10-068

Original

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED

SEP 24 2010

HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Mount Vernon Dialysis
Street Address: 4102 North Water Tower Place
City and Zip Code: Mount Vernon, IL 62864
County: Jefferson Health Service Area 5 Health Planning Area:

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: Renal Life Link, Inc.
Address: 601 Hawaii Street, El Segundo, California 90245
Name of Registered Agent:
Name of Chief Executive Officer: Kent Thiry
CEO Address: : 601 Hawaii Street, El Segundo, California 90245
Telephone Number: (310) 536-2500

Type of Ownership of Applicant/Co-Applicant

- ☐ Non-profit Corporation
- ☒ For-profit Corporation
- ☐ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact
[Person to receive all correspondence or inquiries during the review period]

Name: Ellie Suhl
Title: President
Company Name: Suhl Healthcare Consulting, Inc
Address: 101 Deer Creek Rd, Rochester, IL 62563
Telephone Number: 217-741-1052
E-mail Address: elliesuhl@aol.com
Fax Number: 1-866-620-0333

Additional Contact
[Person who is also authorized to discuss the application for permit]

Name: Marcia Sorrill
Title: Acting Regional Operations Director
Company Name: DaVita, Inc
Address: 932 N. Rutledge, Springfield, IL 62702
Telephone Number: 217-788-0061
E-mail Address: Marcia.sorrill@davita.com
Fax Number:

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**

Name: Marcia Sorrill
Title: Acting Regional Operations Director
Company Name: DaVita, Inc
Address: 932 N. Rutledge, Springfield, IL 62702
Telephone Number: 217-788-0061
E-mail Address: Marcia.sorrill@davita.com
Fax Number:

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Nephroplex Service Corporation
Address of Site Owner: 416 N. 12th St., P.O. Box 1704, Mt. Vernon, IL 62864
Street Address or Legal Description of Site: **Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.**
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name: Renal Life Link, Inc

Address: 601 Hawaii Street, El Segundo, CA 90245

☐	Non-profit Corporation	☐	Partnership		
☒	For-profit Corporation	☐	Governmental		
☐	Limited Liability Company	☐	Sole Proprietorship	☐	Other

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at **www.FEMA.gov** or **www.illinoisfloodmaps.org**. **This map must be in a readable format**. In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 **(http://www.hfsrb.illinois.gov)**.

APPEND DOCUMENTATION AS ATTACHMENT-5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:	Part 1120 Applicability or Classification: [Check one only.]
☐ Substantive	☐ Part 1120 Not Applicable
☒ Non-substantive	☐ Category A Project
	☐ Category B Project
	☐ DHS or DVA Project

2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms, NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Renal Life Link, Inc., a wholly owned subsidiary of DaVita, Inc. proposes to discontinue 14 dialysis stations located at 1800 Jefferson Street in Mt. Vernon, IL and relocate the stations to a new 16 station ESRD facility to be established at 4102 N. Water Tower Place in Mt. Vernon. Both the existing and the proposed facility are located in H.S.A. 5.

The proposed site for the facility is in leased space, located at 4102 Water Tower Place in Mt. Vernon. The facility will occupy approximately 7,500 gross square feet in a freestanding building. The proposed facility will consist of 16 stations, one of which will be utilized for isolation, as needed. In addition, the facility will continue to provide CAPD and home dialysis services and training.

The anticipated date for the completion of this project is approximately 24 months from the date approval is received from the Illinois Health Facilities & Services Review Board.

The project is "non-substantive" under Illinois Health Facilities & Services Review Board regulation, section 1110.40(C)(11) because it involves the establishment of an in-center hemodialysis facility. Renal Life Link d/b/a Mt. Vernon Dialysis will continue to be the sole proprietor and operator of this ESRD facility. DaVita, Inc. will be a co-applicants, as required by the Ill Administrative Code.

No contracts have been signed pertaining to this project at the time the application was completed. A signed letterof intent, containing the required contingency statement for the CON is provided with this application as Attachment INFO-8

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts	$ 1,080.000		$ 1,080.000
Contingencies	$ 95,000		$ 95,000
Architectural/Engineering Fees	$ 75,000		$ 75,000
Consulting and Other Fees	$ 37,500		$ 37,500
Movable or Other Equipment (not in construction contracts)	$ 450,000		$ 450,000
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment	$ 851,301		$ 851,301
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	$ 2,588,801		$ 2,588,801
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	**$ 1,737,500**		**$ 1,737,500**
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)	**$ 851,301**		**$ 851,301**
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$ 2,588,801**		**$ 2,588,801**

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☒ No
Purchase Price: $_____
Fair Market Value: $_____

The project involves the establishment of a new facility or a new category of service
☐ Yes ☒ No (Relocation of existing facility.)

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is $ n/a relocation.

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

☒ None or not applicable ☐ Preliminary
☐ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140):
1/30/2013

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☒ Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
☐ Project obligation will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

Are the following submittals up to date as applicable:
☐ Cancer Registry
☐ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

CON Project	Permit Date	Permit Amt.	Obligation	Annual Progress Reports	Project Completion
Big Oaks Dialysis 08-066	11/5/08	$2,812,212	Upon Permit Issuance	Sent 11/10/09 & in compliance	Project Completed
Beverly Dialysis 08-067	11/5/08	$2,738,465	Upon Permit Issuance	Sent 11/10/09 & in compliance	Facility operational. Final report to be submitted in 90 days. Waiting certification.
West Lawn Dialysis 08-100	3/10/09	$1888,441	Obligated 5/29/09, State rec'd 6/23/09	Sent 3/31/10	1st patient treated 3/8/10. Waiting certification.
Barrington Creek Dialysis 09-036	1/12/10	$2,472,632	Not yet obligated	Due Jan 2011	Lease negotiations
Palos Park Dialysis 09-055	1/12/10	$2,657,248	Obligation sent 6/30/10	Due Jan 2011	Project under bid
Grand Crossing Dialysis 10-004	6/8/10	$2,169,191	Not yet obligated	Due June 2011	Working drawings finalized.
Lake Park 10-023		$3,784,934			Project Completed
Woodlawn Dialysis 10-024					Project Completed
Stony Island Dialysis 10-025		$15,270,945			Project awaiting internal audit for completion.

Cost Space Requirements

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE	n/a						
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE	**n/a**						
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which the data are available. Include observation days in the patient day totals for each bed service.** Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

FACILITY NAME:		**CITY:**			
REPORTING PERIOD DATES:		**From:**		**to:**	
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	n/a				
Obstetrics	n/a				
Pediatrics	n/a				
Intensive Care	n/a				
Comprehensive Physical Rehabilitation	n/a				
Acute/Chronic Mental Illness	n/a				
Neonatal Intensive Care	n/a				
General Long Term Care	n/a				
Specialized Long Term Care	n/a				
Long Term Acute Care	n/a				
Other ((identify)	n/a				
TOTALS:	n/a				

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Renal Life Link, Inc.* **in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.**

SIGNATURE

Kent Thiry

PRINTED NAME

Chief Executive Officer

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 23rd day of September 2010

Signature of Notary

Seal

OFFICIAL SEAL
STEPHANIE SKINNER
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:03/10/12

SIGNATURE

PRINTED NAME

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this _____ day of _____

Signature of Notary

Seal

*Insert EXACT legal name of the applicant

Primary Applicant

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

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SIGNATURE	SIGNATURE
PRINTED NAME	Dennis Lee Kogod PRINTED NAME
PRINTED TITLE	Chief Operating Officer PRINTED TITLE
Notarization: Subscribed and sworn to before me this _____ day of _____	Notarization: Subscribed and sworn to before me this 21st day of September
Signature of Notary	Signature of Notary
Seal	Seal

SANDY FUNK
COMM. # 1817260
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
COMM. EXPIRES OCT. 12, 2012

*Insert EXACT legal name of the applicant

Primary Applicant

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of DaVita, Inc.* **in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.**

SIGNATURE

Kent Thiry
PRINTED NAME

Chief Executive Officer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 23rd day of September 2010

Signature of Notary

Seal

OFFICIAL SEAL
STEPHANIE SKINNER
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:03/10/12

*Insert EXACT legal name of the applicant

SIGNATURE

PRINTED NAME

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this _____ day of _____

Signature of Notary

Seal

Co-Applicant

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of DaVita, Inc.* **in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.**

SIGNATURE	SIGNATURE
PRINTED NAME	Dennis Lee Kayod PRINTED NAME
PRINTED TITLE	Chief Operating Officer PRINTED TITLE
Notarization: Subscribed and sworn to before me this _____ day of _____	Notarization: Subscribed and sworn to before me this 21st day of September
Signature of Notary	Signature of Notary
Seal	Seal

SANDY FUNK
COMM. # 1817260
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
COMM. EXPIRES OCT. 12, 2012

*Insert EXACT legal name of the applicant

Co-Applicant

SECTION II. DISCONTINUATION

This Section is applicable to any project that involves discontinuation of a health care facility or a category of service. **NOTE:** If the project is solely for discontinuation and if there is no project cost, the remaining Sections of the application are not applicable.

Criterion 1110.130 - Discontinuation

READ THE REVIEW CRITERION and provide the following information:

GENERAL INFORMATION REQUIREMENTS

1. Identify the categories of service and the number of beds, if any that is to be discontinued.
2. Identify all of the other clinical services that are to be discontinued.
3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.
4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.
5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued, and the length of time the records will be maintained.
6. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 60 days following the date of discontinuation.

REASONS FOR DISCONTINUATION

The applicant shall state the reasons for discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.130(b) for examples.

IMPACT ON ACCESS

1. Document that the discontinuation of each service or of the entire facility will not have an adverse effect upon access to care for residents of the facility's market area.
2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within 45 minutes travel time of the applicant facility.
3. Provide copies of impact statements received from other resources or health care facilities located within 45 minutes travel time, that indicate the extent to which the applicant's workload will be absorbed without conditions, limitations or discrimination.

APPEND DOCUMENTATION AS ATTACHMENT-10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost;

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Provide the reasons why the chosen alternative was selected.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**

2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following::

   a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;

   b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;

   c. The project involves the conversion of existing space that results in excess square footage.

   Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT-14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT-15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

G. Criterion 1110.1430 - In-Center Hemodialysis

1. Applicants proposing to establish, expand and/or modernize In-Center Hemodialysis must submit the following information:

2. Indicate station capacity changes by Service: Indicate # of stations changed by action(s):

Category of Service	# Existing Stations	# Proposed Stations
☒ In-Center Hemodialysis	14	16

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.1430(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X		
1110.1430(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.1430(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.1430(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.1430(b)(5) - Planning Area Need - Service Accessibility	X		
1110.1430(c)(1) - Unnecessary Duplication of Services	X		
1110.1430(c)(2) - Maldistribution	X		
1110.1430(c)(3) - Impact of Project on Other Area Providers	X		
1110.1430(d)(1) - Deteriorated Facilities			X
1110.1430(d)(2) - Documentation			X
1110.1430(d)(3) - Documentation Related to Cited Problems			X
1110.1430(e) - Staffing Availability	X	X	
1110.1430(f) - Support Services	X	X	X
1110.1430(g) - Minimum Number of Stations	X		
1110.1430(h) - Continuity of Care	X		
1110.1430(j) - Assurances	X	X	X

APPEND DOCUMENTATION AS ATTACHMENT-26, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

4. Projects for relocation of a facility from one location in a planning area to another in the same planning area must address the requirements listed in subsection (a)(1) for the "Establishment of Services or Facilities", as well as the requirements in Section 1110.130 - "Discontinuation" and subsection 1110.1430(i) - "Relocation of Facilities".

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

VIII. - 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

$ 1,737,500	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
$851,301	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
_____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$ 2,588,801		**TOTAL FUNDS AVAILABLE**

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. **"A" Bond rating or better**
2. **All of the projects capital expenditures are completely funded through internal sources**
3. **The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent**
4. **The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.**

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	**Category A or Category B (last three years)**			**Category B (Projected)**
Enter Historical and/or Projected Years:	2007	2008	2009	2012
Current Ratio	1.82	1.83	2.20	2.20
Net Margin Percentage	7.25%	6.61%	6.92%	7.17%
Percent Debt to Total Capitalization	38.05%	41.81%	37.50%	34.64%
Projected Debt Service Coverage	3.07	2.80	3.00	4.94
Days Cash on Hand	34.80	29.59	36.08	71.05
Cushion Ratio	1.68	1.43	1.95	6.40

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Audited financial statements are not prepared at the subsidiary level. Therefore, the information below is refletive of the financial performance of both Total Renal Care and the parent Company, DaVita, Inc.

For Illinois CON Reporting

12/31/2009

DaVita Inc.	2004	2005	2006	2007	2008	2009	2010E	2011E	2012E	Illinois Standard
Current Ratio	1.97	1.67	1.54	1.82	1.83	2.20	2.20	2.20	2.20	>1.5
Net Margin Percentage	10.21%	7.69%	5.94%	7.25%	6.61%	6.92%	7.17%	7.17%	7.17%	>3.5%
Percent Debt to Total Capitalization	26.08%	44.62%	38.67%	38.05%	41.81%	37.50%	35.06%	34.64%	34.64%	<60%
Projected Debt Service Coverage	3.43	2.33	2.56	3.07	2.80	3.00	3.31	3.61	4.94	>1.75
Days Cash on Hand	49.13	59.96	25.63	34.80	29.59	36.08	46.11	58.58	71.05	>45
Cushion Ratio	2.43	2.09	1.09	1.68	1.43	1.95	2.78	3.85	6.40	>5.00

SUPPORTING CALCULATIONS:									
Current Ratio:									
Current Assets	868,720	1,654,408	1,709,496	1,976,250	2,128,304	2,302,521	2,302,521	2,302,521	2,302,521
Current Liabilities	441,735	989,733	1,112,172	1,088,496	1,163,063	1,046,941	1,046,941	1,046,941	1,046,941
Current Ratio	1.97	1.67	1.54	1.82	1.83	2.20	2.20	2.20	2.20
Net Margin Percentage:									
Net Income	222,254	228,643	289,691	381,778	374,160	422,684	470,227	470,227	470,227
Net Revenues	2,177,330	2,973,918	4,880,662	5,264,151	5,660,173	6,108,800	6,554,805	6,554,805	6,554,805
Net Margin Percentage	10.21%	7.69%	5.94%	7.25%	6.61%	6.92%	7.17%	7.17%	7.17%
Percent Debt to Total Capitalization:									
Total Long Term Debt	1,375,832	4,157,202	3,751,251	3,707,318	3,695,146	3,632,224	3,544,724	3,479,099	3,479,099
Equity*	3,900,000	5,160,000	5,950,000	6,038,778	5,142,688	6,053,903	6,564,648	6,564,648	6,564,648
Percent Debt to Total Capitalization	26.08%	44.62%	38.67%	38.05%	41.81%	37.50%	35.06%	34.64%	34.64%
Projected Debt Service Coverage:									
Net Income	222,254	228,643	289,691	381,778	374,160	422,684	470,227	470,227	470,227
Depreciation/Amortization	82,912	116,836	173,295	193,470	216,917	228,986	230,740	230,740	230,740
Interest Expense	50,324	134,429	262,967	242,720	214,944	176,100	178,107	178,107	178,107
Available Funds	355,490	479,908	725,953	817,968	806,021	827,770	879,075	879,075	879,075
Interest Expense and principal payments	103,688	206,196	283,838	266,151	287,669	276,107	265,607	243,732	178,107
Projected Debt Service Coverage	3.43	2.33	2.56	3.07	2.80	3.00	3.31	3.61	4.94
Days Cash on Hand:									
Cash and Investments	251,979	431,811	310,202	447,046	410,881	539,459	739,459	939,459	1,139,459
Net Revenue	2,177,330	2,973,918	4,880,662	5,264,151	5,660,173	6,108,800	6,554,805	6,554,805	6,554,805
Net Income	222,254	228,643	289,691	381,778	374,160	422,684	470,227	470,227	470,227
Operating Expense	1,955,076	2,745,275	4,590,971	4,882,373	5,286,013	5,686,116	6,084,578	6,084,578	6,084,578
Less Dep/Amort	82,912	116,836	173,295	193,470	216,917	228,986	230,740	230,740	230,740
Operating Expense Net of Dep/Amort	1,872,164	2,628,439	4,417,676	4,688,903	5,069,096	5,457,130	5,853,837	5,853,837	5,853,837
Days Cash on Hand	49.13	59.96	25.63	34.80	29.59	36.08	46.11	58.58	71.05
Cushion Ratio:									
Total Cash	251,979	431,811	310,202	447,046	410,881	539,459	739,459	939,459	1,139,459
Interest Expense and Principal payments	103,688	206,196	283,838	266,151	287,669	276,107	265,607	243,732	178,107
Cushion Ratio	2.43	2.09	1.09	1.68	1.43	1.95	2.78	3.85	6.40

**Equity as defined by market equity. Market equity = shares outstanding * closing price at last trading day of calendar year.*

For forecasting: Assume constant market capitalization, based on the closing share price as of 3/3/10.

X. 1120.140 - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Cost/Square Foot Mod.	Gross Sq. Ft. New	Gross Sq. Ft. Circ.*	Gross Sq. Ft. Mod.	Gross Sq. Ft. Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
	n/a								
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT -42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	Year	**Year**	**Year**
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

INDEX OF ATTACHMENTS

ATTACHMENT NO.		PAGES
1	Applicant/CoapplicantIdentification including Certificate of Good Standing	1-2 24-27
2	Site Ownership	28-45
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	46
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	46 26-27
5	Flood Plain Requirements	47-48
6	Historic Preservation Act Requirements	49-50
7	Project and Sources of Funds Itemization	5+ 51-52
8	Obligation Document if required	53-62
9	Cost Space Requirements	n/a
10	Discontinuation	63
11	Background of the Applicant	64-115
12	Purpose of the Project	116
13	Alternatives to the Project	117
14	Size of the Project	118
15	Project Service Utilization	119
16	Unfinished or Shell Space	n/a
17	Assurances for Unfinished/Shell Space	n/a
18	Master Design Project	n/a
19	Mergers, Consolidations and Acquisitions	n/a
	Service Specific:	
20	Medical Surgical Pediatrics, Obstetrics, ICU	n/a
21	Comprehensive Physical Rehabilitation	n/a
22	Acute Mental Illness	n/a
23	Neonatal Intensive Care	n/a
24	Open Heart Surgery	n/a
25	Cardiac Catheterization	n/a
26	In-Center Hemodialysis	120-145
27	Non-Hospital Based Ambulatory Surgery	n/a
28	General Long Term Care	n/a
29	Specialized Long Term Care	n/a
30	Selected Organ Transplantation	n/a
31	Kidney Transplantation	n/a
32	Subacute Care Hospital Model	n/a
33	Post Surgical Recovery Care Center	n/a
34	Children's Community-Based Health Care Center	n/a
35	Community-Based Residential Rehabilitation Center	n/a
36	Long Term Acute Care Hospital	n/a
37	Clinical Service Areas Other than Categories of Service	n/a
38	Freestanding Emergency Center Medical Services	n/a
	Financial and Economic Feasibility:	
39	Availability of Funds	146-156
40	Financial Waiver	157
41	Financial Viability	158-160
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ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Mount Vernon Dialysis
Street Address: 4102 North Water Tower Place
City and Zip Code: Mount Vernon, IL 62864
County: Jefferson Health Service Area 5 Health Planning Area:

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: Davita, Inc.
Address: 601 Hawaii Street, El Segundo, California 90245
Name of Registered Agent:
Name of Chief Executive Officer: Kent Thiry
CEO Address: : 601 Hawaii Street, El Segundo, California 90245
Telephone Number: (310) 536-2500

Type of Ownership of Applicant/Co-Applicant

- ☐ Non-profit Corporation
- ☒ For-profit Corporation
- ☐ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact
[Person to receive all correspondence or inquiries during the review period]

Name: Ellie Suhl
Title: President
Company Name: Suhl Healthcare Consulting, Inc
Address: 101 Deer Creek Rd, Rochester, IL 62563
Telephone Number: 217-741-1052
E-mail Address: elliesuhl@aol.com

Additional Contact
[Person who is also authorized to discuss the application for permit]

Name: Marcia Sorrill
Title: Acting Regional Operations Director
Company Name: DaVita, Inc
Address: 932 N. Rutledge, Springfield, IL 62702
Telephone Number: 217-788-0061
E-mail Address: Marcia.sorrill@davita.com
Fax Number:

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**

Name: Marcia Sorrill
Title: Acting Regional Operations Director
Company Name: DaVita, Inc
Address: 932 N. Rutledge, Springfield, IL 62702
Telephone Number: 217-788-0061
E-mail Address: Marcia.sorrill@davita.com
Fax Number:

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Nephroplex Service Corporation
Address of Site Owner: 416 N. 12th St. P.O. Box 1704, Mt. Vernon, IL 62864
Street Address or Legal Description of Site: **Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.**
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name: Renal Life Link, Inc

Address: 601 Hawaii Street, El Segundo, CA 90245

☐	Non-profit Corporation	☐	Partnership		
☒	For-profit Corporation	☐	Governmental		
☐	Limited Liability Company	☐	Sole Proprietorship	☐	Other

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

File Number 6412-928-7

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

RENAL LIFE LINK, INC., INCORPORATED IN DELAWARE AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON MARCH 17, 2005, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

Authentication #: 1026301922

Authenticate at: http://www.cyberdriveillinois.com

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 20TH *day of* SEPTEMBER *A.D.* 2010 .

Jesse White

SECRETARY OF STATE

Primary Applicant
Attachment 1 & 3

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "DAVITA INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FIFTEENTH DAY OF FEBRUARY, A.D. 2010.

Jeffrey W. Bullock, Secretary of State

2391269 8300

100141076

AUTHENTICATION: 7811432

DATE: 02-15-10

You may verify this certificate online at corp.delaware.gov/authver.shtml

Co-Applicant
Attachment 1 & 3

STEVEN J. ZELMAN, MD
NEPHROPLEX SERVICE CORPORATION

416 NORTH 12TH STREET
P. O. BOX 1704
MT. VERNON, IL 62864-0034

TELEPHONE: 618-244-4850
FACSIMILE: 618-244-7985

DATE: August 6, 2010

Sent VIA E-mail to: Kip Sweda
Director of real Estate
DaVita
Email: Kip.Sweda@davita.com

LANDLORD: Steven J. Zelman, MD

RE: Letter of Intent:

Dear: Mr. Sweda

I am submitting this Letter of Intent, the terms of which follow:

LOCATION: Proposed building to be built at:
4102 North Water Tower,
Mt. Vernon, IL 62864

TENANT: Renal Life Link, Inc.

LANDLORD: Nephroplex Service Corporation

INITIAL SPACE 7500 Square feet

REQUIREMENTS: Approximately 7500 contiguous usable square feet. Exact square footage will be determined upon completion of space planning.

PRIMARY TERM: Ten (10) Years

POSSESSION AND COMMENCEMENT: Tenant shall take possession of the premises upon the completion of shell building including all base building improvements. The rent and term shall commence the earlier of seven (7) months from possession or until:

a. Leasehold Improvements within the Premises have been completed in accordance with the final construction documents (except for nominal punch list items); and

b. A Certificate of Occupancy for the Premises has been obtained from the City of Mt. Vernon and

c. Tenant has obtained all necessary licenses and permits.

FAILURE TO DELIVER PREMISES: If Landlord has not delivered the premises to Tenant with all base building items substantially completed within nine (9) months from lease execution, Tenant may elect to terminate the lease by written notice to Landlord.

LEASE FORM: The Tenant shall provide its standard lease form

USE: The use is for a Dialysis Clinic, related medical offices, and distribution of pharmaceuticals. The site is currently zone B-2 which allows this proposed use and adequate parking.

Attachment 2

BASE BUILDING

The following items must be delivered by the Landlord to the premises as part of the base building:

a. A 2" dedicated water meter and line.

b. A 4" sewer line to a municipal sewer system.

c. Minimum 600 amp, 120/208 volt 3 phase, 4 wire electrical service.

d. Gas service, at a minimum, will be rated to have 6" of water column pressure and supply 800,000-BTU's.

Additional base building requirements are referenced in Exhibit B, attached.

TENANT IMPROVEMENTS: Tenant will construct its own leasehold improvements.

OPTION TO RENEW: Tenant desires three (3) five (5) year options to renew the lease. Option Rent shall be the lesser of 95% of fair market value, or, the rent during the prior term escalated by the increase in the CPI- U over the prior term, capped at two percent (2%) annually.

RENTAL RATE: Base Rent will be $15 - $20 per square foot per year.

HOLDING OVER: In the event Tenant remains in possession of the Premises after the expiration of the term of this Lease, then Tenant shall be obligated to pay rent at the then current rate escalated by the increase in the CPI- U over the prior term, capped at two percent (2%) annually.

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SIGNAGE: Tenant shall have the right to install building signage at the Premises, subject to Landlord's consent, which consent shall not be unreasonably withheld, and subject to compliance by Tenant with all applicable laws and regulations. Landlord, at Landlord's expense will furnish Tenant with space for Tenant's designated names on the building monument and pylon sign for the building.

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GOVERNMENTAL COMPLIANCE: Landlord shall represent and warrant to Tenant that Landlord, at Landlord's sole expense, will cause Tenant's Premises, the Building and parking facilities to be in full compliance with any governmental laws, ordinances, regulations or orders relating to, but not limited to, compliance with the Americans with Disabilities Act (ADA), and environmental conditions relating to the existence of asbestos and/or other hazardous materials, or soil and ground water conditions, and shall indemnify and hold Tenant harmless from any

claims, liabilities and cost arising from environmental conditions not caused by Tenant(s).

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SECURITY DEPOSIT: Waived

CORPORATE GUARANTEE: Neither DaVita Inc. nor any of its subsidiaries or affiliated entities will provide corporate lease guarantees. DaVita, Inc is a publicly traded company and its annual report Form 10Ks, Form 10 Qs and other SEC filings are readily available on the corporate web site at www.davita.com.

BROKERAGE FEE: Landlord does not at this time recognize USI Real Estate Brokerage Services, Inc. and shall NOT compensate USI Real Estate Brokerage Services, Inc. a brokerage commission or other fees

CONFIDENTIALITY: This proposal is considered by Landlord and Tenant to be highly confidential. Neither Tenant nor Landlord shall disclose the terms of this proposal to any other person without the express written consent of the parties.

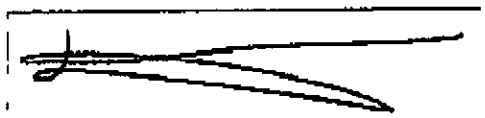
CONTINGENCIES: Tenant will need to apply for a Certificate of Need for the final location. If Tenant does not get the Certificate of Need by 4/1/2011, the Lease will be null and void. If they do get the Certificate of Need, then they will go forward with the lease based on satisfying the other contingencies that are in the their standard Lease Document.

TENANT CON OBLIGATION: Landlord and Tenant understand and agree that the establishment of any chronic outpatient dialysis facility in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act, 20 ILCS 3960/1 et seq. and, thus, the Tenant cannot establish a dialysis facility on the Premises or execute a binding real estate lease in connection therewith unless Tenant obtains a Certificate of Need (CON) permit from the Illinois Health Facilities Planning Board (the "Planning Board"). Tenant agrees to proceed using its commercially reasonable best efforts to submit an application for a CON permit and to prosecute said application to obtain the CON permit from the Planning Board. Based on the length of the Planning Board review process, Tenant does not expect to receive a CON permit prior to 4/1/2011. In light of the foregoing facts, the parties agree that they shall promptly proceed with due diligence to negotiate the terms of a definitive lease agreement and execute such agreement prior to approval of the CON permit provided, however, the lease shall not be binding on either party prior to the approval of the CON permit and the lease agreement shall contain a contingency clause indicating that the lease agreement is not effective pending CON approval. Assuming CON permit approval is granted, the effective date of the lease agreement shall be the first day of the calendar month following CON permit approval. In the event that the Planning Board does not award Tenant a CON permit to establish a dialysis center on the Premises by 4/1/2011, neither party shall have any further obligation to the other party with regard to the negotiations, lease or Premises contemplated by this Letter of Intent.

It should be understood that this Letter of Intent is subject to the terms of Exhibit A attached hereto.

SIGNATURE PAGE

Submitted:



By: _____

Steven J Zelman, MD
Nephroplex Service Corporation
PO Box 1704
Mt. Vernon, IL 62864-0034

Date: August 24, 2010

Agreed and Accepted:

By: _____ VP

Date: August 30, 2010

EXHIBIT A

NON-BINDING NOTICE

NOTICE: THE PROVISONS CONTAINED IN THIS LETTER OF INTENT ARE AN EXPRESSION OF THE PARTIES' INTEREST ONLY. SAID PROVISIONS TAKEN TOGETHER OR SEPERATELY ARE NEITHER AN OFFER WHICH BY AN "ACCEPTANCE" CAN BECOME A CONTRACT, NOR A CONTRACT. BY ISSUING THIS LETTER OF INTENT NEITHER TENANT NOR LANDLORD SHALL BE BOUND TO ENTER INTO ANY (GOOD FAITH OR OTHERWISE) NEGOTIATIONS OF ANY KIND WHATSOEVER. TENANT RESERVES THE RIGHT TO NEGOTIATE WITH OTHER PARTIES. NEITHER TENANT OR, LANDLORD INTENDS ON THE PROVISIONS CONTAINED IN THIS LETTER OF INTENT TO BE BINDING IN ANY MANNER, AS THE ANALYSIS FOR AN ACCEPTABLE TRANSACTION WILL INVOLVE ADDITIONAL MATTERS NOT ADDRESSED IN THIS LETTER, INCLUDING, WITHOUT LIMITATION, THE TERMS OF ANY COMPETING PROJECTS, OVERALL ECONOMIC AND LIABILITY PROVISIONS CONTAINED IN ANY LEASE DOCUMENT AND INTERNAL APPROVAL PROCESSES AND PROCEDURES. THE PARTIES UNDERSTAND AND AGREE THAT A CONTRACT WITH RESPECT TO THE PROVISIONS IN THIS LETTER OF INTENT WILL NOT EXIST UNLESS AND UNTIL THE PARTIES HAVE EXECUTED A FORMAL, WRITTEN LEASE AGREEMENT APPROVED IN WRITING BY THEIR RESPECTIVE COUNSEL. THIS LETTER OF INTENT IS SUBMITTED SUBJECT TO ERRORS, OMISSIONS, CHANGE OF PRICE, RENTAL OR OTHER TERMS; ANY SPECIAL CONDITIONS IMPOSED BY THE PARTIES TO THIS AGREEMENT; AND WITHDRAWAL WITHOUT NOTICE. WE RESERVE THE RIGHT TO CONTINUE SIMULTANEOUS NEGOTIATIONS WITH OTHER PARTIES. NO PARTY SHALL HAVE ANY LEGAL RIGHTS OR OBLIGATIONS WITH RESPECT TO ANY OTHER PARTY, AND NO PARTY SHOULD TAKE ANY ACTION OR FAIL TO TAKE ANY ACTION IN DETRIMENTAL RELIANCE ON THIS OR ANY OTHER DOCUMENT OR COMMUNICATION UNTIL AND UNLESS A DEFINITIVE WRITTEN LEASE AGREEMENT IS PREPARED AND SIGNED BY TENANT AND LANDLORD

Exhibit B

New Building MBBI

At a minimum, the Lessor shall provide the following Base Building and Site Development Improvements to meet DaVita's Building and Site Development specifications at Lessor's sole cost:

Building Codes & Design – All Minimum Base Building Improvements (MBBI) and Site Development are to be performed in accordance with all current local, state, and federal building codes including any related amendments, fire and life safety codes, ADA regulations, State Department of Public Health, and other applicable and codes. All Lessor's work will have Governmental Authorities Having Jurisdiction ("GAHJ") approved architectural and engineering (Mechanical, Plumbing, Electrical, Structural, Civil, Environmental) plans and specifications prepared by a licensed architect and engineer and must be coordinated with the Lessee Improvement plans and specifications. (Insert for California and other states/jurisdictions requiring I 1.2 standards: Building to comply with all state and/or local fire department requirements in regards with an occupancy criteria for I - 1.2 building rating in regard to set-backs, life safety systems, emergency egress or other applicable requirements adhering to occupancy standards.)

Zoning & Permitting – Building and premises must be zoned to perform services as a dialysis clinic. Lessor to provide all permitting related to the base building and site improvements.

Common Areas – All common areas that Lessee will need to have access to such as Restrooms, Stairwells, and Elevators must be code and ADA compliant.

Foundation and Floor - The foundation and floor of the building shall be in accordance with local code requirements. The foundation and concrete slab shall be designed by the Lessor's engineer to accommodate site-specific soil conditions and recommendations per Lessor's soil engineering and exploration report.

Foundation to consist of formed concrete spread footing with horizontal reinforcing sized per geotechnical engineering report. Foundation wall to consist of formed and poured concrete with reinforcing bars or a running bond masonry block, twelve-inch (12") width with proper horizontal and vertical reinforcing within courses and cells. Internal masonry cells to be concrete filled full depth entire building perimeter. Foundation wall to receive poly board R-10 insulation on interior side of wall entire building perimeter.

The floor shall be concrete slab on grad and shall be a minimum five-inch (5") thick with minimum concrete strength of 4,000-psi and proper wire mesh, fiber mesh, and/or rebar reinforcement over vapor barrier. Include proper expansion control joints. Floor shall be level, smooth, broom clean with no adhesive residues, in a condition that is acceptable to install floor coverings in accordance with the flooring manufacturer's specifications. Concrete floor shall be constructed so that no more than 3-lbs.of moisture per 1000sf/24 hours is emitted per completed calcium chloride testing results after 28 day cure time. Means and methods to achieve this level will be responsibility of the Lessor. Under slab plumbing shall be installed, inspected by municipality and Lessee for approval prior to pouring the building slab.

Structural – Structural systems shall be designed to provide a minimum 14'-0" clearance to underside of structural beams and meet building steel erection requirements, standards and codes. Structural design to allow for 10' ceiling heights above finish floor while accommodating all Mechanical, Plumbing, Electrical above ceiling. Structure to include all necessary columns, beams, joists, load bearing walls, and demising walls. Provide necessary bridging, bracing, and reinforcing supports to accommodate all Mechanical systems (minimum of four (4) HVAC roof top openings, one (1) roof hatch opening, and two (2) exhaust fans openings).

The Floor and roof structure shall be fireproofed as needed to meet local building code requirements.

Exterior and demising walls

All exterior and demising walls shall be a 1 or 2hr fire rated wall depending on local codes requirements and finished with 5/8" gypsum board, metal studs and a level 4 finish in Lessee space. Walls to be fire caulked in accordance with UL standards at floor and roof deck. Demising walls will have sound attenuation batts from floor to underside of deck.

Roof Covering – The roof system shall have a minimum of a fifteen (15) year life span with full manufacturer's warrantee against leakage due to ordinary wear and tear. Roof system to include minimum of R-30 insulation. Ice control measures mechanically or electrically controlled to be considered. Downspouts to be connected into controlled underground discharge for the rain leaders into the storm system for the site. Roof and all related systems to be

maintained by the Lessor for the duration of the lease. Lessor to provide Lessee copy of material and labor warranty for record.

Façade – Lessor to provide specifications for building façade for lessee review and approval. Some options include, but not limited to:

4" Face brick Veneer on 6" 16 or 18ga metal studs, R- 19 or higher batt wall insulation, on Tyvek (commercial grade) over 5/8" exterior grade gypsum wallboard (or plywood) with 5/8" interior gypsum board with Level 4 finish on interior gypsum.

or

2" EIFS on 6" 16 or 18ga metal studs, R- 19 or higher batt wall insulation, on 1/2" cement board with 5/8" interior gypsum board with Level 4 finish on interior gypsum.

or

8" Split faced block with 3-1/2" 20ga metal stud furring, R- 13 batt wall insulation, 5/8" interior gypsum board with Level 4 finish on interior gypsum.

Canopy – Covered drop off canopy at Lessee's front entry door. Approximate size to be 16' width by 21' length with 14' clear space underneath ceiling with full drive thru capacity. Canopy to accommodate patient drop off with a level grade transition to the finish floor elevation. Canopy roof to be an extension of the main building with blending rooflines. Controlled storm water drainage requirements of gutters with downspouts connected to site storm sewer system. Canopy structural system to consist of a reinforced concrete footing, structural columns and beam frame, joists, decking and matching roof covering. Canopy corner posts to be wrapped with masonry piers, matching masonry to main building. Steel bollards at column locations.

Windows – Energy efficient windows and storefront systems to be 1" tinted insulated glass with thermally broken insulated aluminum mullions. Window size and locations to be determined by Lessee's architectural floor plan.

Thermal Insulation – All exterior walls to have vapor barriers and insulation that meets or exceeds the local and national energy codes. The R value to be determined by the size of the stud cavity and should extend from finish floor to bottom of floor or ceiling deck. Roof deck to have a minimum R-30 insulation mechanically fastened.

Exterior Doors – All doors to have weather-stripping and commercial grade hardware (equal to Schlage L Series or better). Doors shall meet American Disabilities Act (ADA) and State Department of Health requirements. Lessor shall change the keys (reset tumblers) on all doors with locks after construction, but prior to commencement of the Lease, and shall provide Lessee with three (3) sets of keys. Final location of doors to be approved by Lessee.

Patient Doors: Storefront with insulated glass doors and Alum framing to be 42" or 48" width prepped to accept power assist opener, push paddle hardware, continuous hinge and thumb turn lock mechanism.

Service Doors: 72" wide double door (Alternates for approval by DaVita Project Manager to include: 48" wide single door or double door with 36" and 24" doors) with 20 gauge insulated hollow metal (double doors), continuous hinge each leaf, prepped for panic bar hardware, and painted with rust inhibiting paint. Door to have a 10" square vision panel cut out with insulated glass installed if requested by Lessee.

Teammate & Other Fire Egress Doors: 32" wide door with 20 gauge insulated hollow metal prepped for panic bar hardware and painted with rust inhibiting paint. Door to have a 10" square vision panel cut out with insulated glass installed if requested by Lessee.

Utilities – All utilities to be provided at designated utility entrance points into the building at locations approved by the Lessee. Lessor is responsible for all tap/connection and impact fees for all utilities.

Plumbing – Dedicated 2" water line (not tied-in to any other lessees, fire suppression systems, or irrigation systems) with a shut off valve, 2 (two) 2" back flow preventors (with floor drain under BFP) in parallel, and 2" meter to provide a continuous minimum 50 psi, with a minimum flow rate of 30 gallons per minute. Lessor to provide Lessee with the most recent water flow and pressure test results (gallons per minute and psi) for approval. Lessor shall stub the dedicated water line into the building per location coordinated by Lessee. Lessor to provide and pay for all tap fees related to new sanitary sewer and water services in accordance with local building and regulatory agencies.

Exterior anti-freeze hose bibs (minimum of 2) in locations approved by Lessee.

Sanitary sewer line to be minimum of four-inch (4") and shall be stubbed into the building per location coordinated by Lessee at finished floor elevation with a cleanout structure at sufficient depth to continuously waste 30 gallons per minute. Invert level of new 4" sanitary line will be a minimum of 36" below finished floor.

Sanitary sampling manhole to be installed by Lessor if required by local municipality.

Fire Suppression System – Lessor shall design and install a complete turnkey sprinkler system that meets all local building and life safety codes. This system will be on a dedicated water line independent of Lessee's water line requirements, including municipal approved shop drawings, service drops and sprinkler heads at heights per Lessee's reflective ceiling plan, flow control switches wired and tested, alarms including wiring and an electrically/telephonically controlled fire alarm control panel connected to a monitoring systems for emergency dispatch.

Lessor to provide main Fire Alarm panel that serves the Lessee space and will have the capacity to accommodate devices in Lessee space based on final approved Fire Alarm system approved by local Building or Fire Department.

Electrical – Provide underground service with a separately metered via a new CT cabinet, minimum of a single 600 amps electrical service (Additional electrical capacity will be required if natural gas service is not available to the building or if the clinic is larger than 20 dialysis stations), 120/208 volt, 3 phase, 4 wire to a load center in the Lessee's utility room (location to be per Code and coordinated with Lessee) for Lessee's exclusive use in powering equipment, appliances, lighting, heating, cooling and miscellaneous use. Transformer coordination with utility company, transformer pad, and underground conduit sized for service, circuit termination cabinet, grounding rod, main panel with 600 amp breaker, conduit and wire inclusive of excavation, trenching and restoration. If gas service is not available to heat Lessee's R/O water, Lessor shall provide an additional 200 Amp service to increase the total requirement to 800amps. Lessee's engineer shall have the final approval on the electrical service size and location.

Lessor will allow Lessee to have installed, at Lessee cost, Transfer Switch for temporary generator hook-up.

Gas - Natural gas service, at a minimum, will be rated to have 6" water column pressure and supply 800,000-BTU's. Natural gas pipeline shall be stubbed into the building per location coordinated with Lessee and shall be individually metered and sized per demand. Additional electrical service capacity will be required if natural gas service is not available to the building.

Mechanical /Heating Ventilation Air Conditioning – Lessor to furnish Lessee a financial credit for the HVAC system in accordance with the following parameters: Equipment to be Carrier, Trane, or Equal. Equipment will be new and come with a full warranty on parts including labor. Supply air shall be provided to the Premises sufficient for cooling at the rate of 300 square feet per ton. Ductwork shall be extended to the space for supply and return air. System to be a ducted return air design. Work to include, but not limited to, the purchase of the units, installation, roof framing, mechanical curbs, flashings, gas & electrical hook-up, thermostats and start-up. Anticipate minimum of five (4) zones, programmable thermostat controlled, with rated low voltage wiring to units and installation of same. Lessee's engineer shall have the final approval on the sizes, tonnages, zoning, location and number of HVAC units.

Lessor to furnish steel framing members, roof curbs and flashing to support Lessee exhaust fans (minimum of 2) to be located by Lessee's architect.

Telephone - Lessor shall provide a single 2" PVC underground conduit entrance into Lessee's utility room to serve as chase way for new telephone service. Entrance conduit location shall be coordinated with Lessee.

Cable TV – Lessor shall provide a single 2" PVC underground conduit entrance into Lessee utility room to serve as chase way for new cable television service. Entrance conduit location shall be coordinated with Lessee. Cable television to be provided from pedestal to building, direct burial and fed thru to Lessee's utility entrance. Lessor to coordinate with utility provider to arrange for service, should it not be immediately available. If cable is not available, Lessor must allow accommodates for a satellite dish.

Handicap Accessibility - Full compliance with ADA and all local jurisdictions' handicap requirements. Lessor shall comply with all ADA regulations affecting the Building and entrance to Lessee space including, but not limited to, the elevator, exterior and interior doors, concrete curb cuts, ramps and walk approaches to / from the parking lot, parking lot striping for six (6) dedicated handicap stalls inclusive of pavement markings and stall signs with current local provisions for handicap parking stalls, delivery areas and walkways.

Finish floor elevation is to be determined per Lessee's architectural plan in conjunction with Lessor's civil engineering and grading plans. If required, Lessor to construct concrete ramp of minimum 6' width, provide safety rails if needed, provide a gradual transitions from overhead canopy and parking lot grade to finish floor elevation. Concrete surface to be troweled for slip resistant finish condition.

Exiting – Lessor shall provide at the main entrance and rear doors safety lights, exterior service lights, exit sign with battery backup signs per doorway, in accordance with applicable building codes, local fire codes and other applicable regulations, ordinances and codes.

Site Development Scope of Requirements - Lessor to provide Lessee with a site boundary and topographic ALTA survey, civil engineering and grading plans prepared by a registered professional engineer. Civil engineering plan is to include necessary details to comply with municipal standards. Site development is to include the following:

- Utility extensions, service entrance locations, inspection manholes;
- Parking lot design, stall sizes per municipal standard in conformance to zoning requirement;
- Site grading with Storm water management control measures (detention / retention / restrictions);
- Refuse enclosure location & construction details;
- Handicap stall location, minimum of four (4) stalls required;
- Side walk placement for patron access, delivery via service entrance;
- Concrete curbing for greenbelt management;
- Site lighting;
- Conduits for Lessee signage;
- Site and parking to accommodate tractor trailer 18 wheel truck delivery access to service entrance;
- Ramps and curb depressions.
- Landscaping shrub and turf as required per municipality;
- Irrigation system if Lessor so desires;
- Construction details, specifications / standards of installation and legends

Refuse Enclosure – Lessor to provide a minimum 6" thick reinforced concrete pad and apron way to accommodate dumpster vehicle weight. Enclosure to be provided as required by local codes.

Generator – Lessor to allow a generator to be installed onsite if required by code or Lessee chooses to provide one.

Site Lighting – Lessor to provide adequate lighting per code and to illuminate all parking, pathways, and building access points readied for connection into Lessee power panel. Location of pole fixtures per Lessor civil plan to maximize illumination coverage across site. Parking lot lighting to include timer (to be programmed per Lessee hours of operation) or a photocell.

Exterior Building Lighting – Lessor to provide adequate lighting per code and to illuminate the building main and service entrance with related sidewalks.

Parking Lot – Provide adequate amount of handicap and standard parking stalls in accordance with dialysis use and overall building uses. Stalls to receive striping, lot to receive traffic directional arrows and concrete parking bumpers. Bumpers to be firmly spike anchored in place onto the asphalt per stall alignment.

Asphalt parking lot will be required to be surfaced with a minimum of:

- 2-1/2" wearing course over a 3-1/2" binder course over 6" of crushed stone – Parking Areas
- 2-1/2" wearing course over a 5-3/4" binder course over 6" of crushed stone – Drives and truck delivery Areas

Asphalt to be graded gradual to meet handicap and civil site slope standards, graded into & out of new patient drop off canopy and provide positive drainage to in place storm catch basins leaving surface free of standing water, bird baths or ice build up potential.

Site Signage – Lessor to allow for a site sign.

STEVEN J. ZELMAN, MD
NEPHROPLEX SERVICE CORPORATION

416 NORTH 12TH STREET
P. O. BOX 1704
MT. VERNON, IL 62864-0034

TELEPHONE: 618-244-4850
FACSIMILE: 618-244-7985

DATE: August 6, 2010

Sent VIA E-mail to: Kip Sweda
Director of real Estate
DaVita
Email: Kip.Sweda@davita.com

LANDLORD: Steven J. Zelman, MD

RE: Letter of Intent:

Dear: Mr. Sweda

I am submitting this Letter of Intent, the terms of which follow:

LOCATION: Proposed building to be built at:
4102 North Water Tower,
Mt. Vernon, IL 62864

TENANT: Renal Life Link, Inc.

LANDLORD: Nephroplex Service Corporation

INITIAL SPACE 7500 Square feet

REQUIREMENTS: Approximately 7500 contiguous usable square feet. Exact square footage will be determined upon completion of space planning.

PRIMARY TERM: Ten (10) Years

POSSESSION AND COMMENCEMENT: Tenant shall take possession of the premises upon the completion of shell building including all base building improvements. The rent and term shall commence the earlier of seven (7) months from possession or until:

a. Leasehold Improvements within the Premises have been completed in accordance with the final construction documents (except for nominal punch list items); and

b. A Certificate of Occupancy for the Premises has been obtained from the City of Mt. Vernon and

c. Tenant has obtained all necessary licenses and permits.

FAILURE TO DELIVER PREMISES: If Landlord has not delivered the premises to Tenant with all base building items substantially completed within nine (9) months from lease execution, Tenant may elect to terminate the lease by written notice to Landlord.

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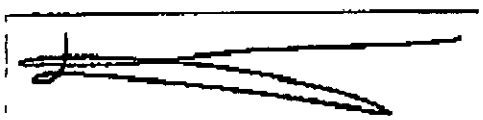
TENANT CON OBLIGATION:	Landlord and Tenant understand and agree that the establishment of any chronic outpatient dialysis facility in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act, 20 ILCS 3960/1 et seq. and, thus, the Tenant cannot establish a dialysis facility on the Premises or execute a binding real estate lease in connection therewith unless Tenant obtains a Certificate of Need (CON) permit from the Illinois Health Facilities Planning Board (the "Planning Board"). Tenant agrees to proceed using its commercially reasonable best efforts to submit an application for a CON permit and to prosecute said application to obtain the CON permit from the Planning Board. Based on the length of the Planning Board review process, Tenant does not expect to receive a CON permit prior to April 2011. In light of the foregoing facts, the parties agree that they shall promptly proceed with due diligence to negotiate the terms of a definitive lease agreement and execute such agreement prior to approval of the CON permit provided, however, the lease shall not be binding on either party prior to the approval of the CON permit and the lease agreement shall contain a contingency clause indicating that the lease agreement is not effective pending CON approval. Assuming CON permit approval is granted, the effective date of the lease agreement shall be the first day of the calendar month following CON permit approval. In the event that the Planning Board does not award Tenant a CON permit to establish a dialysis center on the Premises by April 2011, neither party shall have any further obligation to the other party with regard to the negotiations, lease or Premises contemplated by this Letter of Intent.

It should be understood that this Letter of Intent is subject to the terms of Exhibit A attached hereto.

SIGNATURE PAGE

Submitted:



By: _____

Steven J Zelman, MD
Nephroplex Service Corporation
PO Box 1704
Mt. Vernon, IL 62864-0034

Date: August 24, 2010

Agreed and Accepted:

By: _____ VP

Date: August 30, 2010

EXHIBIT A

NON-BINDING NOTICE

NOTICE: THE PROVISONS CONTAINED IN THIS LETTER OF INTENT ARE AN EXPRESSION OF THE PARTIES' INTEREST ONLY. SAID PROVISIONS TAKEN TOGETHER OR SEPERATELY ARE NEITHER AN OFFER WHICH BY AN "ACCEPTANCE" CAN BECOME A CONTRACT, NOR A CONTRACT. BY ISSUING THIS LETTER OF INTENT NEITHER TENANT NOR LANDLORD SHALL BE BOUND TO ENTER INTO ANY (GOOD FAITH OR OTHERWISE) NEGOTIATIONS OF ANY KIND WHATSOEVER. TENANT RESERVES THE RIGHT TO NEGOTIATE WITH OTHER PARTIES. NEITHER TENANT OR, LANDLORD INTENDS ON THE PROVISIONS CONTAINED IN THIS LETTER OF INTENT TO BE BINDING IN ANY MANNER, AS THE ANALYSIS FOR AN ACCEPTABLE TRANSACTION WILL INVOLVE ADDITIONAL MATTERS NOT ADDRESSED IN THIS LETTER, INCLUDING, WITHOUT LIMITATION, THE TERMS OF ANY COMPETING PROJECTS, OVERALL ECONOMIC AND LIABILITY PROVISIONS CONTAINED IN ANY LEASE DOCUMENT AND INTERNAL APPROVAL PROCESSES AND PROCEDURES. THE PARTIES UNDERSTAND AND AGREE THAT A CONTRACT WITH RESPECT TO THE PROVISIONS IN THIS LETTER OF INTENT WILL NOT EXIST UNLESS AND UNTIL THE PARTIES HAVE EXECUTED A FORMAL, WRITTEN LEASE AGREEMENT APPROVED IN WRITING BY THEIR RESPECTIVE COUNSEL. THIS LETTER OF INTENT IS SUBMITTED SUBJECT TO ERRORS, OMISSIONS, CHANGE OF PRICE, RENTAL OR OTHER TERMS; ANY SPECIAL CONDITIONS IMPOSED BY THE PARTIES TO THIS AGREEMENT; AND WITHDRAWAL WITHOUT NOTICE. WE RESERVE THE RIGHT TO CONTINUE SIMULTANEOUS NEGOTIATIONS WITH OTHER PARTIES. NO PARTY SHALL HAVE ANY LEGAL RIGHTS OR OBLIGATIONS WITH RESPECT TO ANY OTHER PARTY, AND NO PARTY SHOULD TAKE ANY ACTION OR FAIL TO TAKE ANY ACTION IN DETRIMENTAL RELIANCE ON THIS OR ANY OTHER DOCUMENT OR COMMUNICATION UNTIL AND UNLESS A DEFINITIVE WRITTEN LEASE AGREEMENT IS PREPARED AND SIGNED BY TENANT AND LANDLORD

Exhibit B

New Building MBBI

At a minimum, the Lessor shall provide the following Base Building and Site Development Improvements to meet DaVita's Building and Site Development specifications at Lessor's sole cost:

Building Codes & Design – All Minimum Base Building Improvements (MBBI) and Site Development are to be performed in accordance with all current local, state, and federal building codes including any related amendments, fire and life safety codes, ADA regulations, State Department of Public Health, and other applicable and codes. All Lessor's work will have Governmental Authorities Having Jurisdiction ("GAHJ") approved architectural and engineering (Mechanical, Plumbing, Electrical, Structural, Civil, Environmental) plans and specifications prepared by a licensed architect and engineer and must be coordinated with the Lessee Improvement plans and specifications. (Insert for California and other states/jurisdictions requiring I 1.2 standards: Building to comply with all state and/or local fire department requirements in regards with an occupancy criteria for I - 1.2 building rating in regard to set-backs, life safety systems, emergency egress or other applicable requirements adhering to occupancy standards.)

Zoning & Permitting – Building and premises must be zoned to perform services as a dialysis clinic. Lessor to provide all permitting related to the base building and site improvements.

Common Areas – All common areas that Lessee will need to have access to such as Restrooms, Stairwells, and Elevators must be code and ADA compliant.

