fiscal 2001 includes impairment and other unusual charges of $143 million and net gains on sales of facilities and long-term investments of $28 million recorded in the fourth quarter. The fourth quarter also includes a $35 million extraordinary charge from early extinguishment of debt. Fiscal 2002 includes impairment and

other unusual charges of $99 million recorded in the second quarter and extraordinary charges from early extinguishment of debt of $69 million, $103 million, $8 million and $60 million recorded in the first, second, third and fourth quarters, respectively.

COMMON STOCK INFORMATION (UNAUDITED)

	FISCAL 2001 QUARTERS				FISCAL 2002 QUARTERS			
Price Range:	First	Second	Third	Fourth	First	Second	Third	Fourth
High	$21.79	$28.96	$31.33	$31.83	$39.26	$41.85	$44.27	$50.30
Low	$16.50	$20.38	$24.67	$25.33	$29.82	$35.00	$37.80	$37.67

All periods have been adjusted to reflect a 3-for-2 stock split declared in May 2002 and distributed on June 28, 2002.

At July 31, 2002 there were approximately 10,100 holders of record of the Company's common stock. The Company's common stock is listed and traded on the New York Stock Exchange. The stock prices above are the high and low sales prices as reported in the NYSE Composite Tape for the last two fiscal years.

DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

Jeffrey C. Barbakow (1)
Chairman and Chief Executive Officer
Tenet Healthcare Corporation

Lawrence Biondi, S.J. (2), (4), (5)
President
Saint Louis University

Bernice B. Bratter (1), (3), (4)
Retired President
Los Angeles Women's Foundation

Sanford Cloud Jr. (2), (5), (6)
President and Chief Executive Officer
National Conference for
Community and Justice

Maurice J. DeWald (1), (2), (3), (6)
Chairman
Verity Financial Group, Inc.

Van B. Honeycutt (2), (3), (6)
Chairman and Chief Executive Officer
Computer Sciences Corporation

J. Robert Kerrey (4), (5)
President, New School University
Former United States Senator

Lester B. Korn (1), (4)
Chairman and Chief Executive Officer
Korn Tuttle Capital Group

Floyd D. Loop, M.D. (2), (4)
Chairman and Chief Executive Officer
The Cleveland Clinic Foundation

Mónica C. Lozano *
President and Chief Operating Officer
La Opinión

Board Committees

(1) Executive Committee

(2) Audit Committee

(3) Compensation Committee

(4) Nominating Committee

(5) Ethics, Quality and Compliance Committee

(6) Corporate Governance Committee

*** Elected to the Board on July 24, 2002.**

PRINCIPAL MANAGEMENT
of the Company or a Subsidiary

Jeffrey C. Barbakow
Chairman and Chief Executive Officer

David L. Dennis
Office of the President
Chief Corporate Officer
Chief Financial Officer
Vice Chairman

Thomas B. Mackey
Office of the President
Chief Operating Officer

Stephen F. Brown
Executive Vice President
Chief Information Officer

Alan R. Ewalt
Executive Vice President
Human Resources

Reynold J. Jennings
Executive Vice President
Southeast Division

Raymond L. Mathiasen
Executive Vice President
Chief Accounting Officer

David R. Mayeux
Executive Vice President
Acquisition & Development

Barry P. Schochet
Vice Chairman

W. Randolph Smith
Executive Vice President
Central-Northeast Division

Neil M. Sorrentino
Executive Vice President
Western Division

Christi R. Sulzbach
Executive Vice President
General Counsel
Chief Compliance Officer

SENIOR VICE PRESIDENTS
of the Company or a Subsidiary

Anthony L. Austin
Human Resources, Operations

William A. Barrett
Assistant General Counsel

Dennis M. Brown
Northern Region

Gregory H. Burfitt
Southern States Region

Stephen E. Corbeil
Central States and Massachusetts Region

Alan N. Cranford
Information Systems

David S. Dearman
Operations Finance

Steven Dominguez
Government Programs

Stephen D. Farber
Corporate Finance and Treasurer

Michael W. Gallo
Patient Financial Services

Lynn S. Hart
Government Relations

Bruce L. Johnson
Audit Services

T. Dennis Jorgensen
Ethics, Business Conduct
and Administration

Ben F. King
Finance, Central-Northeast Division

Paul B. Kusserow
Corporate Strategy

Kenneth B. Love Jr.
Finance, Western Division

J. Russell McClellan
Marketing & Communications

Stephen L. Newman, M.D.
Gulf States Region

Martin J. Paris, M.D., M.P.H.
Medical Affairs and Quality Improvement

Suzanne T. Porter
Strategy & Development

Timothy L. Pullen
Controller

Gary W. Robinson
Assistant General Counsel

Paul J. Russell
Investor Relations

Edward T. Schreck
Southern California Region III

Richard B. Silver
Assistant General Counsel and Corporate Secretary

Charles R. Slaton
Texas Region

Don S. Steigman
Florida Region

Michael E. Tyson
Finance, Southeast Division

Gustavo A. Valdespino
Southern California Region II

Kenneth K. Westbrook
Southern California Region I

William R. Wilson
Finance, Pennsylvania Region

Barry A. Wolfman
Pennsylvania Region

VICE PRESIDENTS
of the Company or a Subsidiary

Jacinta Titialii Abbott
Acquisition & Development

Harold O. Anderson
Corporate Communications

Michael P. Appelhans
Assistant General Counsel

Craig C. Armin
Government Programs

John F. Bealle
Reimbursement

Judy Benjamin
Strategy & Business Development Southeast Division

Steven R. Blake
Finance, Northern Region

Linda Boatright
Human Resources, Southeast Division

Sanford M. Bragman
Risk Management

Anne C. Calhoun
Customer Service

Daniel J. Cancelmi
Assistant Controller

Brenda Clayton
Materiel Resource Management

Jennifer Daley, M.D.
Clinical Effectiveness

Stephen F. Diaz
Corporate Financial Planning

William R. Durham
Finance, Gulf States Region

Donna E. Erb
Assistant General Counsel

Deborah J. Ettinger
Business Development & Strategy,
Western Division

Cynthia A. Farrow
Employee Benefits

Richard W. Fiske
Acquisition & Development

Robert S. Hendler, M.D.
Physician Relations

Lawrence G. Hixon
Corporate Financial Reporting

Michael S. Hongola
Information Systems

Elizabeth Johnson
Information Systems

Jill Willen Kennelly
Strategy & Business Development
Central-Northeast Division

Jeffrey Koury
Finance, Southern States Region

Douglas G. Lerner
MOB Development

William W. Leyhe
Managed Care and Strategy Development
Western Division

John A. Lynn
Compensation

Deborah A. Maicach
Information Systems

Robert W. McElearney
TenetCare

Patricia A. Monahan
Corporate Communications

Donna Lynn Nichols
Patient Accounting Systems

Joseph M. Nowicki
Finance, So. California Region I

Paul E. O'Neill
Acquisition & Development

Douglas E. Rabe
Tax

Rodney Reasoner
Finance, Central States and Massachusetts Region

Norma Resneder
Human Resources, Operations

J. Scott Richardson
Finance, Texas Region

Mario E. Rodriguez
Government Programs

Leonard H. Rosenfeld
Quality Management

C. David Ross
Finance, Florida Region

Karen L. Rutledge
Coding Compliance

Phillip S. Schaengold
St. Louis Market

Jeffrey S. Sherman
Finance, So. California Region II

Jay A. Silverman
Chief Executive Officer, Syndicated Office Systems

Teresa South
Human Resources, Central-Northeast Division

Kenneth F. Sutherland
Construction & Design

Diana L. Takvam
Investor Relations

Tracey D. Talley
Finance, So. California Region III

Eric A. Tuckman
Acquisition and Development

Davis L. Watts
Business Office Services

Steven Weiss
Finance, St. Louis Market

Grant Wicklund
Recruitment

CORPORATE INFORMATION

COMMON STOCK LISTING

The Company's common stock is listed under the symbol THC on the New York and Pacific stock exchanges.

