TENET HEALTHCARE CORP
Form DEF 14A
March 22, 2019
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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of**

**the Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

**Tenet Healthcare Corporation**

**(Name of Registrant as Specified in Its Charter)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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## MESSAGE FROM OUR EXECUTIVE CHAIRMAN AND CEO

**Dear Fellow Shareholders,**

2018 was a foundational year of change for the Tenet Healthcare Enterprise. We are purposefully getting better at what we do.

Throughout this year, we have driven change by embracing our responsibilities as care providers, while creating a culture of accountability at all levels and across all functions. We have reached far and deep, accelerating progress on a new path forward, improving our quality of care as well as our underlying performance.

We believe companies thrive when change becomes ingrained into the organizational fabric, creating the opportunity to challenge the old way. For Tenet, the result has been an infusion of new ideas and philosophies designed to meet the demands of our patients, partners and investors. Across the enterprise, we have changed the way we think, how we operate, our approach to leadership and governance, and our engagement efforts with our shareholders and in communities we serve around the country. We have also activated a significant culture reset predicated on accountability and connectivity with our patients and employees in their respective communities. Through these actions, we are positioned for continued success in 2019 and in the years ahead, and I would like to take this opportunity to highlight some of our collective accomplishments.

**We delivered strong financial performance in 2018.** We materially grew earnings and further diversified EBITDA contributions from our three business segments while expanding margins by 120 basis points, our largest year-over-year improvement since 2009.

**We improved the quality of our asset portfolio.** We divested non-core and lower performing hospitals and operations while increasing the percentage of our hospital markets with a leading market share position. We purchased the remainder of our ownership interest in USPI well ahead of schedule and continued to deploy capital toward ambulatory acquisitions and development. And, we pursued a strategic review of Conifer to best suit the long-term future of the business, while driving nearly as much EBITDA growth at Conifer in 2018 in incremental dollars as we delivered over the prior three years.

**We established a more disciplined approach to expense management.** We delivered $250 million in cost savings, exceeding our initial target by $100 million. We also announced a new $200 million initiative in 2019, bringing our total expected cost savings to $450 million in a little more than two years.

**We launched an innovative, consumer-focused marketing strategy company-wide, brought to life by our own employees and physicians.** The common message of our locally-focused campaigns is that we are a *Community Built on Care*. We are distinguished by our unique medical expertise and human touch, delivered by passionate people who are your neighbors and friends and part of *your community*. In addition to speaking directly to

consumers in our markets, we are highlighting the sense of purpose and pride our caregivers deliver and feel personally, regardless of their individual role, in their day-to-day work. This effort has also helped activate a culture of accountability and ownership across the organization, from our care sites back to headquarters.

**New leadership is playing a critical role in driving change.** Over the course of the year, we added new talent which brought fresh eyes and ideas to our teams, promoted our best people and transitioned top performers into different positions where they could expand their skills and continue to flourish within our network. These changes have created a sense of excitement and challenge to the overall organization, igniting a renewed focus on driving us forward to a new paradigm.

**Effective corporate governance practices informed by shareholder perspectives remain a top priority.** We continued to regularly engage in dialogue with shareholders and solicit their feedback to better inform decision-making. Following the addition of three independent directors in late 2017, we appointed two independent directors, further enriching the diversity and expertise of our Board. In 2018, we added General Lloyd J. Austin, III, a recently retired four-star general with significant leadership and risk management capabilities and an exceptional commitment to public service. We also added Meghan M. FitzGerald, DrPH, who brings experience across the healthcare spectrum, including corporate experience, policy, innovation, business development and strategy. Additionally, our Board enhanced the Company s corporate bylaws ensuring shareholders have a strong voice: adding rights for shareholders to call special meetings and adopting proxy access provisions.

The progress we made last year has put us on better financial and competitive footing. We are now a much healthier company with a sharper focus on execution against clear priorities.

On behalf of our Board and leadership team, I want to thank you for your continued investment in Tenet Healthcare and reiterate our commitment to enhancing long-term value creation for our shareholders. I would also like to extend my sincere gratitude to our 110,000 caregivers and supporting staff, who deliver quality care and service with the utmost compassion and integrity from the central coast of California, to El Paso, Detroit, Miami, and countless communities around the country.

Sincerely,

**Ronald A. Rittenmeyer**

Executive Chairman and CEO

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## TENET HEALTHCARE CORPORATION

**1445 Ross Avenue, Suite 1400**

**Dallas, Texas 75202**

**(469) 893-2200**

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**to be held on Thursday, May 2, 2019**

March 22, 2019

To our Shareholders:

Our Annual Meeting of Shareholders will be held on Thursday, May 2, 2019, at 8:00 a.m. Central Time at Tenet Corporate Headquarters, 1445 Ross Avenue, Suite 1400, Dallas, Texas 75202, for the following purposes:

1. To elect the ten directors named in the accompanying Proxy Statement, each to serve until the next annual meeting of shareholders or until his or her successor is duly elected and qualified, whichever is later, or until the director s earlier resignation or removal.

2. To vote, on an advisory basis, to approve the Company s executive compensation.

3. To approve the Tenet Healthcare 2019 Stock Incentive Plan.

4. To ratify the selection of Deloitte & Touche LLP as our independent registered public accountants for the year ending December 31, 2019.

5. To transact any other business that properly comes before the meeting or any adjournment or postponement of the meeting.

Only shareholders of record of our common stock at the close of business on March 11, 2019 are entitled to notice of and to vote at the Annual Meeting.

It is important that your shares be represented and voted at the Annual Meeting. You may vote your shares via the Internet, by telephone or by completing and returning a proxy card. Specific voting instructions are set forth in the General Information Regarding the Annual Meeting and Voting section of the accompanying Proxy Statement and on the proxy card.

Anthony Shoemaker
*Vice President, Assistant General Counsel*

*and Corporate Secretary*

**Important Notice Regarding the Availability of Proxy Materials**

**for the Annual Meeting of Shareholders To Be Held on May 2, 2019**

**The accompanying Proxy Statement and the Company s proxy card, as well as our Annual**

**Report on Form 10-K for the year ended December 31, 2018, are available at *www.proxyvote.com*.**

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**This Proxy Statement includes certain financial measures not in accordance with generally accepted accounting principles in the United States (GAAP), such as Adjusted EBITDA and Adjusted Free Cash Flow. Definitions of these measures and reconciliations to the most comparable GAAP measure are contained in Appendix A to this Proxy Statement.**

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## PROXY STATEMENT SUMMARY

Below are highlights of certain information in this Proxy Statement. As it is only a summary, please refer to the complete Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2018 before you vote.

### 2019 ANNUAL MEETING OF SHAREHOLDERS

***Date and Time:***

Thursday, May 2, 2019, at 8:00 a.m. Central Time

***Place:***

Tenet Corporate Headquarters

1445 Ross Avenue, Suite 1400

Dallas, Texas 75202

***Record Date:***

March 11, 2019

***Information:***

This Proxy Statement and related proxy materials are being mailed or made available to shareholders on or about March 22, 2019. Copies of this Proxy Statement, the Company s proxy card and our Annual Report on Form 10-K are available at ***www.proxyvote.com***.

### VOTING MATTERS AND BOARD RECOMMENDATIONS

| PROPOSALS | BOARD S RECOMMENDATION | PAGE |
|---|---|---|
| | **FOR each of the director nominees** | 6 |

| | | |
|---|---|---|
| **Election of Ten Director Nominees (Proposal 1)**<br><br>Our Board of Directors (Board) believes that the ten director nominees named in this Proxy Statement bring a combination of diverse qualifications and skills that contributes to a well-rounded Board. Each director nominee has proven leadership ability, good judgment and valuable experience. | | |
| **Advisory Approval of the Company s Executive Compensation (Proposal 2)**<br><br>Our Board believes that Tenet Healthcare Corporation s (we, us, Tenet or the Company) executive compensation program design effectively aligns the interests of our Named Executive Officers (NEOs) with those of our shareholders by rewarding our NEOs for the creation of long-term value for our shareholders. The Board and the Human Resources Committee (HR Committee) value your opinion and will review and consider the voting results when making future executive compensation decisions. | **FOR** | 62 |
| **Approval of the Tenet Healthcare 2019 Stock Incentive Plan (Proposal 3)**<br><br>The Tenet Healthcare 2019 Stock Incentive Plan (Plan) will provide for the issuance of incentive compensation, including equity-based awards, to our employees and directors. The Board believes the Plan will give the Company increased flexibility to continue to attract, motivate and retain qualified employees and directors, and incentivize them to maximize shareholder returns and achieve objectives that will benefit our shareholders. If approved, the Plan will supersede and replace our 2008 Stock Incentive Plan and will be the only compensation plan under which we grant equity-based compensation awards to our employees. | **FOR** | 63 |

**Ratification of the Selection of Deloitte & Touche LLP as Independent Registered Public Accountants for 2019 (Proposal 4)**

| | | |
|---|---|---|
| The Audit Committee approved the appointment of Deloitte & Touche LLP as Tenet s independent registered public accounting firm for 2019. The Audit Committee and the Board believe that the continued retention of Deloitte & Touche LLP to serve as the Company s independent registered public accounting firm is in the best interests of the Company and its shareholders. | **FOR** | 72 |

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# PROXY STATEMENT SUMMARY

## Business Overview and 2018 Highlights

Tenet is a diversified healthcare services company composed of three business units (Hospitals, Ambulatory Care and Conifer) that are unified in their commitment to deliver the right care, in the right place, at the right time. Our Hospital segment operates 65 acute care hospitals, over 160 outpatient centers and other ancillary healthcare businesses in primarily urban and suburban markets across nine states. Our Ambulatory Care segment, which represents the operations of United Surgical Partners International (USPI), is the leading provider of ambulatory surgery services in the country and operates over 330 ambulatory surgery centers, urgent care centers, imaging centers and surgical hospitals in the fast-growing ambulatory care market. Conifer Health Solutions (Conifer) has a leading position in the revenue cycle management market and provides services to nearly 750 clients in over 40 states.

In 2018, Tenet set itself on a new path to long-term growth. The Company implemented significant, far-reaching changes to its cost structure, asset portfolio, and business leadership to effectuate a turnaround effort initiated by the Board in late 2017. The result was improved financial performance and a restructured business better suited to the challenges of 2019 and beyond.

### Strong Financial Performance

We delivered strong financial performance in 2018 across the enterprise, including revenue of $18.3 billion, net income from continuing operations of $108 million and Adjusted EBITDA* of $2.560 billion, with margins increasing 120 basis points to 14.0% on a same-hospital basis. Net patient revenue in our Hospital segment grew 3.6% on a same-hospital basis. Ambulatory same-facility system-wide revenue grew 5.1%. Enhanced cost management at Conifer contributed to a 26.1% increase in Adjusted EBITDA for the segment year-over-year.

* **This Proxy Statement includes certain non-GAAP financial measures, such as Adjusted EBITDA and Adjusted Free Cash Flow. Definitions of these measures and reconciliations to the most comparable GAAP measure are contained in Appendix A.**

**Dramatic Cost Reductions**

The Company has been focused on sustainable cost reductions since late 2017, when we set a goal to decrease expenses by $150 million across all three business units. We later increased our target to $250 million, implementing a program to remove unnecessary processes, integrate functions and eliminate management layers. By the end of 2018, we had achieved our goal, including a 28% reduction in corporate overhead expense, by operating more efficiently and effectively without compromising our service to patients and customers. Our cost savings initiative continues in 2019, with a new plan to reduce costs by an additional $200 million.

**Improved Care Delivery Platform**

Last year, we made significant progress on initiatives to better integrate our care delivery platforms, continue our investments in high-growth areas, and divest non-core operations. To that end, in 2018:

- We completed our acquisition of 95% of the equity interests in USPI ahead of schedule with our increased stake, more of the value of USPI s growth will benefit our shareholders, and we can accelerate our work combining operations throughout the enterprise.

- We have actively pursued a thorough review of strategic alternatives for Conifer to best position the business for long-term success and enhance shareholder value.

- We divested operations that we identified as non-core, including 17 hospitals and facilities in 2018 and an additional three hospitals in early 2019.

- We also invested in attractive opportunities, including approximately $240 million in acquisitions and joint ventures in ambulatory care.

**Upgraded Leadership and Implemented a Culture of Accountability**

The most important investment Tenet has made to execute our turnaround is in our people. We have upgraded talent across all levels of management and revamped our approach to developing talent internally. In late 2017, the Board appointed Ron Rittenmeyer as Chief Executive Officer to lead the Company s transition, and as Mr. Rittenmeyer has proven his ability to drive significant improvements throughout the Company, the Board has extended his term of service. In 2018, Mr. Rittenmeyer strengthened the senior management team with a new Chief Information Officer, Executive Vice President of Marketing and Communications, Chief Medical Operations Officer and Chief Executive Officer of USPI, among others. Moreover, we restructured our senior leadership team to appoint Dr. Saum Sutaria to the newly created role of Chief Operating Officer for the entire enterprise. Dr. Sutaria is a trained cardiologist and an expert healthcare operator with over 20 years of clinical, operational and strategic experience in healthcare delivery systems.

More broadly, through internal promotions and external hiring we brought onboard dozens of new executives after transitioning approximately 20% of our corporate leadership positions and approximately 35% of our hospital leadership positions. With a flatter organizational structure and an infusion of new energy and skillsets, we have helped shift the mindset of our employees to create a Culture of Accountability that has taken hold throughout the organization.

### 2019 Priorities

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# PROXY STATEMENT SUMMARY

## Governance Highlights

**Active Shareholder Engagement Program**

Our Board regularly and actively solicits input from investors and governance groups to better inform decision-making and gain insight into shareholder perspectives on a broad range of topics. We value our shareholders perspectives on our business and interact with them through a variety of shareholder engagement activities. As we engage with shareholders and proxy advisory firms, feedback is regularly reviewed by our Board.

Throughout 2018, members of Tenet s Board and management team met with shareholders that own over 75% of Tenet s outstanding shares to provide updates on developments at Tenet, discuss business strategies and to solicit feedback on our corporate governance policies and practices. Each of the governance changes discussed below was directly influenced and shaped through engagement with our shareholders.

**Board Refreshment**

The changes taking place at Tenet begin with the Board. The Board initiated a process in 2017 to accelerate the refreshment already underway, and as a result half of our directors have joined since October 2017. The new directors have brought a diversity of viewpoints, approaches and experiences to complement the existing knowledge on the Board as we navigate the challenges and opportunities facing our Company and our industry.

New directors are selected after a rigorous evaluation by our Nominating and Corporate Governance Committee (Governance Committee) that assesses attributes beyond specific business skills, including character, diversity and personal and professional integrity. In particular, Messrs. Bierman, Fisher and Mark, who were appointed at the end of 2017, collectively offer expertise in healthcare supplies, finance, and highly regulated industries. General Austin and Ms. FitzGerald, who were appointed in May 2018, provide perspectives from military leadership, risk management and broad-based healthcare delivery and investment. Each of our directors has the dedication and leadership qualities that enable them to exercise robust oversight of the Company, especially as we navigate a transition onto a new path forward.

**Board Diversity**

The recent Board refreshment has led to a balanced mix of diversity, age and tenure in the boardroom. The Board believes that a range of backgrounds, beliefs, ethnicities and ages, in addition to gender diversity, contributes to strong governance and successful oversight of the Company.

*Diversity, Age and Tenure of Board Nominees*

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## Governance Changes

Our Board is committed to sound corporate governance policies that protect the long-term interests of shareholders, promote accountability, and give shareholders a voice. While our Board has long maintained many best practices, including annual election of directors by majority standard, a robust annual self-evaluation process, and frequent shareholder engagement, in 2018 and 2019 the Board has further enhanced the Company s governance practices. These enhancements, driven in large part by shareholder feedback, are intended to ensure the continued alignment of our corporate governance policies and practices with the long-term interests of our business and our shareholders.

*Shareholder Right to Call a Special Meeting*

In response to specific shareholder requests for greater Board accountability, on January 21, 2018, Tenet amended its bylaws to allow shareholders that beneficially own a majority of our outstanding shares to call a special meeting. On March 5, 2018, after extensive communication with its shareholders, Tenet further amended its bylaws to allow shareholders that beneficially own 25% of our outstanding shares to call a special meeting. Tenet further amended its special meeting bylaw on March 23, 2018 to provide that the special meeting bylaw can only be amended by the vote of a majority of shareholders. These amendments allow shareholders to take action between annual meetings on significant corporate matters that require shareholder approval. The special meeting bylaw provides a transparent process, including a set timeline and specified date, to ensure an open and appropriate debate in which all shareholders can exchange views prior to the taking of any corporate action that requires shareholder approval. In addition, on March 23, 2018, Tenet amended its bylaws to require that the Company hold an annual meeting of shareholders no less than every 13 months.

*Proxy Access*

On January 3, 2019, after discussions with both large and small shareholders, the Board amended Tenet s bylaws to adopt proxy access on market standard terms. Our proxy access provision allows a group of up to 20 shareholders that have collectively owned at least 3% of the Company s outstanding shares for at least three years to have the right to submit up to two director nominees. The Board adopted proxy access to grant shareholders with a long-term interest in the Company a meaningful voice in director nominations.

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# PROPOSAL 1 ELECTION OF DIRECTORS

## Nominees for Election to the Board of Directors

Tenet s Board of Directors is elected annually by our shareholders. Our nominees for election include nine independent directors and our Executive Chairman and Chief Executive Officer. The Board has selected the nominees listed below to serve as directors until the 2020 annual meeting, or until their successors are elected or appointed. Each of the nominees listed below, other than General Austin and Ms. FitzGerald, was last elected by the Company s shareholders at the 2018 annual meeting of shareholders. The nominees for director will be elected if the votes cast for the nominee exceed the votes cast against the nominee, with abstentions and broker non-votes not counted either for or against a nominee (and therefore having no effect on the election).

The Board recommends that you vote FOR the election of each of the following nominees.

**Ronald A. Rittenmeyer, 71** ***Director Since:*** **June 2010**

*Executive Chairman and Chief Executive Officer*

**Career Highlights**

Mr. Rittenmeyer was named Executive Chairman of Tenet in August 2017 and Chief Executive Officer in October 2017. He has served on our Board since 2010, most recently as Lead Director. He is also Chairman of the Federation of American Hospitals Board of Directors. He previously served as Chairman of the Board and Chief Executive Officer of Millennium Health, LLC, a health solutions company. He served as the Chairman, President and Chief Executive Officer of Expert Global Solutions, Inc., a provider of business process outsourcing services, from 2011 to 2014. From 2005 to 2008, Mr. Rittenmeyer held a number of senior management positions with Electronic Data Systems Corporation (EDS), including Chairman and Chief Executive Officer from 2007 to 2008, President from 2006 to 2008, Chief Operating Officer from 2005 to 2007 and Executive Vice President, Global Service Delivery from 2005 to 2006. Prior to that, he was a managing director of the Cypress Group, a private equity firm, serving from 2004 to 2005. He served as Chairman, Chief Executive Officer and President of Safety-Kleen Corp. from 2001 to 2004. Mr. Rittenmeyer received his bachelor of science degree in commerce and economics from Wilkes University and his M.B.A. from Rockhurst University.

**Skills and Qualifications**

**Transformational leadership experience:** As Chief Executive Officer of Safety Kleen, led company out of bankruptcy with pivotal strategic changes; led turnaround at EDS in same role; previously served as the Chief Executive Officer of other public companies, including Millennium Health and Expert Global Solutions.

**Information technology and business process outsourcing sectors:** Experience at EDS, a major information technology outsourcing corporation, adds wealth of knowledge and expertise in the information technology industry that is particularly relevant to Conifer and the healthcare sector generally.

**Other Public Company Directorships**

Current: American International Group, Inc. (AIG)* and IQVIA Holdings Inc.

Others in Past Five Years: Avaya Holdings Corp. and IMS Health Holdings, Inc.

* Mr. Rittenmeyer recently notified AIG of his decision not to stand for re-election at AIG s 2019 Annual Meeting of Shareholders.

## PROPOSAL 1 ELECTION OF DIRECTORS

**J. Robert Kerrey, 75** ***Director Since:*** **November 2012**

*(prior service as a director from March 2001 to March 2012)*

*Lead Director since October 2017*

***Committee***

***Membership:***

Governance

(Chair)

QCE

**Career Highlights**

Senator Kerrey is a former governor and U.S. Senator from Nebraska. He has served as managing director at Allen & Company, an investment banking firm, since January 2014. He has also served as Executive Chairman of The Minerva Institute for Research and Scholarship, a non-profit institute that aims to offer exceptional educational experiences to students and advance faculty research, since January 2013. Between January 2011 and February 2013, Senator Kerrey was President Emeritus of The New School University in New York City, and from 2001 to 2010, he served as President of The New School University. From July 2011 to March 2012, he served as the Chairman of M & F Worldwide Education Holdings, a provider of business and home office technology, data management and education products and services. From January 1989 to December 2000, he served as a U.S. Senator for the State of Nebraska. Before his election to the U.S. Senate, Senator Kerrey was Governor of the State of Nebraska from January 1982 to December 1987. Prior to entering public service, he founded and operated a chain of restaurants and health clubs. A former member of the elite Navy SEAL Team, Senator Kerrey is a highly decorated Vietnam veteran who was awarded the Congressional Medal of Honor America s highest military honor. Senator Kerrey holds a degree in pharmacy from the University of Nebraska.

