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SETTLEMENT AGREEMENT

I. PARTIES

This Settlement Agreement (Agreement) is entered into among the following (herein "Parties") through their authorized representatives: the United States of America, acting through the United States Department of Justice and the United States Attorney's Office for the Southern District of Florida, and on behalf of the Office of Inspector General (OIG-HHS) of the United States Department of Health and Human Services (HHS)(collectively the "United States"); the Relator, Isabel Ayers (Relator); the law firm of May & Cohen and the Law Offices of Anthony Vitale (collectively referred to as "relator's counsel"); Lifemark Hospitals of Florida, Inc. (LHOF) d/b/a Palmetto General Hospital and also d/b/a Tenet Homecare of Palmetto General Hospital; Lifemark Hospitals, Inc. and American Medical (Central), Inc.

II. PREAMBLE

As a preamble to this Agreement, the Parties agree to the following:

A. The Hospital Parties (as defined below) assert:

1. Prior to 1995, LHOF was a subsidiary of American Medical Holding, Inc., an entity totally unrelated to Tenet Healthcare Corporation (Tenet). LHOF was acquired by Tenet as a fifth tier subsidiary corporation on March 1, 1995, when Tenet acquired American Medical Holding, Inc. and its subsidiaries.
2. LHOF operated a home health care business under the name of Florida Health Professionals Services, later known under various names, including Tenet Homecare of Palmetto General Hospital and Palmetto General Hospital Home Health, and provided home health care services through three home health agencies located in Dade, Islamorada, and Key

West, Florida (the FHPS Home Health Agencies), each of which had a separate Medicare provider agreement.

3. LHOH is a wholly-owned subsidiary of Lifemark Hospitals, Inc. (LHI).

4. LHI is a wholly-owned subsidiary of American Medical (Central), Inc.

5. American Medical (Central), Inc. is a wholly-owned subsidiary of Tenet HealthSystem Medical, Inc.

6. Tenet HealthSystem Medical, Inc. is a wholly-owned subsidiary of Tenet HealthSystem Holdings, Inc.

7. Tenet HealthSystem Holdings, Inc. is a wholly-owned subsidiary of Tenet.

B. LHOH, the FHPS Home Health Agencies, LHI, American Medical (Central), Inc., Tenet HealthSystem Medical, Inc., Tenet HealthSystem Holdings, Inc., Tenet Home Care, and Tenet are herein sometimes referred to collectively as the "Hospital Parties."

C. The Hospital Parties submitted, or caused to be submitted, claims for payment to the Medicare Program (Medicare), Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395ggg.

D. Relator filed a qui tam action on August 14, 1997 in the United States District Court for the Southern District of Florida styled United States of America ex rel. Isabel Avers v. Tenet Healthcare Corporation, et al., Civil Action No. 97-2507-Lenard (S.D. Fla.) (the Qui Tam Action), alleging that Tenet and Tenet Home Care violated the False Claims Act.

E. The United States asserts:

1. that it has certain civil claims against the Hospital Parties under the False Claims Act, 31 U.S.C. §§ 3729-3733, and/or common law doctrines, as specified in Paragraph

III.2 below, for knowingly engaging in the conduct described in Exhibit A (hereinafter referred to as the Covered Conduct).

2. that it has certain administrative claims against the Hospital Parties under the provisions for permissive exclusion from the Medicare, Medicaid and other Federal health care programs, 42 U.S.C. § 1320a-7(b), and the provisions for civil monetary penalties, 42 U.S.C. § 1320a-7a, for the Covered Conduct.

F. On or about July 15, 1997, prior to the filing of the Qui Tam Action, Tenet caused LHOF to voluntarily repay \$2,802,076.00 to Medicare in connection with certain of the claims described in the Covered Conduct.

G. The Hospital Parties deny the contentions of the United States as set forth in Paragraph E. This Agreement is neither an admission of liability by the Hospital Parties nor a concession by the United States that its claims are not well founded.

H. To avoid the delay, uncertainty, inconvenience and expense of protracted litigation of the above claims, the Parties reach a full and final settlement pursuant to the Terms and Conditions below.

III. TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the mutual promises, covenants, and obligations set forth below, and for good and valuable consideration as stated herein, the Parties agree as follows:

1. LHOF agrees to pay the United States \$29,000,000.00 (twenty-nine million dollars)(the Settlement Amount). LHOF agrees to pay the Settlement Amount to the United States by electronic funds transfer pursuant to written instructions to be provided by the United States. LHOF agrees to make this electronic funds transfer no later than three business days

after the effective date of the Agreement or receipt of the wire transfer instructions, whichever occurs last. In signing this Settlement Agreement, the undersigned president of LHOF hereby warrants and represents that LHOF has the necessary funds to make this payment.

2. Subject to the exceptions in Paragraph III.3 below, in consideration of the obligations of the Hospital Parties set forth in this Agreement, conditioned upon the Hospital Parties' full payment of the Settlement Amount, and subject to Paragraph III.10 below (concerning bankruptcy proceedings commenced within 91 days of the effective date of this Agreement), the United States (on behalf of itself, its officers, agents, agencies and departments) agrees to release the Hospital Parties, together with each of the Hospital Parties' shareholders, officers, directors insofar as they have acted in their official capacities, and the predecessors, successors and assigns of any of them, from any civil or administrative monetary claim the United States has or may have under the False Claims Act, 31 U.S.C. §§ 3729-3733; under the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; under the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or under the common law theories of payment by mistake, unjust enrichment, breach of contract and fraud, for the Covered Conduct. No individuals are released by this Agreement, except as noted herein.

3. Notwithstanding any term of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement as to any entity or person (including the Hospital Parties,) are the following:

(a) Any civil, criminal or administrative liability arising under Title 26, U.S. Code (Internal Revenue Code);

(b) Any criminal liability;

(c) Except as explicitly stated in this Agreement, any administrative liability,

including mandatory and permissive exclusion from Federal health care programs;

(d) Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;

(e) Any liability based upon such obligations as are created by this Agreement;

(f) Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services; and

(g) Except as explicitly stated in the Agreement, any liability for failure to deliver goods and services due.

4. The Hospital Parties fully and finally release the United States, its agencies, employees, servants, and agents from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) which the Hospital Parties have asserted, could have asserted, or may assert in the future against the United States, its agencies, employees, servants, and agents, related to the Covered Conduct and the United States' investigation and prosecution thereof.

5. The Settlement Amount will not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare carrier or intermediary or any State payer; and the Hospital Parties agree not to resubmit to any Medicare carrier or intermediary or any State payer any previously denied claims, and agree not to appeal any such denials of claims.

6. The Hospital Parties agree to the following:

(a) Unallowable Costs Defined: that all costs (as defined in the Federal Acquisition Regulations (FAR) § 31.205-47 and in Titles XVIII and XIX of the Social Security

Act, 42 U.S.C. §§ 1395-1395ggg and 1396-1396v, and the regulations and official program directives promulgated thereunder) incurred by or on behalf of the Hospital Parties, their present or former officers, directors, employees, shareholders, and agents in connection with the following shall be "unallowable costs" on Government contracts and under the Medicaid Program, TRICARE Program, and Federal Employees Health Benefits Program (FEHBP):

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and investigation(s) of the matters covered by this Agreement;
- (3) the Hospital Parties' investigation, defense, and corrective actions) undertaken in response to the United States' audit(s) and investigation(s) in connection with the matters covered by this Agreement (including attorney's fees);
- (4) the negotiation and performance of this Agreement; and
- (5) the payments made pursuant to this Agreement, including any costs and attorneys fees.

(b) Future Treatment of Unallowable Costs: These unallowable costs will be separately determined and accounted for in non-reimbursable cost centers by the Hospital Parties, and the Hospital Parties will not charge such unallowable costs directly or indirectly to any contracts with the United States or any State Medicaid Program, or seek payment for such unallowable costs through any cost report, cost statement, information statement, or payment request submitted by the Hospital Parties or any of their subsidiaries to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

(c) Treatment of Unallowable Costs Previously Submitted for Payment: The Hospital Parties further agree that within 90 days of the effective date of this Agreement they

will identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and Medicaid, VA and FEHBP fiscal agents, any unallowable costs (as defined in this Paragraph III.6) included in payments previously sought from the United States, or any State Medicaid Program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by the Hospital Parties or any of their subsidiaries or affiliates, and will request, and agree, that such cost reports, cost statements, information reports, or payment requests, even if already settled, be adjusted to account for the effect of the inclusion of the unallowable costs. The Hospital Parties agree that the United States, at a minimum, will be entitled to recoup from the Hospital Parties any overpayment plus applicable interest and penalties as a result of the inclusion of such unallowable costs on previously-submitted cost reports, information reports, cost statements, or requests for payment.