Foundation and Floor - The foundation and floor of the building shall be in accordance with local code requirements. The foundation and concrete slab shall be designed by the Lessor's engineer to accommodate site-specific soil conditions and recommendations per Lessor's soil engineering and exploration report.

Foundation to consist of formed concrete spread footing with horizontal reinforcing sized per geotechnical engineering report. Foundation wall to consist of formed and poured concrete with reinforcing bars or a running bond masonry block, twelve-inch (12") width with proper horizontal and vertical reinforcing within courses and cells. Internal masonry cells to be concrete filled full depth entire building perimeter. Foundation wall to receive poly board R-10 insulation on interior side of wall entire building perimeter.

The floor shall be concrete slab on grad and shall be a minimum five-inch (5") thick with minimum concrete strength of 4,000-psi and proper wire mesh, fiber mesh, and/or rebar reinforcement over vapor barrier. Include proper expansion control joints. Floor shall be level, smooth, broom clean with no adhesive residues, in a condition that is acceptable to install floor coverings in accordance with the flooring manufacturer's specifications. Concrete floor shall be constructed so that no more than 3-lbs.of moisture per 1000sf/24 hours is emitted per completed calcium chloride testing results after 28 day cure time. Means and methods to achieve this level will be responsibility of the Lessor. Under slab plumbing shall be installed, inspected by municipality and Lessee for approval prior to pouring the building slab.

Structural – Structural systems shall be designed to provide a minimum 14'-0" clearance to underside of structural beams and meet building steel erection requirements, standards and codes. Structural design to allow for 10' ceiling heights above finish floor while accommodating all Mechanical, Plumbing, Electrical above ceiling. Structure to include all necessary columns, beams, joists, load bearing walls, and demising walls. Provide necessary bridging, bracing, and reinforcing supports to accommodate all Mechanical systems (minimum of four (4) HVAC roof top openings, one (1) roof hatch opening, and two (2) exhaust fans openings).

The Floor and roof structure shall be fireproofed as needed to meet local building code requirements.

Exterior and demising walls

All exterior and demising walls shall be a 1 or 2hr fire rated wall depending on local codes requirements and finished with 5/8" gypsum board, metal studs and a level 4 finish in Lessee space. Walls to be fire caulked in accordance with UL standards at floor and roof deck. Demising walls will have sound attenuation batts from floor to underside of deck.

Roof Covering – The roof system shall have a minimum of a fifteen (15) year life span with full manufacturer's warrantee against leakage due to ordinary wear and tear. Roof system to include minimum of R-30 insulation. Ice control measures mechanically or electrically controlled to be considered. Downspouts to be connected into controlled underground discharge for the rain leaders into the storm system for the site. Roof and all related systems to be

maintained by the Lessor for the duration of the lease. Lessor to provide Lessee copy of material and labor warranty for record.

Façade – Lessor to provide specifications for building façade for lessee review and approval. Some options include, but not limited to:

4" Face brick Veneer on 6" 16 or 18ga metal studs, R- 19 or higher batt wall insulation, on Tyvek (commercial grade) over 5/8" exterior grade gypsum wallboard (or plywood) with 5/8" interior gypsum board with Level 4 finish on interior gypsum.

or

2" EIFS on 6" 16 or 18ga metal studs, R- 19 or higher batt wall insulation, on 1/2" cement board with 5/8" interior gypsum board with Level 4 finish on interior gypsum.

or

8" Split faced block with 3-1/2" 20ga metal stud furring, R- 13 batt wall insulation, 5/8" interior gypsum board with Level 4 finish on interior gypsum.

Canopy – Covered drop off canopy at Lessee's front entry door. Approximate size to be 16' width by 21' length with 14' clear space underneath ceiling with full drive thru capacity. Canopy to accommodate patient drop off with a level grade transition to the finish floor elevation. Canopy roof to be an extension of the main building with blending rooflines. Controlled storm water drainage requirements of gutters with downspouts connected to site storm sewer system. Canopy structural system to consist of a reinforced concrete footing, structural columns and beam frame, joists, decking and matching roof covering. Canopy corner posts to be wrapped with masonry piers, matching masonry to main building. Steel bollards at column locations.

Windows – Energy efficient windows and storefront systems to be 1" tinted insulated glass with thermally broken insulated aluminum mullions. Window size and locations to be determined by Lessee's architectural floor plan.

Thermal Insulation – All exterior walls to have vapor barriers and insulation that meets or exceeds the local and national energy codes. The R value to be determined by the size of the stud cavity and should extend from finish floor to bottom of floor or ceiling deck. Roof deck to have a minimum R-30 insulation mechanically fastened.

Exterior Doors – All doors to have weather-stripping and commercial grade hardware (equal to Schlage L Series or better). Doors shall meet American Disabilities Act (ADA) and State Department of Health requirements. Lessor shall change the keys (reset tumblers) on all doors with locks after construction, but prior to commencement of the Lease, and shall provide Lessee with three (3) sets of keys. Final location of doors to be approved by Lessee.

Patient Doors: Storefront with insulated glass doors and Alum framing to be 42" or 48" width prepped to accept power assist opener, push paddle hardware, continuous hinge and thumb turn lock mechanism.

Service Doors: 72" wide double door (Alternates for approval by DaVita Project Manager to include: 48" wide single door or double door with 36" and 24" doors) with 20 gauge insulated hollow metal (double doors), continuous hinge each leaf, prepped for panic bar hardware, and painted with rust inhibiting paint. Door to have a 10" square vision panel cut out with insulated glass installed if requested by Lessee.

Teammate & Other Fire Egress Doors: 32" wide door with 20 gauge insulated hollow metal prepped for panic bar hardware and painted with rust inhibiting paint. Door to have a 10" square vision panel cut out with insulated glass installed if requested by Lessee.

Utilities – All utilities to be provided at designated utility entrance points into the building at locations approved by the Lessee. Lessor is responsible for all tap/connection and impact fees for all utilities.

Plumbing – Dedicated 2" water line (not tied-in to any other lessees, fire suppression systems, or irrigation systems) with a shut off valve, 2 (two) 2" back flow preventors (with floor drain under BFP) in parallel, and 2" meter to provide a continuous minimum 50 psi, with a minimum flow rate of 30 gallons per minute. Lessor to provide Lessee with the most recent water flow and pressure test results (gallons per minute and psi) for approval. Lessor shall stub the dedicated water line into the building per location coordinated by Lessee. Lessor to provide and pay for all tap fees related to new sanitary sewer and water services in accordance with local building and regulatory agencies.

Exterior anti-freeze hose bibs (minimum of 2) in locations approved by Lessee.

Sanitary sewer line to be minimum of four-inch (4") and shall be stubbed into the building per location coordinated by Lessee at finished floor elevation with a cleanout structure at sufficient depth to continuously waste 30 gallons per minute. Invert level of new 4" sanitary line will be a minimum of 36" below finished floor.

Sanitary sampling manhole to be installed by Lessor if required by local municipality.

Fire Suppression System – Lessor shall design and install a complete turnkey sprinkler system that meets all local building and life safety codes. This system will be on a dedicated water line independent of Lessee's water line requirements, including municipal approved shop drawings, service drops and sprinkler heads at heights per Lessee's reflective ceiling plan, flow control switches wired and tested, alarms including wiring and an electrically/telephonically controlled fire alarm control panel connected to a monitoring systems for emergency dispatch.

Lessor to provide main Fire Alarm panel that serves the Lessee space and will have the capacity to accommodate devices in Lessee space based on final approved Fire Alarm system approved by local Building or Fire Department.

Electrical – Provide underground service with a separately metered via a new CT cabinet, minimum of a single 600 amps electrical service (Additional electrical capacity will be required if natural gas service is not available to the building or if the clinic is larger than 20 dialysis stations), 120/208 volt, 3 phase, 4 wire to a load center in the Lessee's utility room (location to be per Code and coordinated with Lessee) for Lessee's exclusive use in powering equipment, appliances, lighting, heating, cooling and miscellaneous use. Transformer coordination with utility company, transformer pad, and underground conduit sized for service, circuit termination cabinet, grounding rod, main panel with 600 amp breaker, conduit and wire inclusive of excavation, trenching and restoration. If gas service is not available to heat Lessee's R/O water, Lessor shall provide an additional 200 Amp service to increase the total requirement to 800amps. Lessee's engineer shall have the final approval on the electrical service size and location.

Lessor will allow Lessee to have installed, at Lessee cost, Transfer Switch for temporary generator hook-up.

Gas - Natural gas service, at a minimum, will be rated to have 6" water column pressure and supply 800,000-BTU's. Natural gas pipeline shall be stubbed into the building per location coordinated with Lessee and shall be individually metered and sized per demand. Additional electrical service capacity will be required if natural gas service is not available to the building.

Mechanical /Heating Ventilation Air Conditioning – Lessor to furnish Lessee a financial credit for the HVAC system in accordance with the following parameters: Equipment to be Carrier, Trane, or Equal. Equipment will be new and come with a full warranty on parts including labor. Supply air shall be provided to the Premises sufficient for cooling at the rate of 300 square feet per ton. Ductwork shall be extended to the space for supply and return air. System to be a ducted return air design. Work to include, but not limited to, the purchase of the units, installation, roof framing, mechanical curbs, flashings, gas & electrical hook-up, thermostats and start-up. Anticipate minimum of five (4) zones, programmable thermostat controlled, with rated low voltage wiring to units and installation of same. Lessee's engineer shall have the final approval on the sizes, tonnages, zoning, location and number of HVAC units.

Lessor to furnish steel framing members, roof curbs and flashing to support Lessee exhaust fans (minimum of 2) to be located by Lessee's architect.

Telephone - Lessor shall provide a single 2" PVC underground conduit entrance into Lessee's utility room to serve as chase way for new telephone service. Entrance conduit location shall be coordinated with Lessee.

Cable TV – Lessor shall provide a single 2" PVC underground conduit entrance into Lessee utility room to serve as chase way for new cable television service. Entrance conduit location shall be coordinated with Lessee. Cable television to be provided from pedestal to building, direct burial and fed thru to Lessee's utility entrance. Lessor to coordinate with utility provider to arrange for service, should it not be immediately available. If cable is not available, Lessor must allow accommodates for a satellite dish.

Handicap Accessibility - Full compliance with ADA and all local jurisdictions' handicap requirements. Lessor shall comply with all ADA regulations affecting the Building and entrance to Lessee space including, but not limited to, the elevator, exterior and interior doors, concrete curb cuts, ramps and walk approaches to / from the parking lot, parking lot striping for six (6) dedicated handicap stalls inclusive of pavement markings and stall signs with current local provisions for handicap parking stalls, delivery areas and walkways.

Finish floor elevation is to be determined per Lessee's architectural plan in conjunction with Lessor's civil engineering and grading plans. If required, Lessor to construct concrete ramp of minimum 6' width, provide safety rails if needed, provide a gradual transitions from overhead canopy and parking lot grade to finish floor elevation. Concrete surface to be troweled for slip resistant finish condition.

Exiting – Lessor shall provide at the main entrance and rear doors safety lights, exterior service lights, exit sign with battery backup signs per doorway, in accordance with applicable building codes, local fire codes and other applicable regulations, ordinances and codes.

Site Development Scope of Requirements - Lessor to provide Lessee with a site boundary and topographic ALTA survey, civil engineering and grading plans prepared by a registered professional engineer. Civil engineering plan is to include necessary details to comply with municipal standards. Site development is to include the following:

- Utility extensions, service entrance locations, inspection manholes;
- Parking lot design, stall sizes per municipal standard in conformance to zoning requirement;
- Site grading with Storm water management control measures (detention / retention / restrictions);
- Refuse enclosure location & construction details;
- Handicap stall location, minimum of four (4) stalls required;
- Side walk placement for patron access, delivery via service entrance;
- Concrete curbing for greenbelt management;
- Site lighting;
- Conduits for Lessee signage;
- Site and parking to accommodate tractor trailer 18 wheel truck delivery access to service entrance;
- Ramps and curb depressions.
- Landscaping shrub and turf as required per municipality;
- Irrigation system if Lessor so desires;
- Construction details, specifications / standards of installation and legends

Refuse Enclosure – Lessor to provide a minimum 6" thick reinforced concrete pad and apron way to accommodate dumpster vehicle weight. Enclosure to be provided as required by local codes.

Generator – Lessor to allow a generator to be installed onsite if required by code or Lessee chooses to provide one.

Site Lighting – Lessor to provide adequate lighting per code and to illuminate all parking, pathways, and building access points readied for connection into Lessee power panel. Location of pole fixtures per Lessor civil plan to maximize illumination coverage across site. Parking lot lighting to include timer (to be programmed per Lessee hours of operation) or a photocell.

Exterior Building Lighting – Lessor to provide adequate lighting per code and to illuminate the building main and service entrance with related sidewalks.

Parking Lot – Provide adequate amount of handicap and standard parking stalls in accordance with dialysis use and overall building uses. Stalls to receive striping, lot to receive traffic directional arrows and concrete parking bumpers. Bumpers to be firmly spike anchored in place onto the asphalt per stall alignment.

Asphalt parking lot will be required to be surfaced with a minimum of:

- 2-1/2" wearing course over a 3-1/2" binder course over 6" of crushed stone – Parking Areas
- 2-1/2" wearing course over a 5-3/4" binder course over 6" of crushed stone – Drives and truck delivery Areas

Asphalt to be graded gradual to meet handicap and civil site slope standards, graded into & out of new patient drop off canopy and provide positive drainage to in place storm catch basins leaving surface free of standing water, bird baths or ice build up potential.

Site Signage – Lessor to allow for a site sign.

DaVita™

Organizational Structure
DaVita Inc.
&
Total Renal Care, Inc.

Davita Inc.
(a Delaware Corp.)
601 Hawaii Street
El Segundo, CA 90245
(EIN: 51-0354549)

T. Rowe Price Associates, Inc. 5.4%
(EIN: 52-0556948)
FMR Corp. 6.9% (EIN: 16-1144965)
Capital Group International, Inc. 8%
(EIN: 95-4154357)

100% Owned

Renal Like Link, Inc.
(a California Corp.)
601 Hawaii Street
El Segundo, CA 90245
(EIN: 95-3372911)

Attachment 4

Flood Plain Requirements

A map from the National Flood Insurance Program (www.illinoisfloodmaps.org) is included as Attachment-5,b to illustrate that the proposed site at 4102 North Water Tower Place, Mt. Vernon is not within a designated flood plain, and therefore in compliance with Illinois Executive Order #2005-5

Attachment-5,a

NOTES TO USERS

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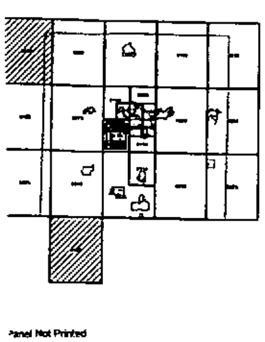
PANEL INDEX



Attachment 5, b

LEGEND

SPECIAL FLOOD HAZARD AREAS (SFHAs) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD

FLOODWAY AREAS IN ZONE AE

OTHER FLOOD AREAS

OTHER AREAS

COASTAL BARRIER RESOURCES SYSTEM (CBRS) AREAS

OTHERWISE PROTECTED AREAS (OPAs)

MAP SCALE 1" = 1000'

PANEL 0190C

NATIONAL FLOOD INSURANCE PROGRAM

NFIP

FIRM

FLOOD INSURANCE RATE MAP

JEFFERSON COUNTY, ILLINOIS

AND INCORPORATED AREAS

PANEL 190 OF 400

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

MAP NUMBER 17081C0190C

EFFECTIVE DATE SEPTEMBER 17, 20

Federal Emergency Management Agency

Historic Resources Preservation Act Requirements

A letter from the Illinois Historic Preservation Agency is included as Attachment-6,b to illustrate that the proposed site at 4102 North Water Tower Place is not a recognized historic site or near a historic site. Therefore the site selected is in compliance with the requirements of the Historic Resources Preservation Act, as required by 77 Ill Admin. Code.

Attachment-6,a

Illinois Historic Preservation Agency

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

Marion County PLEASE REFER TO: IHPA LOG #026042610
Mt. Vernon
4102 North Water Tower
CON - New Construction/Outpatient Hemodialysis Clinic

May 5, 2010

Ellie Suhl
DaVita, Inc.
932 N. Rutledge
Springfield, IL 62702

Dear Ms. Suhl:

The Illinois Historic Preservation Agency is required by the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended, 17 IAC 4180) to review all state funded, permitted or licensed undertakings for their effect on cultural resources. Pursuant to this, we have received information regarding the referenced project for our comment.

Our staff has reviewed the specifications under the state law and assessed the impact of the project as submitted by your office. We have determined, based on the available information, that no significant historic, architectural or archaeological resources are located within the proposed project area.

According to the information you have provided concerning your proposed project, apparently there is no federal involvement in your project. However, please note that the state law is less restrictive than the federal cultural resource laws concerning archaeology. If your project will use federal loans or grants, need federal agency permits, use federal property, or involve assistance from a federal agency, then your project must be reviewed under the National Historic Preservation Act of 1966, as amended. Please notify us immediately if such is the case.

This clearance remains in effect for two (2) years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the IL Human Skeletal Remains Protection Act (20 ILCS 3440).

Please retain this letter in your files as evidence of compliance with the Illinois State Agency Historic Resources Preservation Act.

Sincerely,

Anne E. Haaker

Anne E. Haaker
Deputy State Historic
Preservation Officer

AEH

Attachment 6, b

Itemization

Project Costs and Sources of Funds		
USE OF FUNDS	**CLINICAL**	**Itemization**
Preplanning Costs		
Site Survey and Soil Investigation		
Site Preparation		
Off Site Work		
New Construction Contracts		
Modernization Contracts	$ 1,080,000	
Contingencies	$ 95,000	The contingency is proposed to absorb any construction costs above the amount originally proposed.
Architectural/Engineering Fees	$ 75,000	Architectural costs
Consulting and Other Fees	$ 37,500	Consulting fees include CON submission and processing fees, and consultant fees.
Movable or Other Equipment (not in construction contracts)	$ 450,500	Includes cost of RO, dialysis and medical equipment and furnishings.
Bond Issuance Expense (project related)		
Net Interest Expense During Construction (project related)		
Fair Market Value of Leased Space or Equipment	$ 851,301	FMV of the lease
Other Costs To Be Capitalized		
Acquisition of Building or Other Property (excluding land)		
TOTAL USES OF FUNDS	$ 2,588,801	

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Attachment 7,a

Category	Cost
Communications/IT	$ 78,804
Water Treatment	$ 114,343
Test Equipment	$ 10,735
Clinical Equipment	$ 146,455
Clinical Furniture	$ 20,606
Office/Waiting Misc Furnishings and Fixtures	$ 78,573
Capital Equipment Total	$ 449,516

Attachment 7,b

STEVEN J. ZELMAN, MD
NEPHROPLEX SERVICE CORPORATION

416 NORTH 12TH STREET
P. O. BOX 1704
MT. VERNON, IL 62864-0034

TELEPHONE: 618-244-4850
FACSIMILE: 618-244-7983

DATE: August 6, 2010

Sent VIA E-mail to: Kip Sweda
Director of real Estate
DaVita
Email: Kip.Sweda@davita.com

LANDLORD: Steven J. Zelman, MD

RE: Letter of Intent:

Dear: Mr. Sweda

I am submitting this Letter of Intent, the terms of which follow:

LOCATION: Proposed building to be built at:
4102 North Water Tower,
Mt. Vernon, IL 62864

TENANT: Renal Life Link, Inc.

LANDLORD: Nephroplex Service Corporation

INITIAL SPACE 7500 Square feet

REQUIREMENTS: Approximately 7500 contiguous usable square feet. Exact square footage will be determined upon completion of space planning.

PRIMARY TERM: Ten (10) Years

POSSESSION AND COMMENCEMENT: Tenant shall take possession of the premises upon the completion of shell building including all base building improvements. The rent and term shall commence the earlier of seven (7) months from possession or until:

a. Leasehold Improvements within the Premises have been completed in accordance with the final construction documents (except for nominal punch list items); and

b. A Certificate of Occupancy for the Premises has been obtained from the City of Mt. Vernon and

c. Tenant has obtained all necessary licenses and permits.

FAILURE TO DELIVER PREMISES: If Landlord has not delivered the premises to Tenant with all base building items substantially completed within nine (9) months from lease execution, Tenant may elect to terminate the lease by written notice to Landlord.

LEASE FORM: The Tenant shall provide its standard lease form

USE: The use is for a Dialysis Clinic, related medical offices, and distribution of pharmaceuticals. The site is currently zone B-2 which allows this proposed use and adequate parking.

Attachment 8

STEVEN J. ZELMAN, MD
NEPHROPLEX SERVICE CORPORATION

416 NORTH 12TH STREET
P. O. BOX 1704
MT. VERNON, IL 62864-0034

TELEPHONE: 618-244-4850
FACSIMILE: 618-244-7985

DATE: August 6, 2010

Sent VIA E-mail to: Kip Sweda
Director of real Estate
DaVita
Email: Kip.Sweda@davita.com

LANDLORD: Steven J. Zelman, MD

RE: Letter of Intent:

Dear: Mr. Sweda

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LEASE FORM: The Tenant shall provide its standard lease form

USE: The use is for a Dialysis Clinic, related medical offices, and distribution of pharmaceuticals. The site is currently zone B-2 which allows this proposed use and adequate parking.

BASE BUILDING The following items must be delivered by the Landlord to the premises as part of the base building:

a. A 2" dedicated water meter and line.

b. A 4" sewer line to a municipal sewer system.

c. Minimum 600 amp, 120/208 volt 3 phase, 4 wire electrical service.

d. Gas service, at a minimum, will be rated to have 6" of water column pressure and supply 800,000-BTU's.

Additional base building requirements are referenced in Exhibit B, attached.

TENANT IMPROVEMENTS: Tenant will construct its own leasehold improvements.

OPTION TO RENEW: Tenant desires three (3) five (5) year options to renew the lease. Option Rent shall be the lesser of 95% of fair market value, or, the rent during the prior term escalated by the increase in the CPI- U over the prior term, capped at two percent (2%) annually.

RENTAL RATE: Base Rent will be $15 - $20 per square foot per year.

HOLDING OVER: In the event Tenant remains in possession of the Premises after the expiration of the term of this Lease, then Tenant shall be obligated to pay rent at the then current rate escalated by the increase in the CPI- U over the prior term, capped at two percent (2%) annually.

PARKING: The landlord shall provide 40 parking spaces in front of the building, or a lesser number of conventional parking spaces with any number of handicapped parking spaces as requested that will fit in the same area.

COMMON AREA EXPENSES AND REAL ESTATE TAXES: All common area expenses including property taxes, insurance and CAM charges will be reimbursed by Tenant in their pro-rata share of total gross building square footage.

SIGNAGE: Tenant shall have the right to install building signage at the Premises, subject to Landlord's consent, which consent shall not be unreasonably withheld, and subject to compliance by Tenant with all applicable laws and regulations. Landlord, at Landlord's expense will furnish Tenant with space for Tenant's designated names on the building monument and pylon sign for the building.

BUILDING HOURS: Landlord will provide tenant access to the building 24 hours a day, 7 days a week.

SUBLEASE/ASSIGNMENT: Tenant will have the right at any time to sublease or assign its interest in this Lease to any majority owned subsidiaries or related entities of DaVita Inc. without the consent of the Landlord.

GOVERNMENTAL COMPLIANCE: Landlord shall represent and warrant to Tenant that Landlord, at Landlord's sole expense, will cause Tenant's Premises, the Building and parking facilities to be in full compliance with any governmental laws, ordinances, regulations or orders relating to, but not limited to, compliance with the Americans with Disabilities Act (ADA), and environmental conditions relating to the existence of asbestos and/or other hazardous materials, or soil and ground water conditions, and shall indemnify and hold Tenant harmless from any

claims, liabilities and cost arising from environmental conditions not caused by Tenant(s).

ROOF RIGHTS: If cable television service is not available at the building, Tenant will have the right to place a satellite dish on the roof at no additional fee.

SECURITY DEPOSIT: Waived

CORPORATE GUARANTEE: Neither DaVita Inc. nor any of its subsidiaries or affiliated entities will provide corporate lease guarantees. DaVita, Inc is a publicly traded company and its annual report Form 10Ks, Form 10 Qs and other SEC filings are readily available on the corporate web site at www.davita.com.

BROKERAGE FEE: Landlord does not at this time recognize USI Real Estate Brokerage Services, Inc. and shall NOT compensate USI Real Estate Brokerage Services, Inc. a brokerage commission or other fees

CONFIDENTIALITY: This proposal is considered by Landlord and Tenant to be highly confidential. Neither Tenant nor Landlord shall disclose the terms of this proposal to any other person without the express written consent of the parties.

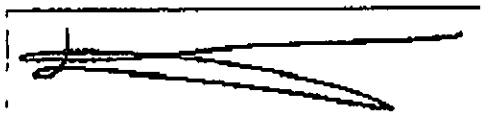
CONTINGENCIES: Tenant will need to apply for a Certificate of Need for the final location. If Tenant does not get the Certificate of Need by April 2011, the Lease will be null and void. If they do get the Certificate of Need, then they will go forward with the lease based on satisfying the other contingencies that are in the their standard Lease Document.

TENANT CON OBLIGATION: Landlord and Tenant understand and agree that the establishment of any chronic outpatient dialysis facility in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act, 20 ILCS 3960/1 et seq. and, thus, the Tenant cannot establish a dialysis facility on the Premises or execute a binding real estate lease in connection therewith unless Tenant obtains a Certificate of Need (CON) permit from the Illinois Health Facilities Planning Board (the "Planning Board"). Tenant agrees to proceed using its commercially reasonable best efforts to submit an application for a CON permit and to prosecute said application to obtain the CON permit from the Planning Board. Based on the length of the Planning Board review process, Tenant does not expect to receive a CON permit prior to April 2011. In light of the foregoing facts, the parties agree that they shall promptly proceed with due diligence to negotiate the terms of a definitive lease agreement and execute such agreement prior to approval of the CON permit provided, however, the lease shall not be binding on either party prior to the approval of the CON permit and the lease agreement shall contain a contingency clause indicating that the lease agreement is not effective pending CON approval. Assuming CON permit approval is granted, the effective date of the lease agreement shall be the first day of the calendar month following CON permit approval. In the event that the Planning Board does not award Tenant a CON permit to establish a dialysis center on the Premises by April 2011, neither party shall have any further obligation to the other party with regard to the negotiations, lease or Premises contemplated by this Letter of Intent.

It should be understood that this Letter of Intent is subject to the terms of Exhibit A attached hereto.

SIGNATURE PAGE

Submitted:



By: _____

Steven J Zelman, MD
Nephroplex Service Corporation
PO Box 1704
Mt. Vernon, IL 62864-0034

Date: August 24, 2010

Agreed and Accepted:

By: _____ VP

Date: August 30, 2010

EXHIBIT A

NON-BINDING NOTICE

NOTICE: THE PROVISONS CONTAINED IN THIS LETTER OF INTENT ARE AN EXPRESSION OF THE PARTIES' INTEREST ONLY. SAID PROVISIONS TAKEN TOGETHER OR SEPERATELY ARE NEITHER AN OFFER WHICH BY AN "ACCEPTANCE" CAN BECOME A CONTRACT, NOR A CONTRACT. BY ISSUING THIS LETTER OF INTENT NEITHER TENANT NOR LANDLORD SHALL BE BOUND TO ENTER INTO ANY (GOOD FAITH OR OTHERWISE) NEGOTIATIONS OF ANY KIND WHATSOEVER. TENANT RESERVES THE RIGHT TO NEGOTIATE WITH OTHER PARTIES. NEITHER TENANT OR, LANDLORD INTENDS ON THE PROVISIONS CONTAINED IN THIS LETTER OF INTENT TO BE BINDING IN ANY MANNER, AS THE ANALYSIS FOR AN ACCEPTABLE TRANSACTION WILL INVOLVE ADDITIONAL MATTERS NOT ADDRESSED IN THIS LETTER, INCLUDING, WITHOUT LIMITATION, THE TERMS OF ANY COMPETING PROJECTS, OVERALL ECONOMIC AND LIABILITY PROVISIONS CONTAINED IN ANY LEASE DOCUMENT AND INTERNAL APPROVAL PROCESSES AND PROCEDURES. THE PARTIES UNDERSTAND AND AGREE THAT A CONTRACT WITH RESPECT TO THE PROVISIONS IN THIS LETTER OF INTENT WILL NOT EXIST UNLESS AND UNTIL THE PARTIES HAVE EXECUTED A FORMAL, WRITTEN LEASE AGREEMENT APPROVED IN WRITING BY THEIR RESPECTIVE COUNSEL. THIS LETTER OF INTENT IS SUBMITTED SUBJECT TO ERRORS, OMISSIONS, CHANGE OF PRICE, RENTAL OR OTHER TERMS; ANY SPECIAL CONDITIONS IMPOSED BY THE PARTIES TO THIS AGREEMENT; AND WITHDRAWAL WITHOUT NOTICE. WE RESERVE THE RIGHT TO CONTINUE SIMULTANEOUS NEGOTIATIONS WITH OTHER PARTIES. NO PARTY SHALL HAVE ANY LEGAL RIGHTS OR OBLIGATIONS WITH RESPECT TO ANY OTHER PARTY, AND NO PARTY SHOULD TAKE ANY ACTION OR FAIL TO TAKE ANY ACTION IN DETRIMENTAL RELIANCE ON THIS OR ANY OTHER DOCUMENT OR COMMUNICATION UNTIL AND UNLESS A DEFINITIVE WRITTEN LEASE AGREEMENT IS PREPARED AND SIGNED BY TENANT AND LANDLORD

Exhibit B

New Building MBBI

At a minimum, the Lessor shall provide the following Base Building and Site Development Improvements to meet DaVita's Building and Site Development specifications at Lessor's sole cost:

Building Codes & Design – All Minimum Base Building Improvements (MBBI) and Site Development are to be performed in accordance with all current local, state, and federal building codes including any related amendments, fire and life safety codes, ADA regulations, State Department of Public Health, and other applicable and codes. All Lessor's work will have Governmental Authorities Having Jurisdiction ("GAHJ") approved architectural and engineering (Mechanical, Plumbing, Electrical, Structural, Civil, Environmental) plans and specifications prepared by a licensed architect and engineer and must be coordinated with the Lessee Improvement plans and specifications. (Insert for California and other states/jurisdictions requiring I 1.2 standards: Building to comply with all state and/or local fire department requirements in regards with an occupancy criteria for I - 1.2 building rating in regard to set-backs, life safety systems, emergency egress or other applicable requirements adhering to occupancy standards.)

Zoning & Permitting – Building and premises must be zoned to perform services as a dialysis clinic. Lessor to provide all permitting related to the base building and site improvements.

Common Areas – All common areas that Lessee will need to have access to such as Restrooms, Stairwells, and Elevators must be code and ADA compliant.

Foundation and Floor - The foundation and floor of the building shall be in accordance with local code requirements. The foundation and concrete slab shall be designed by the Lessor's engineer to accommodate site-specific soil conditions and recommendations per Lessor's soil engineering and exploration report.

Foundation to consist of formed concrete spread footing with horizontal reinforcing sized per geotechnical engineering report. Foundation wall to consist of formed and poured concrete with reinforcing bars or a running bond masonry block, twelve-inch (12") width with proper horizontal and vertical reinforcing within courses and cells. Internal masonry cells to be concrete filled full depth entire building perimeter. Foundation wall to receive poly board R-10 insulation on interior side of wall entire building perimeter.

The floor shall be concrete slab on grad and shall be a minimum five-inch (5") thick with minimum concrete strength of 4,000-psi and proper wire mesh, fiber mesh, and/or rebar reinforcement over vapor barrier. Include proper expansion control joints. Floor shall be level, smooth, broom clean with no adhesive residues, in a condition that is acceptable to install floor coverings in accordance with the flooring manufacturer's specifications. Concrete floor shall be constructed so that no more than 3-lbs.of moisture per 1000sf/24 hours is emitted per completed calcium chloride testing results after 28 day cure time. Means and methods to achieve this level will be responsibility of the Lessor. Under slab plumbing shall be installed, inspected by municipality and Lessee for approval prior to pouring the building slab.

Structural – Structural systems shall be designed to provide a minimum 14'-0" clearance to underside of structural beams and meet building steel erection requirements, standards and codes. Structural design to allow for 10' ceiling heights above finish floor while accommodating all Mechanical, Plumbing, Electrical above ceiling. Structure to include all necessary columns, beams, joists, load bearing walls, and demising walls. Provide necessary bridging, bracing, and reinforcing supports to accommodate all Mechanical systems (minimum of four (4) HVAC roof top openings, one (1) roof hatch opening, and two (2) exhaust fans openings).

The Floor and roof structure shall be fireproofed as needed to meet local building code requirements.

Exterior and demising walls

All exterior and demising walls shall be a 1 or 2hr fire rated wall depending on local codes requirements and finished with 5/8" gypsum board, metal studs and a level 4 finish in Lessee space. Walls to be fire caulked in accordance with UL standards at floor and roof deck. Demising walls will have sound attenuation batts from floor to underside of deck.

Roof Covering – The roof system shall have a minimum of a fifteen (15) year life span with full manufacturer's warrantee against leakage due to ordinary wear and tear. Roof system to include minimum of R-30 insulation. Ice control measures mechanically or electrically controlled to be considered. Downspouts to be connected into controlled underground discharge for the rain leaders into the storm system for the site. Roof and all related systems to be

maintained by the Lessor for the duration of the lease. Lessor to provide Lessee copy of material and labor warranty for record.

Façade – Lessor to provide specifications for building façade for lessee review and approval. Some options include, but not limited to:

4" Face brick Veneer on 6" 16 or 18ga metal studs, R- 19 or higher batt wall insulation, on Tyvek (commercial grade) over 5/8" exterior grade gypsum wallboard (or plywood) with 5/8" interior gypsum board with Level 4 finish on interior gypsum.

or

2" EIFS on 6" 16 or 18ga metal studs, R- 19 or higher batt wall insulation, on 1/2" cement board with 5/8" interior gypsum board with Level 4 finish on interior gypsum.

or

8" Split faced block with 3-1/2" 20ga metal stud furring, R- 13 batt wall insulation, 5/8" interior gypsum board with Level 4 finish on interior gypsum.

Canopy – Covered drop off canopy at Lessee's front entry door. Approximate size to be 16' width by 21' length with 14' clear space underneath ceiling with full drive thru capacity. Canopy to accommodate patient drop off with a level grade transition to the finish floor elevation. Canopy roof to be an extension of the main building with blending rooflines. Controlled storm water drainage requirements of gutters with downspouts connected to site storm sewer system. Canopy structural system to consist of a reinforced concrete footing, structural columns and beam frame, joists, decking and matching roof covering. Canopy corner posts to be wrapped with masonry piers, matching masonry to main building. Steel bollards at column locations.

Windows – Energy efficient windows and storefront systems to be 1" tinted insulated glass with thermally broken insulated aluminum mullions. Window size and locations to be determined by Lessee's architectural floor plan.

Thermal Insulation – All exterior walls to have vapor barriers and insulation that meets or exceeds the local and national energy codes. The R value to be determined by the size of the stud cavity and should extend from finish floor to bottom of floor or ceiling deck. Roof deck to have a minimum R-30 insulation mechanically fastened.

Exterior Doors – All doors to have weather-stripping and commercial grade hardware (equal to Schlage L Series or better). Doors shall meet American Disabilities Act (ADA) and State Department of Health requirements. Lessor shall change the keys (reset tumblers) on all doors with locks after construction, but prior to commencement of the Lease, and shall provide Lessee with three (3) sets of keys. Final location of doors to be approved by Lessee.

Patient Doors: Storefront with insulated glass doors and Alum framing to be 42" or 48" width prepped to accept power assist opener, push paddle hardware, continuous hinge and thumb turn lock mechanism.

Service Doors: 72" wide double door (Alternates for approval by DaVita Project Manager to include: 48" wide single door or double door with 36" and 24" doors) with 20 gauge insulated hollow metal (double doors), continuous hinge each leaf, prepped for panic bar hardware, and painted with rust inhibiting paint. Door to have a 10" square vision panel cut out with insulated glass installed if requested by Lessee.

Teammate & Other Fire Egress Doors: 32" wide door with 20 gauge insulated hollow metal prepped for panic bar hardware and painted with rust inhibiting paint. Door to have a 10" square vision panel cut out with insulated glass installed if requested by Lessee.

Utilities – All utilities to be provided at designated utility entrance points into the building at locations approved by the Lessee. Lessor is responsible for all tap/connection and impact fees for all utilities.

Plumbing – Dedicated 2" water line (not tied-in to any other lessees, fire suppression systems, or irrigation systems) with a shut off valve, 2 (two) 2" back flow preventors (with floor drain under BFP) in parallel, and 2" meter to provide a continuous minimum 50 psi, with a minimum flow rate of 30 gallons per minute. Lessor to provide Lessee with the most recent water flow and pressure test results (gallons per minute and psi) for approval. Lessor shall stub the dedicated water line into the building per location coordinated by Lessee. Lessor to provide and pay for all tap fees related to new sanitary sewer and water services in accordance with local building and regulatory agencies.

Exterior anti-freeze hose bibs (minimum of 2) in locations approved by Lessee.

Sanitary sewer line to be minimum of four-inch (4") and shall be stubbed into the building per location coordinated by Lessee at finished floor elevation with a cleanout structure at sufficient depth to continuously waste 30 gallons per minute. Invert level of new 4" sanitary line will be a minimum of 36" below finished floor.

Sanitary sampling manhole to be installed by Lessor if required by local municipality.

Fire Suppression System – Lessor shall design and install a complete turnkey sprinkler system that meets all local building and life safety codes. This system will be on a dedicated water line independent of Lessee's water line requirements, including municipal approved shop drawings, service drops and sprinkler heads at heights per Lessee's reflective ceiling plan, flow control switches wired and tested, alarms including wiring and an electrically/telephonically controlled fire alarm control panel connected to a monitoring systems for emergency dispatch.

Lessor to provide main Fire Alarm panel that serves the Lessee space and will have the capacity to accommodate devices in Lessee space based on final approved Fire Alarm system approved by local Building or Fire Department.

Electrical – Provide underground service with a separately metered via a new CT cabinet, minimum of a single 600 amps electrical service (Additional electrical capacity will be required if natural gas service is not available to the building or if the clinic is larger than 20 dialysis stations), 120/208 volt, 3 phase, 4 wire to a load center in the Lessee's utility room (location to be per Code and coordinated with Lessee) for Lessee's exclusive use in powering equipment, appliances, lighting, heating, cooling and miscellaneous use. Transformer coordination with utility company, transformer pad, and underground conduit sized for service, circuit termination cabinet, grounding rod, main panel with 600 amp breaker, conduit and wire inclusive of excavation, trenching and restoration. If gas service is not available to heat Lessee's R/O water, Lessor shall provide an additional 200 Amp service to increase the total requirement to 800amps. Lessee's engineer shall have the final approval on the electrical service size and location.

Lessor will allow Lessee to have installed, at Lessee cost, Transfer Switch for temporary generator hook-up.

Gas - Natural gas service, at a minimum, will be rated to have 6" water column pressure and supply 800,000-BTU's. Natural gas pipeline shall be stubbed into the building per location coordinated with Lessee and shall be individually metered and sized per demand. Additional electrical service capacity will be required if natural gas service is not available to the building.

Mechanical /Heating Ventilation Air Conditioning – Lessor to furnish Lessee a financial credit for the HVAC system in accordance with the following parameters: Equipment to be Carrier, Trane, or Equal. Equipment will be new and come with a full warranty on parts including labor. Supply air shall be provided to the Premises sufficient for cooling at the rate of 300 square feet per ton. Ductwork shall be extended to the space for supply and return air. System to be a ducted return air design. Work to include, but not limited to, the purchase of the units, installation, roof framing, mechanical curbs, flashings, gas & electrical hook-up, thermostats and start-up. Anticipate minimum of five (4) zones, programmable thermostat controlled, with rated low voltage wiring to units and installation of same. Lessee's engineer shall have the final approval on the sizes, tonnages, zoning, location and number of HVAC units.

Lessor to furnish steel framing members, roof curbs and flashing to support Lessee exhaust fans (minimum of 2) to be located by Lessee's architect.

Telephone - Lessor shall provide a single 2" PVC underground conduit entrance into Lessee's utility room to serve as chase way for new telephone service. Entrance conduit location shall be coordinated with Lessee.

Cable TV – Lessor shall provide a single 2" PVC underground conduit entrance into Lessee utility room to serve as chase way for new cable television service. Entrance conduit location shall be coordinated with Lessee. Cable television to be provided from pedestal to building, direct burial and fed thru to Lessee's utility entrance. Lessor to coordinate with utility provider to arrange for service, should it not be immediately available. If cable is not available, Lessor must allow accommodates for a satellite dish.

Handicap Accessibility - Full compliance with ADA and all local jurisdictions' handicap requirements. Lessor shall comply with all ADA regulations affecting the Building and entrance to Lessee space including, but not limited to, the elevator, exterior and interior doors, concrete curb cuts, ramps and walk approaches to / from the parking lot, parking lot striping for six (6) dedicated handicap stalls inclusive of pavement markings and stall signs with current local provisions for handicap parking stalls, delivery areas and walkways.

Finish floor elevation is to be determined per Lessee's architectural plan in conjunction with Lessor's civil engineering and grading plans. If required, Lessor to construct concrete ramp of minimum 6' width, provide safety rails if needed, provide a gradual transitions from overhead canopy and parking lot grade to finish floor elevation. Concrete surface to be troweled for slip resistant finish condition.

Exiting – Lessor shall provide at the main entrance and rear doors safety lights, exterior service lights, exit sign with battery backup signs per doorway, in accordance with applicable building codes, local fire codes and other applicable regulations, ordinances and codes.

Site Development Scope of Requirements - Lessor to provide Lessee with a site boundary and topographic ALTA survey, civil engineering and grading plans prepared by a registered professional engineer. Civil engineering plan is to include necessary details to comply with municipal standards. Site development is to include the following:

- Utility extensions, service entrance locations, inspection manholes;
- Parking lot design, stall sizes per municipal standard in conformance to zoning requirement;
- Site grading with Storm water management control measures (detention / retention / restrictions);
- Refuse enclosure location & construction details;
- Handicap stall location, minimum of four (4) stalls required;
- Side walk placement for patron access, delivery via service entrance;
- Concrete curbing for greenbelt management;
- Site lighting;
- Conduits for Lessee signage;
- Site and parking to accommodate tractor trailer 18 wheel truck delivery access to service entrance;
- Ramps and curb depressions.
- Landscaping shrub and turf as required per municipality;
- Irrigation system if Lessor so desires;
- Construction details, specifications / standards of installation and legends

Refuse Enclosure – Lessor to provide a minimum 6" thick reinforced concrete pad and apron way to accommodate dumpster vehicle weight. Enclosure to be provided as required by local codes.

Generator – Lessor to allow a generator to be installed onsite if required by code or Lessee chooses to provide one.

Site Lighting – Lessor to provide adequate lighting per code and to illuminate all parking, pathways, and building access points readied for connection into Lessee power panel. Location of pole fixtures per Lessor civil plan to maximize illumination coverage across site. Parking lot lighting to include timer (to be programmed per Lessee hours of operation) or a photocell.

Exterior Building Lighting – Lessor to provide adequate lighting per code and to illuminate the building main and service entrance with related sidewalks.

Parking Lot – Provide adequate amount of handicap and standard parking stalls in accordance with dialysis use and overall building uses. Stalls to receive striping, lot to receive traffic directional arrows and concrete parking bumpers. Bumpers to be firmly spike anchored in place onto the asphalt per stall alignment.

Asphalt parking lot will be required to be surfaced with a minimum of:

- 2-1/2" wearing course over a 3-1/2" binder course over 6" of crushed stone – Parking Areas
- 2-1/2" wearing course over a 5-3/4" binder course over 6" of crushed stone – Drives and truck delivery Areas

Asphalt to be graded gradual to meet handicap and civil site slope standards, graded into & out of new patient drop off canopy and provide positive drainage to in place storm catch basins leaving surface free of standing water, bird baths or ice build up potential.

Site Signage – Lessor to allow for a site sign.

Criterion 1110.130 - Discontinuation

GENERAL INFORMATION REQUIREMENTS

7. 14 In-Center hemodialysis stations will be discontinued at 1800 Jefferson St., Mt. Vernon. The stations will be relocated to the new site at 4102 North Water Tower Place, also in Mt. Vernon.

8. All dialysis services will be discontinued at the 1800 Jefferson St. location and relocated to the 4102 North Water Tower Place location.

9. Discontinuation is contingent upon approval of the relocation to the new site. All services will be discontinued at such time as the new facility is completed and all CMS and IDPH approvals are received.

10. The current building at 1800 Jefferson St. will be returned to the landlord. Usable equipment and furnishings will be relocated to the new Water Tower Place location. Obsolete or old furnishings and equipment will be donated or discarded, as applicable.

11. All records will be transferred to the new Water Tower Place location.

12. N/A, as the facility will not cease to function, but rather, will continue operation at the new location.

REASONS FOR DISCONTINUATION

The facility is being discontinued for the sole purpose of relocating from the current location at 1800 Jefferson to a new site at 4102 North Water Tower Place, also in Mt. Vernon.

IMPACT ON ACCESS

4. This criterion is not applicable, as it is only a discontinuation for purposes of relocating to a new site. The discontinuation of the current facility at 1800 Jefferson and subsequent relocation to the new site at 4102 North Water Tower Place will only have a positive impact on access.

