

TENET HEALTHCARE, INC.
CONSOLIDATED BALANCE SHEETS
Dollars in Millions

	December 31,		December 31,	
	2015		2014	
ASSETS				
Current assets:				
Cash and cash equivalents	\$	356	\$	193
Accounts receivable, less allowance for doubtful accounts (\$887 at December 31, 2015 and \$852 at December 31, 2014)		2,704		2,404
Inventories of supplies, at cost		309		276
Income tax receivable		7		2
Assets held for sale		550		2
Other current assets		1,245		1,093
Total current assets		5,171		3,970
Investments and other assets		1,175		384
Deferred income taxes		776		863
Property and equipment, at cost, less accumulated depreciation and amortization (\$4,323 at December 31, 2015 and \$4,478 at December 31, 2014)		7,915		7,733
Goodwill		6,970		3,913
Other intangible assets, at cost, less accumulated amortization (\$659 at December 31, 2015 and \$630 at December 31, 2014)		1,675		1,088
Total assets	\$	23,682	\$	17,951
LIABILITIES AND EQUITY				
Current liabilities:				
Current portion of long-term debt	\$	127	\$	112
Accounts payable		1,380		1,179
Accrued compensation and benefits		880		852
Professional and general liability reserves		177		189
Accrued interest payable		205		194
Liabilities held for sale		101		—
Accrued legal settlement costs		294		45
Other current liabilities		1,144		1,006
Total current liabilities		4,308		3,577
Long-term debt, net of current portion		14,383		11,505
Professional and general liability reserves		578		492
Defined benefit plan obligations		595		633
Other long-term liabilities		594		558
Total liabilities		20,458		16,765
Commitments and contingencies				
Redeemable noncontrolling interests in equity of consolidated subsidiaries		2,266		401
Equity:				
Shareholders' equity:				
Common stock, \$0.05 par value; authorized 262,500,000 shares; 146,920,454 shares issued at December 31, 2015 and 145,578,735 shares issued at December 31, 2014		7		7
Additional paid-in capital		4,815		4,614
Accumulated other comprehensive loss		(164)		(182)
Accumulated deficit		(1,550)		(1,410)
Common stock in treasury, at cost, 48,425,298 shares at December 31, 2015 and 47,196,902 shares at December 31, 2014		(2,417)		(2,378)
Total shareholders' equity		691		651
Noncontrolling interests		267		134
Total equity		958		785
Total liabilities and equity	\$	23,682	\$	17,951

CONSOLIDATED STATEMENTS OF OPERATIONS
Dollars in Millions, Except Per-Share Amounts

	Years Ended December 31,		
	2015	2014	2013

Net operating revenues:			
Net operating revenues before provision for doubtful accounts	\$	20,111	\$ 17,908 \$ 12,059
Less: Provision for doubtful accounts		1,477	1,305 972
Net operating revenues		18,634	16,603 11,087
Equity in earnings of unconsolidated affiliates		99	12 15
Operating expenses:			
Salaries, wages and benefits		9,011	8,023 5,371
Supplies		2,963	2,630 1,784
Other operating expenses, net		4,555	4,114 2,701
Electronic health record incentives		(72)	(104) (96)
Depreciation and amortization		797	849 545
Impairment and restructuring charges, and acquisition-related costs		318	153 103
Litigation and investigation costs		291	25 31
Gains on sales, consolidation and deconsolidation of facilities		(186)	— —
Operating income		1,056	925 663
Interest expense		(912)	(754) (474)
Loss from early extinguishment of debt		(1)	(24) (348)
Investment earnings		1	— 1
Net income (loss) from continuing operations, before income taxes		144	147 (158)
Income tax benefit (expense)		(68)	(49) 65
Net income (loss) from continuing operations, before discontinued operations		76	98 (93)
Discontinued operations:			
Loss from operations		(5)	(17) (5)
Litigation and investigation costs		8	(18) (2)
Income tax benefit (expense)		(1)	13 (4)
Net income (loss) from discontinued operations		2	(22) (11)
Net income (loss)		78	76 (104)
Less: Net income attributable to noncontrolling interests		218	64 30
Net income available (loss attributable) to Tenet Healthcare Corporation common shareholders	\$	(140)	\$ 12 \$ (134)
Amounts available (attributable) to Tenet Healthcare Corporation common shareholders			
Net income (loss) from continuing operations, net of tax	\$	(142)	\$ 34 \$ (123)
Net income (loss) from discontinued operations, net of tax		2	(22) (11)
Net income available (loss attributable) to Tenet Healthcare Corporation common shareholders	\$	(140)	\$ 12 \$ (134)
Earnings (loss) per share available (attributable) to Tenet Healthcare Corporation common shareholders:			
Basic			
Continuing operations	\$	(1.43)	\$ 0.35 \$ (1.21)
Discontinued operations		0.02	(0.23) (0.11)
	\$	(1.41)	\$ 0.12 \$ (1.32)
Diluted			
Continuing operations	\$	(1.43)	\$ 0.34 \$ (1.21)
Discontinued operations		0.02	(0.22) (0.11)
	\$	(1.41)	\$ 0.12 \$ (1.32)
Weighted average shares and dilutive securities outstanding (in thousands):			
Basic		99,167	97,801 101,648
Diluted		99,167	100,287 101,648

