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TENET INFORMATION SERVICES INC  
Form PRE 14A  
July 30, 2003

SCHEDULE 14A  
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

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 INFORMATION SERVICES, INC.  
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(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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 transactions applies: N/A

2) Aggregate number of securities to which transactions applies: N/A

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): The filing fee has been calculated in accordance with Rule 0-11 under the Exchange Act and is equal to 1/50 of 1% of \$339,000 (the aggregate amount of cash to be received by the Registrant in connection with the transaction)

4) Proposed maximum aggregate value of transaction: \$339,000

5) Total fee paid: \$68

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

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- 1) Amount previously paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing party:
- 4) Date filed:

TENET INFORMATION SERVICES, INC.

53 West 9000 South  
Sandy, Utah 84070  
(801) 568-0899

Dear Shareholder:

You are invited to attend a Special Meeting in Lieu of Annual Meeting (the "Special Meeting") of the shareholders of Tenet Information Services, Inc. ("we" or "Tenet") at \_\_\_\_\_, \_\_\_\_\_, on August \_\_, 2003, at \_\_\_\_\_, local time.

Shareholders will vote on the following items of business:

- \* Approval of that certain Asset Purchase Agreement by and between Tenet and ClinicalVentures, LLC ("ClinicalVentures") and dated July 29, 2003 (the "Asset Purchase Agreement") and the sale of substantially all of our operating assets and the assignment of certain of our liabilities (the "Transaction") pursuant to the Asset Purchase Agreement;
- \* Approval of resolutions authorizing our shareholders to take action by the written consent of fewer than all of the shareholders entitled to vote with respect to the action, to the fullest extent permitted by Utah corporate law (the "Written Consent Resolutions");
- \* Approval of amendments to and a restatement of our Articles of Incorporation (the "Amended and Restated Articles"), which amendments will include the following:
  - 1.a one-for-twenty reverse stock split of the outstanding shares of our common stock, to take effect upon the filing of the Amended and Restated Articles with the Utah Department of Commerce, Division of Corporations and Commercial Code;
  - 2.reference to our shareholders' right to take action by the written consent of fewer than all of the shareholders entitled to vote with respect to the action, to the fullest extent permitted by Utah corporate law;
  - 3.an elimination of those provisions the Board of Directors deems no longer necessary or appropriate under current Utah corporate law; and
  - 4.a restatement of the Articles of Incorporation by incorporating in a

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single document the amendments approved and adopted by our shareholders at the Special Meeting, as well as all prior provisions still in effect.

- \* Election of three (3) directors to the Tenet Board of Directors, each to serve for a one year term expiring at our annual meeting in 2004, and with three nominees for those positions presented by the Board (the "Director Nominees").

The Board of Directors has unanimously determined that the approval of the Asset Purchase Agreement, the Transaction, the Written Consent Resolutions, the Amended and Restated Articles and the election of the Director Nominees, are in the best interests of Tenet and its shareholders and recommends that shareholders vote in favor of each of such matters.

The accompanying material includes the Notice of Special Meeting in Lieu of Annual Meeting, a Summary, the Proxy Statement and exhibits, a proxy card, and our Annual Report on Form 10-KSB for the fiscal year ended June 30, 2002 and our Quarterly Reports on Form 10-QSB for the three-month periods ended September 30, 2002, December 31, 2002 and March 31, 2003. We hope you will be able to attend the Special Meeting. Whether or not you are able to attend the Special Meeting, we urge you to sign and date the enclosed proxy card and to return it promptly in the enclosed envelope. If you do attend the Special Meeting, you may withdraw your prior vote or proxy and vote personally on any matters brought properly before the meeting by following the instructions on the proxy card.

Sincerely,

Jerald L. Nelson  
President

Sandy, Utah  
August , 2003

TENET INFORMATION SERVICES, INC.

53 West 9000 South  
Sandy, Utah 84070  
(801) 568-0899

NOTICE OF SPECIAL MEETING IN LIEU OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD AUGUST , 2003

To the Shareholders of Tenet Information Services, Inc.:

A Special Meeting in Lieu of Annual Meeting of the Shareholders (the "Special Meeting") of Tenet Information Services, Inc., a Utah corporation ("we" or "Tenet"), will be held at the ,

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, on \_\_\_\_\_, August \_\_\_\_\_, 2003, at \_\_\_\_\_, local time, for the following purposes:

1. To consider and vote upon a proposal to approve that certain Asset Purchase Agreement by and between Tenet and ClinicalVentures, LLC ("ClinicalVentures") and dated July 29, 2003 (the "Asset Purchase Agreement") and the sale of substantially all of our operating assets, and the assumption by ClinicalVentures of certain of our obligations and liabilities, with such acquisition and assumption being referred to herein as the "Transaction".
2. To consider and vote upon resolutions authorizing our shareholders to take action by written consent of fewer than all of the shareholders entitled to vote with respect to the action (the "Written Consent Resolutions"), to the fullest extent permitted by the Utah Revised Business Corporation Act (the "Act").
3. To consider and vote upon amendments to and a restatement of our Articles of Incorporation (the "Amended and Restated Articles"), which amendments will include the following :
  - a. a one-for-twenty reverse stock split of the outstanding shares of our common stock, to take effect upon the filing of the Amended and Restated Articles with the Utah Department of Commerce Division of Corporations and Commercial Code;
  - b. reference to our shareholders' right to take action by the written consent of fewer than all of the shareholders entitled to vote with respect to the subject matter of the action, to the fullest extent permitted by the Act;
  - c. elimination of provisions that are no longer deemed necessary or appropriate under the Act; and
  - d. restatement of the Articles of Incorporation by incorporating in a single document the amendments approved and adopted by our shareholders at the Special Meeting, as well as all prior provisions still in effect.
4. To elect three (3) directors to our Board of Directors, each to serve for a one year term expiring at our annual meeting in 2004, with three nominees to fill these positions being nominated by the Board of Directors (the "Director Nominees").

Holders of record of our common stock at the close of business on July \_\_, 2003 will receive notice of and may vote at the Special Meeting, including any adjournment of the Special Meeting. You are invited to attend the Special Meeting in person, if possible. Whether or not you plan to attend, please mark, date and sign the enclosed proxy and mail it promptly. A return envelope is enclosed for your convenience. We will pay all expenses of the meeting, including the cost of printing and mailing the enclosed proxy statement.

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By Order of the Board of Directors,

Fred Anderson  
Corporate Secretary

Sandy, Utah  
, 2003

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To assure your representation at the meeting, please sign, date and return the enclosed proxy card whether or not you expect to attend in person. Shareholders who attend the meeting may revoke their proxies and vote in person if they desire.  
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TENET INFORMATION SERVICES, INC.

53 West 9000 South  
Sandy, Utah 84070  
(801) 568-0899

PROXY STATEMENT

SPECIAL MEETING IN LIEU OF ANNUAL MEETING OF SHAREHOLDERS

YOU SHOULD CAREFULLY READ THIS ENTIRE PROXY STATEMENT  
(INCLUDING THE EXHIBITS) BEFORE YOU VOTE

### Solicitation of Proxies

The Board of Directors of Tenet Information Services, Inc. ("we" or "Tenet"), is soliciting the enclosed proxy for use at the Special Meeting in Lieu of Annual Meeting of Shareholders (the "Special Meeting") to be held at

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at \_\_\_\_\_, local time, on August \_\_\_\_\_, 2003, and at any adjournment thereof. Tenet will mail this proxy statement and the enclosed proxy card to shareholders on or about \_\_\_\_\_, 2003.

We will pay the expense of the solicitation of proxies for the Special Meeting, including the cost of printing and mailing these materials. In addition to solicitation by mail, our management may solicit proxies personally or by telephone or facsimile without additional compensation.

### Record Date and Outstanding Common Stock

Only holders of record of the common stock at the close of business on \_\_\_\_\_, 2003 will receive notice of, and will be permitted to vote at, the Special Meeting. As of \_\_\_\_\_, 2003, there were 19,336,213 shares of common stock outstanding.

### Voting and Revocation of Proxy

Shareholders of record on the Record Date may receive notice of, and vote at, the Special Meeting. Each share of common stock gives the holder the right to one vote upon each matter to be presented at the Special Meeting.

Each properly dated, executed and returned proxy received by us prior to the Special Meeting will be voted at the Special Meeting in accordance with the instructions indicated thereon. If no specific instructions are given on a proxy received before the Special Meeting, the shares represented by that proxy will be voted FOR approval of the Asset Purchase Agreement and the Transaction; FOR the approval of the Written Consent Resolutions; FOR approval and adoption of the Amended and Restated Articles; and FOR the election of each of the Director Nominees.

A shareholder giving a proxy may revoke it at any time before the Special Meeting. You may revoke your proxy by doing any of the following:

- \* Giving written notice of revocation to our Secretary before the Special Meeting,
- \* Giving another written proxy bearing a later date, provided we receive it before the Special Meeting, or
- \* Attending the Special Meeting and voting in person (although attendance at the Special Meeting will not in and of itself constitute a revocation of your proxy).

### Quorum, Abstentions, and Broker Non-Votes

At the Special Meeting, the following procedures will apply:

A quorum will be deemed present for all purposes at the Special Meeting if there are represented, either in person or by proxy, a majority of the issued and outstanding shares of common stock at \_\_\_\_\_, 2003. Before action may be taken at the Special Meeting, we must determine that a quorum is present. Calculating the number of shares present at the Special Meeting for purposes of determining whether there is a quorum present will be accomplished by reviewing the proxies received before the Special Meeting and by counting any additional shares owned by shareholders actually present at the Special Meeting.

If an executed proxy is returned and the shareholder has marked the proxy

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to indicate that the shares are abstained from voting on any matter, the shares represented by that proxy will be considered present at the meeting for purposes of determining a quorum and for purposes of calculating the vote, but will not be counted as voting in favor of the matter. If an executed proxy is returned by a broker holding shares in "street name," which indicates that the broker lacks discretionary authority to vote part or all of those shares on one or more matters to be considered at the Special Meeting, those shares will be considered present at the meeting for purposes of determining a quorum, but will not be considered to be represented at the meeting for purposes of calculating the vote with respect to those matters for which the broker lacks authority to vote.

Required Vote

We will proceed with the Transaction only if a quorum is present at the Special Meeting and the Asset Purchase Agreement and Transaction are approved by a majority of all issued and outstanding shares.

The proposal to authorize our shareholders to take action by written consent of fewer than all of the shareholders entitled to vote with respect to the action will be approved if we receive the affirmative vote of a majority of all shares actually voted at the Special Meeting.

The proposal to amend and restate our Articles of Incorporation will be approved if we receive the affirmative vote of a majority of all issued and outstanding shares with respect to each amendment to be effected.

Election of Directors will be determined by a simple plurality of the votes cast by all shares actually voted at the Special Meeting.

There is no cumulative voting, and each share counts as one vote. Shareholders are entitled to dissenters' rights in connection with the Transaction. Dissenters' rights allow shareholders to dissent from a sale of substantially all of the corporation's assets if the net proceeds from the transaction are not to be distributed to the shareholders within one year after the sale. Shareholders perfecting dissenters' rights are entitled to receive a fair cash payment for their shares. Shareholders' dissenters' rights are more specifically described on page 25, under the heading "Dissenters' Rights as a Result of the Sale of Substantially all of Tenet's Assets."