Attachment 10

Facility No	Facility Name	Address	City	State	Zip
#0119	HENDERSON DIALYSIS CENTER, #0119	1002 US HWY 79 N	HENDERSON	TX	75652-6008
#0122	LONE STAR DIALYSIS, #0122	8560 MONROE RD	HOUSTON	TX	77061-4815
#0125	MONCRIEF DIALYSIS CENTER, #0125	800 W 34TH ST STE 101	AUSTIN	TX	78705-1144
#0126	DIALYSIS CENTER OF MIDDLE GEORGIA-MACON, #0126	747 2ND ST	MACON	GA	31201-6835
#0127	DIALYSIS CENTER OF MIDDLE GEORGIA-WARNER ROBINS, #0127	509 N HOUSTON RD	WARNER ROBINS	GA	31093-8844
#0130	MID-COLUMBIA KIDNEY CENTER, #0130	6825 BURDEN BLVD STE A	PASCO	WA	99301-9584
#0131	MT ADAMS KIDNEY CENTER, #0131	3220 PICARD PL	SUNNYSIDE	WA	98944-8400
#0133	KENT DIALYSIS CENTER, #0133	21501 84TH AVE S	KENT	WA	98032-1960
#0142	WEST BOUNTIFUL DIALYSIS, #0142	724 W 500 S STE 300	WEST BOUNTIFUL	UT	84087-1471
#0144	TIMPANOGOS DIALYSIS CENTER, #0144	1055 N 500 W STE 222	PROVO	UT	84604-3329
#0145	WASATCH ACUTES, #0145	1055 N 500 W STE 222	PROVO	UT	84604-3305
#0146	PUYALLUP DIALYSIS, #0146	716 SOUTH HILL PARK DR STE C	PUYALLUP	WA	98373-1445
#0148	PRATT DIALYSIS CENTER, #0148	203 WATSON ST STE 110	PRATT	KS	67124-3092
#0151	NEW CENTER DIALYSIS, #0151	3011 W GRAND BLVD STE 650	DETROIT	MI	48202-3012
#0152	CLARKSTON DIALYSIS, #0152	6770 DIXIE HWY STE 205	CLARKSTON	MI	48346-2089
#0153	DETROIT DIALYSIS, #0153	2674 E JEFFERSON AVE	DETROIT	MI	48207-4129
#0154	YPSILANTI DIALYSIS, #0154	2766 WASHTENAW RD	YPSILANTI	MI	48197-1506
#0155	JACKSON DIALYSIS, #0155	234 W LOUIS GLICK HWY	JACKSON	MI	49201-1326
#0156	GRAND BLANC DIALYSIS CENTER, #0156	3625 GENESYS PKWY	GRAND BLANC	MI	48439-8070
#0159	SENECA COUNTY DIALYSIS, #0159	65 SAINT FRANCIS AVE	TIFFIN	OH	44883-3413
#0164	DYKER HEIGHTS DIALYSIS CENTER, #0164	1435 86TH ST	BROOKLYN	NY	11228-3403
#0165	PORT CHESTER DIALYSIS AND RENAL CENTER, #0165	38 BULKLEY AVE	PORT CHESTER	NY	10573-3902
#0166	WHITE PLAINS DIALYSIS CENTER, #0166	200 HAMILTON AVE STE 13B	WHITE PLAINS	NY	10601-1859

Attachment 11-1

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#0119	HENDERSON DIALYSIS CENTER, #0119	1002 US HWY 79 N	HENDERSON	TX	75652-6008
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#0127	DIALYSIS CENTER OF MIDDLE GEORGIA-WARNER ROBINS, #0127	509 N HOUSTON RD	WARNER ROBINS	GA	31093-8844
#0130	MID-COLUMBIA KIDNEY CENTER, #0130	6825 BURDEN BLVD STE A	PASCO	WA	99301-9584
#0131	MT ADAMS KIDNEY CENTER, #0131	3220 PICARD PL	SUNNYSIDE	WA	98944-8400
#0133	KENT DIALYSIS CENTER, #0133	21501 84TH AVE S	KENT	WA	98032-1960
#0142	WEST BOUNTIFUL DIALYSIS, #0142	724 W 500 S STE 300	WEST BOUNTIFUL	UT	84087-1471
#0144	TIMPANOGOS DIALYSIS CENTER, #0144	1055 N 500 W STE 222	PROVO	UT	84604-3329
#0145	WASATCH ACUTES, #0145	1055 N 500 W STE 222	PROVO	UT	84604-3305
#0146	PUYALLUP DIALYSIS, #0146	716 SOUTH HILL PARK DR STE C	PUYALLUP	WA	98373-1445
#0148	PRATT DIALYSIS CENTER, #0148	203 WATSON ST STE 110	PRATT	KS	67124-3092
#0151	NEW CENTER DIALYSIS, #0151	3011 W GRAND BLVD STE 650	DETROIT	MI	48202-3012
#0152	CLARKSTON DIALYSIS, #0152	6770 DIXIE HWY STE 205	CLARKSTON	MI	48346-2089
#0153	DETROIT DIALYSIS, #0153	2674 E JEFFERSON AVE	DETROIT	MI	48207-4129
#0154	YPSILANTI DIALYSIS, #0154	2766 WASHTENAW RD	YPSILANTI	MI	48197-1506
#0155	JACKSON DIALYSIS, #0155	234 W LOUIS GLICK HWY	JACKSON	MI	49201-1326
#0156	GRAND BLANC DIALYSIS CENTER, #0156	3625 GENESYS PKWY	GRAND BLANC	MI	48439-8070
#0159	SENECA COUNTY DIALYSIS, #0159	65 SAINT FRANCIS AVE	TIFFIN	OH	44883-3413
#0164	DYKER HEIGHTS DIALYSIS CENTER, #0164	1435 86TH ST	BROOKLYN	NY	11228-3403
#0165	PORT CHESTER DIALYSIS AND RENAL CENTER, #0165	38 BULKLEY AVE	PORT CHESTER	NY	10573-3902
#0166	WHITE PLAINS DIALYSIS CENTER, #0166	200 HAMILTON AVE STE 13B	WHITE PLAINS	NY	10601-1859
#0167	SOUTH BROOKLYN NEPHROLOGY CENTER, #0167	3915 AVENUE V STE 104	BROOKLYN	NY	11234-5150
#0168	ATLANTIC ARTIFICIAL KIDNEY CENTER, #0168	6 INDUSTRIAL WAY W STE B	EATONTOWN	NJ	07724-2258
#0169	CLEVE HILL DIALYSIS CENTER, #0169	1461 KENSINGTON AVE	BUFFALO	NY	14215-1436
#0170	CELEBRATION DIALYSIS, #0170	1154 CELEBRATION BLVD	CELEBRATION	FL	34747-4605
#0171	PALMER DIALYSIS CENTER, #0171	30 COMMUNITY DR	EASTON	PA	18045-2658
#0173	FORT LAUDERDALE RENAL ASSOCIATES, #0173	6264 N FEDERAL HWY	FORT LAUDERDALE	FL	33308-1904
#0174	GULF BREEZE DIALYSIS CENTER, #0174	1519 MAIN ST	DUNEDIN	FL	34698-4650
#0175	DEERFIELD BEACH ARTIFICIAL KIDNEY CENTER, #0175	1983 W HILLSBORO BLVD	DEERFIELD BEACH	FL	33442-1418
#0176	POMPANO BEACH ARTIFICIAL KIDNEY CENTER, #0176	1311 E ATLANTIC BLVD	POMPANO BEACH	FL	33060-6744
#0177	TAMARAC ARTIFICIAL KIDNEY CENTER, #0177	7140 W MCNAB RD	TAMARAC	FL	33321-5306
#0178	ORLANDO DIALYSIS, #0178	14050 TOWN LOOP BLVD STE 104A	ORLANDO	FL	32837-6190
#0179	ARCADIA DIALYSIS CENTER, #0179	1341 E OAK ST	ARCADIA	FL	34266-8902
#0182	APPOMATTOX DIALYSIS CENTER, #0182	15 W OLD ST	PETERSBURG	VA	23803-3221
#0183	BALTIMORE COUNTY DIALYSIS CENTER, #0183	9635-A LIBERTY RD STE 100	RANDALLSTOWN	MD	21133-2436
#0184	CARROLL COUNTY DIALYSIS FACILITY, #0184	412 MALCOLM DR STE 310	WESTMINSTER	MD	21157-6167
#0187	MEHERRIN DIALYSIS CENTER, #0187	201A WEAVER AVE	EMPORIA	VA	23847-1248
#0188	PURCELLVILLE DIALYSIS CENTER, #0188	280 N HATCHER AVE	PURCELLVILLE	VA	20132-3193

Facility No	Facility Name	Address	City	State	Zip
#0190	GEORGETOWN ON THE POTOMAC DIALYSIS CENTER, #0190	3223 K ST NW STE 110	WASHINGTON	DC	20007-4412
#0191	HONESDALE DIALYSIS CENTER, #0191	RR 6 BOX 6636 STOURBRIDGE MALL	HONESDALE	PA	18431-9649
#0192	DELAWARE VALLEY DIALYSIS CENTER, #0192	102 DAVITA DR	MILFORD	PA	18337-9311
#0193	FRANKLIN DIALYSIS CENTER, #0193	150 SOUTH INDEPENDENCE WEST 101 PUBLIC LEDGER BLDG	PHILADELPHIA	PA	19106-3413
#0196	RENAL CARE OF BUFFALO, #0196	550 ORCHARD PARK RD	WEST SENECA	NY	14224-2646
#0202	ARDEN HILLS DIALYSIS UNIT, #0202	3900 NORTHWOODS DR STE 110	ARDEN HILLS	MN	55112-6911
#0203	BURNSVILLE DIALYSIS UNIT, #0203	501 E NICOLLET BLVD STE 150	BURNSVILLE	MN	55337-6784
#0204	COON RAPIDS DIALYSIS UNIT, #0204	3960 COON RAPIDS BLVD NW STE 309	COON RAPIDS	MN	55433-2598
#0205	EDINA DIALYSIS CENTER, #0205	6550 YORK AVE S STE 100	EDINA	MN	55435-2332
#0206	MAPLEWOOD DIALYSIS CENTER, #0206	2785 WHITE BEAR AVE N STE 201	MAPLEWOOD	MN	55109-1320
#0207	MINNEAPOLIS DIALYSIS UNIT, #0207	825 S EIGHTH ST STE SL42	MINNEAPOLIS	MN	55404-1208
#0208	MINNETONKA DIAYSIS UNIT, #0208	17809 HUTCHINS DR	MINNETONKA	MN	55345-4100
#0209	ST PAUL DIALYSIS, #0209	555 PARK ST STE 180	SAINT PAUL	MN	55103-2192
#0210	UNIVERSITY DIALYSIS UNIT RIVERSIDE, #0210	1045 WESTGATE DR STE 90	SAINT PAUL	MN	55114-1079
#0211	WEST ST PAUL DIALYSIS UNIT, #0211	1555 LIVINGSTON AVE	WEST ST PAUL	MN	55118-3411
#0213	CASS LAKE DIALYSIS FACILITY, #0213	602 GRANT UTLEY ST PO BOX 757	CASS LAKE	MN	56633-0757
#0215	FARIBAULT DIALYSIS UNIT, #0215	201 LYNDALE AVE S STE F	FARIBAULT	MN	55021-5758
#0216	HOME DIALYSIS UNIT, #0216	825 S 8TH ST STE 1202	MINNEAPOLIS	MN	55404
#0217	MARSHALL DIALYSIS CENTER, #0217	300 S BRUCE ST AVERA MARSHALL REGIONAL MEDICAL CENTER	MARSHALL	MN	56258-1934
#0218	MONTEVIDEO DIALYSIS CENTER, #0218	824 N 11TH ST MONTEVIDEO HOSPITAL	MONTEVIDEO	MN	56265-1629
#0220	TRC-PINE CITY, #0220	129 6TH AVE SE LAKESIDE MEDICAL CENTER	PINE CITY	MN	55063-1913
#0222	RED WING DIALYSIS UNIT, #0222	3028 N SERVICE DR	RED WING	MN	55066-1921
#0223	REDWOOD FALLS DIALYSIS CENTER, #0223	100 FALLWOOD RD	REDWOOD FALLS	MN	56283-1828
#0224	NORTH CENTRAL ACUTE, #0224	901 S 6TH ST STE R7 100	MINNEAPOLIS	MN	55415-1558
#0225	MINNEAPOLIS ACUTE, #0225	825 S EIGHTH ST STE 400	MINNEAPOLIS	MN	55404-1216
#0227	APHERESIS ACUTE, #0227	825 S EIGHTH ST STE 400	MINNEAPOLIS	MN	55404-1216
#0228	ST PAUL CAPITOL DIALYSIS, #0228	555 PARK ST STE 230	SAINT PAUL	MN	55103-2193
#0229	RIVER CITY DIALYSIS, #0229	1970 NORTHWESTERN AVE S	STILLWATER	MN	55082-6567
#0231	WOODBURY DIALYSIS UNIT, #0231	1850 WEIR DR STE 3	WOODBURY	MN	55125-2260
#0232	ST PAUL-RAMSEY ACUTE, #0232	640 JACKSON ST	SAINT PAUL	MN	55101-2502
#0235	ELBERTON DIALYSIS CENTER, #0235	894 ELBERT ST	ELBERTON	GA	30635-2628
#0236	WASHINGTON DIALYSIS CENTER, #0236	154 WASHINGTON PLZ	WASHINGTON	GA	30673-2074
#0237	EAST POINT DIALYSIS CENTER, #0237	2669 CHURCH ST	EAST POINT	GA	30344-3115
#0238	MCDONOUGH DIALYSIS CENTER, #0238	114 DUNN ST	MCDONOUGH	GA	30253-2347
#0240	MITCHELL DIALYSIS, #0240	525 N FOSTER QUEEN OF PEACE HOSPITAL	MITCHELL	SD	57301-2966
#0242	ROSEBUD DIALYSIS FACILITY, #0242	1 SOLDIER CREEK RD	ROSEBUD	SD	57570-0610
#0243	SIOUX FALLS COMMUNITY DIALYSIS UNIT, #0243	800 E 21ST ST STE 4600	SIOUX FALLS	SD	57105-1016
#0245	CYFAIR DIALYSIS CENTER, #0245	9110 JONES RD STE 110	HOUSTON	TX	77065-4489

Facility No	Facility Name	Address	City	State	Zip
#0246	GRAND PARKWAY DIALYSIS CENTER, #0246	403 W GRAND PKWY S STE T	KATY	TX	77494-8358
#0247	MEMORIAL DIALYSIS CENTER, #0247	11621 KATY FWY	HOUSTON	TX	77079-1801
#0248	BROOKRIVER DIALYSIS, #0248	8101 BROOKRIVER DR	DALLAS	TX	75247-4003
#0250	ST CROIX FALLS DIALYSIS CENTER, #0250	744 E LOUISIANA ST	SAINT CROIX FALLS	WI	54024-9501
#0251	BLOOMINGTON DIALYSIS UNIT OF TRC, #0251	8591 LYNDALE AVE S	BLOOMINGTON	MN	55420-2237
#0253	NEPHROLOGY CENTER OF SOUTH AUGUSTA, #0253	1631 GORDON HWY STE 1B	AUGUSTA	GA	30906
#0255	FOREST LAKE DIALYSIS UNIT, #0255	1068 S LAKE ST STE 110	FOREST LAKE	MN	55025-2633
#0259	PIPESTONE DIALYSIS, #0259	916 4TH AVE SW	PIPESTONE	MN	56164-1054
#0260	HAYWARD DIALYSIS CENTER, #0260	21615 HESPERIAN BLVD STE F	HAYWARD	CA	94541-7026
#0262	PLEASANTON DIALYSIS CENTER, #0262	5720 STONERIDGE MALL RD STE 160	PLEASANTON	CA	94588-2882
#0263	UNION CITY DIALYSIS CENTER (CA), #0263	32930 ALVARADO NILES RD STE 300	UNION CITY	CA	94587-8101
#0264	EAST BAY PERITONEAL DIALYSIS CENTER, #0264	13939 E 14TH ST STE 110	SAN LEANDRO	CA	94578-2613
#0265	SIERRA TERRIFIC ACUTE TEAM (STAT 1), #0265	32930 ALVARADO NILES RD STE 340	UNION CITY	CA	94587-3106
#0266	SOUTH HAYWARD DIALYSIS, #0266	254 JACKSON ST	HAYWARD	CA	94544-1907
#0267	KENNETH HAHN PLAZA DIALYSIS CENTER, #0267	11854 S WILMINGTON AVE	LOS ANGELES	CA	90059-3016
#0274	BAY BREEZE DIALYSIS, #0274	11465 ULMERTON RD	LARGO	FL	33778-1602
#0277	LODI DIALYSIS CENTER, #0277	1610 W KETTLEMAN LN STE D	LODI	CA	95242-4210
#0278	FLORIN DIALYSIS CENTER, #0278	7000 STOCKTON BLVD	SACRAMENTO	CA	95823-2312
#0279	NORTH HIGHLANDS DIALYSIS CENTER, #0279	4986 WATT AVE STE F	NORTH HIGHLANDS	CA	95660-5182
#0281	ALHAMBRA DIALYSIS CENTER, #0281	1315 ALHAMBRA BLVD STE 100	SACRAMENTO	CA	95816-5245
#0282	ANTELOPE DIALYSIS CENTER, #0282	6406 TUPELO DR STE A	CITRUS HEIGHTS	CA	95621-1780
#0283	CHICO DIALYSIS CENTER, #0283	530 COHASSET RD	CHICO	CA	95926-2212
#0284	MANZANITA HOME TRAINING CENTER, #0284	4005 MANZANITA AVE STE 18	CARMICHAEL	CA	95608-1779
#0285	MANZANITA DIALYSIS CENTER, #0285	4005 MANZANITA AVE STE 17	CARMICHAEL	CA	95608-1779
#0286	PLACERVILLE DIALYSIS CENTER, #0286	3964 MISSOURI FLAT RD STE J	PLACERVILLE	CA	95667-5238
#0287	SACRAMENTO MOBILE SERVICES, #0287	4650 NORTHGATE BLVD STE 150	SACRAMENTO	CA	95834-1156
#0288	SOUTH SACRAMENTO DIALYSIS CENTER, #0288	7000 FRANKLIN BLVD STE 880	SACRAMENTO	CA	95823-1838
#0289	REDDING DIALYSIS CENTER, #0289	1876 PARK MARINA DR	REDDING	CA	96001-0913
#0290	SUNRISE COMMUNITY DIALYSIS CLINIC, #0290	2951 SUNRISE BLVD STE 145	RANCHO CORDOVA	CA	95742-7201
#0291	YUBA CITY DIALYSIS CENTER, #0291	1525 PLUMAS CT STE A	YUBA CITY	CA	95991-2971
#0292	UNIVERSITY DIALYSIS CENTER, #0292	777 CAMPUS COMMONS RD STE 100	SACRAMENTO	CA	95825-8344
#0294	ORANGEVALE DIALYSIS CENTER, #0294	9267 GREENBACK LN STE A2	ORANGEVALE	CA	95662-4864
#0295	SOUTHFIELD WEST DIALYSIS, #0295	21900 MELROSE AVE STE 4	SOUTHFIELD	MI	48075-7967
#0296	DAVISON DIALYSIS, #0296	1011 S STATE RD	DAVISON	MI	48423-1903
#0298	FLUSHING DIALYSIS, #0298	3469 PIERSON PL STE A	FLUSHING	MI	48433-2413
#0311	LOGAN SQUARE DIALYSIS, #0311	2659 N MILWAUKEE AVE 1ST FL	CHICAGO	IL	60647-1643
#0312	LAKE COUNTY DIALYSIS SERVICES, #0312	918 S MILWAUKEE AVE	LIBERTYVILLE	IL	60048-3229
#0314	LINCOLN PARK DIALYSIS, #0314	3157 N LINCOLN AVE	CHICAGO	IL	60657-3111

Facility No	Facility Name	Address	City	State	Zip
#0317	GREAT LAKES ACUTES, #0317	614 EXECUTIVE DRIVE	WILLOWBROOK	IL	60527
#0318	SKYLINE HOME DIALYSIS, #0318	7009 W BELMONT AVE	CHICAGO	IL	60634-4533
#0319	TRC CHILDREN'S DIALYSIS CENTER, #0319	2611 N HALSTED ST	CHICAGO	IL	60614-2301
#0321	EMERALD DIALYSIS, #0321	710 W 43RD ST	CHICAGO	IL	60609-3435
#0322	OLYMPIA FIELDS DIALYSIS CENTER, #0322	4557B LINCOLN HWY STE B	MATTESON	IL	60443-2318
#0325	BRIGHTON DIALYSIS, #0325	7960 GRAND RIVER RD STE 210	BRIGHTON	MI	48114-7336
#0326	MACOMB KIDNEY CENTER, #0326	28295 SCHOENHERR RD STE A	WARREN	MI	48088-4300
#0327	NORTH OAKLAND DIALYSIS, #0327	450 N TELEGRAPH RD STE 600	PONTIAC	MI	48341-1037
#0328	NOVI DIALYSIS, #0328	47250 W 10 MILE RD	NOVI	MI	48374-2932
#0329	CORNERSTONE DIALYSIS CENTER, #0329	23857 GREENFIELD RD	SOUTHFIELD	MI	48075-3122
#0331	EATON CANYON DIALYSIS, #0331	2551 E WASHINGTON BLVD	PASADENA	CA	91107-1446
#0332	PARAMOUNT DIALYSIS CENTER, #0332	8319 ALONDRA BLVD	PARAMOUNT	CA	90723-4403
#0334	DOCTORS DIALYSIS OF EAST LOS ANGELES, #0334	950 S EASTERN AVE	LOS ANGELES	CA	90022-4801
#0335	DOCTORS DIALYSIS CENTER OF MONTEBELLO, #0335	1721 W WHITTIER BLVD	MONTEBELLO	CA	90640-4004
#0337	CRESCENT HEIGHTS DIALYSIS CENTER, #0337	8151 BEVERLY BLVD	LOS ANGELES	CA	90048-4514
#0344	OAKLAND PERITONEAL DIALYSIS CENTER, #0344	2633 TELEGRAPH AVE STE 115	OAKLAND	CA	94612-1744
#0348	ANTIOCH DIALYSIS CENTER, #0348	3100 DELTA FAIR BLVD	ANTIOCH	CA	94509-4001
#0349	SALINAS VALLEY DIALYSIS CENTER, #0349	955 BLANCO CIR STE C	SALINAS	CA	93901-4452
#0351	CENTER FOR KIDNEY DISEASE, #0351	1190 NW 95TH ST STE 208	MIAMI	FL	33150-2065
#0352	CKD AT VENTURE, #0352	16855 NE 2ND AVE STE 205	N MIAMI BEACH	FL	33162-1744
#0354	FLAMINGO PARK KIDNEY CENTER, #0354	901 E 10TH AVE BAY 17	HIALEAH	FL	33010-3762
#0355	INTERAMERICAN DIALYSIS CENTER, #0355	7815 CORAL WAY STE 115	MIAMI	FL	33155-6541
#0356	CORAL GABLES KIDNEY CENTER, #0356	3280 PONCE DE LEON BLVD	CORAL GABLES	FL	33134-7252
#0357	MIAMI LAKES ARTIFICIAL KIDNEY CENTER, #0357	14600 NW 60TH AVE	MIAMI LAKES	FL	33014-2811
#0360	SOUTH BROWARD ARTIFICIAL KIDNEY CENTER, #0360	4401 HOLLYWOOD BLVD	HOLLYWOOD	FL	33021-6609
#0361	PINE ISLAND KIDNEY CENTER, #0361	1871 N PINE ISLAND RD	PLANTATION	FL	33322-5208
#0362	DAVITA ACUTE SERVICES, #0362	1500 N FEDERAL HWY STE 100	FT LAUDERDALE	FL	33304-1432
#0363	PORT CHARLOTTE ARTIFICIAL KIDNEY CENTER, #0363	4300 KINGS HWY STE 406	PORT CHARLOTTE	FL	33980
#0364	GULF COAST DIALYSIS INC, #0364	3300 TAMIAMI TRL STE 101A	PORT CHARLOTTE	FL	33952-8054
#0365	COMPLETE DIALYSIS CARE, #0365	7850 W SAMPLE RD	MARGATE	FL	33065-4710
#0369	OAK PARK DIALYSIS, #0369	13481 W 10 MILE RD	OAK PARK	MI	48237-4633
#0370	CIELO VISTA DIALYSIS, #0370	7200 GATEWAY BLVD E STE B	EL PASO	TX	79915-1301
#0371	WEST TEXAS DIALYSIS, #0371	1250 E CLIFF DR BLDG B	EL PASO	TX	79902-4850
#0372	MESA VISTA DIALYSIS, #0372	2400 N OREGON ST STE C	EL PASO	TX	79902-3135
#0374	HOUSTON KIDNEY CENTER SOUTHWEST, #0374	11111 BROOKLET DR STE 100 BLDG 100	HOUSTON	TX	77099-3555
#0378	NORTHWEST KIDNEY CENTER, #0378	11029 NORTHWEST FWY	HOUSTON	TX	77092-7311
#0379	NORTHSTAR DIALYSIS CENTER, #0379	380 W LITTLE YORK RD	HOUSTON	TX	77076-1303

Facility No	Facility Name	Address	City	State	Zip
#0380	HOUSTON KIDNEY CENTER CYPRESS STATION, #0380	221 FM 1960 RD W STE H	HOUSTON	TX	77090-3537
#0382	UPSTATE DIALYSIS CENTER, #0382	308 MILLS AVE	GREENVILLE	SC	29605-4022
#0383	GREER KIDNEY CENTER, #0383	211 VILLAGE DR	GREER	SC	29651-1238
#0384	TRC FAIRFAX DIALYSIS CENTER, #0384	8501 ARLINGTON BLVD STE 100	FAIRFAX	VA	22031-4625
#0385	RIVERTOWNE DIALYSIS, #0385	6192 OXON HILL RD 1ST FL	OXON HILL	MD	20745-3114
#0387	HARFORD ROAD DIALYSIS CENTER, #0387	5800 HARFORD RD	BALTIMORE	MD	21214-1847
#0388	RICHMOND COMMUNITY HOSPITAL DIALYSIS, #0388	1510 N 28TH ST STE 110	RICHMOND	VA	23223-5311
#0389	MEMORIAL DIALYSIS CENTER, #0389	4427 S ROBERTSON ST	NEW ORLEANS	LA	70115-6308
#0390	KENNER REGIONAL DIALYSIS CENTER, #0390	200 W ESPLANADE AVE STE 100	KENNER	LA	70065-2473
#0393	BERTHA SIRK DIALYSIS CENTER, #0393	5820 YORK RD STE 10	BALTIMORE	MD	21212-3620
#0394	GREENSPRING DIALYSIS CENTER, #0394	4701 MOUNT HOPE DR STE C	BALTIMORE	MD	21215-3246
#0395	NEWTOWN DIALYSIS CENTER, #0395	60 BLACKSMITH RD	NEWTOWN	PA	18940-1847
#0396	UNION PLAZA DIALYSIS CENTER, #0396	810 1ST ST NE STE 100	WASHINGTON	DC	20002-4227
#0397	DIALYSIS CENTER AT OXFORD COURT, #0397	930 TOWN CENTER DR STE G100	LANGHORNE	PA	19047-4260
#0398	LOS ANGELES DIALYSIS CENTER, #0398	2250 S WESTERN AVE STE 300	LOS ANGELES	CA	90018-1301
#0399	MONTEREY PARK DIALYSIS CENTER, #0399	2560 CORPORATE PL STE 100-101 BLDG D	MONTEREY PARK	CA	91754-7612
#0401	NORTH PALM BEACH DIALYSIS CENTER, #0401	3375 BURNS RD STE 101	PALM BEACH GARDENS	FL	33410-4360
#0402	OCALA REGIONAL KIDNEY CENTER-EAST, #0402	2870 SE 1ST AVE	OCALA	FL	34471-0406
#0403	OCALA REGIONAL KIDNEY CENTER-WEST, #0403	9401 SW HWY 200 BLDG 600	OCALA	FL	34481-9612
#0404	OCALA REGIONAL KIDNEY CENTER-SOUTH, #0404	13940 N US HWY 441 BLDG 400	LADY LAKE	FL	32159-8908
#0405	OCALA REGIONAL KIDNEY CENTER-NORTH, #0405	2620 W HWY 316	CITRA	FL	32113-3555
#0407	PERRY DIALYSIS CENTER, #0407	1027 KEITH DR	PERRY	GA	31069-2948
#0408	WICHITA DIALYSIS CENTER, #0408	909 N TOPEKA ST	WICHITA	KS	67214-3620
#0409	MADISON DIALYSIS CENTER, #0409	302 HIGHWAY ST	MADISON	NC	27025-1672
#0413	ELK RIVER KIDNEY CENTER, #0413	216 S BRIDGE ST	ELKTON	MD	21921-5915
#0414	SOMERSET DIALYSIS CENTER, #0414	240 CHURCHILL AVE	SOMERSET	NJ	08873-3451
#0416	HOPI DIALYSIS CENTER, #0416	PO BOX 964 HWY 264	POLACCA	AZ	86042
#0417	DELTA SIERRA DIALYSIS CENTER, #0417	555 W BENJAMIN HOLT DR STE 200	STOCKTON	CA	95207-3839
#0419	EAST AURORA DIALYSIS, #0419	482 S CHAMBERS RD	AURORA	CO	80017-2092
#0421	OAK CLIFF, #0421	2000 S LLEWELLYN AVE	DALLAS	TX	75224-1804
#0423	SAPULPA DIALYSIS, #0423	9647 RIDGEVIEW ST	TULSA	OK	74131-6205
#0427	LAKEWOOD CROSSING DIALYSIS CENTER, #0427	1057 S WADSWORTH BLVD STE 100	LAKEWOOD	CO	80226-4361
#0428	LOWRY DIALYSIS CENTER, #0428	7465 E 1ST AVE STE A	DENVER	CO	80230-6877
#0429	ENGLEWOOD DIALYSIS CENTER, #0429	3247 S LINCOLN ST	ENGLEWOOD	CO	80113-2505
#0430	UCLA DIALYSIS CENTER, #0430	200 UCLA MEDICAL PLZ STE 565	LOS ANGELES	CA	90095-8344
#0431	FMC UCLA ACUTE DIALYSIS, #0431	757 WESTWOOD PLAZA STE 8237 MAILCODE 742830	LOS ANGELES	CA	90095
#0433	SOLEDAD DIALYSIS, #0433	901 LOS COCHES DR	SOLEDAD	CA	93960-2995
#0436	MONTCLAIR DIALYSIS CENTER, #0436	5050 PALO VERDE ST STE 100	MONTCLAIR	CA	91763-2329

Facility No	Facility Name	Address	City	State	Zip
#0437	PREMIER DIALYSIS CENTER, #0437	7612 ATLANTIC AVE	CUDAHY	CA	90201-5020
#0438	UNITED DIALYSIS CENTER, #0438	3111 LONG BEACH BLVD	LONG BEACH	CA	90807-5015
#0439	WASHINGTON PLAZA DIALYSIS CENTER, #0439	516 E WASHINGTON BLVD # 522	LOS ANGELES	CA	90015-3723
#0443	LAKE ELSINORE DIALYSIS, #0443	32291 MISSION TRL BLDG S	LAKE ELSINORE	CA	92530
#0444	UTAH VALLEY DIALYSIS CENTER, #0444	1055 N 500 W STE 221	PROVO	UT	84604-3305
#0446	GRANT PARK DIALYSIS, #0446	5000 NANNIE HELEN BURROUGHS AVE NE	WASHINGTON	DC	20019-5506
#0455	FOURTH STREET DIALYSIS, #0455	3101 N 4TH ST STE B	LONGVIEW	TX	75605-5146
#0456	BAKERS FERRY DIALYSIS, #0456	3645 BAKERS FERRY RD SW	ATLANTA	GA	30331-3712
#0459	MISSOURI ACUTE PROGRAM, #0459	9785 MACKENZIE RD STE 105	SAINT LOUIS	MO	63123-5438
#0476	IRIS CITY DIALYSIS, #0476	521 N EXPRESSWAY STE 1509	GRIFFIN	GA	30223-2073
#0477	PEARLAND DIALYSIS, #0477	6516 BROADWAY ST STE 122	PEARLAND	TX	77581-7879
#0490	NWI ACUTE, #0490	5521 W LINCOLN HWY STE 105	CROWN POINT	IN	46307-1019
#0491	COMPREHENSIVE RENAL CARE-GARY, #0491	4802 BROADWAY	GARY	IN	46408-4509
#0492	COMPREHENSIVE RENAL CARE-HAMMOND, #0492	222 DOUGLAS ST	HAMMOND	IN	46320-1960
#0493	COMPREHENSIVE RENAL CARE-VALPARAISO, #0493	606 E LINCOLNWAY	VALPARAISO	IN	46383-5728
#0494	COMPREHENSIVE RENAL CARE-MICHIGAN CITY, #0494	9836 WEST 400 NORTH	MICHIGAN CITY	IN	46360-2910
#0495	COMPREHENSIVE RENAL CARE-MUNSTER, #0495	8317 CALUMET AVE STE A	MUNSTER	IN	46321-1737
#0496	COMPREHENSIVE RENAL CARE-EAST CHICAGO, #0496	4320 FIR ST UNIT 404	EAST CHICAGO	IN	46312-3078
#0497	SOUTH COUNTY DIALYSIS, #0497	4145 UNION RD	SAINT LOUIS	MO	63129-1064
#0500	GREAT BRIDGE DIALYSIS CENTER, #0500	745 BATTLEFIELD BLVD N STE 100	CHESAPEAKE	VA	23320-0305
#0501	BRONX DIALYSIS CENTER, #0501	1615 EASTCHESTER RD	BRONX	NY	10461-2603
#0502	CATSKILL DIALYSIS CENTER, #0502	139 FORESTBURGH RD	MONTICELLO	NY	12701-2364
#0505	RIVERDALE DIALYSIS CENTER, #0505	170 W 233RD ST	BRONX	NY	10463-5639
#0506	SOUTH BRONX DIALYSIS CENTER, #0506	1940 WEBSTER AVE	BRONX	NY	10457-4261
#0507	RICHMOND KIDNEY CENTER, #0507	1366 VICTORY BLVD	STATEN ISLAND	NY	10301-3907
#0510	BOSTON POST ROAD DIALYSIS CENTER, #0510	4026 BOSTON RD	BRONX	NY	10475-1122
#0512	PEEKSKILL CORTLANDT DIALYSIS CENTER, #0512	2050 E MAIN ST STE 15	CORTLANDT MANOR	NY	10567-2502
#0513	QUEENS DIALYSIS CENTER, #0513	11801 GUY R BREWER BLVD	JAMAICA	NY	11434-2101
#0515	LYNBROOK DIALYSIS CENTER, #0515	147 SCRANTON AVE	LYNBROOK	NY	11563-2808
#0516	PORT WASHINGTON DIALYSIS CENTER, #0516	50 SEAVIEW BLVD	PORT WASHINGTON	NY	11050-4615
#0517	SOUNDVIEW DIALYSIS CENTER, #0517	1622 BRUCKNER BLVD STE 24	BRONX	NY	10473-4553
#0518	YONKERS DIALYSIS CENTER, #0518	575 YONKERS AVE	YONKERS	NY	10704-2601
#0519	RICHMOND ACUTE PROGRAM, #0519	384 RAYMOND STREET	ROCKVILLE CENTRE	NY	11570-2736
#0520	CELIA DILL DIALYSIS CENTER, #0520	667 STONELEIGH AVE STE 123 BARNS OFFICE CENTER	CARMEL	NY	10512-2454
#0521	GARDEN CITY DIALYSIS CENTER, #0521	1100 STEWART AVE STE 2	GARDEN CITY	NY	11530-4839
#0525	NEPTUNE DIALYSIS CENTER, #0525	2180 BRADLEY AVE	NEPTUNE	NJ	07753-4427
#0526	ASHEVILLE KIDNEY CENTER, #0526	1600 CENTRE PARK DR	ASHEVILLE	NC	28805-6206
#0527	HENDERSONVILLE DIALYSIS CENTER, #0527	500 BEVERLY HANKS CTR HWY 25 N	HENDERSONVILLE	NC	28792

Facility No	Facility Name	Address	City	State	Zip
#0528	SYLVA DIALYSIS CENTER, #0528	655 ASHEVILLE HWY	SYLVA	NC	28779-2747
#0529	MIDDLETOWN DIALYSIS CENTER, #0529	500 STATE ROUTE 35 UNION SQUARE PLAZA	RED BANK	NJ	07701-5038
#0534	HUDSON VALLEY DIALYSIS, #0534	155 WHITE PLAINS RD	TARRYTOWN	NY	10591-5523
#0536	SHEEPSHEAD BAY RENAL CARE CENTER, #0536	26 BRIGHTON 11TH ST	BROOKLYN	NY	11235-5304
#0537	QUEENS VILLAGE DIALYSIS CENTER, #0537	22202 HEMPSTEAD AVE STE 170	QUEENS VILLAGE	NY	11429-2123
#0538	LONGMONT DIALYSIS CENTER, #0538	1715 IRON HORSE DR STE 170	LONGMONT	CO	80501-9617
#0539	COMMERCE CITY DIALYSIS, #0539	6320 HOLLY ST	COMMERCE CITY	CO	80022-3325
#0540	SOUTH LAS VEGAS DIALYSIS CENTER, #0540	2250 S RANCHO DR STE 115	LAS VEGAS	NV	89102-4456
#0541	LAKEWOOD DIALYSIS CENTER, #0541	1750 PIERCE ST	LAKEWOOD	CO	80214-1434
#0542	THORNTON DIALYSIS CENTER, #0542	8800 FOX DR	THORNTON	CO	80260-6880
#0543	BOULDER DIALYSIS CENTER, #0543	2880 FOLSOM ST STE 110	BOULDER	CO	80304-3769
#0544	ARVADA DIALYSIS CENTER, #0544	9950 W 80TH AVE STE 25	ARVADA	CO	80005-3914
#0545	PIKES PEAK DIALYSIS CENTER, #0545	2002 LELARAY ST STE 130	COLORADO SPRINGS	CO	80909-2804
#0546	PRINTERS PLACE DIALYSIS CENTER, #0546	2802 INTERNATIONAL CIR	COLORADO SPRINGS	CO	80910-3127
#0547	PAHRUMP DIALYSIS CENTER, #0547	1460 E CALVADA BLVD	PAHRUMP	NV	89048-5822
#0549	BRIGHT DIALYSIS, #0549	1801 S 23RD ST STE 1	FORT PIERCE	FL	34950-4830
#0551	WESTWOOD DIALYSIS CENTER, #0551	2615 SW TRENTON ST	SEATTLE	WA	98126-3745
#0552	OLYMPIC VIEW DIALYSIS CENTER, #0552	125 16TH AVE E CSB 5TH FL	SEATTLE	WA	98112
#0553	QUEENS DIALYSIS AT SOUTH FLUSHING, #0553	7112 PARK AVE	FLUSHING	NY	11365-4105
#0554	FOREST PARK DIALYSIS CENTER, #0554	380 FOREST PKWY STE C	FOREST PARK	GA	30297-2107
#0555	WOODLAND DIALYSIS CENTER, #0555	912 WOODLAND DR STE B	ELIZABETHTOWN	KY	42701-2795
#0556	TAYLOR COUNTY DIALYSIS CENTER, #0556	101 KINGSWOOD DR	CAMPBELLSVILLE	KY	42718-9634
#0557	WOODLAND KENTUCKY ACUTE PROGRAM, #0557	913 NORTH DIXIE AVE	ELIZABETHTOWN	KY	42701-2503
#0558	PELHAM PARKWAY DIALYSIS CENTER, #0558	1400 PELHAM PARKWAY SOUTH JACOBI MEDICAL CTR BLDG #5 STE A-1	BRONX	NY	10461-1138
#0562	DULANEY TOWSON DIALYSIS CENTER, #0562	113 WEST RD STE 201	TOWSON	MD	21204-2318
#0563	BRICKTOWN DIALYSIS CENTER, #0563	525 JACK MARTIN BLVD FL 2	BRICK	NJ	08724-7735
#0568	WICHITA ACUTES, #0568	909 N TOPEKA	WICHITA	KS	67214-3620
#0569	WEAVERVILLE DIALYSIS, #0569	329 MERRIMON AVE	WEAVERVILLE	NC	28787-9253
#0571	DIALYSIS CARE OF ANSON COUNTY, #0571	923 E CASWELL ST	WADESBORO	NC	28170-2305
#0573	DIALYSIS CARE OF EDGECOMBE COUNTY, #0573	3206 WESTERN BLVD	TARBORO	NC	27886-1828
#0574	DIALYSIS CARE OF FRANKLIN COUNTY, #0574	1706 NC HIGHWAY 39 N	LOUISBURG	NC	27549-8329
#0575	DIALYSIS CARE OF HOKE COUNTY, #0575	403 S MAIN ST	RAEFORD	NC	28376-3222
#0576	DIALYSIS CARE OF MARTIN COUNTY, #0576	100 MEDICAL DR	WILLIAMSTON	NC	27892-2156
#0578	MONTGOMERY DIALYSIS CENTER, #0578	323 W MAIN ST	BISCOE	NC	27209-9528
#0579	DIALYSIS CARE OF MOORE COUNTY, #0579	16 REGIONAL DR	PINEHURST	NC	28374-8850

Facility No	Facility Name	Address	City	State	Zip
#0580	DIALYSIS CARE OF RICHMOND COUNTY, #0580	S NC HIGHWAY 177	HAMLET	NC	28345
#0581	DIALYSIS CARE OF ROCKINGHAM COUNTY, #0581	251 W KINGS HWY	EDEN	NC	27288-5009
#0582	DIALYSIS CARE OF ROWAN COUNTY, #0582	111 DORSETT DR	SALISBURY	NC	28144-2278
#0583	DIALYSIS CARE OF RUTHERFORD COUNTY, #0583	226 COMMERCIAL ST	FOREST CITY	NC	28043-2851
#0587	DIALYSIS CARE OF KANNAPOLIS, #0587	1607 N MAIN ST	KANNAPOLIS	NC	28081-2317
#0589	SOUTHEASTERN DIALYSIS CENTER-BURGAW, #0589	704 S DICKERSON ST PO BOX 1391	BURGAW	NC	28425-4904
#0590	SOUTHEASTERN DIALYSIS CENTER-ELIZABETHTOWN, #0590	101 DIALYSIS DR	ELIZABETHTOWN	NC	28337-9048
#0591	SOUTHEASTERN DIALYSIS CENTER-JACKSONVILLE, #0591	14 OFFICE PARK DR	JACKSONVILLE	NC	28546-7325
#0592	SOUTHEASTERN DIALYSIS CENTER-KENANSVILLE, #0592	305 BEASLEY ST	KENANSVILLE	NC	28349-8798
#0593	SOUTHEASTERN DIALYSIS CENTER-SHALLOTTE, #0593	4770 SHALLOTTE AVE	SHALLOTTE	NC	28470-
#0594	SOUTHEASTERN DIALYSIS CENTER-WHITEVILLE, #0594	608 PECAN LN	WHITEVILLE	NC	28472-2949
#0595	SOUTHEASTERN DIALYSIS CENTER-WILMINGTON, #0595	2215 YAUPON DR	WILMINGTON	NC	28401-7334
#0598	CHEROKEE DIALYSIS CENTER, #0598	53 ECHOTA CHURCH RD	CHEROKEE	NC	28719-9702
#0613	GARFIELD HEMODIALYSIS CENTER, #0613	118 HILLIARD AVE	MONTEREY PARK	CA	91754-1118
#0614	KIDNEY DIALYSIS CARE UNIT, #0614	3600 E MARTIN LUTHER KING JR BLVD	LYNWOOD	CA	90262-2607
#0615	LAKEWOOD DIALYSIS CENTER, #0615	4611 SILVA ST	LAKEWOOD	CA	90712-2512
#0616	VALLEY DIALYSIS, #0616	16149 HART ST	VAN NUYS	CA	91406-3906
#0617	DOWNEY DIALYSIS CENTER, #0617	8630 FLORENCE AVE STE 100	DOWNEY	CA	90240-4017
#0618	COVINA DIALYSIS CENTER, #0618	1547 W GARVEY AVE N	WEST COVINA	CA	91790-2139
#0625	FOUR CORNERS DIALYSIS CENTER, #0625	801 W BROADWAY	FARMINGTON	NM	87401-5650
#0626	TUBA CITY DIALYSIS, #0626	500 EDGEWATER DR PO BOX 2910	TUBA CITY	AZ	86045-2905
#0627	CAMELBACK DIALYSIS CENTER, #0627	7321 E OSBORN DR	SCOTTSDALE	AZ	85251-6418
#0629	SIERRA MOBILE ACUTE DIALYSIS, #0629	6000 WELCH AVE STE 17	EL PASO	TX	79905-1898
#0630	WESTBANK CHRONIC RENAL CENTER, #0630	4422 GENERAL MEYER AVE STE 103	NEW ORLEANS	LA	70131-4330
#0632	FLEUR DE LIS DIALYSIS, #0632	5555 BULLARD AVE	NEW ORLEANS	LA	70128-3450
#0634	NORTHSHORE LA ACUTES, #0634	106 MEDICAL CENTER DRIVE SUITE 101	SLIDELL	LA	70461-5575
#0637	DESERT MOUNTAIN DIALYSIS CENTER, #0637	9220 E MOUNTAIN VIEW RD STE 105	SCOTTSDALE	AZ	85258-5134
#0638	CHINLE DIALYSIS, #0638	US HWY 191 PO BOX 879	CHINLE	AZ	86503-0879
#0642	NEPHROLOGY CENTER OF STATESBORO, #0642	4B COLLEGE PLZ	STATESBORO	GA	30458-4928
#0643	NEPHROLOGY CENTER OF VIDALIA, #0643	1806 EDWINA DR	VIDALIA	GA	30474-8927
#0644	BUCKHEAD DIALYSIS, #0644	1575 NORTHSIDE DR NW STE 365	ATLANTA	GA	30318-4210
#0648	CENTRAL CITY DIALYSIS, #0648	1300 MURCHISON DR STE 320	EL PASO	TX	79902-4840
#0649	LOMA VISTA DIALYSIS CENTER, #0649	1382 LOMALAND DR STE A	EL PASO	TX	79935-5204

Facility No	Facility Name	Address	City	State	Zip
#0650	LAKEWOOD COMMUNITY DIALYSIS CENTER, #0650	5919 LAKEWOOD TOWNE CENTER BLVD SW STE A	LAKEWOOD	WA	98499-6513
#0651	FEDERAL WAY COMMUNITY DIALYSIS CENTER, #0651	1015 S 348TH ST	FEDERAL WAY	WA	98003-7078
#0654	CORTEZ DIALYSIS CENTER, #0654	610 E MAIN ST STE C	CORTEZ	CO	81321-3308
#0655	KAYENTA DIALYSIS, #0655	PO BOX 217 US HWY 163 N	KAYENTA	AZ	86033-0217
#0656	SHIPROCK DIALYSIS CENTER, #0656	PO BOX 2156 US HWY 491 N	SHIPROCK	NM	87420-2156
#0657	PAPAGO DIALYSIS, #0657	1401 N 24TH ST STE 2	PHOENIX	AZ	85008-4638
#0658	BOCA RATON ARTIFICIAL KIDNEY CENTER, #0658	998 NW 9TH CT	BOCA RATON	FL	33486-2214
#0660	CRYSTAL RIVER DIALYSIS, #0660	7435 W GULF TO LAKE HWY	CRYSTAL RIVER	FL	34429-7834
#0661	WILSHIRE DIALYSIS CENTER, #0661	1212 WILSHIRE BLVD	LOS ANGELES	CA	90017-1902
#0663	BEVERLY HILLS DIALYSIS CENTER, #0663	50 N LA CIENEGA BLVD 3RD FLOOR, STE 300	BEVERLY HILLS	CA	90211-2205
#0667	WALNUT CREEK DIALYSIS CENTER, #0667	404 N WIGET LN	WALNUT CREEK	CA	94598-2408
#0670	DIALYSIS ASSOCIATES OF THE PALM BEACHES, #0670	2611 POINSETTIA AVE	WEST PALM BEACH	FL	33407-5919
#0672	NORWALK DIALYSIS CENTER, #0672	12375 E IMPERIAL HWY STE D3	NORWALK	CA	90650-3129
#0673	GREATER EL MONTE DIALYSIS CENTER, #0673	1938 TYLER AVE STE J-168	SOUTH EL MONTE	CA	91733-3623
#0675	FOUR CORNERS ACUTE DIALYSIS, #0675	801 W MAPLE	FARMINGTON	NM	87401-5630
#0676	BAYONET POINT-HUDSON KIDNEY CENTER, #0676	14144 NEPHRON LN	HUDSON	FL	34667-6504
#0677	NEW PORT RICHEY KIDNEY CENTER, #0677	7421 RIDGE RD	PORT RICHEY	FL	34668-6933
#0678	HERNANDO KIDNEY CENTER, #0678	2985 LANDOVER BLVD	SPRING HILL	FL	34608-7258
#0681	CDC OF WOODBRIDGE, #0681	2751 KILLARNEY DR	WOODBRIDGE	VA	22192-4119
#0682	MANASSAS DIALYSIS, #0682	10655 LOMOND DR STE 101	MANASSAS	VA	20109-2877
#0683	CONTINENTAL DIALYSIS CENTER OF SPRINGFIELD, #0683	8350 TRAFORD LN STE A	SPRINGFIELD	VA	22152-1671
#0684	STERLING DIALYSIS, #0684	46396 BENEDICT DR STE 100	STERLING	VA	20164-6626
#0686	STERLING ACUTE, #0686	8501 ARLINGTON BLVD	FAIRFAX	VA	22031-4617
#0687	CONTINENTAL DIALYSIS CENTER OF ALEXANDRIA, #0687	5999 STEVENSON AVE STE 100	ALEXANDRIA	VA	22304-3302
#0688	EAST END DIALYSIS CENTER, #0688	2201 E MAIN ST STE 100	RICHMOND	VA	23223-7071
#0689	DOWNTOWN DIALYSIS CENTER, #0689	821 N EUTAW ST STE 401	BALTIMORE	MD	21201-6304
#0690	TRC/USC KIDNEY CENTER, #0690	2310 ALCAZAR ST	LOS ANGELES	CA	90033-5327
#0692	UNIVERSITY PARK DIALYSIS CENTER, #0692	3986 S FIGUEROA ST	LOS ANGELES	CA	90037-1222
#0693	SUNRISE DIALYSIS CENTER, #0693	13039 HAWTHORNE BLVD	HAWTHORNE	CA	90250-4415
#0694	HOLLYWOOD DIALYSIS CENTER, #0694	5108 W SUNSET BLVD	LOS ANGELES	CA	90027-5708
#0697	TRC/HARBOR-UCLA MFI TOTAL RENAL DIALYSIS CENTER, #0697	21602 S VERMONT AVE	TORRANCE	CA	90502-1940
#0802	BRIDGEWATER DIALYSIS CENTER, #0802	2121 ROUTE 22 W	BOUND BROOK	NJ	08805-1546
#0807	FMC WILMINGTON DIALYSIS CENTER, #0807	700 W LEA BLVD STE G2	WILMINGTON	DE	19802-2541
#0810	EASTON DIALYSIS CENTER, #0810	402 MARVEL CT	EASTON	MD	21601-4052
#0811	BERLIN DIALYSIS CENTER, #0811	314 FRANKLIN AVE STE 306	BERLIN	MD	21811-1238
#0812	ROCKVILLE DIALYSIS CENTER, #0812	14915 BROSCHART RD STE 100	ROCKVILLE	MD	20850-3367
#0813	CHESTERTOWN DIALYSIS CENTER, #0813	100 BROWN ST	CHESTERTOWN	MD	21620

Facility No	Facility Name	Address	City	State	Zip
#0814	WHEATON DIALYSIS CENTER, #0814	11941 GEORGIA AVE WHEATON PARK SHOPPING CTR	WHEATON	MD	20902
#0815	OWINGS MILLS DIALYSIS CENTER, #0815	10 CROSSROADS DR STE 110	OWINGS MILLS	MD	21117-5463
#0817	JONESBORO DIALYSIS, #0817	129 KING ST	JONESBORO	GA	30236-3656
#0818	GRIFFIN DIALYSIS, #0818	731 S 8TH ST	GRIFFIN	GA	30224-4818
#0820	SOUTHWEST ATLANTA DIALYSIS CENTER, #0820	3620 MARTIN LUTHER KING DR SW	ATLANTA	GA	30331-3711
#0821	LINDEN DIALYSIS, #0821	121 LINDEN AVE NE	ATLANTA	GA	30308-2432
#0823	FORT VALLEY DIALYSIS, #0823	557 BLUEBIRD BLVD	FORT VALLEY	GA	31030-5083
#0824	MILLEDGEVILLE DIALYSIS, #0824	400 S WAYNE ST	MILLEDGEVILLE	GA	31061-3446
#0825	MOULTRIE DIALYSIS, #0825	2419 S MAIN ST	MOULTRIE	GA	31768-6531
#0826	COLUMBUS DIALYSIS CENTER, #0826	6228 BRADLEY PARK DR STE B	COLUMBUS	GA	31904-3604
#0827	BUENA VISTA DIALYSIS, #0827	349 GENEVA RD	BUENA VISTA	GA	31803-1701
#0828	DECATUR DIALYSIS, #0828	1987 CANDLER RD	DECATUR	GA	30032-4212
#0829	EAST MACON DIALYSIS CENTER, #0829	165 EMERY HWY STE 101	MACON	GA	31217-3666
#0830	WICHITA DIALYSIS CENTER, #0830	909 N TOPEKA ST	WICHITA	KS	67214-3620
#0831	EAST WICHITA DIALYSIS CENTER, #0831	320 N HILLSIDE ST	WICHITA	KS	67214-4918
#0832	INDEPENDENCE DIALYSIS CENTER, #0832	801 W MYRTLE ST	INDEPENDENCE	KS	67301-3239
#0833	RENAL TREATMENT CENTERS-GARDEN CITY, #0833	401 N MAIN ST	GARDEN CITY	KS	67846-5429
#0834	RENAL TREATMENT CENTERS-WINFIELD, #0834	1315 E 4TH AVE	WINFIELD	KS	67156-2457
#0835	RENAL TREATMENT CENTERS-PARSONS, #0835	1902 S US HWY 59 BLDG B	PARSONS	KS	67357-4948
#0836	RENAL TREATMENT CENTERS-NEWTON, #0836	1223 WASHINGTON RD	NEWTON	KS	67114-4855
#0837	RENAL TREATMENT CENTERS-DERBY, #0837	250 W RED POWELL DR	DERBY	KS	67037-2626
#0838	SCOTTSBLUFF DIALYSIS CENTER, #0838	3812 AVENUE B	SCOTTSBLUFF	NE	69361-4780
#0843	PHENIX CITY DIALYSIS CENTER, #0843	1900 OPELIKA RD	PHENIX CITY	AL	36867-3640
#0844	SPARKS DIALYSIS CENTER, #0844	4860 VISTA BLVD STE 100	SPARKS	NV	89436-2817
#0845	LAS VEGAS DIALYSIS CENTER, #0845	3100 W CHARLESTON BLVD STE 100	LAS VEGAS	NV	89102-1992
#0846	NORTH LAS VEGAS DIALYSIS CENTER, #0846	2300 MCDANIEL ST	NORTH LAS VEGAS	NV	89030-6318
#0847	NORTHEAST PHILADELPHIA DIALYSIS CENTER, #0847	518 KNORR ST	PHILADELPHIA	PA	19111-4604
#0848	SOUTH PHILADELPHIA DIALYSIS CENTER, #0848	109 DICKINSON ST	PHILADELPHIA	PA	19147-6107
#0854	CAMP HILL DIALYSIS CENTER, #0854	425 N 21ST ST	CAMP HILL	PA	17011-2223
#0856	UPLAND DIALYSIS, #0856	1 MEDICAL CENTER BLVD STE 120	CHESTER	PA	19013-3902
#0857	EXTON DIALYSIS CENTER, #0857	710 SPRINGDALE DR	EXTON	PA	19341-2828
#0858	LEWISTOWN DIALYSIS CENTER, #0858	611 ELECTRIC AVE	LEWISTOWN	PA	17044-1128
#0860	JENNERSVILLE DIALYSIS CENTER, #0860	1011 W BALTIMORE PIKE	WEST GROVE	PA	19390-9446
#0861	PALMERTON DIALYSIS CENTER, #0861	185 DELAWARE AVE STE C	PALMERTON	PA	18071-1716
#0862	POCONO DIALYSIS CENTER, #0862	100 PLAZA CT STE B	EAST STROUDSBURG	PA	18301-8258
#0864	VENICE DIALYSIS CENTER, #0864	816 PINEBROOK RD	VENICE	FL	34285-7103
#0866	PANAMA CITY DIALYSIS CENTER, #0866	615 HIGHWAY 231	PANAMA CITY	FL	32405-4704
#0867	MARIANNA DIALYSIS CENTER, #0867	2930 OPTIMIST DR	MARIANNA	FL	32448-7703
#0868	LEESBURG DIALYSIS CENTER, #0868	801 E DIXIE AVE STE 108A	LEESBURG	FL	34748-7699

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#0870	NAPA DIALYSIS CENTER, #0870	3900 BEL AIRE PLZ STE C	NAPA	CA	94558-2823
#0871	LAKEPORT DIALYSIS CENTER, #0871	804 11TH ST STE 2	LAKEPORT	CA	95453-4102
#0872	FAIRFIELD DIALYSIS CENTER, #0872	4660 CENTRAL WAY	FAIRFIELD	CA	94534-1803
#0873	VACAVILLE DIALYSIS CENTER, #0873	941 MERCHANT ST	VACAVILLE	CA	95688-5315
#0875	SANTA ANA DIALYSIS CENTER, #0875	1820 E DEERE AVE	SANTA ANA	CA	92705-5721
#0876	BREA DIALYSIS CENTER, #0876	595 TAMARACK AVE STE A	BREA	CA	92821-3125
#0877	CORONA DIALYSIS CENTER, #0877	1820 FULLERTON AVE STE 180	CORONA	CA	92881-3147
#0878	HEMET DIALYSIS CENTER, #0878	1330 S STATE ST STE B	SAN JACINTO	CA	92583-4916
#0879	VALLEY VIEW DIALYSIS CENTER, #0879	26900 CACTUS AVE	MORENO VALLEY	CA	92555-3912
#0880	RIVERSIDE DIALYSIS CENTER, #0880	4361 LATHAM ST STE 100	RIVERSIDE	CA	92501-1767
#0882	MOUNTAIN VISTA DIALYSIS CENTER, #0882	4041 NORTH UNIVERSITY PKWY	SAN BERNARDINO	CA	92407-1823
#0883	TEMECULA DIALYSIS CENTER, #0883	40945 COUNTY CENTER DR STE G	TEMECULA	CA	92591-6006
#0884	MAINPLACE DIALYSIS CENTER, #0884	972 W TOWN AND COUNTRY RD	ORANGE	CA	92868-4714
#0885	TULSA DIALYSIS CENTER, #0885	4436 S HARVARD AVE	TULSA	OK	74135-2605
#0886	BROKEN ARROW DIALYSIS CENTER, #0886	601 S ASPEN AVE	BROKEN ARROW	OK	74012-8302
#0887	CLAREMORE DIALYSIS CENTER, #0887	202 E BLUE STARR DR	CLAREMORE	OK	74017-4223
#0888	TAHLEQUAH DIALYSIS CENTER, #0888	228 N BLISS AVE	TAHLEQUAH	OK	74464-2520
#0889	ALTUS DIALYSIS CENTER, #0889	205 S PARK LN STE 130	ALTUS	OK	73521-5756
#0890	DUNCAN DIALYSIS CENTER, #0890	2645 W ELK AVE	DUNCAN	OK	73533-1572
#0891	NORMAN DIALYSIS CENTER, #0891	1818 W LINDSEY ST STE 104 BLDG B	NORMAN	OK	73069-4159
#0893	SHAWNEE DIALYSIS CENTER, #0893	4409 N KICKAPOO AVE STE 113	SHAWNEE	OK	74804-1224
#0895	STILLWATER DIALYSIS CENTER, #0895	406 E HALL OF FAME AVE STE 300	STILLWATER	OK	74075-5447
#0896	ELK CITY DIALYSIS CENTER, #0896	1601 W 2ND ST	ELK CITY	OK	73644-4427
#0897	NORTHWEST BETHANY DIALYSIS CENTER, #0897	7800 NW 23RD ST STE A	BETHANY	OK	73008-4948
#0899	EDMOND DIALYSIS CENTER, #0899	50 S BAUMANN AVE	EDMOND	OK	73034-5676
#0900	DENVER DIALYSIS CENTER, #0900	2900 DOWNING ST STE C	DENVER	CO	80205-4699
#0901	AURORA DIALYSIS CENTER, #0901	1411 S POTOMAC ST AMC II STE 100	AURORA	CO	80012-4536
#0902	WESTMINSTER DIALYSIS CENTER, #0902	9053 HARLAN ST STE 90	WESTMINSTER	CO	80031-2908
#0903	LITTLETON DIALYSIS CENTER, #0903	209 W COUNTY LINE RD	LITTLETON	CO	80129-1901
#0904	SOUTH DENVER DIALYSIS CENTER, #0904	850 E HARVARD AVE STE 60	DENVER	CO	80210-5030
#0907	NORFOLK DIALYSIS CENTER, #0907	962 NORFOLK SQ	NORFOLK	VA	23502-3235
#0908	CHESAPEAKE DIALYSIS CENTER, #0908	1400 CROSSWAYS BLVD CROSSWAYS II STE 106	CHESAPEAKE	VA	23320-2839
#0909	VIRGINIA BEACH DIALYSIS CENTER, #0909	740 INDEPENDENCE CIR	VIRGINIA BEACH	VA	23455-6438
#0911	NEWPORT NEWS DIALYSIS CENTER, #0911	711 79TH ST	NEWPORT NEWS	VA	23605-2767
#0912	HOPEWELL DIALYSIS CENTER, #0912	301 W BROADWAY AVE	HOPEWELL	VA	23860-2645
#0913	WATERLOO DIALYSIS CENTER, #0913	5310 BURNET RD UNIT 122	AUSTIN	TX	78756-2003
#0914	SAN ANTONIO DIALYSIS CENTER, #0914	1211 E COMMERCE ST	SAN ANTONIO	TX	78205-3307
#0915	NORTHWEST SAN ANTONIO DIALYSIS CENTER, #0915	8132 FREDERICKSBURG RD	SAN ANTONIO	TX	78229-3312
#0916	EL MILAGRO DIALYSIS UNIT, #0916	2800 S INTERSTATE HWY 35 STE 120	AUSTIN	TX	78704-5700
#0917	MED CENTER DIALYSIS, #0917	5610 ALMEDA RD	HOUSTON	TX	77004-7515
#0918	SOUTH SAN ANTONIO DIALYSIS, #0918	1313 SE MILITARY DR STE 111	SAN ANTONIO	TX	78214-2850
#0919	CLEVELAND DIALYSIS CENTER, #0919	600 E HOUSTON STE 630	CLEVELAND	TX	77327-4689