Any payments due after the adjustments have been made shall be paid to the United States pursuant to the direction of the Department of Justice, and/or the affected agencies. The United States reserves its rights to disagree with any calculations submitted by the Hospital Parties or any of their subsidiaries on the effect of inclusion of unallowable costs (as defined in this Paragraph III.6) on the Hospital Parties' or any of their subsidiaries' cost reports, cost statements, or information reports. Nothing in this Agreement shall constitute a waiver of the rights of the United States to examine or reexamine the unallowable costs described in this Paragraph III.6.

7. This Agreement is intended to be for the benefit of the Parties and the Hospital Parties, together with each of the Hospital Parties' shareholders, officers, directors, and the predecessors, successors and assigns of any of them only, and by this instrument the Parties do

not release any claims against any other person or entity.

8. The Hospital Parties agree that they waive and will not seek payment for any of the health care billings covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors based upon the claims for payment covered by this Agreement.

9. The Hospital Parties warrant that they have reviewed their financial situation and that they currently are solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I), and will remain solvent following the payment to the United States of the Settlement Amount. Further, the Parties warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants and obligations set forth herein constitute a contemporaneous exchange for new value given to the Hospital Parties within the meaning of 11 U.S.C. § 547(c)(1), and (b) conclude that these mutual promises, covenants and obligations do, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended and do, in fact, represent a reasonably equivalent exchange of value which is not intended to hinder, delay, or defraud any entity to which the Hospital Parties were or became indebted, on or after the date of this transfer, all within the meaning of 11 U.S.C. § 548(a)(1).

10. If, within 91 days of the effective date of this Agreement, the Hospital Parties commence, or a third party commences, any case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, (a) seeking to have any order for relief of debts, or seeking to adjudicate the Hospital Parties as bankrupt or insolvent, or (b) seeking appointment of a receiver, trustee, custodian or other similar official for the Hospital Parties or for all or any substantial part of the Hospital Parties' assets, the Hospital Parties agree

as follows:

(a) The Hospital Parties' obligations under this Agreement may not be avoided pursuant to 11 U.S.C. §§ 547 or 548, and the Hospital Parties will not argue or otherwise take the position in any such case, proceeding or action that: (i) the Hospital Parties' obligations under this Agreement may be avoided under 11 U.S.C. §§ 547 or 548; (ii) the Hospital Parties were insolvent at the time this Agreement was entered into, or became insolvent as a result of the payment made to the United States hereunder; or (iii) the mutual promises, covenants and obligations set forth in this Agreement do not constitute a contemporaneous exchange for new value given to the Hospital Parties.

(b) If the Hospital Parties' obligations under this Agreement are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, the United States, at its sole option, may rescind the releases in this Agreement, and bring any civil and/or administrative claim, action or proceeding against the Hospital Parties for the claims that would otherwise be covered by the releases provided in Paragraph III.2, above. The Hospital Parties agree that (i) any such claims, actions or proceedings brought by the United States (including any proceedings to exclude the Hospital Parties from participation in Medicare, Medicaid, or other Federal health care programs) are not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) as a result of the action, case or proceeding described in the first clause of this Paragraph III.10, and that the Hospital Parties will not argue or otherwise contend that the United States' claims, actions or proceedings are subject to an automatic stay; (ii) that the Hospital Parties will not plead, argue or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel or similar theories, to any such civil or administrative claims, actions or proceeding which are brought by the United States

within 180 calendar days of written notification to the Hospital Parties that the releases herein have been rescinded pursuant to this Paragraph III.10, except to the extent such defenses were available on August 14, 1997, the date the Qui Tam Action was filed; and (iii) the United States has a valid claim against the Hospital Parties in the amount of \$58,000,000, and the United States may pursue its claim in the case, action or proceeding referenced in the first clause of this Paragraph III.10, as well as in any other case, action, or proceeding.

(c) The Hospital Parties acknowledge that their agreements in this Paragraph III.10 are provided in exchange for valuable consideration provided in this Agreement.