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SUMMARY
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This summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. To better understand the Transaction, before voting you should carefully read this entire proxy statement, including the exhibits, one of which is the Asset Purchase Agreement. The Asset Purchase Agreement is the legal document that governs the Transaction.

When and where is the Special Meeting?

The Special Meeting will be held on August \_\_, 2003 at \_\_\_\_\_, commencing at \_\_\_\_ local time.

What matters will be voted upon at the Special Meeting?

Shareholders will vote on four proposals: (1) approval of the Asset Purchase

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Agreement and the Transaction, (2) approval of the Written Consent Resolutions, (3) approval and adoption of the Amended and Restated Articles, and (4) the election of the Director Nominees.

If the shareholders approve the Asset Purchase Agreement and the Transaction, we plan to sell to ClinicalVentures substantially all of our operating assets. ClinicalVentures will assume certain of our liabilities, other than certain trade debt and other obligations more specifically set forth in the Asset Purchase Agreement.

What are the reasons for the Transaction?

For several years, our management has explored various strategies which might enable us to expand our product lines, or to increase our sales based on our current product lines, in order to increase shareholder value. Sales based upon our current product have remained relatively flat for the past several years. However, after several unsuccessful attempts to acquire additional products and to expand our business based upon our current product lines, our management has concluded that it is in the best interest of Tenet and our shareholders to sell substantially all of our operating assets in order to explore new opportunities based upon different product or service offerings. Our Board of Directors has concluded that the sale of substantially all of our operating assets to ClinicalVentures on the terms set forth in the Asset Purchase Agreement will provide an opportunity to pursue a new venture that might ultimately provide a greater return to our shareholders, when compared to our existing business or opportunities previously considered by the Board.

Did the board of directors obtain the opinion or appraisal of outside experts?

No. The Board of Directors has not engaged independent valuation consultants to prepare an opinion as to the fairness of the Transaction.

Does the board of directors recommend that I vote for approval of the Transaction?

Yes. The Board of Directors believes that the execution and performance of the Asset Purchase Agreement and the consummation of the Transaction are in the best interests of Tenet and its shareholders, and recommends that you vote to approve the Asset Purchase Agreement and the Transaction. See "Recommendation of the Board of Directors" at page 26.

What is the financial condition of Tenet and how will it be affected by the Transaction?

Tenet has been relatively self-sufficient over the previous several years, maintaining its operations without the infusion of additional debt or equity capital. If the Transaction is closed as currently contemplated, we will materially reduce our payables and our short and long-term obligations, but will dispose of our existing operations that have generated our historical revenues.

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What will the shareholders own after the Transaction?

The shareholders will continue to own their shares after the Transaction (subject to the reverse stock split referenced below). Tenet will continue to own assets with a net tangible book value of approximately \$0.01 per pre-split share. These assets will include cash, one retained promissory note, certain accounts receivable and cash equivalents, and miscellaneous personal property. Our Unaudited Pro Forma Financial Statements are included in this proxy statement and illustrate the estimated effect of the Transaction on our

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financial statements. You should review them carefully with the other information and material included in this proxy statement.

Will the Transaction affect my ownership of common stock or my rights as a shareholder?

No. Subject to the one-for-twenty reverse split to be effective upon filing of the Amended and Restated Articles, you will continue to own the same number of shares after the Transaction closes as you did immediately before the Transaction. The Transaction will not involve the redemption or purchase of any outstanding shares of common stock. In connection with the Transaction, you are not being asked to exchange your shares of common stock for any other shares or for cash or other property. Immediately before the Transaction there will be approximately 19,336,213 shares of common stock issued and outstanding. After the closing of the Transaction and prior to the filing of the Amended and Restated Articles, the same number of shares of common stock will remain issued and outstanding, subject to the exercise of dissenters' rights by any of our shareholders.

The Amended and Restated Articles provide for a one-for-twenty reverse stock split, to be effective upon their filing with the Division. It is expected that such filing will be made subsequent to the closing of the Transaction. However, if for any reason the Transaction is not completed as currently anticipated, we may proceed with the filing of the Amended and Restated Articles. Upon such filing, each group of twenty shares held by each shareholder will be combined and consolidated into one share. In lieu of issuing fractional shares, we will pay to each shareholder the fair value of the shares held which cannot be consolidated into one whole share. The Board of Directors has determined that \$ represents the fair value of one pre-split share. As a result of the reverse stock split, each shareholder will retain and exercise voting rights with respect to approximately the same percentage equity interest in Tenet as he, she or it held prior to the filing of the Amended and Restated Articles, except for changes resulting from cashing out fractional shares resulting from the reverse split. Shareholders holding fewer than twenty pre-split shares will not hold any shares, or have any further rights as a shareholder, after giving effect to the reverse split.

What will Tenet do after the completion of the Transaction?

Following the Transaction, we will pursue potential acquisitions or business opportunities. We have not identified any targets and we do not expect to identify a target before the Special Meeting. We cannot estimate a timetable for completing any such transaction, and we cannot assure you that we will be able to complete a transaction at all. Until we complete a transaction, we will generate revenues primarily by the collection of retained accounts receivable that are part of the Excluded Assets, the receipt of payments of principal and interest on the promissory note issued by Delta Healthcare Consulting Group, Inc. in favor of Tenet in the principal amount of \$25,700, and by receipt of certain software license fees received from ClinicalVentures, pursuant to a license agreement between Tenet and ClinicalVentures dated July 18, 2003 (the "License Agreement"). Pursuant to the License Agreement, ClinicalVentures is obligated to pay to us 5% of the initial software license fees received by ClinicalVentures during the first five years following the effective date of the License Agreement with respect to new sales or licenses of the EDNet and ARCNet tracking products we currently sell, or any updates or new versions thereof or other software products (to the extent such updates, new versions or other products contain the code transferred to ClinicalVentures in the Transaction which implements the "tracking feature" included in the EDNet tracking system), marketed by ClinicalVentures after the effective date of the License Agreement, up to an aggregate of \$90,000. See "Our Business Following the Transaction," on page 18.

What are the basic terms of the Transaction?

If the shareholders approve the Transaction, the following will occur:

- \* Upon satisfaction of the applicable conditions to the closing of the Transaction, ClinicalVentures will acquire our operating assets and assume certain of our liabilities, except for assets and liabilities specifically excluded under the Asset Purchase Agreement.
- \* ClinicalVentures will pay us a purchase price of \$339,000 in cash at closing of the Transaction.
- \* ClinicalVentures will assume certain of our obligations and liabilities.
- \* We will seek to pursue a new business plan based on a strategic combination with or an acquisition of or by another business. The Asset Purchase Agreement also contains other terms and conditions customary for this type of transaction. See "Description of the Asset Purchase Agreement" at page 13.

How will Tenet use the excluded assets?

The assets that we keep in the Transaction will include cash on hand just prior to closing (before payment of costs related to the Transaction), a promissory note payable to Tenet in the principal amount of \$25,700, certain accounts receivable and cash equivalents, miscellaneous personal property, the License Agreement and our Respiratory Care Management System. We intend to use a portion of the cash, as well as a portion of the cash received in the Transaction to pay applicable costs and expenses associated with the Transaction. We will also reduce retained obligations and pay expenses associated with our ongoing public company reporting requirements. Remaining cash, including funds paid under the retained promissory note issued by Delta Healthcare Consulting Group, Inc. and received pursuant to the License Agreement, will be retained pending use in an acquisition or other transactions. See "Our Business Following the Transaction" at page 18.

Do I have dissenters' rights?

Yes. Dissenters' rights allow our shareholders to dissent from the Transaction and receive a fair cash payment for their shares. See "Dissenters' Rights as a Result of the Sale of Substantially all of Tenet's Assets" at page 25.

How will the Transaction affect the net book value of my shares?

Before the Transaction (at June 30, 2003, the end of the most recently completed fiscal year), the net tangible book value of our common stock was approximately \$0.00 per share. We estimate the net tangible book value of our common stock immediately after the Transaction will be approximately \$0.01 per share. See the Unaudited Pro Forma Financial Statements at page 19.

Will Tenet have positive cash flow following the Transaction?

After the closing of the Transaction, Tenet will receive monthly payments due under a promissory note previously delivered to Tenet by Delta Healthcare Consulting Group, Inc. in the principal amount of \$25,700 as well as certain software license fees, up to \$90,000, pursuant to the License Agreement, and will collect accounts receivable retained as part of the Excluded Assets. We believe these revenues will exceed the short-term cash obligations of Tenet, pending its search for potential business opportunities.

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What are the federal income tax consequences of the Transaction?

The Transaction alone will not produce any separate and independent federal income tax consequences directly to you. The Transaction will be taxed to Tenet as a sale of assets and will result in gain or loss depending on whether the net proceeds realized from the sale of the various assets exceed our various basis in those assets, as determined on an asset-by-asset basis. Tenet has sufficient net operating loss carry forwards to offset any gains and avoid any tax obligation arising from the Transaction. See "Federal Income Tax Consequences" at page 25.

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Who may vote at the Special Meeting?

Only shareholders of record at the close of business on \_\_\_\_\_ will receive notice of and be permitted to vote at the Special Meeting. See "Voting and Revocation of Proxy" at page 1.

If my broker holds my shares in "street name," will my broker vote my shares for me?

Your broker will vote your shares at the Special Meeting only if you provide written instructions on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. See "Quorum, Abstentions and Broker Non-Votes," at page 1.

May I change my vote after I have submitted my proxy?

Yes. You may change your vote before the Special Meeting by:

- \* Giving notice to us of your changed vote in writing, provided that we must receive your notice of a change in your vote prior to the Special Meeting;
- \* Executing and delivering to us prior to the Special Meeting a subsequently dated proxy; or
- \* Attending the Special Meeting and giving oral notice of your intention to vote in person.

You should be aware that simply attending the Special Meeting will not automatically revoke your proxy. See "Voting and Revocation of Proxy" at page 1.

What shareholder vote is required to approve the Transaction?

The Transaction involves the sale of substantially all of our assets. We will not proceed with the Transaction unless it is approved by a majority of all outstanding shares.

How will the Transaction affect management of Tenet?

Tenet and ClinicalVentures have entered into a Management Services Agreement, providing for ClinicalVentures to manage the operations of our business, pending the holding of the Special Meeting and the approval of the Transaction by our shareholders. If the Transaction is completed, all existing employees will be terminated, except for Linda Gibb, who will provide day-to-day services for record keeping, collection of accounts and payment of obligations. Other employees involved in Tenet's product development, maintenance, technical support and marketing may be hired by ClinicalVentures, as ClinicalVentures

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and such employees may determine. Jerry Nelson and Fred Anderson, Tenet's key management personnel, will remain available to Tenet, to assist it in evaluating and pursuing new business opportunities.

What will I receive in the Transaction?

You will continue to own your shares of common stock (subject to the reverse stock split described elsewhere). You will not receive any cash, stock or other property in connection with, or as result of, the Transaction.

Will the common stock continue to be publicly traded?

Yes. We expect that the common stock will continue to be quoted on the National Association of Securities Dealers' Over the Counter Bulletin Board (the "OTCBB") after the Transaction. The OTCBB does not require companies traded thereon to maintain minimum stockholders' equity.

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What do I need to do now?