Facility No	Facility Name	Address	City	State	Zip
#0920	KINGWOOD DIALYSIS CENTER, #0920	2300 GREEN OAK DR STE 500	KINGWOOD	TX	77339-2053
#0921	LIVINGSTON DIALYSIS CENTER, #0921	209 W PARK	LIVINGSTON	TX	77351-7020
#0922	LUFKIN DIALYSIS CENTER, #0922	700 S JOHN REDDITT DR	LUFKIN	TX	75904-3145
#0923	SHERMAN DIALYSIS CENTER, #0923	205 W LAMBERTH RD	SHERMAN	TX	75092-2659
#0924	DENISON DIALYSIS CENTER, #0924	1220 REBA MCENTIRE LANE	DENISON	TX	75020-9057
#0925	VICTORIA DIALYSIS CENTER, #0925	1405 VICTORIA STATION DR	VICTORIA	TX	77901-3092
#0926	OMNI DIALYSIS CENTER, #0926	9350 KIRBY DR STE 110	HOUSTON	TX	77054-2528
#0927	GONZALES DIALYSIS CENTER, #0927	1406 N SARAH DEWITT DR	GONZALES	TX	78629-2702
#0928	HILL COUNTRY DIALYSIS CENTER OF SAN MARCOS, #0928	1820 PETER GARZA ST TDC PLAZA	SAN MARCOS	TX	78666-7407
#0929	SOUTHWEST SAN ANTONIO DIALYSIS CENTER, #0929	7515 BARLITE BLVD	SAN ANTONIO	TX	78224-1311
#0930	NORTH HOUSTON DIALYSIS CENTER, #0930	129 LITTLE YORK RD	HOUSTON	TX	77076-1020
#0932	TOMBALL DIALYSIS CENTER, #0932	27720A TOMBALL PKWY	TOMBALL	TX	77375-
#0933	CONROE DIALYSIS CENTER, #0933	500 MEDICAL CENTER BLVD STE 175	CONROE	TX	77304-2899
#0934	LONGVIEW DIALYSIS CENTER, #0934	425 N FREDONIA ST	LONGVIEW	TX	75601-6464
#0935	MARSHALL DIALYSIS CENTER, #0935	1301 S WASHINGTON AVE	MARSHALL	TX	75670-6215
#0936	HEB DIALYSIS CENTER, #0936	1401 BROWN TRL STE A	BEDFORD	TX	76022-6416
#0937	BATESVILLE DIALYSIS CENTER, #0937	232 STATE ROAD 129 S	BATESVILLE	IN	47006-7694
#0938	LAWRENCEBURG DIALYSIS CENTER, #0938	555 E EADS PKWY STE 200	GREENDALE	IN	47025-8430
#0939	MADISON DIALYSIS CENTER, #0939	220 CLIFTY DR UNIT K	MADISON	IN	47250-1669
#0940	EAST GATE DIALYSIS, #0940	4435 AICHOLTZ RD	CINCINNATI	OH	45245-1690
#0944	BURLINGTON DIALYSIS, #0944	873 HEATHER RD	BURLINGTON	NC	27215-6288
#0946	LEE STREET DIALYSIS, #0946	5155 LEE ST NE	WASHINGTON	DC	20019-4051
#0947	ST LOUIS DIALYSIS CENTER, #0947	2610 CLARK AVE	SAINT LOUIS	MO	63103-2502
#0949	CRYSTAL CITY DIALYSIS CENTER, #0949	HWY 61 AND I-55 JEFFERSON MEMORIAL HOSPITAL	CRYSTAL CITY	MO	63019-0167
#0950	BLUFF CITY DIALYSIS CENTER, #0950	2400 LUCY LEE PKWY STE E	POPLAR BLUFF	MO	63901-2429
#0951	HOPE AGAIN DIALYSIS CENTER, #0951	1207 STATE ROUTE VV	KENNETT	MO	63857-3823
#0952	GRANITE CITY DIALYSIS CENTER, #0952	9 AMERICAN VLG	GRANITE CITY	IL	62040-3706
#0953	SAUGET DIALYSIS, #0953	2061 GOOSE LAKE RD	SAUGET	IL	62206-2822
#0955	MIDWEST CITY DIALYSIS CENTER, #0955	7221 E RENO AVE	MIDWEST CITY	OK	73110-4474
#0957	OKLAHOMA CITY ACUTES, #0957	7806 NW 23RD STREET	BETHANY	OK	73008-4948
#0958	DENVER ACUTE, #0958	1057 S WADSWORTH STE 100	LAKEWOOD	CO	80226
#0959	HARRISBURG ACUTES, #0959	HOLY SPIRIT HOSPITAL 503 N 21ST ST, DIALYSIS UNIT RM 640	CAMP HILL	PA	17011-2204
#0960	ACE ACUTE, #0960	1100 S GROVE AVE STE F1	ONTARIO	CA	91761-4572
#0964	LAS VEGAS ACUTES, #0964	7330 SMOKE RANCH RD STE A	LAS VEGAS	NV	89128-1043
#0971	CENTRAL TULSA DIALYSIS CENTER, #0971	1124 S SAINT LOUIS AVE	TULSA	OK	74120-5413
#0972	OKMULGEE DIALYSIS CENTER, #0972	1101 S BELMONT AVE STE 204	OKMULGEE	OK	74447-6315
#0974	MUSKOGEE COMMUNITY DIALYSIS CENTER, #0974	2913 AZALEA PARK DR	MUSKOGEE	OK	74401-2283
#0975	TRI-STATE DIALYSIS, #0975	2510 N MAIN ST	MIAMI	OK	74354-1602
#0977	STILWELL DIALYSIS CENTER, #0977	319 N 2ND ST	STILWELL	OK	74960-2609
#0978	CENTRAL TULSA DIALYSIS CENTER, #0978	1124 S SAINT LOUIS AVE	TULSA	OK	74120-5413

Facility No	Facility Name	Address	City	State	Zip
#0979	CENTRAL TULSA ACUTE, #0979	1120 S UTICA AVE 5TH FLOOR DIALYSIS	TULSA	OK	74104-4090
#0983	WASHINGTON ACUTES, #0983	3401 S 19TH ST STE 150	TACOMA	WA	98405-1909
#0984	SUMMERLIN DIALYSIS CENTER, #0984	653 N TOWN CENTER DR STE 70 BLDG 2	LAS VEGAS	NV	89144-0503
#0986	FIRST LANDING DIALYSIS CENTER, #0986	1745 CAMELOT DR STE 100	VIRGINIA BEACH	VA	23454-2435
#1000	TEXOMA ACUTES, #1000	402 W LAMAR ST STE 102	SHERMAN	TX	75090-5885
#1001	AUSTIN ACUTES, #1001	2800 S. INTERSTATE HWY. 35 SUITE 120	AUSTIN	TX	78704
#1002	P-SUNCOAST ACUTES, #1002	8143 STATE RD 54	NEW PORT RICHEY	FL	34655-3000
#1006	DES MOINES ACUTE PROGRAM, #1006	1200 PLEASANT ST ROOM S139	DES MOINES	IA	50309-1406
#1009	BATTLE CREEK ACUTE PROGRAM, #1009	300 NORTH AVENUE ROOM 2211	BATTLE CREEK	MI	49017-3307
#1010	LOGAN ACUTE DIALYSIS PROGRAM, #1010	300 PROSPERITY LANE ST 150	LOGAN	WV	25601-4010
#1013	NORTH HOUSTON ACUTE, #1013	5999 SOUTH LOOP E	HOUSTON	TX	77033-1017
#1014	SALINAS VALLEY ACUTE SERVICES, #1014	955 BLANCO STE C	SALINAS	CA	93901-4452
#1015	REDDING ACUTE SERVICES, #1015	2455 SISTER MARY COLUMBA DR	RED BLUFF	CA	96080-4364
#1017	PIKES PEAK ACUTES, #1017	2802 INTERNATIONAL CIRCLE	COLORADO SPRINGS	CO	80910-3127
#1018	EASTERN WA ACUTES, #1018	1221 N 16TH AVE	YAKIMA	WA	98902-1347
#1019	CARROLL COUNTY DIALYSIS ACUTE, #1019	10 CROSSROADS DR STE 110	OWINGS MILLS	MD	21117
#1020	REGION HOSPITAL JACKSON ACUTE, #1020	367 HOSPITAL BLVD FLOOR 2	JACKSON	TN	38305-2080
#1021	CAROLINAS ACUTE, #1021	2001 VAIL AVE 7TH FLOOR SOUTH	CHARLOTTE	NC	28207-1219
#1024	SOUTHSHORE ACUTES, #1024	720 VILLAGE ROAD	KENNER	LA	70065-2467
#1026	FMC WILMINGTON ACUTES, #1026	701 N CLAYTON ST 7TH FLOOR ATTN ANTHONY	WILMINGTON	DE	19805-3165
#1028	PHENIX CITY ACUTES, #1028	1900 OPELIKA RD	PHENIX CITY	AL	36867-3640
#1029	SCRANTON ACUTES, #1029	700 QUINCY AVE	SCRANTON	PA	18510-1724
#1030	DEBORAH HOSPITAL ACUTES, #1030	668 MAIN ST	LUMBERTON	NJ	08048-5016
#1031	FRANKLIN ACUTES, #1031	PENNSYLVANIA HOSPITAL 800 SPRUCE ST	PHILADELPHIA	PA	19107-6130
#1033	ST MARY'S ACUTES, #1033	1205 LANGHORNE NEWTOWN RD ROUTE 413 LOADING DOCK	LANGHORNE	PA	19047-1219
#1034	UPLAND ACUTES, #1034	ONE MEDICAL CENTER BLVD C/O UPLAND DIALYSIS CENTER 856 POB 11 STE 120	UPLAND	PA	19013-3902
#1035	NORTH HAMPTON ROADS ACUTE, #1035	3000 COLISEUM DR 4TH FLOOR C/O SENTARA CAREPLEX	HAMPTON	VA	23666-5963
#1038	DEARBORN COUNTY ACUTES, #1038	10600 MCKINLEY RD	CINCINATI	OH	45242
#1043	VICTORIA ACUTES, #1043	1405 VICTORIA STATION DR	VICTORIA	TX	77901-3092
#1044	LONGVIEW ACUTES, #1044	425 N FREDONIA ST	LONGVIEW	TX	75601-6427
#1045	LUFKIN ACUTES, #1045	700 S JOHN REDDITT DR	LUFKIN	TX	75904-3145
#1046	SOUTHERN ILLINOIS ACUTE PROGRAM, #1046	1231 STATE ROAD 161 EAST	CENTRALIA	IL	62801-6739
#1048	TUBA CITY ACUTES, #1048	PO BOX 2905 500 EDGEWATER DRIVE	TUBA CITY	AZ	86045
#1051	RICHMOND ACUTES-CT, #1051	93 EASTERN STEEL RD	MILFORD	CT	06460-2861
#1052	RICHMOND ACUTES-NJ, #1052	7600 RIVER RD	NORTH BERGEN	NJ	07047-6217

Facility No	Facility Name	Address	City	State	Zip
#1053	OWINGS MILLS ACUTES, #1053	10 CROSSROADS DR STE 110	OWINGS MILLS	MD	21117-5463
#1054	COLUMBUS ACUTE, #1054	6228 BRADLEY PARK DR STE B	COLUMBUS	GA	31904-3604
#1055	HENRY SPALDING ACUTE, #1055	114 DUNN STREET	MCDONOUGH	GA	30253-2347
#1056	ROCKINGHAM ACUTE, #1056	251 WEST KINGS HWY	EDEN	NC	27288-5009
#1057	ASHEVILLE ACUTE, #1057	MISSION HOSPITALS 509 BILTMORE AVE	ASHEVILLE	NC	28801-4601
#1058	CATSKILL ACUTE, #1058	ACUTE DIALYSIS 68 BUSHVILLE ROAD	HARRIS	NY	12742
#1063	SKY RIDGE ACUTES, #1063	1057 S WADSWORTH STE	LAKEWOOD	CO	80226
#1064	ROCK RIVER ACUTES, #1064	2400 N ROCKTON AVE	ROCKFORD	IL	61103-3655
#1066	FLINT ACUTE DIALYSIS, #1066	ONE HURLEY PLAZA ROOM 5A	FLINT	MI	48503-5902
#1067	DESERT VALLEY ACUTE DIALYSIS, #1067	7321 E OSBORN DR	SCOTTSDALE	AZ	85251-6418
#1068	PENSACOLA ACUTES, #1068	8143 STATE RD 54	NEW PORT RICHEY	FL	34655-3000
#1069	PDI CAMC WEST VIRGINIA ACUTE, #1069	3 SOUTH GENERAL KDU 501 MORRIS STREET	CHARLESTON	WV	25301-1326
#1070	PDI PHILADELPHIA ACUTES, #1070	111 S 11TH ST 4290 GIBBON BLDG	PHILADELPHIA	PA	19107-4824
#1071	PDI LANCASTER ACUTES, #1071	250 COLLEGE AVENUE ROOM 423	LANCASTER	PA	17603-3363
#1072	PDI JACKSON ACUTES, #1072	1815 GLYNWOOD DR	PRATTVILLE	AL	36066-5584
#1074	BOISE ID ACUTES, #1074	5610 W GAGE ST STE B	BOISE	ID	83706
#1075	PANHANDLE ALABAMA ACUTES, #1075	150 W PEACHTREE AVE	FOLEY	AL	36535-2244
#1076	ARCHWAY ACUTES, #1076	800 EAST CARPENTER STE 105	SPRINGFIELD	IL	62769
#1077	SOUTH HAMPTON ROADS ACUTES, #1077	3636 HIGH ST C/O MARYVIEW HOSPITAL 6TH FLOOR DIALYSIS	PORTSMOUTH	VA	23707-3236
#1078	BATON ROUGE ACUTES, #1078	1214 COOLIDGE BLVD FLOOR 5	LAFAYETTE	LA	70503-2621
#1079	SOUTHWEST OHIO ACUTES, #1079	1411 N MONROE DR 2ND FLOOR DIALYSIS	XENIA	OH	45385-1625
#1084	WILLAMETTE VALLEY ACUTES, #1084	665 WINTER ST SE	SALEM	OR	97301-3919
#1085	GREATER GRAND RAPIDS ACUTES, #1085	3873 MISSION ST NW	GRAND RAPIDS	MI	49534-2292
#1086	MERCY ACUTES, #1086	3663 S MIAMI AVE DIALYSIS UNIT RM 3500	MIAMI	FL	33133-4253
#1087	VINCENNES ACUTES, #1087	520 S 7TH ST	VINCENNES	IN	47591-1038
#1088	COLUMBUS SELECT ACUTES, #1088	1087 DENNISON AVE	COLUMBUS	OH	43201-3201
#1090	DAVITA DAVIS REGIONAL ACUTE, #1090	218 OLD MOCKSVILLE RD	STATESVILLE	NC	28625-1930
#1091	OAK TREE HOSPITAL, #1091	1025 NEW MOODY LANE	LAGRANGE	KY	40031-9154
#1092	MEADOWVIEW ACUTE, #1092	989 MEDICAL PARK DR ROOM 215	MAYSVILLE	KY	41056-8750
#1093	HARTFORD AREA CHF ACUTES, #1093	114 WOODLAND ST	HARTFORD	CT	06105-1208
#1094	UPTOWN ACUTES, #1094	1401 FOUCHER ST 6TH FL - TOURO INFIRMARY ACUTE DIALYSIS	NEW ORLEANS	LA	70115-3515
#1095	ROCKDALE ACUTES, #1095	DELIVER TO DIALYSIS ROOM ON 3RD FLOOR OF HOSPITAL 114 DUNN STREET	MCDONOUGH	GA	30253-2347
#1097	SOUTH HOUSTON ACUTE, #1097	5999 SOUTH LOOP E	HOUSTON	TX	77033-1017
#1098	CIRCLE CITY ACUTES, #1098	1001 W 10TH ST	INDIANAPOLIS	IN	46202-2859
#1099	FARGO ACUTES, #1099	3000 32ND AVE S	FARGO	ND	58103-6132
#1100	BAKERSFIELD ACUTES, #1100	5143 OFFICE PARK DR	BAKERSFIELD	CA	93309-0660
#1102	NORTHSIDE ACUTES, #1102	1000 JOHNSON FERRY RD NE	ATLANTA	GA	30342-1606
#1103	ST LOUIS ACUTES, #1103	9785 MACKENZIE RD STE 105	SAINT LOUIS	MO	63123-5438
#1104	NORTH CHICAGO ACUTES, #1104	614 EXECUTIVE DR	WILLOWBROOK	IL	60527-5610
#1105	MADISONVILLE DIALYSIS ACUTES, #1105	900 HOSPITAL DR	MADISONVILLE	KY	42431-1644
#1106	RENO DIALYSIS ACUTE, #1106	1500 E 2ND ST STE 101	RENO	NV	89502-1189

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#1107	NORTHEAST IA ACUTES, #1107	1825 LOGAN AVE ALLEN MEMORIAL HOSPITAL	WATERLOO	IA	50703-1916
#1109	HAHNEMANN ACUTES, #1109	230 N BROAD ST DAVITA ACUTE PROGRAM 11TH FLOOR BOBST BLDG	PHILADELPHIA	PA	19102
#1110	ROXBOROUGH ACUTES, #1110	5800 RIDGE AVE	PHILADELPHIA	PA	19128-1737
#1111	CROWN POINT ACUTES, #1111	5521 W LINCOLN HWY STE 105	CROWN POINT	IN	46307
#1112	SOUTH COOK COUNTY ACUTES, #1112	614 EXECUTIVE DR	WILLOWBROOK	IL	60527-5610
#1113	NORTHSHORE HEALTH SYSTEM ACUTE, #1113	614 EXECUTIVE DR	WILLOWBROOK	IL	60527-5610
#1114	SUNY DIALYSIS ACUTES, #1114	117 MONROE ST	SYRACUSE	NY	13210-2342
#1115	PDI JOHNSTOWN ACUTES, #1115	344 BUDFIELD ST	JOHNSTOWN	PA	15904-3214
#1116	NORTHEAST OHIO COMMUNITY ACUTES, #1116	4685 FULTON DR NW	CANTON	OH	44718-2379
#1117	BLOOMINGTON ACUTES, #1117	601 W 2ND ST	BLOOMINGTON	IN	47403-2317
#1118	OCALA ACUTES, #1118	8143 STATE ROAD 54	NEW PORT RICHEY	FL	34655
#1119	NORTHERN OHIO ACUTES, #1119	715 S TAFT AVE	FREMONT	OH	43420-3200
#1500	MOUNT DORA DIALYSIS, #1500	2735 W OLD US HIGHWAY 441	MOUNT DORA	FL	32757-3526
#1501	LAKE DIALYSIS, #1501	221 N 1ST ST	LEESBURG	FL	34748-5150
#1504	MT POCONO DIALYSIS, #1504	100 COMMUNITY DR STE 106	TOBYHANNA	PA	18466-8986
#1506	MILE HIGH HOME DIALYSIS PD, #1506	1750 PIERCE ST STE A	LAKEWOOD	CO	80214-1434
#1507	MERRILLVILLE DIALYSIS, #1507	9223 TAFT ST	MERRILLVILLE	IN	46410-6911
#1508	SWANNANOA DIALYSIS CENTER, #1508	2305 US HIGHWAY 70	SWANNANOA	NC	28778-8207
#1509	HERMISTON COMMUNITY DIALYSIS CENTER, #1509	1155 W LINDA AVE	HERMISTON	OR	97838-9601
#1511	CLINTON DIALYSIS CENTER, #1511	150 N 31ST ST	CLINTON	OK	73601-9118
#1516	PIN OAK DIALYSIS, #1516	1302 PIN OAK RD	KATY	TX	77494-6848
#1517	MINNEAPOLIS NE DIALYSIS, #1517	1049 10TH AVE SE	MINNEAPOLIS	MN	55414-1312
#1518	ROSEMEAD SPRINGS DIALYSIS CENTER, #1518	3212 ROSEMEAD BLVD	EL MONTE	CA	91731-2807
#1521	SLIDELL KIDNEY CARE, #1521	1150 ROBERT BLVD STE 240	SLIDELL	LA	70458-2005
#1523	IMPERIAL CARE DIALYSIS CENTER, #1523	4345 E IMPERIAL HWY	LYNWOOD	CA	90262-2318
#1526	ELLIJAY DIALYSIS, #1526	449 INDUSTRIAL BLVD STE 240	ELLIJAY	GA	30540-6724
#1527	GAINESVILLE DIALYSIS, #1527	2545 FLINTRIDGE RD STE 130	GAINESVILLE	GA	30501-7428
#1528	NEWNAN DIALYSIS, #1528	1565 E HWY 34 STE 130	NEWNAN	GA	30265
#1529	WOODSTOCK DIALYSIS, #1529	2001 PROFESSIONAL PKWY STE 100	WOODSTOCK	GA	30188-6443
#1530	OWENSBORO DIALYSIS CENTER, #1530	1930 E PARRISH AVE	OWENSBORO	KY	42303-1443
#1531	CRC-TELL CITY DIALYSIS CENTER, #1531	1602 MAIN ST	TELL CITY	IN	47586-1310
#1532	WEST DETROIT DIALYSIS, #1532	12950 W CHICAGO ST	DETROIT	MI	48228-2651
#1533	ST LOUIS PARK DIALYSIS CENTER, #1533	3505 LOUISIANA AVE S	ST LOUIS PARK	MN	55426-4121
#1535	DIALYSIS SYSTEMS OF COVINGTON, #1535	210 GREENBRIAR BLVD	COVINGTON	LA	70433-7235
#1536	DIALYSIS SYSTEMS OF HAMMOND, #1536	15799 PROFESSIONAL PLZ	HAMMOND	LA	70403-1452
#1537	INDEPENDENCE RENAL CENTER, #1537	12392 HIGHWAY 40 W	INDEPENDENCE	LA	70443-4813
#1539	YAKIMA DIALYSIS CENTER, #1539	1221 N 16TH AVE	YAKIMA	WA	98902-1347
#1540	SAGINAW DIALYSIS, #1540	1527 E GENESEE AVE	SAGINAW	MI	48607-1755
#1541	SOUTHWEST OHIO DIALYSIS, #1541	215 S ALLISON AVE	XENIA	OH	45385-3694
#1544	GREATER PORTSMOUTH DIALYSIS, #1544	3516 QUEEN ST	PORTSMOUTH	VA	23707-3238
#1545	PENINSULA DIALYSIS, #1545	716 DENBIGH BLVD STE D1 AND D2	NEWPORT NEWS	VA	23608-4414

Facility No	Facility Name	Address	City	State	Zip
#1557	FLINT DIALYSIS CENTER, #1557	2 HURLEY PLZ STE 115	FLINT	MI	48503-5904
#1558	HALLWOOD DIALYSIS CENTER, #1558	4929 CLIO RD STE B	FLINT	MI	48504-1886
#1559	PARK PLAZA DIALYSIS, #1559	G1075 N BALLENGER HWY	FLINT	MI	48504-4431
#1560	CHURCHVIEW DIALYSIS, #1560	5970 CHURCHVIEW DR	ROCKFORD	IL	61107-2574
#1562	FREEPORT DIALYSIS, #1562	1028 S KUNKLE BLVD	FREEPORT	IL	61032-6914
#1563	ROCKFORD DIALYSIS, #1563	3339 N ROCKTON AVE	ROCKFORD	IL	61103-2839
#1564	WHITESIDE DIALYSIS, #1564	2600 N LOCUST STE D	STERLING	IL	61081-4602
#1570	WASHINGTON PARISH DIALYSIS, #1570	724 WASHINGTON ST	FRANKLINTON	LA	70438-1790
#1572	GRAND ISLAND DIALYSIS, #1572	603 S WEBB RD	GRAND ISLAND	NE	68803-5141
#1573	HARLAN DIALYSIS, #1573	1213 GARFIELD AVE	HARLAN	IA	51537-2057
#1574	SHENANDOAH DIALYSIS, #1574	300 PERSHING AVE	SHENANDOAH	IA	51601-2355
#1576	CRESTWOOD DIALYSIS, #1576	9901 WATSON RD STE 125	SAINT LOUIS	MO	63126-1855
#1578	KIDNEY CARE OF LARGO, #1578	1300 MERCANTILE LN STE 194	UPPER MARLBORO	MD	20774
#1579	KIDNEY CARE OF LAUREL, #1579	14631 LAUREL BOWIE ROAD UNITS 100-105	LAUREL	MD	20707
#1582	WEST VIRGINIA DIALYSIS, #1582	300 PROSPERITY LANE STE 150	LOGAN	WV	25601-3494
#1583	EASTERN KENTUCKY DIALYSIS, #1583	167 WEDDINGTON BRANCH RD	PIKEVILLE	KY	41501-3204
#1584	PAINTSVILLE DIALYSIS CENTER, #1584	4750 S KY ROUTE 321	HAGERHILL	KY	41222
#1585	WHITESBURG DIALYSIS, #1585	222 HOSPITAL RD STE D	WHITESBURG	KY	41858-7627
#1593	SPRING BRANCH DIALYSIS, #1593	1425 BLALOCK STE 100	HOUSTON	TX	77055-4446
#1594	CENTRAL DES MOINES DIALYSIS, #1594	1215 PLEASANT ST STE 106	DES MOINES	IA	50309-1409
#1595	WEST DES MOINES DIALYSIS, #1595	6800 LAKE DR STE 185	WEST DES MOINES	IA	50266-2544
#1596	CRESTON DIALYSIS, #1596	1700 W TOWNLINE ST	CRESTON	IA	50801-1054
#1597	ATLANTIC DIALYSIS, #1597	1500 E 10TH ST	ATLANTIC	IA	50022-1935
#1598	NEWTON DIALYSIS, #1598	204 N 4TH AVE E STE 134	NEWTON	IA	50208-3135
#1599	BATTLE CREEK DIALYSIS, #1599	220 E GOODALE AVE	BATTLE CREEK	MI	49037-2728
#1600	MCCOOK DIALYSIS CENTER, #1600	801 W C ST	MCCOOK	NE	69001-3591
#1601	HASTINGS DIALYSIS CENTER, #1601	1900 N SAINT JOSEPH AVE	HASTINGS	NE	68901-2652
#1602	CAPITAL CITY DIALYSIS, #1602	307 N 46TH ST	LINCOLN	NE	68503-3714
#1605	BOGALUSA KIDNEY CARE, #1605	2108 SOUTH AVE F	BOGALUSA	LA	70427
#1606	DIAMOND VALLEY DIALYSIS, #1606	1030 E FLORIDA AVE	HEMET	CA	92543-4511
#1607	MURRIETA DIALYSIS, #1607	25100 HANCOCK AVE STE 101	MURRIETA	CA	92562-5973
#1608	CHICAGO HEIGHTS DIALYSIS, #1608	177 W JOE ORR RD STE B	CHICAGO HEIGHTS	IL	60411-1733
#1612	COASTAL KIDNEY CENTERS LLC, #1612	510 N MACARTHUR AVE	PANAMA CITY	FL	32401-3636
#1616	RENAL CARE OF BOWIE, #1616	4861 TELSA DRIVE STES G-H	BOWIE	MD	20715-4318
#1617	TAKOMA PARK DIALYSIS, #1617	1502 UNIVERSITY BLVD E	HYATTSVILLE	MD	20783
#1618	RENAL CARE OF LANHAM, #1618	8855 ANNAPOLIS RD STE 200	LANHAM	MD	20706-2942
#1619	PARMA DIALYSIS CENTER, #1619	6735 AMES RD	CLEVELAND	OH	44129-5601
#1620	MIDDLEBURG HEIGHTS DIALYSIS, #1620	7360 ENGLE RD	MIDDLEBURG HTS	OH	44130
#1621	ROCKY RIVER DIALYSIS, #1621	20220 CENTER RIDGE RD STE 50	ROCKY RIVER	OH	44116-3567
#1623	EAST GEORGIA DIALYSIS, #1623	450 GEORGIA AVE STE A	STATESBORO	GA	30458-5590
#1627	AMELIA ISLAND DIALYSIS, #1627	1525 LIME ST STE 120	FERNANDINA BEACH	FL	32034-3015
#1638	COBB DIALYSIS, #1638	3865 MEDICAL PARK DR	AUSTELL	GA	30106-1109
#1639	NORTHLAKE DIALYSIS, #1639	1350 MONTREAL RD STE 200	TUCKER	GA	30084-8144
#1640	PDI GRAND RAPIDS, #1640	801 CHERRY ST SE	GRAND RAPIDS	MI	49506-1440
#1641	PDI GRAND RAPIDS EAST, #1641	1230 EKHART ST NE	GRAND RAPIDS	MI	49503-1372
#1642	PDI GRAND HAVEN, #1642	16964 ROBBINS RD	GRAND HAVEN	MI	49417-2796
#1644	PDI HIGHLAND PARK, #1644	64 VICTOR ST	HIGHLAND PARK	MI	48203-3128
#1645	PDI CADIEUX, #1645	6150 CADIEUX ROAD	DETROIT	MI	48224-2006

Facility No	Facility Name	Address	City	State	Zip
#1646	PHYSICIANS CHOICE DIALYSIS-MONTGOMERY, #1646	1001 FOREST AVE	MONTGOMERY	AL	36106-1181
#1647	PHYSICIANS CHOICE DIALYSIS-EAST MONTGOMERY, #1647	6890 WINTON BLOUNT BLVD	MONTGOMERY	AL	36117-3516
#1648	PHYSICIANS CHOICE DIALYSIS-PRATTVILLE, #1648	1815 GLYNWOOD DR	PRATTVILLE	AL	36066-5584
#1649	PHYSICIANS CHOICE DIALYSIS-ELMORE COUNTY, #1649	515 HOSPITAL DR	WETUMPKA	AL	36092-1626
#1650	PHYSICIANS DIALYSIS FITCHBURG, #1650	551 ELECTRIC AVE	FITCHBURG	MA	01420-5371
#1651	PDI WORCESTER, #1651	19 GLENNIE ST STE A	WORCESTER	MA	01605-3918
#1652	PDI-ROCKY HILL, #1652	30 WATERCHASE DR	ROCKY HILL	CT	06067-2110
#1653	MIDDLESEX DIALYSIS CENTER, #1653	100 RIVERVIEW CENTER STE 11	MIDDLETOWN	CT	06457-3402
#1654	NEWARK DIALYSIS CENTER, #1654	571 CENTRAL AVE	NEWARK	NJ	07107-1463
#1655	PDI JOHNSTOWN, #1655	344 BUDFIELD ST	JOHNSTOWN	PA	15904-3214
#1656	PDI EBENSBURG, #1656	236 JAMESWAY RD	EBENSBURG	PA	15931-4207
#1657	PDI WALNUT TOWER, #1657	834 WALNUT ST	PHILADELPHIA	PA	19107-5109
#1659	PDI LANCASTER, #1659	1412 E KING ST	LANCASTER	PA	17602-3240
#1660	PDI EPHRATA, #1660	67 W CHURCH ST	STEVENS	PA	17578-9203
#1661	PHYSICIANS DIALYSIS-NORTH HOUSTON, #1661	7115 NORTH LOOP E	HOUSTON	TX	77028-5948
#1663	PHYSICIANS DIALYSIS-SOUTH HOUSTON, #1663	5989 SOUTH LOOP E	HOUSTON	TX	77033-1017
#1678	WASHINGTON DIETARY SERVICES, #1678	2615 SW TRENTON ST	SEATTLE	WA	98126-3745
#1680	DOWN RIVER KIDNEY CENTER, #1680	5600 ALLEN RD	ALLEN PARK	MI	48101-2604
#1682	SOUTH AUSTIN DIALYSIS CENTER, #1682	6114 S 1ST ST	AUSTIN	TX	78745-4008
#1693	PAULDING DIALYSIS, #1693	4019 JOHNS RD	DALLAS	GA	30132-3420
#1694	BENTON DIALYSIS, #1694	1151 ROUTE 14 W	BENTON	IL	62812-1500
#1695	CENTRALIA DIALYSIS, #1695	1231 STATE ROUTE 161	CENTRALIA	IL	62801-6739
#1696	MARION IL, #1696	324 S 4TH ST	MARION	IL	62959-1241
#1697	MOUNT VERNON DIALYSIS, #1697	1800 JEFFERSON AVE	MOUNT VERNON	IL	62864-4300
#1700	BOLIVAR DIALYSIS, #1700	515 PECAN DR	BOLIVAR	TN	38008-1611
#1701	BROWNSVILLE DIALYSIS, #1701	380 N DUPREE AVE	BROWNSVILLE	TN	38012-2332
#1702	CAMDEN DIALYSIS, #1702	168 W MAIN ST STE A	CAMDEN	TN	38320-1767
#1703	COLLIERVILLE DIALYSIS, #1703	791 W POPLAR AVE	COLLIERVILLE	TN	38017-2543
#1705	GALLERIA DIALYSIS, #1705	9160 HIGHWAY 64	LAKELAND	TN	38002-4766
#1706	HUMBOLDT DIALYSIS, #1706	2214 OSBORNE ST	HUMBOLDT	TN	38343-3044
#1707	NORTH JACKSON DIALYSIS, #1707	217 STERLING FARMS DR	JACKSON	TN	38305-5727
#1708	LEXINGTON DIALYSIS, #1708	317 W CHURCH ST	LEXINGTON	TN	38351-2096
#1709	PICKWICK DIALYSIS, #1709	121 PICKWICK ST	SAVANNAH	TN	38372-1953
#1710	SELMER DIALYSIS, #1710	251 OAKGROVE RD	SELMER	TN	38375-1881
#1711	CARRIAGE DIALYSIS, #1711	37 CARRIAGE HOUSE DR	JACKSON	TN	38305-3934
#1712	ALAMOSA DIALYSIS, #1712	612 DEL SOL DR	ALAMOSA	CO	81101-8548
#1713	CHILDS DIALYSIS, #1713	101 S MAIN ST	CHILDS	PA	18407-2614
#1714	DUNMORE DIALYSIS, #1714	1212 O'NEIL HWY	DUNMORE	PA	18512-1717
#1716	OLD FORGE DIALYSIS, #1716	325 S MAIN ST	OLD FORGE	PA	18518-1677
#1717	SCRANTON DIALYSIS, #1717	475 MORGAN HWY	SCRANTON	PA	18508-2605
#1718	TUNKHANNOCK DIALYSIS, #1718	880 SR 6 W	TUNKHANNOCK	PA	18657-6149
#1720	METRO EAST DIALYSIS, #1720	5105 W MAIN ST	BELLEVILLE	IL	62226-4728
#1723	SPRING DIALYSIS, #1723	607 TIMBERDALE LN STE 100	HOUSTON	TX	77090-3043
#1725	EAST EVANSVILLE DIALYSIS, #1725	1312 PROFESSIONAL BLVD	EVANSVILLE	IN	47714-8007

Facility No	Facility Name	Address	City	State	Zip
#1726	NORTH EVANSVILLE DIALYSIS, #1726	1151 W BUENA VISTA RD	EVANSVILLE	IN	47710-3334
#1727	VINCENNES DIALYSIS, #1727	700 WILLOW ST	VINCENNES	IN	47591-1028
#1728	JASPER DIALYSIS, #1728	721 W 13TH ST STE 105	JASPER	IN	47546-1856
#1729	DAVIESS COUNTY DIALYSIS, #1729	310 NE 14TH ST	WASHINGTON	IN	47501-2137
#1730	GARDENSIDE DIALYSIS, #1730	70 N GARDENMILE RD	HENDERSON	KY	42420-5529
#1731	OLNEY DIALYSIS CENTER, #1731	117 N BOONE ST	OLNEY	IL	62450-2109
#1732	EAST EVANSVILLE DIALYSIS PD, #1732	1312 PROFESSIONAL BLVD	EVANSVILLE	IN	47714-8007
#1740	WILLOW DIALYSIS CENTER, #1740	1675 ALEX DR	WILMINGTON	OH	45177-2446
#1744	FOX RIVER DIALYSIS, #1744	1910 RIVERSIDE DR	GREEN BAY	WI	54301-2319
#1745	TITLETOWN DIALYSIS, #1745	120 SIEGLER ST	GREEN BAY	WI	54303-2636
#1746	GREEN BAY NORTHWOOD DIALYSIS, #1746	W 7305 ELM AVENUE	SHAWANO	WI	54166-1024
#1747	CUERO LAKEVIEW DIALYSIS, #1747	1105 E BROADWAY ST	CUERO	TX	77954
#1748	ST PAUL CAPITAL DIALYSIS AT HOME PD, #1748	555 PARK ST STE 110	SAINT PAUL	MN	55103-2110
#1749	ST LOUIS PARK DIALYSIS CENTER, #1749	3505 LOUISIANA AVE S	ST LOUIS PARK	MN	55426-4121
#1750	CHIPLEY DIALYSIS, #1750	877 3RD ST STE 2	CHIPLEY	FL	32428-1855
#1751	NORTH OKALOOSA DIALYSIS, #1751	320 REDSTONE AVE W	CRESTVIEW	FL	32536-6433
#1752	WEST FLORIDA DIALYSIS, #1752	8333 N DAVIS HWY 1ST FLOOR ATTN DIALYSIS ROOM	PENSACOLA	FL	32514-6049
#1753	SANTA ROSA DIALYSIS, #1753	5819 HIGHWAY 90	MILTON	FL	32583-1763
#1754	FORT WALTON BEACH DIALYSIS, #1754	1110 HOSPITAL RD STE A	FORT WALTON BEACH	FL	32547-6644
#1755	ATMORE DIALYSIS, #1755	807 E CRAIG ST	ATMORE	AL	36502-3017
#1756	SOUTH BALDWIN DIALYSIS, #1756	150 W PEACHTREE AVE	FOLEY	AL	36535-2244
#1758	NORTH CHARLESTON DIALYSIS, #1758	5900 RIVERS AVE STE E	NORTH CHARLESTON	SC	29406
#1759	FABER PLACE DIALYSIS, #1759	3801 FABER PLACE DR	NORTH CHARLESTON	SC	29405-8533
#1760	GOOSE CREEK DIALYSIS, #1760	109 GREENLAND DR	GOOSE CREEK	SC	29445-5354
#1767	NEW BRAUNFELS DIALYSIS, #1767	900 LOOP 337	NEW BRAUNFELS	TX	78130-3555
#1769	FRONT ROYAL DIALYSIS, #1769	1077D N SHENANDOAH AVE	FRONT ROYAL	VA	22630-3546
#1770	WINCHESTER DIALYSIS, #1770	190 CAMPUS BLVD STE 150	WINCHESTER	VA	22601-2872
#1773	CAMELOT DIALYSIS CENTER, #1773	1800 CAMELOT DR STE 100	VIRGINIA BEACH	VA	23454-2440
#1784	STONY CREEK DIALYSIS, #1784	9115 S CICERO AVE	OAK LAWN	IL	60453-1895
#1785	BEVERLY DIALYSIS, #1785	8109 SOUTH WESTERN AVE	CHICAGO	IL	60620-5939
#1786	ASH TREE DIALYSIS, #1786	2666 N GROVE INDUSTRIAL DR	FRESNO	CA	93727-1552
#1787	ASH TREE PD, #1787	2666 N GROVE INDUSTRIAL DR	FRESNO	CA	93727-1552
#1790	ALLIANCE COMMUNITY DIALYSIS, #1790	270 E STATE ST STE 110	ALLIANCE	OH	44601-4309
#1791	BELDEN COMMUNITY DIALYSIS, #1791	4685 FULTON DR NW	CANTON	OH	44718-2379
#1792	MERCY CANTON DIALYSIS, #1792	1320 MERCY DR NW	CANTON	OH	44708-2614
#1812	TREASURE VALLEY DIALYSIS, #1812	3525 E LOUISE ST STE 155	MERIDIAN	ID	83642-6303
#1813	NAMPA ID, #1813	846 PARKCENTRE WAY	NAMPA	ID	83651-1790
#1814	TABLE ROCK DIALYSIS CENTER, #1814	5610 W GAGE ST STE B	BOISE	ID	83706
#1815	TWIN FALLS ID, #1815	1840 CANYON CREST DR	TWIN FALLS	ID	83301-3007
#1816	BURLEY DIALYSIS, #1816	741 N OVERLAND AVE	BURLEY	ID	83318-3440
#1817	GATE CITY DIALYSIS CENTER, #1817	2001 BENCH RD	POCATELLO	ID	83201-2033
#1818	FOUR RIVERS DIALYSIS CENTER, #1818	515 EAST LN	ONTARIO	OR	97914-3953
#1819	VERNON DIALYSIS CENTER, #1819	460 HARTFORD TPKE	VERNON	CT	6066
#1820	WINDHAM DIALYSIS CENTER, #1820	375 TUCKIE RD STE C	NORTH WINDHAM	CT	06256-1345
#1821	EMERALD DIALYSIS, #1821	710 W 43RD ST	CHICAGO	IL	60609-3435

Facility No	Facility Name	Address	City	State	Zip
#1822	OLYMPIA FIELDS DIALYSIS, #1822	4557B LINCOLN HWY STE B	MATTESON	IL	60443-2385
#1823	LAKE COUNTY DIALYSIS, #1823	918 S MILWAUKEE AVE	LIBERTYVILLE	IL	60048-3229
#1824	CHICAGO HEIGHTS PD, #1824	177B W JOE ORR RD	CHICAGO HEIGHTS	IL	60411-1733
#1825	COMPREHENSIVE RENAL CARE-GARY, #1825	4802 BROADWAY	GARY	IN	46408-4509
#1826	COMPREHENSIVE RENAL CARE-HAMMOND, #1826	222 DOUGLAS ST	HAMMOND	IN	46320-1960
#1827	COMPREHENSIVE RENAL CARE-VALPARAISO, #1827	606 E LINCOLNWAY	VALPARAISO	IN	46383-5728
#1828	COMPREHENSIVE RENAL CARE-MICHIGAN CITY, #1828	9836 WEST 400 NORTH	MICHIGAN CITY	IN	46360-2910
#1829	MERRILLVILLE PD, #1829	9223 TAFT ST	MERRILLVILLE	IN	46410-6911
#1830	MT GREENWOOD DIALYSIS, #1830	3401 W 111TH ST	CHICAGO	IL	60655-3329
#1833	NAMPA DIALYSIS CENTER, #1833	846 PARKCENTRE WAY	NAMPA	ID	83651-1790
#1834	TABLE ROCK DIALYSIS CENTER, #1834	5610 W GAGE ST	BOISE	ID	83706
#1835	TWIN FALLS DIALYSIS CENTER, #1835	1840 CANYON CREST DR	TWIN FALLS	ID	83301-3007
#1836	TREASURE VALLEY DIALYSIS CENTER, #1836	3525 E LOUISE DR STE 155	MERIDIAN	ID	83642-6303
#1837	GATE CITY DIALYSIS CENTER, #1837	2001 BENCH RD	POCATELLO	ID	83201-2033
#1838	FOUR RIVERS DIALYSIS CENTER, #1838	515 EAST LN	ONTARIO	OR	97914-3953
#1839	SWEETWATER DIALYSIS, #1839	7117 S SWEETWATER RD	LITHIA SPRINGS	GA	30122-2446
#1846	GRAND JUNCTION DIALYSIS CENTER, #1846	710 WELLINGTON AVE STE 20	GRAND JUNCTION	CO	81501-6100
#1847	KERN VALLEY PRISON DIALYSIS, #1847	29393 CECIL AVE	DELANO	CA	93215-9384
#1848	WASCO PRISON DIALYSIS, #1848	701 SCOFIELD AVE	WASCO	CA	93280-7515
#1849	6 PRISON DIALYSIS, #1849	PO BOX 7100 900 QUEBEC AVE	CORCORAN	CA	93212-7100
#1853	DIALYSIS CENTER OF ERIE, #1853	1641 SASSAFRAS ST	ERIE	PA	16502-1858
#1854	WARREN DIALYSIS, #1854	2 W CRESCENT PARK	WARREN	PA	16365-2111
#1856	RALPH MCGILL DIALYSIS, #1856	448 RALPH MCGILL BLVD NE	ATLANTA	GA	30312-1217
#1861	DAVITA RX-PLEASANTON, #1861	5700 STONERIDGE MALL ROAD STE 390	PLEASANTON	CA	94588-2822
#1862	SHAKER SQUARE DIALYSIS, #1862	12800 SHAKER BLVD STE 1	CLEVELAND	OH	44120-2004
#1863	JACKSONVILLE CENTRAL DIALYSIS CENTER, #1863	400 T P WHITE DR	JACKSONVILLE	AR	72076-3287
#1864	NORTH LITTLE ROCK DIALYSIS CENTER, #1864	4505 E MCCAIN BLVD	NORTH LITTLE ROCK	AR	72117-2902
#1865	SOUTH VALLEY DIALYSIS, #1865	17815 VENTURA BLVD STE 100	ENCINO	CA	91316-3600
#1869	LOWRY DIALYSIS CENTER, #1869	7465 E 1ST AVE STE A	DENVER	CO	80230-6877
#1900	FLORIDA RENAL CENTER, #1900	3500 NW 7TH ST	MIAMI	FL	33125-4016
#1905	BURLEY DIALYSIS CENTER, #1905	741 N OVERLAND AVE	BURLEY	ID	83318-3440
#1906	ST CLOUD DIALYSIS, #1906	4750 OLD CANOE CREEK RD	SAINT CLOUD	FL	34769-1430
#1907	LAKE GRIFFIN EAST DIALYSIS, #1907	401 E NORTH BLVD	LEESBURG	FL	34748-5256
#1908	HIALEAH ARTIFICIAL KIDNEY CENTER, #1908	2750 W 68TH ST STE 207	HIALEAH	FL	33016-5450
#1909	TURFWAY PD DIALYSIS, #1909	11 SPIRAL DR STE 15A	FLORENCE	KY	41042-1394
#1910	MARYVILLE DIALYSIS, #1910	2136B VADALABENE DR	MARYVILLE	IL	62062-5632
#1913	PORT LAVACA DIALYSIS, #1913	1300 N VIRGINIA ST STE 102	PORT LAVACA	TX	77979-2512
#1915	TURLOCK DIALYSIS CENTER, #1915	50 W SYRACUSE AVE	TURLOCK	CA	95380-3143
#1916	RED WING DIALYSIS UNIT, #1916	3028 N SERVICE DR C/O BETH CLEMENS	RED WING	MN	55066-1921
#1917	PDL ANNEX-PD, #1917	2110 HARRISBURG PIKE STE 310	LANCASTER	PA	17601-2644

Facility No	Facility Name	Address	City	State	Zip
#1921	BAKERSFIELD DIALYSIS CENTER, #1921	5143 OFFICE PARK DR	BAKERSFIELD	CA	93309-0660
#1924	KANKAKEE COUNTY DIALYSIS, #1924	581 WILLIAM R LATHAM SR DR STE 104	BOURBONNAIS	IL	60914-2439
#1925	BUCHANAN COUNTY DIALYSIS, #1925	1600 1ST ST E	INDEPENDENCE	IA	50644-3155
#1926	CEDAR VALLEY WAVERLY DIALYSIS, #1926	220 10th ST SW	WAVERLY	IA	50677-2930
#1927	BLACK HAWK DIALYSIS, #1927	3421 W 9TH ST	WATERLOO	IA	50702-5401
#1930	ANTELOPE VALLEY DIALYSIS, #1930	1759 W AVENUE J STE 102	LANCASTER	CA	93534-2703
#1931	INDIAN WELLS VALLEY DIALYSIS, #1931	212 S RICHMOND RD	RIDGECREST	CA	93555-4434
#1932	PALMDALE REGIONAL, #1932	1643 E PALMDALE BLVD	PALMDALE	CA	93550-4847
#1936	ESTRELLA DIALYSIS CENTER, #1936	8410 W THOMAS RD STE 100 BLDG 1	PHOENIX	AZ	85037-3356
#1937	GILBERT DIALYSIS CENTER, #1937	5222 E BASELINE RD STE 104	GILBERT	AZ	85234-2963
#1938	TEMPE DIALYSIS CENTER, #1938	2149 E WARNER RD STE 110	TEMPE	AZ	85284-3496
#1939	PHOENIX DIALYSIS CENTER, #1939	337 E CORONADO RD STE 101	PHOENIX	AZ	85004-1582
#1941	FAYETTEVILLE DIALYSIS, #1941	509 E MILLSAP RD STE 111	FAYETTEVILLE	AR	72703-4862
#1942	BENTONVILLE DIALYSIS, #1942	1104 SE 30TH ST	BENTONVILLE	AR	72712-4290
#1943	SILOAM SPRINGS DIALYSIS, #1943	500 S MOUNT OLIVE ST STE 107	SILOAM SPRINGS	AR	72761-3602
#1944	SPRINGDALE DIALYSIS, #1944	708 QUANDT AVE	SPRINGDALE	AR	72764-5309
#1949	ARROWHEAD LAKES DIALYSIS CENTER, #1949	20325 N 51ST AVE BLDG 11, STE 186	GLENDALE	AZ	85308-4625
#1950	SNAPFINGER DIALYSIS, #1950	5255 SNAPFINGER PARK DR STE 115	DECATUR	GA	30035-4066
#1951	EAST DEKALB DIALYSIS, #1951	2801 CANDLER RD STE 203	DECATUR	GA	30034-1429
#1952	MOUNTAIN VISTA DIALYSIS CENTER, #1952	10238 E HAMPTON AVE STE 108	MESA	AZ	85209-3317
#1953	NORTH HIGHLANDS DIALYSIS CENTER, #1953	4986 WATT AVE STE C	NORTH HIGHLANDS	CA	95660-5182
#1954	JOHNSON COUNTY DIALYSIS, #1954	10453 W 84TH TERRACE	LENEXA	KS	66214-1641
#1956	WYANDOTTE COUNTY DIALYSIS, #1956	4837 STATE AVE	KANSAS CITY	KS	66102-1747
#1960	VIDALIA FIRST STREET DIALYSIS, #1960	906 E 1ST ST	VIDALIA	GA	30474-4207
#1961	MADISONVILLE DIALYSIS, #1961	435 N KENTUCKY AVE	MADISONVILLE	KY	42431-1768
#1964	MAPLE GROVE DIALYSIS, #1964	15655 GROVE CIR N	MAPLE GROVE	MN	55369-4489
#1965	MONTEVIDEO DIALYSIS, #1965	824 N 11TH ST	MONTEVIDEO	MN	56265-1629
#1966	AMERY DIALYSIS, #1966	970 ELDEN AVE	AMERY	WI	54001-1448
#1967	KLAMATH FALLS DIALYSIS, #1967	2230 N ELDORADO AVE	KLAMATH FALLS	OR	97601-6418
#1972	SHREVEPORT HOME DIALYSIS, #1972	1560 IRVING PL	SHREVEPORT	LA	71101-4604
#1975	KIDNEY HOME CENTER, #1975	2245 ROLLING RUN DR STE 4	BALTIMORE	MD	21244
#1976	PINNACLE DIALYSIS OF BOCA RATON, #1976	2900 N MILITARY TRL STE 195	BOCA RATON	FL	33431-6308
#1977	SOUTH MEADOWS DIALYSIS CENTER, #1977	10085 DOUBLE R BLVD STE 160	RENO	NV	89521-4867
#1978	RENO DIALYSIS CENTER, #1978	1500 E 2ND ST STE 101	RENO	NV	89502-1189
#1979	CARSON CITY DIALYSIS CENTER, #1979	3310 GONI RD BLDG H, STE 171	CARSON CITY	NV	89706-7917
#1980	CEDAR VALLEY DIALYSIS, #1980	1661 W RIDGEWAY AVE	WATERLOO	IA	50701-4541
#1981	WEST UNION DIALYSIS, #1981	405 HIGHWAY 150 N	WEST UNION	IA	52175-1003
#1988	MEMPHIS DOWNTOWN DIALYSIS, #1988	2076 UNION AVE FL 2	MEMPHIS	TN	38104-4138
#1989	PITTSBURGH HOME MODALITY CENTER OF EXCELLENCE PD, #1989	5171 LIBERTY AVE STE A	PITTSBURGH	PA	15224-2254
#1990	APOPKA DIALYSIS, #1990	640 EXECUTIVE PARK CT	APOPKA	FL	32703-6075
#1991	CASSELBERRY DIALYSIS, #1991	4970 S US HWY 17/92	CASSELBERRY	FL	32707-3888