Transfer Agent and Registrar
The Bank of New York
(800) 524-4458
shareowner-svcs@bankofny.com

Holders of National Medical Enterprises, Inc. (NME) stock certificates who would like to exchange them for Tenet certificates may do so by contacting the transfer agent. Former shareholders of American Medical Holdings, Inc. (AMI) and OrNda HealthCorp who have not yet redeemed their AMI or OrNda stock for cash and Tenet stock also should contact the transfer agent.

Please send certificates for transfer and address changes to:

Receive and Deliver
Department - 11W
P.O. Box 11002
Church Street Station
New York, NY 10286

Please address other inquiries for the transfer agent to:

Shareholder Relations
Department - 11E
P.O. Box 11258
Church Street Station
New York, NY 10286

DEBT SECURITIES

Debt securities listed on the New York Stock Exchange are:

7 7/8%	Senior Notes due 2003
8 5/8%	Senior Notes due 2003
8%	Senior Notes due 2005
5 3/8%	Senior Notes due 2006
5%	Senior Notes due 2007
8 1/8%	Senior Subordinated Notes due 2008
6 3/8%	Senior Notes due 2011
6 1/2%	Senior Notes due 2012

6 7/8%	Senior Notes due 2031

Trustee/Registrar
The Bank of New York
101 Barclay Street
New York, NY 10286
(800) 524-4458

COMPANY INFORMATION

The Company reports annually to the Securities and Exchange Commission on Form 10-K. The Company also publishes an annual report to shareholders and reports quarterly earnings. You may obtain a copy of these and other documents as listed below.

The Company's web site, www.tenethealth.com, offers extensive information about the Company's operations and financial performance, including a comprehensive series of investor pages. Current and archived quarterly earnings reports, annual reports and other documents may be accessed and/or downloaded.

To request any financial literature be mailed to you, please call the Company's literature request hotline at (805) 563-6969 or write to Tenet Investor Relations.

INVESTOR RELATIONS

For all other shareholder inquiries, please contact:

Paul J. Russell
Senior Vice President, Investor Relations
P.O. Box 31907
Santa Barbara, CA 93130
Phone: (805) 563-7188
Fax: (805) 563-6877
E-mail: paul.russell@tenethealth.com

Diana L. Takvam
Vice President, Investor Relations
P.O. Box 31907
Santa Barbara, CA 93130
Phone: (805) 563-6883
Fax: (805) 563-6877
E-mail: diana.takvam@tenethealth.com

CORPORATE HEADQUARTERS

Tenet Healthcare Corporation
3820 State Street
Santa Barbara, CA 93105
(805) 563-7000
www.tenethealth.com

ANNUAL MEETING

The annual meeting of shareholders of Tenet Healthcare Corporation will be held at 9:30 a.m. on Wednesday, October 9, 2002, at the St. Regis Hotel, 2055 Avenue of the Stars, Los Angeles, California.

List of Subsidiaries of Tenet Healthcare Corporation

Assured Investors Life Company

Broadlane, Inc.

H.F.I.C. Management Company, Inc.

Tenet HealthSystem International, Inc.

(a) Bumrungrad Medical Center Limited (Thailand)
(a) Burleigh House Properties Limited (Bermuda)
(a) Centro Medico Teknon, S.L. (Spain)
(a) N.M.E. International (Cayman) Limited (Cayman Islands, B.W.I.)
  (b) B.V. Hospital Management (Netherlands)
  (b) Hyacinth Sdn. Bhd. (Malaysia)
  (b) Medical Staff Services Sdn Bhd (Malaysia)
(a) NME Spain, S.A. (Spain)
(a) New Teknon, S.A. (Spain)
(a) Medicalia International, B.V. (Netherlands)
(a) Tenet UK Properties Limited

NME Headquarters, Inc.

NME Properties Corp.

(a) NME Properties, Inc.
  (b) Lake Health Care Facilities, Inc.
  (b) NME Properties West, Inc.
(a) NME Property Holding Co., Inc.
(a) Tenet HealthSystem SNF-LA, Inc.

NME Psychiatric Properties, Inc.

(a) Alvarado Parkway Institute, Inc.
(a) Baywood Hospital, Inc.
(a) Brawner Hospital, Inc.
(a) Contemporary Psychiatric Hospitals, Inc.
(a) Elmcrest Manor Psychiatric Institute, Inc.
(a) Gwinnett Psychiatric Institute, Inc.
(a) Jefferson Hospital, Inc.
(a) Lake Hospital and Clinic, Inc. - *ownership - NME Psychiatric Properties, Inc. (97.875%)*
  Ralph Mollycheck, M.D. (2.125%)
(a) Lakewood Psychiatric Hospital, Inc.
(a) Leesburg Institute, Inc.
(a) Manatee Palms Residential Treatment Center, Inc.
(a) Manatee Palms Therapeutic Group Home, Inc.
(a) Medfield Residential Treatment Center, Inc.
(a) Modesto Psychiatric Hospital, Inc.
(a) Nashua Brookside Hospital, Inc.
(a) North Houston Healthcare Campus, Inc.
(a) Northeast Behavioral Health, Inc.

(a) Northeast Psychiatric Associates - 2, Inc.
(a) Outpatient Recovery Centers, Inc.
(a) P.D. at New Baltimore, Inc.
(a) P.I.A. Alexandria, Inc.
(a) P.I.A. Canoga Park, Inc.
(a) P.I.A. Cape Girardeau, Inc.
(a) P.I.A. Capital City, Inc.
(a) P.I.A. Central Jersey, Inc.
(a) P.I.A. Colorado, Inc.
(a) P.I.A. Connecticut Development Company, Inc.
(a) P.I.A. Cook County, Inc.

(a) P.I.A. Denton, Inc.

(a) P.I.A. Detroit, Inc.
  (b) Psychiatric Facility at Michigan Limited Partnership
(a) P.I.A. Educationsl Institute, Inc.
(a) P.I.A. Green Bay, Inc.
(a) P.I.A. Highland, Inc.
  (b) Highland Psychiatric Associates, Inc. - *ownership - P.I.A. Highland, Inc. (50%)*
  Psychiatric Facility at Asheville, Inc. (50%)
(a) P.I.A. Highland Realty, Inc.
  (b) Highland Realty Associates, Ltd. - *ownership - P.I.A. Highland Realty, Inc. LP (49%); GP (1%)*
  Psychiatric Facility at Asheville, Inc.LP (49%); GP (1%)
(a) P.I.A. Indianapolis, Inc.
(a) P.I.A. Kansas City, Inc.
(a) P.I.A. Lincoln, Inc.
(a) P.I.A. Long Beach, Inc.
(a) P.I.A. Maryland, Inc.
(a) P.I.A. Michigan City, Inc.
(a) P.I.A. Milwaukee, Inc.
(a) P.I.A. Modesto, Inc.
(a) P.I.A. Naperville, Inc.
(a) P.I.A. New Jersey, Inc.
(a) P.I.A. North Jersey, Inc.
(a) P.I.A. Northern New Mexico, Inc.
(a) P.I.A. of Fort Worth, Inc.
(a) P.I.A. of Rocky Mount, Inc.
(a) P.I.A. Panama City, Inc.
(a) P.I.A. Randolph, Inc.
(a) P.I.A. Rockford, Inc.
(a) P.I.A. Salt Lake City, Inc.
(a) P.I.A. San Antonio, Inc.
(a) P.I.A. San Ramon, Inc.
(a) P.I.A. Sarasota Palms, Inc.
(a) P.I.A. Seattle, Inc.
(a) P.I.A. Slidell, Inc.
(a) P.I.A. Solano, Inc.
(a) P.I.A. Specialty Press, Inc.
(a) P.I.A. Stafford, Inc.
(a) P.I.A. Stockton, Inc.
(a) P.I.A. Tacoma, Inc.
(a) P.I.A. Tidewater Realty, Inc.
  (b) I.P.T. Associates
(a) P.I.A. Topeka, Inc.
(a) P.I.A. Visalia, Inc.
(a) P.I.A. Waxahachie, Inc.
(a) P.I.A. Westbank, Inc.
(a) P.I.A.C. Realty Company, Inc.
(a) PIAFCO, Inc.
(a) Pinewood Hospital, Inc.
(a) Potomac Ridge Treatment Center, Inc.
(a) Psychiatric Facility at Amarillo, Inc.
(a) Psychiatric Facility at Asheville, Inc.
(a) Psychiatric Facility at Azusa, Inc.
(a) Psychiatric Facility at Evansville, Inc.
(a) Psychiatric Facility at Lafayette, Inc.
(a) Psychiatric Facility at Lawton, Inc.
(a) Psychiatric Facility at Medfield, Inc.
(a) Psychiatric Facility at Memphis, Inc.
(a) Psychiatric Facility at Palm Springs, Inc.
(a) Psychiatric Facility at Yorba Linda, Inc.