First, read this proxy statement carefully. Then, as soon as possible, you should submit your proxy by carefully completing, signing, and returning the enclosed proxy card. Your shares represented by proxy will be voted in accordance with the instructions you specify on the proxy card. The Board of Directors recommends that you vote in favor of the Asset Purchase Agreement and the Transaction. If you submit a proxy card without specifying how your shares should be voted, they will be voted FOR the approval of the Asset Purchase Agreement and the Transaction.

Who should I call if I have questions?

If you have questions about the proposals, you may call our President, Jerald L. Nelson, at (801) 568-0899.

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The Securities and Exchange Commission has not approved or disapproved the Transaction or passed upon the fairness or merit of the Transaction or the accuracy or adequacy of this proxy statement. Any representation to the contrary is unlawful.

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VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The following table contains information as of July 25, 2003, summarizing the beneficial ownership of our common stock by (1) each person known to us to be the beneficial owner of more than 5% of the issued and outstanding common stock, (2) our executive officers and directors individually, and (3) all executive officers and directors as a group. Except as stated in the footnotes to the table, each of these persons exercises sole voting and investment power over the shares of common stock listed for that person. Except as shown, the mailing address of the persons listed in the table is our address: 53 West 9000 South, Sandy, Utah 84070.

Name and Address of Beneficial Owner as of September 27, 2002	Common(1)	Percent of Shares Outstanding(2)
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Michael R. Carlston (3)	4,673,977	24.17%
Dennis C. Peterson (4)	4,220,442	21.83%
Mark Oldroyd (5)	3,975,559	20.56%
Scott Staker (6)	3,975,559	20.56%
T-Acquisition L.L.C. (7)	3,775,559	19.53%
Eric J. Nickerson (8)	2,278,175	11.78%
Third Century II (8)	2,278,175	11.78%
Robert Smith (9)	1,166,246	6.03%
Richard Gwinn (10)	1,004,920	5.20%
Fred J. Anderson (11)	263,212	1.36%
Jerald L. Nelson (12)	1,542,326	7.98%
All Officers and Directors (13)	4,083,713	21.12%

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\* Less than one percent.

- (1) The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under this rule, beneficial ownership includes any shares as to which the shareholder has sole or shared voting power or investment power and also any shares that the shareholder has the right to acquire within 60 days.
  - (2) Percentages are based on 19,336,213 shares outstanding before the Transaction. Shares of common stock subject to options that are presently exercisable or exercisable within 60 days are deemed to be beneficially owned by the person holding the options for the purpose of computing the percentage ownership of that person, but are not treated as outstanding for the purpose of computing the percentage of any other person.
  - (3) The shares indicated include: 898,418 shares of Common Stock beneficially owned by Mr. Carlston (including shares owned by his wife and held in trust for the benefit of his children) and 3,775,559 shares of Common Stock held by T-Acquisition L.L.C. Mr. Carlson's address is 855 Harwood Dr., Murray, UT 84107.
  - (4) Includes 444,883 shares of Common Stock beneficially owned by Mr. Peterson, and 3,775,559 shares of Common Stock held by T-Acquisition L.L.C. Mr. Peterson's address is 2508 W. Bueno Vista Dr., W. Jordan, UT 84088.
  - (5) Includes 200,000 shares of Common Stock beneficially held by Mr. Oldroyd, including shares held in trust for the Violet Johnson Brown Family Trust. Also includes 3,775,559 shares of Common Stock held by T-Acquisition L.L.C. Mr. Oldroyd's address is 55 North 800 West, Provo, UT 84601.
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- (6) Includes 200,000 shares of Common Stock held by Mr. Staker and also includes 3,775,559 shares of Common Stock held by T-Acquisition L.L.C. Mr. Staker's address is 880 North 98 West #9, Provo, UT 84604.
  - (7) A Utah Limited Liability company of which Michael R. Carlston owns or controls 56.7%, Mark Oldroyd owns or controls 32.1%, Dennis C. Peterson owns or controls 6.4% and Scott Staker owns or controls 4.8%. The shares indicated consist of 3,775,559 shares of Common Stock. The address of T-Acquisition L.L.C. is 855 Harwood Dr., Murray, UT 84107.
  - (8) Includes 2,278,175 shares of Common Stock held by Third Century Fund II.

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Mr. Nickerson is Senior Partner of Third Century Fund II. Mr. Nickerson is also a director of the Company. Mr. Nickerson and Third Century Fund II's address is 1711 Chateau Ct., Fallston, MD 21047

- (9) Includes 1,166,246 shares of Common Stock held by Dr. Smith. Dr. Smith's address is 2291 Greer Rd., Palo Alto, CA 94303.
- (10) Includes 1,004,920 shares of Common Stock held by Dr. Gwinn. Dr. Gwinn's address is 304 W. Thorn, San Diego, CA 92103.
- (11) Includes 263,212 shares of Common Stock held by Mr. Anderson.
- (12) Includes 1,542,326 shares of Common Stock. Mr. Nelson's address is 10242 Ashley Hills Circle, Sandy, Utah 84092.
- (13) After the Transaction there will be 3 members of this group, including Messrs. Anderson, Nelson and Erickson.

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### PROPOSAL #1

#### APPROVAL OF THE ASSET PURCHASE AGREEMENT AND THE TRANSACTION

##### General

At the Special Meeting, the shareholders will be asked to consider and vote upon the Asset Purchase Agreement and the Transaction contemplated therein, including the sale of substantially all of our operating assets (the "Acquired Assets") but excluding certain cash, accounts receivable, a promissory note issued by Delta Healthcare Consulting Group, Inc. in the principal amount of \$25,700 (the "Delta Note") and a license agreement by and between Tenet and ClinicalVentures dated July 18, 2003 and pursuant to which Tenet may be entitled to certain software license fees up to an aggregate of \$90,000 (the "License Agreement"), as well as certain equipment and furniture being retained by Tenet (collectively, the "Excluded Assets"), as well as the assumption by ClinicalVentures of certain of our obligations and liabilities (the "Assumed Obligations and Liabilities") but excluding certain liabilities to be retained by Tenet (the "Excluded Liabilities").

The terms of the Transaction are summarized in this proxy statement under the caption "Description of the Asset Purchase Agreement" beginning on page 13. For a more detailed understanding of all of the terms of the Transaction you should carefully read the Asset Purchase Agreement and the attachments and exhibits to that agreement.

##### The Parties

Tenet Information Services, Inc

Tenet Information Services, Inc. ("Tenet") is a Utah corporation in the business of developing, marketing and servicing computerized patient tracking and information management systems for use in hospitals and other health care facilities, with a focus on emergency departments, urgent care sites, ambulatory care departments and same day surgery facilities. Tenet is a publicly held corporation and its common stock is quoted on the National Association of Securities Dealers' Over the Counter Bulletin Board under the symbol "TISV." As of July 7, 2003, we had 19,336,213 shares of common stock issued and outstanding. Our net sales for the fiscal years ended June 30, 2001, 2002 and 2003 were \$0.5 million, \$0.7 million and \$0.9 million, respectively. As of July 7, 2003, we had approximately 16 customers to whom we have sold our management

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systems and with whom we have ongoing maintenance agreements (the "Maintenance Agreements"). Our customers are located primarily in North America. Our principal offices are located at 53 West 9000 South, Sandy, Utah 84070; and our telephone number is (801) 568-0899.

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ClinicalVentures Information Systems, Inc.

ClinicalVentures, LLC ("ClinicalVentures") is a Delaware corporation which provides integrated clinical information management systems for clinicians and the healthcare community. The administrative offices of ClinicalVentures are located at 3225 South Hardy Drive, Suite 101, Tempe, Arizona 85282, and the telephone number is (480) 831-7800.

Reasons for the Transaction

We have explored several alternatives for maximizing shareholder value during the past several years and were able to locate and complete two significant acquisitions. However, the acquired businesses never developed to the extent we had hoped, and the market for our common stock has become increasingly weak. Earlier this year, we sold the assets of our consulting business. After analyzing the various alternatives, we determined to dispose of our remaining operations, to allow Tenet to investigate other transactions and business opportunities that might hold greater prospects for the generation of value to shareholders. In furtherance of this strategy, we have entered into the Asset Purchase Agreement with ClinicalVentures.

Our management anticipated that we would receive the best value in exchange for our operating assets from ClinicalVentures, because our product line complements the products and services marketed by ClinicalVentures and provides features not currently provided by ClinicalVentures to its customers. Tenet has considered other disposition transactions, and our Board has considered at least one previous offer to purchase substantially all of our operating assets. However, our Board concluded that the terms of the Transaction as set forth in the Asset Purchase Agreement are more favorable to Tenet than those contemplated by the prior offer or available from other contacted parties. We intend to use the proceeds from this sale of assets, the Delta Note and the License Agreement, along with the retained cash, receivables and other property to discharge liabilities (including costs associated with the Transaction) and to pursue other business opportunities with the ultimate objective of maximizing shareholder value.

Background Information

Tenet was incorporated on February 24, 1984 by employees of Telemed, a Delaware corporation, that organized a buyout of Telemed's pulmonary and respiratory care information services business. In March 1984, we purchased that business for cash and a promissory note. By 1988, our annual revenue had grown to \$2.4 million and we completed an initial public offering of our common stock in 1989. By September 15, 1989, 23 hospitals were using our respiratory care management systems (then referred to as "RCMS") and we employed 23 full and part-time employees. Over time, with improvements in computer hardware and performance, the mini computer based RCMS product became dated. The last RCMS sale was made in January 1991. In 1994 a new senior management team was put into place.

Effective September 5, 1995, we acquired certain assets of The International HealthCare Consulting Group ("HCG") including certain accounts receivable, equipment, software products and other intangible assets. Since

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1986 HCG has provided healthcare institutions, mainly hospitals, with consulting services in the following areas:

- \* Nurse Staffing and Patient Classification
- \* Cost Benefit Analysis for Computerized Patient Records (CPR)
- \* Productivity
- \* Cost Accounting
- \* Operations Assessment
- \* Modeling and Simulation

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On September 29, 1995, Tenet and National MicroComputer Corporation ("NMC") approved the terms of an Agreement and Plan of Reorganization (the "Agreement") pursuant to which NMC was merged with and into Tenet Merger Subsidiary, Inc., our wholly-owned subsidiary. NMC developed and marketed an integrated information management/patient tracking system (EDNet) designed specifically for use in emergency departments. However, these acquisitions did not result in significantly increased shareholder value. After we acquired the assets of HCG, and NMC became our wholly-owned subsidiary, we discontinued the RCMS product line.

On May 23, 2003, we sold to Delta Healthcare Consulting Group, Inc. ("Delta") the assets relating to the consulting services business previously conducted by us, pursuant to an Agreement for Sale and Purchase of Assets dated May 23, 2003.

During the past several years, our management has explored alternatives for maximizing shareholder value. Among other things, we actively pursued a variety of acquisitions and strategic alliances, holding active discussions with several industry participants. In the past several years, Tenet experienced a significant deterioration in its stock market valuation. During our 2003 fiscal year, our common stock closed as high as \$0.11 on May 15, 2003 and as low as \$0.0001 on January 30, 2003. On July 17, 2003, the day immediately before the announcement of the plan to sell the business to ClinicalVentures during which trading in our Common Stock occurred, the closing sale price of our common stock was \$0.03 per share, with a low bid of \$0.03 and a high ask of \$0.03, on a total of approximately 6,000 shares traded. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

Over the previous several years, the officers of Tenet and ClinicalVentures have periodically engaged in discussions regarding various potential business combinations between Tenet and ClinicalVentures.