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#1992	CENTRAL ORLANDO DIALYSIS, #1992	2548 N ORANGE BLOSSOM TRL STE 400	ORLANDO	FL	32804-4863
#1993	SANFORD DIALYSIS, #1993	1701 W 1ST ST	SANFORD	FL	32771-1605
#1994	WINTER PARK HEMO DIALYSIS, #1994	4100 METRIC DR STE 300	WINTER PARK	FL	32792-6832
#1995	WINTER PARK HOME PD DIALYSIS, #1995	4100 METRIC DR STE 200	WINTER PARK	FL	32792-6832
#1998	STOCKTON CA, #1998	1523 E MARCH LN STE 200	STOCKTON	CA	95210-5607
#2000	WAYNESVILLE DIALYSIS CENTER, #2000	11 PARK TERRACE DR	CLYDE	NC	28721-7445
#2001	MISSION HILLS DIALYSIS, #2001	2700 N STANTON ST	EL PASO	TX	79902-2500
#2002	MARYVILLE DIALYSIS, #2002	2130 VADALABENE DR	MARYVILLE	IL	62062-5632
#2003	WHITTIER DIALYSIS, #2003	10055 WHITTWOOD DR	WHITTIER	CA	90603-2313
#2004	COPPERFIELD DIALYSIS, #2004	1030 VINEHAVEN DR	CONCORD	NC	28025-2438
#2005	CHADBOURN DIALYSIS CENTER, #2005	210 STRAWBERRY BLVD	CHADBOURN	NC	28431-1418
#2008	EASTCHESTER ROAD DIALYSIS CENTER, #2008	1515 JARRETT PL	BRONX	NY	10461-2606
#2009	NE WICHITA DIALYSIS CENTER, #2009	2630 N WEBB RD STE 100 BLDG 100	WICHITA	KS	67226-8174
#2011	NORCO, #2011	1901 TOWN AND COUNTRY DR STE 100	NORCO	CA	92860-3611
#2012	MAGNOLIA WEST DIALYSIS CENTER, #2012	11161 MAGNOLIA AVE	RIVERSIDE	CA	92505-3605
#2014	PORTSMOUTH DIALYSIS, #2014	2000 HIGH ST	PORTSMOUTH	VA	23704-3012
#2015	SIERRA ROSE DIALYSIS CENTER, #2015	685 SIERRA ROSE DR	RENO	NV	89511-2060
#2016	TOKAY DIALYSIS CENTER, #2016	312 S FAIRMONT AVE STE A	LODI	CA	95240-3840
#2017	CREEKSIDE DIALYSIS CENTER, #2017	141 PARKER ST	VACAVILLE	CA	95688-3921
#2018	FAIR OAKS DIALYSIS, #2018	3955 PENDER DR ONE PENDER BUSINESS PARK	FAIRFAX	VA	22030-6091
#2019	TUSTIN DIALYSIS, #2019	2090 N TUSTIN AVE STE 100	SANTA ANA	CA	92705-7869
#2020	FMC NEWPORT DIALYSIS, #2020	605 W NEWPORT PIKE	NEWPORT	DE	19804
#2021	PIKESVILLE, #2021	1500 REISTERSTOWN RD STE 220	PIKESVILLE	MD	21208-3836
#2022	SCOTTSDALE DIALYSIS CENTER, #2022	4725 N SCOTTSDALE RD STE 100	SCOTTSDALE	AZ	85251-7621
#2023	UNION GAP DIALYSIS, #2023	1236 AHTANUM RIDGE DR AHTANUM RIDGE BUSINESS PARK	UNION GAP	WA	98903-1813
#2024	DURANT, #2024	411 WESTSIDE DR	DURANT	OK	74701-2932
#2025	HAMPTON AVENUE, #2025	1425 HAMPTON AVE	SAINT LOUIS	MO	63139-3115
#2027	BROOKHOLLOW DIALYSIS, #2027	4918 W 34TH ST	HOUSTON	TX	77092-6606
#2029	SOUTHCREST DIALYSIS, #2029	9001 S 101ST EAST AVE STE 110	TULSA	OK	74133-5799
#2030	MONTCLARE DIALYSIS CENTER, #2030	7009 W BELMONT AVE	CHICAGO	IL	60634-4533
#2031	EAST FT LAUDERDALE DIALYSIS CENTER, #2031	1301 S ANDREWS AVE STE 101	FT LAUDERDALE	FL	33316-1823
#2032	WEST JEFFERSON/OAKWOOD, #2032	148 HECTOR AVE	GRETNA	LA	70056-2531
#2034	ELK GROVE DIALYSIS, #2034	9281 OFFICE PARK CIR STE 105	ELK GROVE	CA	95758-8069
#2035	WESTON DIALYSIS CENTER, #2035	2685 EXECUTIVE PARK DR STE 1	WESTON	FL	33331-3651
#2036	MARYSVILLE, #2036	1015 8TH ST	MARYSVILLE	CA	95901-5271
#2037	GREENWOOD DIALYSIS CENTER, #2037	1345 N LANSING AVE	TULSA	OK	74106-5911
#2038	PALM BROOK DIALYSIS CENTER, #2038	14664 N DEL WEBB BLVD	SUN CITY	AZ	85351-2137
#2039	DALLAS NORTH DIALYSIS CENTER, #2039	11886 GREENVILLE AVE STE 100B	DALLAS	TX	75243-9743
#2040	FRANCONIA DIALYSIS CENTER, #2040	5695 KING CENTRE DRIVE	ALEXANDRIA	VA	22315-5744
#2041	EAGAN DIALYSIS, #2041	2750 BLUE WATER RD SUITE 300	EAGAN	MN	55121-1400
#2042	EDEN PRAIRIE, #2042	14852 SCENIC HEIGHTS RD STE 255 BLDG B	EDEN PRAIRIE	MN	55344-2320
#2043	CAMBRIDGE, #2043	300 BYRN ST	CAMBRIDGE	MD	21613-1908

Facility No	Facility Name	Address	City	State	Zip
#2045	DOWNTOWN HOUSTON, #2045	2207 CRAWFORD ST	HOUSTON	TX	77002-8915
#2046	RIVERPOINT DIALYSIS, #2046	501 SW 7TH ST STE B	DES MOINES	IA	50309-4538
#2047	JACINTO DIALYSIS CENTER, #2047	11515 MARKET STREET RD	HOUSTON	TX	77029-2305
#2048	SOUTHERN HILLS DIALYSIS CENTER, #2048	9280 W SUNSET RD STE 110	LAS VEGAS	NV	89148-4861
#2049	REIDSVILLE DIALYSIS, #2049	1307 FREEWAY DR	REIDSVILLE	NC	27320-7104
#2050	SOUTHERN PINES, #2050	209 WINDSTAR PL	SOUTHERN PINES	NC	28387-7086
#2051	LAMPLIGHTER PLAZA, #2051	12654 LAMPLIGHTER SQUARE	ST LOUIS	MO	63128
#2053	GERMANTOWN DIALYSIS, #2053	20111 CENTURY BLVD STE C	GERMANTOWN	MD	20874-9165
#2054	LONETREE DIALYSIS CENTER, #2054	9777 MOUNT PYRAMID CT STE 140	ENGLEWOOD	CO	80112-6017
#2055	BARDSTOWN DIALYSIS CENTER, #2055	210 W JOHN FITCH AVE	BARDSTOWN	KY	40004-1115
#2056	SUN CITY DIALYSIS CENTER, #2056	600 NEWMAN ST	EL PASO	TX	79902-5543
#2057	SOUTH CHICO, #2057	2345 FOREST AVE	CHICO	CA	95928-7641
#2058	NORTHSHORE KIDNEY CENTER, #2058	106 MEDICAL CENTER DR	SLIDELL	LA	70461-5575
#2059	RESTON DIALYSIS, #2059	1875 CAMPUS COMMONS DR STE 110	RESTON	VA	20191-1564
#2060	BELLEVUE DIALYSIS CENTER, #2060	3535 FACTORIA BLVD SE STE 150	BELLEVUE	WA	98006-1293
#2061	GROVEPARK DIALYSIS CENTER, #2061	794 MCDONOUGH RD	JACKSON	GA	30233-1572
#2063	BELCARO DIALYSIS CENTER, #2063	755 S COLORADO BLVD	DENVER	CO	80246-8005
#2066	CONCORD, #2066	2300 STANWELL DR STE C	CONCORD	CA	94520-4841
#2067	BRIGHTON DIALYSIS, #2067	4700 E BROMLEY LN STE 103	BRIGHTON	CO	80601-7821
#2068	KILGORE, #2068	209 HWY 42 NORTH	KILGORE	TX	75662-5019
#2069	HARBOUR VIEW DIALYSIS, #2069	1039 CHAMPIONS WAY BLDG 4	SUFFOLK	VA	23435-3761
#2070	WEST GEORGIA DIALYSIS, #2070	1216 STARK AVE	COLUMBUS	GA	31906-2500
#2071	LAKE HEARN DIALYSIS, #2071	1150 LAKE HEARN DR NE STE 100	ATLANTA	GA	30342-1566
#2072	ST PAULS DIALYSIS CENTER, #2072	564 W MCLEAN ST	SAINT PAULS	NC	28384-1421
#2073	MAR VISTA DIALYSIS, #2073	2020 SANTA MONICA BLVD STE 100	SANTA MONICA	CA	90404-2139
#2076	SHERWOOD, #2076	21035 SW PACIFIC HWY	SHERWOOD	OR	97140-8062
#2077	TACOMA DIALYSIS, #2077	3401 S 19TH ST	TACOMA	WA	98405-1909
#2078	RIVER PARK DIALYSIS, #2078	2010 S LOOP 336 W STE 200	CONROE	TX	77304-3313
#2080	CHICKASHA, #2080	228 S 29TH ST	CHICKASHA	OK	73018-2502
#2081	CINEMA DIALYSIS, #2081	3909 S WESTERN AVE	OKLAHOMA CITY	OK	73109-3405
#2082	RIDDLE DIALYSIS CENTER, #2082	100 GRANITE DR STE 106	MEDIA	PA	19063-5134
#2083	PINECREST DIALYSIS CENTER, #2083	913 E PINECREST DR	MARSHALL	TX	75670-7309
#2084	DESERT RIDGE DIALYSIS, #2084	8573 E PRINCESS DR STE 111	SCOTTSDALE	AZ	85255-7823
#2086	CITRUS VALLEY DIALYSIS, #2086	894 HARDT STREET	SAN BERNARDINO	CA	92408-2854
#2087	PENDLETON DIALYSIS, #2087	7703 HIGHWAY 76	PENDLETON	SC	29670-1818
#2088	TRANSMOUNTAIN DIALYSIS, #2088	5255 TRANS MOUNTAIN DR STE B 18	EL PASO	TX	79924-3832
#2089	SUMMIT DIALYSIS, #2089	3150 POLK ST	HOUSTON	TX	77003-4631
#2091	AVENTURA KIDNEY CENTER, #2091	22 SW 11TH ST FLOOR 2	HALLANDALE BEACH	FL	33009-7038
#2092	FOUNTAIN DIALYSIS CENTER, #2092	6910 BANDLEY DR	FOUNTAIN	CO	80817-2617
#2094	YUCAIPA DIALYSIS CENTER, #2094	33487 YUCAIPA BLVD	YUCAIPA	CA	92399-2064
#2095	MCDOWELL COUNTY DIALYSIS, #2095	100 SPAULDING RD STE 2	MARION	NC	28752-5116
#2097	ROXBURY DIALYSIS CENTER, #2097	622 ROXBURY RD	ROCKFORD	IL	61107-5089
#2098	MERIDIAN DIALYSIS CENTER, #2098	201 W FAIRMONT PKWY STE A	LA PORTE	TX	77571-6303
#2099	DIXON KIDNEY CENTER, #2099	1131 N GALENA AVE	DIXON	IL	61021-1015
#2100	SYCAMORE DIALYSIS, #2100	2200 GATEWAY DR	SYCAMORE	IL	60178-3113
#2101	WILLOWBROOK, #2101	12120 JONES RD STE G	HOUSTON	TX	77070-5280
#2102	WESTLAND DIALYSIS, #2102	36588 FORD RD	WESTLAND	MI	48185-3769

Facility No	Facility Name	Address	City	State	Zip
#2104	BALLENGER POINTE DIALYSIS, #2104	2262 S BALLENGER HWY	FLINT	MI	48503-3447
#2105	ROCHESTER HILLS DIALYSIS CENTER, #2105	1886 W AUBURN RD STE 100	ROCHESTER HILLS	MI	48309-3865
#2106	NEW ALBANY, #2106	2669 E CHARLESTON RD	NEW ALBANY	IN	47150-2573
#2107	LOUISVILLE DIAYLSIS, #2107	8037 DIXIE HWY	LOUISVILLE	KY	40258-1344
#2109	DURANGO DIALYSIS CENTER, #2109	72 SUTTLE STREET STE D	DURANGO	CO	81303-6829
#2110	DENHAM SPRINGS DIALYSIS CENTER, #2110	26737 LA HIGHWAY 1032	DENHAM SPRINGS	LA	70726-4926
#2112	CROSSROADS DIALYSIS, #2112	3214 YORBA LINDA BLVD	FULLERTON	CA	92831-1707
#2114	EMBASSY LAKES ARTIFICIAL KIDNEY CENTER, #2114	11011 SHERIDAN ST STE 380	HOLLYWOOD	FL	33026-1505
#2115	LEIGH DIALYSIS CENTER, #2115	420 N CENTER DR STE 128	NORFOLK	VA	23502-4019
#2116	SOUTH SHORE DIALYSIS CENTER, #2116	212 GULF FWY S STE G3	LEAGUE CITY	TX	77573-3957
#2117	METAIRIE DIALYSIS CENTER, #2117	7100 AIRLINE DR	METAIRIE	LA	70003-5950
#2118	MT GREENWOOD DIALYSIS, #2118	3401 W 111TH ST	CHICAGO	IL	60655-3329
#2119	LAKE VILLA, #2119	37809 N IL ROUTE 59	LAKE VILLA	IL	60046-7332
#2120	DIALYSIS OF LITHONIA, #2120	2485 PARK CENTRAL BLVD	DECATUR	GA	30035-3902
#2121	BAYOU CITY DIALYSIS, #2121	10655 EASTEX FWY	HOUSTON	TX	77093-4323
#2122	CLEARLAKE, #2122	14400 OLYMPIC DR	CLEARLAKE	CA	95422-8809
#2123	CARQUINEZ DIALYSIS, #2123	125 CORPORATE PL STE C	VALLEJO	CA	94590-6968
#2124	ONTARIO, #2124	1950 S GROVE AVE STE 101-105	ONTARIO	CA	91761-5693
#2125	BONHAM, #2125	201 W 5TH ST	BONHAM	TX	75418-4302
#2126	GILMER, #2126	519 N WOOD ST	GILMER	TX	75644-1746
#2127	RED BLUFF DIALYSIS, #2127	2455 SISTER MARY COLUMBA DR	RED BLUFF	CA	96080-4364
#2130	DAVENPORT DIALYSIS CENTER, #2130	45597 HIGHWAY 27 RIDGEVIEW PLAZA	DAVENPORT	FL	33897-4519
#2132	EAST DES MOINES DIALYSIS, #2132	1301 PENNSYLVANIA AVE STE 208	DES MOINES	IA	50316-2365
#2133	LITTLE VILLAGE DIALYSIS, #2133	2335 W CERMAK RD	CHICAGO	IL	60608-3811
#2134	PERRY DIALYSIS, #2134	610 10TH ST STE L100	PERRY	IA	50220-2221
#2136	RTC-COLUMBIA DIALYSIS, #2136	1701 E BROADWAY STE G102	COLUMBIA	MO	65201-8029
#2137	BIXBY KNOLLS DIALYSIS, #2137	3744 LONG BEACH BLVD	LONG BEACH	CA	90807-3310
#2138	BELLFLOWER, #2138	15736 WOODRUFF AVE	BELLFLOWER	CA	90706-4018
#2139	LEITCHFIELD, #2139	912 WALLACE AVE STE 106	LEITCHFIELD	KY	42754-2405
#2140	LONG BEACH HARBOR (UCLA), #2140	1075 E PACIFIC COAST HWY	LONG BEACH	CA	90806-5089
#2141	COMMERCE TOWNSHIP MI, #2141	120 W COMMERCE RD	COMMERCE TOWNSHIP	MI	48382-3915
#2144	CHELSEA - MI, #2144	1620 COMMERCE PARK DR STE 200	CHELSEA	MI	48118-2136
#2146	THE WOODLANDS DIALYSIS CENTER, #2146	9301 PINECROFT DR STE 130	SHENANDOAH	TX	77380-3178
#2147	KANKAKEE IL, #2147	581 WILLIAM R LATHAM SR DR STE 104	BOURBONNAIS	IL	60914-2439
#2148	LAGRANGE DIALYSIS, #2148	240 PARKER DR	LA GRANGE	KY	40031-1200
#2149	WILLIAMSBURG DIALYSIS, #2149	500 SENTARA CIR STE 103	WILLIAMSBURG	VA	23188-5727
#2150	MIDTOWNE NORFOLK DIALYSIS, #2150	2201 COLONIAL AVE	NORFOLK	VA	23517-1928
#2152	STRONGSVILLE, #2152	17792 PEARL RD	STRONGSVILLE	OH	44136-6909
#2153	ARLINGTON DIALYSIS, #2153	1250 E PIONEER PKWY STE 700	ARLINGTON	TX	76010-6423
#2154	GRAPEVINE DIALYSIS, #2154	1600 W NORTHWEST HWY STE 100	GRAPEVINE	TX	76051-8131
#2156	LANCASTER DIALYSIS, #2156	2424 W PLEASANT RUN RD	LANCASTER	TX	75146-4005
#2158	INTERSTATE DIALYSIS, #2158	334 S 13TH ST	BURLINGTON	CO	80807-2414
#2159	DAVITA EAST DIALYSIS, #2159	11989 PELLICANO DR	EL PASO	TX	79936-6287

Facility No	Facility Name	Address	City	State	Zip
#2160	EAST DEARBORN, #2160	13200 W WARREN AVE	DEARBORN	MI	48126-2410
#2161	ROCKSIDE DIALYSIS, #2161	4801 ACORN DR	INDEPENDENCE	OH	44131-2566
#2162	FAIRBORN DIALYSIS, #2162	3070 PRESIDENTIAL DR STE A	FAIRBORN	OH	45324-6273
#2166	BUFORD DIALYSIS CENTER, #2166	1550 BUFORD HWY STE 1E	BUFORD	GA	30518-3666
#2167	SNELLVILLE, #2167	2135 MAIN ST E STE 130	SNELLVILLE	GA	30078-6424
#2168	HILLSBORO DIALYSIS CENTER, #2168	2500 NW 229TH AVE STE 300 BLDG E	HILLSBORO	OR	97124-7516
#2169	MERIDIAN PARK, #2169	19255 SW 65TH AVE STE 100	TUALATIN	OR	97062-9712
#2170	WEST LINN DIALYSIS CENTER, #2170	19056 WILLAMETTE DR	WEST LINN	OR	97068-1715
#2173	GRAHAM DIALYSIS CENTER, #2173	10219 196TH ST CT E STE C	GRAHAM	WA	98338-7792
#2174	TURFWAY DIALYSIS, #2174	11 SPIRAL DR STE 15	FLORENCE	KY	41042-1394
#2175	RICHFIELD DIALYSIS, #2175	6601 LYNDALE AVE S STE 150	RICHFIELD	MN	55423-2490
#2177	SOUTH LINCOLN N, #2177	3401 PLANTATION DR STE 140	LINCOLN	NE	68516-4712
#2179	LAUREL MANOR DIALYSIS CENTER AT THE VILLAGES, #2179	1950 LAUREL MANOR DR STE 190	LADY LAKE	FL	32162-5603
#2181	FOSTER CITY DIALYSIS, #2181	1261 E HILLSDALE BLVD STE 2	FOSTER CITY	CA	94404-1236
#2183	FORT MILL, #2183	1975 CAROLINA PLACE DR	FORT MILL	SC	29708-6922
#2184	SUGARLOAF DIALYSIS, #2184	1705 BELLE MEADE CT STE 110	LAWRENCEVILLE	GA	30043-5895
#2185	SOUTHSTAR ADAMSVILLE, #2185	3651 BAKERS FERRY RD SW	ATLANTA	GA	30331-3712
#2186	SOUTHERN CRESCENT DIALYSIS CENTER, #2186	275 UPPER RIVERDALE RD SW STE B	RIVERDALE	GA	30274-2556
#2187	NATOMAS, #2187	30 GOLDEN LAND CT BLDG G	SACRAMENTO	CA	95834-2420
#2188	SANGER SEQUOIA DIALYSIS, #2188	2517 JENSEN AVE BLDG B	SANGER	CA	93657-2251
#2189	WEST SACRAMENTO DIALYSIS CENTER, #2189	3450 INDUSTRIAL BLVD STE 100	WEST SACRAMENTO	CA	95691-5003
#2190	RIVERCENTER DIALYSIS, #2190	1123 N MAIN AVE STE 150	SAN ANTONIO	TX	78212-4738
#2191	MARYMONT DIALYSIS CENTER, #2191	2391 NE LOOP 410 STE 211	SAN ANTONIO	TX	78217-5675
#2192	NORTHWEST MEDICAL CENTER DIALYSIS, #2192	5284 MEDICAL DR STE 100	SAN ANTONIO	TX	78229-4849
#2193	SOUTHCROSS DIALYSIS CENTER, #2193	4602 E SOUTHCROSS BLVD	SAN ANTONIO	TX	78222-4911
#2194	DAVITA-LAS PALMAS DIALYSIS CENTER, #2194	803 CASTROVILLE RD STE 415	SAN ANTONIO	TX	78237-3148
#2195	SPRINGHURST DIALYSIS, #2195	10201 CHAMPION FARMS DR	LOUISVILLE	KY	40241-6150
#2197	SIENA HENDERSON DIALYSIS CENTER, #2197	2865 SIENNA HEIGHTS DR STE 141	HENDERSON	NV	89052-4168
#2199	ABORN DIALYSIS, #2199	3162 S WHITE RD STE 100	SAN JOSE	CA	95148-4019
#2200	NEW HOPE DIALYSIS CENTER, #2200	5640 INTERNATIONAL PKWY	NEW HOPE	MN	55428-3047
#2201	CEDAR PARK DIALYSIS CENTER, #2201	1720 E WHITESTONE BLVD	CEDAR PARK	TX	78613-7640
#2202	EDNA DIALYSIS CENTER, #2202	1008 N WELLS ST	EDNA	TX	77957-2153
#2206	GARRISONVILLE DIALYSIS CENTER, #2206	70 DOC STONE RD STE 101	STAFFORD	VA	22556-4628
#2207	WESTBROOK DIALYSIS, #2207	13907 W CAMINO DEL SOL STE 103	SUN CITY WEST	AZ	85375-4405
#2208	BEAR CREEK DIALYSIS-TX, #2208	4978 HIGHWAY 6 N STE I	HOUSTON	TX	77084-5282
#2209	CARROLLTON, #2209	1544 VALWOOD PKWY STE 114	CARROLLTON	TX	75006-8425
#2210	SETON DRIVE DIALYSIS, #2210	4800 SETON DR	BALTIMORE	MD	21215-3210
#2211	CLINTON TOWNSHIP, #2211	15918 19 MILE RD STE 110	CLINTON TOWNSHIP	MI	48038-1101
#2212	UPPER VALLEY DIALYSIS, #2212	7933 N MESA ST STE H	EL PASO	TX	79932-1699
#2213	VANCOUVER DIALYSIS CENTER, #2213	9120 NE VANCOUVER MALL DR	VANCOUVER	WA	98662-
#2214	SMOKY MOUNTAIN DIALYSIS, #2214	1611 ANDREWS RD	MURPHY	NC	28906-5100
#2215	MYRTLE BEACH, #2215	3919 MAYFAIR ST	MYRTLE BEACH	SC	29577-5773

Facility No	Facility Name	Address	City	State	Zip
#2218	DOWNEY LANDING DIALYSIS CENTER, #2218	11611 BELLFLOWER BLVD	DOWNEY	CA	90241-5408
#2222	DEERBROOK DIALYSIS CENTER, #2222	9660 FM 1960 BYPASS RD W	HUMBLE	TX	77338-4039
#2223	LAKE VILLA DIALYSIS, #2223	37809 N IL RTE 59	LAKE VILLA	IL	60046-7332
#2224	FALLON DIALYSIS, #2224	1103 NEW RIVER PKWY	FALLON	NV	89406-6899
#2225	FENTON MI, #2225	17420 SILVER PKWY	FENTON	MI	48430-4429
#2226	FIRST COLONY DIALYSIS CENTER, #2226	1447 HIGHWAY 6 STE 140	SUGAR LAND	TX	77478-5094
#2227	DOWNTOWN DALLAS DIALYSIS, #2227	3515 SWISS AVE STE A	DALLAS	TX	75204-6223
#2228	TENNESSEE VALLEY DIALYSIS CENTER, #2228	107 WOODLAWN DR STE 2	JOHNSON CITY	TN	37604-6287
#2229	DOWNTOWN SAN ANTONIO, #2229	615 E QUINCY ST	SAN ANTONIO	TX	78215-1600
#2230	BATON ROUGE RENAL CENTER, #2230	3888 NORTH BLVD STE 101	BATON ROUGE	LA	70806-3824
#2231	RIVER PARISHES DIALYSIS, #2231	2880 W AIRLINE HWY	LA PLACE	LA	70068-2922
#2232	RICHFIELD DIALYSIS, #2232	6601 LYNDALE AVE S STE 150	RICHFIELD	MN	55423-2490
#2233	ANADARKO DIALYSIS CENTER, #2233	412 SE 11TH STREET	ANADARKO	OK	73005-4442
#2234	GREENE COUNTY NC, #2234	1025 KINGOLD BLVD	SNOW HILL	NC	28580-1616
#2235	WESTVIEW DIALYSIS, #2235	3749 COMMERCIAL DR LAFAYETTE PLACE SHOPPING CENTER	INDIANAPOLIS	IN	46222-1676
#2236	SALEM DIALYSIS CENTER, #2236	1201 N JIM DAY RD STE 103	SALEM	IN	47167-7219
#2237	MEDLOCK BRIDGE DIALYSIS, #2237	10680 MEDLOCK BRIDGE RD STE 103	DULUTH	GA	30097-8420
#2238	GRANTS PASS DIALYSIS CENTER, #2238	1055 REDWOOD AVE	GRANTS PASS	OR	97527-5525
#2239	LAKE CLIFF TX, #2239	805 N BECKLEY AVE	DALLAS	TX	75203-1612
#2240	ANDOVER OH, #2240	488 S MAIN ST	ANDOVER	OH	44003-9602
#2241	CERES CA, #2241	1768 MITCHELL RD STE 308	CERES	CA	95307-2156
#2242	ALMOND-WOOD DIALYSIS, #2242	501 E ALMOND AVE	MADERA	CA	93637-5661
#2243	WEST BROADWAY DIALYSIS, #2243	720 W BROADWAY	LOUISVILLE	KY	40202-2240
#2245	BEEVILLE TX, #2245	100 W HUNTINGTON ST	BEEVILLE	TX	78102-3324
#2246	MANSFIELD DIALYSIS CENTER, #2246	987 N WALNUT CREEK DR STE 101	MANSFIELD	TX	76063-8016
#2249	TALLADEGA AL, #2249	726 BATTLE ST E STE A	TALLADEGA	AL	35160-2583
#2250	NORTHWEST DIALYSIS CENTER, #2250	2245 ROLLING RUN DR STE 1	BALTIMORE	MD	21244
#2252	IONIA DIALYSIS, #2252	2622 HEARTLAND BLVD	IONIA	MI	48846-8757
#2253	PATASKALA DIALYSIS CENTER, #2253	642 E BROAD ST	PATASKALA	OH	43062-7627
#2254	WAUSEON OH, #2254	721 S SHOOP AVE	WAUSEON	OH	43567-1729
#2256	PRINCETON DIALYSIS, #2256	2227 SHERMAN DR	PRINCETON	IN	47670-1062
#2257	SCOTT COUNTY DIALYSIS, #2257	7456 S PARK DR	SAVAGE	MN	55378
#2258	MEADOWS EAST DIALYSIS, #2258	2529 SIX MILE LN	LOUISVILLE	KY	40220-2934
#2259	MOUNTAIN PARK DIALYSIS, #2259	5235 MEMORIAL DR	STONE MOUNTAIN	GA	30083-3112
#2260	SANTA FE SPRINGS CA, #2260	11147 WASHINGTON BLVD	WHITTIER	CA	90606-3007
#2261	SAN MARCOS DIALYSIS CENTER, #2261	2135 MONTIEL RD BLDG B	SAN MARCOS	CA	92069-3511
#2263	SUNSET DIALYSIS CENTER, #2263	3071 GOLD CANAL DR	RANCHO CORDOVA	CA	95670-6129
#2265	WESTLAKE DALY CITY DIALYSIS CENTER, #2265	2201 JUNIPERO SERRA	DALY CITY	CA	94014-1908
#2266	EXETER CA, #2266	1116 W VISALIA RD STE 106	EXETER	CA	93221-1482
#2267	PLANO DIALYSIS CENTER, #2267	481 SHILOH RD STE 100	PLANO	TX	75074-7231
#2268	HAYMARKET VA, #2268	14664 GAP WAY	GAINESVILLE	VA	20155-1683
#2269	KETTERING OH, #2269	5721 BIGGER RD	KETTERING	OH	45440-2752
#2270	FRANKLIN DIALYSIS, #2270	1140 W JEFFERSON ST STE A	FRANKLIN	IN	46131-2101
#2271	THE NEVADA DIALYSIS CENTER, #2271	1510 W WARM SPRINGS RD STE 100	HENDERSON	NV	89014-3586

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#2272	HACKETTSTOWN NJ, #2272	657 WILLOW GROVE ST WEST WING MEDICAL PLAZA STE 202	HACKETTSTOWN	NJ	07840-1713
#2273	GROSSE POINTE MI, #2273	18000 E WARREN AVE STE 100	DETROIT	MI	48224-1336
#2274	REGENCY DIALYSIS CENTER, #2274	9535 REGENCY SQUARE BLVD N	JACKSONVILLE	FL	32225-8128
#2276	CORNERHOUSE DIALYSIS CENTER, #2276	2005 NAGLEE AVE	SAN JOSE	CA	95128-4801
#2278	HESPERIA DIALYSIS CENTER, #2278	14135 MAIN ST UNIT 501	HESPERIA	CA	92345-8097
#2279	CLARKSVILLE NORTH DIALYSIS, #2279	3071 CLAY LEWIS RD	CLARKSVILLE	TN	37040-5141
#2280	LONE PEAK DIALYSIS, #2280	1175 E 50 S STE 111	AMERICAN FORK	UT	84003-2845
#2281	ATHENS GA, #2281	2026 S MILLEDGE AVE STE A2	ATHENS	GA	30605-6480
#2283	SANDUSKY DIALYSIS CENTER, #2283	795 BARDSHAR RD	SANDUSKY	OH	44870-1505
#2285	CANYON SPRINGS DIALYSIS, #2285	22555 ALESSANDRO BLVD	MORENO VALLEY	CA	92553-8533
#2286	GARLAND, #2286	776 E CENTERVILLE RD	GARLAND	TX	75041-4640
#2287	KALAMAZOO WEST DIALYSIS, #2287	1040 N 10TH ST	KALAMAZOO	MI	49009-6149
#2288	KALAMAZOO CENTRAL DIALYSIS, #2288	535 S BURDICK ST STE 110	KALAMAZOO	MI	49007-5261
#2289	INDIAN RIVER DIALYSIS CENTER, #2289	2150 45TH ST UNIT 102	VERO BEACH	FL	32967-6281
#2290	COTTAGE GROVE DIALYSIS, #2290	8800 E POINT DOUGLAS RD S STE 100	COTTAGE GROVE	MN	55016-4160
#2291	LEAVENWORTH, #2291	501 OAK ST	LEAVENWORTH	KS	66048-2646
#2292	WYANDOTTE CENTRAL DIALYSIS, #2292	3737 STATE AVE	KANSAS CITY	KS	66102-3830
#2293	ANDERSON, #2293	7502 STATE RD STE 1160	CINCINNATI	OH	45255
#2294	MARRERO DIALYSIS, #2294	1908 JUTLAND DR	HARVEY	LA	70058-2359
#2296	NORTHGATE DIALYSIS CENTER, #2296	650 LAS GALLINAS AVE	SAN RAFAEL	CA	94903-3620
#2297	TOKAY HOME DIALYSIS CENTER, #2297	777 S HAM LN STE L	LODI	CA	95242-3593
#2298	CORYDON DIALYSIS CENTER, #2298	1937 OLD HWY 135 NW	CORYDON	IN	47112-2013
#2300	LIVINGSTON TN DIALYSIS, #2300	308 OAK ST	LIVINGSTON	TN	38570-1729
#2301	SMYRNA, #2301	537 STONECREST PKWY	SMYRNA	TN	37167-6884
#2302	SPIVEY PERITONEAL AND HOME DIALYSIS CENTER, #2302	1423 STOCKBRIDGE RD STE B	JONESBORO	GA	30236-3740
#2304	WINTER PARK DIALYSIS, #2304	3727 N GOLDENROD RD STE 101	WINTER PARK	FL	32792-8611
#2305	WEST PENSACOLA DIALYSIS CENTER, #2305	598 N FAIRFIELD DR STE 100	PENSACOLA	FL	32506-4320
#2306	POINT PLACE, #2306	4747 SUDER AVE STE 107	TOLEDO	OH	43611-2869
#2308	EATON, #2308	105 E WASHINGTON JACKSON RD	EATON	OH	45320-9789
#2313	TIFTON, #2313	624 LOVE AVE	TIFTON	GA	31794-4406
#2314	UNION CITY DIALYSIS (GA), #2314	6851 SHANNON PKWY STE 200	UNION CITY	GA	30291-2049
#2315	CHARTER COLONY DIALYSIS CENTER, #2315	2312 COLONY CROSSING PL	MIDLOTHIAN	VA	23112-4280
#2316	BATAVIA DIALYSIS, #2316	4000 GOLDEN AGE DR	BATAVIA	OH	45103-1913
#2317	EAST GALBRAITH DIALYSIS, #2317	3877 E GALBRAITH RD BLDG C	CINCINNATI	OH	45236-1500
#2318	COLUMBUS WEST, #2318	1395 GEORGESVILLE RD	COLUMBUS	OH	43228-3611
#2319	GROVE CITY, #2319	4155 KELNOR DR	GROVE CITY	OH	43123-2960
#2322	MAYSVILLE, #2322	489 TUCKER DR	MAYSVILLE	KY	41056-9111
#2325	NORTHWEST TUCSON, #2325	2945 W INA RD STE 105	TUCSON	AZ	85741-2366
#2326	WARRENSVILLE HEIGHTS PD DIALYSIS, #2326	4200 WARRENSVILLE CENTER RD STE 210	WARRENSVILLE HEIGHTS	OH	44122-7000
#2327	LEBANON DIALYSIS CENTER, #2327	918B COLUMBUS AVE	LEBANON	OH	45036-
#2328	LEBANON HOME TRAINING, #2328	918B COLUMBUS AVE STE 2	LEBANON	OH	45036-
#2330	CAPE CORAL SOUTH DIALYSIS, #2330	3046 DEL PRADO BLVD S STE 4A	CAPE CORAL	FL	33904-7232
#2331	DESERT SPRINGS DIALYSIS, #2331	2110 E FLAMINGO RD STE 108	LAS VEGAS	NV	89119-5191
#2332	COLD SPRING DIALYSIS, #2332	430 CROSS ROADS BLVD	COLD SPRING	KY	41076-2341
#2333	ABERDEEN DIALYSIS, #2333	780 W BEL AIR AVE	ABERDEEN	MD	21001-2236

Facility No	Facility Name	Address	City	State	Zip
#2334	LIVERMORE, #2334	3201 DOOLAN RD STE 175	LIVERMORE	CA	94551-9605
#2335	JEDBURG DIALYSIS, #2335	2897 W 5TH NORTH ST	SUMMERVILLE	SC	29483-9674
#2336	LONGS DIALYSIS, #2336	90 CLOVERLEAF DR STE 306	LONGS	SC	29568-9262
#2337	BLUE MOUNTAIN KIDNEY CENTER - OR, #2337	72556 COYOTE RD	PENDLETON	OR	97801-1002
#2338	WEST BEACH DIALYSIS CENTER, #2338	16201 PANAMA CITY BEACH HWY STE 102	PANAMA CITY BEACH	FL	32413-5301
#2339	SEALY DIALYSIS, #2339	2242 CHAMPIONSHIP DR	SEALY	TX	77474-8026
#2340	EASTGATE HOME, #2340	4435 AICHOLTZ RD STE 800B	CINCINNATI	OH	45245-1692
#2342	LAS VEGAS PEDIATRICS DIALYSIS CENTER, #2342	7271 W SAHARA AVE STE 120	LAS VEGAS	NV	89117-2862
#2343	WEST ELK GROVE, #2343	2208 KAUSEN DR STE 100	ELK GROVE	CA	95758-7115
#2345	WATERBURY, #2345	150 MATTATUCK HEIGHTS RD	WATERBURY	CT	06705-3893
#2346	MINNEAPOLIS UPTOWN DIALYSIS, #2346	3601 LYNDALE AVE S	MINNEAPOLIS	MN	55409-1103
#2347	MENA AR, #2347	1200 CRESTWOOD CIRCLE	MENA	AR	71953-5516
#2350	DELHI DIALYSIS, #2350	5040 DELHI AVE	CINCINNATI	OH	45238-5388
#2351	MIRAMAR KIDNEY CENTER, #2351	2501 DYKES RD STE 200	MIRAMAR	FL	33027-4217
#2352	WAYCROSS DIALYSIS, #2352	308 CARSWELL AVE	WAYCROSS	GA	31501-4762
#2355	BEDFORD PARK NY, #2355	3119 WEBSTER AVE 1ST FLR	BRONX	NY	10467-4905
#2357	HIGHLAND PARK DIALYSIS, #2357	1559 W 7TH ST	SAINT PAUL	MN	55102-4238
#2358	GREENSBURG DIALYSIS, #2358	1531 N COMMERCE EAST DR STE 6	GREENSBURG	IN	47240-3259
#2360	NORTH HENRY DIALYSIS, #2360	5627 N HENRY BLVD STE I1	STOCKBRIDGE	GA	30281-3244
#2361	SOUTH BROAD STREET DIALYSIS, #2361	1172 S BROAD ST	PHILADELPHIA	PA	19146-3142
#2362	BOERNE, #2362	1369 S MAIN ST	BOERNE	TX	78006-2859
#2363	MID CITIES DIALYSIS CENTER, #2363	117 E HARWOOD RD	HURST	TX	76054-3043
#2364	CALDWELL DIALYSIS CENTER, #2364	821 S SMEED PKWY	CALDWELL	ID	83605-5130
#2366	WESLEY CHAPEL DIALYSIS, #2366	2255 GREEN HEDGES WAY	WESLEY CHAPEL	FL	33544-8183
#2367	CENTENNIAL, #2367	8775 DEER SPRINGS WAY	LAS VEGAS	NV	89149-0416
#2368	ELLENSBURG DIALYSIS CENTER, #2368	2101 W DOLARWAY RD STE 1	ELLENSBURG	WA	98926-9310
#2371	CENTER POINT DIALYSIS, #2371	2337 1ST ST NE	CENTER POINT	AL	35215-3619
#2381	NORTH HILLS DIALYSIS, #2381	7927 BOULEVARD 26	NORTH RICHLAND HILLS	TX	76180-7103
#2382	MEMPHIS SOUTHEAST DIALYSIS, #2382	1805 MORIAH WOODS BLVD STE 101	MEMPHIS	TN	38117-7119
#2383	NORTH ST LOUIS COUNTY DIALYSIS, #2383	13119 NEW HALLS FERRY RD	FLORISSANT	MO	63033-3228
#2384	EASTLAND DIALYSIS, #2384	19101 E VALLEY VIEW PKWY STE E	INDEPENDENCE	MO	64055-6907
#2385	SOMERVILLE DIALYSIS, #2385	12475 US HIGHWAY 64	SOMERVILLE	TN	38068-6029
#2386	JOY OF DIXON DIALYSIS CENTER, #2386	1640 N LINCOLN ST	DIXON	CA	95620-9255
#2393	OPELIKA DIALYSIS CENTER, #2393	2340 PEPPERELL PKWY	OPELIKA	AL	36801-6240
#2394	YONKERS EAST DIALYSIS CENTER, #2394	5 ODELL PLZ STE 131	YONKERS	NY	10701-1406
#2396	WAYNE COUNTY, #2396	303 NW 11TH ST STE 1	FAIRFIELD	IL	62837-1203
#2399	RIM COUNTRY, #2399	809 W LONGHORN RD	PAYSON	AZ	85541-4280
#2400	FRESNO PD, #2400	568 E HERDON AVE STE 301	FRESNO	CA	93720-2989
#2402	CHINOOK KIDNEY CENTER, #2402	1315 AARON DR BLDG C1	RICHLAND	WA	99352-4678
#2406	OAK CREEK DIALYSIS, #2406	8201 S HOWELL AVE STE 600	OAK CREEK	WI	53154-8336
#2408	US GRANT DIALYSIS, #2408	458 HOME ST	GEORGETOWN	OH	45121-1408
#2410	SUN RAY DIALYSIS, #2410	1758 OLD HUDSON RD STE 100	SAINT PAUL	MN	55106-6161
#2412	MAYLAND, #2412	575 ALTAPASS HWY	SPRUCE PINE	NC	28777-3012
#2413	ROCKPORT DIALYSIS, #2413	2102 FM 2165	ROCKPORT	TX	78382-4345

Facility No	Facility Name	Address	City	State	Zip
#2414	EDWARDSVILLE DIALYSIS, #2414	235 S BUCHANAN ST	EDWARDSVILLE	IL	62025-2108
#2415	CORDELE GA, #2415	1013 E 16TH AVE	CORDELE	GA	31015-1539
#2418	CHESTERTON DIALYSIS, #2418	711 PLAZA DR STE 6	CHESTERTON	IN	46304-5506
#2419	DUBLIN, #2419	6770 PERIMETER DR	DUBLIN	OH	43016-8063
#2421	BUTLER FARM DIALYSIS, #2421	501 BUTLER FARM RD	HAMPTON	VA	23666-1777
#2422	WILLIAMSTOWN, #2422	103 BARNES RD STE A	WILLIAMSTOWN	KY	41097-9468
#2425	VANDALIA DIALYSIS, #2425	301 MATTES AVE	VANDALIA	IL	62471-2061
#2427	TUCSON CENTRAL DIALYSIS, #2427	2901 E GRANT RD	TUCSON	AZ	85716-2717
#2428	WESTWOOD HILLS DIALYSIS, #2428	7525 WAYZATA BLVD	SAINT LOUIS PARK	MN	55426-1621
#2429	FRIDLEY, #2429	5301 E RIVER RD STE 117	FRIDLEY	MN	55421-3778
#2432	MEMPHIS DOWNTOWN DIALYSIS, #2432	2076 UNION AVE	MEMPHIS	TN	38104-4138
#2433	LOGAN DIALYSIS, #2433	12880 GREY ST	LOGAN	OH	43138-9638
#2434	WADSWORTH DIALYSIS, #2434	195 WADSWORTH RD STE 302	WADSWORTH	OH	44281-9504
#2435	URBANA OH, #2435	1880 E US HIGHWAY 36	URBANA	OH	43078-9600
#2437	TAYLOR DIALYSIS, #2437	3100 W 2ND ST	TAYLOR	TX	76574
#2438	HEARNE DIALYSIS CENTER, #2438	106 CEDAR ST	HEARNE	TX	77859-2523
#2439	FARGO ND, #2439	4474 23RD AVE S STE M	FARGO	ND	58104-8795
#2440	RIDGELAND DIALYSIS, #2440	112 WEATHERSBY ST	RIDGELAND	SC	29936-9514
#2441	PARKER DIALYSIS CENTER, #2441	10371 S PARK GLENN WAY STE 180	PARKER	CO	80138-3885
#2442	YOSEMITE STREET DIALYSIS CENTER, #2442	1650 W YOSEMITE AVE	MANTECA	CA	95337-5193
#2445	EUREKA DIALYSIS CENTER, #2445	419 MERAMEC BLVD	EUREKA	MO	63025-3906
#2447	WALLACE, #2447	5650 S NC 41 HWY	WALLACE	NC	28466-6094
#2448	INDY SOUTH DIALYSIS, #2448	972 EMERSON PKWY STE E	GREENWOOD	IN	46143-6202
#2449	CARMEL DIALYSIS, #2449	180 E CARMEL DR	CARMEL	IN	46032-2633
#2452	POOLER DIALYSIS, #2452	54 TRADERS WAY	POOLER	GA	31322-
#2454	FOREST FAIR DIALYSIS, #2454	1145 KEMPER MEADOW DR	CINCINNATI	OH	45240-4118
#2456	GRAND HOME DIALYSIS PD/HHD, #2456	14674 W MOUNTAIN VIEW BLVD STE 204	SURPRISE	AZ	85374-2708
#2460	HORTON DIALYSIS, #2460	1901 EUCLID AVE	HORTON	KS	66439-1238
#2461	EAST TAMPA DIALYSIS, #2461	1701 E 9TH AVE	YBOR CITY	FL	33605-3801
#2463	TEL HURON DIALYSIS, #2463	225 SUMMIT DR	WATERFORD	MI	48328-3364
#2465	WASHINGTON NURSING DIALYSIS, #2465	2425 25TH ST SE	WASHINGTON	DC	20020-3408
#2466	OAKES DIALYSIS, #2466	413 S 7TH ST	OAKES	ND	58474-1920
#2467	CRESCENT CITY DIALYSIS CENTER, #2467	3909 BIENVILLE ST STE B	NEW ORLEANS	LA	70119-5152
#2468	MAGNOLIA DIALYSIS CENTER, #2468	17649 FM 1488 RD	MAGNOLIA	TX	77354-5235
#2470	SEAVIEW DIALYSIS CENTER, #2470	101 18TH ST SE	LONG BEACH	WA	98631
#2477	SAN JOSE PD, #2477	4400 STEVENS CREEK BLVD STE 50	SAN JOSE	CA	95129-1104
#2479	MAPLE GROVE DIALYSIS UNIT, #2479	15655 GROVE CIR N	MAPLE GROVE	MN	55369-4489
#2481	CHERRY VALLEY DIALYSIS, #2481	1627 W MAIN ST	NEWARK	OH	43055-1345
#2489	PENNSAUKEN DIALYSIS CENTER, #2489	7024 KAIGHNS AVE	PENNSAUKEN	NJ	08109-4417
#2490	HOME DIALYSIS OPTIONS OF BALDWIN COUNTY, #2490	27880 N MAIN ST STE A	DAPHNE	AL	36526-7080
#2493	NORTH METRO DIALYSIS CENTER, #2493	12365 HURON ST STE 500	WESTMINSTER	CO	80234-3498
#2496	FIVE STAR DIALYSIS CENTER, #2496	2400 TECH CENTER CT	LAS VEGAS	NV	89128-0804
#2499	CALVERTON DIALYSIS, #2499	4780 CORRIDOR PL STE C	BELTSVILLE	MD	20705-1165
#2501	BRIDGEPORT, #2501	900 MADISON AVE STE 221	BRIDGEPORT	CT	06606-5534
#2503	GREATER WATERBURY, #2503	209 HIGHLAND AVE	WATERBURY	CT	06708-3026
#2506	SHELTON, #2506	750 BRIDGEPORT AVE	SHELTON	CT	06484-4734
#2508	YUMA, #2508	2130 W 24TH ST	YUMA	AZ	85364-6122

Facility No	Facility Name	Address	City	State	Zip
#2509	PITTSBURGH DIALYSIS, #2509	4312 PENN AVE	PITTSBURGH	PA	15224-1310
#2510	ELIZABETH, #2510	201 MCKEESPORT RD	ELIZABETH	PA	15037-1623
#2511	BRANDON EAST, #2511	114 E BRANDON BLVD	BRANDON	FL	33511-5219
#2513	NORTH ROLLING ROAD, #2513	1108 N ROLLING RD	BALTIMORE	MD	21228
#2521	MEMPHIS SOUTH, #2521	1205 MARLIN RD	MEMPHIS	TN	38116-5812
#2524	HARTFORD NORTH, #2524	675 TOWER AVE RENAL UNIT 2ND FL	HARTFORD	CT	6112
#2538	NEW ORLEANS UPTOWN, #2538	1401 FOUCHER ST 4TH FLOOR DIALYSIS	NEW ORLEANS	LA	70115-3515
#2539	ST PATRICK ACUTE, #2539	433 DOCTOR MICHAEL DEBAKEY DR	LAKE CHARLES	LA	70601-5874
#2540	OMAHA WEST, #2540	13014 W DODGE RD	OMAHA	NE	68154-2148
#2541	EAST LA PLAZA DIALYSIS, #2541	1700 E CESAR E CHAVEZ AVE STE L 100	LOS ANGELES	CA	90033-2424
#2542	IMPERIAL DIALYSIS, #2542	2738 W IMPERIAL HWY	INGLEWOOD	CA	90303-3111
#2546	HOLLYWOOD NORTH, #2546	12126 VICTORY BLVD	NORTH HOLLYWOOD	CA	91606-3205
#2555	MOUNTAIN VIEW, #2555	2881 BUSINESS PARK CT STE 130	LAS VEGAS	NV	89128-9019
#2560	SAN JUAN CAPISTRANO SOUTH, #2560	31736 RANCHO VIEJO RD STE B	SAN JUAN CAPISTRANO	CA	92675-2783
#2564	MISSION VIEJO, #2564	27640 MARGUERITE PKWY	MISSION VIEJO	CA	92692-3604
#2565	BAYVIEW ACUTES, #2565	4940 EASTERN AVE BMO-02	BALTIMORE	MD	21224
#2568	HIGH DESERT, #2568	58457 29 PALMS HWY STE 102	YUCCA VALLEY	CA	92284-5879
#2571	BANNING, #2571	6090 W RAMSEY ST	BANNING	CA	92220-3052
#2574	CLINTON SOUTH ACUTES, #2574	7503 SURRATS RD DIALYSIS 2ND FL	CLINTON	MD	20735
#2601	RAINBOW CITY-AKA GADSDEN EAST, #2601	2800 RAINBOW DR	RAINBOW CITY	AL	35906-5811
#2604	GADSDEN, #2604	409 S 1ST ST	GADSDEN	AL	35901-5358
#2605	CHATEAU DIALYSIS, #2605	720 VILLAGE RD	KENNER	LA	70065-2751
#2606	DONALDSONVILLE, #2606	101 PLIMSOL DR	DONALDSONVILLE	LA	70346-4357
#2609	DOTHAN, #2609	216 GRACELAND DR	DOTHAN	AL	36305-7346
#2614	BIRMINGHAM EAST, #2614	1105 E PARK DR	BIRMINGHAM	AL	35235-2560
#2615	TUSCALOOSA, #2615	805 OLD MILL ST	TUSCALOOSA	AL	35401-7132
#2616	DEMOPOLIS, #2616	511 S CEDAR AVE	DEMOPOLIS	AL	36732-2235
#2623	SINGING RIVER, #2623	4907 TELEPHONE RD	PASCAGOULA	MS	39567-1823
#2624	OCEAN SPRINGS, #2624	13150 PONCE DE LEON DR	OCEAN SPRINGS	MS	39564-2460
#2625	LUCEDALE DIALYSIS, #2625	652 MANILA ST	LUCEDALE	MS	39452-5962
#2677	MIAMI ACUTES, #2677	1611 NW 12TH AVE SOUTH WING 400	MIAMI	FL	33136-1005
#2678	SOUTH BEACH ACUTES, #2678	4300 ALTON RD 5TH FLOOR	MIAMI BEACH	FL	33140-2800
#2701	NORTHEAST BALTIMORE ACUTES, #2701	10753 FALLS RD STE 115 BMO-02	LUTHERVILLE	MD	21093
#2707	HOLMDEL, #2707	668 N BEERS ST	HOLMDEL	NJ	07733-1526
#2768	BROOKWOOD ACUTES, #2768	2010 BROOKWOOD MEDICAL CTR DR	BIRMINGHAM	AL	35209-6804
#2773	SOUTH SHORE ACUTES, #2773	330 LIBBEY INDUSTRIAL PKWY STE 600	WEYMOUTH	MA	02189-3121
#2811	DREAM TEAM GROUP OFFICE - HOME DIALYSIS, #2811	1350 OLD BAYSHORE HIGHWAY STE 777	BURLINGAME	CA	94010-1816
#2855	ALAMEDA COUNTY, #2855	10700 MACARTHUR BLVD STE 14	OAKLAND	CA	94605-5260
#2908	ELIZABETH CITY DIALYSIS, #2908	1840 W CITY DR	ELIZABETH CITY	NC	27909-9632
#2914	COOKEVILLE, #2914	140 W 7TH ST	COOKEVILLE	TN	38501-1726
#3001	INGLEWOOD, #3001	125 E ARBOR VITAE ST	INGLEWOOD	CA	90301-3839