**Skills and Qualifications**

**Accounting and financial:** Has extensive experience in finance and public policy derived from his service at the investment banking firm Allen & Company and as a member of the U.S. Senate and as a state Governor; also served as the president of a major university and held senior executive positions with a number of corporations and foundations operating in the private education sector

**Public sector:** Has 18 years of experience in the public sector as a former U.S. Senator and Governor of Nebraska, experience that the Board deems particularly relevant given the highly regulated nature of the healthcare sector

**Other Public Company Directorships**

Current: None

Others in Past Five Years: Chart Acquisition Corp. and U.S. Rare Earths, Inc.

## Lloyd J. Austin, III, 65 *Director Since:* May 2018

***Committee Membership:***

Audit

Human Resources

**Career Highlights**

General Austin is a retired four-star general who served for 41 years in the U.S. Army. From March 2013 through March 2016, he served as the Commander of U.S. Central Command responsible for military strategy and joint operations throughout the 20-country Central Region that includes Iraq, Syria, Iran, Afghanistan, Pakistan, Yemen, Egypt and Saudi Arabia. Prior to that, he served as the 33rd Vice Chief of Staff of the U.S. Army from January 2012 to March 2013 and as the Combined Forces Commander in Iraq from September 2010 through 2011. He is the recipient of numerous U.S. military awards, including the Silver Star, five Defense Distinguished Service Medals and the Legion of Merit. General Austin currently serves as a director of United Technologies Corporation and Nucor Corporation. He is a graduate of the U.S. Military Academy and holds master s degrees from Auburn University (Education) and Webster University (Business Management).

**Skills and Qualifications**

**Public sector:** As a former four-star general in the U.S. Army, has considerable experience in senior leadership across a variety of positions and deep insight into risk management

**Other Public Company Directorships**

Current: United Technologies Corporation, Nucor Corporation

Others in Past Five Years: None

## PROPOSAL 1 ELECTION OF DIRECTORS

### James L. Bierman, 66 *Director Since:* October 2017

***Committee Membership:***

Governance

QCE (Chair)

**Career Highlights**

Mr. Bierman served as President and Chief Executive Officer of Owens & Minor, Inc., a Fortune 500 company and a leading distributor of medical and surgical supplies, from September 2014 to June 2015. Previously, he served in various other senior roles at Owens & Minor, including President and Chief Operating Officer from August 2013 to September 2014, Executive Vice President and Chief Operating Officer from March 2012 to August 2013, Executive Vice President and Chief Financial Officer from April 2011 to March 2012, and as Senior Vice President and Chief Financial Officer from June 2007 to April 2011. From 2001 to 2004, Mr. Bierman served as Executive Vice President and Chief Financial Officer at Quintiles Transnational Corp. Prior to joining Quintiles Transnational, Mr. Bierman was a partner at Arthur Andersen LLP. Mr. Bierman earned his B.A. from Dickinson College and his M.B.A. at Cornell University s Johnson Graduate School of Management.

**Skills and Qualifications**

**Healthcare industry experience:** Served as a senior healthcare industry executive for 8 years at Owens & Minor, Inc. and possesses significant operational and financial experience in the healthcare sector

**Other Public Company Directorships**

Current: None

Others in Past Five Years: Owens & Minor, Inc. and Team Health Holdings, Inc.

**Richard W. Fisher, 70** *Director Since:* **November 2017**

| ***Committee Membership:*** | **Career Highlights** |
|---|---|
| Audit<br><br>Human Resources | Mr. Fisher served as President and Chief Executive Officer of the Federal Reserve Bank of Dallas from 2005 until 2015. During his tenure, he served as a member of the Federal Open Market Policy Committee, as the chair of the Conference of Federal Reserve Bank Presidents, and as the chair of the Information Technology Oversight Committee for the 12 Federal Reserve banks. Previously, from 2001 to 2005, Mr. Fisher was Vice Chairman of Kissinger McLarty Associates, a strategic advisory firm. From 1997 to 2001, Mr. Fisher served as Deputy U.S. Trade Representative with the rank of Ambassador. Mr. Fisher currently serves as a Senior Advisor for Barclays PLC, a leading investment bank, and as a Trustee of the University of Texas Southwestern Medical Foundation. Mr. Fisher received his B.A. in economics from Harvard University and earned his M.B.A. from Stanford University. |

**Skills and Qualifications**

**Accounting and financial expertise:** Served as President and Chief Executive Officer of the Dallas Federal Reserve, as a member of the Federal Open Market Policy Committee and as chair of the Conference of Federal Reserve Bank Presidents

**Other Public Company Directorships**

Current: AT&T Inc. and PepsiCo, Inc.

Others in Past Five Years: None

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## PROPOSAL 1 ELECTION OF DIRECTORS

### Meghan M. FitzGerald, DrPH, 48 *Director Since:* May 2018

***Committee Membership:***

Governance

QCE

**Career Highlights**

Ms. FitzGerald is a Managing Partner at L1 Health LLC, an investment fund specializing in healthcare. She also serves as an Adjunct Associate Professor of Health Policy at Columbia University. From May 2015 to October 2016, Ms. FitzGerald served as Executive Vice President of Strategy and Policy at Cardinal Health, a healthcare services and product company. From 2010 to 2015, she served as President of Cardinal s Specialty Solutions division. Ms. FitzGerald also serves as a director of Arix Bioscience plc. She holds a DrPH in Healthcare Policy from New York Medical College, a BSN in Nursing from Fairfield University, and a Master of Public Health from Columbia University.

**Skills and Qualifications**

**Healthcare industry experience:** A former healthcare services executive with a strong clinical and policy background in addition to current experience in healthcare private equity, has a unique perspective on the healthcare industry

**Other Public Company Directorships**

Current: Arix Bioscience plc

Others in Past Five Years: Concert Pharmaceuticals, Inc.

### Brenda J. Gaines, 69 *Director Since:* March 2005

**Career Highlights**

***Committee Membership:***

Ms. Gaines served as President and Chief Executive Officer of Diners Club North America, a financial services company and a division of Citigroup Inc., from 2002 until her retirement in

Audit (Chair)

Human Resources

March 2004. She also served as President of Diners Club, the nation s oldest credit card company, from 1999 to 2002, and held a number of senior management positions within Citigroup from 1988 to 1999. From 1983 to 1987, she worked in various management positions for the City of Chicago, including Commissioner of Housing and Deputy Chief of Staff to the Mayor. Ms. Gaines received her bachelor s degree from the University of Illinois at Champaign-Urbana and her M.P.A. from Roosevelt University in Chicago. Ms. Gaines also serves as a director of the National Association of Corporate Directors, a recognized authority on boardroom practices.

**Skills and Qualifications**

**Accounting and financial expertise:** Possesses a broad range of experience in the consumer credit industry (Citigroup, Federal National Mortgage Association, CNA Financial), and provides the Board with a valuable perspective on patient billing systems and accounts receivable collections

**Sales and marketing expertise:** Possesses a broad range of experience in consumer and business-to-business sales and marketing and provides the Board a valuable perspective on business development

**Other Public Company Directorships**

Current: Southern Company Gas

Others in Past Five Years: AGL Resources Inc. and Federal National Mortgage Association (Fannie Mae)

**Edward A. Kangas, 74** ***Director Since:*** **April 2003**

***Committee Membership:***

Human Resources (Chair)

QCE

**Career Highlights**

Mr. Kangas served as Global Chairman and Chief Executive Officer of Deloitte Touche Tohmatsu, an international public accounting and consulting firm, from 1989 until his retirement in 2000. He also served as the managing partner of Deloitte & Touche (USA) from 1989 to 1994. He was elected managing partner and Chief Executive Officer of Touche Ross in 1985, a position he held through 1989. Mr. Kangas began his career as a staff accountant at Touche Ross in 1967, where he became a partner in 1975. Mr. Kangas holds a bachelor s degree in business administration and an M.B.A. from the University of Kansas.

**Skills and Qualifications**

**Accounting and financial expertise:** Served as Chairman and Chief Executive Officer of Deloitte Touche Tohmatsu, an international public accounting and consulting firm, gaining significant experience in the public accounting field and in advising large public corporations on a range of financial reporting and compliance matters

**Other Public Company Directorships**

Current: Hovnanian Enterprises, Inc., Intelsat S.A. and VIVUS, Inc.

Others in Past Five Years: Intuit Inc. and United Technologies Corporation

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## PROPOSAL 1 ELECTION OF DIRECTORS

### Richard J. Mark, 63 *Director Since:* November 2017

***Committee Membership:***

Audit

Governance

**Career Highlights**

Mr. Mark serves as Chairman and President of Ameren Illinois Company, a multi-billion dollar energy and utility company responsible for electric and natural gas distribution to more than 1.2 million electric and 806,000 natural gas customers in Illinois. Mr. Mark joined Ameren in 2002 as Vice President of Customer Service before moving up to various senior management roles. Before joining Ameren, he served for 11 years at Ancilla Systems Inc. While at Ancilla, the parent company to St. Mary s Hospital in East St. Louis, Illinois, he served as Vice President for Governmental Affairs and Chief Operating Officer before becoming Chief Executive Officer of St. Mary s Hospital in East St. Louis, Illinois from 1994 to 2002. Mr. Mark served as Director of Union Electric Company from 2005 until 2012 and has been Chairman of Ameren Illinois (subsidiaries of Ameren Corporation) since 2012. Mr. Mark earned his B.S. from Iowa State University and his M.S. at National Louis University.

**Skills and Qualifications**

**Healthcare industry experience:** Served as a hospital operations executive and possesses a broad range of leadership experience in, and knowledge of, the healthcare industry, along with significant familiarity working in other highly regulated industries

**Other Public Company Directorships**

Current: None

Others in Past Five Years: None

### Tammy Romo, 56 *Director Since:* March 2015

**Career Highlights**

***Committee Membership:***

Audit

Human Resources

Ms. Romo is Executive Vice President and Chief Financial Officer of Southwest Airlines Co., a major passenger airline, where she is responsible for overall finance activities, including reporting, accounting, investor relations, treasury, tax, corporate planning, and financial planning and analysis. Ms. Romo also oversees supply chain management. Ms. Romo previously served in a number of financial management and leadership positions at Southwest Airlines, including Senior Vice President of Planning, Vice President and Controller, Vice President and Treasurer, and Senior Director of Investor Relations. Before joining Southwest Airlines in 1991, Ms. Romo was an audit manager at Coopers & Lybrand, LLP. Ms. Romo is currently a member of the McCombs School of Business Advisory Council at the University of Texas at Austin. She received a B.B.A. in accounting from the University of Texas at Austin, and she is a Certified Public Accountant in the State of Texas.

**Skills and Qualifications**

**Accounting and financial expertise:** Serves as EVP & CFO of Southwest Airlines Co., where she is responsible for the airline s overall finance activities, including reporting, accounting, investor relations, treasury, tax corporate planning, and financial planning and analysis

**Other Public Company Directorships**

Current: None

Others in Past Five Years: None

# PROPOSAL 1 ELECTION OF DIRECTORS

## Director Nomination Process

Our Board regularly reviews its composition and is engaged in an ongoing process to thoughtfully refresh the Board to support the continued evolution of the Company. This process is focused on identifying a diverse mix of viewpoints, skills, experience and backgrounds that align with the Company s business and strategic goals.

Under the Governance Committee charter and the Company s Corporate Governance Principles, the Governance Committee is responsible for nominating, and the Board is responsible for selecting, individuals to fill vacancies on the Board and to stand for election at each annual or special meeting. The Governance Committee may engage professional search firms and other consultants to assist in identifying, evaluating and conducting due diligence on potential candidates. The Governance Committee considers candidates based on the recommendation of, among others, our Board members and our shareholders.

Since late 2017, the Governance Committee has focused its refreshment efforts on identifying candidates to further strengthen the Board s ability to oversee the Company through this time of significant transition. To date, this process has resulted in the identification and appointment of five new independent directors who collectively bring deep healthcare, financial, public sector and operational expertise that complements the current skillsets and enhances the effectiveness of the overall Board.

We intend to continue to actively engage with our shareholders regarding Board composition and director qualifications, including considering their input on potential director candidates. Shareholders may propose nominees for election in accordance with the terms of our bylaws or recommend candidates to the Board for consideration by writing to the Governance Committee in care of the Corporate Secretary at Tenet Healthcare Corporation, 1445 Ross Avenue, Suite 1400, Dallas, Texas 75202, or by email to boardofdirectors@tenethealth.com. You should consult our bylaws for more detailed information regarding the process by which shareholders may nominate directors, including by our newly implemented proxy access provisions. Our bylaws may be found in the Corporate Governance section under the For Investors tab on our website at *www.tenethealth.com.*

### Assessment of Board Composition and Criteria for Board Membership

The Governance Committee evaluates the composition of the Board on an ongoing basis and considers potential nominees to the Board as appropriate. As part of this process, the Governance Committee reviews the composition of the Board as a whole, including the balance of business backgrounds, diversity, qualifications, skillsets and other qualities represented on the Board to ensure the right balance to effectively oversee management. In light of our current structure and operations, and in consideration of the evaluation of the Board s composition, the Governance Committee believes the following criteria best represent the qualities required for service on the Company s Board:

- Professionalism, dedication, business judgment, integrity and commitment to our core ethical and other values

- Diversity of ethnicity, gender, background, experience and viewpoints

- Current or past service as the chief executive officer, chief financial officer, chief operating officer or other senior officer of a public or private company, chief executive officer of a business unit of a major corporation, or similar leadership position in a major governmental, professional or non-profit organization

- Experience in the healthcare industry or other relevant industry experience

- Expertise in financial and accounting matters, familiarity with the regulatory and corporate governance requirements applicable to public companies and/or expertise in other areas enhancing the Board s performance

- Government, regulatory and public sector experience

- Ability and willingness to commit adequate time to Board and committee matters

- Degree to which the individual s skills complement those of other directors and potential directors

- Familiarity with the communities in which we do business

The Governance Committee also reviews updated biographical information for each incumbent director on an annual basis, including information relating to changes in professional status, independence, other professional commitments and public company directorships.

## PROPOSAL 1 ELECTION OF DIRECTORS

### Board Evaluations

The Governance Committee oversees the Board s annual performance evaluation to determine whether the Board, its committees and individual directors are functioning well in view of their responsibilities and the Company s business. To ensure that the self-evaluation process is conducted with transparency and rigor, the Board has for many years retained a third party advisor to interview individual directors, compile and summarize their feedback, and facilitate a discussion of the evaluation topics at a special executive session of the Board. This comprehensive and disciplined approach to evaluation, assessment and thoughtful review has proven to be an essential element of maintaining a high performing and collaborative Board with the right mix of directors to properly oversee management and its execution of Company strategy.

The Board completed its most recent self-evaluation discussion in February 2019, focusing its discussions on, among other things, integration of the newest directors, further transitions in the Board s composition over time, and the performance of each committee and committee chair. In addition, directors undertook a detailed review of recent progress in management succession planning, executive bench strength and talent development. Based on the Board s annual evaluation, and in accordance with the requirements of the Company s Corporate Governance Principles, the Board concluded that no changes were necessary in the Board s leadership or committee structure, including chair assignments. In addition, the Board concluded that its processes and committees were functioning properly, noting healthy levels of debate, collaboration and respect among directors.

### Directors Qualifications and Experience

Based on its review, the Governance Committee concluded that our ten director nominees possess the diversity of experience, skills and other characteristics best suited to meet the needs of the Board and the Company in light of our current business and operating environment. The following table highlights the core skills and experiences of our current nominees. Each nominee possesses skills and experiences in addition to the ones highlighted below (as noted in the director biographies outlined above).

*Personal Qualities and Diversity*. The Governance Committee determined that each nominee embodies a demonstrated commitment to professionalism and integrity. In particular, the Governance Committee noted that each nominee has demonstrated an ability to provide candid and direct feedback, and to provide oversight of the Company s operations on behalf of all shareholders. Additionally, our Board currently includes individuals of differing ages, backgrounds, ethnicities and genders. Three of our ten director nominees are women and half of the current Board has a tenure of two years or less.

*Special Considerations Regarding Service on Other Boards.* Our directors must seek the approval of the Governance Committee prior to serving on another public company s board. In addition, the Governance Committee limits the number of public boards on which a director may serve in addition to our Board to three, or two in the case of directors currently serving as chief executive officers or in equivalent positions of public companies. All of the Company s directors are in compliance with these requirements. Mr. Rittenmeyer recently notified American International Group, Inc. (AIG) of his decision not to stand for re-election at AIG s 2019 Annual Meeting of Shareholders. Following such meeting, Mr. Rittenmeyer will only serve on one other public company board of directors.

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## PROPOSAL 1 ELECTION OF DIRECTORS

### Director Independence

Our independence requirements for our Board are set forth in our Corporate Governance Principles, available in the Corporate Governance section under the For Investors tab on our website at *www.tenethealth.com*. Under our Corporate Governance Principles, at least two-thirds of the Board must consist of independent directors. The Board will not consider a director to be independent unless the Board affirmatively determines that the director has no material relationship with Tenet and the director otherwise qualifies as independent under the corporate governance standards of the New York Stock Exchange (NYSE). The Board reviews each director s independence at least annually and has made the affirmative determination that each of our current non-employee directors (Austin, Bierman, Fisher, FitzGerald, Gaines, Kangas, Kerrey, Mark and Romo) has no material relationship with the Company and is independent. All members of our Board during the past 13 years have been independent directors with the exception of the two individuals who have served as our Chief Executive Officer during this time period.

In making its independence determinations, the Board broadly considers all relevant facts and circumstances and, in particular, looks closely at the organizations with which each director has an affiliation. If a director or member of the director s immediate family has a material relationship with the Company, the Board reviews the interest to determine if it would preclude an independence determination.

The Audit Committee, HR Committee and Governance Committee are comprised exclusively of independent directors as required by the NYSE. Also, all directors serving on the Audit Committee meet the more stringent independence standards for audit committee members required by the Securities and Exchange Commission (SEC). In addition, all directors serving on the HR Committee meet the more stringent independence standards for compensation committee members required by the NYSE.

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# CORPORATE GOVERNANCE AND BOARD PRACTICES

## Commitment to Sound Corporate Governance Policies and Practices

Tenet is committed to maintaining corporate governance policies and practices that protect the long-term interests of all our shareholders and promote Board and management accountability. Our Board recognizes that this requires us to continually review and refine our corporate governance practices in order to ensure their continued alignment with evolving market practices and the best interests of our Company and shareholders. Some of our key corporate governance policies and practices include:

| | |
|---|---|
| **Shareholder Rights** | Annual election of directors |
| | Majority vote standard and director resignation policy in uncontested elections |
| | Shareholder right to call special meetings at 25% threshold |
| | Proxy access ***(New for 2019)*** |
| | One-year limit on poison pills unless approved by shareholders |
| | Shareholder right to remove directors under Nevada law |
| **Board Practices** | All directors are independent other than the Chief Executive Officer |
| | Highly diverse and experienced Board |
| | Independent Lead Director with clearly defined and robust responsibilities |
| | Commitment to Board refreshment practices, including committee chair rotation |
| | Regularly engage with shareholders, including considering their input on director candidates |
| | Self-evaluation and performance assessment of all directors |
| | Board oversight of political contributions |
| | Regular executive sessions of independent directors |

Our Board has also adopted Corporate Governance Principles that provide the framework for our existing corporate governance policies and practices, which the Board reviews annually. These Corporate Governance Principles more fully address matters such as director independence, director qualifications and responsibilities, director compensation, and director and officer stock ownership and retention guidelines. To learn more about our current corporate governance structures, please see our Corporate Governance Principles, which may be found in the Corporate Governance section under the For Investors tab on our website at *www.tenethealth.com*.

## Board Leadership Structure

Senator Kerrey has served as independent Lead Director since October 2017, when the Board appointed him to replace Mr. Rittenmeyer, who served as the Board s independent Lead Director from September 2016 until the time he became Executive Chairman on August 31, 2017.

Since May 2015, the Board s leadership structure has been composed of an Executive Chairman coupled with an independent Lead Director. The Company s governing documents give the Board the flexibility to determine the appropriate leadership structure for the Company based on our particular circumstances at the time. The independent directors, with the assistance of its Governance Committee, regularly review the Board s leadership structure to assess whether to separate or combine the roles of Chairman and Chief Executive Officer based on applicable facts and circumstances at the time. By retaining the flexibility to adjust the Company s leadership structure, the Board is best able to provide for appropriate management and oversight of the Company as well as address any circumstances the Company may face, as no single leadership model is universally or permanently appropriate in all circumstances. The Board believes that this flexibility has served the Company and its shareholders well during recent leadership transitions and that Mr. Rittenmeyer s current leadership of both the Board and the management team is effective during this period of transition.

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## CORPORATE GOVERNANCE AND BOARD PRACTICES

### Role of Independent Lead Director of the Board

The role of our Lead Director is set forth in our Corporate Governance Principles. Senator Kerrey, as independent Lead Director of the Board, coordinates the activities of the Board and exercises a robust set of duties described below. In addition, Senator Kerrey serves as Chair of the Governance Committee, a role which, combined with his service as Lead Director, enables him to provide oversight of the Company s corporate governance policies and practices, the director nomination and succession process, and the Board s self-evaluation process. In his capacity as Lead Director, Senator Kerrey, among other things:

- Presides at all meetings at which the Chairman is not present
- Chairs executive sessions of independent directors of the Board
- Serves as the liaison between the Chairman and independent directors
- Reviews and approves information sent to the Board
- Reviews and approves Board meeting agendas and schedules
- Calls meetings of independent directors if necessary
- Participates in consultation and direct communication with shareholders, including representing the Board in meetings with investors, legislators, regulators and other government officials
- Serves an oversight role, in conjunction with the Governance Committee, in the Board performance evaluation process

Since assuming the Lead Director role in late 2017, Senator Kerrey has participated in in-person engagement meetings with a number of our significant shareholders to discuss and seek feedback on various matters regarding the Company s strategy and governance practices, establishing a direct line of communication between shareholders and independent members of our Board. Senator Kerrey shares the feedback with the full Board so it may be incorporated into the Board s decision-making processes.