In November 2002, Jerald Nelson, our President, contacted the President of ClinicalVentures to renew discussions regarding a potential business relationship or transaction. In December of 2002, Mr. Nelson and the ClinicalVentures President met to discuss ClinicalVentures's customer base and ClinicalVentures's potential need for the products sold by Tenet. During the course of this meeting, the possible acquisition by ClinicalVentures of Tenet's operating assets was discussed. On December 6, 2002, ClinicalVentures and Tenet executed a Confidentiality Agreement in order to begin formal discussions related to the possible acquisition by ClinicalVentures of Tenet's operating assets.

Between March and April 2003, our Board of Directors held several meetings with the ClinicalVentures President to further investigate the possible acquisition by ClinicalVentures of our operating assets and, on March 3, 2003, our Board of Directors held a board meeting to consider the possible acquisition

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and voted to authorize our management to submit to ClinicalVentures a Letter of Intent. On March 4, 2003, Tenet and ClinicalVentures executed a non-binding Letter of Intent outlining the terms of a proposed acquisition. During the period between March and July 2003, ClinicalVentures engaged in due diligence related to our business operations, customers, employees and records. During this same period, the parties continued to negotiate the terms and conditions of the proposed acquisition.

On July 29, 2003, ClinicalVentures and Tenet executed the Asset Purchase Agreement and a Management Services Agreement.

The Board of Directors, in consultation with its financial and legal advisors, carefully considered the terms and conditions of the Transaction as contained in the Asset Purchase Agreement. In reaching its decision to approve execution of the Asset Purchase Agreement and Management Services Agreement and its determination that the Transaction is in the best interest of Tenet and its shareholders, the Board of Directors carefully considered a number of factors. The factors considered by the Board of Directors included, among others, the following:

- \* Our inability to increase shareholder value based upon our current business and product lines.
- \* The fact that the anticipated synergy between our consulting and patient information and tracking systems segments did not materialize.
- \* Our history of relatively flat sales.
- \* Our lack of significant market share within the industry.
- \* The research and development expenses necessary to maintain a lead among our industry competitors and the lengthy sales cycle for our product line.
- \* The proposed terms and conditions of the Asset Purchase Agreement.
- \* The fact that the Asset Purchase Agreement requires that the Transaction be approved by a majority of the outstanding shares of our common stock.

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- \* The Board's view that ClinicalVentures would accept terms more favorable to Tenet than other potential purchasers due to the complementary nature of the products marketed by Tenet and ClinicalVentures.
- \* The fact that other potential purchasers offered terms less favorable than those offered by ClinicalVentures.
- \* The Board's view that the Transaction may facilitate a future merger with or acquisition of or by an operating business that could ultimately result in higher shareholder value than was being realized through our current business.

The Board of Directors believed that overall, because of the lack of available acceptable alternatives, the risks associated with the Transaction were outweighed by the benefits of the Transaction.

This discussion of the information and principal factors considered by the

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Board of Directors is not intended to be exhaustive. Because of the wide variety of the factors considered by the Board of Directors in evaluating the Transaction and the complexity of these matters, the Board of Directors did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to the various factors considered.

### License Agreement

On July 18, 2003, Tenet and ClinicalVentures executed a software license agreement (the "License Agreement") pursuant to which ClinicalVentures obtained a non-exclusive right and license to use our EDNet and ARCNet tracking software products, and the codes relating thereto (the "Licensed Software"), which entitles ClinicalVentures to reproduce, use, modify, market and distribute the Licensed Software for a period of five years from the effective date of the License Agreement. Pursuant to the License Agreement, ClinicalVentures is obligated to pay to us 5% of the initial software license fees received by ClinicalVentures during the first five years following the effective date of the License Agreement with respect to new sales or licenses of the EDNet and ARCNet tracking products, or any updates or new versions thereof or other software products (to the extent such updates, new versions or other products contain the code transferred to ClinicalVentures in the Transaction which implements the "tracking feature" included in the EDNet tracking system), marketed by ClinicalVentures after the effective date of the License Agreement, up to an aggregate of \$90,000. Following the close of the Transaction, we will retain our right to receive the royalty payments pursuant to the License Agreement; however, ClinicalVentures will acquire the underlying rights to the Licensed Software upon closing of the Transaction.

### The Transaction

Under the terms of the Asset Purchase Agreement and subject to the approval of the shareholders at the Special Meeting, we will sell to ClinicalVentures substantially all of the operating assets of Tenet including those used in the marketing and sale of health care information systems. Included in the Transaction will be our ARCNet and EDNet patient tracking and information systems, certain accounts receivable and certain fixed assets, tangible and intangible assets, equipment, personal property, material contracts (including continuing Maintenance Agreements), other current assets, intellectual property, trademarks, trade names, trade dress and all records related to existing and prospective customers. ClinicalVentures will also assume certain of the liabilities of Tenet, including ongoing Maintenance Agreements. The Asset Purchase Agreement refers to the assets to be acquired by ClinicalVentures as the "Acquired Assets." The liabilities to be assigned to and assumed by ClinicalVentures in the Transaction are referred to as the "Assumed Obligations and Liabilities."

Excluded from the Transaction and retained by Tenet are cash on hand at the date of closing, a promissory note in the principal amount of \$25,700 issued by Delta Healthcare Consulting Group, Inc. ("Delta") and related Agreement for Sale and Purchase of Assets executed by Tenet and Delta, the License Agreement, certain accounts receivable and cash equivalents, the Respiratory Care Management System and miscellaneous personal property. The Asset Purchase Agreement refers to the assets to be retained by Tenet in the Transaction as the "Excluded Assets." Excluded from the Assumed Obligations and Liabilities are certain trade debts and other obligations described in the Asset Purchase Agreement. The liabilities described in the Asset Purchase Agreement to be retained by Tenet in the Transaction are referred to as the "Retained Liabilities." The Retained Liabilities are estimated to be approximately \$200,000.

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### Description of the Asset Purchase Agreement - Material Terms of the Transaction

This section describes the key provisions of the Asset Purchase Agreement. This is only a summary and does not include all of the terms or conditions of the Transaction. You should refer to and review the full text of the Asset Purchase Agreement attached as Exhibit A to this proxy statement for a more complete discussion of the terms and conditions of the Transaction.

#### Purchase and Sale

Tenet will sell and ClinicalVentures will purchase the Acquired Assets. ClinicalVentures will also accept assignment of the Assumed Obligations and Liabilities. ClinicalVentures will take final possession of the business at the closing and will be responsible for all expenses and other liabilities of the business from that date forward. However, pursuant to that certain Transition Management Services Agreement by and between Tenet and ClinicalVentures and dated July 29, 2003, ClinicalVentures will manage the day-to-day operations of Tenet and the conduct of its business, pending the closing of the Transaction.

#### Payment of Purchase Price

ClinicalVentures will pay the purchase price for the Acquired Assets by:

- \* Tendering cash at closing in the amount of \$339,000 (\$50,000 of such amount having been deposited into an escrow account, concurrently with the execution of the Asset Purchase Agreement); and
- \* Accepting assignment of and responsibility for the Assumed Obligations and Liabilities.

#### Employees and Associates

Following the closing of the Transaction, ClinicalVentures is obligated to extend offers of employment to all but two of our current employees, for compensation and terms deemed appropriate by ClinicalVentures.

ClinicalVentures also will assume Tenet's rights and obligations in and to continuing Maintenance Agreements and all customer accounts (with the exception of those accounts receivable included as part of the Excluded Assets). It is anticipated that there will be no interruption in the performance by ClinicalVentures of the Maintenance Agreements.

#### Indemnification

The parties have agreed to indemnify each other for a period of one year from the date of closing of the Transaction for liabilities directly or indirectly relating to, resulting from or arising out of any untrue representation, misrepresentation, breach of warranty or non-fulfillment of any covenant, agreement or other obligation by or of the indemnifying party under the Asset Purchase Agreement. The indemnification obligations will not terminate at the end of the one year period as to any item as to which an indemnified person has made a claim by delivering notice of the claim before the expiration of the indemnification period. For the purposes of the indemnification provisions of the asset purchase agreement, the representations and warranties of the parties in the agreement will survive the closing for a period of one year. No claim for indemnification can be made unless the amount of all claims for which a party seeks indemnification exceeds \$20,000, and no claims for indemnification can be made against any party in amounts exceeding \$500,000. Indemnification as provided in the Asset Purchase Agreement will be the exclusive remedy of the parties with respect to claims arising under the Asset Purchase Agreement or with respect to the Transaction, except for claims

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for fraud, for failure to make any payments due under the Asset Purchase Agreement, or for a violation of Seller's covenant not to compete as set forth in the Asset Purchase Agreement.

### Representations and Warranties

The Transaction contemplates that the Acquired Assets will be sold on an "as is, where is" basis. We made limited representations and warranties to ClinicalVentures in the Asset Purchase Agreement and will renew them at the closing, including those relating to:

- \* Corporate organization and similar corporate matters;
- \* Authorization, execution, delivery, performance and enforceability of, and any required consents, approvals and authorizations relating to, the Asset Purchase Agreement and the related agreements;

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- \* Absence of conflict with, violation or breach of, or default under the articles of incorporation, bylaws and contracts and applicable laws in connection with the Transaction, the Asset Purchase Agreement and the related agreements;
- \* Absence of undisclosed liabilities and material adverse events that would prevent the consummation of the Transaction;
- \* Status of Acquired Assets;
- \* Accuracy of reports filed by Tenet with the Securities and Exchange Commission;
- \* Status of Intellectual Property Rights;
- \* Absence of Material Adverse Changes; and
- \* Absence of Obligation to Pay Broker Fees and Expenses.

ClinicalVentures made limited representations and warranties to us in the Asset Purchase Agreement and will renew them at the closing, including those relating to:

- \* Corporate organization and similar corporate matters;
- \* Authorization, execution, delivery, performance and enforceability of, and any required consents, approvals and authorizations relating to, the Asset Purchase Agreement and the related agreements;
- \* Absence of conflict with, violation or breach of, or default under the certificate of incorporation, bylaws and contracts and applicable laws in connection with the Asset Purchase Agreement and the related agreements;
- \* Government consents;
- \* Fees and Expenses; and
- \* Satisfactory Completion of Due Diligence.