(a) Psychiatric Institute of Alabama, Inc.
(a) Psychiatric Institute of Atlanta, Inc.
(a) Psychiatric Institute of Bedford, Inc.

(a) Psychiatric Institute of Bucks County, Inc.
(a) Psychiatric Institute of Chester County, Inc.
(a) Psychiatric Institute of Columbus, Inc.
(a) Psychiatric Institute of Delray, Inc.
(a) Psychiatric Institute of Northern Kentucky, Inc.
(a) Psychiatric Institute of Northern New Jersey, Inc.
(a) Psychiatric Institute of Orlando, Inc.
(a) Psychiatric Institute of Richmond, Inc.
(a) Psychiatric Institute of San Jose, Inc.
(a) Psychiatric Institute of Sherman, Inc.
(a) Psychiatric Institute of Washington, D.C., Inc.
(a) Regent Hospital, Inc.
(a) Residential Treatment Center of Memphis, Inc.
(a) Residential Treatment Center of Mongtomery County, Inc.
(a) Residential Treatment Center of the Palm Beaches, Inc.
(a) Riverwood Center, Inc.
(a) Sandpiper Company, Inc.
(a) Southern Crescent Psychiatric Institute, Inc.
(a) Southwood Psychiatric Centers, Inc.
(a) Springwood Residential Treatment Centers, Inc.
(a) The Psychiatric Institutes of America Foundation, Inc.
(a) The Tidewater Psychiatric Institute, Inc.
(a) Treatment Center at Bedford, Inc.
(a) Tucson Psychiatric Institute, Inc.

NME Rehabilitation Properties, Inc.
(a) Pinecrest Rehabilitation Hospital, Inc.
(a) R.H.S.C. El Paso, Inc.
(a) R.H.S.C. Modesto, Inc.
(a) R.H.S.C. Prosthetics, Inc.
(a) Rehabilitation Facility at San Ramon, Inc.
(a) Tenet HealthSystem Pinecrest Rehab, Inc.

NME Specialty Hospitals, Inc.
(a) NME Management Services, Inc.
(a) NME New Beginnings, Inc.
  (b) Addiction Treatment Centers of Maryland, Inc.
  (b) Alcoholism Treatment Centers of New Jersey, Inc.
  (b) Health Institutes,Inc.
    (c) Fenwick Hall, Inc.
    (c) Health Insitutes Investments, Inc.
  (b) NME New Beginnings-Western, Inc.
(a) NME Partial Hospital Services Corporation
(a) NME Psychiatric Hospitals, Inc.
  (b) The Huron Corporation
(a) NME Rehabilitation Hospitals, Inc.
(a) National Medical Specialty Hospital of Redding
(a) Psychiatric Management Services Company

NorthShore Hospital Management Corporation

Syndicated Office Systems

TH AR, Inc.

TenetCare, Inc.

(a) TenetCare California, Inc.
  (b) TenetCare La Quinta, Inc.
  (b) TenetCare La Quinta ASC, L.P.
  (b) TenetCare Red Bluff, Inc.
  (b) Red Bluff ASC, L.P.
(a) TenetCare Missouri, Inc.
  (b) Sunset Hills ASC, L.P.

(b) TenetCare Sunset Hills, Inc.

Tenet Healthcare Foundation

Tenet HealthSystem Holdings, Inc.

(a) Tenet HealthSystem Medical, Inc.
- (b) Alabama Medical Group, Inc.
  - (c) Alabama Medical Group-Gadsden Family Medicine, Inc.
  - (c) Alabama Medical Group-Obstetrics and Gynecology, Inc.
  - (c) Alabama Medical Group-Primary Care I, Inc.
  - (c) Alabama Medical Group-Primary Care II, Inc.
  - (c) Brookwood OB-GYN Clinic, Inc.
- (b) American Medical (Central), Inc.
  - (c) Amisub (Twelve Oaks), Inc.
  - (c) Amisub of Texas, Inc. - *ownership - Lifemark Hospital, Inc. (63.68%)*
    Tenet HealthSystem Medical, Inc. (19.75%)
    Brookwood Health Services, Inc. (5.10%)
    AMI Information Systems Group, Inc. (.42%)
    American Medical (Central), Inc. (11.05%)
  - (c) Lifemark Hospitals, Inc.
    - (d) 6103 Webb Road Ltd. - *ownership - Lifemark Hospitals, Inc.,GP (10%), LP (78%)*
      Physicians Development, Inc.(6%)
      Easterm Professions Properties, Inc. (3%), Dr. Robert Sherrill (3%)
    - (d) Houston Network, Inc.
    - (d) Houston Specialty Hospital, Inc.
    - (d) Lifemark Hospitals of Florida, Inc.
      - (e) Florida Care Connect, Inc.
      - (e) Palmetto Medical Plan, Inc.
      - (e) T&C and USF Ob/Gyn Center, Inc.
      - (e) Hospital Constructors, Ltd. - *ownership - Lifemark Hospitals of Florida, Inc., GP (97%)*
        Eastern Professional Properties, Inc., LP (3%)
    - (d) Lifemark Hospitals of Louisiana, Inc.
      - (e) Kenner Regional Clinical Services, Inc.
      - (E) Concentra New Orleans, L.L.C. - *ownership - Lifemark Hospitals of Louisiana, Inc. (49%)*
        Concentra Health Services, Inc. (51%)
    - (d) Lifemark Hospitals of Missouri, Inc.
      - (e) Lifemark RMP Joint Venture - *ownership - Lifemark Hospitals of Missouri, Inc. (50%), RMP, L.L.C. (50%)*
      - (e) Procare Network II, Inc.
    - (d) Permian Premier Health Services, Inc.
    - (d) Regional Alternative Health Services, Inc.
      - (e) Mid-Missouri Lithotripter Center - *ownership - Physicians (68.33%)*
        Regional Alternative Health Services, Inc. (31.67%)
    - (d) Tenet Investments-Kenner, Inc.
    - (d) Tenet Healthcare, Ltd. - *ownership - Lifemark Hospitals, GP (1%);*
      Amisub of Texas, Inc., LP (70.1%)
      Amisub (Heights), Inc., LP (10.3%)
      Amisub (Twelve Oaks), Inc., LP (18.6%)
      - (e) Beaumont Newco, Inc.
    - (d) Tenet HealthSystem RMA, Inc.

    - (d) Tenet Specialty Operations, Inc.
  - (c) Park Plaza Professional Building, Ltd. - *ownership - American Medical (Central), Inc., GP*
  - (c) Tenet Texas Employment, Inc.
  - (c) Texas Southwest Healthservices, Inc.
- (b) American Medical Home Care, Inc.
- (b) AMI Ambulatory Centres, Inc.
  - (c) Surgical Services, Inc.
    - (d) Ambulatory Care - Broward Development Corp.
    - (d) Surgical Services of West Dade, Inc.
- (b) AMI Arkansas, Inc.
  - (c) Healthstar Properties Limited Partnership - *ownership-AMI Arkansas, Inc., G.P (1%), LP (49%)*
    St. Vincent TotalHealth Corporation, G.P (1%), L.P. (49%)

(d) NovaSys Health Network, L.L.C.- *ownership -*
Healthstar Properties Limited Partnership (70 units)
Arkansas Children's Hospital (1 unit)
Quorum Health Resources, Inc. (1 unit)
Northwest Medical Center (1 unit)
Rebsam Regional Medical Center (1 unit)

(b) AMI Diagnostic Services, Inc.