### Board and Committee Organization and Responsibilities

**Board Meetings and Attendance**

We are governed by our Board. Members of our Board are kept informed of our business through discussions with our Chief Executive Officer and other senior officers, by reviewing materials provided to them and by participating in meetings of the Board and its committees. Directors are also encouraged to attend continuing education courses relevant to their service on the Company s Board. Significant business decisions are generally considered by the Board as a whole. The Board met 14 times during 2018. The Board regularly meets in executive sessions. Mr. Rittenmeyer is considered an employee director and all other directors are considered non-employee directors.

Each incumbent director who served during 2018, other than Mr. Fisher, participated in at least 75% of the aggregate meetings of the Board and the committees on which he or she served during the period he or she served as a director and committee member. Mr. Fisher informed the Board when he was appointed in November 2017 that he had a series of pre-existing commitments during the first quarter of 2018 but that he could attend all but one of the regularly scheduled meetings of the Board and the committees on which he served. However, in the first quarter of 2018, the Board and the committees on which Mr. Fisher serves held an unusually high number of special meetings scheduled on short notice, certain of which conflicted with Mr. Fisher s pre-existing commitments. The meetings he did not attend were reviewed with him and his concurrence on the outcomes was noted. Given Mr. Fisher s notification of his preexisting commitments prior to his joining the Board, and the high number of unscheduled meetings in the first quarter of 2018, his absences were approved. During the remaining three quarters of 2018, Mr. Fisher participated in over 75% of all regular and special meetings of the Board and his committees. For the full year of 2018, Mr. Fisher did meet the attendance expectations set forth in our Corporate Governance Principles, which require directors to attend at least 75% of regularly scheduled Board and committee meetings. So far in 2019, Mr. Fisher has attended 100% of the regular and special meetings of the Board and committees on which he serves.

All Board members are encouraged to attend our annual meeting of shareholders. All eight of the directors elected at last year s annual meeting were in attendance at the 2018 Annual Meeting.

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## CORPORATE GOVERNANCE AND BOARD PRACTICES

### Committees

The Board has delegated certain responsibilities to the following standing committees: Audit Committee, HR Committee, Governance Committee, and Quality, Compliance & Ethics Committee (QCE Committee). The following table identifies the current members of each of our committees.

| DIRECTOR | AUDIT* | HUMAN RESOURCES | GOVERNANCE | QCE |
|---|---|---|---|---|
| Lloyd J. Austin, III | | | | |
| James L. Bierman | | | | Chair |
| Richard W. Fisher | | | | |
| Meghan M. FitzGerald | | | | |
| Brenda J. Gaines | Chair | | | |
| Edward A. Kangas | | Chair | | |
| J. Robert Kerrey | | | Chair | |
| Richard J. Mark | | | | |
| Ronald A. Rittenmeyer | | | | |
| Tammy Romo | | | | |

* All members of the Audit Committee have been designated as financially literate within the meaning of the NYSE listing standards. Mr. Fisher, Ms. Gaines and Ms. Romo have been designated as audit committee financial experts, as defined by SEC rules.

Each of the Board s committees operates under a written charter that is reviewed and approved annually by the respective committee. The charters are available for viewing in the Corporate Governance section under the For Investors tab on our website at *www.tenethealth.com*. The Board and each committee may retain independent advisors and consultants, at the Company s cost, to assist the directors in carrying out their responsibilities.

| The Audit Committee | Meetings Held in 2018: 8 |
|---|---|

**Membership:** Gaines (Chair), Austin, Fisher, Mark, Romo *(All Independent)*

| Primary Responsibilities | Key Skills and Experience |
|---|---|
| Assist the Board in oversight of:<br>¡ Accounting, reporting and financial practices<br>¡ The integrity of financial statements<br>¡ Compliance with legal and regulatory requirements with respect to applicable accounting and auditing matters<br>¡ Independent registered public accountants qualifications, independence and performance<br>¡ Internal audit function<br>¡ Cybersecurity<br>Establish and maintain policies and procedures for the receipt, retention and treatment of complaints and concerns regarding accounting, internal accounting controls and auditing matters<br>Authority to select, retain and review the independent registered public accountants qualifications, independence and performance<br>Oversee the performance of the Company s chief internal auditor, who reports directly to the Audit Committee | Expertise in auditing, accounting and tax-related matters<br>Preparation or oversight of financial statements<br>Extensive knowledge of compliance and relevant regulatory issues |

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## CORPORATE GOVERNANCE AND BOARD PRACTICES

### The Human Resources Committee — Meetings Held in 2018: 6

**Membership:** Kangas (Chair), Austin, Fisher, Gaines, Romo *(All Independent)*

| Primary Responsibilities | Key Skills and Experience |
| --- | --- |
| Establish general compensation policies for the Company that:<br>¡ Support overall business strategies and objectives<br>¡ Enhance efforts to attract and retain skilled employees<br>¡ Link compensation with business objectives and organizational performance<br>¡ Provide competitive compensation opportunities for key executives<br><br>Oversee the administration of executive compensation programs with responsibility for establishing and interpreting the Company s compensation policies and approving compensation paid to executive officers<br><br>Make all compensation decisions regarding non-employee directors, the Company s executive officers and other members of the senior management team<br><br>Review the performance of the Chief Executive Officer and discuss and evaluate, in consultation with the Chief Executive Officer, the performance of other executives<br><br>Oversee the Company s policies and procedures regarding harassment in the workplace and sexual misconduct matters, including reporting systems and treatment of received complaints, and monitor compliance with such policies and applicable law<br><br>Provide perspectives to management regarding the Company s talent management, which may include performance management, succession planning, leadership development, diversity, recruiting, retention and employee training | Extensive knowledge of executive compensation best practices<br><br>Human capital management<br><br>Expertise in evaluating executive performance and determining appropriate compensation programs<br><br>Leading cultural change |

| The Nominating and Corporate Governance Committee | Meetings Held in 2018: 6 |
|---|---|

**Membership:** Kerrey (Chair), Bierman, FitzGerald, Mark *(All Independent)*

| Primary Responsibilities | Key Skills and Experience |
|---|---|
| Identify and evaluate existing and potential corporate governance issues, and make recommendations to the Board concerning our Corporate Governance Principles and other corporate governance matters | Corporate governance expertise<br>Board succession planning |
| Review and recommend individuals qualified to become Board members and recommend to the Board candidates to stand for election or re-election to the Board | Public company board service and experience overseeing large organizations |
| Consider amendments to the Company s articles of incorporation and bylaws with respect to corporate governance and make recommendations to the Board concerning such proposed amendments | |
| Review and make recommendations to the Board regarding Board size, composition and structure | |
| Review proposed related-party transactions and determine whether such transactions are appropriate for the Board to consider | |

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## CORPORATE GOVERNANCE AND BOARD PRACTICES

| The Quality, Compliance & Ethics Committee | Meetings Held in 2018: 4 |
|---|---|

**Membership:** Bierman (Chair), FitzGerald, Kangas, Kerrey *(All Independent)*

| Primary Responsibilities | Key Skills and Experience |
|---|---|
| Assist the Board with overseeing and reviewing Tenet s significant healthcare-related regulatory and compliance issues, including its compliance programs and the status of compliance with applicable laws, regulations and internal procedures<br><br>Oversee performance under the Company s Quality, Compliance & Ethics Program Charter<br><br>Receive, and review and consult with management on, periodic reports from the Ethics and Compliance department on all aspects of the compliance program, including efforts in risk assessment, development of policies and procedures, training, auditing and monitoring, and investigations and remediation of compliance matters<br><br>Receive and review periodic reports from the Clinical Quality department regarding efforts to advance quality healthcare<br><br>Oversee performance under the Company s non-prosecution agreement, including interacting with the independent co-monitors appointed thereunder<br><br>Oversee the performance of the Company s Chief Compliance Officer, who reports directly to the QCE Committee | Experience in establishing and ensuring adherence to quality and compliance controls<br><br>Expertise in compliance-related policies and procedures<br><br>Knowledge of and commitment to ethical business practices |

### HR Committee Interlocks and Insider Participation

During 2018, directors Austin, Fisher, Gaines, Kangas and Romo served on the HR Committee. No member of the HR Committee was at any time during 2018 or at any other time an officer or employee of the Company, and no member had any relationship with the Company requiring disclosure as a related-party transaction under Certain Relationships and Related Person Transactions on page 20 of this Proxy Statement. None of our executive officers has served on a board of directors or compensation committee of any other entity that has or has had one or more executive officers who served as a member of our Board or HR Committee during 2018.

## Role of Board and its Committees in Risk Oversight

Management is primarily responsible for the identification, assessment and management of the various risks that we face. The Board oversees this process as an integral and continuous part of the Board s oversight of our business. The Board receives regular reports from the heads of our principal businesses and corporate functions that include discussions of the risks involved in their respective areas of responsibility. The Board is routinely informed of developments that could affect our risk profile or other aspects of our business. Among other things, the Board has requested that the Company s management and its internal and external legal counsel advise it promptly of any material developments

relating to litigation, regulatory proceedings, and investigations and compliance issues. The Board considers the oversight of regulatory and litigation risk to be one of its highest priorities. In addition, the Board has identified the oversight of cybersecurity risks to be one its priorities and receives regular reports from the Company s management on the security of the Company s information technology systems.

The Board s committees oversee risks related to their respective areas, as further described below. The Board is kept informed of its committees risk oversight and other activities primarily through reports of the committee chairs to the full Board. These reports are presented at every regular Board meeting in executive session, as well as at other times when appropriate. As risk-related issues sometimes overlap, certain issues are addressed at the full Board level. In addition, as part of its annual self-evaluation process, the Board discusses and evaluates its ongoing role in enterprise risk oversight.

## CORPORATE GOVERNANCE AND BOARD PRACTICES

### Role of Audit Committee in Risk Oversight

Our Audit Committee is primarily responsible for overseeing risk management processes relating to our accounting practices, financial reporting, corporate finance and general business operations. Among other responsibilities, the Audit Committee:

- Receives quarterly reports from management on business and operational risks, internal audit reports relating to the integrity of our internal financial reporting controls and procedures, potential loss contingencies resulting from pending or threatened litigation or regulatory proceedings, and investigations and reports made to the Company from our Ethics Action Line or any other sources relating to allegations of financial fraud or other infractions.

- Meets regularly with our Chief Executive Officer, Chief Financial Officer, Controller, General Counsel and Chief Compliance Officer, as well as our external and internal auditors, to discuss potential risks and other contingencies relating to our business.

- Meets on a quarterly basis to review these topics with selected chief executive officers and/or other senior officers of our major operating units.

- Reviews material risk issues in connection with its review of our quarterly and annual filings with the SEC.

- Reviews the Company s cybersecurity program at least annually and receives frequent updates on cybersecurity matters.

- Reports and discusses the outcome of its meetings to the full Board, including any other material risks identified by the Audit Committee in the course of its deliberations that require discussion or action by the full Board.

### Role of Quality, Compliance & Ethics Committee in Risk Oversight

Our QCE Committee is primarily responsible for overseeing our assessment and management of regulatory and compliance risk. In particular, the QCE Committee:

Oversees our information, procedures and reporting systems to provide reasonable assurance that: (1) our operations comply with applicable laws and regulations, particularly those related to healthcare providers; (2) we, including our directors and employees, act in accordance with appropriate ethical standards; and (3) our subsidiaries hospitals and other facilities deliver quality medical care to their patients.

Oversees our Compliance Program, which is governed by our Quality, Compliance & Ethics Program Charter. Our Compliance Program is intended to foster compliance with federal and state laws and regulations applicable to healthcare providers, and receives quarterly reports from our Chief Compliance Officer (who reports directly to the QCE Committee), our Ethics and Compliance Department, and our internal and external legal, regulatory and other officers and advisors.

Oversees the Company s compliance with its non-prosecution agreement, including the Company s ongoing work with the independent co-monitors appointed pursuant to the terms of the agreement.

**Role of Human Resources Committee in Risk Oversight**

Our HR Committee is responsible for assessing our compensation policies and practices relative to all our employees, including non-executive officers, to determine if the risks arising from these policies and practices are reasonably likely to have a material adverse effect on the Company. In performing its duties, the HR Committee meets at least annually with our management and the HR Committee s independent compensation consultant to review and discuss potential risks relating to our employee compensation plans and programs. The HR Committee reports to the Board any risks associated with our compensation plans and programs, including recommended actions to mitigate such risks.

The HR Committee has determined that there are no risks arising from our compensation policies and practices that are reasonably likely to have a material adverse effect on the Company. This finding is based upon the HR Committee s ongoing review of our compensation programs and practices, the mechanisms in our compensation plans and programs intended to reduce the risk of conduct reasonably likely to have a material adverse effect on our company, and an overall risk assessment of such programs. Among other things, the HR Committee has reviewed our pay philosophy, balance of cash and equity compensation, balance of long-term and short-term performance periods in our plans and programs, and our use of performance metrics that encourage management to act in the long-term interest of our shareholders. The HR Committee has also considered our equity grant administration policy, stock ownership guidelines, incentive pay policies on clawbacks and bonus modifiers, as well as our internal financial reporting and regulatory compliance procedures.

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# CORPORATE GOVERNANCE AND BOARD PRACTICES

## Policies on Ethics and Conduct

### Standards of Conduct

All of our employees, including our Chief Executive Officer, Chief Financial Officer and Controller, are required to abide by Tenet s policies on business conduct summarized in our Standards of Conduct to ensure that our business is conducted in a legal and ethical manner. The members of our Board of Directors and all of our contractors having functional roles similar to our employees are also required to abide by our Standards of Conduct. Tenet s policies form the foundation of a comprehensive compliance program that includes compliance with corporate policies and procedures, extensive training, robust auditing and monitoring, an open relationship among colleagues to foster good business conduct, and a high level of integrity. Our policies and procedures cover all major areas of professional conduct, including quality patient care, compliance with all applicable laws and regulations, appropriate use of our assets, protection of patient information, avoidance of conflicts of interest and employment practices.

Employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of Tenet s policies on business conduct. Retaliation against any employee who in good faith seeks advice, raises a concern, reports misconduct, or provides information in an investigation is strictly prohibited. The full text of our Standards of Conduct is published in the Our Commitment To Compliance section under the About Us tab on our website at *www.tenethealth.com*. In addition, amendments to the Standards of Conduct and any grant of a waiver from a provision of the Standards of Conduct requiring disclosure under applicable SEC rules will be disclosed at the same location as the Standards of Conduct on our website at *www.tenethealth.com*.

As part of the program, we provide annual ethics and compliance training sessions to every employee, as well as our Board and certain physicians and contractors.

### Quality, Compliance & Ethics Program Charter

We operate our ethics and compliance program pursuant to a Quality, Compliance & Ethics Program Charter, which has been approved by our QCE Committee. The Charter requires all Company employees and many of our contractors to:

- Follow our Standards of Conduct.
- Participate in annual ethics training and specialized compliance training tailored to the individual s job duties.
- Work with our hospital, corporate and business unit compliance teams to resolve issues of concern.

Contact the Tenet Ethics Action Line at 1-800-8ETHICS, via email or through our intranet website, to report any conduct that they believe in good faith to be an actual or apparent violation of Tenet s policies.

Our Quality, Compliance & Ethics Program Charter may be found in the Our Commitment To Compliance section under the About Us tab on our website at *www.tenethealth.com*.

## Certain Relationships and Related Person Transactions

Our written Standards of Conduct require all employees, including our executive officers and members of our Board, to report conflicts of interest and those situations in which there may be the appearance of a conflict of interest. The full text of our Standards of Conduct is published on our website at *www.tenethealth.com*, and a description of our policies on ethics and conduct can be found above. In the event that a related person transaction (as defined under the SEC rules) involving Tenet or its subsidiaries is identified, our policy is to require that any such transaction be reviewed and approved by the Governance Committee, which is comprised entirely of independent directors. Under SEC rules, a related person is a director, executive officer, nominee for director, or 5% shareholder of Tenet, and their immediate family members. There were no related person transactions that require disclosure under the SEC rules since the beginning of our last completed fiscal year.

## Communications with the Board of Directors by Shareholders and Other Interested Parties

Shareholders may communicate with the Board of Directors by email to *boardofdirectors@tenethealth.com* or by writing to the Board in care of Anthony Shoemaker, Corporate Secretary, Tenet Healthcare Corporation, 1445 Ross Avenue, Suite 1400, Dallas, Texas 75202. Shareholder communications will be reviewed internally to determine if the shareholder s concern can best be addressed by referral to a Tenet department, such as Investor Relations. All other communications will be referred to the Corporate Secretary, who will determine if the communication should be brought to the attention of the full Board, the Chairman of the Board or a particular Board committee or Board member.

Other interested parties may make their concerns known to our non-employee directors by following the procedures for reporting concerns to the Audit Committee set forth in our Corporate Governance Principles, which are available in the Corporate Governance section under the For Investors tab on our website at *www.tenethealth.com*.

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## DIRECTOR COMPENSATION

The HR Committee reviews our non-employee director compensation programs each year with the assistance of the HR Committee s independent compensation consultant. The full Board considers any changes recommended by the HR Committee following its review. The Board has not increased director compensation levels or otherwise made changes to the program since 2015.

Employee directors do not receive any compensation for their service as a director. All 2018 compensation for our Executive Chairman and Chief Executive Officer is shown in the 2018 Summary Compensation Table on page 47.

Our 2018 annual compensation program for non-employee directors was structured as follows:

| ANNUAL COMPENSATION ELEMENT | AMOUNT |
|---|---|
| Annual Cash Retainer | $ 95,000 |
| Annual Grant of Restricted Stock Units (RSUs) | $ 175,000 |
| Annual Committee Chair Cash Retainers: | |
| Audit Committee | $ 25,000 |
| Human Resources Committee | $ 20,000 |
| Nominating and Corporate Governance Committee | $ 15,000 |
| Quality, Compliance & Ethics Committee | $ 15,000 |
| Annual Retainer for Lead Director or Non-Executive Chair: | |
| Cash Fee | $ 150,000 |
| Additional Grant of RSUs | $ 50,000 |

Non-employee directors also receive $2,000 per committee meeting attended and for Board meetings receive:

- no fee for the first seven Board meetings each year; and
- for additional meetings, $3,000 per in-person meeting and $1,500 per telephonic meeting attended.

A newly appointed director receives an initial grant of RSUs valued at $65,000, as well as a prorated annual RSU grant. All annual cash fees are prorated for partial year service. All directors are reimbursed for any travel expenses and other out-of-pocket costs incurred while attending meetings.

### 2018 Director Compensation Table

| NAME | FEES EARNED OR PAID IN CASH ($) | STOCK AWARDS ($)(1)(2) | TOTAL ($) |
|---|---|---|---|
| Lloyd J. Austin, III | 71,157 | 227,572(3) | 298,729 |
| James L. Bierman | 140,431 | 175,015 | 315,446 |
| John P. Byrnes(4) | 46,363 | -0- | 46,363 |
| Richard W. Fisher | 119,000 | 175,015 | 294,015 |
| Meghan M. FitzGerald | 65,157 | 227,572(3) | 292,729 |
| Brenda J. Gaines | 163,500 | 175,015 | 338,515 |
| Karen M. Garrison(4) | 46,363 | -0- | 46,363 |
| Edward A. Kangas | 150,500 | 175,015 | 325,515 |
| J. Robert Kerrey | 295,500 | 225,010 | 520,510 |
| Richard J. Mark | 129,000 | 175,015 | 304,015 |
| Richard R. Pettingill(4) | 49,473 | -0- | 49,473 |
| Tammy Romo | 138,500 | 175,015 | 313,515 |
| Peter M. Wilver(4) | 48,363 | -0- | 48,363 |

(1) Amounts shown in this column reflect the grant date fair value, computed in accordance with FASB ASC Topic 718, of RSU awards granted under our 2008 Stock Incentive Plan. Assumptions used in the calculation of these amounts are discussed in the footnotes below and/or in Note 9 to our consolidated financial statements for the year ended December 31, 2018 included in our Annual Report on Form 10-K.

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## DIRECTOR COMPENSATION

(2) The amounts shown in this column reflect annual RSU grants applicable to the 2018-2019 board service year valued at approximately $175,000 (prorated for partial-year service in the cases of General Austin and Ms. FitzGerald). We calculated the grant date fair value of these RSUs based on the NYSE closing price per share of our common stock on such date, adjusted for a discount for illiquidity of approximately 24% to reflect the mandatory post-vest holding period applicable to the 2018 annual awards. On May 4, 2018, based on the NYSE closing price of $31.12 per share of our common stock (adjusted as described in the preceding sentence), each non-employee director then serving was granted 7,439 RSUs under the program, and Senator Kerrey was granted an additional 2,125 RSUs in respect of his service as Lead Director.