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### Pre-Closing Covenants

The parties have agreed that during the period between the execution date of the Asset Purchase Agreement and the closing of the Transaction or earlier termination of the Asset Purchase Agreement:

- \* The parties will promptly advise each other of any event that would render a representation or warranty untrue or any breach of a covenant or obligation under the Asset Purchase Agreement;
- \* The parties will confer with each other regularly and frequently to report material operational matters and the status of the business;
- \* The parties will use their reasonable best efforts to satisfy the conditions to closing of the Transaction;
- \* ClinicalVentures will promptly advise Tenet of any condition or event that would adversely affect the Transaction or ClinicalVentures's ability to conclude the Transaction;
- \* Tenet will promptly advise ClinicalVentures of any of the following:

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- \* Governmental or third-party complaints, investigations, litigation or hearings related to the business, the Acquired Assets or Assumed Obligations and Liabilities;
- \* Material deterioration in Tenet's relationship with a customer, supplier, distributor, associate or key employee;
- \* Breach by Tenet of any material agreement to which Tenet is a party;
- \* A condition or event which would have a material adverse effect on the business;
- \* Pursuant to the Management Services Agreement, ClinicalVentures is required to maintain the business and to preserve the business relationships of Tenet with its customers, suppliers, licensors, licensees, employees, consultants and others with whom it has business dealings in connection with the business;
- \* Tenet will file any applications, notifications or other filings for any necessary regulatory approvals required in connection with the consummation of the Transaction;
- \* The parties will use their reasonable efforts to take all actions and to do all things necessary or advisable, and to remove any impediments in order to consummate the Transaction, including obtaining all necessary consents and approvals;
- \* Tenet will allow ClinicalVentures and its advisors and agents access at reasonable times to the files, books, records, technology, offices, accountants and the Acquired Assets;
- \* The parties will not use or disclose each other's confidential information except as provided in the Asset Purchase Agreement;
- \* Tenet will call the Special Meeting and will use its reasonable best

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efforts to secure shareholder approval of the Asset Purchase Agreement and the Transaction at the Special Meeting and Tenet will include in this Proxy Statement the Board of Directors' recommendation that the shareholders approve the Transaction and the Asset Purchase Agreement; and

- \* Neither party will publicly disclose the Asset Purchase Agreement or the Transaction except as agreed by the parties or required by law.

### The Special Meeting

The Transaction is a sale of substantially all of our operating assets and certain specified liabilities. Certain of our assets will be retained by Tenet and excluded from the Transaction. Approval of the shareholders is required before consummating the Transaction. Tenet has agreed to take all necessary action to prepare this proxy statement, cause it to be mailed to the shareholders at the earliest practicable time following the execution date of the Asset Purchase Agreement and to convene the Special Meeting seeking approval of the Asset Purchase Agreement and the Transaction as promptly as practicable (including the filing and mailing of the proxy statement).

A quorum will be deemed present for all purposes at the Special Meeting if there are represented, either in person or by proxy, a majority of the issued and outstanding shares of common stock. We will proceed with the Transaction only if a quorum is present and the Asset Purchase Agreement and Transaction are approved by the affirmative vote of a majority of all issued and outstanding shares.

### Cumulative Voting and Dissenters' Rights

There is no cumulative voting, each share counts as one vote.

Shareholders are entitled to dissenters' rights in connection with the Transaction. Dissenters' rights allow shareholders to dissent from the sale of substantially all of Tenet's assets and to receive a fair cash payment for their shares. In connection with a disposition of all or substantially all of the assets of a Utah corporation (other than in the ordinary course of the corporation's business), a dissenting shareholder, after complying with the

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procedures described in the section titled "Dissenters' Rights As A Result of the Sale of Substantially All of Tenet's Assets," on page 25 below, is entitled to payment from the corporation of the fair value of the shareholder's shares. The fair value is estimated by the corporation. However, if the shareholder is unwilling to accept the corporation's estimate, the shareholder may provide the corporation with an estimate of the fair value and demand payment of that amount. If the corporation is unwilling to pay that amount, the corporation is required to apply for judicial determination of the fair value.

### The Closing

The closing of the Transaction is expected to occur following the satisfaction or waiver of all of the conditions to each party's obligations under the Asset Purchase Agreement. The parties anticipate that the closing will occur promptly following receipt of the requisite shareholder approval at the Special Meeting.

### Conditions to Closing

The Asset Purchase Agreement provides that the obligation of

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ClinicalVentures to consummate the Transaction is subject to the satisfaction or waiver of the following conditions:

- \* Tenet shall have performed in all material respects all of its covenants and obligations in the Asset Purchase Agreement;
- \* The representations and warranties of Tenet shall be true and correct in all material respects as of the closing date;
- \* All liens and encumbrances on the Acquired Assets shall be removed, except for the liens relating to the Assumed Obligations and Liabilities;
- \* There will be no material adverse effect on the business of Tenet and Tenet's base of customers purchasing on a continuing basis shall not have been reduced by more than 15%;
- \* All actions taken by Tenet in connection with the Transaction, and all required certificates, opinions, instruments and other documents will be reasonably satisfactory to ClinicalVentures;
- \* There shall be no threatened, instituted or pending litigation concerning the ownership or operation by Tenet of any material portion of the acquired assets or the business or seeking the divestiture by Tenet of any of the acquired assets; and there shall be no other legal restraints by any governmental authority applicable to the acquired assets that could result in such consequences; and
- \* Tenet shall have delivered the acquired assets and delivered all other documents required to be delivered to ClinicalVentures under the Asset Purchase Agreement.

The obligation of Tenet to close the Transaction is subject to the satisfaction or waiver of the following conditions:

- \* ClinicalVentures shall have performed in all material respects all of its covenants and obligations in the Asset Purchase Agreement;
- \* The representations and warranties of ClinicalVentures shall be true and correct in all material respects as of the closing date;
- \* ClinicalVentures shall have delivered the purchase price and all other documents to be delivered by it under the Asset Purchase Agreement; and
- \* All actions taken by ClinicalVentures in connection with the Transaction, and all required certificates, opinions, instruments and other documents will be reasonably satisfactory to Tenet.

The obligation of Tenet and ClinicalVentures to consummate the closing is subject to the satisfaction or waiver by both parties of the following conditions:

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- \* The execution of the Management Services Agreement on or before July 31, 2003. Upon execution of the Management Services Agreement, all conditions to the closing (except the shareholder vote) shall

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be deemed to be satisfied or waived.

- \* No provision of any applicable law or regulation and no judgment, injunction, order or decrees shall prohibit, restrain, enjoin or restrict the consummation of the Transaction;
- \* No lawsuits or proceedings shall be pending or threatened against either party which might restrict or materially adversely affect the operation of Tenet's business or the consummation of the Transaction;
- \* The parties shall have received all authorizations, consents and approvals of governmental agencies and third parties required to carry out the Transaction; and
- \* The shareholders of Tenet holding a majority of the issued and outstanding common stock of Tenet shall have approved the Asset Purchase Agreement and the Transaction, and no shareholder of Tenet shall have threatened or commenced any action to prevent or restrict the Transaction.

### Impact of Management Services Agreement on the Conditions to Closing

As a result of the execution of the Management Services Agreement, all conditions to the closing are deemed to have been satisfied or waived, except for the requirement of receipt of the requisite vote of Tenet shareholders to approve the Asset Purchase Agreement and the Transaction.

### Covenant Against Competition

Pursuant to the Asset Purchase Agreement, Tenet has agreed that for a period of one year following the closing date of the Transaction and thereafter until the earlier of (i) the fifth anniversary of the closing date of the Transaction; (ii) such date as the License Agreement has been terminated, or (iii) such date as ClinicalVentures has failed to sell any products for which a royalty would be payable to Tenet under the License Agreement for a period of three consecutive quarters, Tenet will not contact any of the healthcare organizations that were customers of Tenet prior to the closing date for the purpose of soliciting orders or establishing relationships for any business enterprise that competes with ClinicalVentures in the marketing of healthcare information management systems and in providing computerized patient tracking and information management systems for use in hospitals and other health care facilities, with a focus on emergency departments, urgent care sites, ambulatory care departments and same day surgery facilities.

### Termination

The parties may terminate the Asset Purchase Agreement by mutual agreement. In addition, either party may terminate the Asset Purchase Agreement if:

- \* Shareholders holding a majority of our issued and outstanding Common Stock do not vote in favor of the Transaction and the Asset Purchase Agreement; or
- \* The other party has committed a material breach of its representations, warranties or covenants in any material respect and has not cured the breach within 15 business days following receipt of notice of termination given by the other party.

### OUR MANAGEMENT FOLLOWING THE TRANSACTION

Effective upon closing of the Transaction, our directors and executive

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officers will be as follows:

Name	Age	Position with the Company
Jerald L. Nelson	60	Chairman of the Board, Director, President, Corporate Treasurer
Fred J. Andereson	57	Director, Chief Operating Officer and Corporate Secretary
Eric J. Nickerson	50	Director

Jerald L. Nelson. Jerald L. Nelson has served as a director, president and chief operating officer of the Company since December 1993. Effective July 10, 1996, Dr. Nelson was appointed Chairman of the Board of Directors, and

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relinquished his positions as President and Chief Operating Officer. On June 5, 2001 the board elected Dr. Nelson to the position of Corporate Secretary, a position Dr. Nelson held until May 2, 2003. The Board re-elected Dr. Nelson as President, effective May 2, 2003. Dr. Nelson received his Ph.D. in Economics from North Carolina State University in 1974. From 1974 to 1984, Mr. Nelson worked or consulted with several Fortune 500 firms, including US Industries, TransWorld Airlines, GTE, Xerox, Pitney Bowes and General Foods. From 1984 until December 1993, Mr. Nelson worked with various businesses as an investment banker and business advisor. He has also consulted with or served on the Board of Directors of numerous Utah firms including Arrow Dynamics, Beacon Financial, Interwest Home Medical, Gentner Communications and One-2-One Communications, where he also served as chairman and chief executive officer.

Eric J. Nickerson. Eric J. Nickerson has served as a director since June of 1990. Mr. Nickerson was a member of the faculty of the United States Military Academy at West Point, New York from 1989 to 1993. In June 1993, Mr. Nickerson retired as a United States Air Force officer. Currently, Mr. Nickerson is a private investor and directs personal accounts and two investing partnerships: "Third Century II" and "Z Fund."

Fred J. Anderson. Fred J. Anderson has served as a director since May 23, 2003. The Board elected Mr. Anderson to serve as Tenet's Chief Operating Officer and Corporate Secretary effective May 2, 2003. Mr. Anderson served as Tenet's Chairman of the Board from May 1992 until July 1995, when he resigned to manage his family's land and livestock interests. Mr. Anderson also served as the Chief Financial Officer of Tenet from 1986 until 1996. From 1980 until 1984, Mr. Anderson served as Vice President for Mountain States Resources. He received his BS in Accounting and an MBA from Utah State University.

### OUR BUSINESS FOLLOWING THE TRANSACTION

If the Asset Purchase Agreement and Transaction are approved and consummated, management and the Board of Directors of Tenet will actively seek another operating business or business opportunity for Tenet to acquire, invest in or participate in. We cannot estimate at this time what form any such transaction might take, and there can be no assurances that Tenet will be able to negotiate and complete any such transaction. Even if such a transaction is completed, there can be no assurances that the market price of Tenet's common stock will improve thereafter. Tenet estimates that following the closing it will have sufficient capital to meet its obligations pending completion of such a transaction for a period of at least five years. No efforts have been or will

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be made before the closing to implement our new business purpose.

The role of Tenet's management following a purchase or other transaction cannot be stated with any certainty. Although it will be management's intent to scrutinize closely the management of a prospective target business in connection with its evaluation of a business combination with a target business, there can be no assurance that the assessment of management will prove to be correct.

The time and costs required to select and evaluate a target business (including conducting a due diligence review) and to structure and consummate the business combination (including negotiating and documenting relevant agreements and preparing requisite documents for filing pursuant to applicable corporate and securities laws) cannot be determined at this time. Any costs incurred in connection with the identification and evaluation of a prospective target business with which a business combination is not ultimately consummated will result in a loss to us and reduce the amount of capital available to otherwise complete a business combination or for the resulting entity to utilize.