Facility No	Facility Name	Address	City	State	Zip
#3002	ROME, #3002	15 JOHN MADDOX DR NW	ROME	GA	30165-1413
#3004	POMONA, #3004	2475 N GAREY AVE	POMONA	CA	91767-2139
#3005	OAK STREET DIALYSIS, #3005	2704 N OAK ST BLDG H	VALDOSTA	GA	31602-1723
#3006	CHANNELVIEW, #3006	777 SHELDON RD STE C	CHANNELVIEW	TX	77530-3509
#3007	SAGEMONT DIALYSIS, #3007	10851 SCARSDALE BLVD STE 200	HOUSTON	TX	77089-5738
#3008	SAN JACINTO, #3008	11430 EAST FWY STE 330	HOUSTON	TX	77029-1959
#3009	VICTOR VALLEY, #3009	16049 KAMANA RD	APPLE VALLEY	CA	92307-1331
#3010	DELRAN DIALYSIS, #3010	8008 ROUTE 130	DELRAN	NJ	08075-1869
#3011	HOUSTON CENTRAL, #3011	610 S WAYSIDE DR STE B	HOUSTON	TX	77011-4640
#3012	SOUTHERN LANE DIALYSIS, #3012	1840 SOUTHERN LN	DECATUR	GA	30033-4033
#3013	NORTHUMBERLAND, #3013	103 W STATE ROUTE 61	MOUNT CARMEL	PA	17851-2539
#3014	PRYOR DIALYSIS, #3014	309 E GRAHAM AVE	PRYOR	OK	74361-2434
#3015	OKLAHOMA CITY SOUTH, #3015	5730 S MAY AVE	OKLAHOMA CITY	OK	73119-5604
#3016	ABINGTON, #3016	3940A COMMERCE AVE	WILLOW GROVE	PA	19090-1705
#3017	MEMPHIS CENTRAL-LINDEN, #3017	889 LINDEN AVE	MEMPHIS	TN	38126-2412
#3018	MEMPHIS EAST-HUMPHREYS, #3018	50 HUMPHREYS CTR STE 42	MEMPHIS	TN	38120-2372
#3019	CLARKSVILLE, #3019	231 HILLCREST DR	CLARKSVILLE	TN	37043-5093
#3020	MIAMI CAMPUS DIALYSIS, #3020	1500 NW 12TH AVE STE 106	MIAMI	FL	33136-1028
#3021	ORLANDO DOWNTOWN, #3021	116 STURTEVANT ST	ORLANDO	FL	32806-2021
#3024	DURHAM, #3024	601 FAYETTEVILLE ST	DURHAM	NC	27701-3910
#3025	CANDLER COUNTY, #3025	325 CEDAR ST	METTER	GA	30439-4043
#3027	KERRVILLE, #3027	515 GRANADA PL STE A	KERRVILLE	TX	78028-6072
#3028	FLORESVILLE, #3028	543 10TH ST	FLORESVILLE	TX	78114-3107
#3029	PEARSALL, #3029	1305 N OAK ST	PEARSALL	TX	78061-3414
#3030	NOGALES, #3030	1231 W TARGET RANGE RD	NOGALES	AZ	85621-2417
#3032	WILSON, #3032	1605 MEDICAL PARK DR W	WILSON	NC	27893-2799
#3033	GOLDSBORO, #3033	2609 HOSPITAL RD	GOLDSBORO	NC	27534-9424
#3034	ROXBORO, #3034	718 RIDGE RD	ROXBORO	NC	27573-4508
#3035	BOSTON, #3035	660 HARRISON AVE	BOSTON	MA	02118-2304
#3037	JESUP, #3037	301 PEACHTREE ST	JESUP	GA	31545-0245
#3038	SHEFFIELD DIALYSIS, #3038	1120 S JACKSON HWY ST 107	SHEFFIELD	AL	35660-5777
#3039	BERKELEY, #3039	2920 TELEGRAPH AVE	BERKELEY	CA	94705-2031
#3040	DOUGLAS, #3040	190 WESTSIDE DR STE A	DOUGLAS	GA	31533-3534
#3041	HOPKINSVILLE DIALYSIS, #3041	1914 S VIRGINIA ST	HOPKINSVILLE	KY	42240-3610
#3042	ROXBOROUGH, #3042	5003 UMBRIA ST	PHILADELPHIA	PA	19128-4301
#3043	NEW HAVEN, #3043	100 CHURCH ST S STE C	NEW HAVEN	CT	06519-1703
#3044	OCOEE, #3044	11140 W COLONIAL DR STE 5	OCOEE	FL	34761-3300
#3045	WAVERLY DIALYSIS, #3045	407 E BALTIMORE PIKE	MORTON	PA	19070-1042
#3046	SELLS, #3046	PO BOX 3030 HWY 86 MILEPOST 113	SELLS	AZ	85634-3030
#3047	SIERRA VISTA, #3047	629 N HIGHWAY 90 STE 6	SIERRA VISTA	AZ	85635-2257
#3048	CALLAGHAN ROAD DIALYSIS, #3048	4151 CALLAGHAN RD STE 101	SAN ANTONIO	TX	78228-3419
#3049	HOUSTON, #3049	7543 SOUTH FWY	HOUSTON	TX	77021-5928
#3050	SOUTH YUMA DIALYSIS, #3050	7179 E 31ST PLACE	YUMA	AZ	85365-8392
#3052	CHERRY HILL, #3052	1030 KINGS HWY N STE 100	CHERRY HILL	NJ	08034-1907
#3053	ORANGE COUNTY ACUTES, #3053	1590 SCENIC AVE	COSTA MESA	CA	92626-1400
#3055	ESCONDIDO, #3055	203 E 2ND AVE	ESCONDIDO	CA	92025-4212
#3056	BROOKLINE, #3056	322 WASHINGTON ST	BROOKLINE	MA	02445-6850
#3057	RELIANT DIALYSIS, #3057	1335 LA CONCHA LN	HOUSTON	TX	77054-1809
#3058	FULLERTON, #3058	238 ORANGEFAIR MALL	FULLERTON	CA	92832-3037
#3059	HUNTINGTON BEACH DIALYSIS, #3059	16892 BOLSA CHICA ST STE 100	HUNTINGTON BEACH	CA	92649-3571

Facility No	Facility Name	Address	City	State	Zip
#3060	EASTLAKE DIALYSIS, #3060	1757 CANDLER RD	DECATUR	GA	30032-3276
#3061	MT OLIVE, #3061	105 MICHAEL MARTIN RD	MOUNT OLIVE	NC	28365-1112
#3062	SAN ANTONIO SOUTHWEST, #3062	1620 SOMERSET RD	SAN ANTONIO	TX	78211-3021
#3064	NORTH LOOP EAST, #3064	7139 NORTH LOOP E	HOUSTON	TX	77028-5903
#3065	KATY CINCO RANCH DIALYSIS, #3065	1265 ROCK CANYON DR	KATY	TX	77450-3831
#3067	PALM SPRINGS, #3067	1061 N INDIAN CANYON DR	PALM SPRINGS	CA	92262-4854
#3069	MUSKEGON, #3069	1277 MERCY DR	MUSKEGON	MI	49444-4605
#3070	LOOMIS ROAD, #3070	4120 W LOOMIS RD	GREENFIELD	WI	53221-2052
#3071	LUDINGTON, #3071	5 N ATKINSON DR STE 101	LUDINGTON	MI	49431-2918
#3073	WALTERBORO, #3073	302 RUBY ST	WALTERBORO	SC	29488-2758
#3074	K STREET DIALYSIS, #3074	2131 K ST NW	WASHINGTON	DC	20037-1898
#3075	GEORGE WASHINGTON SE, #3075	3857A PENNSYLVANIA AVE SE	WASHINGTON	DC	20020-1309
#3076	LAKESIDE DIALYSIS, #3076	10401 HOSPITAL DR STE G02	CLINTON	MD	20735-3113
#3077	SUMMIT, #3077	1139 SPRUCE DR	MOUNTAINSIDE	NJ	07092-2221
#3078	AIKEN, #3078	775 MEDICAL PARK DR	AIKEN	SC	29801-6306
#3092	OZARK, #3092	214 HOSPITAL AVE	OZARK	AL	36360-2038
#3094	WYLDS ROAD, #3094	1815 WYLDS RD	AUGUSTA	GA	30909-4430
#3104	DOUGLASVILLE, #3104	3899 LONGVIEW DR	DOUGLASVILLE	GA	30135-1373
#3106	BRUNSWICK, #3106	53 SCRANTON CONNECTOR	BRUNSWICK	GA	31525-1862
#3109	BENICIA, #3109	560 1ST ST STE 103 BLDG D	BENICIA	CA	94510-3295
#3111	ATLANTA DIALYSIS, #3111	567 NORTH AVE NE STE 200	ATLANTA	GA	30308-2719
#3115	ROLLA, #3115	1503 E 10TH ST	ROLLA	MO	65401-3696
#3119	ATLANTA EAST, #3119	1308 MORELAND AVE SE	ATLANTA	GA	30316-3224
#3120	BRUNSWICK SOUTH, #3120	4420 ALTAMA AVE STE 19	BRUNSWICK	GA	31520-3037
#3121	THOMASTON, #3121	1065 US HIGHWAY 19 NORTH	THOMASTON	GA	30286-2233
#3128	PIEDMONT, #3128	105 COLLIER RD NW STE B	ATLANTA	GA	30309-1730
#3130	ATHENS WEST, #3130	2047 PRINCE AVE STE A	ATHENS	GA	30606-6033
#3131	FLORENCE DIALYSIS, #3131	422 E DR HICKS BLVD STE B	FLORENCE	AL	35630-5763
#3138	ATWATER, #3138	580 E BELLEVUE RD	ATWATER	CA	95301-2300
#3143	MERCED DIALYSIS, #3143	3150 G ST STE A	MERCED	CA	95340-1346
#3169	WISCONSIN AVE, #3169	3801 W WISCONSIN AVE	MILWAUKEE	WI	53208-3155
#3171	RIVER CENTER DIALYSIS, #3171	117 N JEFFERSON ST	MILWAUKEE	WI	53202-6160
#3175	FULTON SOUTH, #3175	2685 METROPOLITAN PKWY SW STE F	ATLANTA	GA	30315-7926
#3179	CENTRAL VIRGINIA ACUTES, #3179	8191 ATLEE RD	MECHANICSVILLE	VA	23116-1807
#3180	GULF COAST ACUTES, #3180	OCEAN SPRINGS HOSPITAL 3109 BEINVILLE BLVD	OCEAN SPRINGS	MS	39564-4361
#3183	FLORENCE ACUTES, #3183	422 DR HICKS DR	FLORENCE	AL	35630
#3184	GADSDEN ACUTES, #3184	409 SOUTH FIRST ST	GADSDEN	AL	35901-5358
#3185	ATHENS ACUTES-ATHENS LIMESTON HOSP, #3185	700 W MARKET ST	ATHENS	AL	35611-2457
#3188	PIEDMONT ACUTES, #3188	1968 PEACHTREE RD NW ATTN: DIALYSIS 6TH FLOOR	ATLANTA	GA	30309-1281
#3189	TUCSON WEST DIALYSIS ACUTES, #3189	1780 W ANKLAM RD	TUCSON	AZ	85745-2632
#3191	DELAWARE COUNTY ACUTES, #3191	1500 LANSDOWNE AVE	DARBY	PA	19023-1200
#3193	ERIE ACUTES, #3193	350 E BAYFRONT PKWY STE A	ERIE	PA	16507-2410
#3201	HEARTLAND DIALYSIS, #3201	925 NE 8TH ST	OKLAHOMA CITY	OK	73104-5800
#3202	HOSPITAL HILL, #3202	2250 HOLMES ST	KANSAS CITY	MO	64108-2639
#3203	TUCSON SOUTH, #3203	3662 S 16TH AVE	TUCSON	AZ	85713-6001
#3204	GREENE COUNTY, #3204	544 US HIGHWAY 43	EUTAW	AL	35462-4017
#3205	FAYETTE-TUSCALOOSA, #3205	2450 TEMPLE AVE N	FAYETTE	AL	35555-1160

Facility No	Facility Name	Address	City	State	Zip
#3206	TUSCALOOSA UNIVERSITY, #3206	220 15TH STREET	TUSCALOOSA	AL	35401
#3207	GOLDSBORO SOUTH, #3207	1704 WAYNE MEMORIAL DR	GOLDSBORO	NC	27534-2240
#3208	ORLANDO NORTH-ADANSON, #3208	5135 ADANSON ST STE 700	ORLANDO	FL	32804-1338
#3209	SOUTHWESTERN DALLAS-UTSHS, #3209	8230 ELMBROOK DR	DALLAS	TX	75247-4010
#3210	SAN DIEGO SOUTH, #3210	995 GATEWAY CENTER WAY STE 101	SAN DIEGO	CA	92102-4550
#3211	SANTA MONICA, #3211	1260 15TH ST STE 102	SANTA MONICA	CA	90404-1136
#3212	AIRPORT, #3212	4632 W CENTURY BLVD	INGLEWOOD	CA	90304-1456
#3219	MOBILE DIALYSIS ACUTE, #3219	11143 WASHINGTON BLVD	WHITTIER	CA	90606-3007
#3220	PLANTATION, #3220	7061 CYPRESS RD STE 103	PLANTATION	FL	33317-2243
#3221	SOUTH BROWARD ACUTES, #3221	7061 CYPRESS RD STE 103	PLANTATION	FL	33317-2243
#3224	LAURENS COUNTY-DUBLIN, #3224	2400 BELLEVUE RD STE 8	DUBLIN	GA	31021-2856
#3225	FORD FACTORY SQUARE-MCGILL, #3225	567 NORTH AVE NE STE 100	ATLANTA	GA	30308-2719
#3226	NORTH FULTON DIALYSIS, #3226	1250 NORTHMEADOW PKWY STE 120	ROSWELL	GA	30076-4914
#3228	FREEHOLD, #3228	300 CRAIG RD	MANALAPAN	NJ	07726-8742
#3229	NEPTUNE, #3229	3297 STATE ROUTE 66	NEPTUNE	NJ	07753-2762
#3231	EAST ORANGE, #3231	90 WASHINGTON ST BASEMENT	EAST ORANGE	NJ	07017-1050
#3234	OAKCLIFF-DALLAS II-UTSHS, #3234	610 WYNNEWOOD DR	DALLAS	TX	75224
#3236	ATLANTA WEST, #3236	2538 MARTIN LUTHER KING JR DR SW	ATLANTA	GA	30311-1779
#3237	COLUMBIA UNIVERSITY DIALYSIS, #3237	60 HAVEN AVE	NEW YORK	NY	10032-2604
#3238	NORTHEAST CAMBRIDGE DIALYSIS, #3238	799 CONCORD AVE	CAMBRIDGE	MA	02138-1048
#3239	NEW BEDFORD, #3239	524 UNION ST	NEW BEDFORD	MA	02740-3546
#3241	WELLESLEY DIALYSIS, #3241	195 WORCESTER ST LOWR LEVEL	WELLESLEY	MA	02481-5568
#3242	WEYMOUTH, #3242	330 LIBBEY INDUSTRIAL PARK STE 900	WEYMOUTH	MA	02189-3122
#3243	WOBURN, #3243	23 WARREN AVE	WOBURN	MA	01801-7906
#3247	NORTH SHORE MA ACUTES, #3247	330 LIBBEY INDUSTRIAL PKWY STE 600	WEYMOUTH	MA	02189-3121
#3248	COLLEGE STATION DIALYSIS, #3248	701 UNIVERSITY DR STE 401	COLLEGE STATION	TX	77840-1430
#3249	BRENHAM, #3249	2536 S DAY ST	BRENHAM	TX	77833-5521
#3250	HUNTSVILLE DIALYSIS, #3250	521 IH 45S STE 20	HUNTSVILLE	TX	77340-5651
#3252	UTICA AVENUE DIALYSIS, #3252	1305 UTICA AVE	BROOKLYN	NY	11203-5911
#3254	NEW LONDON, #3254	5 SHAW'S COVE STE 100	NEW LONDON	CT	06320-4974
#3258	BAXLEY, #3258	539 FAIR ST	BAXLEY	GA	31513-0112
#3260	EMPIRE STATE DC, #3260	267 W MERRICK RD	FREEPORT	NY	11520-3346
#3261	PASCUA YAQUI, #3261	7490 S CAMINO DE OESTE	TUCSON	AZ	85746-9308
#3262	JHHS-NORTH BOND ST, #3262	409 N CAROLINE ST	BALTIMORE	MD	21231-1003
#3263	SYOSSET KIDNEY CENTER, #3263	1 LOCUST LN	SYOSSET	NY	11791-4834
#3264	FREEPORT KIDNEY CENTER, #3264	267 W MERRICK RD	FREEPORT	NY	11520-3346
#3265	HUNTINGTON ARTIFICIAL KIDNEY CENTER, #3265	256 BROADWAY	HUNTINGTON STATION	NY	11746-1403
#3266	MEDFORD KIDNEY CENTER, #3266	1725 N OCEAN AVE	MEDFORD	NY	11763-2649
#3267	BLUE ASH-SOUTHWEST OHIO, #3267	10600 MCKINLEY RD	CINCINNATI	OH	45242-3716
#3269	MT AUBURN-SOUTHWEST OHIO, #3269	2109 READING RD	CINCINNATI	OH	45202-1417
#3270	MT AUBURN HOME DIALYSIS, #3270	2109 READING RD	CINCINNATI	OH	45202-1417
#3272	CHARLOTTESVILLE, #3272	1460 PANTOPS MOUNTAIN PLACE	CHARLOTTESVILLE	VA	22911
#3273	ALEXANDRIA, #3273	5150 DUKE ST	ALEXANDRIA	VA	22304-2906
#3275	SEBASTIAN DIALYSIS, #3275	1424 US HWY 1 STE C	SEBASTIAN	FL	32958-1619

Facility No	Facility Name	Address	City	State	Zip
#3276	CRESTVIEW HILLS, #3276	400 CENTERVIEW BLVD	CRESTVIEW HILLS	KY	41017-3478
#3278	WASHINGTON SQUARE DIALYSIS, #3278	1112 WASHINGTON SQ	WASHINGTON	MO	63090-5336
#3279	FLORISSANT DIALYSIS, #3279	11687 W FLORISSANT AVE	FLORISSANT	MO	63033-6711
#3282	ITHACA DIALYSIS, #3282	201 DATES DR STE 206	ITHACA	NY	14850-1345
#3289	FAIRFIELD-SOUTHWEST OHIO, #3289	1210 HICKS BLVD	FAIRFIELD	OH	45014-1921
#3290	FAIRFIELD HOME, #3290	1210 HICKS BLVD	FAIRFIELD	OH	45014-1921
#3291	SOUTH HILLS, #3291	525 ALEXANDRIA PIKE STE 120	SOUTHGATE	KY	41071-3243
#3292	SILVER SPRING, #3292	8412 GEORGIA AVE	SILVER SPRING	MD	20910-4406
#3294	OHIO VALLEY ACUTES-SELECT SPECIALTY-GOOD SAMARATIN, #3294	10600 MCKINLEY ROAD DIALYSIS ROOM 452	CINCINNATI	OH	45242-3716
#3295	PHILADELPHIA PMC-LOMBARD, #3295	51 N 39TH ST	PHILADELPHIA	PA	19104-2640
#3298	TULARE, #3298	545 E TULARE AVE	TULARE	CA	93274-4220
#3299	TRI COUNTIES HOME TRAINING, #3299	433 S BRIDGE ST	VISALIA	CA	93277-2801
#3300	VISALIA DIALYSIS, #3300	1031 N DEMAREE ST	VISALIA	CA	93291-4117
#3310	FALLS ROAD DIALYSIS, #3310	10753 FALLS RD STE 115	LUTHERVILLE	MD	21093
#3312	WELLINGTON CIRCLE DIALYSIS CENTER, #3312	10 CABOT RD STE 103B	MEDFORD	MA	02155-5173
#3313	SALEM NORTHEAST DIALYSIS, #3313	10 COLONIAL RD STE 205	SALEM	MA	01970-2947
#3314	LEXINGTON OK PRISON, #3314	15151 STATE HWY 39 E PO BOX 260	LEXINGTON	OK	73051-0260
#3315	MACON COUNTY, #3315	1090 W MCKINLEY AVE	DECATUR	IL	62526-3208
#3316	EFFINGHAM, #3316	904 MEDICAL PARK DR STE 1	EFFINGHAM	IL	62401-2193
#3317	JACKSONVILLE, #3317	1515 W WALNUT ST	JACKSONVILLE	IL	62650-1150
#3318	LITCHFIELD, #3318	915 ST FRANCES WAY	LITCHFIELD	IL	62056-1775
#3319	MATTOON, #3319	200 RICHMOND AVE E	MATTOON	IL	61938
#3320	SPRINGFIELD CENTRAL, #3320	932 N RUTLEDGE ST	SPRINGFIELD	IL	62702-3721
#3321	TAYLORVILLE, #3321	901 W SPRESSER ST	TAYLORVILLE	IL	62568-1831
#3322	LINCOLN, #3322	2100 WEST FIFTH	LINCOLN	IL	62656-9115
#3323	J B ZACHARY, #3323	333 CASSELL DR STE 2300	BALTIMORE	MD	21224-6815
#3324	WHITESQUARE, #3324	1 NASHUA CT STE E	BALTIMORE	MD	21221
#3325	25TH STREET, #3325	920 E 25TH ST	BALTIMORE	MD	21218-5503
#3326	PERTH AMBOY, #3326	530 NEW BRUNSWICK AVE	PERTH AMBOY	NJ	08861-3654
#3327	OLD BRIDGE, #3327	3 HOSPITAL PLZ STE 101	OLD BRIDGE	NJ	08857-3084
#3328	PEAR TREE DIALYSIS, #3328	126 N ORCHARD AVE	UKIAH	CA	95482-4502
#3334	HUBBARD ROAD DIALYSIS, #3334	1963 HUBBARD RD	MADISON	OH	44057-2105
#3335	ST CHARLES, #3335	2125 BLUESTONE DR	SAINT CHARLES	MO	63303-6704
#3336	BEL AIR, #3336	2225 OLD EMMORTON RD STE 105	BEL AIR	MD	21015-6122
#3339	CEDARBURG, #3339	N 54 W 6135 MILL ST	CEDARBURG	WI	53012-2021
#3340	WESTERN HILLS SOUTHWEST OHIO, #3340	3267 WESTBOURNE DR	CINCINNATI	OH	45248-5130
#3341	WINTON ROAD -SOUTHWEST OHIO, #3341	6550 WINTON RD	CINCINNATI	OH	45224-1327
#3342	STAMFORD, #3342	30 COMMERCE RD	STAMFORD	CT	06902-4550
#3343	BOAZ, #3343	16 CENTRAL HENDERSON RD	BOAZ	AL	35957-5922
#3344	GUERNSEY COUNTY, #3344	1300 CLARK ST	CAMBRIDGE	OH	43725-8875
#3345	MARIETTA, #3345	1019 PIKE ST	MARIETTA	OH	45750-3500
#3346	ZANESVILLE, #3346	3120 NEWARK RD	ZANESVILLE	OH	43701-9659
#3351	ORLANDO EAST-SEMORAN BLVD, #3351	1160 S SEMORAN BLVD STE C	ORLANDO	FL	32807-1461
#3352	NORWICH, #3352	113 SALEM TPKE	NORWICH	CT	06360-6484
#3354	COLUMBUS DIALYSIS, #3354	3830 OLENTANGY RIVER RD	COLUMBUS	OH	43214-5404
#3362	PASADENA, #3362	8894 FORT SMALLWOOD RD STE 12	PASADENA	MD	21122-7608
#3369	BALTIMORE GERIATRIC, #3369	4940 EASTERN AVE FLOOR 5	BALTIMORE	MD	21224-2735

Facility No	Facility Name	Address	City	State	Zip
#3372	EASTERN OHIO ACUTES, #3372	GENESIS HLTHCE 800 FOREST AVE ACUTE DIALYSIS RM 428	ZANESVILLE	OH	43701
#3373	FREDERICK, #3373	140 THOMAS JOHNSON DR STE 100	FREDERICK	MD	21702-4475
#3376	FAYETTEVILLE, #3376	1279 HIGHWAY 54 W STE 110	FAYETTEVILLE	GA	30214-4551
#3377	BIRMINGHAM CENTRAL, #3377	728 RICHARD ARRINGTON JR BLVD S	BIRMINGHAM	AL	35233-2106
#3378	BIRMINGHAM ACUTES, #3378	620 S 19TH ST ROOM W807 UAB HOSPITAL SPAIN-WALLACE BUILDING	BIRMINGHAM	AL	35233-1925
#3379	BIRMINGHAM NORTH, #3379	1917 32ND AVE N	BIRMINGHAM	AL	35207-3333
#3380	BESSEMER, #3380	901 W LAKE MALL	BESSEMER	AL	35020
#3382	ENSLEY, #3382	2630 AVENUE E	ENSLEY	AL	35218-2163
#3383	SYLACAUGA, #3383	331 JAMES PAYTON BLVD	SYLACAUGA	AL	35150
#3385	BRANFORD, #3385	249 W MAIN ST	BRANFORD	CT	06405-4048
#3386	SHREWSBURY DIALYSIS, #3386	7435 WATSON RD STE 119	SAINT LOUIS	MO	63119-4472
#3389	MILFORD, #3389	470 BRIDGEPORT AVE	MILFORD	CT	06460-4167
#3400	NORWALK ACUTES, #3400	93 EASTERN STEEL RD	MILFORD	CT	06460-2861
#3404	YALE ACUTES, #3404	93 EASTERN STEEL RD	MILFORD	CT	06460-2861
#3413	NOT ASSIGNED, #3413	1917 32ND AVE NORTH	BIRMINGHAM	AL	35207
#3414	CEDARTOWN, #3414	325 WEST AVE	CEDARTOWN	GA	30125-3439
#3415	BRIDGEPORT ACUTES, #3415	93 EASTERN STEEL RD	MILFORD	CT	06460-2861
#3416	BROOKFIELD, #3416	19395 W CAPITOL DR BLDG C	BROOKFIELD	WI	53045-2736
#3417	HENRICO COUNTY, #3417	5270 CHAMBERLAYNE RD	RICHMOND	VA	23227-2950
#3418	ST LOUIS WEST-WASHINGTON UNIV, #3418	400 N LINDBERGH BLVD	SAINT LOUIS	MO	63141-7814
#3420	SPRINGFIELD MONTVALE, #3420	2930 MONTVALE DR STE A	SPRINGFIELD	IL	62704-5376
#3422	NORWALK, #3422	31 STEVENS ST	NORWALK	CT	06850-3805
#3425	DECATUR EAST WOOD, #3425	794 E WOOD ST	DECATUR	IL	62523-1155
#3426	SCHAEFER DRIVE DIALYSIS, #3426	18100 SCHAEFER HWY	DETROIT	MI	48235-2600
#3427	REDFORD DIALYSIS, #3427	22711 GRAND RIVER AVE	DETROIT	MI	48219-3113
#3428	KRESGE DIALYSIS, #3428	4145 CASS AVE	DETROIT	MI	48201-1707
#3429	MOTOR CITY DIALYSIS, #3429	4727 SAINT ANTOINE ST STE 101	DETROIT	MI	48201-1461
#3431	WHITEBRIDGE ROAD, #3431	103 WHITE BRIDGE PIKE STE 6	NASHVILLE	TN	37209-4539
#3432	COLUMBIA, #3432	1705 GROVE ST	COLUMBIA	TN	38401-3517
#3433	MURFREESBORO, #3433	1346 DOW ST	MURFREESBORO	TN	37130-2470
#3434	LAWRENCEBURG, #3434	2022 N LOCUST AVE	LAWRENCEBURG	TN	38464-2336
#3436	SUMNER REGIONAL DIALYSIS, #3436	300 STEAM PLANT RD STE 270	GALLATIN	TN	37066-3019
#3437	CUMBERLAND, #3437	312 HOSPITAL DR STE 5	MADISON	TN	37115-5037
#3438	WILLIAMSON COUNTY DIALYSIS, #3438	3983 CAROTHERS PKWY STE E-4	FRANKLIN	TN	37067-5936
#3440	MIDDLE TN ACUTES, #3440	231 HILLCREST DR	CLARKSVILLE	TN	37043-5093
#3441	CUMMING, #3441	911 MARKET PLACE BLVD STE 3	CUMMING	GA	30041-7938
#3443	SILVERTON DIALYSIS, #3443	6929 SILVERTON AVE	CINCINNATI	OH	45236-3701
#3444	TOWER ACUTES, #3444	8700 BEVERLY BLVD STE 6930	LOS ANGELES	CA	90048-1804
#3445	ATLANTA SOUTH, #3445	3158 SE MAIN ST	EAST POINT	GA	30344-4800
#3447	ST PETERSBURG, #3447	1117 ARLINGTON AVE N	ST PETERSBURG	FL	33705-1521
#3449	ALTON, #3449	3511 COLLEGE AVE	ALTON	IL	62002-5009
#3451	EDISON, #3451	29 MERIDIAN RD	EDISON	NJ	08820-2823
#3452	DUNDALK, #3452	14 COMMERCE ST	DUNDALK	MD	21222-4307
#3454	COLUMBUS EAST, #3454	299 OUTERBELT ST	COLUMBUS	OH	43213-1529
#3455	DALLAS EAST-UTSHS, #3455	3312 N BUCKNER BLVD STE 213	DALLAS	TX	75228-5642

Facility No	Facility Name	Address	City	State	Zip
#3456	SAN YSIDRO, #3456	1445 30TH ST STE A	SAN DIEGO	CA	92154-3496
#3457	OLATHE, #3457	732 W FRONTIER LN	OLATHE	KS	66061-7202
#3459	ORANGE CITY, #3459	242 TREEMONT DR BLDG II	ORANGE CITY	FL	32763-7945
#3460	MIAMI EAST, #3460	1250 NW 7TH ST STE 106	MIAMI	FL	33125-3744
#3462	TEMPLE TERRACE, #3462	11306 N 53RD ST	TEMPLE TERRACE	FL	33617-2214
#3463	MIDLOTHIAN, #3463	14281 MIDLOTHIAN TPKE BLDG B	MIDLOTHIAN	VA	23113-6560
#3464	CHRISTIAN COUNTY, #3464	200 BURLEY AVE	HOPKINSVILLE	KY	42240-8725
#3465	ST LOUIS WEST PD, #3465	450 N LINDBERGH BLVD STE 100C	CREVE COEUR	MO	63141-7858
#3467	ATLANTA MIDTOWN DIALYSIS, #3467	489 PEACHTREE ST STE 100	ATLANTA	GA	30308
#3468	SILVERTON HOME TRAINING DIALYSIS PD, #3468	6929 SILVERTON AVE	CINCINNATI	OH	45236-3701
#3470	MEMPHIS UNIVERSITY ACUTES, #3470	2076 UNION AVE STE 205	MEMPHIS	TN	38104-4138
#3472	PHILADELPHIA 42ND STREET, #3472	4126 WALNUT ST	PHILADELPHIA	PA	19104-3511
#3473	RADNOR DIALYSIS, #3473	250 KING OF PRUSSIA RD	RADNOR	PA	19087-5220
#3474	FREDERICK ACUTES, #3474	140 THOMAS JOHNSON DR STE 100	FREDERICK	MD	21702-4527
#3475	ST LOUIS-WASHINGTON UNIV, #3475	324 DE BALIVIERE AVE	SAINT LOUIS	MO	63112-1804
#3477	ELKINS PARK, #3477	8380 OLD YORK RD STE 100	ELKINS PARK	PA	19027-1574
#3478	MAINLAND DIALYSIS, #3478	2600 GULF FWY	LA MARQUE	TX	77568-4922
#3479	ISLAND DIALYSIS, #3479	5920 BROADWAY ST	GALVESTON	TX	77551-4305
#3480	PHILADELPHIA PMC ACUTES, #3480	51 N 39TH ST STE 238 WRIGHT-SAUNDERS BLDG	PHILADELPHIA	PA	19104-2640
#3481	ORLANDO HOME TRAINING, #3481	116 STURTEVANT ST STE 2	ORLANDO	FL	32806-2021
#3482	MECHANICSVILLE, #3482	8191 ATLEE RD	MECHANICSVILLE	VA	23116-1807
#3484	SAN DIEGO-EAST, #3484	292 EUCLID AVE STE 100	SAN DIEGO	CA	92114-3629
#3485	RUSSELLVILLE, #3485	14897 HIGHWAY 43	RUSSELLVILLE	AL	35653-1954
#3486	ENCINITAS, #3486	332 SANTA FE DR STE 100	ENCINITAS	CA	92024-5143
#3488	SAN DIEGO ACUTES, #3488	2232 VERUS ST STE D	SAN DIEGO	CA	92154
#3489	PHILADELPHIA SPRUCE ACUTE-UPENN HEALTHSYSTEM, #3489	3400 SPRUCE ST	PHILADELPHIA	PA	19104-4274
#3491	RUSHVILLE, #3491	112 SULLIVAN DRIVE	RUSHVILLE	IL	62681-1293
#3493	PLAINFIELD, #3493	1200 RANDOLPH RD KENYAN HOUSE	PLAINFIELD	NJ	07060-3361
#3494	PARKERSBURG, #3494	1824 MURDOCH AVE STE 44	PARKERSBURG	WV	26101-3230
#3497	TUCSON SOUTH CENTRAL, #3497	2024 E IRVINGTON RD STE 7	TUCSON	AZ	85714-1825
#3499	HAZELWOOD, #3499	637 DUNN RD	HAZELWOOD	MO	63042-1755
#3501	MEDICA SUR, #3501	PUENTE DE TIEDRA #150-623 TORIELLO GUERRA	TLAPAN 14050 D S MEXICO		0
#3503	DURHAM WEST, #3503	4307 WESTERN PARK PL	DURHAM	NC	27705-1204
#3504	LIBERTY, #3504	2525 GLEN HENDREN DR	LIBERTY	MO	64068-9625
#3506	CHINO, #3506	4445 RIVERSIDE DR	CHINO	CA	91710-3961
#3507	GREENVIEW, #3507	18544 W 8 MILE RD	SOUTHFIELD	MI	48075-4194
#3508	PERRY, #3508	118 W MAIN ST	PERRY	FL	32347-2656
#3511	ASHTABULA, #3511	1614 W 19TH ST	ASHTABULA	OH	44004-3036
#3513	NORTHLAND, #3513	2750 CLAY EDWARDS DR STE 100	N KANSAS CITY	MO	64116-3257
#3516	LAKE ST LOUIS, #3516	200 BREVCO PLZ STE 201	LAKE SAINT LOUIS	MO	63367-2950
#3517	WYANDOTTE WEST, #3517	8919 PARALLEL PKWY STE 121	KANSAS CITY	KS	66112-1655
#3518	HUNTINGDON VALLEY, #3518	769 HUNTINGDON PIKE STE 18	HUNTINGDON VALLEY	PA	19006-8362
#3519	GLENDALE, #3519	1000 E PALMER AVE	GLENDALE	CA	91205-3532
#3520	TOLEDO, #3520	1614 S BYRNE RD	TOLEDO	OH	43614-3464

Facility No	Facility Name	Address	City	State	Zip
#3523	CAMERON, #3523	1003 W 4TH ST	CAMERON	MO	64429-1466
#3524	OMAHA CENTRAL, #3524	144 S 40TH ST	OMAHA	NE	68131-3004
#3525	CHILLICOTHE, #3525	588 E BUSINESS 36	CHILLICOTHE	MO	64601-3721
#3528	DERIDDER, #3528	239 E 1ST ST	DERIDDER	LA	70634-4105
#3530	DODGE COUNTY DIALYSIS, #3530	1949 E 23RD AVE S	FREMONT	NE	68025-2452
#3533	OMAHA NORTH, #3533	6572 AMES AVE	OMAHA	NE	68104-1931
#3534	OMAHA SOUTH, #3534	3427 L ST STE 16	OMAHA	NE	68107-2577
#3535	LAKE CHARLES SOUTHWEST, #3535	433 DOCTOR MICHAEL DEBAKEY DR	LAKE CHARLES	LA	70601-5874
#3536	ST JOSEPH, #3536	5514 CORPORATE DR STE 100	SAINT JOSEPH	MO	64507-7752
#3537	SULPHUR, #3537	944 BEGLIS PKWY	SULPHUR	LA	70663-5102
#3539	TIPTON COUNTY, #3539	107 TENNESSEE AVE	COVINGTON	TN	38019-3902
#3540	DYERSBURG, #3540	1575 PARR AVE	DYERSBURG	TN	38024-3151
#3544	EFFINGHAM NORTH, #3544	301 N PINE ST	SPRINGFIELD	GA	31329-3076
#3545	WESTMINSTER SOUTH, #3545	14260 BEACH BLVD	WESTMINSTER	CA	92683-4562
#3546	WILLIAMS STREET DIALYSIS, #3546	2812 WILLIAMS ST	SAVANNAH	GA	31404-4134
#3547	DERENNE DIALYSIS, #3547	5303 MONTGOMERY ST	SAVANNAH	GA	31405-5138
#3548	ABERCORN DIALYSIS, #3548	11706 MERCY BLVD STE 9	SAVANNAH	GA	31419-1751
#3549	MONROE JACKSON STREET-ACUTE, #3549	309 JACKSON ST STE 383	MONROE	LA	71201-7407
#3550	OMAHA ACUTES, #3550	11310 GOLD ST	OMAHA	NE	68144
#3551	FORT MYERS NORTH, #3551	16101 N CLEVELAND AVE	N FT MYERS	FL	33903-2148
#3552	BUTLER COUNTY-SOUTHWEST OHIO, #3552	3497 S DIXIE HWY	FRANKLIN	OH	45005-5717
#3554	BALTIMORE ACUTES, #3554	900 S CATON AVE 2ND FLOOR	BALTIMORE	MD	21229-5201
#3556	WILLINGBORO, #3556	230 VAN SCIVER PKWY	WILLINGBORO	NJ	08046-1131
#3557	MCKEESPORT WEST, #3557	101 9TH ST	MCKEESPORT	PA	15132-3953
#3559	COLLEGE DIALYSIS, #3559	6535 UNIVERSITY AVE	SAN DIEGO	CA	92115-5810
#3560	MONTEZUMA, #3560	114 DEVAUGHN AVE	MONTEZUMA	GA	31063-1708
#3561	ROMULUS, #3561	31470 ECORSE RD	ROMULUS	MI	48174-1963
#3563	NEW JERSEY ACUTES PROGRAM OFFICE, #3563	2033 US HWY 130 STE C	MONMOUTH JUNCTION	NJ	08852-3003
#3564	WRIGHTSVILLE, #3564	2240 W ELM ST	WRIGHTSVILLE	GA	31096-2016
#3565	TOWER, #3565	8635 W 3RD ST STE 560W	LOS ANGELES	CA	90048-6110
#3566	COLUMBUS DOWNTOWN, #3566	415 E MOUND ST	COLUMBUS	OH	43215-5512
#3567	NORTHEAST COLUMBIA DIALYSIS, #3567	10 GATEWAY CORNERS PKWY STE 200	COLUMBIA	SC	29203-8905
#3568	CHARLOTTE EAST, #3568	3204 N SHARON AMITY RD	CHARLOTTE	NC	28205-6541
#3569	CARMEL MOUNTAIN, #3569	9850 CARMEL MOUNTAIN RD	SAN DIEGO	CA	92129-2892
#3571	LENEXA, #3571	8630 HALSEY ST	LENEXA	KS	66215-2880
#3575	WASHINGTON NORTHWEST ACUTES, #3575	900 23RD ST NW STE 403	WASHINGTON	DC	20037-2342
#3576	WOLFE STREET ACUTES, #3576	JOHNS HOPKINS HOSP 600 NORTH WOLFE ST -- HARVEY 406	BALTIMORE	MD	21287-0005
#3577	NASHUA, #3577	38 TYLER ST STE 100	NASHUA	NH	03060-2912
#3580	ILLINI RENAL DIALYSIS, #3580	507 E UNIVERSITY AVE	CHAMPAIGN	IL	61820-3828
#3581	CENTRAL ILLINOIS ACUTES, #3581	800 E CARPENTER ST 7TH FL	SPRINGFIELD	IL	62702-5324
#3582	EASTERN MICHIGAN ACUTES, #3582	14752 NORTHLINE	SOUTHGATE	MI	48195
#3583	WESTERN MICHIGAN ACUTES, #3583	1277 MERCY DR	MUSKEGON	MI	49443
#3586	LORING HEIGHTS, #3586	1575 NORTHSIDE DR NW STE 405	ATLANTA	GA	30318-4211
#3588	FOREST HILLS, #3588	2693 FOREST HILLS RD SW	WILSON	NC	27893-8611

Facility No	Facility Name	Address	City	State	Zip
#3589	ST PETERS, #3589	300 FIRST EXECUTIVE AVE STE A	SAINT PETERS	MO	63376-1655
#3590	PENN VALLEY DIALYSIS, #3590	11374 PLEASANT VALLEY RD	PENN VALLEY	CA	95946-9000
#3591	PLATTE WOODS, #3591	7667 NW PRAIRIE VIEW RD	KANSAS CITY	MO	64151-1544
#3593	FRESNO PALM BLUFFS DIALYSIS, #3593	770 W PINEDALE AVE	FRESNO	CA	93711-5744
#3594	BURLINGTON REGIONAL DIALYSIS, #3594	31 MALL RD STE 1B	BURLINGTON	MA	01803-4138
#3596	CLEARFIELD, #3596	1033 TURNPIKE AVE STE 100	CLEARFIELD	PA	16830-3061
#3597	PAPILLION, #3597	1502 S WASHINGTON ST STE 100	PAPILLION	NE	68046-3136
#3598	BIRMINGHAM HOME TRAINING, #3598	2101 7TH AVE S	BIRMINGHAM	AL	35233-3105
#3603	MAGNOLIA DIALYSIS, #3603	210 E SPILLMAN ST	GONZALES	LA	70737-4604
#3608	BADGER ACUTES, #3608	2845 GREENBRIER RD	GREEN BAY	WI	54311-6519
#3609	RADFORD, #3609	600 E MAIN ST STE F	RADFORD	VA	24141-1826
#3610	EUFAULA, #3610	220 S ORANGE AVE	EUFAULA	AL	36027-1612
#3612	COSHOCTON, #3612	1404 CHESTNUT ST EAST	COSHOCTON	OH	43812-1401
#3614	COSTA MESA, #3614	1590 SCENIC AVE	COSTA MESA	CA	92626-1400
#3615	CENTRAL LITTLE ROCK, #3615	5800 W 10TH ST STE 510	LITTLE ROCK	AR	72204-1760
#3616	SOUTHEASTERN OHIO ACUTES, #3616	1824 MURDOCH AVE 2ND FLOOR, BLDG E	PARKERSBURG	WV	26101-3230
#3619	NORTHPORT, #3619	2401 HOSPITAL DR	NORTHPORT	AL	35476-3392
#3632	PAGELAND, #3632	505A S PEARL ST	PAGELAND	SC	29728-2222
#3633	WHITE LANE DIALYSIS, #3633	7701 WHITE LN STE D	BAKERSFIELD	CA	93309-0201
#3634	NEWAYGO COUNTY, #3634	1317 W MAIN ST	FREMONT	MI	49412-1478
#3635	KANSAS CITY MO ACUTES, #3635	2750 CLAY EDWARDS DR STE 504	NORTH KANSAS CITY	MO	64116-3218
#3636	CEDAR LANE, #3636	6334 CEDAR LN STE 101	COLUMBIA	MD	21044-3898
#3637	WHITE OAK DIALYSIS, #3637	5520 CHEVIOT RD STE B	CINCINNATI	OH	45247-7069
#3639	TORRINGTON, #3639	780 LITCHFIELD ST STE 100	TORRINGTON	CT	06790-6268
#3640	WHITE OAK HOME TRAINING DIALYSIS, #3640	5520 CHEVIOT RD STE B	CINCINNATI	OH	45247-7069
#3642	JANESVILLE, #3642	1305 WOODMAN RD	JANESVILLE	WI	53545-1068
#3643	BLOOMFIELD, #3643	29 GRIFFIN RD S	BLOOMFIELD	CT	06002-1351
#3645	ANTHEM VILLAGE DIALYSIS, #3645	2530 ANTHEM VILLAGE DR	HENDERSON	NV	89052-5548
#3646	GLEN BURNIE, #3646	120 LANGLEY RD N	GLEN BURNIE	MD	21060-6578
#3652	GREATER MIAMI ACUTES, #3652	160 NW 170TH ST	NORTH MIAMI BEACH	FL	33169-5576
#3655	MELBOURNE, #3655	2235 S BABCOCK ST	MELBOURNE	FL	32901-5305
#3656	ST PETERSBURG SOUTH, #3656	2850 34TH ST S	ST PETERSBURG	FL	33711-3817
#3663	BELPRE, #3663	2906 WASHINGTON BLVD	BELPRE	OH	45714-1848
#3666	STOCKTON HOME TRAINING, #3666	545 E CLEVELAND ST STE A	STOCKTON	CA	95204-5535
#3667	EMORY DUNWOODY MEDICAL CENTER ACUTES, #3667	1255 HWY 54 W	FAYETTEVILLE	GA	30214-4526
#3670	ROCK PRAIRIE ROAD, #3670	1605 ROCK PRAIRIE RD STE 101	COLLEGE STATION	TX	77845-8358
#3671	CHARLOTTESVILLE NORTH VA, #3671	1800 TIMBERWOOD BLVD STE C	CHARLOTTESVILLE	VA	22911-7544
#3675	MARKET STREET DIALYSIS, #3675	3701 MARKET ST STE 100	PHILADELPHIA	PA	19104-5503
#3676	PITTSBURGH ACUTES, #3676	5171 LIBERTY AVE ST A	PITTSBURGH	PA	15224-2254
#3677	NORTHWOOD DIALYSIS, #3677	611 LEMOYNE RD	NORTHWOOD	OH	43619-1811
#3678	FLORIDA ACUTES, #3678	1400 NW 12TH AVE	MIAMI	FL	33136-1003
#3680	MIAMI GARDENS, #3680	3363 NW 167TH ST	MIAMI GARDENS	FL	33056-4254
#3681	CONNECTICUT ACUTES NORTH, #3681	93 EASTERN STEEL RD	MILFORD	CT	06460-2861
#3683	BUTLER COUNTY HOME TRAINING DIALYSIS, #3683	3497 S DIXIE HWY	FRANKLIN	OH	45005-5717

Facility No	Facility Name	Address	City	State	Zip
#3701	TYSONS CORNER, #3701	8391 OLD COURTHOUSE RD STE 160	VIENNA	VA	22182-3819
#3704	SOUTHERN MARYLAND, #3704	9211 STUART LN 4TH FL	CLINTON	MD	20735-2712
#3707	BRENTWOOD, #3707	1231 BRENTWOOD RD NE	WASHINGTON	DC	20018-1019
#3708	AMELIA, #3708	15151 PATRICK HENRY HWY	AMELIA COURT HOUSE	VA	23002-4700
#3714	EIGHTH STREET, #3714	300 8TH ST NE	WASHINGTON	DC	20002-6108
#3715	CHESTER, #3715	10360 IRONBRIDGE RD	CHESTER	VA	23831-1425
#3716	HOWARD COUNTY, #3716	5999 HARPERS FARM RD STE 110E	COLUMBIA	MD	21044-3023
#3717	CATONSVILLE, #3717	1581 SULPHUR SPRING RD STE 112	BALTIMORE	MD	21227
#3718	MERCY, #3718	315 N CALVERT ST STE 300	BALTIMORE	MD	21202-3611
#3719	HARBOR PARK, #3719	111 CHERRY HILL RD	BALTIMORE	MD	21225-1392
#3732	THREE CHOPT DIALYSIS, #3732	8813 THREE CHOPT RD	RICHMOND	VA	23229
#3733	HIOAKS DIALYSIS, #3733	671 HIOAKS RD STE A	RICHMOND	VA	23225-4072
#3735	HIOAKS DIALYSIS PD, #3735	681 HIOAKS RD STE B	RICHMOND	VA	23225-4043
#3757	DAVITA DIALYSIS ARLINGTON, #3757	1701 N GEORGE MASON DR DELIVER BEHIND HOSPITAL TO DAVITA DIALYSIS	ARLINGTON	VA	22205-3610
#3759	LANDOVER, #3759	1200 MERCANTILE LN STE 105	UPPER MARLBORO	MD	20774-5389
#3761	STAUNTON, #3761	29 IDLEWOOD BLVD	STAUNTON	VA	24401-9355
#3762	COVINGTON, #3762	2504 VALLEY RIDGE RD	COVINGTON	VA	24426-6339
#3763	CULPEPER, #3763	430 SOUTHRIDGE PARKWAY	CULPEPER	VA	22701-3791
#3764	GREENBRIER, #3764	129 SENECA TRL	LEWISBURG	WV	24901-1564
#3765	HARRISONBURG, #3765	871 CANTRELL AVE STE 100	HARRISONBURG	VA	22801-4323
#3766	LEXINGTON, #3766	756 N LEE HWY	LEXINGTON	VA	24450-3724
#3802	MANTECA, #3802	1156 S MAIN ST	MANTECA	CA	95337-9505
#3804	ROSEBURG-MERCY, #3804	2599 NW EDENBOWER BLVD	ROSEBURG	OR	97471-6220
#3805	DALY CITY, #3805	1498 SOUTHGATE AVE STE 101	DALY CITY	CA	94015-4015
#3806	VALLEJO, #3806	121 HOSPITAL DR	VALLEJO	CA	94589-2562
#3812	SALEM DIALYSIS, #3812	3550 LIBERTY RD S STE 100	SALEM	OR	97302-5700
#3817	FRESNO, #3817	1111 E WARNER AVE	FRESNO	CA	93710-4030
#3818	OAKLAND, #3818	5354 CLAREMONT AVE	OAKLAND	CA	94618-1035
#3820	BAKERSFIELD BRIMHALL DIALYSIS, #3820	8501 BRIMHALL RD BLDG 500	BAKERSFIELD	CA	93311-2252
#3821	BAKERSFIELD NORTHEAST, #3821	3761 MALL VIEW RD	BAKERSFIELD	CA	93306-3048
#3830	SAN FRANCISCO, #3830	1499 WEBSTER ST	SAN FRANCISCO	CA	94115-3705
#3831	HANFORD, #3831	402 W 8TH ST	HANFORD	CA	93230-4536
#3840	SAN PABLO DIALYSIS, #3840	14020 SAN PABLO AVE	SAN PABLO	CA	94806-3604
#3847	CHINATOWN-SAN FRAN, #3847	636 CLAY ST	SAN FRANCISCO	CA	94111-2502
#3849	EL CERRITO, #3849	10690 SAN PABLO AVE	EL CERRITO	CA	94530-2620
#3857	TRACY, #3857	425 W BEVERLY PL STE A	TRACY	CA	95376-3086
#3858	SALEM NORTH DIALYSIS, #3858	1220 LIBERTY ST NE	SALEM	OR	97301-7330
#3860	AUBURN, #3860	3126 PROFESSIONAL DR STE 100	AUBURN	CA	95603-2411
#3861	GRASS VALLEY, #3861	776 FREEMAN LN STE A-B	GRASS VALLEY	CA	95949-9618
#3891	MEMPHIS EAST DIALYSIS PD, #3891	50 HUMPHREYS CTR STE 28B	MEMPHIS	TN	38120-2369
#3893	FRESNO ACUTES, #3893	1111 E WARNER AVE 101	FRESNO	CA	93710-4030
#3901	SANTEE, #3901	228 BRADFORD BLVD	SANTEE	SC	29142-8677
#3903	UPLAND, #3903	600 N 13TH AVE	UPLAND	CA	91786-4957
#3906	VANCE COUNTY DIALYSIS, #3906	511 RUIN CREEK RD STE 202	HENDERSON	NC	27536-5919
#3907	EDENTON, #3907	703 LUKE ST	EDENTON	NC	27932-9694
#3909	AHOSKIE, #3909	129 HERTFORD COUNTY HIGH RD	AHOSKIE	NC	27910-8131
#3914	ALLENDALE COUNTY DIALYSIS, #3914	202 HAMPTON AVE N	FAIRFAX	SC	29827-4510