(3) Upon joining the Board in May 2018, General Austin and Ms. FitzGerald were each granted an initial stock award of 1,835 RSUs and a prorated annual director grant of 6,077 RSUs applicable to the 2018-2019 board service year. These grants were based on the NYSE closing price of $35.43 per share of our common stock on May 31, 2018 and, in the case of the prorated annual grant, also reflected the discount for illiquidity to reflect the mandatory post-vest holding period applicable to the 2018 annual director awards. The initial stock grant is not subject to the mandatory post-vesting holding period.

(4) Messrs. Byrnes, Pettingill and Wilver, and Ms. Garrison all ended their term of service as directors on May 3, 2018 and their cash fees were prorated as applicable. These directors did not receive an annual RSU award in 2018.

### Compensation Plans Applicable to Directors

**Stock Incentive Plans**

Each non-employee director receives an annual award under our 2008 Stock Incentive Plan of RSUs that is meant to compensate the director for service on the Board beginning on the date of that year s annual shareholders meeting and ending on the date of the following year s annual shareholders meeting. These grants are typically made on the first business day following the annual shareholders meeting and vest immediately on the grant date. Beginning with the 2015 annual grants, a mandatory post-vest holding period of three years was applied to the annual RSU awards, and such awards will be settled in shares of our common stock on the third anniversary of the date of grant (unless deferred under the Special RSU Deferral Plan, discussed below).

On the last trading day of any month in which a new non-employee director is elected to the Board, the director receives a grant of that number of RSUs equal to $65,000 divided by the NYSE closing price per share of our common stock on the date of the grant. These one-time awards vest immediately on the grant date and are settled in shares of our common stock within 60 days of the termination of the director s service on the Board.

**Special RSU Deferral Plan**

We adopted the Special RSU Deferral Plan to permit directors to elect to defer the settlement of their annual RSU grants under the 2008 Stock Incentive Plan for a period of five years as provided under the terms of the award agreement. In the event of a change of control of the Company, the RSUs will be settled on the subsequent deferral date irrespective of whether the underlying award agreement would provide for earlier settlement by reason of such change in control. As of the record date, none of our directors have elected to defer settlement of certain RSU grants pursuant to the terms of the Special RSU Deferral Plan.

**2006 Deferred Compensation Plan**

Under our 2006 Deferred Compensation Plan (2006 DCP), directors and eligible employees may defer all or a portion of their compensation paid during a given calendar year. For directors, compensation is defined as cash compensation from retainers, meeting fees and committee fees. Senator Kerrey was the only non-employee director who participated in the 2006 DCP in 2018. A more complete description of the 2006 DCP can be found under Nonqualified Deferred Compensation 2006 Deferred Compensation Plan beginning on page 54.

## Director Stock Ownership and Retention Requirements

The Board has adopted stock ownership and retention requirements that require each non-employee director with more than one year of service on the Board to own shares of our stock. In addition, each non-employee director is required to own shares of our stock with a value equal to five times the annual cash retainer within five years after the date on which the director joins the Board. Directors who have not satisfied their ownership requirements must retain 100% of any net shares received upon the exercise of stock options and the vesting of restricted stock or RSUs until such time as the requirements are met. For this purpose, net shares means the number of shares received upon exercise of stock options or upon vesting of restricted stock or RSUs less the number of shares sold or deducted to pay the exercise price (in the case of options), withholding taxes and any brokerage commissions. A detailed discussion of these requirements can be found under Stock Ownership and Retention Requirements beginning on page 45. As of the record date, all of our non-employee directors were in compliance with the requirements or within the applicable period to come into compliance.

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SECURITIES OWNERSHIP

## Securities Ownership of Management

The table below indicates the shares, options and other securities beneficially owned by our directors, each of our NEOs, and our current directors and executive officers as a group, as of March 11, 2019. No director or current executive officer has pledged any shares of our common stock.

| | SHARES BENEFICIALLY OWNED[1] | | |
|---|---|---|---|
| NAME | SHARES OF COMMON STOCK[2] | OPTIONS EXERCISABLE WITHIN 60 DAYS | PERCENT OF CLASS AS OF MARCH 11, 2019 |
| Audrey Andrews | 92,282 | -0- | * |
| Lloyd J. Austin, III | 7,912[3] | -0- | * |
| James L. Bierman | 20,286[4] | -0- | * |
| Daniel J. Cancelmi | 255,089 | 37,500 | * |
| Eric Evans | 44,206[5] | -0- | * |
| Richard W. Fisher | 19,869[6] | -0- | * |
| Meghan M. FitzGerald | 7,912[3] | -0- | * |
| Brenda J. Gaines | 96,187[7] | -0- | * |
| Edward A. Kangas | 91,395[8] | -0- | * |
| J. Robert Kerrey | 45,200[9] | -0- | * |
| Richard J. Mark | 19,869[6] | -0- | * |

| | | | |
|---|---|---|---|
| Keith B. Pitts | 292,356 | -0- | * |
| Ronald A. Rittenmeyer | 165,857 (10) | 408,526 | * |
| Tammy Romo | 34,846 (11) | -0- | * |
| Current executive officers and directors as a group (18 persons) | 1,154,465 (12) | 446,026 | 1.5% |

* Less than 1%.

(1) Except as indicated, each individual named has sole control as to investment and voting power with respect to the securities owned.

(2) As noted below, the totals in this column for each non-employee director include RSUs granted under the terms of our stock incentive plans. These RSUs are settled in shares of our common stock either upon termination of service or upon the third anniversary of the date of grant (unless deferred under the Special RSU Deferral Plan).

(3) Represents 7,912 RSUs granted under our stock incentive plans.

(4) Represents 20,286 RSUs granted under our stock incentive plans.

(5) Holdings for Mr. Evans are reported as of January 1, 2019, the date that he ceased to be an executive officer of the Company.

(6) Represents 19,869 RSUs granted under our stock incentive plans.

(7) Includes 408 shares held in trust and 40,950 RSUs granted under our stock incentive plans.

(8) Includes 40,642 RSUs granted under our stock incentive plans.

(9) Includes 30,412 RSUs granted under our stock incentive plans.

(10)

Includes 15,000 shares held by Mr. Rittenmeyer s spouse and 28,041 RSUs granted under our stock incentive plans during the period of time Mr. Rittenmeyer served as a non-employee director.

(11) Includes 29,598 RSUs granted under our stock incentive plans.

(12) Includes RSUs granted to non-employee directors under our stock incentive plans.

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## SECURITIES OWNERSHIP

### Securities Ownership of Certain Shareholders

Based on reports filed with the SEC, each of the following entities owns more than 5% of our outstanding common stock. We know of no other entity or person that beneficially owns more than 5% of our outstanding common stock.*

| NAME AND ADDRESS | NUMBER OF SHARES BENEFICIALLY OWNED | PERCENT OF CLASS AS OF MARCH 11, 2019 |
|---|---|---|
| Glenview Capital Management, LLC<br>767 Fifth Avenue, 44th Floor<br>New York, NY 10153 | 17,942,624(1) | 17.4% |
| The Vanguard Group, Inc.<br>100 Vanguard Blvd.<br>Malvern, PA 19355 | 12,122,997(2) | 11.8% |
| BlackRock, Inc.<br>55 East 52nd Street<br>New York, NY 10055 | 11,574,378(3) | 11.2% |
| Harris Associates L.P. | 6,209,187(4) | 6.0% |

| | | |
|---|---|---|
| 111 S. Wacker Drive, Suite 4600<br>Chicago IL 60606 | | |
| Nantahala Capital Management, LLC<br>19 Old Kings Highway S, Suite 200<br>Darien, CT 06820 | 5,448,112(5) | 5.3% |

(1) Based on a Schedule 13D/A filed with the SEC on March 26, 2018 by Glenview Capital Management, LLC and its named subsidiaries and affiliates (collectively, Glenview), and Lawrence M. Robbins, as of March 26, 2018, and additional information available to the Company as described in this footnote. Glenview Capital Management, LLC serves as an investment manager to various Glenview funds, and Mr. Robbins is the Chief Executive Officer of Glenview Capital Management. Glenview and Mr. Robbins reported shared voting and investment power with respect to all of the shares indicated above. The 17,942,624 shares includes 41,696 shares issuable by the Company upon settlement of the RSUs that were granted to former members of the Company s Board who were employees of Glenview.

(2) Based on a Schedule 13G/A filed with the SEC on February 12, 2019 by The Vanguard Group, Inc., on behalf of itself and its named subsidiaries and affiliates (collectively, Vanguard), as of December 31, 2018. Vanguard reported sole voting power with respect to 175,511 of the shares indicated above, shared voting power with respect to 12,697 of the shares indicated above, sole dispositive power with respect to 11,945,756 of the shares indicated above and shared dispositive power with respect to 177,241 of the shares indicated above.

(3) Based on a Schedule 13G/A filed with the SEC on January 31, 2019 by BlackRock, Inc., on behalf of itself and its named subsidiaries and affiliates (collectively, BlackRock), as of December 31, 2018. BlackRock reported sole voting power with respect to 11,354,111 of the shares indicated above and sole dispositive power with respect to all of the shares indicated above.

(4) Based on a Schedule 13G/A filed with the SEC on February 14, 2019 by Harris Associates L.P. (Harris), along with its general partner Harris Associates, Inc. (HAI), as of December 31, 2018. Harris and HAI reported sole voting power with respect to 4,382,976 shares and sole dispositive power with respect to all of the shares indicated above.

(5) Based on a Schedule 13G filed with the SEC on February 14, 2019 by Nantahala Capital Management, LLC (Nantahala), Wilmot B. Harkey and Daniel Mack, as of December 31, 2018. Nantahala reported shared voting and dispositive power with respect to all of the shares indicated above, which shares included 29,750 options held by Nantahala that may be exercised for 2,975,000 shares of our common stock within sixty days.

* UBS Group AG filed a Schedule 13G filed with the SEC on January 23, 2019, on behalf of itself and certain of its subsidiaries (collectively, UBS), as of December 31, 2018. UBS reported shared voting and dispositive power with respect to 12,496,825 shares, or approximately 12.2% of our issued and outstanding common stock as of March 11, 2019. Based on additional information provided by UBS to the Company, UBS filed its Schedule 13G due to contractual relationships with certain of its prime broker clients, at least some of whose shares the Company believes are represented by holders in the table above.

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## HUMAN RESOURCES COMMITTEE REPORT

Our Human Resources Committee (HR Committee) has reviewed and discussed with management the following Compensation Discussion and Analysis. Based on this review and these discussions, the HR Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be incorporated by reference in the Company s Annual Report on Form 10-K for the year ended December 31, 2018 and included in this Proxy Statement.

Members of the Human Resources Committee

*Edward A. Kangas, Chair*

*Lloyd J. Austin, III*

*Richard W. Fisher*

*Brenda J. Gaines*

*Tammy Romo*

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## LETTER FROM THE HUMAN RESOURCES COMMITTEE

Dear Tenet shareholders:

The Human Resources Committee strives to maintain an executive compensation program that appropriately rewards our leadership team for long-term value creation. We have received significant feedback from our shareholders in recent years that has informed our decision-making as to how we structure and implement our compensation program, and we are encouraged by approval of our say-on-pay proposal last year with more than 97% shareholder support.

The compensation decisions made over the past 18 months reflect the Company s current period of transition. With a revitalized leadership team focused on implementing operational improvements and driving cultural changes across the enterprise, we have seen substantial progress on important strategic initiatives. Substantial stock price growth since these changes in leadership began in 2018, and thus far in 2019, demonstrates the progress being achieved throughout the Tenet enterprise. And, it is clear there is more work to be done, which is reflected in the below-target payouts under the 2018 Annual Incentive Plan and performance-based portion of our long-term incentives.

Our Committee continues to refine the Company s executive compensation program to better connect real, delivered pay with the performance of both the Company and the individual executive. Under the AIP, we have implemented new safeguards to more directly target and emphasize individual contributions while ensuring the funding of the incentive pool remains tied directly to our financial performance. These strict and objectively-defined performance elements tightly align with the enterprise shift to a Culture of Accountability by differentiating the most critical elements of performance. As you will see in the disclosure that follows, these changes have resulted in modest upward and downward adjustments to AIP payouts for the year in review, sending the appropriate signal that performance matters.

In addition, the Board of Directors has taken key steps to ensure that we have strong leadership continuity through the remainder of Tenet s transformation. To that end, following significant deliberation, in 2019 the Board proposed, and Ron Rittenmeyer accepted, a roughly one-and-a-half year extension to his anticipated service as Executive Chairman and CEO. The extension and the associated employment arrangement were designed to provide for the successful turnaround at Tenet, at compensation levels that continue to be reasonable as compared to peers and below those of our former CEO. We have also made significant progress in securing our next generation of leadership across the enterprise executive ranks, including the appointment of Dr. Saum Sutaria to the newly created role of Chief Operating Officer. Dr. Sutaria is a recognized senior talent in our industry, and his appointment, coupled with Mr. Rittenmeyer s leadership, will ensure the Company s continued successful transition and positioning for our future.

This is an exciting time for Tenet, and the Human Resources Committee recognizes the importance of structuring executive rewards that are aligned with shareholders and incentivize the Company s leaders to generate sustainable long-term growth. We look forward to continuing to engage in dialogue with our shareholders on these topics.

THE TENET HEALTHCARE CORPORATION HUMAN RESOURCES COMMITTEE

Edward A. Kangas, Chair

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## COMPENSATION DISCUSSION AND ANALYSIS

This CD&A describes our compensation programs and reviews compensation decisions for the following Named Executive Officers (NEOs) for 2018:

| NAMED EXECUTIVE OFFICER | TITLE |
|---|---|
| **Ron Rittenmeyer** | Executive Chairman and Chief Executive Officer (CEO) |
| **Dan Cancelmi** | Chief Financial Officer |
| **Keith Pitts** | Vice Chairman |
| **J. Eric Evans** | Former President of Hospital Operations(1) |
| **Audrey Andrews** | Executive Vice President and General Counsel |

(1) Mr. Evans served as President of Hospital Operations until December 31, 2018. For more information, see Creation of Enterprise-Wide COO Role below on page 31.

The CD&A and Executive Compensation Tables are organized as follows:

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# COMPENSATION DISCUSSION AND ANALYSIS

## EXECUTIVE SUMMARY

### 2018: Progress on a New Path

2018 was a successful and transformational year for Tenet that oriented the Company in a new direction. We delivered strong financial performance while implementing significant, far-reaching changes throughout the enterprise. Our efforts in 2018 were focused on fulfilling strategic initiatives developed in late 2017, when the Board appointed Mr. Rittenmeyer as the new CEO, accelerated its process of Board refreshment, and called for operational improvements and a shift in the Company s culture.

Under Mr. Rittenmeyer s leadership, in 2018 Tenet reduced costs, enhanced the portfolio of healthcare delivery assets, upgraded talent at all levels, and repositioned the business for stability and long-term growth. Key to these achievements was the energy of the 110,000 employees across the three business segments that comprise Tenet s diversified healthcare services mission: our Hospital segment operates 65 acute care hospitals, over 160 outpatient centers and other ancillary healthcare businesses to serve communities in diverse markets; United Surgical Partners International (USPI) operates over 330 healthcare facilities, including ambulatory surgery centers, urgent care centers, imaging centers and surgical hospitals, and is the leading provider of ambulatory surgery services in the country; and Conifer Health Solutions (Conifer) provides revenue cycle management services to nearly 750 clients in over 40 states.

### 2018 Accomplishments

***Improved Operations*.** Last year, each business segment contributed to our strong financial performance, headlined by combined net income of $108 million and Adjusted EBITDA of $2.560 billion. We further enhanced our asset portfolio by divesting eight hospitals and sold other non-core assets to streamline operations.

***Reduced Costs*.** We delivered on our goal to cut costs by $250 million raised from an initial target set in late 2017 of $150 million with comprehensive expense reductions made enterprise-wide that included a reduction of corporate overhead expense by 28%.

***Secured New Leadership Enterprise-Wide***. The Board appointed Mr. Rittenmeyer to lead the Company s transition in 2017, and in 2018 secured his commitment to serve for at least two additional years to lead the Company s turnaround. The Board and Mr. Rittenmeyer have worked together to further upgrade talent through external hiring and internal promotions, reshaping the senior management team and leadership ranks throughout the enterprise.

***Refreshed the Board.*** The Board began a comprehensive refreshment process in 2017 that continued in 2018 with the appointment of two new independent directors. This has brought new perspectives and diverse experiences to bear on the direction of the Company and its commitment to long-term success.

***Reshaped the Business***. In 2018, we completed our acquisition of 95% of the equity interests in USPI. As a result, we are now able to share in more of the upside of USPI s performance and can better integrate the ambulatory business with the rest of the enterprise. With respect to our Conifer business unit, as we reviewed a broad range of strategic alternatives to best suit the long-term future of the business, we simultaneously drove significant improvements in performance.

***Culture of Accountability.*** Through the substantial changes in management, restructured operational processes, and the leadership of Mr. Rittenmeyer, we have implemented a Culture of Accountability that has flattened the organization and shortened the time from decision to action.

**Response to Shareholder Feedback**

In recent years, the HR Committee has implemented a series of executive compensation program changes to strengthen the alignment between pay delivery and performance. These changes support Tenet s turnaround strategy and are also responsive to shareholder feedback from the annual say-on-pay voting and year-round shareholder engagement.

In 2016, the HR Committee overhauled our Long-Term Incentive (LTI) compensation to more tightly connect executive incentives with the Company s long-term financial goals. These changes included expanding the performance metrics based on shareholder feedback and utilizing longer performance periods, along with new governance practices like expanded clawbacks that apply to all performance-based LTI awards made to our NEOs.

## COMPENSATION DISCUSSION AND ANALYSIS

In 2017, the Committee increased the percentage of overall LTI compensation for senior officers and weighted it more heavily toward performance-based elements. Further, the Board took meaningful action in response to a disappointing 2017 say-on-pay vote of 72.6% approval that reflected shareholder dissatisfaction with certain of the Company s pay practices. After soliciting and receiving additional shareholder feedback, the Board appointed Mr. Rittenmeyer as the new CEO in 2017 and in 2018 set his target compensation below the median of our peers. Following the implementation of these changes, our 2018 say-on-pay proposal received over 97% support from our shareholders.

In addition, for 2018 the HR Committee added a Gatekeeper to the Annual Incentive Plan (AIP) for our Hospital, USPI and Conifer businesses. The Gatekeeper, as discussed in more detail on page 34, introduced a threshold level of quality and service performance metrics that our employees closest to care delivery and client services, including Mr. Evans, must meet in order to receive any payout under the AIP. For corporate employees whose roles serve the enterprise more broadly, including all NEOs other than Mr. Evans, the HR Committee simplified the performance metrics to focus on key, enterprise-wide financial results.

For all AIP participants, the HR Committee made another significant change in 2018. To reinforce our Culture of Accountability and allow the HR Committee to more accurately target the performance that it wishes to reward or discourage, the amount every participant receives depends in part on a rigorous assessment of individual performance against a pre-established framework under a redesigned performance review process. For more information, see Revised 2018 AIP Structure and Culture of Accountability on page 34.

**2018 Leadership Developments**

**Chief Executive Officer Compensation**

Mr. Rittenmeyer s compensation package has been designed to effect a successful turnaround at Tenet at reasonable compensation levels consistent with our philosophy of paying for strong performance results. Accordingly, Mr. Rittenmeyer s compensation arrangement has evolved as he has continued to produce meaningful improvements and drive the Company towards its key strategic objectives. This evolution includes a one-and-a-half year extension approved in early 2019 to provide for a successful turnaround while maintaining annualized compensation levels that are reasonable compared to peers and below those of our former CEO, as described in detail below.

The following graphic annualizes Mr. Rittenmeyer s target direct compensation for the entire term of his service as CEO through the end of his extended Employment Agreement on June 30, 2021. The HR Committee believes this presentation provides a more holistic view of

Mr. Rittenmeyer s intended compensation package as compared to the SEC-required disclosure levels shown in the Summary Compensation Table on page 47, where LTI equity awards are reported entirely in the year of grant. When approving Mr. Rittenmeyer s compensation arrangements, the HR Committee viewed compensation levels from an annualized basis to confirm that his target compensation remained below the median peer CEO level and below the pay level of his predecessor in the role. The HR Committee also considered that granting the awards up front would serve to strongly link Mr. Rittenmeyer s potential pay delivery to Tenet s turnaround results during this period. The HR Committee does not intend to make any additional LTI grants, or other forms of compensation, to Mr. Rittenmeyer during the remainder of his term of service with the Company.

**Ron Rittenmeyer s Target Direct Compensation as CEO**

**(August 31, 2017 to June 30, 2021)**

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## COMPENSATION DISCUSSION AND ANALYSIS

*2018 Chief Executive Officer Employment Agreement*

In March 2018, Tenet entered into an employment agreement (the Employment Agreement) with Mr. Rittenmeyer engaging him to serve as the Company s CEO for the two-year period from March 1, 2018 through February 28, 2020.

In determining the appropriate compensation for Mr. Rittenmeyer, the HR Committee considered Mr. Rittenmeyer s strong performance during the first six months of his tenure. The Committee set the target for Mr. Rittenmeyer s annual direct compensation at approximately the $25^{th}$ percentile of our peers based on the belief that initial compensation levels for an incoming CEO should be set with room for growth and with the expectation that, should the Employment Agreement be amended or extended, future compensation levels would be determined based on actual performance results.