As a general rule, federal and state tax laws and regulations have a significant impact upon the structuring of acquisitions and business combinations. We expect that Tenet will evaluate the possible tax consequences of any prospective business combination and will endeavor to structure a business combination so as to achieve the most favorable tax treatment to us, the target business and our respective shareholders. There can be no assurance that the other parties to a transaction or the Internal Revenue Service or relevant state tax authorities will ultimately assent to Tenet's tax treatment of a particular business transaction. To the extent the Internal Revenue Service or any relevant state tax authorities ultimately prevail in recharacterizing the tax treatment of a business combination, there may be adverse tax consequences to Tenet, the target business, and their respective shareholders.

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A potential business transaction might be carried out by purchasing the securities of a target company or business. However, we do not intend to engage primarily in trading or selling securities. Specifically, we expect that Tenet will conduct its business so as to avoid being classified as an "investment company" under the Investment Company Act of 1940, and therefore avoid application of the costly and restrictive registration and other provisions of the Investment Company Act and related regulations.

Section 3(a) of the Investment Company Act exempts from the definition of an "investment company" an entity which does not engage primarily in the business of investing, reinvesting or trading in securities, or which does not engage in the business of investing, owning, holding or trading "investment securities" (defined as "all securities other than government securities or securities of majority-owned subsidiaries") the value of which exceeds 40% of the value of its total assets (excluding government securities, cash or cash items). Tenet intends to implement our business plan in a manner which will result in the availability of this exception from the definition of an investment company. Consequently, Tenet's acquisition of a company or business through the purchase and sale of investment securities will be limited. Although Tenet intends to act to avoid classification as an investment company, the provisions of the Investment Company Act are extremely complex and it is possible that Tenet may be classified as an inadvertent investment company.

Tenet will vigorously resist classification as an investment company, and endeavor to take advantage of any exemptions or exceptions from application of the Investment Company Act, which allows an entity a one-time option during any

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three-year period to claim an exemption as a "transient" investment company. The necessity of asserting any such resistance, or making any claim of exemption, could be time consuming and costly, or even prohibitive, given our limited resources.

Tenet will continue to be subject to the reporting requirements under the Exchange Act. Among other things, those requirements include the obligation, in the event significant acquisitions take place, to furnish information including audited financial statements for the acquired company covering one, two or three years depending upon the relative size of the acquisition. Consequently, acquisition prospects that do not have or are unable to obtain the required audited financial statements may not be deemed appropriate for acquisition by our board of directors so long as the reporting requirements of the Exchange Act are applicable. Various impediments to an acquisition of a business or company or a merger may arise such as appraisal rights afforded the shareholders of a prospective acquisition or merger partner under the laws of the state of organization of the prospective acquisition company. This may prove to be a deterrent to a particular combination.

### SECURITIES EXCHANGE REPORTING AND OTCBB MARKET LISTING

Following the Transaction, we intend to maintain our status as a reporting company under the Securities Exchange Act of 1934, as well as the listing of our common stock with the National Association of Securities Dealers' Over the Counter Bulletin Board (the "OTCBB").

### ACCOUNTING TREATMENT

The Transaction will be treated as a purchase under generally accepted accounting principles. Upon consummation of the Transaction, we will recognize receipt of cash in the amount of \$339,000, remove the net assets sold from the consolidated balance sheet, and record the gain or loss on the Transaction, net of Transaction and other related costs, including applicable state and federal income taxes, in our consolidated statements of earnings.

### UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated financial statements are presented to illustrate the effects of the sale of our consulting business to Delta Healthcare Group, Inc. (the "Delta Disposition"), and the effects of the consummation of the Transaction, on our historical financial position and operating results. (The Delta Disposition and the Transaction are collectively referred to in these unaudited pro forma condensed consolidated financial statements as the "Dispositions.")

The following unaudited pro forma condensed consolidated balance sheet of Tenet at March 31, 2003 gives effect to the Dispositions as if they had occurred on that date. The unaudited pro forma condensed consolidated statements of operations for the nine months ended March 31, 2003 and for the year ended June 30, 2002 give effect to the Dispositions as if they had occurred as of the beginning of the earliest period presented.

The unaudited pro forma condensed consolidated financial statements have been derived from, and should be read in conjunction with, our historical consolidated financial statements, including the accompanying notes. Those financial statements are included in our Quarterly Report on Form 10-QSB for the three months ended March 31, 2003 and our Annual Report on Form 10-KSB for the year ended June 30, 2002, included with this Proxy Statement as Exhibits G and D, respectively.

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The unaudited pro forma condensed consolidated financial statements are presented only for informational purposes. As a result, the accompanying unaudited pro forma condensed consolidated financial statements are not necessarily indicative of our financial position or results of operations that would have occurred had the Dispositions been consummated as of the dates indicated.

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Tenet Information Services, Inc.  
Condensed Consolidated Balance Sheet  
as of March 31, 2003  
(UNAUDITED)

	Tenet (a)	Pro forma adjustments for Delta Disposition (b)	Pro forma for Transaction (c)	Pro-Forma Tenet
	-----	-----	-----	-----
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	\$ 116,265	\$ -	\$ 189,000 (7)	\$ 305,266
Accounts receivable	138,236	(97,219) (1,2)	(15,317) (8)	25,709
Work performed in excess of billings	42,216	(6,847) (3)	(35,369) (8)	
Prepaid expenses	0	0	0	
	-----	-----	-----	-----
Total Current Assets	296,717	(104,066)	138,314	330,965
<b>Property and Equipment</b>				
Equipment	136,058	(22,950) (3)	(104,608) (8)	8,500
Less: Accumulated depreciation	(120,031)	17,157 (3)	97,874 (8)	(5,000)
	-----	-----	-----	-----
Net Property and Equipment	16,027	(5,793)	(6,734)	3,500
<b>Other Assets</b>				
Trademarks & deposits	3,575	(1,425) (3)	0	2,150
	-----	-----	-----	-----

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Total Other Assets	3,575	(1,425)		0	2,150
Total Assets	\$ 316,319	\$ (111,284)		\$ 131,580	\$ 336,614
	=====	=====		=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Accounts payable	\$ 149,306	\$ (89,168)	(4,5)	(8,337) (9)	\$ 51,801
Accrued expenses	83,365	(29,680)	(4,5)	(22,143) (9)	31,547
Accrued interest	10,649	0		0	10,649
Amounts due to related parties	48,071	(4,952)	(5)	0	43,119
Deferred revenue	132,325	0		(132,325) (10)	
Billings in excess of costs and estimated earnings on uncompleted contracts	106,635	(56,325)	(4)	(50,310) (10)	
Total Current Liabilities	530,351	(180,125)		(213,115)	137,119
Stockholders' Equity					
Common stock, \$0.001 par value, 100,000 shares authorized; 19,065,892 shares outstanding	19,336	0		0	19,336
Additional paid-in capital	4,853,896	0		0	4,853,896
Retained deficit	(5,087,264)	68,841	(6)	344,695 (11)	(4,673,722)
Total Stockholders' Equity	(214,032)	68,841		344,695	199,504
	-----	-----		-----	-----
Total Liabilities and Stockholders' Equity	\$ 316,319	\$ (111,284)		\$ 131,580	\$ 336,614
	=====	=====		=====	=====

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet

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Tenet Information Services, Inc. and Subsidiary  
Notes To Unaudited Pro Forma Condensed Consolidated Balance Sheet  
As of March 31, 2003  
(Unaudited)

(a) Reflects Tenet's historical financial position at March 31, 2003.  
(b) Pro forma adjustments to record the Delta Disposition as of March 31, 2003 reflect:

(1) consideration paid by Delta to Tenet in the form of a note receivable in the amount of \$25,700;

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(2) the exclusion of \$124,719 in receivables related to our consulting business. We collected the receivables before the consummation of the Delta Disposition;

(3) the exclusion of various assets related to the consulting business;

(4) the exclusion of various liabilities related to the consulting business;

(5) consideration paid by Delta to Tenet in the form of debt forgiveness of i) accounts payable of \$38,551 of expenses owed by Tenet to Frank C. Overfelt, a former director and executive officer of Tenet, ii) accrued expenses of \$10,527 of vacation and compensation amounts owed by Tenet to Mr. Overfelt, and iii) amounts due to related parties of \$4,952 in a note payable owed by Tenet to a company owned by Mr. Overfelt, for a total forgiveness of debt by Delta of \$54,030;

(6) the gain recognized on the consummation of the Delta Disposition.

(c) Pro forma adjustments to record the Transaction as of March 31, 2003 reflect:

(7) consideration paid by ClinicalVentures to Tenet in the form cash totaling \$339,000 less \$150,000 that we estimate would be required to pay expenses associated with completion of various contracts to be assumed by ClinicalVentures pursuant to the Transaction;

(8) the exclusion of various assets to be acquired by ClinicalVentures upon closing of the Transaction;

(9) the exclusion of various liabilities to be assumed by ClinicalVentures upon closing of the Transaction;

(10) the recognition of completion of various contracts associated with the assets to be acquired by ClinicalVentures upon closing of the Transaction;

(11) the gain recognized on the consummation of the Transaction.

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Tenet Information Services, Inc. and Subsidiary  
Pro Forma Condensed Consolidated Statements of Operations  
For the Year Ended June 30, 2002  
(Unaudited)

	Tenet (a)	Pro Forma adjustments for Delta Disposition (b)	Pro Forma adjustments for Transaction (c)	Pro Forma Tenet
	-----	-----	-----	-----
Revenue	\$ 717,005	\$ (249,463)	\$ (467,542)	\$ 0
Expenses				
Cost of Revenue	365,132	(139,927)	(225,205)	0
Selling, general, and administrative expenses	178,015	(196,163)	61,608	43,460
Software development	104,658	0	(104,658)	0
	-----	-----	-----	-----
Total Expenses	647,805	(336,090)	(268,255)	43,460
	-----	-----	-----	-----
Net Gain / (Loss) from Operations	69,200	86,627	(199,287)	(43,460)

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Other Income / (Expense)				
Interest expense	(20,446)	0	15,646	(4,800)
Interest income	511	0	0	511
	-----	-----	-----	-----
Total Other Income/(Expense)	(19,935)	0	15,646	(4,289)
Gain / (Loss) before income taxes and extraordinary item	49,265	86,627	(183,641)	(47,749)
Income taxes	0	0	0	0
Gain / (Loss) before extraordinary item	49,265	86,627	(183,641)	(47,749)
Forgiveness of debt	21,625	0	0	21,625
	-----	-----	-----	-----
Net Income / (Loss)	\$ 70,890	\$ 86,627	\$ (183,641)	\$ (26,124)
	=====	=====	=====	=====

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Statements of Operations

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Tenet Information Services, Inc. and Subsidiary  
Pro Forma Condensed Consolidated Statements of Operations  
For the Nine Months Ended March 31, 2003  
(Unaudited)

	Tenet (a)	Pro Forma adjustments for Delta Disposition (b)	Pro Forma adjustments for Transaction (c)	Pro Forma Tenet
	-----	-----	-----	-----
Revenue	\$ 663,061	\$ (239,692)	\$ (423,369)	\$ 0
Expenses				
Cost of Revenue	355,002	(225,222)	(129,780)	0
Selling, general, and administrative expenses	204,207	(60,102)	(110,085)	34,020
Software development	88,254	0	(88,254)	0
	-----	-----	-----	-----
Total Expenses	647,463	(285,324)	(328,119)	34,020
	-----	-----	-----	-----