(b) AMI Information Systems Group, Inc.

(c) American Medical International B.V.

(d) American Medical International N.V.

(b) AMI/HTI Tarzana Encino Joint Venture - *ownership - Tenet HealthSystem Medical, Inc. (30%)*
Amisub of California, Inc. (26%)
New H Acute, Inc. (12%)
AMI Information Systems Group, Inc. (7%)
Encino Hospital Corporation (25%)

(b) Amisub (Culver Union Hospital), Inc.

(c) Choice Care Network, Inc.

(b) Amisub (Florida Ventures), Inc.

(c) Lauderdale Clinical Services, Inc.

(c) Tampa MOB 107, Inc.

(c) Tampa MOB 104, Inc.

(c) Tampa 8313 West Hillsborough, Inc.

(c) Tampa 4802 Gunn Highway, Inc.

(c) Tampa 418 W. Platt St., Inc.

(b) Amisub (GTS), Inc.

(b) Amisub (Heights), Inc.

(b) Amisub (Hilton Head), Inc.

(c) Hilton Head Health System, L.P. - *ownership - Amisub (Hilton Head), Inc.(69%)*
Tenet Physician Services - Hilton Head, Inc. (21%)
Univ. Medical Associates of The Univ. of South Carolina (10%)

(d) Beaufort Hilton Head Healthcare System, L.L.C. - *ownership -*
Hilton Head Health System, L.P. (50%)
Broad River Healthcare, Inc. (50%)

(b) Amisub (Irvine Medical Center), Inc.

(b) Amisub (North Ridge Hospital), Inc.

(c) FL Health Complex, Inc.

(c) North Ridge Partners, Inc.

(d) SFHCA Walk-In Centers, Inc. - *ownership - North Ridge Partners, Inc. (50%)*
South Florida Health Care Associates (50 %)

(b) Amisub (Saint Joseph Hospital), Inc.

(c) Creighton Saint Joseph Regional HealthCare System, L.L.C. - *ownership -*
Amisub (Saint Joseph Hospital), Inc. (74.66%)
Creighton Healthcare, Inc. (25.94%)

(c) Saint Joseph Mental Health Plans, Inc.

(b) Amisub (SFH), Inc.

(c) Tenet HealthSystem SF-SNF, Inc.

(c) Tenet Regional Infusion South, Inc. - *ownership - Central Arkansas Hospital Inc. (11%)*

AMISUB (Cluver Union Hospital), Inc. (11%)
National Medical Hospital of Tullahona (11%)
Three Rivers Healthcare, Inc.(11%)
Jonesboro Health Services, LLC (11%)
AMISUB (SFH), Inc. (11%)
S.C. Management Inc. (11%)
National Medical Hospital of Wilson County, Inc. (11%)
Winona Memorial Hospital, L.P. (11%)

(b) Amisub of California, Inc.

(c) Park Plaza Retail Pharmacy, Inc.

(c) Valley Doctors' Hospital

(d) Family Medical Services

(b) Amisub of North Carolina, Inc.

(c) Central Carolina Physicians Hospital Organization, Inc. - *ownership - Physicians (50%)*
Amisub of North Carolina, Inc. (50%)

(b) Amisub of South Carolina, Inc.

(c) Piedmont Medical Equipment, G.P. - *ownership - Amisub of South Carolina, Inc. (50%)*
America Home Patient, Inc. (50%)

(c) Rock Hill Surgery Center, L.P. - *ownership - Amisub of South Carolina, Inc. (72%)*
Surgical Center of Rock Hill (28%)

(c) Tenet Rehab Piedmont, Inc.

(b) Brookwood Center Development Corporation

(c) BWP Associates, Ltd. - *ownership- Brookwood Center Development Corporation (80%)*
W+R, Inc. (20%)

(c) Concentra Birmingham, L.L.C. - *ownership - Brookwood Center Development Corporation (49%)*
Concentra Health Services, Inc. (51%)

(c) Hoover Doctors Group, Inc.

(c) Medplex Land Associates - *ownership - Brookwood Center Development Corporation (49%)*
Hoover Doctors' Group II (51%)

(c) Medplex Outpatient Medical Centers, Inc.

(c) Medplex Outpatient Surgery Center, Ltd. - *ownership - Others (15%)*
Brookwood Center Development Corporation (85%)

(c) R & H Transition, Inc.

(b) Brookwood Development, Inc.

(c) Alabama Health Services, Inc. - *ownership - Brookwood Development, Inc. (50%)*
Eastern Health System, Inc. (50%)

(c) Alabama Health Services (St. Clair), L.L.C. - *ownership - Brookwood Development, Inc. (50%)*
Health Services East, Inc. (50%)

(b) Brookwood Health Services, Inc.

(c) Estes Health Care Centers, Inc.

(c) Tenet Florida, Ltd. - *ownership - Brookwood Health Services, Inc. (76%)*
Eastern Professional Properties, Inc. (24%)

(b) Brookwood Parking Associates, Ltd. - *ownership - Tenet HealthSystem Medical, Inc. (99%)*
Brookwood Parking, Inc. (1%)

(b) Central Arkansas Hospital, Inc.

(c) Central Arkansas Physican Hospital Organization - *ownership - Physicians (50%)*
Amisub of North Carolina, Inc. (50%)

(b) Central Care, Inc.

(b) Central Carolina Management Services Organization, Inc.

(b) Columbia Land Development, Inc.

(b) Culver Health Network, Inc.

(b) Cumming Medical Ventures, Inc.

(b) East Cooper Community Hospital, Inc.

(b) Eastern Professional Properties, Inc.

(b) Florida Health Network, Inc.

(b) Frye Regional Medical Center, Inc.

(c) Frye Home Infusion, Inc.

(c) Piedmont Health Alliance, Inc. - *ownership - Frye Regional Medical Center, Inc. (50%)*

Physicians (50%)

(c) Shared Medical Ventures, L.L.C. - *ownership - Frye Regional Medical Center, Inc. (33 1/3%)*
Grace Hospital Inc. (33 1/3%)
Caldwell Memorial Hospital Incorporated (33 1/3%)

(d) Mobile Imaging Services, L.L.C. - *ownership - Shared Medical Ventures, L.L.C.*

(c) Tenet Claims Processing, Inc.

(b) Heartland Corporation

(c) Heartland Physicians, Inc.

(c) Prairie Medical Clinic, Inc.

(b) Kenner Regional Medical Center, Inc.

(b) Medical Center of Garden Grove, Inc.

(c) Orange County Kidney Stone Center, L.P. - *ownership -*
Medical Center of Garden Grove, Inc. (42.5805%)
OCKSC Assoc.,Inc. + 11 others (57.4195%)

(c) Orange County Kidney Stone Center Assoc., G. P. - *ownership - Physicians (67.9%)*
Medical Center of Garden Grove, Inc. (32.1%)

(b) Medical Collections, Inc.

(b) Mid-Continent Medical Practices, Inc.

(b) National Medical Services III, Inc.

(b) National Medical Services IV, Inc.