For the two-year period from March 1, 2018 through February 28, 2020, the Employment Agreement provides for:

- Base Salary: $1,200,000 per year
- Annual Incentive Plan: 150% of salary (at target) per year
- Long-Term Incentives: $14,000,000 for the two-year period (granted 50% in RSUs and 50% in time-vested or restricted cash)

Under the terms of the Employment Agreement, Mr. Rittenmeyer s long-term incentives vest in equal quarterly installments over the two-year term, aligning with the transitional nature and compressed timing of the turnaround objectives. In making these LTI grants, the HR Committee believed that two years was too short to set meaningful long-term performance goals, but rather that performance would be fairly reflected by the change in the Company s stock price over the period. Mr. Rittenmeyer is not covered by Tenet s Executive Severance Plan.

The HR Committee approved the compensation for Mr. Rittenmeyer under his Employment Agreement, including the RSUs with a grant date fair value of $7,000,000, on February 28, 2018; however, the parties did not execute the Employment Agreement until March 24, 2018. The HR Committee intended for the grant date for Mr. Rittenmeyer s restricted stock units to be the date of HR Committee approval in February. Instead, the date of execution of the Employment Agreement in March was used to determine the grant date. As a result of using the March grant date, Mr. Rittenmeyer received 288,660 restricted stock units whereas the HR Committee intended Mr. Rittenmeyer to receive the number of units calculated with the February grant date, or 339,806. In June 2018, the HR Committee awarded Mr. Rittenmeyer RSUs equal to the difference between these figures, or 51,146 units.

*Extension in 2019*

In February 2019, recognizing the considerable improvements Mr. Rittenmeyer had already implemented and the additional progress required in the Company s turnaround process, the Board of Directors approved an amendment to Mr. Rittenmeyer s Employment Agreement (the Amendment) that extends his term of service through June 2021.

Mr. Rittenmeyer s base salary and annual bonus opportunity remain unchanged under the Amendment. In connection with the Amendment, an award of RSUs valued at $16,000,000 and vesting in nine quarterly installments was granted to Mr. Rittenmeyer to further align his interests with those of shareholders over the remainder of his term of service as CEO, and to reward continued turnaround performance reflected by Tenet s stock price growth rather than setting goals for a short incremental performance period. Since assuming the role of Executive Chairman on August 31, 2017, Tenet s share price has increased by more than 75% through March 21, 2019, driving an increase in market-capitalization of approximately $1.4 billion over that time period.

The Amendment also extends the duration of the non-competition and non-solicitation covenants to which Mr. Rittenmeyer is subject under the Employment Agreement from 12 months following the date of Mr. Rittenmeyer s termination of employment to two years following such date.

To facilitate a smooth transition and to promote stability in leadership, Mr. Rittenmeyer has agreed to serve in an advisory role to his successor over an additional two-year period following the end of his employment as CEO. Under this advisory arrangement, Mr. Rittenmeyer will receive an annual retainer of $750,000, will remain eligible to participate in the Company s health and welfare benefits programs, and will remain subject to restrictive covenants no less favorable to the Company than those set forth in the Employment Agreement.

The Board does not intend to approve any further LTI awards or other forms of compensation for Mr. Rittenmeyer during the remainder of his term of service with the Company.

COMPENSATION DISCUSSION AND ANALYSIS

**Creation of Enterprise-Wide COO Role**

The Board maintains a strong leadership succession plan. Over the past year, several steps have been taken to ensure that the Company has the appropriate leadership structure and a clear succession process with internal candidates being developed for future key promotions.

In November 2018, the Board announced the appointment of Saumya (Saum) Sutaria, M.D., as Chief Operating Officer (COO) of the Company, to be effective in January 2019. The appointment created a new position and restructured the Company s senior leadership. Previously, operational leadership was divided among the three business units, with Mr. Evans serving as President of Hospital Operations. Under the new streamlined structure, Dr. Sutaria as COO has direct responsibility for the Hospital business unit as well as the authority to design and implement enterprise-wide initiatives, particularly with respect to increased integration. This shift in leadership structure aligns with the Company s broader transformation strategy and leverages Dr. Sutaria s clinical, operational and advisory experience accumulated over 20 years working in complicated and diverse healthcare systems and related businesses.

Dr. Sutaria most recently served as a Senior Partner at McKinsey & Company, where he worked for 18 years providing advisory support for hospitals, healthcare systems, physicians groups, ambulatory care models, integrated delivery, and government-led delivery, while also working with institutional investors in healthcare. Previously, Dr. Sutaria practiced medicine with a focus in internal medicine and cardiology.

Mr. Evans and the Company agreed that his last day of employment with the Company would be December 31, 2018. In connection with his departure, Mr. Evans was eligible to receive benefits consistent with a Qualifying Termination and/or termination without cause under the Company s Executive Severance Plan and other employee benefit plans, as further described on page 56.

*Chief Operating Officer Employment Agreement*

In connection with his appointment as COO, Tenet entered into an employment agreement with Dr. Sutaria for an initial three-year term until January 2022, during which he will receive target total direct compensation in the median annual range for comparable positions, consisting of:

Base Salary: $1,000,000 per year

Annual Incentive Plan: 100% of salary (at target) per year

Annual Long-Term Incentives: $4,000,000 in RSUs per year (vesting ratably over three years)

The HR Committee also approved a one-time buyout to Dr. Sutaria valued at $12,000,000, which was a make-whole for forfeited and forgone earnings from his previous employer. The buy-out was split between $7 million in RSUs and

$5 million in restricted cash to provide for employment retention, as it vests in full upon the expiration of the three-year term. LTI awards to Dr. Sutaria are not subject to financial performance goals as part of this initial employment arrangement, which is designed to transition him to a public company compensation program from a private partnership model at his prior employer. The Company s stock price performance over the period will be reflected in ultimate pay delivery. Dr. Sutaria is subject to certain non-competition covenants for one year, and non-solicitation covenants for two years, following termination of his employment. Dr. Sutaria is not covered by Tenet s Executive Severance Plan, and there were no additional hiring inducements.

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## COMPENSATION DISCUSSION AND ANALYSIS

### Compensation Elements Link Pay with Performance

The following table outlines the primary components of our NEOs 2018 compensation packages (other than Mr. Rittenmeyer, as discussed above):

| ELEMENT | DESCRIPTION | PURPOSE |
|---|---|---|
| **Base Salary** | Fixed cash compensation set annually<br>Based on peer group and market survey data, as well as individual performance, experience, internal pay equity considerations and tenure | Attracts and retains talented executives with competitive fixed pay |
| **Annual Incentive Plan** | Performance-based cash compensation tied to achievement of annual performance goals<br>Target award amount set as a percentage of base salary that increases for executives who more directly influence business outcomes | Motivates and rewards executives for meeting short-term goals that drive long-term growth<br>Challenging, objective performance metrics are set annually based on Company s business plans and vary across business units |
| **Performance-Stock Options (1/3)** | Performance stock options vest only if stock price increases 25% from grant date and remains at or | Requires sustained increase in the Company s stock price for executives to realize any value |

| | | |
|---|---|---|
| | above such a level for 20 consecutive trading days<br><br>If performance condition is not met within three years following grant, 100% of the options are forfeited | Strongly incentivizes executives to deliver meaningful growth to shareholders |
| **Performance Based Cash**<br><br>**(1/3)** | Awards cliff vest on third anniversary of grant date based on performance against pre-determined goals measured over cumulative three-year performance period<br><br>Cash payments conserve equity usage and provide liquidity to insiders who are often precluded from selling stock | Focuses executives on creating long-term shareholder value<br><br>Rigorous goals are set for Adjusted EPS, Adjusted Free Cash Flow Less Cash NCI and Relative Total Shareholder Return (TSR) to align with the Company s long-term objectives |
| **Time-Based RSUs**<br><br>**(1/3)** | RSUs vest ratably over three years | Directly aligns economic interests of executives and shareholders through equity ownership<br><br>Encourages retention and subject to forfeiture in the event that an officer terminates employment |

**Best Practices Support Strong Compensation Governance**

We maintain the following best practices to ensure our governance of executive compensation reflects our pay-for-performance philosophy and aligns the interests of our executives and shareholders.

| |
|---|
| Active engagement with investors |
| Emphasis on pay-for-performance |
| Clawback provisions applicable to all performance-based compensation paid to NEOs |

Significant stock ownership and retention requirements for executives (6x base salary for the Chief Executive Officer) and non-employee directors (5x annual cash retainer)

| |
|---|
| No excise tax gross-ups on change-in-control severance benefits |
| Independent compensation consultant |
| Limited perquisites |
| Anti-hedging and anti-pledging policies |

## DETAILED DESCRIPTION AND ANALYSIS

### 2018 Compensation Decisions

### Base Salary

Base salary provides our NEOs with a fixed annual income and helps us attract and retain key executive talent. The HR Committee approves the base salary of NEOs annually based on its assessment of each NEO s individual performance and experience level, internal equitability considerations, and a review of peer group and market survey data provided by our independent compensation consultant. None of our NEOs received base salary increases in 2018.

| NAMED EXECUTIVE OFFICER | 2018 SALARY | INCREASE FROM 2017 |
|---|---|---|
| Ron Rittenmeyer | $ 1,200,000[1] | N/A |
| Dan Cancelmi | $ 618,000 | 0.0% |
| Keith Pitts | $ 925,000 | 0.0% |
| J. Eric Evans | $ 700,000 | 0.0% |
| Audrey Andrews | $ 550,000 | 0.0% |

(1) Mr. Rittenmeyer s base salary was reduced to $1,200,000 in March 2018 when the HR Committee approved a comprehensive pay package that included AIP and LTI compensation. Previously, the HR Committee had set Mr. Rittenmeyer s base salary at $2,900,000 in November 2017, reflecting the short-term nature of the arrangement during the leadership transition and lack of AIP and LTI compensation.

### Performance-Based Annual Incentive Plan

The AIP is designed to reward our employees for performance against short-term financial, quality and service goals selected by our HR Committee to drive long-term growth. It is broad-based and, for most of the approximately 5,600 employees who participate across each of the Company s business units, it is our principal means for linking pay to performance.

Each year the HR Committee sets performance goals across metrics related to the financial performance of the Company and operational objectives of each business unit, as well as individual performance goals. Each metric has a carefully calibrated threshold, target, and maximum performance level that is scored from 0% (at or below the threshold) to 200% (at or above the maximum) of target. Once the outcome of each metric has been determined, the result is a fixed funding pool from which individual payouts are determined.

The HR Committee maintains discretion to adjust AIP outcomes positively or negatively for individuals or business units depending on a variety of factors, including results that do not meet expectations, unanticipated market events, and extraordinary or disappointing individual performance. Specifically, the HR Committee reduces AIP payments for failure to comply with the Company s standards of conduct or in response to other negative quality, safety or compliance events.

In addition, AIP awards are subject to recoupment provisions where the Board may require reimbursement to the Company of awards in the event of a material restatement of our financial results caused by the recipient s fraud or in other circumstances involving material violations of Company policy or misconduct that cause substantial harm to the Company.

*2018 Target Annual Incentive Award Levels for Named Executive Officers*

In 2018, the HR Committee approved the following target bonus award levels for each NEO:

| NAMED EXECUTIVE OFFICER | TARGET AWARD RELATIVE TO BASE SALARY |
|---|---|
| Ron Rittenmeyer | 150% |
| Dan Cancelmi | 100% |
| Keith Pitts | 100% |
| J. Eric Evans | 100% |
| Audrey Andrews | 75% |

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## COMPENSATION DISCUSSION AND ANALYSIS

NEO target award levels have remained unchanged since 2016, except for Mr. Rittenmeyer, whose target award level was first set at the time the HR Committee approved his comprehensive pay package in early 2018.

*Revised 2018 AIP Structure*

Historically, our AIP measured rigorous, objective performance metrics across financial, quality and service dimensions that track the Company s strategy, with specific metrics adapted for each business unit. Each metric was weighted differently and then combined into a single score on which the AIP was based. While the HR Committee maintained discretion to adjust payouts, the scorecard did not specifically incorporate the results of individual performance reviews, so most participants would receive the calculated level of payout. In 2018, the Company revamped its approach to talent development and individual performance reviews.

*Culture of Accountability*

To further emphasize our newly implemented Culture of Accountability, the results of thorough annual assessments became a component of AIP scoring for the first time in 2018. The scorecard payout is now adjusted by a multiplier based on each participant s individual performance rating, with the ratings calibrated across the entire Company to ensure the AIP funding pool remains fixed.

The individual performance reviews strengthen the AIP program by introducing the ability to target more directly the performance that the HR Committee desires to reward or discourage. The reviews help build a productive workplace culture that can be unified across different business units and further reinforce the behaviors that lead to long-term success. Moreover, they refine the level at which the HR Committee can reward extraordinary performance or incentivize better performance going forward.

Individuals are rated across a number of dimensions in two categories: ***Results***, or the what, and ***People***, or the how.

- The Results category incorporates factors including a participant s ability to meet financial, operational and process goals, execute plans aligned with the Company s focus, provide customer service, innovate and work independently.

- The People category measures traits such as reinforcing the Company culture, leading by example, treating others with respect, and displaying honesty and courage.

Individuals are given a rating in each category ranging from 1 to 5, with 1 representing unsatisfactory performance and 5 representing a top performer. The ratings under the Results and People categories are averaged to produce a single metric that, when calibrated across the Company, produced the distribution shown to the right.

*Gatekeeper for Non-Enterprise Employees*

Last year, the HR Committee determined that a revised structure would better focus Hospital, USPI and Conifer participants on the operational goals that directly impact the experiences of patients and customers in the communities we serve. Rather than joining these metrics with financial performance results where strong growth could overcome quality and service outcomes that did not meet expectations the HR Committee implemented a Gatekeeper so that the AIP would not pay out if employees did not adequately meet operational objectives.

Under the Gatekeeper, achievement of all quality and service goals applicable to a particular business unit are scored first. Financial measures are scored separately. If a participant does not meet at least 50% of the target performance in the Gatekeeper, he or she does not receive an AIP bonus regardless of financial results. The Gatekeeper thus incentivizes operational leaders to prioritize long-term drivers of growth like operational excellence and patient loyalty.

For Enterprise employees, including all of the NEOs other than Mr. Evans, whose roles support all three business units but are further removed from healthcare delivery, the HR Committee determined that clear, enterprise-wide measures of financial performance would best motivate business results and foster a unified mentality. Consequently, the Gatekeeper does not apply to Enterprise employees. Instead, the creation of the Enterprise AIP funding pool is dependent on the financial success of the consolidated enterprise.

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## COMPENSATION DISCUSSION AND ANALYSIS

*2018 Enterprise AIP Performance Metrics and Results*

Four of our 2018 NEOs Messrs. Rittenmeyer, Cancelmi and Pitts and Ms. Andrews earned AIP bonuses from the funding pool created under the Enterprise scorecard. This scorecard measured the Company s total annual Adjusted EBITDA (60% of the scorecard) and Adjusted Free Cash Flow Less Cash Payments to Noncontrolling Interests (Adjusted Free Cash Flow Less Cash NCI) (30%). Achievement on these metrics is scored based on the degree to which the metric meets predetermined target goals set by the HR Committee based on the Company s business plan and external guidance. The remaining 10% of the Enterprise funding pool was set aside for individual performance assessments.

The HR Committee selected Adjusted EBITDA as a metric because financial analysts and investors use it to measure the Company s financial performance and, as a result, management incentives are aligned with the goals of investors. The HR Committee selected Adjusted Free Cash Flow less Cash NCI as a metric because it measures the Company s ability to sustainably generate cash that can be used for purposes that are important to financial analysts and investors, including acquisitions, investing in joint ventures, repurchasing outstanding equity or debt securities, or other general corporate purposes. Furthermore, the HR Committee believes that free cash flow generation is an important determinant in long-term shareholder value creation because it allows the Company to fund growth without raising additional debt and can also be used to retire existing indebtedness, both of which enhance long-term shareholder value. Given the HR Committee s view on the importance of Adjusted Free Cash Flow less Cash NCI to both short-term and long-term value creation for shareholders, the HR Committee decided to use it in both the AIP and LTI programs.

| METRIC | THRESHOLD LEVEL | TARGET LEVEL | MAXIMUM LEVEL | ACTUAL PERFORMANCE | PERCENTAGE OF TARGET | CALCULA POINTS |
|---|---|---|---|---|---|---|
| Adjusted EBITDA | $ 2.392 billion | $ 2.525 billion | $ 2.659 billion | $ 2.560 billion | 125.9% | 75.5 |
| Adjusted FCF Less Cash NCI[2] | $ 353 million | $ 503 million | $ 653 million | $ 312 million | 0.0% | 0.0 |
| Individual Performance | | | | Target[3] | 100% | 10.0 |
| **Enterprise Score** | | | | | | **85.5** |
| Negative Discretionary Adjustment | | | | | | (10.0%) |
| **Final Funding Level** | | | | | | **76.9% of Target** |

(1) See Appendix A for definition and reconciliation of Adjusted EBITDA.

(2) Adjusted Free Cash Flow (see Appendix A for definition and reconciliation) minus cash distributions paid to NCI reflected on the Company s consolidated statements of cash flow.

(3) Target value used for purposes of establishing AIP funding pool; individual performance is ultimately reflected through the individual performance adjustment process described below.

*2018 Hospital AIP Performance*

Mr. Evans earned his AIP bonus from the funding pool created under the Hospital Gatekeeper and scorecard. The Gatekeeper measured the following quality and service metrics: a composite of over a dozen hospital quality measures with target set at national average (30% of Gatekeeper); the average star rating assigned by the Centers for Medicare and Medicaid Services with target set at national average (10%); the results of internal patient satisfaction surveys with target set at approximately four percentage points above 2017 s results (25%); and employee turnover with target set at national average (20%). The remaining 15% of the Gatekeeper was set aside for individual performance assessments. Altogether, the Hospital Gatekeeper achieved 84.5% of target.

Like the Enterprise scorecard, the Hospital scorecard measured Adjusted EBITDA (65% of scorecard) and Adjusted Free Cash Flow Less Cash NCI (15%) with the same target levels. It also included measures for inpatient admissions with target set at 1.0% growth relative to 2017 (10%) and outpatient visits with target set at 1.2% growth relative to 2017 (10%). The Hospital scorecard achieved 85.5% of target and, when combined with the outcome of the Gatekeeper, resulted in a calculated Hospital AIP score of 72.3% of target.

*Negative Discretionary Adjustment to Enterprise and Hospital Funding Pools*

The HR Committee, on the recommendation of management, determined that it was appropriate to reduce the total AIP funding pools for Enterprise and Hospital employees by 10% and 20%, respectively. This downward adjustment reflected the Company s failure to meet certain performance expectations, particularly in the third and fourth quarters of 2018 when the Company lowered its earnings guidance, driven in large part by underperformance of the Hospital Operations segment. The discretionary reductions resulted in final funding of the Enterprise AIP funding pool at 76.9% of target and the Hospital AIP funding pool at 57.7%.

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## COMPENSATION DISCUSSION AND ANALYSIS

*Individual Performance Adjustments*

As described above, in 2018 the HR Committee introduced a robust individual performance component to the AIP to align with our Culture of Accountability, and to more directly reflect performance that the HR Committee desires to reward or discourage. Under this new structure, the HR Committee adjusted individual payouts with a multiplier based on the final rating obtained from each NEO s performance review. The multiplier ranges from 0% for a rating of 1 to a potential 150% for a rating of 5. For any given rating other than 1, the multiplier can range within a specified narrow band.

The HR Committee made the following performance adjustments for our NEOs based on the material factors provided below:

**Mr. Rittenmeyer received an individual performance adjustment of 130% based on a rating of 4.5.** This rating was determined by the HR Committee based on strong results that Mr. Rittenmeyer delivered in a year of significant transformation. Operational and financial performance has greatly improved in a short period of time, and Mr. Rittenmeyer has provided the vision behind the Culture of Accountability driving results across the enterprise. The HR Committee also considered that under Mr. Rittenmeyer s leadership, the organization has been reshaped, stabilized and is well-positioned for continued success in 2019 and beyond.

**Mr. Cancelmi received an individual performance adjustment of 120% based on a rating of 4.** This rating was determined based on the sound financial performance delivered under Mr. Cancelmi s leadership in 2018. Adjusted EBITDA results were strong and Tenet delivered significant cost reductions by restructuring throughout the organization, streamlining processes and speeding decision-making. Through improved performance, debt retirement and refinancing, Tenet also reduced its leverage and increased financial flexibility, while investing to increase USPI ownership to 95%.

**Mr. Pitts received an individual performance adjustment of 100% (no change) based on a rating of 3.** This rating was determined based on the positive outcomes that Mr. Pitts and his team were able to produce in 2018. He and his team executed on an accretive divestiture program and guided our exploration of strategic alternatives for Conifer. Mr. Pitts also played an integral role in the successful early acquisition of our minority partner s remaining interest in USPI.

**Mr. Evans received an individual performance adjustment of 90% based on a rating of 2.5.** This rating was determined in consideration of the fact that Hospital Operations results were mixed in 2018. While focus on quality and patient satisfaction had positive results, overall performance continued to fall short of expectations. A decision was made to restructure senior leadership at the end of 2018 and create the position Chief Operating Officer in January 2019 with enterprise-wide authority.