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Dollars in Millions

	Years Ended December 31,		
	2015	2014	2013
Net income (loss)	\$	78	\$ 76 \$ (104)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			

Depreciation and amortization		797		849		545
Provision for doubtful accounts		1,477		1,305		972
Deferred income tax expense (benefit)		42		30		(67)
Stock-based compensation expense		69		51		36
Impairment and restructuring charges, and acquisition-related costs		318		153		103
Litigation and investigation costs		291		25		31
Loss from early extinguishment of debt		1		24		348
Gains on sales, consolidation and deconsolidation of facilities		(186)		—		—
Undistributed earnings from affiliates		(99)		(10)		(13)
Amortization of debt discount and debt issuance costs		41		28		19
Pre-tax loss (income) from discontinued operations		(3)		35		7
Other items, net		59		(30)		(20)
Changes in cash from operating assets and liabilities:						
		(1,632)		(1,896)		(987)
Accounts receivable		2		(1,896)		(987)
Inventories and other current assets		(130)		(314)		(203)
Income taxes		18		3		—
Accounts payable, accrued expenses and other current liabilities		68		505		38
Other long-term liabilities		38		44		13
Payments for restructuring charges, acquisition-related costs, and litigation costs and settlements		(200)		(168)		(114)
Net cash used in operating activities from discontinued operations, excluding income taxes		(21)		(23)		(15)
Net cash provided by operating activities		1,026		687		589
Cash flows from investing activities:						
Purchases of property and equipment — continuing operations		(842)		(933)		(691)
Purchases of businesses or joint venture interests, net of cash acquired		(940)		(428)		(1,515)
Proceeds from sales of facilities and other assets		549		6		20
Proceeds from sales of marketable securities, long-term investments and other assets		60		13		12
Purchases of equity investments		(134)		(12)		(1)
Other long-term assets		(4)		31		8
Other items, net		(6)		1		3
Net cash used in investing activities		(1,317)		(1,322)		(2,164)
Cash flows from financing activities:						
		(2,815)		(2,430)		(1,286)
Repayments of borrowings under credit facility		5		(2,430)		(1,286)
Proceeds from borrowings under credit facility		2,595		2,245		1,691
		(2,049)		(683)		(5,133)
Repayments of other borrowings		9		(683)		(5,133)
Proceeds from other borrowings		3,158		1,608		6,507
Repurchases of common stock		(40)		—		(400)
Debt issuance costs		(80)		(27)		(154)
Distributions paid to noncontrolling interests		(110)		(45)		(27)
Contributions from noncontrolling interests		4		18		99
Purchase of noncontrolling interests		(254)		—		—
Proceeds from exercise of stock options		15		26		22
Other items, net		30		3		5
Net cash provided by financing activities		454		715		1,324
Net increase (decrease) in cash and cash equivalents		163		80		(251)
Cash and cash equivalents at beginning of period		193		113		364
Cash and cash equivalents at end of period		\$ 356		\$ 193		\$ 113