(b) National Park Medical Center, Inc.
(c) Garland Managed Care Organization, Inc.
(c) Hot Springs Outpatient Surgery, G.P. - *ownership - National Park Medical Center, Inc. (50%)*
Hot Springs Outpatient Surgery (50%)
(c) NPMC Healthcenter - Cardiology Care Center, Inc.
(c) NPMC Healthcenter - Cardiology Services, Inc.
(c) NPMC Healthcenter - Family Healthcare Clinic, Inc.
(c) NPMC Healthcenter - Gastroenterology Center of Hot Springs, Inc.
(c) NPMC Healthcenter - Hot Springs Village, Inc.
(c) NPMC Healthcenter - Malvern, Inc.
(c) NPMC Healthcenter - National Park Surgery Clinic, Inc.
(c) NPMC Healthcenter - Physician Services, Inc.
(c) NPMC Healthcenter - Physicians for Women, Inc.
(c) NPMC Healthcenter - The Heart Clinic, Inc.
(c) Tenet HealthSystem NPMC Hamilton West, Inc.
(b) New H Holdings Corp. - *ownership - Tenet HealthSystem Medical, Inc. (99%)*
Amisub of California, Inc. (.5%); Brookwood Health Services, Inc. (.5%)
(c) New H Acute, Inc.
(d) New H South Bay, Inc.
(b) North Fulton Imaging Ventures, Inc.
(c) North Fulton Imaging Partners, Ltd. - *ownership - North Fulton Imaging Ventures, Inc., GP*
(b) North Fulton Medical Center, Inc.
(c) NorthPoint Health System, Inc.
(c) Northwoods Ambulatory Surgery, Inc.
(b) North Fulton MOB Ventures, Inc.
(c) North Fulton Professional Building I, L.P. - *ownership -*
North Fulton MOB Ventures, Inc., LP. (15.4917%)
North Fulton Medical Ventures, Inc., GP (84.5083%)
(b) Northwind Medical Building Associcates, Ltd. - *ownership - Tenet HealthSystem Medical Inc. (1.44%)*
Others (98.56%)
(b) Occupational Health Medical Services of Florida, Inc.
(b) Palm Beach Gardens Community Hospital, Inc.
(c) Diagnostic Associates of Palm Beach Gardens, Ltd. - *ownership -*
Palm Beach Gardens Community Hospitals, Inc., GP
Phymatrix Management Company, Inc., LP
(b) Partners in Service, Inc.
(b) Physicians Development, Inc.
(b) Piedmont Home Health, Inc.
(b) Piedmont Urgent Care and Industrial Health Centers, Inc.
(c) Piedmont East Urgent Care Center, L.L.C.

(c) Piedmont Urgent Care Center at Baxter Village, LLC
(b) Pinnacle Healthcare Services, Inc.
(b) Professional Healthcare Systems Licensing Corporation
(b) ProMed Pharmicenter, Inc.
(b) Roswell Medical Ventures, Inc.
(b) Saint Joseph Mental Health Physicians, Inc.
(b) San Dimas Community Hospital
(b) San Luis MSO Partners, Inc.
(b) SEMO Medical Management Company, Inc.
(b) Sierra Vista Hospital, Inc.
(c) Tenet HealthSystem Sierra Vista Venture I, Inc.
(c) Tenet HealthSystem Sierra Vista Ventures II, Inc.
(b) South Carolina Health Services, Inc.
(b) Southern Medical Holding Corporation
(b) St. Mary's Regional Medical Center, Inc.
(c) Amisub (St Mary's), Inc.
(d) Priority Industrial Physical Therapy Sports Rehab, G.P. - *ownership -*
Amisub (St. Mary's), Inc. (51%)
Danny Lyons (43%); Larry Engla (6%)
(c) Dedicated Health PHO, Inc.
(c) St. Mary's Medical Group, Inc.
(b) Stonecrest Medical Center Corporation

(b) Tenet Birmingham North, Inc.
(c) Tenet CNMC - II, L.L.C.
(c) Tenet CBWMC - II, L.L.C.
(c) Tenet CMMC- LL, L.L.C.
(b) Tenet (Brookwood Development), Inc.
(c) Health Advantage Plans, Inc. - *ownership - Tenet (Brookwood Development), Inc. (33 1/3%) Tenet HealthSystem Lloyd Noland Properties, Inc. (33 1/3%) Eastside Ventures, Inc. (33 1/3%)*
(d) Group Administrators, Inc.
(b) Tenet DISC Imaging, Inc.
(b) Tenet Caldwell Family Physicians, Inc.
(b) Tenet Catawba Nurse Midwives, Inc.
(b) Tenet Central Carolina Physicians for Women, Inc.
(b) Tenet Choices, Inc. - *ownership - Tenet HealthSystem Medical, Inc. 5,000 shares; Roger Friend- 1 share Richard Freeman - 1 share;* NOTE: Total = 5,002 shares.
(b) Tenet DeLaine Adult Medical Care, Inc.
(b) Tenet East Cooper Spine Center, Inc.
(b) Tenet Finance Corp.
(b) Tenet Frye Regional, Inc.
(c) Tenet Claremont Family Medicine, L.L.C.
(c) Tenet Unifour Urgent Care Center, L.L.C.
(b) Tenet Goodman Family Practice Associates, Inc.
(b) Tenet Good Samaritan, Inc.
(b) Tenet Health Network, Inc.
(b) Tenet HealthSystem Bartlett, Inc.
(b) Tenet HealthSystem GB, Inc.
(c) Sheffield Educational Fund, Inc.
(b) Tenet HealthSystem Hilton Head, Inc.
(b) Tenet HealthSystem Lloyd Noland Medical, Inc.
(b) Tenet HealthSystem Lloyd Noland Properties, Inc.
(b) Tenet HealthSystem Nacogdoches ASC, G.P., Inc.
(c) NMC Lessor, L.P.
(c) NMC Surgery Center, L.P.
(b) Tenet HealthSystem Nacogdoches ASC, L.P., Inc.
(b) Tenet HealthSystem North Shore, Inc.
(c) Tenet HealthSystem North Shore (BME), Inc.

(b) Tenet HealthSystem PBPG, Inc.
(b) Tenet HealthSystem Philadelphia, Inc.
(c) Delaware Valley Physician Alliance, Inc.
(c) Philadelphia Charitable Holdings Corporation
(c) Philadelphia Health & Education Corporation
(c) Philadelphia Health & Research Corporation
(c) Tenet HealthSystem Bucks County, LLC
(c) Tenet HealthSystem City Avenue, LLC
(c) Tenet HealthSystem Elkins Park, LLC
(c) Tenet HealthSystem Graduate, LLC
(c) Tenet HealthSystem Hahnemann, LLC
(c) Tenet HealthSystem MCP, LLC
(c) Tenet HealthSystem Parkview, LLC
(c) Tenet HealthSystem St. Christopher Hospital, LLC
(d) SCHC Pediatric Associates, LLC
(c) Tenet Home Services, L.L.C.
(c) Tenet Medical Equipment Services, LLC
(c) TPS of PA, L.L.C.
(d) TPS II of PA, L.L.C.
(d) TPS III of PA, L.L.C.
(d) TPS IV of PA, L.L.C.
(d) TPS V of PA, L.L.C.
(b) Tenet HealthSystem SGH, Inc.
(b) Tenet HealthSystem SL, Inc.

(c) Tenet HealthSystem DI-SUB, Inc.

(b) Tenet HealthSystem SL-HLC, Inc.

(c) Concentra St. Louis, L.L.C. - *ownership - Tenet HealthSystem SL-HLC, Inc. (49%) Concentra Health Services, Inc. (51%)*

(b) Tenet HealthSystem Spalding, Inc.

(c) Spalding Health System, L.L.C. - *ownership - Tenet HealthSystem Spalding, Inc. (50%) Physicians (50%)*

(c) Spalding Medical Ventures, L.P. - *ownership - Tenet HealthSystem Spalding, Inc.*

(c) Tenet Physician Services - FMC, Inc.

(c) Tenet Physician Services - Spalding, Inc.

(c) Tenet EMS/Spalding 911, LLC - *ownership - Tenet HealthSystem Spalding, Inc. (64.1%) Spalding County (35.9%)*

(b) Tenet Healthcare-Florida, Inc.

(c) TCC Partners GP

(b) Tenet Hildebran Medical Clinic

(b) Tenet HomeCare Information Systems, Inc.

(b) Tenet Home Care of South Florida, Inc.