**Ms. Andrews received an individual performance adjustment of 125% based on a rating of 4.5.** This rating was determined based on Ms. Andrews significant contributions to the transition of leadership and shift in culture in 2018. She and her team also delivered strong results across the enterprise, and she made organizational changes to further streamline legal processes and reduce outside counsel spend. In addition to her contributions leading the Law department, the HR Committee considered the fact that Ms. Andrews also assumed responsibility for Government Relations in 2018.

The table below shows target and actual AIP awards for 2018.

| NAMED EXECUTIVE OFFICER | TARGET AIP PAYOUT | CALCULATED AIP PAYOUT | INDIVIDUAL PERFORMANCE MULTIPLIER | 2018 ACTUAL AIP PAYOUT | PAYOUT AS % OF TARGET |
|---|---|---|---|---|---|
| Ron Rittenmeyer | $ 1,800,000 | $ 1,384,200 | 130% | $ 1,799,460 | 99.97% |
| Dan Cancelmi | $ 618,000 | $ 475,242 | 120% | $ 570,290 | 92.28% |
| Keith Pitts | $ 925,000 | $ 711,325 | 100% | $ 711,325 | 76.90% |
| J. Eric Evans | $ 700,000 | $ 403,900 | 90% | $ 363,510 | 51.93% |
| Audrey Andrews | $ 412,500 | $ 317,213 | 125% | $ 396,516 | 96.13% |

**Long-Term Incentive Compensation**

The HR Committee restructured our LTI compensation awards in 2016 with a number of significant changes designed to better align our executives incentives with the long-term goals of the Company, and the Committee has continued to refine our LTI design each year since. In response to specific shareholder feedback that the HR Committee establish longer performance periods and reconsider performance metrics, the Committee began making LTI awards in 2016 with cumulative three-year performance periods that were subject to a variety of performance metrics connected to the Company s long-term strategies. For more information on the LTI awards granted in 2016, see Results of 2016-18 LTI Awards on page 38 below.

## COMPENSATION DISCUSSION AND ANALYSIS

The HR Committee continues to review our LTI award structure and performance metrics to ensure that the program best promotes long-term company performance and appropriately aligns the economic interests of our NEOs with those of our shareholders. After reviewing our LTI compensation practices and the 2017 awards, the HR Committee determined that the structure and metrics remained appropriate for 2018 and provided helpful continuity. Our 2018 LTI awards are summarized below.

**Performance-Based Stock Options (1/3)**. One-third of the total target LTI award was granted in the form of performance-based stock options that are subject to the satisfaction of a stock price performance condition. These options become eligible to vest only if the Company s stock price increases at least 25% from the price on the date of grant. To ensure that the stock price increase represents sustained value creation, the stock price must then close at or above this hurdle price for 20 consecutive trading days for vesting to occur. This performance condition for the 2018 performance options was achieved. If the stock price performance condition had not been achieved in the three years following the date of grant, all of the options would have been forfeited without payment of additional consideration.

**Performance-Based Cash (1/3)**. One-third of the total target LTI award was granted in the form of performance-based cash awards. Actual payouts will range from 0% to 200% of the target level depending on the degree to which three equally weighted performance metrics are achieved: Adjusted EPS, Adjusted Free Cash Flow Less Cash NCI, and Relative TSR, each measured over a three-year period. While these awards were denominated in shares for those granted in 2016, the HR Committee believed that settling awards in cash would better manage share utilization under our Stock Incentive Plan for awards granted in 2017 and 2018. More information with respect to each metric and the reason it was selected appears in the table below:

| LTI PERFORMANCE METRIC | DESCRIPTION |
|---|---|
| **Adjusted Earnings Per Share (EPS)** | Measures the Company s per-share profitability, excluding certain gains and losses.<br><br>Many analysts and shareholders use the ratio of a company s stock price to its earnings as a valuation tool, and the HR Committee believes that greater earnings per share correlates with higher share prices. |

| | |
|---|---|
| | Likewise, Adjusted EPS incorporates interest expense and noncontrolling interest expense, which are meaningful uses of the Company s cash. |
| **Adjusted Free Cash Flow Less Cash**<br><br>**NCI** | Measures the Company s ability to sustainably generate cash that can be used for purposes such as acquisitions, investing in joint ventures, repurchasing outstanding equity or debt securities, or other general corporate purposes.<br><br>The HR Committee believes that free cash flow generation is an important determinant in long-term shareholder value creation because it allows the Company to fund growth without raising additional debt and can also be used to retire existing indebtedness. |
| **Relative Total Shareholder Return**<br><br>**(TSR)** | Compares the Company s shareholder return (i.e., share price appreciation plus dividends) with those of its direct publicly traded competitors, which are currently Community Health Systems, HCA Healthcare and Universal Health Services. At the time of grant, LifePoint Health was also considered a direct peer, but it has since gone private in connection with a merger. The HR Committee believes that the approach of comparing performance specifically to the Company s direct peers is the best way to determine whether Tenet management is driving relative stock price performance.<br><br>To achieve a target-level or higher payout on the relative TSR metric, the Company s relative TSR must exceed that of at least two of the direct peers over the three-year performance period, and the maximum payout will be achieved only if Tenet outperforms all of the other companies. |

**<u>Time-Based RSUs (1/3)</u>**. The remaining one-third of the total target LTI award was granted in the form of time-based RSUs that vest ratably over three years. Granting stock-settled units to senior management directly aligns executive and shareholder interests while the time-based vesting encourages retention.

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## COMPENSATION DISCUSSION AND ANALYSIS

*2018 LTI Grant Values for Named Executive Officers*

Two-thirds of the total target LTI award is at-risk and requires achievement of rigorous performance goals over a three-year period before value is received. The following table summarizes the total target grant value of LTI awards granted to each of our NEOs in February 2018:

| NAMED EXECUTIVE OFFICER | PERFORMANCE CASH[1] | PERFORMANCE STOCK OPTIONS[2] | TIME-BASED RSUS[3] | TOTAL 2018 LTI GRANT VALUE |
|---|---|---|---|---|
| Dan Cancelmi | $ 766,667 | $ 766,674 | $ 766,670 | $ 2,300,011 |
| Keith Pitts | $ 1,300,000 | $ 1,300,006 | $ 1,300,004 | $ 3,900,010 |
| J. Eric Evans | $ 833,334 | $ 833,340 | $ 833,352 | $ 2,500,026 |
| Audrey Andrews | $ 500,000 | $ 500,008 | $ 500,003 | $ 1,500,011 |

(1) Assumes target level performance.

(2) Fair value of these options was calculated using a Monte Carlo simulation; material assumptions used in such calculation are discussed in Note 9 to our consolidated financial statements for the year ended December 31, 2018 included in our Annual Report on Form 10-K.

(3) Value is based on the NYSE closing price per share of our common stock on the date of grant (February 28, 2018: $20.60).

*Rigor of Performance Goals*

In establishing target, threshold and maximum performance levels for our performance-based cash awards, the HR Committee considers annual and longer-term growth rates that the Company discloses to shareholders, as well as the consensus of analyst estimates and business-planning projections. The HR Committee sets the target amounts at demanding levels that require NEOs to achieve significant improvement each year of the performance period. Evidence of the HR Committee s highly rigorous approach to goal-setting is apparent in the below-target payout under the 2016 annual LTI awards as discussed below.

Consistent with the practices of many other public companies, the Company has concluded that pre-disclosure of specific long-term financial performance goals could cause competitive harm to the Company and may be interpreted as guidance by some shareholders. As has been Tenet s practice, specific goals will be disclosed after the respective performance period is completed and the information is no longer sensitive from a competitive perspective.

*Results of 2016-18 LTI Awards*

The redesigned LTI awards first granted in March 2016 had a performance period of three years with performance measured across four equally weighted performance metrics as set forth in the table below (achievement at target on any metric would result in 25.0% of the total payout). Four of our 2018 NEOs Ms. Andrews and Messrs. Cancelmi, Evans and Pitts received these grants, which vested in March 2019 following the HR Committee s certification of the Company s achievement under the performance metrics.

Three of the four performance metrics for the 2016 LTI awards were the same as the 2018 LTI award performance metrics. The performance metrics for the 2016 LTI awards also included Adjusted Return on Invested Capital (ROIC), which measures capital efficiency and management s ability to generate economic returns on capital investments and acquisitions.

The following table shows the Company s results under each of the applicable performance metrics measured over the three-year period ended December 31, 2018.

| 2016-18 LTI PERFORMANCE METRIC | THRESHOLD PERFORMANCE | TARGET PERFORMANCE | ACTUAL PERFORMANCE | PAYOUT |
|---|---|---|---|---|
| Adjusted Earnings per Share | $5.87 | $6.52 | $3.71 | 0.00% |
| Adjusted Free Cash Flow less Cash NCI | $1.358 billion | $1.509 billion | $839 million | 0.00% |
| Adjusted return on invested capital | 4.91% | 5.46% | 5.23% | 17.20% |
| Relative total shareholder return | 4th | 3rd | 3rd | 25.00% |
| **Total Pay Delivery** | | **42.20% of Target** | | |

*Results of 2014 Performance LTI Awards*

In August 2014, the HR Committee made awards of performance RSUs to certain senior officers. One-third of these RSUs vest on attainment of performance criteria based on the Company s compound annual growth rate (CAGR) of Adjusted EBITDA over the three-year period ended December 31, 2018 as compared to the Company s Adjusted EBITDA for the year ended December 31, 2015. The number of shares received with respect to this award could range from 0% to 200% of the target level, depending on the degree to which the target performance goals were achieved. The threshold performance for Adjusted EBITDA CAGR from 2015 to 2018 was 1%, with target at 1%-3% and maximum at greater than 3%. Actual performance was above the maximum at 3.89% CAGR, resulting in a payout of 200%. Ms. Andrews and Messrs. Cancelmi, Evans and Pitts received these grants, which remain subject to a service-based vesting requirement and will vest in August 2019 subject to continued employment.

**2018 Leadership Developments**

**Chief Executive Officer Compensation**

Mr. Rittenmeyer s compensation package has been designed to effect a successful turnaround at Tenet at reasonable compensation levels consistent with our philosophy of paying for strong performance results. Accordingly, Mr. Rittenmeyer s compensation arrangement has evolved as he has continued to produce meaningful improvements and drive the Company towards its key strategic objectives. This evolution includes a one-and-a-half year extension approved in early 2019 to provide for a successful turnaround while maintaining annualized compensation levels that are reasonable compared to peers and below those of our former CEO, as described in detail below.

The following graphic annualizes Mr. Rittenmeyer s target direct compensation for the entire term of his service as CEO through the end of his extended Employment Agreement on June 30, 2021. The HR Committee believes this presentation provides a more holistic view of

Mr. Rittenmeyer s intended compensation package as compared to the SEC-required disclosure levels shown in the Summary Compensation Table on page 47, where LTI equity awards are reported entirely in the year of grant. When approving Mr. Rittenmeyer s compensation arrangements, the HR Committee viewed compensation levels from an annualized basis to confirm that his target compensation remained below the median peer CEO level and below the pay level of his predecessor in the role. The HR Committee also considered that granting the awards up front would serve to strongly link Mr. Rittenmeyer s potential pay delivery to Tenet s turnaround results during this period. The HR Committee does not intend to make any additional LTI grants, or other forms of compensation, to Mr. Rittenmeyer during the remainder of his term of service with the Company.

**Ron Rittenmeyer s Target Direct Compensation as CEO**

**(August 31, 2017 to June 30, 2021)**

*2018 Chief Executive Officer Employment Agreement*

In March 2018, Tenet entered into the Employment Agreement with Mr. Rittenmeyer engaging him to serve as the Company s CEO for the two-year period from March 1, 2018 through February 28, 2020.

In determining the appropriate compensation for Mr. Rittenmeyer, the HR Committee considered Mr. Rittenmeyer s strong performance during the first six months of his tenure. The Committee set the target for Mr. Rittenmeyer s annual direct compensation at approximately the 25$^{th}$ percentile of our peers based on the belief that initial compensation levels for an incoming CEO should be set with room for growth and with the expectation that, should the Employment Agreement be amended or extended, future compensation levels would be determined based on actual performance results.

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## COMPENSATION DISCUSSION AND ANALYSIS

For the two-year period from March 1, 2018 through February 28, 2020, the Employment Agreement provides for:

Base Salary: $1,200,000 per year

Annual Incentive Plan: 150% of salary (at target) per year

Long-Term Incentives: $14,000,000 for the two-year period (granted 50% in RSUs and 50% in time-vested or restricted cash)

Under the terms of the Employment Agreement, Mr. Rittenmeyer s long-term incentives vest in equal quarterly installments over the two-year term, aligning with the transitional nature and compressed timing of the turnaround objectives. In making these LTI grants, the HR Committee believed that two years was too short to set meaningful long-term performance goals, but rather that performance would be fairly reflected by the change in the Company s stock price over the period. Mr. Rittenmeyer is not covered by Tenet s Executive Severance Plan.

The HR Committee approved the compensation for Mr. Rittenmeyer under his Employment Agreement, including the RSUs with a grant date fair value of $7,000,000, on February 28, 2018; however, the parties did not execute the Employment Agreement until March 24, 2018. The HR Committee intended for the grant date for Mr. Rittenmeyer s restricted stock units to be the date of HR Committee approval in February. Instead, the date of execution of the Employment Agreement in March was used to determine the grant date. As a result of using the March grant date, Mr. Rittenmeyer received 288,660 restricted stock units whereas the HR Committee intended Mr. Rittenmeyer to receive the number of units calculated with the February grant date, or 339,806. In June 2018, the HR Committee awarded Mr. Rittenmeyer RSUs equal to the difference between these figures, or 51,146 units.

*Extension in 2019*

In February 2019, recognizing the considerable improvements Mr. Rittenmeyer had already implemented and the additional progress required in the Company s turnaround process, the Board of Directors approved an amendment to Mr. Rittenmeyer s Employment Agreement that extends his term of service through June 2021.

Mr. Rittenmeyer s base salary and annual bonus opportunity remain unchanged under the Amendment. In connection with the Amendment, an award of RSUs valued at $16,000,000 and vesting in nine quarterly installments was granted to Mr. Rittenmeyer to further align his interests with those of shareholders over the remainder of his term of service as CEO, and to reward continued turnaround performance reflected by Tenet s stock price growth rather than setting goals for a short incremental performance period. Since assuming the role of Executive Chairman on August 31, 2017, Tenet s share price has increased by more than 75% through March 21, 2019, driving an increase in market-capitalization of approximately $1.4 billion over that time period.

The Amendment also extends the duration of the non-competition and non-solicitation covenants to which Mr. Rittenmeyer is subject under the Employment Agreement from 12 months following the date of Mr. Rittenmeyer s termination of employment to two years following such date.

To facilitate a smooth transition and to promote stability in leadership, Mr. Rittenmeyer has agreed to serve in an advisory role to his successor over an additional two-year period following the end of his employment as CEO. Under this advisory arrangement, Mr. Rittenmeyer will receive an annual retainer of $750,000, will remain eligible to participate in the Company s health and welfare benefits programs, and will remain subject to restrictive covenants no less favorable to the Company than those set forth in the Employment Agreement.

The Board does not intend to approve any further LTI awards or other forms of compensation for Mr. Rittenmeyer during the remainder of his term of service with the Company.

**Creation of Enterprise-Wide COO Role**

The Board maintains a strong leadership succession plan. Over the past year, several steps have been taken to ensure that the Company has the appropriate leadership structure and a clear succession process with internal candidates being developed for future key promotions.

In November 2018, the Board announced the appointment of Saumya (Saum) Sutaria, M.D., as Chief Operating Officer (COO) of the Company, to be effective in January 2019. The appointment created a new position and restructured the Company s senior leadership. Previously, operational leadership was divided among the three business units, with Mr. Evans serving as President of Hospital Operations. Under the new streamlined structure, Dr. Sutaria as COO has direct responsibility for the Hospital business unit as well as the authority to design and implement enterprise-wide initiatives, particularly with respect to increased integration. This shift in leadership structure aligns with the Company s broader transformation strategy and leverages Dr. Sutaria s clinical, operational and advisory experience accumulated over 20 years working in complicated and diverse healthcare systems and related businesses.

Dr. Sutaria most recently served as a Senior Partner at McKinsey & Company, where he worked for 18 years providing advisory support for hospitals, healthcare systems, physicians groups, ambulatory care models, integrated delivery, and government-led delivery, while also working with institutional investors in healthcare. Previously, Dr. Sutaria practiced medicine with a focus in internal medicine and cardiology.

Mr. Evans and the Company agreed that his last day of employment with the Company would be December 31, 2018. In connection with his departure, Mr. Evans was eligible to receive benefits consistent with a Qualifying Termination and/or termination without cause under the Company s Executive Severance Plan and other employee benefit plans, as further described on page 56.

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## COMPENSATION DISCUSSION AND ANALYSIS

*Chief Operating Officer Employment Agreement*

In connection with his appointment as COO, Tenet entered into an employment agreement with Dr. Sutaria for an initial three-year term until January 2022, during which he will receive target total direct compensation in the median annual range for comparable positions, consisting of:

- Base Salary: $1,000,000 per year
- Annual Incentive Plan: 100% of salary (at target) per year
- Annual Long-Term Incentives: $4,000,000 in RSUs per year (vesting ratably over three years)

The HR Committee also approved a one-time buyout to Dr. Sutaria valued at $12,000,000, which was a make-whole for forfeited and forgone earnings from his previous employer. The buy-out was split between $7 million in RSUs and $5 million in restricted cash to provide for employment retention, as it vests in full upon the expiration of the three-year term. LTI awards to Dr. Sutaria are not subject to financial performance goals as part of this initial employment arrangement, which is designed to transition him to a public company compensation program from a private partnership model at his prior employer. The Company s stock price performance over the period will be reflected in ultimate pay delivery. Dr. Sutaria is subject to certain non-competition covenants for one year, and non-solicitation covenants for two years, following termination of his employment. Dr. Sutaria is not covered by Tenet s Executive Severance Plan, and there were no additional hiring inducements.

**The Compensation Process**

**Role of the Human Resources Committee**

The HR Committee is comprised entirely of independent directors and makes all compensation decisions regarding our NEOs. The HR Committee considers input from (i) the other independent members of our Board of Directors, (ii) the Company s shareholders and (iii) its independent compensation consultant. In the case of NEOs other than the CEO, the HR Committee also considers input and recommendations from the CEO. The HR Committee s decisions regarding compensation of our NEOs are made outside the presence of these officers. The HR Committee is also responsible for approving our executive compensation program and general compensation policies, all new or materially amended broad-based compensation plans and the performance measures used in our executive compensation programs.

**Independent Compensation Consultant**

The HR Committee has retained Frederic W. Cook & Co. (the Consultant ) as its independent consultant to assist the Committee with its duties. In 2018, the Consultant participated in or provided input with respect to all meetings of the

HR Committee and regularly communicated with the Committee Chair and the Lead Director. This year the Consultant s services included:

- Providing market data, industry trends and competitive analysis relative to our peers;
- Advising on the key elements of our executive compensation plans and policies;
- Reviewing our compensation peer group and suggesting changes, if warranted; and
- Providing recommendations on the structure and competitiveness of compensation for our CEO and COO.

Subject to the approval of the HR Committee, the Consultant meets with members of management to review management s proposed compensation recommendations to the Committee, discuss compensation trends and best practices and review Company compensation data. Any material information provided to management by the Consultant is disclosed to the HR Committee.

To safeguard the independence of the Consultant:

- The HR Committee retains the Consultant, determines the terms and conditions of the Consultant s engagement and has the sole authority to approve the Consultant s fees and other retention terms or to terminate the engagement;
- The Consultant reports directly to the HR Committee and has direct access to the Committee Chair during and between meetings; and
- The Consultant provides no services to the Company or management, except as related to executing the provisions of the HR Committee Charter, and with the knowledge and approval of the HR Committee Chair.

The HR Committee has assessed the independence of the Consultant pursuant to SEC and NYSE rules and concluded that no conflict of interest exists in connection with the Consultant s service as an independent advisor to the Committee.

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## COMPENSATION DISCUSSION AND ANALYSIS

**Performance Review Process**

Each year, the HR Committee reviews the performance of the CEO with the other independent members of the Board in executive session. This review is based on the performance evaluations of the CEO by the independent Board members, as well as other data provided to the HR Committee, including the CEO s self-evaluation and feedback provided by selected members of management. For performance reviews of other NEOs, the CEO provides the HR Committee a detailed evaluation based in part on a self-assessment completed by each NEO to review prior year performance as measured against personal, pre-established goals. For a summary of the material factors addressed in each NEO s performance review, see page 36.

**Benchmarking Against Peer Companies**

In setting compensation for our NEOs, the HR Committee typically reviews comparative compensation data derived from the companies that comprise our peer group, as well as market survey data provided to us by the Consultant. The HR Committee believes it is appropriate to evaluate the compensation of the NEOs against a blend of peer group and market survey data given the small number of publicly held healthcare services companies comparable in size to Tenet and the fact that hospital companies comprise only a small portion of the publicly held healthcare service companies. We describe each of these data sources in more detail below.

The HR Committee seeks to compensate our NEOs at competitive compensation levels relative to our peer group when target levels of performance are met and considers the market median to be a helpful benchmark in setting compensation levels for our NEOs.