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Net Gain / (Loss) from Operations	15,598	45,632	(95,250)	(34,020)
Other Income / (Expense)				
Interest expense	(13,811)	0	10,211	(3,600)
Interest income	0	0	0	0
	-----	-----	-----	-----
Total Other Income/(Expense)	(13,811)	0	10,211	(3,600)
	-----	-----	-----	-----
Gain / (Loss) before income taxes and extraordinary item	1,787	45,632	(85,039)	(37,620)
Income taxes	0	0	0	0
	-----	-----	-----	-----
Gain / (Loss) before extraordinary item	1,787	45,632	(85,039)	(37,620)
Forgiveness of debt	0	0	0	0
	-----	-----	-----	-----
Net Income / (Loss)	\$ 1,787	\$ 45,632	\$ (85,039)	\$ (37,620)
	=====	=====	=====	=====

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Statements of Operations

Tenet Information Services, Inc. and Subsidiary  
Notes To Unaudited Pro Forma Condensed Consolidated Statements of Operations  
For the Nine Months Ended March 31, 2003 and  
the Year Ended June 30, 2002  
(Unaudited)

- (a) Reflects Tenet's historical operating results for the nine months ended March 31, 2003 and for the year ended June 30, 2002.  
(b) Pro forma adjustments to record the Delta Disposition for the nine months ended March 31, 2003 and for the year ended June 30, 2002.  
(c) Pro forma adjustments to record the Transaction for the nine months ended March 31, 2003 and for the year ended June 30, 2002.

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FEDERAL INCOME TAX CONSEQUENCES

The proposed sale of operating assets of Tenet by itself will not produce any separate and independent federal income tax consequences to the shareholders of Tenet.

Any gain or loss on the sale from the Transaction will be taxable to Tenet. We will recognize gain or loss based on the difference between the amount of the purchase price allocated to the assets and our tax basis in the assets. For purposes of determining the amount realized with respect to specific assets, the total amount realized by us will generally be allocated among the assets according to the rules prescribed under Section 1060(a) of the Internal Revenue Code of 1986, as presently in effect. Our basis in the assets sold is less than

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the cost of the assets, as adjusted for certain temporary differences, such as depreciation, deferred profit on inter-company sales and asset and liability provisions. The determination of whether gain or loss is recognized will be made with respect to each of the assets included in the Transaction. Accordingly, we may recognize gain on the sale of some of the assets and a loss on the sale of others, depending on the amount of consideration allocated to an asset as compared with the basis of that asset. However, it is anticipated that we will have no tax liability in connection with the Transaction, due to our excess net operating loss carry forwards.

### DISSENTERS' RIGHTS AS A RESULT OF THE SALE OF SUBSTANTIALLY ALL OF TENET'S ASSETS

Our shareholders will have dissenters' rights under Utah law in connection with the Transaction. As a result of the Transaction shareholders who oppose the Transaction will have the right to receive payment for the value of their shares as set forth in sections 16-10(a)-1301 et. seq. of the Utah Code. A copy of these sections is attached as Exhibit C to this proxy statement. The material requirements for a shareholder to properly exercise his or her rights are summarized below. However, these provisions are very technical in nature, and the following summary is qualified in its entirety by the actual statutory provisions that should be carefully reviewed by any shareholder wishing to assert such rights.

Under the Utah Code, such dissenters' rights will be available only to those shareholders of the Company who

- (i) object in writing to the proposed Transaction prior to or at the Special Meeting before the vote on the matter is taken, which objection must notify Tenet that the shareholder intends to demand payment for his, her or its shares if the proposed action is effectuated; and
- (ii) do not vote any of their shares in favor of the proposed Transaction at the Special Meeting.

Failure to vote against the proposal to approve the Transaction and the Asset Purchase Agreement will not constitute a waiver of your appraisal rights. However, voting against the proposal to approve the Transaction and the Asset Purchase Agreement is not sufficient to satisfy the notice requirements you must satisfy under Utah law in order to perfect your dissenters' rights. In order to be entitled to exercise your dissenters' rights, you must have been a shareholder with respect to the shares for which payment is demanded as of the date of the proposed corporate action creating dissenters' rights is approved by the shareholders; that is, prior to the Special Meeting.

Within ten days after the effective date of the Transaction, Tenet will send to each shareholder who has satisfied both of the foregoing conditions a written notice in which Tenet will notify such shareholders of their right to demand payment for their shares and will supply a form for dissenting shareholders to demand payment. Shareholders will have 30 days to make their payment demands or lose such rights. If required in the notice, each dissenting shareholder must also certify whether or not he or she acquired beneficial ownership of such shares before or after the date of the first announcement to the news media of the proposed transaction.

Upon receipt of each demand for payment, Tenet will pay each dissenting shareholder the amount that Tenet estimates to be the fair value of such shareholder's shares, plus interest from the date of the completion of the Transaction to the date of payment. With respect to any dissenting shareholder who does not certify that he or she acquired beneficial ownership of the shares

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prior to the first public announcement of the transaction, Tenet may, instead of making payment, offer such payment if the dissenter agrees to accept it in full satisfaction of his or her demand. "Fair value" means the value of the shares immediately before the effectuation of the Transaction, excluding any appreciation or depreciation in anticipation of such events.

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Any dissenter who does not wish to accept the payment or offer made by Tenet must notify Tenet in writing of his or her own estimate of the fair value of the shares within 30 days after the date Tenet makes or offers payment. If the dissenting shareholder and Tenet are unable to agree on the fair value of the shares, then Tenet will commence a proceeding with the Utah courts within 60 days after receiving the dissenter's notice of his, her or its own estimate of fair value. If Tenet does not commence such a proceeding within the 60-day period, it must pay each dissenter whose demand remains unresolved the amount demanded by such dissenter. If a proceeding is commenced, the court will determine the fair value of the shares and may appoint one or more appraisers to help determine such value. All dissenting shareholders must be a party to the proceeding, and all such shareholders will be entitled to judgment against Tenet for the amount of the fair value of their shares, to be paid on surrender of the certificates representing such shares. The judgment will include an allowance for interest (at a rate determined by the court) to the date of payment.

The costs of the court proceeding, including the fees and expenses of any appraisers, will be assessed against Tenet unless the court finds that the dissenters acted arbitrarily, vexatiously or not in good faith in demanding payment at a higher amount than that offered by Tenet. Both Tenet and the dissenters must bear their own respective legal fees and expenses, unless the court requires one party to pay such legal fees and expenses because of the conduct of such party. The loss or forfeiture of appraisal rights simply means the loss of the right to receive a cash payment from Tenet in exchange for shares. In such event the shareholder would still hold the appropriate number of shares of Tenet.

=====

Recommendation of the Board of Directors

The Board of Directors has determined that the Transaction is in the best interests of Tenet. The Board of Directors has unanimously approved the Asset Purchase Agreement and the Transaction and unanimously recommends that you vote in favor of the proposal to approve the Asset Purchase Agreement and the Transaction.

Vote Required

The Transaction will constitute a sale of substantially all of our assets. The Board of Directors has determined that we will proceed with the Transaction only if the Asset Purchase Agreement and the Transaction are approved by a majority of all issued and outstanding shares.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE  
FOR THE PROPOSAL TO APPROVE THE ASSET PURCHASE AGREEMENT  
AND THE TRANSACTION.

PROPOSAL #2  
APPROVAL OF THE WRITTEN CONSENT RESOLUTIONS

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Our Board of Directors has unanimously approved, and recommends that our shareholders approve, resolutions authorizing our shareholders to act by the written consent of fewer than all shareholders entitled to vote with respect to the action, to the fullest extent permitted by applicable Utah corporate law (the "Written Consent Resolutions").

Currently, Section 704 of the Utah Revised Business Corporation Act (the "Revised Act") permits action to be taken by the written consent of shareholders having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote thereon were present and voted (subject to specified restrictions, including but not limited to the election of directors of a corporation). However, Section 1704(4) of the Revised Act specifies that the provisions of Section 704 may not operate to permit a corporation in existence prior to July 1, 1992 (and thus having been subject to the provisions of the Utah Business Corporation Act which only permitted action by written consent of all shareholders entitled to vote on an issue) to take action by written consent of fewer than all shareholders entitled to vote with respect to a matter, until a resolution providing otherwise is approved by the shareholders, either by unanimous written consent or at a duly convened meeting.

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In compliance with Section 1704(4) of the Revised Act, the Board of Directors recommends that the shareholders approve and adopt the following Written Consent Resolutions:

RESOLVED: That the shareholders of the corporation resolve to permit any action which may be taken at any annual or special meeting of shareholders to be taken without a meeting, as permitted by Section 704 of the Utah Revised Business Corporation Act (the "Revised Act").

RESOLVED FURTHER: That to the maximum extent permitted by Section 704 of the Revised Act, without regard to the limitations of Section 1704(4) of the Revised Act, any action which may be taken at any annual or special meeting of shareholders may be taken without a meeting, and without prior notice, if one or more consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote thereon were present and voted.

RESOLVED FURTHER: That to the extent the bylaws of the corporation may contain any provision inconsistent with the foregoing resolutions or permit action to be taken by a written consent of the shareholders only if signed by all shareholders, then such bylaw provisions are hereby amended to permit the taking of action by the written consent of shareholders in the manner provided in Section 704 of the Act and in the preceding resolutions.

Generally, adoption of the Written Consent Resolutions may make it easier for our shareholders to govern the company. Allowing shareholders to take action by the written consent of fewer than all of the shareholders entitled to vote with respect to a particular action will make it practical for our shareholders to act without the necessity and expense of holding a meeting of shareholders, particularly given that Tenet is subject to the disclosure requirements and proxy solicitation rules and regulations under the Securities Exchange Act of 1934. Moreover, the Written Consent Resolutions will likely better enable our shareholders to initiate corporate action independently of our

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management, because our shareholders will not be required to call a special meeting in those circumstances where it is not practical to obtain the written consent of all shareholders entitled to vote on the action, as would be the case without adoption of the Written Consent Resolutions. Approval of the Written Consent Resolutions promotes the notion that there should be no distinction between action taken by less than unanimous written consent of the shareholders or action taken at a meeting in which other shareholders present and voting could not preclude the taking of the action in any event. In such cases little is gained by requiring Tenet to incur the expense of holding a meeting.

On the other hand, approval of the Written Consent Resolutions will at times enable the holders of a simple majority of the outstanding common stock to take shareholder action without affording other shareholders the opportunity to consider and vote on the matter at a meeting of shareholders. Moreover, the Written Consent Resolutions may have the effect of making less difficult shareholder actions that do not have the support of the Board of Directors. For example, the Written Consent Resolutions may have the effect of enabling a person to make a tender offer or otherwise attempt to gain control of Tenet even if such person were unwilling or unable to submit its proposals to a vote of the shareholders at a meeting. Conversely, requiring the written consents of all shareholders entitled to vote in connection with an acquisition or other attempt to take control of Tenet may make such acquisition or attempt to take control more difficult or delay such actions by a person or group acquiring a substantial percentage of the outstanding shares of our common stock. Finally, the Written Consent Resolutions may also enable a holder who controls or holders who control a majority of our common stock to use the written current procedure to take shareholder action unilaterally.