(b) Tenet Home Care Tampa/St. Pete, Inc.

(b) Tenet Investments, Inc.

(c) T.I. Promed

(c) T.I. MedChannel

(c) T.I. VM, Inc.

(c) T.I. EMA, Inc.

(b) Tenet Kimmel, L.L.C.

(b) Tenet Management Services, Inc.

(c) Alexa Integrated Medical Management, Inc.

(c) Mid-Orange Medical Management, Inc.

(c) Quality Medical Management, Inc.

(d) Sterling Healthcare Management, LLC

(c) Tenet Health Integrated Services, Inc.

(b) Tenet Nurse Services

(b) Tenet Physician Services - East Cooper, Inc.

(b) Tenet Physician Services - Fort Mill, Inc.

(b) Tenet Physician Services - Georgia Baptist, Inc.

(c) Tenet Fayette Medical Group, Inc.

(b) Tenet Physician Services - Hilton Head, Inc.

(c) Hilton Head Clinics, Inc.

(c) Hilton Head Medical Group - Cardiology, L.L.C.

(c) Hilton Head Medical Group - ENT, L.L.C.

(c) Hilton Head Medical Group - Oncology, L.L.C.

(c) Hilton Head Medical Group - Urology - HH, L.L.C.

(c) Hilton Head Medical Group - Urology - Beaufort, L.L.C.

(b) Tenet Physician Services - North Fulton, Inc.

(b) Tenet Physician Services - Piedmont, Inc.

(c) Piedmont West Urgent Care Center LLC

(c) Tenet Physician Services - Delaine, L.L.C.

(c) Tenet Physician Services - Lewisville, L.L.C

(c) Tenet Physician Services - Herlong, L.L.C.

(c) Tenet Physician Services - Village Oaks, L.L.C.

(c) Tenet Physician Services - Rock Hill Psych, L.L.C.

(c) Walker Medical Center, L.L.C.

(b) Tenet Physician Services - York, Inc.

(b) Tenet Physician Services of Mississippi, L.L.C.

(b) Tenet Physician Services of the Southeast, Inc.

(b) Tenet Riverbend Family Medicine, Inc.

(b) Tenet San Antonio, Inc.

(c) Tenet/CHRISTUS Santa Rosa Healthcare Partnership, L.P. (*GP Tenet San Antonio, Inc., LP Tenet LTD.)*

(b) Tenet St. Mary's, Inc.

(b) Tenet South Atlanta Diagnostic Cardiology, Inc.

(b) Tenet South Fulton, Inc.

(c) Tenet South Fulton Health Care Center, Inc.
(b) Tenet System Services, Inc.
(b) Tenet West Palm Outreach Services, Inc.
(b) Tenet West Palm Real Estate, Inc.
(b) Texas Healthcare Services, Inc.
(b) Texas Professional Properties, Inc.
(b) Three Rivers Healthcare, Inc.
(c) Three Rivers Health Ventures, LLC

Tenet HealthSystem Hospitals, Inc.

(a) Airmed II
(a) Alvarado Hospital Medical Center, Inc.
(a) Brookhaven Hospital, Inc.
(b) Brookhaven Pavilion, Inc.
(a) Century City Hospital, Inc.
(a) Community Hospital of Los Gatos, Inc.
(a) Delray Medical Center, Inc.
(a) Diagnostic Imaging Services, Inc.
(a) Doctors Hospital of Manteca, Inc.
(a) Doctors Medical Center - San Pablo/Pinole, Inc.
(a) Doctors Medical Center of Modesto, Inc.
(a) Jefferson County Surgery, Inc.
(a) Garfield Medical Center, Inc.
(a) Greater El Paso Healthcare Enterprises
(a) Hollywood Medical Center, Inc.
(a) John Douglas French Center For Alzheimer's Disease, Inc.
(a) JFK Memorial Hospital, Inc.
(a) Lakewood Regional Medical Center, Inc.
(a) Laughlin Pavilion, Inc.
(a) Los Alamitos Medical Center, Inc.
(a) MHJ, Inc.

(b) Jonesboro Health Services, L.L.C. - *ownership - MHJ, Inc. (95%)*
St. Vincent Total Health Corporation (5%)
(c) Starcare of Jonesboro, Inc.
(a) Manteca Medical Management, Inc.
(a) Meadowcrest Hospital, Inc.
(a) Metro Physicians Management Organization, Inc.
(a) Mid-America Equipment Co.
(a) Mid-Tennessee Health Partners, L.L.C. - *ownership - Tenet HealthSystem Hospitals, Inc. (50%)*
Smithville Healthcare Ventures, L.P. (50%)
(a) NM Ventures of North County, Inc.
(b) North County Outpatient Surgery Center, Ltd. - *ownership - Physicians (35.47%)*
NM Ventures of North County, Inc. (64.53%)
(a) NME Medical de Mexico, S.A. de C.V.
(a) NMV- II, Inc.
(b) Delray Outpatient Surgery & Laser Center, Ltd. - *ownership - NMV-II, Inc. (10%); Others (90%)*
(a) National Managed Med, Inc.
(a) National Med, Inc.
(a) National Medical Hospital of Tullahoma, Inc.
(b) Harton Medical Group, Inc.
(b) Health Point Physician Hospital Organization, Inc.
(b) Tullahoma Ambulatory Surgery Center, L.L.C.
(a) National Medical Hospital of Wilson County, Inc.
(b) Middle Tennessee Therapy Services, Inc.
(b) Tenet Lebanon Surgery Center, LLC
(b) Wilson County Management Services, Inc.
(a) National Medical Services, Inc.
(b) Barron, Barron & Roth, Inc.
(a) National Medical Services II, Inc.
(a) National Medical Ventures, Inc.
(b) Litho I, Ltd. - *ownership - National Medical Ventures, Inc. (63.75%); Physicians (36.75%)*
(b) McHenry Surgery Center Partners, L.P.

(a) New Orleans Regional Physician Hospital Organization, Inc.
(a) Northeast Texas Healthcare Enterprises
(a) NorthShore Regional Medical Center, Inc.
(a) Physician Network Corporation of Louisiana
  (b) Family Health Network, Inc.
(a) Placentia-Linda Hospital, Inc.
(a) Practice Partners, Inc.
(a) Preferred Medical Systems of California, Inc.
(a) Redding Medical Center, Inc.
(a) Redding Medical Center Cardiac Cath Lab
(a) San Ramon Regional Medical Center, Inc.
(a) San Ramon ASC, L.P. - *ownership - THV 1 (100%)*
(a) Seven Rivers Community Hospital, Inc.
(a) Sierra Providence Healthcare Enterprises
(a) Sierra Providence Health Network, Inc.
(a) South Bay Practice Administrators, Inc.
(a) South Florida Managed Care Delivery System, L.L.P. - *ownership - Intracoastal Health Systems, Inc. (50%)*
Collectively (50%): Tenet HealthSystem Hospitals, Inc.,
Lifemark Hospitals of Florida, Inc.,
Amisub (North Ridge Hospital), Inc.,
Palm Beach Gardens Community Hospital, Inc.
(a) SouthPointe Hospital, Inc.
(a) St. Charles General Hospital, Inc.
(a) THV I, Inc.
(a) Tenet Beaumont Healthsystem, Inc.
(a) Tenet Birmingham Management, Inc.
(a) Tenet California Nurse Resouces, Inc.
(a) Tenet California Medical Ventures I, Inc.
(a) Tenet D.C., Inc.