*2018 Peer Group*

The changing healthcare landscape, including consolidation among health care providers, left only four other similarly sized publicly traded direct competitors engaged primarily in the operation of acute care hospitals at the beginning of 2018: Community Health Systems, Inc., HCA Healthcare, Inc., LifePoint Health, Inc. and Universal Health Services, Inc. (collectively, the Direct Peers ). While these four Direct Peers were included in our peer group for 2018, in November 2018, LifePoint Health, Inc. went private in connection with a merger, leaving only three. To create a sufficiently large peer group of public companies with whom Tenet competes for talent, the HR Committee looked to related industry segments that approximated Tenet in revenues, enterprise value and number of employees. In consultation with the Consultant, for 2017 the HR Committee established the objective selection process below to determine its peer group. For 2018, the HR Committee determined it was appropriate to follow the same process again, resulting in the same 17 companies that operate across healthcare services, facilities and equipment, as well as managed care.

**Step 1:** Start with the Direct Peers *(Four companies)*

**Step 2:** Add companies in the following GICS sub-industry segments identified as peers by at least two of the four direct peers:

- Healthcare Facilities
- Healthcare Services
- Managed Healthcare
- Healthcare Equipment
- Healthcare Distributors

*(198 additional companies added)*

**Step 3:** Remove companies with:

- Revenues less than ~$5 billion or greater than ~$60 billion
- Enterprise value greater than $75 billion
- Fewer than 25,000 employees

*(184 companies removed)*

**Step 4:** Review potential peers for relevance to Tenet:

- Remove companies with limited overlap with Tenet

*(1 company removed)*

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## COMPENSATION DISCUSSION AND ANALYSIS

Using the criteria set forth above, the HR Committee established the following peer group for 2018 compensation decisions:

| DIRECT PEERS | OTHER PEERS | |
|---|---|---|
| Community Health Systems | Aetna | Genesis Healthcare |
| HCA Healthcare | Baxter International | Humana |
| LifePoint Health | Becton, Dickinson and Company | Kindred Healthcare |
| Universal Health Services | Boston Scientific | LabCorp |
| | Cigna | Quest Diagnostics |
| | DaVita | Stryker |
| | Envision Healthcare | |

The following chart illustrates Tenet s size compared to the 2018 peer group median of revenues, enterprise value and number of employees, using data provided to the HR Committee by the Consultant in November 2017.

*Market Survey Data*

For 2018 compensation decisions, the HR Committee reviewed additional compensation data from the following third-party general-industry survey sources:

| SURVEY | TARGETED ANNUAL REVENUE OF COMPANIES COMPRISING DATA USED BY CONSULTANT |
|---|---|
| | $10 billion to $25 billion |

| | |
|---|---|
| 2017 Aon Hewitt Total Compensation Measurement survey | |
| 2017 Mercer Executive Benchmark survey | Greater than $10 billion |
| 2017 Willis Towers Watson U.S. Compensation Database survey | $10 billion to $20 billion |
| 2017 Willis Towers Watson Top Management survey | Greater than $5 billion |
| 2017 FW Cook Long-Term Incentives survey | $19.6 billion |

The Consultant compiles data from these surveys relating to the compensation levels received for each position held by a NEO against the compensation levels received by executives holding similar positions at other companies. The Consultant then presents the data to the HR Committee in aggregated form. In benchmarking compensation levels against the survey data, the HR Committee considers only the aggregated survey data provided by the Consultant. The identity of the companies comprising the survey data is not disclosed to, or considered by, the HR Committee in its decision-making process. The HR Committee members do not consider the identity of the companies comprising the survey data to be material for this purpose.

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## COMPENSATION DISCUSSION AND ANALYSIS

### Other Compensation, Benefits and Considerations

#### Perquisites

Perquisites for our NEOs are limited and generally represent an immaterial element of our executive compensation program. They largely consist of life insurance premiums, Company contributions to retirement programs available to other senior officers, and personal use of Company aircraft.

Upon the recommendation of an independent, third-party security study, the Company also provides Mr. Rittenmeyer a car and personal security driver that he primarily uses for commuting and local business travel. The HR Committee does not consider these security costs as personal benefits because they serve a business purpose arising from his employment as CEO. However, the Company is required to disclose the unreimbursed incremental costs associated with the personal use of the Company-provided car, including commuting expenses, and personal security driver. These services were made available to Mr. Rittenmeyer beginning in October 2018, and the related amounts are disclosed in the 2018 Summary Compensation Table on page 47.

The security study also recommended Mr. Rittenmeyer use Company aircraft for both business and personal use. Our aircraft usage policy requires Mr. Rittenmeyer to reimburse us for any personal use of the corporate aircraft above 75 hours per year and allows Mr. Rittenmeyer to approve limited personal use of Company aircraft by certain other Company executives. In 2018, Mr. Rittenmeyer s personal use of the corporate aircraft totaled approximately eight hours. The unreimbursed incremental cost of his and other NEO s use is disclosed in the 2018 Summary Compensation Table on page 47.

The Company does not provide tax gross-ups to NEOs except to Mr. Rittenmeyer exclusively to cover personal income tax obligations due to imputed income for use of a Company-provided car for security purposes. We do not provide our NEOs with any other significant perquisites.

#### Executive Severance Plan

The Tenet Executive Severance Plan (ESP) is applicable to certain of our NEOs and certain other senior managers and officers of the Company, including hospital chief executive officers. The ESP provides cash severance and other benefits that vary by position level, consistent with market practice. ESP participants do not receive gross-ups of excise taxes that may be incurred upon a change of control.

Each of the NEOs, other than Mr. Rittenmeyer, participates in the ESP. The severance periods for the Company s NEOs under the ESP were determined by the HR Committee based on (1) past company practice, (2) competitive data provided by the Consultant regarding the severance periods in place for executives of similar-sized companies and other healthcare peers, and (3) the HR Committee s analysis of the financial impact of various severance compensation scenarios on each of these executives and the Company.

Provisions in the ESP and related severance agreements regarding non-competition, confidentiality, non-disparagement and non-solicitation as a condition of receipt of severance benefits under the ESP remain in effect for at least the period during which the severed executive is entitled to receive severance payments.

A more detailed description of the ESP is contained in Potential Payments Upon Termination or Change of Control beginning on page 55.

**Supplemental Executive Retirement Plan**

The Supplemental Executive Retirement Plan (SERP) provides certain current and former officers with retirement benefits in the form of lifetime annuity payments. The benefit amount is based on the officer s years of service, age and earnings. Benefit amounts received under the SERP are reduced (offset) by any benefit received under the Tenet Executive Retirement Account described below.

Our SERP has been in place since 1984, but was closed to new participants in 2014. The SERP was continued for existing participants, which includes Messrs. Cancelmi and Pitts, and Ms. Andrews. As of December 31, 2018, only nine employees of the Company participated in the SERP. Additional information regarding benefit calculations and other terms of the SERP is provided in the narrative discussion following the 2018 Pension Benefits Table on page 53. Messrs. Rittenmeyer and Evans do not participate in the SERP.

**Executive Retirement Account**

We established the Tenet Executive Retirement Account (ERA) in order to attract and retain certain members of Company management, particularly those who were not eligible to participate in the SERP. The Company makes an annual contribution to the ERA each year on behalf of each participant in an amount equal to a specified percentage of the participant s base salary. Such contributions accrue earnings credits. Upon a qualifying termination, participants are entitled to a retirement benefit equal to the vested balance of their ERA account. Upon becoming eligible to participate in the SERP, a participant s ERA account balance is frozen and such participant is no longer eligible to receive contributions or earnings credits under the ERA. Such individual, however, may continue to accrue years of vesting service under the ERA.

Mr. Rittenmeyer began participating in the ERA in 2018, and Mr. Evans was a participant in the ERA until his departure in 2018. Mr. Cancelmi and Ms. Andrews began participating in the ERA prior to becoming eligible to participate in our SERP. Upon a qualifying termination of employment, Mr. Cancelmi and Ms. Andrews will receive their vested balances under the ERA and will also be entitled to receive their applicable benefit under the SERP, but such SERP benefit will be reduced (offset) by any benefit received under the ERA. Mr. Pitts does not participate in the ERA.

**Deferred Compensation Plan**

Under our Fifth Amended and Restated Tenet 2006 Deferred Compensation Plan (2006 DCP), our NEOs and other eligible management employees may defer a portion of their base salary and annual incentive compensation that would otherwise be paid during a given calendar year. We make employer matching contributions to the 2006 DCP for employee participants in an amount equal to 50% of participant supplemental deferrals not to exceed 6% of compensation. The purpose of our 2006 DCP is to enable highly paid employees to defer the taxable receipt of a portion of their income, and to provide these employees with the matching contribution they would have received under our 401(k) Plan if Internal Revenue Code limits applicable to such plan did not apply.

Each of the NEOs is eligible to participate in the 2006 DCP. Additional details regarding our deferred compensation plans are set out under Nonqualified Deferred Compensation beginning on page 54.

**Employee Benefits**

Our NEOs participate in the Company s broad-based programs generally available to all employees, including our 401(k) Retirement Savings Plan, health and dental and various other insurance plans, including disability and life insurance. Also, in connection with the SERP, we provide additional life insurance and accidental death and dismemberment insurance as described under Potential Payments Upon Termination or Change of Control Death, Disability and Retirement beginning on page 56. These benefits are consistent with providing a total pay program that is sufficiently competitive with our peer companies so as to attract and retain highly qualified personnel.

**Tax Matters**

Section 162(m) of the Internal Revenue Code (Section 162(m)) generally disallows a tax deduction to public companies for compensation in excess of $1,000,000 paid to certain covered employees in any single year. Prior to 2018, the HR Committee generally sought to structure our performance-based compensation elements in a manner intended, but not guaranteed, to qualify as performance-based for purposes of satisfying the conditions of an exemption to this limit on deductibility. For taxable years beginning after December 31, 2017, the Tax Cut and Jobs Act repealed this exemption from Section 162(m) s deduction limit for all but certain grandfathered compensation arrangements that were in effect as of November 2, 2017. Because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and related regulations including the scope of relief for grandfathered arrangements, no assurance can be given that compensation awarded or paid in prior years and intended by the HR Committee to satisfy the requirements for deductibility under Section 162(m) will in fact be fully tax deductible. Notwithstanding the repeal of the performance-based compensation deduction pursuant to Section 162(m), the Company intends to continue subjecting a significant portion of the incentive compensation payable to our NEOs to the achievement of one or more performance metrics specified by the HR Committee.

**Compensation Governance Practices**

**Stock Ownership and Retention Requirements**

The Board has adopted stock ownership and stock retention requirements for our non-employee directors and all Company officers with the title of Senior Vice President and above, to further align such individual s economic interests with those of our shareholders. The ownership requirements must be met within five years from the date on which an individual becomes a director or senior officer. If, during or after such five-year period, a senior officer is promoted to a position that requires a higher stock ownership multiple than the position previously held, the senior officer will be granted an additional two-year period to meet the increased multiple.

## COMPENSATION DISCUSSION AND ANALYSIS

Each senior officer is required to own shares of our stock with a value equal to the following multiples of his or her base salary:

| EXECUTIVE LEVEL | MARKET VALUE OF COMMON STOCK OWNED AS A MULTIPLE OF BASE SALARY |
| --- | --- |
| Chief Executive Officer | 6x |
| Chief Operating Officer, Vice Chairman, Chief Financial Officer, President of Hospital Operations, Executive Vice Presidents | 2x |
| Senior Vice Presidents | 1x |

Shares counted toward the stock ownership requirements include: (i) shares of common stock held of record or in a brokerage account by the individual or his or her spouse; (ii) unvested restricted stock or RSUs; and (iii) stock units credited under deferred compensation plans. Outstanding stock options do not count toward satisfaction of the ownership requirements.

If a director or senior officer does not meet the applicable ownership requirements, he or she must retain 100% of any net shares received upon the exercise of stock options and the vesting of restricted stock or RSUs until such time as the requirements are met. For this purpose, net shares means the number of shares received upon exercise of stock options or upon vesting of restricted stock or RSUs less the number of shares sold or deducted to pay the exercise price (in the case of options), withholding taxes and any brokerage commissions.

Mr. Rittenmeyer is within the initial compliance period, and all other NEOs that are current employees of the Company are in compliance with these requirements. All senior officers are required to certify that they are in compliance with these guidelines prior to executing a sale of the Company s common stock.

**Equity Grant Timing and Stock Option Exercise Prices**

Historically, we have made annual equity awards to the NEOs and other employees during the first quarter of the year in connection with annual executive compensation decisions. In accordance with the terms of our equity plans, the grant date of these awards is the date the HR Committee approves the grant, which usually occurs at a meeting scheduled more than one year in advance.

We occasionally may grant equity awards, including stock options to newly hired employees, employees who have been promoted to officer-level positions, or for special recognition, retention or other purposes outside of the annual grant process. For equity grants awarded outside of the annual grant process cycle, the grant date generally is the last trading day of the month of hire or the approval of the promotion or retention award. Mr. Rittenmeyer was the only NEO to receive any such special award in 2018, as described above. The exercise price for all stock options is the NYSE closing price per share of our common stock on the date of grant or on the immediately preceding trading day if the date of grant is not a trading day. HR Committee approval is required in all cases where the recipient of the equity grant is an NEO or other senior officer.

**Prohibition on Hedging or Pledging Our Stock**

Our insider trading policy prohibits any NEO or any other officer or employee subject to its terms (approximately 70 people) from entering into short sales or derivative transactions to hedge their economic exposure to our stock. In addition, these officers and employees are prohibited from pledging our stock, including through holding our stock in margin accounts.

**Clawback Policies**

All awards under our AIP, including for NEOs, are subject to clawback and forfeiture provisions under which the Board may require forfeiture or reimbursement to the Company of a cash bonus in the event of a material restatement of our financial results caused by the recipient s fraud or in other circumstances involving material violations of Company policy, fraud or misconduct that cause substantial harm to the Company even in the absence of a restatement of financial statements. In addition, performance-based LTI awards made to our NEOs in 2016 and later years are subject to clawback if, within three years following the end of the performance period, the Company materially restates its financial results with respect to the performance period and the recipient s fraud or misconduct caused or partially caused the need for the restatement.

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## EXECUTIVE COMPENSATION TABLES

### Summary Compensation

The following table summarizes the compensation in the years ended December 31, 2018, 2017 and 2016 for our NEOs for 2018. Mr. Rittenmeyer was not an NEO prior to 2017.

**2018 Summary Compensation Table**

| NAME AND INCIPAL POSITION | YEAR | SALARY ($)[1] | BONUS ($)[2] | STOCK AWARDS ($)[3] | OPTION AWARDS ($)[4] | NON-EQUITY INCENTIVE PLAN COMPENSATION ($)[1][5] | CHANGE IN PENSION VALUE AND NONQUALIFIED DEFERRED COMPENSATION EARNINGS ($)[6] | ALL OTHER COMPENSATION ($)[7] | TOTA ($) |
|---|---|---|---|---|---|---|---|---|---|
| **n Rittenmeyer** | 2018 | 1,513,846 | 2,625,000 | 8,716,976[8] | -0- | 1,799,460 | -0- | 328,739 | 14,984, |
| xecutive Chairman and | 2017 | 914,615 | -0- | 225,001 | 2,300,001 | -0- | -0- | 212,163 | 3,651, |
| hief Executive Officer | | | | | | | | | |
| **n Cancelmi** | 2018 | 618,000 | -0- | 766,670 | 766,674 | 570,290 | 292,830 | 12,080 | 3,026, |
| | 2017 | 618,000 | 323,832 | 766,683 | 766,596 | 108,768 | 807,670 | 11,885 | 3,403, |
| hief Financial | | | | | | | | | |
| fficer | 2016 | 618,000 | -0- | 1,865,374 | -0- | 415,914 | 1,199,116 | 11,804 | 4,110, |
| **th Pitts** | 2018 | 925,000 | -0- | 1,300,004 | 1,300,006 | 711,325 | 9,435,392[9] | 12,660 | 13,684, |
| | 2017 | 925,000 | 300,000 | 1,300,017 | 1,299,879 | 162,800 | 596,745 | 33,632 | 4,618, |
| ice Chairman | 2016 | 925,000 | -0- | 3,163,004 | -0- | 622,525 | 664,903 | 16,742 | 5,392, |
| **ric Evans** | 2018 | 700,000 | -0- | 833,352 | 833,340 | 363,510 | -0- | 213,920 | 2,944, |
| | 2017 | 686,539 | 357,368 | 833,338 | 833,256 | 123,625 | -0- | 176,314 | 3,010, |
| ormer President | | | | | | | | | |
| f Hospital Operations | 2016 | 626,538 | -0- | 1,424,360 | -0- | 430,848 | -0- | 148,600 | 2,630, |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **drey Andrews** | 2018 | 550,000 | -0- | 500,003 | 500,008 | 396,516 | 342,367 | 11,935 | 2,300, |
| | 2017 | 543,269 | 250,000 | 500,007 | 499,954 | 72,600 | 800,171 | 11,763 | 2,677, |
| VP and | | | | | | | | | |
| eneral Counsel | 2016 | 515,375 | -0- | 1,216,560 | -0- | 264,994 | 793,748 | 11,703 | 2,802, |

(1) Includes amounts deferred by certain NEOs under the 2006 DCP. For further information, see the table and related discussion under Nonqualified Deferred Compensation beginning on page 54.

(2) For Mr. Rittenmeyer, the 2018 value reflects the vesting of three equal quarterly installments of his restricted cash awards granted pursuant to his Employment Agreement as described on page 30.

(3) Values in this column for 2018 represent the grant date fair value of time-based restricted stock unit awards and are computed in accordance with FASB ASC Topic 718. For Mr. Rittenmeyer, the value in this column for 2017 represents the grant date fair value of his annual Board and Lead Director restricted stock unit awards granted prior to his appointment as Executive Chairman. Certain assumptions used in the calculation of these amounts are discussed in Note 9 to our consolidated financial statements for the year ended December 31, 2018 included in our Annual Report on Form 10-K.

(4) Values in this column represent the grant date fair value of stock option awards computed in accordance with FASB ASC Topic 718. Certain assumptions used in the calculation of these amounts are discussed in Note 9 to our consolidated financial statements for the year ended December 31, 2018 included in our Annual Report on Form 10-K.

(5) This column reflects cash awards earned under our AIP for performance in the relevant year.

(6) 2018 amounts represent the change in the actuarial present value of accumulated benefits under our SERP as of December 31, 2018. These amounts do not reflect compensation actually paid to the NEO. No NEO received preferential or above-market earnings on deferred compensation.

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## EXECUTIVE COMPENSATION TABLES

(7) Amounts shown in this column for 2018 include the following:

| | RITTENMEYER | CANCELMI | PITTS | EVANS | ANDREWS |
|---|---|---|---|---|---|
| Premiums for long-term disability and survivor benefit life insurance | -0- | $ 3,830 | $ 4,185 | -0- | $ 3,685 |
| Matching contributions under our 401(k) Retirement Savings Plan | -0- | $ 8,250 | $ 8,250 | $ 8,250 | $ 8,250 |
| Matching contributions under our 2006 DCP | -0- | -0- | -0- | 20,670 | -0- |
| Company contributions under our ERA | $ 300,000 | -0- | -0- | $ 140,000 | -0- |
| Personal use of company aircraft* | $ 21,213 | -0- | $ 225 | -0- | -0- |
| Personal use of Company car and driver provided for security reasons** | $ 7,526 | -0- | -0- | -0- | -0- |
| Payments made to Mr. Evans in connection with separation*** | -0- | -0- | -0- | $ 45,000 | -0- |
| Total | $ 328,739 | $ 12,080 | $ 12,660 | $ 213,920 | $ 11,935 |

* Amounts shown in this row represent the incremental costs associated with the personal use of our aircraft. Incremental costs include fuel costs, landing and parking fees, customs and handling charges, per hour accruals for maintenance service plans, passenger catering and ground transportation, crew travel expenses and other trip-related variable costs (including fees for contract crew members and the use of our fractional jet interest). Because our aircraft are used primarily for business travel, incremental costs exclude fixed costs that do not change based on usage, such as pilots salaries, aircraft purchase or lease costs, fractional jet interest management fees, home-base hangar costs and certain maintenance fees.

** For business-related security reasons, beginning in October 2018 a Company car and personal security driver were provided to Mr. Rittenmeyer primarily for commuting and local business travel. The car is valued based on the annualized cost of the car plus maintenance and fuel. For security personnel employed by the Company, the cost is the actual incremental cost of expenses incurred by the security personnel. Total salary and benefits are not allocated because the Company already incurs these costs for business purposes. The amount also includes $1,775 for a related tax gross-up benefit.

*** In connection with Mr. Evans Severance Agreement and General Release, Mr. Evans received a one-time payment of $45,000 less applicable withholdings to recognize that he will not be eligible to receive any additional contributions to his ERA.

(8) This value represents restricted stock unit awards (i) granted on March 29, 2018 with a grant date fair value of $7,000,005 and (ii) granted on June 29, 2018 with a grant date fair value of $1,716,971. The HR Committee approved the compensation for Mr. Rittenmeyer under his Employment Agreement, including restricted stock units with a grant date fair value of $7,000,000, on February 28, 2018; however, the parties did not execute the Employment Agreement until March 24, 2018. The HR Committee intended for the grant date for Mr. Rittenmeyer s restricted stock units to be the date of HR Committee approval in February. Instead, the date of execution of the Employment Agreement in March was used to determine the grant date. Accordingly, the grant date for these restricted stock units was the last trading day in March. As a result of using the March grant date, Mr. Rittenmeyer received 288,660 restricted stock units whereas the HR Committee intended Mr. Rittenmeyer to receive the number of units calculated with the February grant date, or 339,806. In June, the HR Committee awarded Mr. Rittenmeyer restricted stock units equal to the difference between these figures, or 51,146 units.