The Board of Directors has determined that the potential benefits which may result following adoption of the Written Consent Resolutions outweigh the potential risks described above. The proposal to approve and adopt the Written Consent Resolutions is not made in response to any efforts of which we are aware to accumulate Tenet's stock or to obtain control of Tenet. Adoption of the Written Consent Resolutions may make us a more attractive target for acquisition by an outsider by making it less difficult for such person to obtain control of Tenet, however.

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The Board of Directors has determined that it would be advantageous to Tenet and its shareholders to adopt the Written Consent Resolution in order to facilitate shareholder governance of the corporation while simultaneously making such governance more efficient and less expensive.

### Vote Required

Approval and adoption of the Written Consent Resolutions require the affirmative vote of a majority of the shares of common stock voted at the Special Meeting. Unless you specify otherwise on your signed, dated proxy, your shares will be voted in favor of approval and adoption of the Written Consent Resolutions.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR THE APPROVAL  
AND ADOPTION OF THE WRITTEN CONSENT RESOLUTIONS

PROPOSAL #3  
APPROVAL AND ADOPTION OF THE AMENDED AND RESTATED ARTICLES

General

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Our Board of Directors has unanimously approved, and recommends that the shareholders approve and adopt, an amendment to and restatement of our Articles of Incorporation, which would (1) effect a one for twenty reverse stock split of our common stock, (2) reference our shareholders' right to act by less than unanimous written consent of all shareholders entitled to vote with respect to the action, as authorized under Utah corporate law, (3) eliminate those provisions no longer necessary or appropriate under Utah corporate law, and (4) consolidate our Articles of Incorporation, as restated and amended to date, into a single document.

The actual text of the Amended and Restated Articles is attached hereto as Exhibit B. We strongly urge you to carefully read the Amended and Restated Articles in its entirety before voting. The summary of the Amended and Restated Articles provided in this proxy statement is qualified in its entirety by reference to the full text of the Amended and Restated Articles in Exhibit B.

### 1. 1 for 20 Reverse Split of our Common Stock

The Board of Directors recommends that our shareholders approve and adopt an amendment to our Articles of Incorporation to effect a reverse split of our issued and outstanding common stock. The reverse split will combine every group of 20 outstanding shares of the common stock held by any shareholder into one share of common stock. If this amendment is approved by our shareholders, the Board of Directors will have the authority to effect the reverse stock split by filing the Amended and Restated Articles with the Division. If this amendment is adopted, there will be no change in the number of authorized shares of common stock and no change in the per share par value of the common stock.

We will not issue scrip or fractional shares, or certificates for fractional shares, in connection with the reverse stock split. Any fractional shares that may result will be redeemed in cash based on the fair market value of our common stock. Shares held by shareholders affiliated with one another will be aggregated for this purpose to the extent commercially practicable. For purposes of the payment for fractional shares, our Board of Directors has determined that the fair market value of our common stock is \$ \_\_\_\_\_ per pre-split share. We estimate that Tenet will pay an aggregate of approximately \$ \_\_\_\_\_ to holders of fractional shares of common stock after the reverse split.

### Reasons for the Proposed Reverse Split

The Board of Directors believes that the current per-share market price of our common stock may impair the acceptability of our common stock to certain institutional investors and other members of the investing public. Theoretically, the number of shares outstanding should not, by itself, affect the marketability of the stock, the type of investor who acquires it, or our reputation in the financial community. In practice this is not necessarily the case, as certain investors view low-priced stock as unattractive or, as a matter of policy, are precluded from purchasing low-priced stock because of the greater trading volatility sometimes associated with such securities. Accordingly, one purpose of the reverse stock split is to help raise our reputation in the financial community.

In approving the proposed reverse stock split, our Board of Directors considered that Tenet's common stock may not appeal to brokerage firms that are reluctant to recommend lower-priced securities to their clients. Investors may also be dissuaded from purchasing lower-priced stocks because the brokerage commissions, as a percentage of the total transaction, tend to be higher for

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such stocks. Moreover, the analysts at many brokerage firms do not monitor the trading activity or otherwise provide coverage of lower-priced stocks. Also, the Board believes that most investment funds are reluctant to invest in lower-priced stocks.

An additional purpose of the reverse stock split is to increase the market price of our common stock in order to meet the listing criteria of national securities exchanges such as the NASDAQ SmallCap Market ("NASDAQ"). Our common stock is presently eligible for quotation on the National Association of Securities Dealers' Over the Counter Bulletin Board (the "OTCBB"), which was established for securities that do not meet the NASDAQ listing requirements, and is not presently listed on any securities exchange. In order to be listed on a securities exchange or NASDAQ, we must meet the listing standards of the securities exchange or NASDAQ and have our listing application approved by the securities exchange or NASDAQ. NASDAQ and each securities exchange has its own listing requirements and application process. However, the listing standards of NASDAQ and each securities exchange generally require that all applicants have a minimum per share closing trading price on their common stock.

Our Board of Directors believes that it is important to provide our shareholders with the best possible market for trading our common stock. The OTCBB is generally considered less efficient and less liquid than NASDAQ or any securities exchange. Consequently, if it were listed on a securities exchange or NASDAQ, selling our common stock could be easier because larger quantities of shares might be bought and sold, transactions might be executed more efficiently, and securities analysts' and news media coverage might be increased.

These factors could result in higher prices and lower spreads in the bid and ask prices for shares of our common stock. A listing on a securities exchange could also improve our ability to raise additional capital through equity or debt financing and, to the extent the stock price increases as a result of or in connection with such listing, ownership dilution to shareholders might be reduced if we issue equity in financing or other transactions, since less shares will need to be issued in order to raise a specific amount of capital.

We cannot assure you that the reverse stock split will accomplish these objectives or that we will seek to have our Common Stock listed on NASDAQ or any securities exchange. While we expect that the reduction in the outstanding shares of common stock will increase the market price of the common stock, we cannot assure you that the reverse stock split will increase the market price of the common stock by a multiple equal to the reverse split ratio of twenty or result in any permanent increase in the market price (which can be dependent upon many factors, including, but not limited to, our business and financial performance and prospects). Should the market price decline after the reverse stock split, the percentage decline may be greater, due to the smaller number of shares outstanding, than it would have been prior to the reverse stock split. Additionally, there can be no assurance that by meeting the listing requirements for minimum trading price our stock will be listed on a securities exchange such as NASDAQ. In some cases, the stock price of companies that have effected reverse stock splits has subsequently declined back to pre-reverse split levels.

There are other reasons why a reverse stock split may be perceived negatively in the marketplace. In addition to the fact that the number of shares available for trading is reduced, which generally has the effect of reducing liquidity, round lots (i.e., lots in multiples of 100 shares) may be converted into odd lots due to the split, which may in turn increase transaction costs for shareholders. We cannot assure you that the market price of our common stock immediately after the effective date of the proposed reverse stock split will be maintained for any period of time or that the ratio of post and pre-split shares will remain the same after the reverse stock split is effected, or that the

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reverse stock split will not have an adverse effect on our stock price due to the reduced number of shares outstanding after the reverse stock split.

### Effect of the Reverse Split Generally

Upon the effectiveness of the reverse stock split, you will own fewer shares than you owned prior to the reverse split. The number of post-split shares will be determined by dividing the number of shares owned immediately prior to the effective time of the reverse stock split by twenty. Thus, if you owned 1,000 shares of our common stock prior to the reverse split, then, after the effective time of the reverse split, you will own 50 shares of our common stock.

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The reverse stock split will simultaneously apply to all outstanding shares of our common stock. On \_\_\_\_\_, we had 19,336,213 issued and outstanding shares of our common stock. Accordingly, if the Record Date was the effective time of the reverse stock split, then we would have approximately 966,811 issued and outstanding shares of our common stock on a post-split basis. The reverse stock split will affect all shareholders uniformly and will not materially change their proportionate ownership interests (except to the extent we redeem fractional shares, as more specifically described herein), nor will the reverse split alter the respective voting rights of holders of our common stock. The common stock issued pursuant to the reverse stock split will remain fully paid and non-assessable.

Because the number of authorized shares of our common stock will not be reduced, the overall effect of the reverse stock split will be an increase in authorized but unissued shares of our common stock. These shares may be issued by the Board of Directors in its discretion. Any future issuance will have the effect of diluting the percentage of stock ownership and voting rights of the present holders of our common stock.

If approved by our shareholders at the Special meeting, we will file the Amended and Restated Articles with the Division shortly after the closing date of the Transaction. However, if for any reason the Transaction is not completed as currently anticipated, we may proceed with the filing of the Amended and Restated Articles. The reverse stock split will become effective upon the filing of the amendment with the Division (the "Effective Date"). At the Effective Date, each certificate representing our common stock prior to the reverse stock split will be deemed for all corporate purposes to evidence ownership of post-split shares. There is no "issuance" resulting from the reverse stock split.

Promptly after the Effective Date, you will be notified that the reverse stock split has been effected. Our stock transfer agent, Interwest Transfer, whom we refer to as the exchange agent, will implement the exchange of stock certificates representing outstanding shares of common stock. You will be asked to surrender to the exchange agent certificates representing your pre-split shares in exchange for certificates representing your post-split shares in accordance with the procedures to be set forth in a letter of transmittal which we will send. You will not receive a new stock certificate representing your post-split shares until you surrender your outstanding certificate(s) representing your pre-split shares, together with the properly completed and executed letter of transmittal to the exchange agent.

PLEASE DO NOT DESTROY ANY STOCK CERTIFICATE OR SUBMIT ANY CERTIFICATES UNTIL YOU ARE REQUESTED TO DO SO.

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### Summary of Federal Income Tax Consequences of the Reverse Split

The following is a summary of certain material federal income tax consequences of the reverse stock split; however, this does not purport to be a complete discussion of all of the possible federal income tax consequences of the reverse stock split. It does not discuss any state, local, foreign or minimum income or other U.S. federal tax consequences. Also, it does not address the tax consequences to shareholders who are subject to special tax rules, such as banks, insurance companies, regulated investment companies, personal holding companies, foreign entities, nonresident alien individuals, broker-dealers and tax-exempt entities. This discussion is based on the provisions of the United States federal income tax law as of the date hereof, which is subject to change retroactively as well as prospectively. This summary also assumes that the pre-split shares were, and the post-split shares will be, held as "capital assets," as defined in the Internal Revenue Code of 1986, as amended (generally, property held for investment). Your tax treatment may vary depending upon your own particular facts and circumstances.

You should recognize no gain or loss upon your exchange of your pre-split shares for post-split shares pursuant to the reverse stock split. In general, shareholders who receive cash upon redemption of their fractional share interests as a result of the reverse stock split will recognize gain or loss based on their adjusted basis in the fractional share interests redeemed. The federal income tax liability, if any, generated by the receipt of cash in lieu of a fractional interest should not be material in amount in view of the low value of the fractional interest.

The aggregate tax basis of the post-split shares received in the reverse stock split (including any fraction of a post-split share deemed to have been received) will be the same as your aggregate tax basis in the pre-split shares you exchanged. Your holding period for the post-split shares will include the period during which the you held the pre-split shares surr