Facility No	Facility Name	Address	City	State	Zip
#3916	NORTH ORANGEBURG DIALYSIS, #3916	3031 SAINT MATTHEWS RD	ORANGEBURG	SC	29118-1443
#3917	SOUTH ORANGEBURG DIALYSIS, #3917	1080 SUMMERS AVE	ORANGEBURG	SC	29115-4920
#3931	GREENWOOD, #3931	109 OVERLAND DR	GREENWOOD	SC	29646-4053
#3932	CENTRAL COLUMBIA ACUTES, #3932	2935 COLONIAL DRIVE	COLUMBIA	SC	29203-6811
#3933	UNION COUNTY, #3933	701 E ROOSEVELT BLVD STE 400	MONROE	NC	28112-4107
#3934	SOUTH CHARLOTTE, #3934	6450 BANNINGTON RD	CHARLOTTE	NC	28226-1327
#3935	LANCASTER COUNTY, #3935	980 N WOODLAND DR STE 100	LANCASTER	SC	29720-1964
#3940	ORANGEBURG ACUTES, #3940	3000 ST MATTHEWS RD	ORANGEBURG	SC	29118-1442
#3944	NORTH CHARLOTTE DIALYSIS CENTER, #3944	6620 OLD STATESVILLE RD	CHARLOTTE	NC	28269
#3951	CENTRAL COLUMBIA DIALYSIS, #3951	3511 MEDICAL DR	COLUMBIA	SC	29203-6504
#3952	CENTRAL BAMBERG DIALYSIS, #3952	67 SUNSET DR	BAMBERG	SC	29003-1181
#3953	MARSHVILLE DIALYSIS CENTER, #3953	7260 E MARSHVILLE BLVD	MARSHVILLE	NC	28103-1191
#3989	DEARBORN HOME DIALYSIS, #3989	22030 PARK ST	DEARBORN	MI	48124-2854
#4001	TALLAHASSEE WEST, #4001	2645 W TENNESSEE ST	TALLAHASSEE	FL	32304-2547
#4002	DAYTONA SOUTH DIALYSIS, #4002	1801 S NOVA RD STE 306	SOUTH DAYTONA	FL	32119-1775
#4003	DAYTONA BEACH, #4003	578 HEALTH BLVD	DAYTONA BEACH	FL	32114-1492
#4004	TAMPA WEST, #4004	4515 GEORGE RD STE 300	TAMPA	FL	33634-7300
#4005	FONTANA, #4005	16655 FOOTHILL BLVD STE 300	FONTANA	CA	92335-8416
#4007	FT MYERS, #4007	2133 WINKLER AVE	FORT MYERS	FL	33901-9119
#4009	LEHIGH ACRES, #4009	2719 4TH ST W	LEHIGH ACRES	FL	33971-1942
#4010	LOS BANOS, #4010	222 I ST	LOS BANOS	CA	93635-4132
#4013	KISSIMMEE, #4013	802 N JOHN YOUNG PKWY	KISSIMMEE	FL	34741-4912
#4014	NEW SMYRNA BEACH, #4014	110 S ORANGE ST	NEW SMYRNA BEACH	FL	32168-7153
#4017	LAKE WALES, #4017	1125 BRYN MAWR AVE	LAKE WALES	FL	33853-4333
#4018	DEARBORN, #4018	1185 MONROE ST	DEARBORN	MI	48124-2814
#4020	GREATER MIAMI, #4020	160 NW 176TH ST STE 100	MIAMI	FL	33169-5023
#4021	BURBANK, #4021	1211 N SAN FERNANDO BLVD	BURBANK	CA	91504-4234
#4022	GREATER DAYTONA HOME TRAINING, #4022	575 N CLYDE MORRIS BLVD STE A	DAYTONA BEACH	FL	32114-2323
#4024	LAKELAND, #4024	515 E BELLA VISTA ST	LAKELAND	FL	33805-3005
#4025	BURLINGTON NORTH, #4025	1164 E ROUTE 130	BURLINGTON	NJ	08016-2954
#4026	DELANO, #4026	905 MAIN ST	DELANO	CA	93215-1729
#4027	ERIE DIALYSIS, #4027	350 E BAYFRONT PKWY STE A	ERIE	PA	16507-2410
#4028	HOMESTEAD, #4028	207 W 7TH AVE	W HOMESTEAD	PA	15120-1002
#4029	PLANT CITY, #4029	1211 W REYNOLDS ST	PLANT CITY	FL	33563-4321
#4030	WINTER HAVEN, #4030	1625 MARTIN LUTHER KING DR	WINTER HAVEN	FL	33881-5226
#4032	CHARLOTTE, #4032	2321 W MOREHEAD ST STE 102	CHARLOTTE	NC	28208-5145
#4034	MCKEESPORT, #4034	2001 LINCOLN WAY OAK PARK MALL	MCKEESPORT	PA	15131-2419
#4035	BROWARD, #4035	1500 N FEDERAL HWY STE 100	FT LAUDERDALE	FL	33304-5600
#4036	ATHENS, #4036	15953 ATHENS LIMESTONE DR	ATHENS	AL	35613-2214
#4038	BRADENTON DIALYSIS, #4038	3501 CORTEZ RD W STE 104	BRADENTON	FL	34210-3104
#4039	DELAND DIALYSIS, #4039	350 E NEW YORK AVE	DELAND	FL	32724-5510
#4040	DELRAY NORTH-BOYNTON, #4040	2655 W ATLANTIC AVE	DELRAY BEACH	FL	33445-4400
#4041	LAKE WORTH, #4041	2459 S CONGRESS AVE STE 100	PALM SPRINGS	FL	33406-7616
#4042	PALM COAST, #4042	13 KINGSWOOD DR STE A	PALM COAST	FL	32137-4614
#4043	FT MYERS SOUTH, #4043	8570 GRANITE CT	FORT MYERS	FL	33908-4102
#4044	WOODBURN, #4044	1840 NEWBERG HWY STE 140	WOODBURN	OR	97071-3187
#4045	FOUR FREEDOMS DIALYSIS, #4045	289 SW RANGE AVE STE A	MADISON	FL	32340-2351

Facility No	Facility Name	Address	City	State	Zip
#4046	PHILADELPHIA WEST, #4046	7609 LINDBERGH BLVD	PHILADELPHIA	PA	19153-
#4048	TUCSON WEST, #4048	1780 W ANKLAM RD	TUCSON	AZ	85745-2632
#4049	TUCSON EAST, #4049	6420 E BROADWAY BLVD STE C300	TUCSON	AZ	85710-3512
#4050	TAMPA ACUTES, #4050	1130 NIKKI VIEW DR	BRANDON	FL	33511-4868
#4051	N BROWARD ACUTES, #4051	1500 N FEDERAL HWY STE 100	FT LAUDERDALE	FL	33304-1432
#4052	SOUTHWEST FLORIDA ACUTES, #4052	13681 DOCTORS WAY	FORT MYERS	FL	33912-4300
#4053	TALLAHASSEE SOUTH, #4053	2410 S ADAMS ST	TALLAHASSEE	FL	32301-6325
#4054	SELMA, #4054	2711 CINEMA WAY STE 109	SELMA	CA	93662-2662
#4055	HINESVILLE, #4055	522 ELMA G MILES PKWY	HINESVILLE	GA	31313-4021
#4056	LOS ANGELES DOWNTOWN, #4056	2021 S FLOWER ST	LOS ANGELES	CA	90007-1342
#4057	ANAHEIM, #4057	1107 W LA PALMA AVE	ANAHEIM	CA	92801-2804
#4058	MARTINSVILLE, #4058	33 BRIDGE ST S	MARTINSVILLE	VA	24112-6214
#4060	JEFFERSON, #4060	14 CLAIRTON BLVD	PITTSBURGH	PA	15236-3911
#4061	SADDLEBACK, #4061	23141 PLAZA POINTE DR	LAGUNA HILLS	CA	92653-1425
#4064	SUN CITY CENTER, #4064	775 CORTARO DR	RUSKIN	FL	33573-6812
#4065	PARIS DIALYSIS, #4065	32 STEUBENVILLE PK	PARIS	PA	15021
#4066	TAMPA CENTRAL, #4066	4204 N MACDILL AVE SOUTH BLDG	TAMPA	FL	33607-6342
#4068	ZEPHYRHILLS, #4068	6610 STADIUM DR	ZEPHYRHILLS	FL	33542-7510
#4069	BARTOW, #4069	1190 E CHURCH ST	BARTOW	FL	33830-4117
#4070	ORMOND BEACH, #4070	495 S NOVA RD STE 109	ORMOND BEACH	FL	32174-8444
#4071	LAKELAND SOUTH, #4071	5050 S FLORIDA AVE	LAKELAND	FL	33813-2501
#4072	ST MARYS DIALYSIS, #4072	2714 OSBORNE RD	ST MARY'S	GA	31558-4049
#4073	MIAMI NORTH, #4073	860 NE 125TH ST	NORTH MIAMI	FL	33161-5743
#4074	NAPLES, #4074	661 9TH ST N	NAPLES	FL	34102-8132
#4075	BONITA SPRINGS, #4075	9134 BONITA BEACH RD SE	BONITA SPRINGS	FL	34135-4281
#4076	ORLANDO SOUTHWEST, #4076	6925 LAKE ELLENOR DR STE 650	ORLANDO	FL	32809-4670
#4088	QUINCY, #4088	878 STRONG RD	QUINCY	FL	32351-5243
#4089	TALLAHASSEE, #4089	1607 PHYSICIANS DR	TALLAHASSEE	FL	32308-4620
#4091	CAPE CORAL KIDNEY CENTER, #4091	1315 SE 8TH TERRACE	CAPE CORAL	FL	33990-3213
#4095	SOUTH BEACH DIALYSIS, #4095	4701 N MERIDIAN AVE	MIAMI BEACH	FL	33140-2910
#4124	AMERICUS, #4124	227 N LEE ST	AMERICUS	GA	31709-3525
#4204	CORRY, #4204	300 YORK ST	CORRY	PA	16407-1420
#4208	ELIZABETHTOWN, #4208	844 N HANOVER ST	ELIZABETHTOWN	PA	17022-1303
#4209	LUMBERTON DIALYSIS, #4209	668 MAIN ST	LUMBERTON	NJ	08048-5016
#4210	COUNCIL BLUFFS DIALYSIS CENTER, #4210	300 W BROADWAY STE 150	COUNCIL BLUFFS	IA	51503-9077
#4211	COBBS CREEK, #4211	1700 S 60TH ST	PHILADELPHIA	PA	19142-1404
#4214	GARDEN WEST DIALYSIS, #4214	5715 N VENOY RD	WESTLAND	MI	48185-2830
#4215	MEADVILLE, #4215	19050 PARK AVENUE PLZ	MEADVILLE	PA	16335-4012
#4217	BRADFORD, #4217	665 E MAIN ST	BRADFORD	PA	16701-1869
#4219	SOUTHGATE, #4219	14752 NORTHLINE RD	SOUTHGATE	MI	48195-2467
#4221	DUBOIS, #4221	5780 SHAFFER RD STE 106B	DU BOIS	PA	15801-3872
#4223	WAYNESBURG, #4223	248 ELM DR	WAYNESBURG	PA	15370-8269
#4224	SELINSGROVE, #4224	1030 N SUSQUEHANNA TRAIL	SELINSGROVE	PA	17870-7767
#4302	LOCKPORT HOME DIALYSIS, #4302	16626 W 159TH ST STE 703	LOCKPORT	IL	60441-8019
#4305	AMERY, #4305	970 ELDEN AVE	AMERY	WI	54001-1448
#4306	SOUTH WILLIAMSON DIALYSIS, #4306	204 APPALACHIAN PLAZA	SOUTH WILLIAMSON	KY	41503-9404
#4307	KNOXVILLE CENTRAL DIALYSIS, #4307	9141 CROSS PARK DR STE 102	KNOXVILLE	TN	37923-4557
#4308	GALLERIA HOME TRAINING DIALYSIS, #4308	9045 HIGHWAY 64 STE 102	LAKELAND	TN	38002-8394
#4309	KAUFMAN DIALYSIS CENTER, #4309	2851 MILLENNIUM DR	KAUFMAN	TX	75142-8865

Facility No	Facility Name	Address	City	State	Zip
#4310	GREATER TAMPA AT HOME, #4310	4204 N MACDILL AVE STE B	TAMPA	FL	33607-6364
#4313	ROCKWALL DIALYSIS CENTER, #4313	2455 RIDGE RD STE 101	ROCKWALL	TX	75087-5530
#4314	WEBER VALLEY DIALYSIS, #4314	1920 W 250TH N	MARRIOTT-SLATERVILLE	UT	84404-9233
#4316	OLYMPIA DIALYSIS CENTER, #4316	335 COOPER POINT RD NW STE 105	OLYMPIA	WA	98502-4436
#4317	MILL CREEK DIALYSIS CENTER, #4317	18001 BOTHELL EVERETT HWY STE 112	BOTHELL	WA	98012-1661
#4318	CALLOWHILL DIALYSIS CENTER, #4318	313 CALLOWHILL ST	PHILADELPHIA	PA	19123-4103
#4321	DISTRICT HEIGHTS DIALYSIS, #4321	5701 SILVER HILL RD	DISTRICT HEIGHTS	MD	20747-1102
#4325	MOSCOW DIALYSIS CENTER, #4325	212 RODEO DR	MOSCOW	ID	83843-9798
#4331	WOODRIDGE HOME DIALYSIS, #4331	7425 JANES AVE STE 103	WOODRIDGE	IL	60517-2356
#4332	BLACK ROCK DIALYSIS, #4332	427 STILLSON RD	FAIRFIELD	CT	06824-3153
#4333	WAKE FOREST DIALYSIS CENTER, #4333	11001 INGLESIDE PL	RALEIGH	NC	27614-8577
#4334	BLOOMFIELD-PITTSBURGH DIALYSIS, #4334	5171 LIBERTY AVE STE C	PITTSBURGH	PA	15224-2254
#4335	MONROEVILLE DIALYSIS, #4335	2690 MONROEVILLE BLVD	MONROEVILLE	PA	15146-2302
#4336	EAST END-PITTSBURGH DIALYSIS, #4336	7714 PENN AVE PARK PLAZA	PITTSBURGH	PA	15221
#4337	DUNCANVILLE DIALYSIS, #4337	270 E HIGHWAY 67 STE 100	DUNCANVILLE	TX	75137-4428
#4338	KENNESTONE DIALYSIS, #4338	200 COBB PKWY N STE 318 BLDG 300	MARIETTA	GA	30062-3558
#4339	DEFUNIAK SPRINGS DIALYSIS, #4339	1045 US HWY 331 S DEFUNIAK SHOPPING PLAZA	DEFUNIAK SPRINGS	FL	32435-3375
#4343	WIREGRASS KIDNEY CENTER, #4343	1450 ROSS CLARK CIR	DOTHAN	AL	36301-4765
#4348	ARTESIA DIALYSIS, #4348	702 N 13TH ST	ARTESIA	NM	88210-1166
#4354	GREAT NORTHERN DIALYSIS, #4354	22710 FAIRVIEW CENTER DR STE 100	FAIRVIEW PARK	OH	44126-3607
#4355	CENTRAL MESA DIALYSIS CENTER, #4355	1134 E UNIVERSITY DR STE 101	MESA	AZ	85203-8048
#4356	SHAMROCK DIALYSIS, #4356	1016 CLAXTON DAIRY RD STE 1A	DUBLIN	GA	31021-7971
#4357	CAPELVILLE DIALYSIS, #4357	7008 E SHELBY DR	MEMPHIS	TN	38125-3416
#4358	NORTH VERNON DIALYSIS, #4358	2340 N STATE HWY 7	NORTH VERNON	IN	47265-7183
#4359	RUSH COUNTY DIALYSIS, #4359	1400 N CHERRY ST	RUSHVILLE	IN	46173-1097
#4360	PORTAGE DIALYSIS, #4360	5823 US HIGHWAY 6	PORTAGE	IN	46368-4851
#4367	NORTH COLORADO SPRINGS DIALYSIS, #4367	6071 E WOODMEN RD STE 100	COLORADO SPRINGS	CO	80923-2610
#4368	ST JOHN DIALYSIS, #4368	10033 WICKER AVE STE 6	SAINT JOHN	IN	46373-8777
#4371	RAVEN DIALYSIS CENTER, #4371	3540 E BASELINE RD STE 110	PHOENIX	AZ	85042-9628
#4373	EVERETT DIALYSIS CENTER, #4373	8130 EVERGREEN WAY	EVERETT	WA	98203-6419
#4374	BROOKWOOD DIALYSIS CENTER, #4374	8910 N 43RD AVE STE 107	GLENDALE	AZ	85302-5340
#4376	RENAISSANCE, #4376	1840 DARBY DR	FLORENCE	AL	35630-2623
#4377	HAMBURG DIALYSIS, #4377	1745 ALYSHEBA WAY	LEXINGTON	KY	40509-9013
#4380	OHIO PIKE DIALYSIS (AKA AMELIA), #4380	1761 STATE ROUTE 125	AMELIA	OH	45102-2039
#4384	BOURBON COUNTY DIALYSIS, #4384	213 LETTON DR PARIS TOWNE SQUARE	PARIS	KY	40361-2251
#4386	SHEPHERDSVILLE DIALYSIS CENTER, #4386	150 BROOKS WAY STE 15	BROOKS	KY	40109-6105
#4389	JACKSONVILLE SOUTH DIALYSIS CENTER, #4389	14965 OLD SAINT AUGUSTINE RD UNIT 114	JACKSONVILLE	FL	32258-9481
#4395	LEESBURG DIALYSIS, #4395	224D CORNWALL ST NW STE 100	LEESBURG	VA	20176-2700
#4399	MUSCLE SHOALS DIALYSIS, #4399	712 STATE ST	MUSCLE SHOALS	AL	35661-2940

Facility No	Facility Name	Address	City	State	Zip
#4400	ARBOR PLACE DIALYSIS, #4400	9559 HIGHWAY 5 STE 1	DOUGLASVILLE	GA	30135-1573
#4402	GULF SHORES DIALYSIS CENTER, #4402	3947 GULF SHORES PKWY UNIT 150	GULF SHORES	AL	36542-2737
#4405	OCOTILLO DIALYSIS, #4405	975 W CHANDLER HEIGHTS RD UNIT 101	CHANDLER	AZ	85248-5724
#4408	WINTER GARDEN DIALYSIS, #4408	1222 WINTER GARDEN VINELAND RD BLDG 3 STE 300	WINTER GARDEN	FL	34787-4449
#4410	TUCKER DIALYSIS, #4410	4434 HUGH HOWELL RD	TUCKER	GA	30084-4905
#4412	WEST PLANO DIALYSIS, #4412	5036 TENNYSON PKWY	PLANO	TX	75024-3002
#4416	RIVERS EDGE DIALYSIS, #4416	1006 E STATE ST STE B	ATHENS	OH	45701-2121
#4417	GATEWAY DIALYSIS, #4417	5705 LEE BLVD	LEHIGH ACRES	FL	33971-6342
#4420	PEACHTREE CITY DIALYSIS, #4420	2830 W HWY 54 BLDG 100 STE J & K	PEACHTREE CITY	GA	30269-1026
#4421	CONYERS DIALYSIS, #4421	1501 MILSTEAD RD NE	CONYERS	GA	30012-3838
#4424	WESTBOROUGH DIALYSIS CENTER, #4424	925 EL CAMINO REAL	SOUTH SAN FRANCISCO	CA	94080-3203
#4426	NORWOOD DIALYSIS, #4426	2300 WALL ST	CINCINNATI	OH	45212-2781
#4427	REDBANK VILLAGE DIALYSIS, #4427	3960 RED BANK RD STE 160	CINCINNATI	OH	45227
#4428	MILLINGTON DIALYSIS, #4428	8510 WILKINSVILLE RD STE 121	MILLINGTON	TN	38053-1537
#4430	FORREST CITY, #4430	1501 N WASHINGTON ST	FORREST CITY	AR	72335-2152
#4431	HARRISBURG DIALYSIS CENTER, #4431	3310 PERRY ST	CONCORD	NC	28027-3901
#4438	CLERMONT COUNTY DIALYSIS, #4438	5901 MONTCLAIR BLVD STE 100	MILFORD	OH	45150
#4446	ORLANDO PARK DIALYSIS, #4446	5397 W COLONIAL DR STE 120	ORLANDO	FL	32808-7647
#4447	DEXTER, #4447	2010 N OUTER RD	DEXTER	MO	63841
#4448	SOUTHPORT DIALYSIS CENTER, #4448	1513 N HOWE ST STE 15	SOUTHPORT	NC	28461
#4455	TIMBERLAKE DIALYSIS, #4455	12110 HOLMES RD	KANSAS CITY	MO	64145-1707
#4463	VILLA OF WATERBURY, #4463	929 WATERBURY FALLS DR	O'FALLON	MO	63368-2202
#4471	HIGHLAND COUNTY, #4471	120 ROBERTS LN STE 4	HILLSBORO	OH	45133-7608
#4472	COLONIAL SPRINGS DIALYSIS, #4472	2840 EAST WEST CONNECTOR STE 350	AUSTELL	GA	30106-6813
#4485	SAN LEANDRO DIALYSIS, #4485	15555 E 14TH STE 520	SAN LEANDRO	CA	94578-1900
#4487	DERRY, #4487	1 ACTION BLVD STE 2	LONDONDERRY	NH	03053-3428
#4488	12TH STREET COVINGTON DIALYSIS, #4488	1500 JAMES SIMPSON JR WAY STE 1100	COVINGTON	KY	41011
#5021	FRANKLIN AT HOME PD, #5021	301 CALLOWHILL ST	PHILADELPHIA	PA	19123-4117
#5028	CALDWELL DIALYSIS CENTER PD, #5028	821 S SMEED PKWY	CALDWELL	ID	83605-5130
#5516	ROGUE VALLEY DIALYSIS, #5516	760 GOLF VIEW DR UNIT 100	MEDFORD	OR	97504-9685
#5517	REDWOOD DIALYSIS, #5517	201 SW L ST	GRANTS PASS	OR	97526-2913
#5518	HANNIBAL MO, #5518	3140 PALMYRA ROAD	HANNIBAL	MO	63401-2204
#5519	ADAMS COUNTY DIALYSIS, #5519	436 N 10TH ST	QUINCY	IL	62301-4152
#5520	PITTSFIELD IL, #5520	640 W WASHINGTON ST	PITTSFIELD	IL	62363-1350
#5522	DETROIT ROAD DIALYSIS, #5522	7901 DETROIT AVE	CLEVELAND	OH	44102-2828
#5523	ST. V QUADRANGLE DIALYSIS, #5523	2302 COMMUNITY COLLEGE AVE	CLEVELAND	OH	44115-3117
#5524	WESTSHORE DIALYSIS, #5524	29000 CENTER RIDGE RD	CLEVELAND	OH	44145
#5525	TAMPA FL, #5525	10770 N 46TH ST STE A100	TAMPA	FL	33617-3465
#5530	NORTH GLENDALE DIALYSIS, #5530	1505 WILSON TER STE 190	GLENDALE	CA	91206-4015
#5537	CSATF 19 PRISON DIALYSIS PROGRAM, #5537	900 QUEBEC AVENUE	CORCORAN	CA	93212
#5935	ACQ-5532 AT HOME-CA, #5935	375 ROLLING OAKS DR STE 100	THOUSAND OAKS	CA	91361-1024
#5936	ACQ-5533 AT HOME-CA, #5936	2950 SYCAMORE DR STE 100	SIMI VALLEY	CA	93065-1210
#5937	ACQ-MIDWEST FAIRBORN AT HOME, #5937	1266 N BROAD ST	FAIRBORN	OH	45324

Facility No	Facility Name	Address	City	State	Zip
#5938	NORTH ST LOUIS COUNTY AT HOME, #5938	13119 NEW HALLS FERRY RD	FLORISSANT	MO	63033-3228
#5942	PLANO AT HOME, #5942	481 SHILOH RD STE 100	PLANO	TX	75074-7231
#5944	WAKE FOREST AT HOME, #5944	11001 INGLESIDE PL	RALEIGH	NC	27614-8577
#5947	HANNIBAL AT HOME, #5947	3140 PALMYRA RD	HANNIBAL	MO	63401-2204
#5948	ADAMS COUNTY AT HOME, #5948	436 N 10TH ST	QUINCY	IL	62301-4152
#5949	BEVERLY AT HOME, #5949	8109 SOUTH WESTERN AVE	CHICAGO	IL	60620-5939
#5950	NORTH JACKSON AT HOME, #5950	217 STERLING FARMS DR	JACKSON	TN	38305-5727
#5951	PORTAGE AT HOME, #5951	5823 US HIGHWAY 6	PORTAGE	IN	46368-4851
#5952	ROGUE VALLEY AT HOME, #5952	760 GOLF VIEW DR UNIT 100	MEDFORD	OR	97504-9685
#5953	EVERETT AT HOME, #5953	8130 EVERGREEN WAY STE C	EVERETT	WA	98203-6419
#5954	OLYMPIA AT HOME, #5954	335 COOPER POINT ROAD NW SUITE 105	OLYMPIA	WA	98502-4436
#5956	RENAISSANCE AT HOME, #5956	1840 DARBY DR	FLORENCE	AL	35630-2623
#5957	POOLER AT HOME, #5957	54 TRADERS WAY LIVE OAK PLAZA	POOLER	GA	31322-4158
#5958	GULF SHORES AT HOME, #5958	3947 GULF SHORES PKWY UNIT 150	GULF SHORES	AL	36542-2735
#5959	FRANKLIN AT HOME, #5959	301 CALLOWHILL ST	PHILADELPHIA	PA	19123-4117
#5960	BURLINGTON AT HOME, #5960	873 HEATHER RD	BURLINGTON	NC	27215-6288
#5961	RENO AT HOME, #5961	1500 EAST 2ND STREET STE 101, 106	RENO	NV	89502-1189
#5963	JACKSONVILLE SOUTH AT HOME, #5963	14965 OLD SAINT AUGUSTINE RD UNIT 114	JACKSONVILLE	FL	32258-9481
#5965	UNION CITY AT HOME (GA), #5965	6851 SHANNON PARKWAY STE 200	UNION CITY	GA	30291-2049
#5966	WEBER VALLEY AT HOME, #5966	1920 W 250TH N	MARRIOTT-SLATERVILLE	UT	84404-9233
#5967	KNOXVILLE CENTRAL AT HOME, #5967	9141 CROSS PARK DR STE 102	KNOXVILLE	TN	37923-4557
#5968	PARKER DIALYSIS CENTER, #5968	10371 S PARK GLENN WAY STE 180	PARKER	CO	80138-3871
#5970	OPELIKA AT HOME, #5970	2340 PEPPERELL PKWY PEPPERELL CORNERS SHOPPING CENTER	OPELIKA	AL	36801
#5971	KENNESTONE AT HOME, #5971	200 COBB PKWY N STE 318	MARIETTA	GA	30062-3558
#5972	MAPLE GROVE AT HOME, #5972	15655 GROVE CIR N	MAPLE GROVE	MN	55369-4489
#5973	NORTH COLORADO SPRINGS AT HOME, #5973	6071 E WOODMEN RD STE 100	COLORADO SPRINGS	CO	80923-2610
#5974	PITTSBURGH HOME MODALITY CENTER OF EXCELLENCE AT H, #5974	5171 LIBERTY AVE STE A	PITTSBURGH	PA	15224-2254
#5975	MEMPHIS DOWNTOWN AT HOME, #5975	2076 UNION AVE FL 2	MEMPHIS	TN	38104
#5976	ARTESIA AT HOME, #5976	702 N 13TH ST	ARTESIA	NM	88210-1166
#5977	FRESNO AT HOME CENTER, #5977	568 E HERNDON AVE STE 301	FRESNO	CA	93720-2989
#5978	BLUFF CITY AT HOME, #5978	2400 LUCY LEE PKWY STE E	POPLAR BLUFF	MO	63901-2427
#5979	NORTH METRO AT HOME, #5979	12365 HURON ST STE 500	WESTMINSTER	CO	80234-3498
#5980	FIVE STAR AT HOME, #5980	2400 TECH CENTER CT	LAS VEGAS	NV	89128-0804
#5981	KIDNEY HOME AT HOME, #5981	2245 ROLLING RUN DR STE 3	BALTIMORE	MD	21244
#5982	FARGO AT HOME, #5982	4474 23RD AVE S STE M	FARGO	ND	58104-8795
#5983	GALLERIA HOME TRAINING AT HOME, #5983	9045 HIGHWAY 64 STE 102	LAKELAND	TN	38002-8394
#5985	NORTHGATE AT HOME, #5985	650 LAS GALLINAS AVE	SAN RAFAEL	CA	94903-3620
#5986	BELDEN COMMUNITY AT HOME, #5986	4685 FULTON DR NW	CANTON	OH	44718-2379
#5987	MAINPLACE AT HOME, #5987	972 W TOWN AND COUNTRY RD	ORANGE	CA	92868-4714
#5988	PENNSAUKEN AT HOME, #5988	7024 KAIGHNS AVE	PENNSAUKEN	NJ	08109-4417
#5989	JEDBURG AT HOME, #5989	2897 W 5TH NORTH ST	SUMMERVILLE	SC	29483-9674

Facility No	Facility Name	Address	City	State	Zip
#5990	FIRST COLONY AT HOME, #5990	1447 HIGHWAY 6 STE 140	SUGAR LAND	TX	77478-5093
#5991	MAGNOLIA AT HOME, #5991	17649 FM 1488 RD	MAGNOLIA	TX	77354-5235
#5992	PEORIA HOME AT HOME, #5992	719 MAIN ST	PEORIA	IL	61602-1083
#5993	CAPE CORAL SOUTH AT HOME, #5993	3046 DEL PRADO BLVD S STE 4A	CAPE CORAL	FL	33904-7232
#5994	GREATER TAMPA HOME AT HOME, #5994	4204 N MACDILL AVE STE B	TAMPA	FL	33607-6364
#5995	ATHENS EAST AT HOME, #5995	2026 S MILLEDGE AVE STE A2	ATHENS	GA	30605-6480
#5996	UNIVERSITY UNIT RIVERSIDE AT HOME, #5996	1045 WESTGATE DR STE 90	SAINT PAUL	MN	55114-1079
#5997	WOODRIDGE AT HOME, #5997	7425 JANES AVE STE 103	WOODRIDGE	IL	60517-2356
#5998	INDY SOUTH AT HOME, #5998	972 EMERSON PKWY STE E	GREENWOOD	IN	46143-6202
#5999	LOCKPORT HOME AT HOME, #5999	16626 W 159TH ST STE 703	LOCKPORT	IL	60441-8019
#6000	CAMELBACK AT HOME HEMO, #6000	7321 E OSBORN DR	SCOTTSDALE	AZ	85251-6418
#6002	WEST BOUNTIFUL DIALYSIS AT HOME, #6002	724 W 500 S STE 300	WEST BOUNTIFUL	UT	84087-1471
#6003	FRANKLIN (PA) DIALYSIS AT HOME, #6003	150 S INDEPENDENCE W 101 PUBLIC LEDGER BLDG	PHILADELPHIA	PA	19106-3413
#6004	CORNERSTONE DIALYSIS AT HOME, #6004	23857 GREENFIELD RD	SOUTHFIELD	MI	48075-3122
#6006	DIALYSIS CARE OF MOORE COUNTY AT HOME, #6006	16 REGIONAL DR	PINEHURST	NC	28374-8850
#6007	HOME DIALYSIS AT HOME, #6007	825 S 8TH ST STE 1224	MINNEAPOLIS	MN	55404-1223
#6009	ST PAUL CAPITOL DIALYSIS AT HOME, #6009	555 PARK ST STE 210	SAINT PAUL	MN	55103-2193
#6011	BALLENGER PT AT HOME, #6011	2262 S BALLENGER HWY	FLINT	MI	48503-3447
#6012	LAKEWOOD AT HOME, #6012	1750 PIERCE ST	LAKEWOOD	CO	80214-1434
#6013	MED-CENTER AT HOME, #6013	7580 FANNIN ST STE 230	HOUSTON	TX	77054-1939
#6014	UTAH VALLEY DIALYSIS AT HOME, #6014	1055 N 500 W STE 221	PROVO	UT	84604-3305
#6015	LOWRY AT HOME, #6015	7465 E 1ST AVE STE A	DENVER	CO	80230-6877
#6016	MANZANITA AT HOME, #6016	4005 MANZANITA AVE STE 18	CARMICHAEL	CA	95608-1779
#6017	FIRST COLONIAL DAVITA AT HOME, #6017	1157 FIRST COLONIAL RD STE 200	VIRGINIA BEACH	VA	23454-2432
#6018	WESTWOOD AT HOME, #6018	2615 SW TRENTON ST	SEATTLE	WA	98126-3745
#6019	LAKEWOOD WASHINGTON AT HOME, #6019	5919 LAKEWOOD TOWNE CENTER BLVD SW STE A	LAKEWOOD	WA	98499-6513
#6020	GRAPEVINE AT HOME, #6020	1600 W NORTHWEST HWY STE 100	GRAPEVINE	TX	76051-8131
#6021	GRAND RAPIDS AT HOME (CHERRY STREET), #6021	801 CHERRY ST SE	GRAND RAPIDS	MI	49506-1440
#6022	FEDERAL WAY AT HOME, #6022	1015 S 348TH ST	FEDERAL WAY	WA	98003-7078
#6023	UCLA AT HOME, #6023	200 MEDICAL PLZ STE 565	LOS ANGELES	CA	90095-8344
#6024	REDDING AT HOME, #6024	1876 PARK MARINA DR	REDDING	CA	96001-0913
#6025	OLYMPIA FIELDS AT HOME, #6025	4557B LINCOLN HWY STE B	MATTESON	IL	60443-2318
#6026	MT VERNON AT HOME, #6026	1800 JEFFERSON AVE	MOUNT VERNON	IL	62864-4300
#6027	GAINESVILLE AT HOME, #6027	2545 FLINTRIDGE RD STE 130	GAINESVILLE	GA	30501-7428
#6028	YAKIMA AT HOME, #6028	1221 N 16TH AVE	YAKIMA	WA	98902-1347
#6029	MID-COLUMBIA AT HOME, #6029	6825 BURDEN BLVD STE A	PASCO	WA	99301-9584
#6030	GEORGETOWN ON THE POTOMAC AT HOME, #6030	3323 K STREET NW SUITE 110	WASHINGTON	DC	20007
#6031	SIOUX FALLS AT HOME, #6031	800 E 21ST ST	SIOUX FALLS	SD	57105-1016
#6032	HILLSBORO AT HOME, #6032	2500 NW 229TH AVE STE 300 BLDG E	HILLSBORO	OR	97124-7516

Facility No	Facility Name	Address	City	State	Zip
#6033	PIKES PEAK AT HOME, #6033	2002 LELARAY ST STE 130	COLORADO SPRINGS	CO	80909-2804
#6034	WALNUT CREEK AT HOME, #6034	400 N WIGET LN	WALNUT CREEK	CA	94598-2408
#6035	SAN ANTONIO AT HOME, #6035	5284 MEDICAL DR STE 100	SAN ANTONIO	TX	78229-4849
#6036	SANTA ROSA AT HOME, #6036	5819 HIGHWAY 90	MILTON	FL	32583-1763
#6037	DUNMORE AT HOME, #6037	1212 ONEILL HWY	DUNMORE	PA	18512-1717
#6038	PALMERTON AT HOME, #6038	185 DELAWARE AVE STE C	PALMERTON	PA	18071-1716
#6039	LONGVIEW AT HOME, #6039	425 N FREDONIA ST	LONGVIEW	TX	75601-6464
#6040	JB ZACHARY AT HOME, #6040	333 CASSELL DR STE 2300	BALTIMORE	MD	21224-6815
#6041	MEMPHIS EAST AT HOME, #6041	50 HUMPHREYS CTR STE 28B	MEMPHIS	TN	38120-2369
#6042	PLAINFIELD AT HOME, #6042	1200 RANDOLPH RD KENYAN HOUSE	PLAINFIELD	NJ	07060-3361
#6043	MIDTOWN CLINIC AT HOME, #6043	489 PEACHTREE ST #100A	ATLANTA	GA	30308
#6045	CHARLOTTE AT HOME, #6045	2321 W MOREHEAD ST STE 102	CHARLOTTE	NC	28208-5145
#6046	DALY CITY AT HOME, #6046	1498 SOUTHGATE AVE STE 101	DALY CITY	CA	94015-4015
#6047	SALEM AT HOME, #6047	3550 LIBERTY RD S STE 100	SALEM	OR	97302-5700
#6048	OMAHA WEST AT HOME, #6048	13014 W DODGE RD	OMAHA	NE	68154-2148
#6049	TUCSON EAST AT HOME, #6049	6420 E BROADWAY BLVD STE C300	TUCSON	AZ	85710-3512
#6050	WHITE OAK AT HOME, #6050	5520 CHEVIOT RD STE B	CINCINNATI	OH	45247-7069
#6051	BELPRE AT HOME, #6051	2906 WASHINGTON BLVD	BELPRE	OH	45714-1848
#6052	BIRMINGHAM AT HOME, #6052	2101 7TH AVE S	BIRMINGHAM	AL	35233-3105
#6053	STAMFORD AT HOME, #6053	30 COMMERCE RD	STAMFORD	CT	06902-4506
#6054	WHITEBRIDGE AT HOME, #6054	103 WHITE BRIDGE PIKE STE 6	NASHVILLE	TN	37209-4539
#6055	ZANESVILLE AT HOME, #6055	3120 NEWARK RD	ZANESVILLE	OH	43701-9659
#6056	TYSON'S CORNER AT HOME, #6056	8391 OLD COURTHOUSE RD STE 160	VIENNA	VA	22182-3819
#6057	BRADFORD AT HOME, #6057	665 E MAIN ST	BRADFORD	PA	16701-1869
#6058	FRESNO AT HOME, #6058	1111 E WARNER AVE	FRESNO	CA	93710-4030
#6059	NORTHLAND AT HOME, #6059	2750 CLAY EDWARDS DR STE 504	N KANSAS CITY	MO	64116-3258
#6060	LAKE WORTH AT HOME, #6060	2459 S CONGRESS AVE STE 100	PALM SPRINGS	FL	33406-7616
#6061	MEADVILLE AT HOME, #6061	19050 PARK AVENUE PLZ	MEADVILLE	PA	16335-4012
#6063	WILLINGBORO AT HOME, #6063	230 VAN SCIVER PKWY	WILLINGBORO	NJ	08046-1131
#6064	DERENNE AT HOME, #6064	5303 MONTGOMERY ST	SAVANNAH	GA	31405-5138
#6065	BRUNSWICK AT HOME, #6065	53 SCRANTON CONNECTOR	BRUNSWICK	GA	31525-1862
#6067	AIKEN AT HOME, #6067	775 MEDICAL PARK DR	AIKEN	SC	29801-6306
#6068	BRIDGEPORT AT HOME, #6068	900 MADISON AVE	BRIDGEPORT	CT	06606-5534
#6069	ST PETERSBURG AT HOME, #6069	2850 34TH ST S	ST PETERSBURG	FL	33711-3817
#6070	DENISON AT HOME, #6070	1220 REBA MACENTIRE LN	DENISON	TX	75020-9057
#6071	EL MILAGRO AT HOME, #6071	2800 S INTERSTATE HWY 35 STE 120	AUSTIN	TX	78704-5700
#6072	ATLANTIC AT HOME, #6072	6 INDUSTRIAL WAY W STE B	EATONTOWN	NJ	07724-2258
#6073	NEWTOWN AT HOME, #6073	60 BLACKSMITH RD	NEWTOWN	PA	18940-1847
#6075	FOX RIVER AT HOME, #6075	1910 RIVERSIDE DR	GREEN BAY	WI	54301-2319
#6076	TOKAY AT HOME, #6076	777 S HAM LN STE L	LODI	CA	95242-3593
#6077	CAPITAL CITY AT HOME, #6077	307 N 46TH ST	LINCOLN	NE	68503-3714
#6080	GREATER DAYTONA AT HOME, #6080	575 N CLYDE MORRIS BLVD STE A	DAYTONA BEACH	FL	32114-2323
#6081	GREATER MIAMI AT HOME, #6081	160 NW 176TH ST STE 100	MIAMI	FL	33169-5023
#6083	EFFINGHAM AT HOME, #6083	904 MEDICAL PARK DR STE 1	EFFINGHAM	IL	62401-2193
#6084	SPRINGFIELD CENTRAL AT HOME, #6084	932 N RUTLEDGE ST	SPRINGFIELD	IL	62702-3721
#6085	Decatur East Wood At Home, #6085	794 E WOOD ST	DECATUR	IL	62523-1155
#6086	ILLINI AT HOME, #6086	507 E UNIVERSITY AVE	CHAMPAIGN	IL	61820-3828
#6087	JANESVILLE AT HOME, #6087	1305 WOODMAN RD	JANESVILLE	WI	53545-1068

Facility No	Facility Name	Address	City	State	Zip
#6088	NEW HAVEN AT HOME, #6088	100 CHURCH ST S STE C	NEW HAVEN	CT	06519-1703
#6089	NASHUA AT HOME, #6089	38 TYLER ST STE 100	NASHUA	NH	03060-2912
#6090	EAST EVANSVILLE AT HOME, #6090	1312 PROFESSIONAL BLVD	EVANSVILLE	IN	47714-8007
#6091	BEEVILLE AT HOME, #6091	100 W HUNTINGTON ST	BEEVILLE	TX	78102-3324
#6092	SOUTH SHORE AT HOME, #6092	212 GULF FWY S STE G3	LEAGUE CITY	TX	77573-3957
#6093	MEMORIAL AT HOME, #6093	11621 KATY FWY	HOUSTON	TX	77079-1801
#6095	BROOKRIVER AT HOME, #6095	8101 BROOKRIVER DR	DALLAS	TX	75247-4003
#6098	METRO EAST AT HOME, #6098	5105 W MAIN ST	BELLEVILLE	IL	62226-4728
#6099	MARION AT HOME, #6099	324 S 4TH ST	MARION	IL	62959-1241
#6100	ROXBURY AT HOME, #6100	622 ROXBURY RD	ROCKFORD	IL	61107-5089
#6101	SYCAMORE AT HOME, #6101	2200 GATEWAY DR	SYCAMORE	IL	60178-3113
#6102	MONROE AT HOME, #6102	114 8TH ST	MONROE	WI	53566-1050
#6103	WESTVIEW AT HOME, #6103	3749 COMMERCIAL DR STE B	INDIANAPOLIS	IN	46222-1676
#6104	FRANKLIN (IN) AT HOME, #6104	1140 W JEFFERSON ST STE A	FRANKLIN	IN	46131-2101
#6105	OCALA AT HOME, #6105	2860 SE 1ST AVE	OCALA	FL	34471-0406
#6106	COMPLETE CARE AT HOME, #6106	7850 W SAMPLE RD	MARGATE	FL	33065-4710
#6107	INTERAMERICAN AT HOME, #6107	7815 CORAL WAY STE 115	MIAMI	FL	33155-6541
#6108	FT WALTON BEACH AT HOME, #6108	1110 HOSPITAL RD STE A	FORT WALTON BEACH	FL	32547-6644
#6109	PURCELLVILLE AT HOME, #6109	280 N HATCHER AVE	PURCELLVILLE	VA	20132-3193
#6110	TABLE ROCK AT HOME, #6110	5610 GAGE ST STE B	BOISE	ID	83706
#6111	TWIN FALLS AT HOME, #6111	1840 CANYON CREST DR	TWIN FALLS	ID	83301-3007
#6112	GATE CITY AT HOME, #6112	2001 BENCH RD	POCATELLO	ID	83201-2033
#6113	FOUR RIVERS AT HOME, #6113	515 EAST LN	ONTARIO	OR	97914-3953
#6114	OLYMPIC VIEW AT HOME, #6114	125 16TH AVE E FL 5	SEATTLE	WA	98112-5211
#6115	SPIVEY AT HOME, #6115	1423 STOCKBRIDGE RD STE B	JONESBORO	GA	30236-3740
#6116	EAST DES MOINES AT HOME, #6116	1301 PENNSYLVANIA AVE STE 208	DES MOINES	IA	50316-2365
#6118	KETTERING AT HOME, #6118	5721 BIGGER RD	KETTERING	OH	45440-2752
#6119	CITRUS VALLEY AT HOME, #6119	894 HARDT ST	SAN BERNARDINO	CA	92408-2854
#6121	CERES AT HOME, #6121	1768 MITCHELL RD	CERES	CA	95307-2156
#6123	GRANTS PASS AT HOME, #6123	1055 REDWOOD AVE	GRANTS PASS	OR	97527-5525
#6124	MERIDIAN PARK AT HOME, #6124	19255 SW 65TH AVE STE 100	TUALATIN	OR	97062-9712
#6125	MARYVILLE AT HOME, #6125	2136B VADALABENE DR	MARYVILLE	IL	62062-5632
#6128	PDI-WORCESTER AT HOME, #6128	19 GLENNIE ST STE A	WORCESTER	MA	01605-3918
#6129	PDI-ROCKY HILL AT HOME, #6129	30 WATERCHASE DR	ROCKY HILL	CT	06067-2110
#6130	SIERRA ROSE AT HOME, #6130	685 SIERRA ROSE DR	RENO	NV	89511-2060
#6132	SOUTHWEST SAN ANTONIO AT HOME, #6132	7515 BARLITE BLVD	SAN ANTONIO	TX	78224-1311
#6133	WICHITA AT HOME, #6133	909 N TOPEKA ST	WICHITA	KS	67214-3620
#6134	ASHEVILLE KIDNEY AT HOME, #6134	1600 CENTERPARK DR	ASHEVILLE	NC	28805-6206
#6135	HOKE COUNTY AT HOME, #6135	403 S MAIN ST	RAEFORD	NC	28376-3222
#6136	STRONGSVILLE AT HOME, #6136	17792 PEARL RD	STRONGSVILLE	OH	44136-6909
#6137	BATON ROUGE AT HOME, #6137	3888 NORTH BLVD STE 101	BATON ROUGE	LA	70806-3824
#6138	WEST BROADWAY DIALYSIS AT HOME, #6138	720 W BROADWAY STE 200	LOUISVILLE	KY	40202-3245
#6140	BRONX AT HOME, #6140	1615 EASTCHESTER RD	BRONX	NY	10461-2603
#6142	CLEVE HILL AT HOME, #6142	1461 KENSINGTON AVE	BUFFALO	NY	14215-1436
#6144	WHITE PLAINS AT HOME, #6144	200 HAMILTON AVE STE 13B	WHITE PLAINS	NY	10601-1859
#6146	LAKE VILLA AT HOME, #6146	37809 N IL ROUTE 59	LAKE VILLA	IL	60046-7332
#6147	NORTHWEST BETHANY AT HOME, #6147	7800 NW 23RD ST STE A	BETHANY	OK	73008-4948
#6148	TULSA AT HOME, #6148	4436 S HARVARD AVE	TULSA	OK	74135-2605

Facility No	Facility Name	Address	City	State	Zip
#6150	REIDSVILLE AT HOME, #6150	1307 FREEWAY DR	REIDSVILLE	NC	27320-7104
#6151	LITHONIA AT HOME, #6151	2485 PARK CENTRAL BLVD	DECATUR	GA	30035-3902
#6152	LANHAM AT HOME, #6152	8855 ANNAPOLIS RD STE 200	LANHAM	MD	20706-2919
#6153	HAMMOND AT HOME, #6153	222 DOUGLAS ST	HAMMOND	IN	46320-1960
#6155	TRC-USC AT HOME, #6155	2310 ALCAZAR ST	LOS ANGELES	CA	90033-5327
#6156	UNION CITY CENTER AT HOME (CA), #6156	32930 ALVARADO NILES RD STE 300	UNION CITY	CA	94587-8101
#6157	CHICO AT HOME, #6157	530 COHASSET RD	CHICO	CA	95926-2212
#6158	MONTCLAIR AT HOME, #6158	5050 PALO VERDE ST STE 100	MONTCLAIR	CA	91763-2333
#6159	UPSTATE AT HOME, #6159	308 MILLS AVE	GREENVILLE	SC	29605-4022
#6161	PDI - LANCASTER AT HOME, #6161	1412 E KING ST	LANCASTER	PA	17602-3240
#6162	PDI JOHNSTOWN AT HOME, #6162	344 BUDFIELD ST	JOHNSTOWN	PA	15904-3214
#6163	CAMP HILL AT HOME, #6163	425 N 21ST ST PLAZA 21 BLDG 1ST FL	CAMP HILL	PA	17011-2202
#6164	PDI MONTGOMERY AT HOME, #6164	1001 FOREST AVE	MONTGOMERY	AL	36106-1181
#6165	FAIRFAX AT HOME, #6165	8501 ARLINGTON BLVD STE 100	FAIRFAX	VA	22031-4625
#6168	TRC/HARBOR - UCLA AT HOME, #6168	21602 S VERMONT AVE	TORRANCE	CA	90502-1940
#6170	WEST SACRAMENTO AT HOME, #6170	3450 INDUSTRIAL BLVD STE 100	WEST SACRAMENTO	CA	95691-5003
#6171	EAST MACON AT HOME, #6171	165 EMERY HWY STE 101	MACON	GA	31217-3666
#6172	VINCENNES AT HOME, #6172	700 WILLOW ST	VINCENNES	IN	47591-1028
#6177	GRAND JUNCTION AT HOME, #6177	710 WELLINGTON AVENUE STE 20	GRAND JUNCTION	CO	81501
#6178	GERMANTOWN AT HOME, #6178	20111 CENTURY BLVD STE C	GERMANTOWN	MD	20874-9165
#6180	SEDC-WILMINGTON AT HOME, #6180	2215 YAUPON DR	WILMINGTON	NC	28401-7334
#6182	HERMISTON COMMUNITY AT HOME, #6182	1155 W LINDA AVE	HERMISTON	OR	97838-9601
#6183	SHREVEPORT HHD LA, #6183	1560 IRVING PL	SHREVEPORT	LA	71101-4604
#6184	DOWNTOWN SAN ANTONIO AT HOME, #6184	615 E QUINCY ST	SAN ANTONIO	TX	78215-1600
#6186	COLUMBIA MO AT HOME, #6186	1701 E BROADWAY STE G102	COLUMBIA	MO	65201-8029
#6187	WEST PENSACOLA AT HOME, #6187	598 N FAIRFIELD DR STE 100	PENSACOLA	FL	32506-4320
#6188	REGENCY AT HOME, #6188	9535 REGENCY SQUARE BLVD N	JACKSONVILLE	FL	32225-8128
#6189	CRYSTAL RIVER AT HOME, #6189	7435 W GULF TO LAKE HWY	CRYSTAL RIVER	FL	34429-7834
#6191	FMC WILMINGTON DE AT HOME, #6191	700 W LEA BLVD STE G2	WILMINGTON	DE	19802-2541
#6193	WEST GEORGIA AT HOME, #6193	1216 STARK AVE	COLUMBUS	GA	31906-2500
#6194	BUFORD AT HOME, #6194	1550 BUFORD HWY STE 1E	BUFORD	GA	30518-3666
#6195	KALAMAZOO WEST AT HOME, #6195	1040 N 10TH ST	KALAMAZOO	MI	49009-6149
#6196	SOUTH VALLEY AT HOME, #6196	17815 VENTURA BLVD STE 100	ENCINO	CA	91316-3600
#6197	MAYSVILLE AT HOME-KY, #6197	489 TUCKER DR	MAYSVILLE	KY	41056-9111
#6199	MT GREENWOOD AT HOME, #6199	3401 W 111TH ST	CHICAGO	IL	60655-3329
#6203	RENAL CARE OF BUFFALO AT HOME, #6203	550 ORCHARD PARK RD	WEST SENECA	NY	14224-2655
#6204	QUEENS VILLAGE AT HOME, #6204	22202 HEMPSTEAD AVE STE 170	QUEENS VILLAGE	NY	11429-2123
#6207	LANSING AT HOME-MI, #6207	1675 WATERTOWER PL STE 700	EAST LANSING	MI	48823-6397
#6208	SOUTH COUNTY AT HOME, #6208	4145 UNION RD	SAINT LOUIS	MO	63129-1064
#6209	EASTLAND AT HOME, #6209	19101 E VALLEY VIEW PKWY STE E	INDEPENDENCE	MO	64055-6907
#6211	TACOMA AT HOME, #6211	3401 S 19TH ST	TACOMA	WA	98405-1909
#6213	CEDAR PARK AT HOME, #6213	1720 E WHITESTONE BLVD	CEDAR PARK	TX	78613-7640
#6217	TEMPE AT HOME, #6217	2149 E WARNER RD STE 109	TEMPE	AZ	85284-3496
#6218	ARROWHEAD LAKES AT HOME, #6218	20325 N 51ST AVE STE 184 BLDG 11	GLENDALE	AZ	85308-4625
#6219	SOUTH BALDWIN AT HOME, #6219	150 W PEACHTREE AVE	FOLEY	AL	36535-2244