(9) This value represents 14 additional years of service credited to Mr. Pitts for his time spent at Vanguard Health Systems prior to its acquisition by the Company as described on page 54. In recognition of Mr. Pitts significant tenure and experience at Vanguard, and to incentivize and retain Mr. Pitts to join the Company following the acquisition of Vanguard, the Company entered into a letter agreement with Mr. Pitts on June 21, 2013 pursuant to which we agreed that Mr. Pitts would be credited under our SERP with his tenure at Vanguard following his completion of five years of service with the Company. In October 2018, Mr. Pitts met the five-year service requirement agreed upon in 2013. The Company has no further arrangements with Mr. Pitts, and no similar arrangements with any of its other executive officers.

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## EXECUTIVE COMPENSATION TABLES

### Grants of Plan-Based Awards During 2018

The following table sets forth information concerning grants of equity and performance cash awards made in 2018 under our stock incentive plan and grants of cash that potentially could have been earned in 2018 under our AIP.

| | | | ESTIMATED FUTURE PAYOUTS UNDER NON-EQUITY INCENTIVE PLAN AWARDS | | | ESTIMATED FUTURE PAYOUTS UNDER EQUITY INCENTIVE PLAN AWARDS | | | ALL OTHER STOCK AWARDS: NUMBER OF SHARES OF STOCK OR UNITS | EXERCISE OR BASE PRICE OF OPTION AWARDS | GRANT DATE FAIR VALUE OF STOCK AND OPTION AWARDS |
|---|---|---|---|---|---|---|---|---|---|---|---|
| NAME | AWARD TYPE[1] | GRANT DATE | THRESHOLD ($) | TARGET ($) | MAXIMUM ($) | THRESHOLD (#) | TARGET (#) | MAXIMUM (#) | (#) | ($/SH) | ($)[2] |
| on Rittenmeyer | AIP | | 0 | 1,800,000 | 3,600,000 | | | | | | |
| | RSU | 3/29/18 | | | | | | | 288,660 | 24.25 | 7,000,005 |
| | RSU | 6/29/18 | | | | | | | 51,146[3] | 33.57 | 1,716,971 |
| an Cancelmi | AIP | | 0 | 618,000 | 1,236,000 | | | | | | |
| | PCASH | 2/28/18 | 255,555 | 766,666 | 1,533,332 | | | | | | 766,666 |
| | RSU | 2/28/18 | | | | | | | 37,217 | | 766,670 |
| | PSO | 2/28/18 | | | | 0 | 86,826 | 86,826 | | 20.60 | 766,674 |
| eith Pitts | AIP | | 0 | 925,000 | 1,850,000 | | | | | | |
| | PCASH | 2/28/18 | 433,333 | 1,300,000 | 2,600,000 | | | | | | 1,300,000 |
| | RSU | 2/28/18 | | | | | | | 63,107 | | 1,300,004 |
| | PSO | 2/28/18 | | | | 0 | 147,226 | 147,226 | | 20.60 | 1,300,006 |
| Eric Evans | AIP | | 0 | 700,000 | 1,400,000 | | | | | | |
| | PCASH | 2/28/18 | 277,778 | 833,333 | 1,666,666 | | | | | | 833,333 |
| | RSU | 2/28/18 | | | | | | | 40,454 | | 833,352 |
| | PSO | 2/28/18 | | | | 0 | 94,376 | 94,376 | | | 833,340 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| udrey Andrews | AIP | | 0 | 412,500 | 825,000 | | | | | | |
| | PCASH | 2/28/18 | 166,667 | 500,000 | 1,000,000 | | | | | | 500,00 |
| | RSU | 2/28/18 | | | | | | | 24,272 | | 500,00 |
| | PSO | 2/28/18 | | | | 0 | 56,626 | 56,626 | | 20.60 | 500,00 |

(1) *AIP Awards.* Awards designated AIP are awards that our NEOs might have earned during 2018 under our Annual Incentive Plan, dependent upon our 2018 performance. Awards actually earned are shown in the Non-Equity Incentive Plan Compensation column of the 2018 Summary Compensation Table on page 47.

*Performance-Based Cash.* Awards designated PCASH reflect performance-based cash awards granted in 2018 under our 2008 Stock Incentive Plan. Actual payouts will range from 0% to 200% of the target level depending on the degree to which performance goals are met under three equally-weighted performance metrics: Adjusted Earnings Per Share, Adjusted Free Cash Flow Less Cash NCI, and Relative Total Shareholder Return, each measured over a three-year period from the date of grant. Actual payout earned, if any, will be reported in our Summary Compensation Table for the year in which they are paid.

*Restricted Stock Unit Awards.* Awards designated RSU reflect time-based restricted stock unit awards under our 2008 Stock Incentive Plan. The RSUs granted on February 28, 2018 vest ratably on each of the first three anniversaries of the grant date. The RSUs granted on March 29, 2018 vest quarterly in eight equal installments, and the RSUs granted on June 29, 2018 vest quarterly in seven equal installments.

*Performance-Based Stock Options.* Awards designated PSO reflect performance-based stock option awards under our 2008 Stock Incentive Plan. The PSOs granted on February 28, 2018 were subject to the satisfaction of a stock price performance condition further discussed on page 37.

(2) We calculate the grant date fair value of restricted stock units based on the NYSE closing price per share of our common stock on the date of grant, which was $20.60 on February 28, 2018, $24.25 on March 29, 2018, and $33.57 on June 29, 2018. Certain other assumptions used in the calculation of the amounts shown are discussed in Note 9 to the consolidated financial statements for the year ended December 31, 2018 included in our Annual Report on Form 10-K.

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## EXECUTIVE COMPENSATION TABLES

(3) The HR Committee approved the compensation for Mr. Rittenmeyer under his Employment Agreement, including the restricted stock units with a grant date fair value of $7,000,000, on February 28, 2018; however, the parties did not execute the Employment Agreement until March 24, 2018. The HR Committee intended for the grant date for Mr. Rittenmeyer s restricted stock units to be the date of HR Committee approval in February. Instead, the date of execution of the Employment Agreement in March was used to determine the grant date. Accordingly, the grant date for these restricted stock units was the last trading day in March. As a result of using the March grant date, Mr. Rittenmeyer received 288,660 restricted stock units whereas the HR Committee intended Mr. Rittenmeyer to receive the number of units calculated with the February grant date, or 339,806. In June, the HR Committee awarded Mr. Rittenmeyer restricted stock units equal to the difference between these figures, or 51,146 units.

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EXECUTIVE COMPENSATION TABLES

## Outstanding Equity Awards

The following table sets forth information as of December 31, 2018 with respect to outstanding equity awards granted to each of the NEOs. Where applicable, the numbers of securities and values in this table and throughout this Proxy Statement have been adjusted for the reverse stock split effective October 11, 2012.

**Outstanding Equity Awards at 2018 Fiscal Year-End Table**

| | | OPTION AWARDS[1] | | | | | STOCK AWARDS | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| NAME | GRANT DATE | NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) EXERCISABLE | NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) UNEXERCISABLE | EQUITY INCENTIVE PLAN AWARDS: NUMBER OF SECURITIES UNDERLYING UNEXERCISED UNEARNED OPTIONS | OPTION EXERCISE PRICE ($) | OPTION EXPIRATION DATE | NUMBER OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED (#) | MARKET VALUE OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED ($)[2] | EQUITY INCENTIVE PLAN AWARDS: NUMBER OF UNEARNED SHARES, UNITS OR OTHER RIGHTS THAT HAVE NOT VESTED (#) | EQUITY INCENTIVE PLAN AWARDS: MARKET OR PAYOUT VALUE OF UNEARNED SHARES, UNITS OR OTHER RIGHTS THAT HAVE NOT VESTED ($) |
| Ron Rittenmeyer | 9/29/17 | 408,526 | | | 16.43 | 9/29/22 | | | | |
| | 3/29/18 | | | | | | 180,414[3] | 3,092,296 | | |
| | 6/29/18 | | | | | | 36,534[3] | 626,193 | | |
| Total values | | | | | | | | 3,718,489 | | |
| Dan Cancelmi | 9/28/12 | 37,500 | | | 25.08 | 9/28/22 | | | | |
| | 8/25/14 | | | | | | 16,694[4] | 286,135 | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | 8/25/14 | | | | 56,713(5) | 972,061 |
| | 3/10/16 | | | | 12,027(6) | 206,143 |
| | 3/10/16 | | | | 15,225(7) | 260,962 |
| | 3/1/17 | 89,976 | 18.99 | 3/1/27 | | |
| | 3/1/17 | | | | 26,916(6) | 461,340 |
| | 2/28/18 | 86,826 | 20.60 | 2/28/28 | | |
| | 2/28/18 | | | | 37,217(6) | 637,899 |
| Total values | | | | | | $ 2,824,540 |
| Keith Pitts | 8/25/14 | | | | 16,694(4) | 286,135 |
| | 8/25/14 | | | | 56,713(5) | 972,061 |
| | 3/10/16 | | | | 20,393(6) | 349,536 |
| | 3/10/16 | | | | 25,817(7) | 442,498 |
| | 3/1/17 | 152,568 | 18.99 | 3/1/27 | | |
| | 3/1/17 | | | | 45,639(6) | 782,252 |
| | 2/28/18 | 147,226 | 20.60 | 2/28/28 | | |
| | 2/28/18 | | | | 63,107(6) | 1,081,654 |
| Total values | | | | | | $ 3,914,136 |
| J. Eric Evans | 8/25/14 | | | | 1,333(4) | 22,848 |
| | 8/25/14 | | | | 4,531(5) | 77,661 |
| | 3/10/16 | | | | 2,615(6) | 44,821 |
| | 3/10/16 | | | | 3,311(7) | 56,751 |
| | 3/31/16 | | | | 5,762(6) | 98,761 |
| | 3/31/16 | | | | 7,294(7) | 125,017 |
| | 3/1/17 | 97,800 | 18.99 | 3/1/27 | | |
| | 3/1/17 | | | | 29,256(6) | 501,448 |
| | 2/28/18 | 94,376 | 20.60 | 2/28/28 | | |
| | 2/28/18 | | | | 40,454(6) | 693,382 |
| Total values | | | | | | $ 1,620,689 |

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## EXECUTIVE COMPENSATION TABLES

| | | OPTION AWARDS[1] | | | | | STOCK AWARDS | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| NAME | GRANT DATE | NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) EXERCISABLE | NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) UNEXERCISABLE[3] | EQUITY INCENTIVE PLAN AWARDS: NUMBER OF SECURITIES UNDERLYING UNEXERCISED UNEARNED OPTIONS | OPTION EXERCISE PRICE ($) | OPTION EXPIRATION DATE | NUMBER OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED (#) | MARKET VALUE OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED ($)[2] | EQUITY INCENTIVE PLAN AWARDS: NUMBER OF UNEARNED SHARES, UNITS OR OTHER RIGHTS THAT HAVE NOT VESTED (#) | EQUITY INCENTIVE PLAN AWARDS: MARKET OR PAYOUT VALUE OF UNEARNED SHARES, UNITS OR OTHER RIGHTS THAT HAVE NOT VESTED ($) |
| Audrey Andrews | 8/25/14 | | | | | | 11,129[4] | 190,751 | | |
| | 8/25/14 | | | | | | 37,809[5] | 648,046 | | |
| | 3/10/16 | | | | | | 7,844[6] | 134,446 | | |
| | 3/10/16 | | | | | | 9,930[7] | 170,194 | | |
| | 3/1/17 | | | 58,680 | 18.99 | 3/1/27 | | | | |
| | 3/1/17 | | | | | | 17,554[6] | 300,876 | | |
| | 2/28/18 | | | 56,626 | 20.60 | 2/28/28 | | | | |
| | 2/28/18 | | | | | | 24,272[6] | 416,022 | | |
| Total values | | | | | | | | $ 1,860,335 | | |

(1) All options have a term of 10 years except for the stock options granted to Mr. Rittenmeyer, which have a term of five years.

(2) Based on the NYSE closing price of $17.14 per share of our common stock on December 31, 2018.

(3) These time-based restrict stock units vest quarterly in equal installments ending on February 28, 2020.

(4) These time-based restricted stock units vest on the fifth anniversary of the date of grant.

(5) The amount shown represents two portions of one grant of performance-based restricted stock units with different performance-based conditions that have both been satisfied, with the awards earned at 139.7% and 200% of target, respectively. These earned awards remain subject to vesting conditions and will vest on the fifth anniversary of the date of grant.

(6) These time-based restricted stock units vest in equal installments on each of the first three anniversaries of the date of grant.

(7) The award shown represents a grant of performance-based restricted stock units with performance-based conditions that have been satisfied, with the awards earned at 42.2%.These earned awards remain subject to vesting conditions and will vest on the third anniversary of the date of grant.

## Option Exercises and Stock Vested

The following table sets forth certain information regarding options and restricted stock unit awards exercised and vested, respectively, during 2018 for the NEOs.

**2018 Option Exercises and Stock Vested Table**

| | OPTION AWARDS | | STOCK AWARDS | |
|---|---|---|---|---|
| NAME | NUMBER OF SHARES ACQUIRED ON EXERCISE (#) | VALUE REALIZED ON EXERCISE ($) | NUMBER OF SHARES ACQUIRED ON VESTING (#) | VALUE REALIZED ON VESTING ($)[1][2] |
| Ron Rittenmeyer | -0- | -0- | 127,580 | 4,013,183 |
| Dan Cancelmi | -0- | -0- | 46,754 | 984,163 |
| Keith Pitts | -0- | -0- | 77,049 | 1,625,815 |

| | | | | |
|---|---|---|---|---|
| J. Eric Evans | -0- | -0- | 26,475 | 588,515 |
| Audrey Andrews | -0- | -0- | 29,190 | 616,747 |

(1) These amounts are associated with prior-year equity compensation and are not considered 2018 compensation.

(2) Calculated by multiplying the number of shares vested by the market price of common stock on the vesting date. The values shown do not represent proceeds actually received by the NEOs, as shares were withheld to cover applicable taxes.

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EXECUTIVE COMPENSATION TABLES

## Pension Benefits

The following table sets forth information as of December 31, 2018 with respect to our SERP, which provides for payments or other benefits in connection with the retirement of the NEOs. Messrs. Rittenmeyer and Evans do not participate in the SERP.

**2018 Pension Benefits Table**

| NAME | PLAN NAME | NUMBER OF YEARS CREDITED SERVICE (#)[1] | PRESENT VALUE OF ACCUMULATED BENEFIT ($)[2][3] | PAYMENTS DURING FISCAL YEAR ($) |
|---|---|---|---|---|
| Dan Cancelmi | SERP | 20 | 6,875,826[4] | -0- |
| Keith Pitts | SERP | 19 | 11,909,110 | -0- |
| Audrey Andrews | SERP | 20 | 4,219,476[4] | -0- |

(1) In recognition of Mr. Pitts significant tenure and experience at Vanguard Health Systems (Vanguard), and to incentivize and retain Mr. Pitts to join the Company following the acquisition of Vanguard, the Company entered into a letter agreement with Mr. Pitts on June 21, 2013 pursuant to which we agreed that Mr. Pitts would be credited under our SERP with his tenure at Vanguard following his completion of five years of service with the Company. In October 2018, Mr. Pitts met the five-year service requirement agreed upon in 2013, and as a result Mr. Pitts has been credited with 19 years of service under the SERP. The Company has no further arrangements with Mr. Pitts, and no similar arrangements with any of its other executive officers. Credited service under the SERP is limited to a maximum of 20 years, and thus, Mr. Cancelmi s service is limited despite his actual 24 years of service with the Company.

(2) Computed as of December 31, 2018, the same pension plan measurement date used for financial statement reporting purposes with respect to our consolidated financial statements for the year ended December 31, 2018, which are included in our Annual Report on Form 10-K.

(3) Determined using the benefit formula, age and service credits, and final average earnings as of December 31, 2018, using: (i) the assumption that retirement age is age 62, which is the earliest age at which a participant under the SERP may retire or terminate employment without a reduction in benefits; (ii) actuarial tables used in calculating life expectancies; and (iii) a discount rate of 4.50%.

(4) The amount shown is the present value of the full accumulated benefit amount under the SERP; however, the amount received under the SERP upon retirement will be reduced (offset) by any benefit received under the ERA and other retirement benefits. For more information on amounts payable under the ERA, see the 2018 Nonqualified Deferred Compensation Table on page 54.

*Supplemental Executive Retirement Plan*

Messrs. Cancelmi and Pitts, and Ms. Andrews, are participants in our SERP, which provides certain executives with supplemental retirement benefits in the form of retirement payments for life, generally commencing on the first day of the month following an executive s retirement from Tenet after reaching age 62, subject to the six-month delay applicable to key employees under Section 409A of the Internal Revenue Code of 1986 (Section 409A). At retirement, the annual benefit (paid on a monthly basis) to a participant will be a product of four factors:

| | | | | | | |
|---|---|---|---|---|---|---|
| highest average monthly earnings (base salary<br><br>and annual cash bonus under our AIP) for any<br><br>consecutive 60-month period during the<br><br>10 years preceding retirement | x | years of credited service(1) | x | vesting factor | x | percentage factor<br><br>(to offset certain other retirement benefits) |

(1) For the first five years of participation in the SERP, a participant is given partial credit for years of service performed prior to the participant s enrollment in the SERP. Upon achieving five years of SERP participation, a participant receives full credit for service years performed prior to SERP participation.

The monthly SERP benefit is reduced in the event of a participant s early retirement (age 55 with 10 years of service) or termination of employment prior to age 62 by 3.0% for each year that employment termination occurs before age 62 (max reduction of 21%). Monthly SERP benefits are further reduced by an additional 3% each year if benefits begin to be paid prior to age 62. Unreduced retirement benefits under the SERP are available for participants who terminate on or after age 62.

In the event of a change of control, participants will be deemed fully vested in their SERP benefits without regard to their actual years of service, and their SERP benefits will be calculated based on all of their years of service with the Company (i.e., the partial credit for service prior to enrollment in the SERP will not apply) and no early retirement or payment reduction will apply. SERP benefits payable in the event of a termination of employment within two years following a change of control event described in Section 409A will commence on the first day of the month following the participant s termination of employment, subject to the six-month delay applicable to key employees under Section 409A. Otherwise, any SERP benefits payable following a change of control will be paid at normal retirement or early retirement as described above.

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## EXECUTIVE COMPENSATION TABLES

None of our NEOs has received credited service under the SERP for years not worked for the Company or its acquired entities, however:

- the ESP, which was adopted in 2006, would provide each NEO with continued accrual of age and service credit under the SERP during his or her severance period. The SERP and ESP have been amended to eliminate these accruals during the severance period for employees that became SERP participants after August 3, 2011, including Mr. Pitts.

- In recognition of Mr. Pitts significant tenure and experience at Vanguard, and to incentivize and retain Mr. Pitts to join the Company following the acquisition of Vanguard, the Company entered into a letter agreement with Mr. Pitts on June 21, 2013 pursuant to which we agreed that Mr. Pitts would be credited under our SERP with his tenure at Vanguard following his completion of five years of service with the Company. In October 2018, Mr. Pitts met the five-year service requirement agreed upon in 2013, and as a result Mr. Pitts has been credited with 19 years of service under the SERP. In approving the conditional credit for Vanguard service, the HR Committee took into account:

  - the fact that Vanguard now comprises a substantial portion of Tenet s business;

  - Mr. Pitts unique ability to complete the integration of Vanguard into our operations; and

  - Mr. Pitts extensive background and experience in the acquisition and development area.

During their employment, SERP participants are provided a life insurance and an accidental death benefit for the designated beneficiary of each participant and a disability insurance policy for the benefit of each participant.

### Nonqualified Deferred Compensation

The following table sets forth information as of December 31, 2018 with respect to our deferred compensation plans.

**2018 Nonqualified Deferred Compensation Table**

| NAME | PLAN NAME[(1)] | EXECUTIVE CONTRIBUTIONS | REGISTRANT CONTRIBUTIONS | AGGREGATE EARNINGS | AGGREGATE WITHDRAWALS/ | AGGREGATE BALANCE |
|---|---|---|---|---|---|---|

| | | IN LAST FISCAL YEAR ($)[2] | IN LAST FISCAL YEAR ($)[3] | IN LAST FISCAL YEAR ($)[4] | DISTRIBUTIONS ($) | AT LAST FISCAL YEAR END ($)[5] |
|---|---|---|---|---|---|---|
| Ron Rittenmeyer | 2006 DCP | -0- | -0- | -0- | -0- | -0- |
| | ERA | -0- | 300,000 | 5,562 | -0- | 298,382 |
| Dan Cancelmi | 2006 DCP | -0- | -0- | 4,256 | -0- | 221,064 |
| | ERA | -0- | -0- | -0- | -0- | 69,502 |
| Keith Pitts | 2006 DCP | -0- | -0- | -0- | -0- | -0- |
| J. Eric Evans | 2006 DCP | 41,340 | 20,670 | 6,825 | -0- | 273,928 |
| | ERA | -0- | 140,000 | (50,228) | -0- | 576,163 |
| Audrey Andrews | 2006 DCP | -0- | -0- | -0- | -0- | -0- |
| | ERA | -0- | | | | |