(a) Tenet Dimension Holding Company, Inc.
(a) Tenet El Mirador Surgical Center, Inc.
(a) Tenet Funding, Inc.
(a) Tenet HealthSystem Desert, Inc.
(a) Tenet HealthSystem DFH, Inc.
(a) Tenet HealthSystem DI, Inc.
  (b) Tenet DI, LLC
(a) Tenet HealthSystem DI-SNF, Inc.
(a) Tenet HealthSystem DI-TPS, Inc.
(a) Tenet HealthSystem Hospitals Dallas, Inc.
(a) Tenet HealthSystem Memorial Medical Center, Inc.
(a) Tenet HealthSystem Metroplex Hospitals, Inc.
(a) Tenet HealthSystem Surgical, L.L.C.
(a) Tenet Hialeah HealthSystem, Inc.
  (b) Edgewater Provider Insurance Company, Ltd. *(25%)*
  (b) Hialeah Real Properties, Inc.
  (b) Tenet Hialeah (H.H.A.) HealthSystem, Inc.
  (b) Tenet Hialeah (ASC) HealthSystem, Inc.
(a) Tenet Hospitals Limited - *ownership - Tenet HealthSystem Hospitals, Inc., G.P. (1%)*
Tenetsub Texas, Inc., L.P. (99%)
(a) Tenet Jefferson, Inc.
(a) Tenet Louisiana Medical Ventures I, Inc.
(a) Tenet Missouri JV, Inc.
(a) Tenet Network Management, Inc.
(a) Tenet Regional Infusion North, Inc. - *ownership - Tenet HealthSystem, SL, Inc. (50%);*
Tenet HealthSystem DI, Inc. (40%); Tenet HealthSystem Hospitals, Inc. (5%)
Lifemark Hospitals of Missouri, Inc. (5%)
(a) Tenet St. Alexius Hospital, Inc.
(a) Tenet St. Alexius Hospital Physicians, Inc.
(a) Tenet West Valley, Inc.
  (b) Alpine Surgery Centers, L.P. - *ownershp - Tenet West Valley (50%); Alpine Healthcare (10%);*
Doctors own 40%

(a) Tenetsub Texas, Inc.
(a) Total Rehab, LLC - *ownership - Tenet HealthSystem Hospitals, Inc. (51%); Total Rehab Associates (49%)*
(a) Twin Cities Community Hospital, Inc.
(a) USC University Hospital, Inc.
(a) West Boca Medical Center, Inc.
(a) West Coast PT Clinic, Inc.

Tenet HealthSystem HealthCorp

(a) OrNda Hospital Corporation
  (b) AHM Acquisition Co., Inc.
    (c) OrNda Investments, Inc.
      (d) AHM CGH, Inc.
      (d) AHM GEMCH, Inc.
      (d) AHM Minden Hospital, Inc.
      (d) AHM SMC, Inc.
      (d) AHM WCH, Inc.
      (d) CHHP, Inc.
      (d) HCW, Inc.
      (d) LBPG, Inc.
      (d) Lake Mead Holdings - *ownership - OrNda Investments, Inc., GP (25%)*
        Doctors Group, LP (75%).
      (d) Monterey Park Hospital
      (d) NLVH, Inc.
        (e) Pollamead Partnership - *ownership - NLVH, Inc., GP (50%); Doctors Group, LP (50%)*
        (e) Pollamead Partnership II - *ownership - NLVH, Inc., GP (50%); Doctors Group, LP (50%)*
      (d) OrNda Management Services, Inc.

      (d) Sharpstown General Hospital Professional Building, Ltd. - *ownership -*
        OrNda Investments, Inc., LP (80%)
      (d) Tenet HealthSystem Heritage, Inc.
        (e) Foot and Ankle Specialty Institute of Tacoma - *ownership - PSH, Inc., GP (50%)*
          Integrated Healthcare Alliance, LP (50%)
      (d) USDHC, Inc.
      (d) WPH Management Services, Inc.
  (b) Commonwealth Continental Health Care, Inc.
  (b) Commonwealth Continental Health Care III, Inc.
  (b) Coral Gables Hospital, Inc.
    (c) CGH Hospital, Ltd. - *ownership - Coral Gables Hospital, Inc., GP (94.25%)*
      Greater Miami Medical Group, Ltd., LP (5.75%)
    (c) Greater Miami Medical Group, Ltd. - *ownership - Greater Miami Medical Group, Inc., GP (1%)*
      Coral Gables Hospital, Inc., LP (40%)
      Doctor Group, LP (59%)
  (b) CVHS Hospital Corporation
  (b) Cypress Fairbanks Medical Center, Inc.
    (c) New Medical Horizons II, Ltd. - *ownership - Cypress Fairbanks Medical Center, Inc., GP (5%)*
      Tenet HealthSystem CFMC,Inc., LP (95%)
  (b) FMC Acquisition, Inc.
    (c) FMC Hospital, Ltd. - *ownership - FMC Acquisition, Inc., GP (85%)*
      Florida Institute of Health, Ltd., LP (15%)
  (b) FMC Medical, Inc.
  (b) Fountain Valley Health Care, Inc.
  (b) Fountain Valley Imaging Center, LP - *ownership - Fountain Valley Imaging Corporation (1%)*
    OrNda Hospital Corporation (99%)
  (b) Fountain Valley Outpatient Surgical Center, LP - *ownership - Fountain Valley Imaging Corporation (1%)*
    OrNda Hospital Corporation (99%)
  (b) Fountain Valley Imaging Corporation
  (b) Fountain Valley Pharmacy, Inc.
  (b) Fountain Valley Regional Hospital and Medical Center
  (b) GCPG, Inc.
    (c) Garland Community Hospital, Ltd. - *ownership - GCPG, Inc., GP (1%)*
      Republic Health Corporation of Mesquite, LP (99%)

(b) Gulf Coast Community Health Care Systems, Inc.
(b) Gulf Coast Community Hospital, Inc.
(c) Gulf Coast Outpatient Surgery Center, LLC - *ownership-Gulf Coast Community Hospital, Inc. (50%)*
11 Physicians (50%)
(c) Gulf Coast, PHO, LLC - *ownership - Gulf Coast Community Hospital, Inc. Medical Center and Coastal IPA, LLC*
(b) Harbor View Health Systems, Inc.
(c) Harbor View Health Partners, L.P. - *ownership - Harbor View Health Systems, Inc. GP (50%) Republic Heatlh Corporation of San Bernardino, LP (50%)*
(b) Harbor View Medical Center.
(b) Health Resources Corporation of America - California
(c) OrNda of South Florida Services Corporation
(b) Houston Northwest Medical Center, Inc.
(c) HNMC, Inc.
(d) C.T. Joint Venture - *ownership - HNMC, Inc., GP (50%); Doctors Group, LP (50%)*
(d) Houston Northwest Management Services, Inc.
(d) Houston Northwest Radiotherapy Center, L.L.C.- *ownership - HNMC, Inc., managing member(6.79%) Doctors Group, member (93.21%)*
(d) Houston Rehabilitation Associates - *ownership - HNMC, Inc., GP (20%) Doctors Group, LP (80%)*
(d) HNW GP, Inc.
(e) Houston Northwest Partners, Ltd - *ownership - HNW GP, Inc., GP (1%) HNW LP, Inc., LP (99%)*

(d) HNW Holdings, Inc.
(d) HNW Lessor GP, Inc.
(d) HNW LP, Inc.
(d) MRI-North Houston Venture - *ownership - HNMC, Inc., GP (12%); Doctors Group, LP (88%)*
(c) Houston Northwest Health System, Inc.
(c) Northwest Houston Providers Alliance, Inc.
(b) Indianapolis Health Systems, Inc.
(c) MMC Cardiology Venture - *ownership - Indianapolis Health Systems, Inc., GP (50%) Republic Health Corporation of Indianapolis, LP (50%)*
(b) MCF, Inc.
(c) Bone Marrow/Stem Cell Transplant Institute of Florida, Inc.
(d) Bone Marrow/Stem Cell Transplant Institute of Florida, Ltd. - *ownership - Bone Marrow/Stem Cell Transplant Institute of Florida, Inc., GP (51%) Stem Cell, Inc., LP (49%)*
(c) Florida Medical Center, Ltd. - *ownership - MCF, Inc., GP (50%) OrNda Hospital Corporation, LP (50%)*
(b) MCS Administrative Services, Inc.
(b) MHA IPA, Inc.
(b) Meridian Regional Hospital, Inc.
(b) Midway Hospital Medical Center, Inc.
(b) NAI Community Hospital of Phoenix, Inc.
(b) North Miami Medical Center, Ltd. - *ownership - RHC Parkway, Inc. (85.91%) Commonwealth Continental Health Care, Inc. (14.09%)*
(c) Medi-Health of Florida, Inc.
(c) Parkway Professional Plaza Condominum Association, Inc.
(c) Parkway Regional Medical Centr Physician Hospital Organization, Inc.
(b) OrNda Access, Inc.
(b) OrNda Health Initiatives, Inc.
(b) OrNda HealthChoice, Inc.
(c) Health Choice HMO
(b) OrNda HealthCorp of Florida, Inc.
(b) OrNda Healthcorp of Phoenix, Inc.
(c) Biltmore Surgery Center, Inc.
(d) Buildmore Surgery Center Limited Partnership - *ownership - Biltmore Surgery Center, Inc., GP*

(b) OrNda HomeCare, Inc.