11. Upon receipt by the United States of the Settlement Amount described in Paragraph III.1 above, the Relator and Relator's Counsel for themselves, their heirs, successors, employees, consultants, agents and assigns (collectively referred to as "Releasing Relator Parties"), hereby release and forever discharge the Hospital Parties, together with each of the Hospital Parties' shareholders, officers, directors, and the predecessors, successors and assigns of any of them, from all liabilities and claims the Relator may assert under the False Claims Act, 31 U.S.C. §§ 3729-3733; under the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; under the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or under the common law theories of payment by mistake, unjust enrichment, breach of contract and fraud, for the Covered Conduct.

12. In addition, the Relator Releasing Parties release and forever discharge the Hospital Parties together with each of the Hospital Parties' shareholders, officers, directors, and the predecessors, successors and assigns of any of them only, and agree this Agreement brings about the compromise and settlement of claims presently or potentially asserted by the Relator as set forth in the Qui Tam action, Covered Conduct or otherwise as against the Hospital Parties, together with each of Hospital Parties' shareholders, officers, directors, and the predecessors,

successors and assigns of any of them only, and that the Settlement Agreement and attorneys fees shall be full satisfaction of all claims, known or unknown, that the Relator Releasing Parties may have now or subsequent to the execution of this Agreement against the Hospital Parties in any way arising from or related to (a) Relator's employment, (b) the Qui Tam Action, (c) the Covered Conduct released herein or (d) the settlement under this Agreement.

13. Relator Releasing Parties agree that this settlement between the United States and the Hospital Parties in connection with the Qui Tam Action is fair, adequate, and reasonable under 31 U.S.C. § 3730(c)(2)(B).

14. The United States and the Relator hereby agree that \$23,800,052.00 (twenty-three million, eight hundred thousand and fifty-two dollars) of the Settlement Amount resulted from the Qui Tam Action brought by the Relator (hereinafter referred to as the "Qui Tam Settlement Portion"). Pursuant to 31 U.S.C. § 3730, the United States will pay Relator a share of the Qui Tam Settlement Portion in the amount of seventeen percent (17%) of the actual amount of the Qui Tam Settlement Portion received by the government pursuant to the terms of this Agreement as such payment is received by the United States, in a total amount not to exceed \$4,046,009.00. The United States shall not be obligated to pay Relator unless and until the United States receives payment of the Qui Tam Settlement Portion. The United States shall pay Relator her share of the Qui Tam Settlement Portion within a reasonable time after receipt by the United States from the Hospital Parties, and it is expressly understood and agreed that the United States in no way promises or guarantees nor is liable to Relator for the collection or payment of any funds pursuant to this Agreement or the payment of any Relator's share except as provided herein for funds actually collected and received by the United States. To the extent the Hospital Parties fail to pay in full the Settlement Amount in Paragraph III.1, Relator will receive a pro-

rata share of any payments of the Settlement Amount actually received by the United States from the Hospital Parties.

15. In exchange for the United States' promise to pay Relator the share of the Qui Tam Settlement Portion as set forth in Paragraph III.14 of this Agreement, the Relator agrees to relinquish any and all claims she has or may have against the United States arising out of or relating to the Covered Conduct or the filing of the Qui Tam Action, including any claim under 31 U.S.C. § 3730, including 31 U.S.C. §§ 3730(b), (c) and (d).

16. The Hospital Parties agree to pay Relator the amount of \$90,000.00 (ninety thousand dollars) representing reasonable attorneys' fees, costs and expenses incurred with respect to the claims being settled by this Agreement. Upon receipt of this payment, Relator Releasing Parties will release and forever discharge the Hospital Parties, from all claims for attorneys' fees, costs and expenses incurred with respect to the claims being settled by this Agreement.

17. Except as set forth in paragraph III.16, each Party to this Agreement will bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

18. Within seven business days of the receipt by the United States of the Settlement Amount, the United States and the Relator agree to file a joint stipulation for dismissal with prejudice of those claims raised in the Qui Tam Action and the Covered Conduct that are released in this Agreement by the United States and the Relator Releasing Parties in the form attached hereto as Exhibit B.

19. The Hospital Parties waive and will not assert any defenses they may have to any criminal prosecution or administrative action relating to the Covered Conduct, which defenses

may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action. The Hospital Parties agree that this Agreement is not punitive in purpose or effect. Nothing in this Paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue Laws, Title 26 of the United States Code.

20. The Hospital Parties represent that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

21. This Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute arising between and among the Parties under this Agreement will be the United States District Court for the Southern District of Florida.

22. This Agreement constitutes the complete agreement among the Parties. This Agreement may not be amended except by signed written consent of the Parties.