(b) OrNda Metro Surgery, Inc.
(b) OrNda of South Florida, Inc.
(c) OrNda FMC, Inc.
(c) TriLink Provider Services Organization, Inc.
(b) OrNda of South Florida Holdings, Inc.
(b) OrNda Physicians Services, Inc.
(b) Republic Health Corporation of Arizona
(c) CCC Mesa Medical Plaza MOB - *ownership - Republic Health Corporation of Arizona, LP (25%)*
(b) Republic Health Corporation of Indianapolis
(c) Indianapolis Physician Services, Inc.
(c) Winona Memorial Hospital Limited Partnership - *ownership - OrNda Healthcorp, LP (.01%) Republic Health Corporation of Indianapolis, Inc., GP (99.9%)*
(b) Republic Health Corporation of Mesquite
(b) Republic Health Corporation of Rockwall County
(c) Lake Pointe GP, Inc.
(d) Lake Pointe Partners, Ltd. - *ownership- Lake Pointe GP, Inc., GP- 1.31% Lake Pointe Investments, Inc., LP- 97.82% Individual Physicians, LP 0.87%*

(c) Lake Pointe Holdings, Inc.
(c) Lake Pointe Investments, Inc.
(b) Republic Health Corporation of San Bernardino
(b) Republic Health Corporation of Texas
(b) Republic Health of North Texas
(b) Republic Health Partners, Inc.
(b) RHC Parkway, Inc.
(b) RHCMS, Inc.
(b) Rio Hondo Health System Inc.
(b) Ross General Hospital
(b) Ross Hospital, Inc.
(b) S.C. Management, Inc.
(b) Saint Vincent Healthcare System, Inc.
(c) Clini-Tech Laboratories, Inc.
(c) OHM Health Initiatives, Inc.
(c) OHM Services, Inc.
(c) Provident Nursing Homes, Inc.
(c) Saint Vincent Hospital, Inc.
(d) Saint Vincent Hospital, L.L.C. - *ownership - Saint Vincent Hospital, Inc.. - managing member Fallon Clinic Inc.*
(b) Santa Ana Hospital Medical Center, Inc.
(b) SHL/O Corp.
(b) Southwest Physician Management Services, Inc.
(b) St. Luke Medical Center
(b) Tenet HC, Inc.
(b) Tenet HealthSystem Biltmore, Inc.
(b) Tenet HealthSystem CFMC, Inc.
(b) Tenet HealthSystem CM, Inc.
(b) Tenet HealthSystem QA, Inc.
(c) Commercial Healthcare of California, Inc.
(c) Tenet HealthSystem QA Medical Groups, Inc.
(b) Tenet HealthSystem MCS-AZ, Inc.
(b) Tenet HealthSystem Metro G.P., Inc.
(b) Tenet HealthSystem TGH, Inc.
(b) Tenet HealthSystem WRF, Inc.
(b) Tenet MGH, Inc.
(b) Trinity Valley Medical Center, Ltd.
(b) UWMC Hospital Corporation
(b) Valley Community Hospital
(b) West Los Angeles Health Systems, Inc.
(c) Brotman Partners, L.P. - *ownership - West Los Angeles Health Systems, Inc. GP (55.75%) Republic Health Corporation of San Bernardino., LP (44.25%)*
(d) Foot and Ankle Specialty Institute of Culver City - *ownership -*

Brotman Partners, L.P., GP (50%)
Integrated Healthcare Alliance, Inc., LP (50%)

(d) Gynecological Specialty Institute of Culver City - *ownership* -
Brotman Partners, L.P., GP (50%)
Integrated Healthcare Alliance, Inc., LP (50%)

(b) Whittier Hospital Medical Center, Inc.

(c) Head & Neck Specialty Institute of Whittier - *ownership* -
Whittier Hospital Medical Center, Inc. GP (50%)
Integrated Healthcare Alliance, LP (50%)

(a) Tenet HealthSystem MW, Inc.

(b) Tenet MetroWest Healthcare System, Limited Partnership

(a) Tenet HealthSystem Occupational Medicine, Inc.

Tenet I.B.A. Holdings, Inc.

Tenet Ventures, Inc.

(a) T.I. Edu, Inc.

(b) Allume, Inc. (Formerly DigitalMed, Inc.)

(a) T.I. GPO, Inc

(a) Tenet New Development, Inc.

(b) Proton Therapy Center of St. Louis, Inc.

(b) PTCA Investments, Inc.

Wilshire Rental Corp.

(a) Hitchcock State Street Real Estate, Inc.

ACCOUNTANTS' CONSENT AND
REPORT ON CONSOLIDATED SCHEDULE

The Board of Directors
Tenet Healthcare Corporation:

Under date of July 10, 2002, except as to the first and last paragraphs of note 5, which are as of July 24, 2002, we reported on the consolidated balance sheets of Tenet Healthcare Corporation and subsidiaries as of May 31, 2001 and 2002, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended May 31, 2002, as contained in the 2002 annual report to shareholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for fiscal year 2002. Our report refers to a change in the method of accounting for start-up costs during fiscal year 2000.

In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule as listed in the index of exhibits to the annual report on Form 10-K for fiscal 2002. The consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statement schedule based on our audits. In our opinion, such schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We consent to the incorporation by reference of our reports dated July 10, 2002, except as to the first and last paragraphs of note 5, which are as of July 24, 2002, in the Company's Registration Statements on Form S-3 (Nos. 33-57801, 33-57057, 33-55285, 33-62591, 33-63451, 333-17907, 333-24955, 333-21867, 333-26621, 333-41907 and 333-74640), Registration Statements on Form S-4 (Nos. 33-57485, 333-18185, 333-64157, 333-45700 and 333-74158) and Registration Statements on Form S-8 (Nos. 2-87611, 33-11478, 33-50182, 33-57375, 333-00709, 333-01183, 333-38299, 333-41903, 333-41476, 333-41478, 333-48482 and 333-74216).

/s/ KPMG LLP

Los Angeles, California
August 12, 2002

Exhibit 99.1

CERTIFICATION PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Jeffrey C. Barbakow, the Chairman and Chief Executive Officer of Tenet Healthcare Corporation, certify that (i) the Annual Report on Form 10-K for the fiscal year ended May 31, 2002 (the "Form 10-K"), filed with the Securities and Exchange Commission on August 14, 2002, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Tenet Healthcare Corporation.

/s/ JEFFREY C. BARBAKOW
Jeffrey C. Barbakow

August 14, 2002

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Form 10-K or as a separate disclosure document.

Exhibit 99.2

CERTIFICATION PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, David L. Dennis, the Vice Chairman, Chief Corporate Officer and Chief Financial Officer in the Office of the President of Tenet Healthcare Corporation, certify that (i) the Annual Report on Form 10-K for the fiscal year ended May 31, 2002 (the "Form 10-K"), filed with the Securities and Exchange Commission on August 14, 2002, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Tenet Healthcare Corporation.

/s/ DAVID L. DENNIS
David L. Dennis

August 14, 2002

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Form 10-K or as a separate disclosure document.