23. The individuals signing this Agreement on behalf of the Hospital Parties represent and warrant that they are authorized by the Hospital Parties to execute this Agreement. The Relator shall sign this Agreement. Relator's counsel signing this Agreement on behalf of Relator represent and warrant that they are authorized by Relator to execute this Agreement. The United States signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement.

24. This Agreement may be executed in counterparts, each of which constitutes an

original and all of which constitute one and the same agreement.

25. This Agreement is binding on the Hospital Parties's successors, transferees, heirs, and assigns.

26. All Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public. Notwithstanding the foregoing, this paragraph is not meant to permit the United States, the Relator, or Relator's counsel to disclose to the public any confidential or proprietary information obtained during the course of this investigation.

27. This Agreement is effective on the date of signature of the last signatory to the Agreement. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

(signature pages follow)

THE UNITED STATES OF AMERICA

DATED: 6/24/02

BY: *Mark A. Lavine*

MARK A. LAVINE
Assistant United States Attorney
United States Attorney's Office, Southern
District of Florida

DATED: 6-24-02

BY: *Sondra L. Mills*

SONDRA L. MILLS
Trial Attorney
for the Commercial Litigation Branch
Civil Division
United States Department
of Justice

DATED: 6/21/02

BY: *L. Morris*

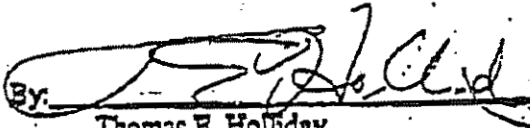
LEWIS MORRIS
Assistant Inspector General
Office of Counsel to the
Inspector General
Office of Inspector General
United States Department of
Health and Human Services

THE HOSPITAL PARTIES

DATED: _____

By: _____
Raymond L. Mathiasen
Senior Vice President
American Medical (Central), Inc.

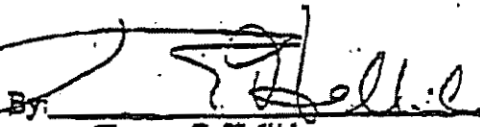
DATED: 6/21/02

By: 
Thomas E. Holliday
Counsel for American Medical (Central), Inc.

DATED: _____

By: _____
Don Steigman
Senior Vice President
Lifemark Hospitals, Inc.


DATED: 6/21/02

By: 
Thomas E. Holliday
Counsel for Lifemark Hospitals, Inc.

DATED: _____

By: _____
Ralph Aleman
President
Lifemark Hospitals of Florida, Inc. d/b/a Palmetto General
Hospital

DATED: 6/21/02

By: 
Thomas E. Holliday
Counsel for Lifemark Hospitals of Florida, Inc. d/b/a
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By: _____
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By: _____
Thomas E. Holliday
Counsel for Lifemark Hospitals, Inc.

DATED: 9/24/02

By: 

Ralph Aleman
President
Lifemark Hospitals of Florida, Inc. d/b/a Palmetto General
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DATED: _____

By: _____
Thomas E. Holliday
Counsel for Lifemark Hospitals of Florida, Inc. d/b/a
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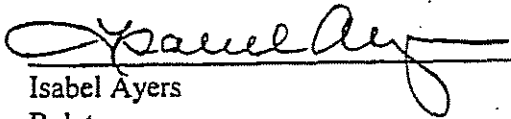
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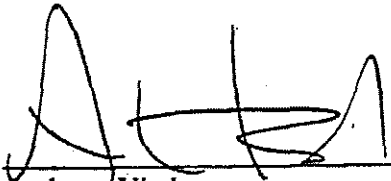
Thomas E. Holliday
Counsel for Lifemark Hospitals of Florida, Inc. d/b/a
Palmetto General Hospital

RELATOR

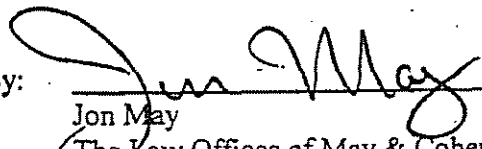
DATED: 6/20/02

By: 
Isabel Ayers
Relator

DATED: 6/20/02

By: 
Anthony Vitale
The Law Offices of Anthony Vitale
Counsel for Isabel Ayers

DATED: 6/20/02

By: 
Jon May
The Law Offices of May & Cohen
Counsel for Isabel Ayers