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Facility No	Facility Name	Address	City	State	Zip
#6220	COLUMBUS WEST HOME TRAINING, #6220	1391 GEORGESVILLE RD	COLUMBUS	OH	43228-3611
#6221	RICHMOND KIDNEY CENTER AT HOME, #6221	1366 VICTORY BLVD	STATEN ISLAND	NY	10301-3907
#6222	NEWPORT NEWS AT HOME, #6222	711 79TH ST	NEWPORT NEWS	VA	23605-2767
#6223	OAKWOOD AT HOME, #6223	148 HECTOR AVE	GRETNA	LA	70056-2531
#6225	DIALYSIS CARE OF KANNAPOLIS AT HOME, #6225	1607 N MAIN ST	KANNAPOLIS	NC	28081-2317
#6226	BUTLER-FARM AT HOME, #6226	501 BUTLER FARMS RD	HAMPTON	VA	23666-1777
#6227	VICTORIA AT HOME, #6227	1405 VICTORIA STATION DR	VICTORIA	TX	77901-3092
#6228	NEW PORT RICHEY AT HOME, #6228	7421 RIDGE RD	PORT RICHEY	FL	34668-6933
#6229	GRAND HOME AT HOME, #6229	14674 W MOUNTAIN VIEW BLVD STE 204	SURPRISE	AZ	85374-2708
#6230	WILLIAMSBURG AT HOME, #6230	500 SENTARA CIR STE 103	WILLIAMSBURG	VA	23188-5727
#6231	BALDWIN COUNTY AT HOME, #6231	27880 N MAIN ST STE A	DAPHNE	AL	36526-7080
#6232	CLINTON TOWNSHIP AT HOME, #6232	15918 19 MILE RD STE 110	CLINTON TOWNSHIP	MI	48038-1101
#6233	GROSSE POINTE AT HOME, #6233	18000 E WARREN AVE STE 100	DETROIT	MI	48224-1336
#6234	GREENSBURG AT HOME, #6234	1531 N COMMERCE EAST DR STE 6	GREENSBURG	IN	47240-3259
#6235	QUEENS DIALYSIS OF SOUTH FLUSHING AT HOME, #6235	7112 PARK AVE	FLUSHING	NY	11365-4105
#6236	GULF BREEZE AT HOME, #6236	1519 MAIN ST	DUNEDIN	FL	34698-4650
#6237	JACKSONVILLE CENTRAL AT HOME, #6237	400 T P WHITE DR	JACKSONVILLE	AR	72076-3287
#6238	SAN JOSE AT HOME, #6238	4400 STEVENS CREEK BLVD STE 50	SAN JOSE	CA	95129-1104
#6239	CORDELE AT HOME, #6239	1013 E 16TH AVE	CORDELE	GA	31015-1539
#6240	EAST GEORGIA AT HOME, #6240	450 GEORGIA AVE STE A	STATESBORO	GA	30458-5590
#6242	KANKAKEE COUNTY AT HOME, #6242	581 WILLIAM R LATHAM SR DR STE 104	BOURBONNAIS	IL	60914-2317
#6243	ORLANDO AT HOME, #6243	14050 TOWN LOOP BLVD STE 104B	ORLANDO	FL	32837-6190
#6244	KENNEDY HOME DIALYSIS-AT HOME, #6244	5509 N CUMBERLAND AVE STE 515	CHICAGO	IL	60656-4702
#6245	YPSILANTI AT HOME, #6245	2762 WASHTENAW RD	YPSILANTI	MI	48197-1506
#6246	JACKSONVILLE AT HOME, #6246	14 OFFICE PARK DR	JACKSONVILLE	NC	28546-7325
#6247	LEBANON AT HOME, #6247	918 COLUMBUS AVE STE 2 UNIT B	LEBANON	OH	45036-1402
#6248	SLIDELL KIDNEY CARE AT HOME, #6248	1150 ROBERT BLVD STE 240	SLIDELL	LA	70458-2005
#6249	WATERBURY AT HOME, #6249	150 MATTATUCK HEIGHTS RD	WATERBURY	CT	06705-3893
#6251	WHITE LANE AT HOME, #6251	7701 WHITE LN STE D	BAKERSFIELD	CA	93309-0201
#6254	ANAHEIM AT HOME, #6254	1107 W LA PALMA AVE	ANAHEIM	CA	92801-2804
#6255	MERCED AT HOME, #6255	3150 G ST STE A	MERCED	CA	95340-1346
#6256	COLLEGE STATION AT HOME, #6256	701 UNIVERSITY DR STE 401	COLLEGE STATION	TX	77840-1430
#6257	ST JOSEPH AT HOME, #6257	5514 CORPORATE DR STE 100	SAINT JOSEPH	MO	64507-7752
#6258	CENTRAL LITTLE ROCK AT HOME, #6258	5800 W 10TH ST STE 510	LITTLE ROCK	AR	72204-1760
#6260	DURHAM WEST AT HOME, #6260	4307 WESTERN PARK PL STE 101	DURHAM	NC	27705-1204
#6262	TOLEDO AT HOME, #6262	1614 S BYRNE RD	TOLEDO	OH	43614-3464
#6263	HIOAKS AT HOME, #6263	681 HIOAKS RD STE D	RICHMOND	VA	23225-4043
#6264	ELIZABETH AT HOME, #6264	201 MCKEESPORT RD	ELIZABETH	PA	15037-1623
#6265	ABINGTON AT HOME, #6265	3940A COMMERCE AVE	WILLOW GROVE	PA	19090-1705
#6266	CENTRAL COLUMBIA AT HOME, #6266	3511 MEDICAL DR	COLUMBIA	SC	29203-6504
#6267	NORTH ORANGEBURG AT HOME, #6267	3031 SAINT MATTHEWS RD	ORANGEBURG	SC	29118-1443
#6268	DEARBORN HOME DIALYSIS - AT HOME, #6268	22030 PARK ST	DEARBORN	MI	48124-2854

Facility No	Facility Name	Address	City	State	Zip
#6269	OCEAN SPRINGS AT HOME, #6269	13150 PONCE DEL LEON	OCEAN SPRINGS	MS	39564-2460
#6270	HAKC - HUNTINGTON AT HOME, #6270	256 BROADWAY	HUNTINGTON STATION	NY	11746-1403
#6271	42ND ST AT HOME, #6271	4126 WALNUT ST	PHILADELPHIA	PA	19104-3511
#6275	CHARLOTTESVILLE NORTH AT HOME, #6275	1800 TIMBERWOOD BLVD STE C	CHARLOTTESVILLE	VA	22911-7544
#6276	HEARTLAND AT HOME, #6276	925 NE 8TH ST	OKLAHOMA CITY	OK	73104-5800
#6278	LAKELAND SOUTH AT HOME, #6278	5050 S FLORIDA AVE STE 1	LAKELAND	FL	33813-2501
#6279	NAPLES AT HOME, #6279	661 9TH ST N	NAPLES	FL	34102-8132
#6280	BROOKFIELD AT HOME, #6280	19395 W CAPITOL DR	BROOKFIELD	WI	53045-2736
#6281	TUSCALOOSA AT HOME, #6281	805 OLD MILL ST	TUSCALOOSA	AL	35401-7132
#6282	RAINBOW CITY AT HOME, #6282	2800 RAINBOW DR	RAINBOW CITY	AL	35906-5811
#6283	ATHENS AT HOME, #6283	15953 ATHENS LIMESTONE DR STE 15	ATHENS	AL	35613-2214
#6284	SYLACAUGA AT HOME, #6284	331 JAMES PAYTON BLVD	SYLACAUGA	AL	35150
#6286	SAN FRANCISCO AT HOME, #6286	1499 WEBSTER ST	SAN FRANCISCO	CA	94115-3705
#6287	PITTSBURGH AT HOME, #6287	4312 PENN AVE	PITTSBURGH	PA	15224-1310
#6289	RADNOR AT HOME, #6289	250 KING OF PRUSSIA RD	RADNOR	PA	19087-5220
#6291	RADFORD AT HOME, #6291	600 E MAIN ST STE F	RADFORD	VA	24141-1826
#6292	HARRISONBURG AT HOME, #6292	871 CANTRELL AVE STE 100	HARRISONBURG	VA	22801-4323
#6293	KERRVILLE AT HOME, #6293	515 GRANADA PL	KERRVILLE	TX	78028-5992
#6294	WEST TALLAHASSEE AT HOME, #6294	2645 W TENNESSEE ST STE 8	TALLAHASSEE	FL	32304-2521
#6295	ROME AT HOME, #6295	15 JOHN MADDOX DR NW	ROME	GA	30165-1413
#6296	HOPKINSVILLE AT HOME, #6296	1914 S VIRGINIA ST	HOPKINSVILLE	KY	42240-3610
#6297	ST LOUIS WEST AT HOME, #6297	450 N LINDBERGH BLVD STE 100C	CREVE COEUR	MO	63141-7858
#6298	COOKEVILLE AT HOME, #6298	140 W 7TH ST	COOKEVILLE	TN	38501-1726
#6300	DOTHAN AT HOME, #6300	216 GRACELAND DR	DOTHAN	AL	36305-7346
#6301	AMELIA AT HOME, #6301	15151 PATRICK HENRY HWY	AMELIA COURT HOUSE	VA	23002-4700
#6302	HENRICO COUNTY AT HOME, #6302	5270 CHAMBERLAYNE RD	RICHMOND	VA	23227-2950
#6303	WEYMOUTH CLINIC AT HOME, #6303	330 LIBBEY INDUSTRIAL PKWY STE 900	WEYMOUTH	MA	02189-3122
#6304	ERIE AT HOME, #6304	350 E BAYFRONT PKWY STE A	ERIE	PA	16507-2410
#6305	WILSON AT HOME, #6305	1605 MEDICAL PARK DR W	WILSON	NC	27893-2799
#6306	NORTH FULTON AT HOME, #6306	1250 NORTHMEADOW PKWY STE 120	ROSWELL	GA	30076-4914
#6307	LOOMIS ROAD AT HOME, #6307	4120 W LOOMIS RD	GREENFIELD	WI	53221-2052
#6308	PALM SPRINGS AT HOME, #6308	1061 N INDIAN CANYON DR	PALM SPRINGS	CA	92262-4854
#6310	DEMOPOLIS AT HOME, #6310	511 S CEDAR AVE	DEMOPOLIS	AL	36732-2235
#6311	BRADENTON AT HOME, #6311	3501 CORTEZ RD W STE 104	BRADENTON	FL	34210-3104
#6312	COLUMBIA UNIVERSITY AT HOME, #6312	60 HAVEN AVENUE	NEW YORK	NY	10032-2604
#6313	NEW BEDFORD AT HOME, #6313	524 UNION ST	NEW BEDFORD	MA	02740-3546
#6314	MUSKEGON AT HOME, #6314	1277 MERCY DR	MUSKEGON	MI	49444-4605
#6315	WELLINGTON CIRCLE AT HOME, #6315	10 CABOT RD STE 103B	MEDFORD	MA	02155-5173
#6316	FREDERICK AT HOME, #6316	140 THOMAS JOHNSON DR STE 100	FREDERICK	MD	21702-4475
#6317	SELINSGROVE AT HOME, #6317	1030 N SUSQUEHANNA TRL	SELINSGROVE	PA	17870-7767
#6318	LAKE CHARLES SOUTHWEST AT HOME, #6318	433 DOCTOR MICHAEL DEBAKEY DR STE 184	LAKE CHARLES	LA	70601-5874
#6319	LENEXA AT HOME, #6319	8630 HALSEY ST	LENEXA	KS	66215-2880
#6320	ROSEBURG MERCY AT HOME, #6320	2599 NW EDENBOWER BLVD	ROSEBURG	OR	97471-6220

Facility No	Facility Name	Address	City	State	Zip
#6321	NASHVILLE HOME TRAINING AT HOME, #6321	1919 CHARLOTTE AVE STE 200	NASHVILLE	TN	37203-2245
#6322	GOLDSBORO AT HOME, #6322	2609 HOSPITAL RD	GOLDSBORO	NC	27534-9424
#6323	MIAMI CAMPUS AT HOME, #6323	1500 NW 12TH AVE STE 106	MIAMI	FL	33136-1028
#6324	DAYTONA BEACH AT HOME, #6324	578 HEALTH BLVD	DAYTONA BEACH	FL	32114-1492

Criterion 1110.230—Project Purpose, Background and Alternatives
Background of Applicant

Casa Nueva
1551 Wewatta Street
Denver, CO 80202-6173
Tel: 303-405-2100
www.davita.com

July 22, 2010

Dale Galassie
Chairman
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr.Galassie:

With regard to the above, this is to affirm that no "adverse action" has been taken against the co-applicant, DaVita Inc., within three (3) years preceding the filing of this Certificate of Need (CON). "Adverse Action" means any final action by any governmental agency or nationally recognized accredited body which is adverse to the co-applicant, DaVita Inc. These actions include, but are not limited to, any criminal conviction; any supervision, probation, suspension, revocation, termination or denial of a license or certificate or registration; in position of a conditional license; termination or suspension from participation in any program involving payment authorized under title XVIII "Medicare".

I also wish to indicate that the co-applicant, DaVita Inc., is fit, willing, and able and has the qualifications, background and character to adequately provide a proper standard of health care service for the community. Further, this letter authorizes the State Board and Agency access to information in order to verify any documentation or information submitted with respect to the above Certificate of Need.

Sincerely,

Kent Thiry
Chairman and CEO
DaVita Inc.

Attachment 11-2

Criterion 1110.230 – Project Purpose, Background and Alternatives

PURPOSE OF PROJECT

1. Mt. Vernon Dialysis has been an existing facility, providing vital dialysis services to more than 80 dialysis patients in the Mt. Vernon community and surrounding area since 1986. Without the facility, patients would have to drive a significant distance to receive treatment, as all other dialysis facilities are greater than 30 minutes travel time, per Mapquest. The current building at 1800 Jefferson has lived its useful life as a dialysis clinic, and needs to be replaced. The local hospital and other healthcare services are relocating to other areas of the community, leaving the dialysis clinic in an area where roads and area conditions are not suited to healthcare. In addition, the building has structural and infrastructure issues that limit DaVita's ability to modernize and meet new Life Safety Codes outlined by CMS and the State for ESRD facilities. Relocation of the facility to the 4102 North Water Tower Place location will improve accessibility of the facility, both in terms of location, and access to hospital and emergency services, and physical access for patients with disabilities. It will also allow DaVita to continue to provide vital dialysis services to a large and growing population in a new facility that meets all CMS and State requirements for the foreseeable future.

2. The current and relocated Mt Vernon Dialysis facilities are located within the city of Mt. Vernon in H.S.A. 5.

3. The relocation of Mt. Vernon will address issues of accessibility for patients, and numerous physical plant issues that have resulted from the age and location of the current site. No problems or issues have been identified associated with the relocation, though many problems will ensue if the facility is not allowed to relocate.

4. Reference: CMS Conditions for Coverage, Life Safety Code

5. As noted above, changes in CMS and State requirements for buildings and facilities added significant new requirements for ESRD facilities. Relocation of the facility will resolve all physical plant issues, allowing DaVita to meet all CMS and State building regulations. Relocation of the facility to the 4102 North Water Tower Place location will improve accessibility for patients to hospital and emergency services, and physical access to the facility and within the facility for patients with disabilities. It will also allow DaVita to continue to provide vital dialysis services to a large and growing population in a facility that meets all CMS and State requirements for the foreseeable future.

6. DaVita's goal with this project is to improve access to care for their current and future patients. This goal will be achieved immediately upon relocation.

Criterion 1110.230 – Project Purpose, Background and Alternatives

Alternatives

Alternatives available to DaVita and considered were:

1. Proceed with the relocation of Mt. Vernon Dialysis.

DaVita evaluated all options to improve access for patients in Mt. Vernon, and to rectify and improve access and physical plant issues with the current facility. No other option resolved the issues as completely as relocation will. The existing facility was built in 1986. When the facility was initially built, the area was proposed for additional healthcare development and expansion of the neighboring hospital. That has not happened. Instead, many physicians' offices and outpatient services have moved, relocating to more accessible areas of the community. The hospital will be relocating soon, leaving the dialysis facility in an area that is likely to become more industrial. The current facility is adjacent to an asphalt plant, and it is expected that the asphalt facility will expand or attract similar industry after the hospital closes. Roads leading to the dialysis clinic have deteriorated, with no plans for significant improvement. The 24 year old facility is old and in poor condition. The building is constructed on a significant downward slope toward the building, causing issues with drainage and accessibility for patients, particularly the elderly and patients with disabilities. The facility is also land-locked, with insufficient parking for patients. Relocation would rectify all of these issues at the most economical cost , and provide a more accessible facility for patients for years to come.
Therefore, pursuit of the relocation option is the selected alternative.

2. **Remain in the current location with no changes (Do Nothing.)**

The current facility has multiple access and physical plant issues that must be address to meet the new Life Safety Code requirements for dialysis facilities. These requirements are part of the mandatory requirements for ESRD facilities, and therefore cannot be ignored
Therefore, the "Do Nothing" option is not acceptable, and therefore rejected.

3. Renovate the facility at the current location

The access and physical plant issues at the current location are numerous. Some issues such as fixtures and finishes can be corrected with extensive renovation. Other issues, such as the slope toward the building, physical accessibility issues, lack of infrastructure to support current technology, lack of sufficient space and lack of parking cannot be resolved with renovation. All of these things are required to meet regulatory requirements and to continue to care for patients. Attempts to resolve the issues through renovation would be costly, and would only marginally improve a portion of the issues. Issues related to physical location and conditions of roads and adjacent properties are out of DaVita's control to correct and will not be impacted by renovation. Renovation would not resolve the issues at hand.
Therefore, the option to renovate at the current location is an insufficient resolution, and the option is rejected.

Evaluation of scope and costs for all alternatives:

DaVita evaluated costs and benefits for each option. Because there are no suitable options short of relocation that allow the facility to remain in compliance with regulatory requirements, there are no lower cost alternatives that are acceptable.

Attachment 13

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

SIZE OF PROJECT:

The new Mt. Vernon Dialysis facility will consist of approximately 7500 gross square feet (BGSF) The facility will house in-center hemodialysis (DGSF), as well as support and training for CAPD and Home Hemodialysis. Approximately 6500 square feet (DGSF) will be utilized for hemodialysis stations. The remaining 1000 square feet for the home therapies. The 6500 hemodialysis square feet equates to 406 square feet per station. This is within the square footage allowance of 360-520 DGSF per station for incenter hemodialysis as outlined in Appendix Of 77 Ill. Adm. Code 1100.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Facility	7,500 BGSF	6,300-9,100 BGSF	Within Standard	Yes
In-center hemodialysis	6,500 DGSF	5,040-7,280 DGSF	Within Standard	Yes

Attachment 14

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

PROJECT SERVICES UTILIZATION:

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1 (2013	ESRD	11,349	87%	80%	yES
YEAR 2 (2014)	ESRD	12,257	94.9%	80%	Yes

Attachment 15

1110.1430(b)(1) - Planning Area Need - Service to Planning Area Residents

The current inventory of does not show a need for stations in H.S.A 5. However, because there are no other dialysis facilities within 30 minutes travel time of Mt. Vernon, excess stations elsewhere do not benefit patients in Mt. Vernon. Therefore, this application focuses on the need within Mt. Vernon, and providing accessible treatment for those patients.

Travel time to most proximate facilities to Mt. Vernon

Mt Vernon to Wayne County (Fairfield)	43 min
Mt Vernon to Benton	31 min.
Mt Vernon to Centralia	33 min.

Attachment 26-1

MAPQUEST.

Notes

Trip to Da Vita Wayne Cty Dialysis

303 NW 11th St # 1, Fairfield, IL 62837 - (618) 842-7204
31.67 miles - about 43 minutes

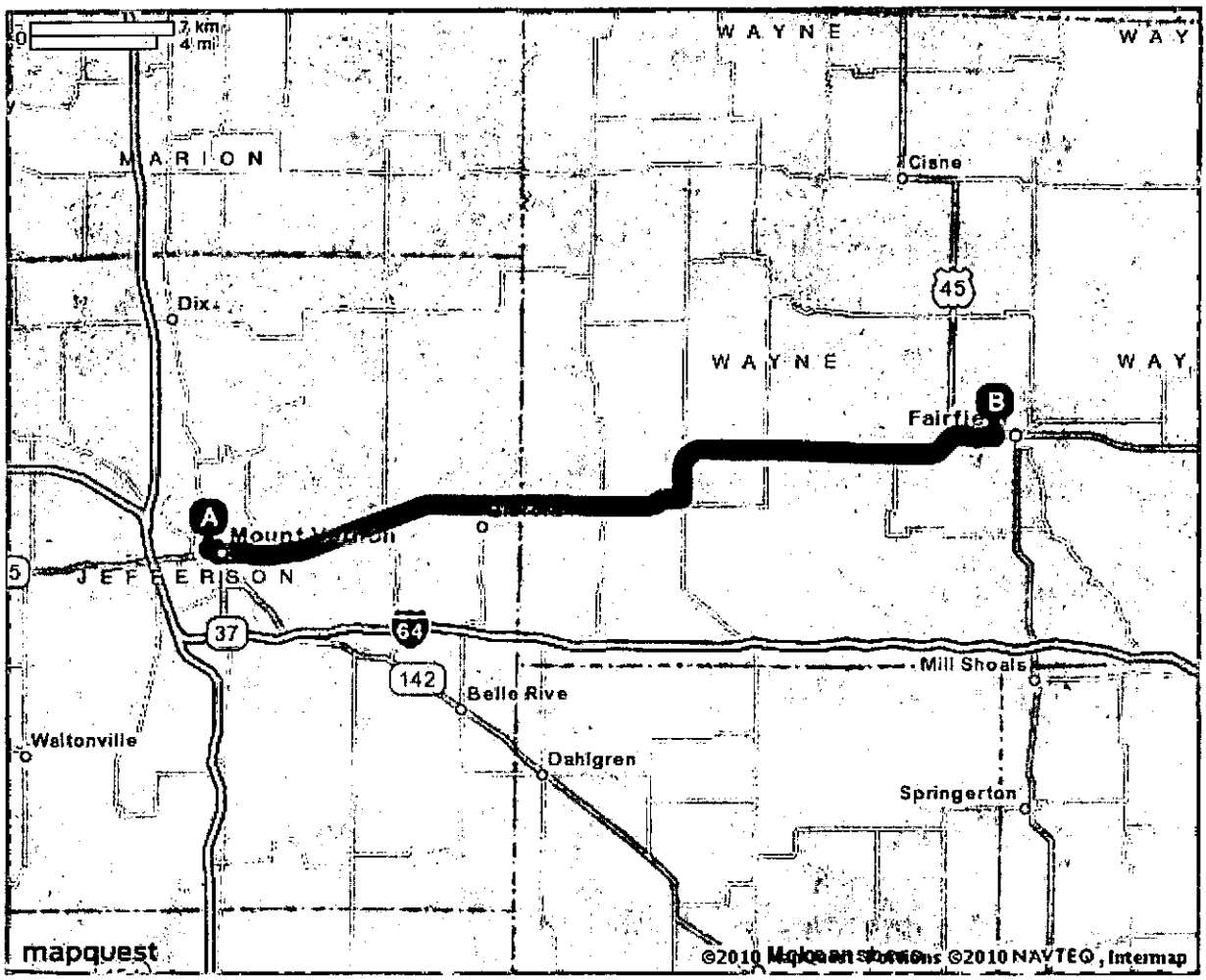
A 1800 Jefferson Ave, Mount Vernon, IL 62864-4300

START	1. Start out going **EAST** on **JEFFERSON AVE** toward **N 16TH ST**.	go 0.2 mi
	2. Turn **RIGHT** onto **N 16TH ST**.	go 0.0 mi
	3. Turn **LEFT** onto **NORTH ST**.	go 0.2 mi
	4. Turn **RIGHT** onto **N 12TH ST**.	go 0.2 mi
EAST 15	5. Turn **LEFT** onto **BROADWAY / IL-15** E. Continue to follow **IL-15** E.	go 17.6 mi
EAST 15	6. Turn **LEFT** to stay on **IL-15 E**.	go 13.3 mi
	7. Turn **LEFT** onto **SW 11TH ST**.	go 0.1 mi
END	8. **303 NW 11TH ST # 1** is on the **LEFT**.	go 0.0 mi

B Da Vita Wayne Cty Dialysis - (618) 842-7204
303 NW 11th St # 1, Fairfield, IL 62837

Total Travel Estimate : 31.67 miles - about 43 minutes

Route Map Hide



MAPQUEST.

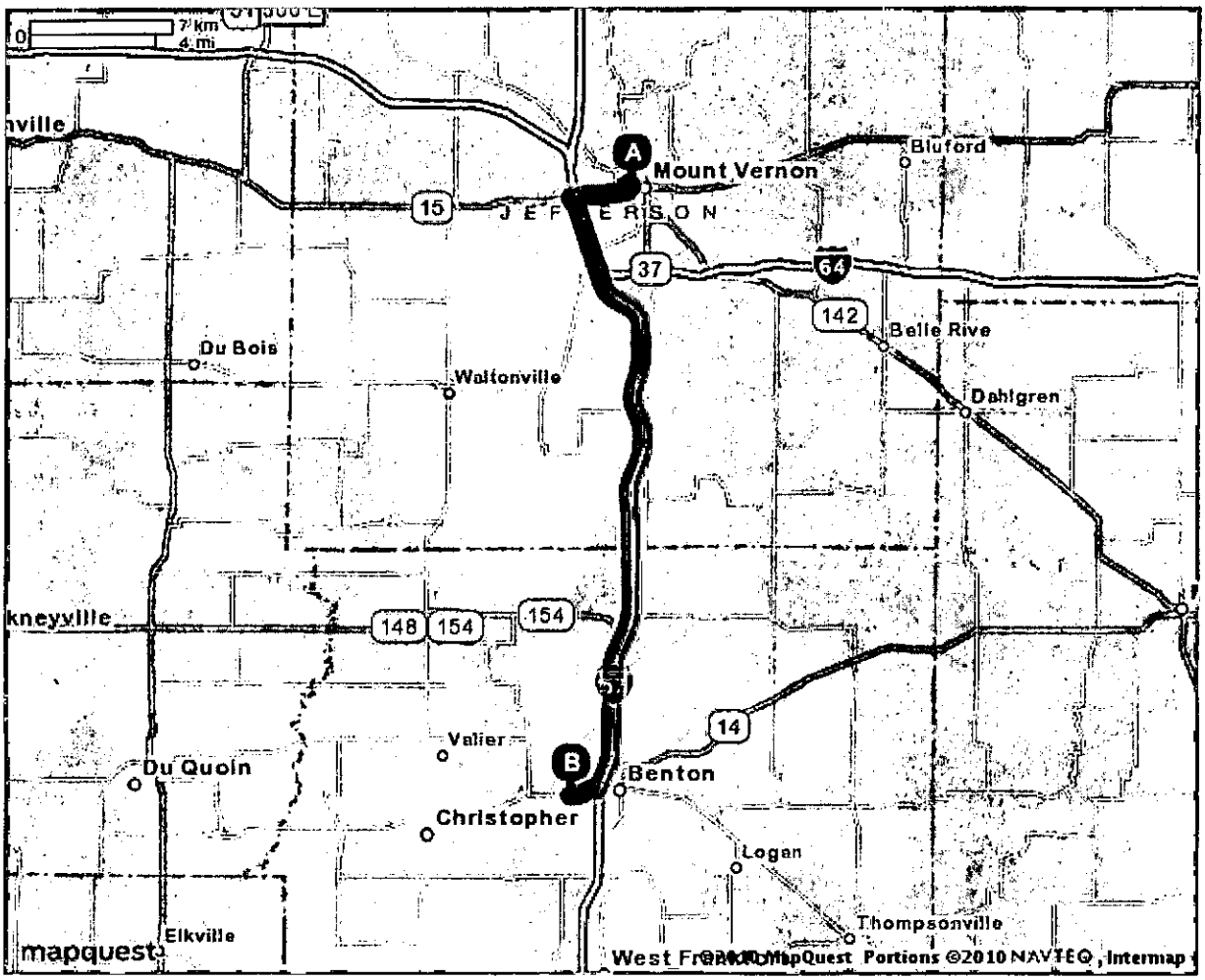
Notes

Trip to DaVita Benton Dialysis

1151 Route 14 W, Benton, IL 62812 - (866) 571-6766

26.88 miles - about 31 minutes

Route Map Hide



MAPQUEST.

Trip to Centralia, IL
27.01 miles - about 33 minutes

Notes

1800 Jefferson Ave, Mount Vernon, IL 62864-4300

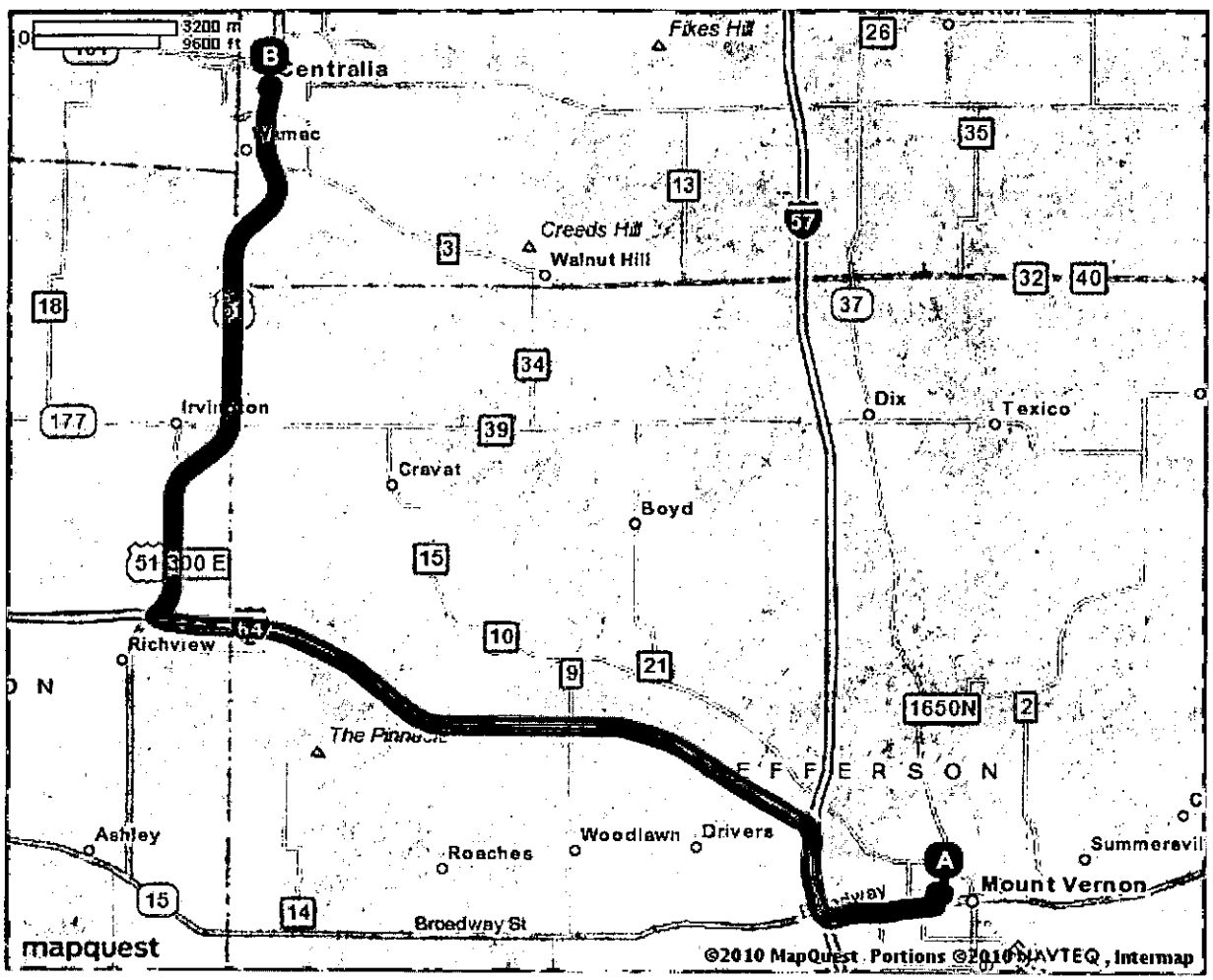
START	1. Start out going **EAST** on **JEFFERSON AVE**.	go 0.0 mi
	2. Turn **RIGHT** to stay on **JEFFERSON AVE**.	go 0.0 mi
	3. **JEFFERSON AVE** becomes **N 18TH ST**.	go 0.0 mi
	4. Turn **RIGHT** onto **WATERWORKS RD**.	go 0.1 mi
	5. Turn **LEFT** onto **N 20TH ST**.	go 0.3 mi
WEST 15	6. Turn **RIGHT** onto **BROADWAY / IL-15 W / E IL-15**.	go 1.9 mi
NORTH 57	7. Merge onto **I-57 N / I-64 W** toward **EFFINGHAM / EAST ST LOUIS**.	go 1.3 mi
96 EXIT WEST 64	8. Keep **LEFT** to take **I-64 W** via **EXIT 96**.	go 12.7 mi
61 EXIT	9. Take the **US-51** exit, **EXIT 61**, toward **CENTRALIA / ASHLEY**.	go 0.2 mi

10. Turn **RIGHT** onto **US-51 N / CR-300 E N**. Continue to follow **US-51 N**.	go 10.2 mi
11. Turn **LEFT** onto **E 2ND ST**.	go 0.0 mi
12. Turn **LEFT** onto **S POPLAR ST / US-51 S / CR-300 E**.	go 0.0 mi
13. Welcome to **CENTRALIA, IL**.	go 0.0 mi

Centralia, IL

Total Travel Estimate : 27.01 miles - about 33 minutes

Route Map Hide



1110.1430(b)(2) - Planning Area Need - Service to Planning Area Residents

A) The current facility and the proposed relocated facility are both within the community of Mt. Vernon and H.S.A. 5, and serving patients of Mt. Vernon, Jefferson county and the surrounding area. There are no other dialysis providers within 30 minutes travel time, and therefore the facility provides an essential service for the dialysis patients in the area. The purpose for the relocation and additional stations is to provide ongoing service to ESRD patients within the service area.

B) Attachment "Admissions" shows that 31 patients were admitted to Mt. Vernon dialysis over the 12 month period 6/1/09-5/31/10.. The table below shows that 61% of the patients live within the city of Mt. Vernon. 100% of those patients admitted are from Mt. Vernon, or within 30 minutes travel time of the facility.

New Patients 6-1-09 thru 5-31-10	Patients	Pts w/ Mt Vernon Zip Code
Total	31	
Mt Vernon	19	61%

C) Also include in Attachment 26-2,b "Admissions" are the community and zip code for each admission for the 12 month period.

Attachment 26-2, a

1110.1430(b)(2) - Planning Area Need - Service to Planning Area Residents

Initials	City	Zip	First Date of Dialysis
SF	Salem	62881	6/1/2009
JF	Mt. Vernon	62864	6/4/2009
RA	Louisville	62858	6/15/2009
EC	Mt. Vernon	62864	6/15/2009
BF	McLeansboro	62859	6/24/2009
JF	Carterville	62918	7/1/2009
JC	Mt. Vernon	62864	7/6/2009
JL	Salem	62881	7/22/2009
JR	Mt. Vernon	62864	8/5/2009
RC	Mt. Vernon	62864	8/6/2009
IP	Mt. Vernon	62864	9/23/2009
EH	Mt. Vernon	62864	9/29/2009
OB	Mt. Vernon	62864	10/5/2009
VB	Mt. Vernon	62864	10/28/2009
EF	Mt. Vernon	62864	11/6/2009
CR	Bluford	62814	11/19/2009
DM	Mt. Vernon	62864	12/1/2009
LC	Salem	62881	12/18/2009
CH	Mt. Vernon	62864	2/5/2010
EP	McLeansboro	62859	2/10/2010
HT	Benton	62812	2/12/2010
KB	Mt. Vernon	62864	3/13/2010
JS	Mt. Vernon	62864	3/24/2010
OS	Mt. Vernon	62864	3/25/2010
TE	Mt. Vernon	62864	4/6/2010
BW	Centralia	62801	4/28/2010
RB	Mt. Vernon	62864	4/29/2010
LR	Ina	62946	5/19/2010
GB	Mt. Vernon	62864	5/24/2010
KM	Mt. Vernon	62864	5/30/2010

Attachment 26-2, b
Admissions & Pt Origin

1110.1430(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service

A total of 71 patients have been admitted to Mt. Vernon Dialysis over the 24 month period, 6/1-08-5/31/10. Patient initials, community, zip code and date of first dialysis are noted in Attachment 26-3,b—"Historic Referrals."

A letter provided by Steven Zelman, MD and admitting physician to the current Mt. Vernon Dialysis facility indicates there are 81 patients from his practice that are expected to need dialysis within the next 18 months. This is consistent with the historic data, and shows that there is consistent growth in the ESRD population in Mt. Vernon.

The table below shows the historic growth of the Mt. Vernon Dialysis clinic for 2008, 2009 and 2010 YTD. Wayne County Dialysis opened and was certified in March of 2008. At that time, 13 patients transferred from Mt. Vernon Dialysis to the new Wayne County clinic, reducing the census at Mt. Vernon to 43 in-center hemodialysis patients. The Mt. Vernon census quickly rebounded to 53 patients again before the end of 2008, with a growth rate of 23.3%. Several of the patients admitted during this timeframe were patients dialyzing at Centralia or Benton due to the need for a daytime treatment time, not available due to the higher census at Mt. Vernon. The relocation of patients to Wayne County provided daytime opportunities for Mt. Vernon patients to come back to their community for care, resulting in the vigorous rebound growth that year.

Growth for the first 8 months of 2010 has been 13.2% (annualized), and the clinic is expected to end 2010 with approximately the same rate of growth 13.2%. Estimating moderate growth rates of even 9% for the coming years, the clinic is expected to reach 77 patients project is complete in Q1 2013. and would utilize the new 16 station facility at 80% capacity immediately upon opening, and would grow to approx.. 94.8% before the clinic would be able to add stations again in 2015.

Without the addition of 2 stations, the clinic relocated clinic would open at 100% capacity, with no room for additional patients, and no ability to add stations under the Rules for 2 yrs. This would pose a hardship for patients, and would limit access to care.

Year	Pts	Growth	Stations	Projected Utilization	Projected Utilization Without Additional Stations
Pre-Wayne Co Feb '08	57				
Post Wayne Co. March '08	43	-24.6%	14		
End 2008	53	23.3%	14		
End 2009	57	7.5%	14		
8/31/2010	62	13.2%	14	73.8%	73.8%
End 2010 (Projected)	65	13.2%	14	76.8%	76.8%
End 2011 (Projected)	70	9.0%	14	83.7%	83.7%
End 2012 (Projected)	77	9.0%	16	80.0%	91.2%
End 2013 (Projected)	84	9.0%	16	87.0%	99.4%
End 2014 (Projected)	91	9.0%	16	94.8%	108.4%

Attachment 26-3, a
Service Demand

1110.1430(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service

Historic Referrals to Mt. Vernon Dialysis

Initials	City	Zip	First Date of Dialysis
TE	Mt. Vernon	62864	5/8/2008
BH	Centralia	62801	5/9/2008
JG	Mt. Vernon	62864	5/9/2008
SA	Mt. Vernon	62864	6/30/2008
GC	Centralia	62801	7/1/2008
TV	McLeansboro	62859	7/1/2008
DF	Mt. Vernon	62864	7/12/2008
CW	Ina	62846	7/15/2008
JB	Mt. Vernon	62864	7/17/2008
MC	Bluford	62814	7/24/2008
GB	Mt. Vernon	62864	7/28/2008
BH	Fairfield	62837	8/5/2008
JL	Mt. Vernon	62864	8/6/2008
MM	Mt. Vernon	62864	8/13/2008
RD	Mt. Vernon	62864	8/18/2008
LM	Bluford	62814	9/20/2008
DM	Sesser	62884	9/23/2008
SC	Bluford	62814	10/23/2008
DH	Mt. Vernon	62864	12/2/2008
RE	Ina	62846	12/13/2008
GV	Flora	62839	12/26/2008
GP	Christopher	62822	12/29/2008
KS	Bonnie	62816	12/29/2008
RH	McLeansboro	62859	1/9/2009
RF	Mt. Vernon	62864	1/19/2009
PG	Mt. Vernon	62864	1/20/2009
PT	Mt. Vernon	62864	1/21/2009
PL	McLeansboro	62859	1/26/2009
HK	Mt. Vernon	62864	1/26/2009
WP	Mt. Vernon	62864	1/28/2009
ND	Mt. Vernon	62864	2/27/2009
MR	Mt. Vernon	62864	3/25/2009
BH	Mt. Vernon	62864	4/3/2009
WL	Mt. Vernon	62864	4/7/2009
JL	West Frankfort	62896	4/7/2009
PM	Mt. Vernon	62864	4/8/2009
MF	Mt. Vernon	62864	4/10/2009
RS	Mt. Vernon	62864	4/13/2009
DA	Mt. Vernon	62864	4/20/2009
RS	Mt. Vernon	62864	5/19/2009
RH	Mt. Vernon	62864	5/19/2009
SF	Salem	62881	6/1/2009
JF	Mt. Vernon	62864	6/4/2009
RA	Louisville	62858	6/15/2009
EC	Mt. Vernon	62864	6/15/2009
BF	McLeansboro	62859	6/24/2009
JF	Carterville	62918	7/1/2009
JC	Mt. Vernon	62864	7/6/2009
JL	Salem	62881	7/22/2009
JR	Mt. Vernon	62864	8/5/2009
RC	Mt. Vernon	62864	8/6/2009
IP	Mt. Vernon	62864	9/23/2009
EH	Mt. Vernon	62864	9/29/2009
OB	Mt. Vernon	62864	10/5/2009
VB	Mt. Vernon	62864	10/28/2009
EF	Mt. Vernon	62864	11/6/2009
CR	Bluford	62814	11/19/2009
DM	Mt. Vernon	62864	12/1/2009
LC	Salem	62881	12/18/2009
CH	Mt. Vernon	62864	2/5/2010
EP	McLeansboro	62859	2/10/2010
HT	Benton	62812	2/12/2010
KB	Mt. Vernon	62864	3/13/2010
JS	Mt. Vernon	62864	3/24/2010
OS	Mt. Vernon	62864	3/25/2010
TE	Mt. Vernon	62864	4/6/2010
BW	Centralia	62801	4/28/2010
RB	Mt. Vernon	62864	4/29/2010
LR	Ina	62946	5/19/2010
GB	Mt. Vernon	62864	5/24/2010
KM	Mt. Vernon	62864	5/30/2010

Attachment 26-3, b
Historic Referrals

1110.1430(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service

Projected Referrals

A notarized letter from Dr. Steven Zelman, indicates 81 patients are in progressing stages of chronic kidney disease, and will likely need dialysis within the next 12-18 months. Dr. Zelman's letter is included as attachment, Attachment 26-3,d "Referral Letter."

Attachment 26-3, c

SOUTHERN ILLINOIS CONSULTANTS FOR KIDNEY DISEASE

Nephrology and Hypertension

June 17, 2010

SATISH R. PATEL, M.D.

FAISAL RASHID, M.D.

STANTON G. SCHULTZ, M.D.

STEVEN J. ZELMAN, M.D. F.A.C.P.

TAMMY PIKE, RN, CNN, APN

Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Relocation of DaVita—Mt. Vernon

To Whom It May Concern:

I am aware that Renal Life Link, Inc. has applied to the Facilities & Services Review Board to relocate their existing ESRD facility in Mt. Vernon to a new location. The purpose of this letter is to express my support of their efforts.

I currently care for a significant number of patients dialyzing at the current Mt. Vernon facility. I anticipate all of my current patients will want to continue care at the new site, and will support them in doing so. I also plan to continue to admit new patients to the new site as well. My practice has grown steadily in the years I have practiced in Southern Illinois. The patient population in the Mt. Vernon market has grown at approximately the same rate. I anticipate this trend will only increase as our population ages. The dialysis facility will be well utilized in the future, and will need additional stations to accommodate the growing patient population.

I currently have approximately 81 patients in the Mt. Vernon area who's clinical profile indicates dialysis will be necessary within approximately the next twelve to eighteen months—approximately the time the dialysis facility will be relocated. I have provided the attached list of patients and their zip codes to exhibit the need going forward. I believe this information provided is true and correct. These patients are submitted only to support the Mt. Vernon relocation, and have not been submitted to support any other CON projects

I appreciate the Board's consideration of Renal Life Link, Inc.'s request to relocate the Mt. Vernon facility. It is important to our community and to my patients.

Sincerely,

Steven Zelman, MD

SJZ/lay

OFFICIAL SEAL
LISA A YOUNG
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:09/05/11

Lisa Young

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BZ

Attachment 26 - 3, d

Main Office:
416 North 12th St.
P.O. Box 1704
Mt. Vernon, IL 62864-0034
(618) 244-4850

1231 State Route 161
Centralia, IL 62801-6739
(888) 997-8410

500 N. DuQuoin St.
Benton, IL 62812-1500
(888) 997-8410

209 Northwest 11th St.
Fairfield, IL 62837-1218
(888) 997-8410

PT. INITIALS	ZIP CODE	UNIT					
D.A.	62889	Mt. Vernon Unit					
C.A.	62864	Mt. Vernon Unit					
R.A.	62810	Mt. Vernon Unit					
J.A.	62864	Mt. Vernon Unit					
G.B.	62864	Mt. Vernon Unit					
L.B.	62859	Mt. Vernon Unit					
W.B.	62864	Mt. Vernon Unit					
L.B.	62859	Mt. Vernon Unit					
L.B.	62864	Mt. Vernon Unit					
R.B.	62864	Mt. Vernon Unit					
G.B.	62864	Mt. Vernon Unit					
D.B.	62864	Mt. Vernon Unit					
L.B.	62263	Mt. Vernon Unit					
G.C.	62859	Mt. Vernon Unit					
C.C.	62864	Mt. Vernon Unit					
F.C.	62830	Mt. Vernon Unit					
J.C.	62864	Mt. Vernon Unit					
P.C.	62814	Mt. Vernon Unit					
A.C.	62864	Mt. Vernon Unit					
S.C.	62816	Mt. Vernon Unit					
V.C.	62859	Mt. Vernon Unit					
G.D.	62864	Mt. Vernon Unit					
M.D.	62864	Mt. Vernon Unit					
L.D.	62864	Mt. Vernon Unit					
J.E.	62830	Mt. Vernon Unit					
A.E.	62864	Mt. Vernon Unit					
J.G.	62864	Mt. Vernon Unit					
C.G.	62859	Mt. Vernon Unit					
M.G.	62864	Mt. Vernon Unit					
B.G.	62830	Mt. Vernon Unit					
J.G.	62872	Mt. Vernon Unit					
G.H.	62859	Mt. Vernon Unit					
N.H.	62864	Mt. Vernon Unit					
G.H.	62864	Mt. Vernon Unit					
J.H.	62859	Mt. Vernon Unit					
R.H.	62263	Mt. Vernon Unit					
C.H.	62864	Mt. Vernon Unit					
P.H.	62814	Mt. Vernon Unit					
S.H.	62263	Mt. Vernon Unit					
C.H.	62859	Mt. Vernon Unit					
M.J.	62877	Mt. Vernon Unit					
G.J.	62864	Mt. Vernon Unit					
T.J.	62898	Mt. Vernon Unit					
D.J.	62293	Mt. Vernon Unit					
D.J.	62877	Mt. Vernon Unit					
L.K.	62864	Mt. Vernon Unit					
R.K.	62864	Mt. Vernon Unit					
D.L.	62864	Mt. Vernon Unit					
M.L.	62864	Mt. Vernon Unit					
D.L.	62864	Mt. Vernon Unit					
D.M.	62872	Mt. Vernon Unit					

J.M.	62864	Mt. Vernon Unit					
S.M.	62864	Mt. Vernon Unit					
M.M.	62864	Mt. Vernon Unit					
F.M.	62810	Mt. Vernon Unit					
R.M.	62864	Mt. Vernon Unit					
R.M.	62898	Mt. Vernon Unit					
N.M.	62864	Mt. Vernon Unit					
M.N.	62864	Mt. Vernon Unit					
E.N.	62808	Mt. Vernon Unit					
A.N.	62234	Mt. Vernon Unit					
K.O.	62810	Mt. Vernon Unit					
A.P.	62864	Mt. Vernon Unit					
M.P.	62830	Mt. Vernon Unit					
I.P.	62864	Mt. Vernon Unit					
R.P.	62859	Mt. Vernon Unit					
G.R.	62814	Mt. Vernon Unit					
L.R.	62889	Mt. Vernon Unit					
P.S.	62864	Mt. Vernon Unit					
A.S.	62864	Mt. Vernon Unit					
E.S.	62859	Mt. Vernon Unit					
M.S.	62263	Mt. Vernon Unit					
D.S.	62889	Mt. Vernon Unit					
B.S.	62864	Mt. Vernon Unit					
V.S.	62859	Mt. Vernon Unit					
E.T.	62864	Mt. Vernon Unit					
J.T.	62263	Mt. Vernon Unit					
J.V.	62814	Mt. Vernon Unit					
C.W.	62830	Mt. Vernon Unit					
D.W.	62864	Mt. Vernon Unit					
H.W.	62898	Mt. Vernon Unit					

Pg 3
Attachment 26-3, d

1110.1430(b)(5) - Planning Area Need - Service Accessibility

The relocation and addition of 2 stations to Mt. Vernon dialysis is necessary to continue to serve current and future dialysis patients in this community. The accessibility issues related to the physical plant are noted throughout this application, and these will be rectified by relocation. However, relocation without addition of stations will not address accessibility concerns related to growth and capacity. The table below shows the growth trend at the current Mt. Vernon Dialysis facility, and projected growth at project completion (January 31, 2013.) If additional stations are not added during the relocation construction, the new facility will open its doors at 91% capacity, and will reach 100% capacity within a year. If growth surpasses 9%, as Dr. Zelman's list of patients seems to indicate, the facility couildl reach maximum capacity before the new facility is even built. This will pose significant access issues for patients, as there are no dialysis clinics within 30 minutes travel time of M.t Vernon.

Addition of 2 stations will allow the facility to work within the required utilization until such time as they can add stations again under the 10% rule under 77 Ill Admin. Code in 2015.

Year	Pts	Growth	Stations	Projected Utilization	Projected Utilization Without Additional Stations
Pre-Wayne Co Feb '08	57				
Post Wayne Co. March '08	43	-24.6%	14		
End 2008	53	23.3%	14		
End 2009	57	7.5%	14		
8/31/2010	62	13.2%	14	73.8%	73.8%
End 2010 (Projected)	65	13.2%	14	76.8%	76.8%
End 2011 (Projected)	70	9.0%	14	83.7%	83.7%
End 2012 (Projected)	77	9.0%	16	80.0%	91.2%
End 2013 (Projected)	84	9.0%	16	87.0%	99.4%
End 2014 (Projected)	91	9.0%	16	94.8%	108.4%

Additional dialysis stations are also requested to address an accessibility issue not recognized in the criteria. The utilization standard for dialysis requires facilities to operate three patient care shifts, 6 days per week. While this may be feasible in metropolitan areas, it poses accessibility issues for patients in smaller communities and rural markets. The third dialysis shift typically begins late in the afternoon, and patients complete treatment at 9 or 10 pm. Many dialysis patients require transportation to and from dialysis. In smaller communities, like Mt. Vernon, transportation is not available after 5 p.m.. This makes 3rd shift treatments inaccessible to patients who must rely on provided transportation. For patients who drive, travel after dark is taxing, at best and often very dangerous. For the elderly, with limited vision, it is impossible. The result of these obstacles is that the dialysis facility is limited in who can utilize third shift appointments. Patients are forced to drive out of town to seek treatment in other communities where daytime spots are available, or in some cases, the patients decide not to pursue dialysis treatment at all, ultimately shortening or ending their lives.

Attachment 26-5

1110.1430(c)(1) - Unnecessary Duplication of Services
1110.1430(c)(2) - Maldistribution

There are no other dialysis facilities within 30 minutes travel time of the current or proposed Mt. Vernon Dialysis facility. Therefore, this project will not result in an unnecessary duplication of services or maldistribution of services.

Attachment 26-6

1110.1430(c)(3) - Impact of Project on Other Area Providers

There are no dialysis facilities within 30 minutes travel time of Mt. Vernon. Therefore, the discontinuation of Mt. Vernon Dialysis from the 1800 Jefferson St. location and the relocation to the new site at North Water Tower Place will have no impact on other dialysis providers.

Attachment 26-7

1110.1430(e) - Staffing Availability

The proposed facility is a relocation of an existing ESRD facility. The facility currently meets all State and CMS criteria for staffing, including Medical Director, Registered Nurse and Dialysis Technician, Dietitian and Social worker qualifications. The incumbents will continue in their respective roles post relocation, and therefore the clinic will continue to meet all requirements for staffing. The clinic is fully staffed, and there are no proposed changes in staffing associated with the relocation.

All staff are trained, under the direction of the facility Governing Body, using DaVita's comprehensive training program. DaVita's training meets all CMS and State requirements for dialysis staff training. This training process will continue at the new site.

DaVita maintains an open medical staff. Qualified Nephrologists who successfully complete the credentialing process are grated admitting privileges. All nephrologists currently in the Mt. Vernon area have admitting priviliges to the facility and will continue with privileges at the new location without interruption.

Attachment 26- 8

1110.1430(f) - Support Services

Mt. Vernon Dialysis is a fully functioning dialysis clinic, with all required data and support services in place, as required by CMS and State regulation. All services will continue, uninterrupted at the new location.

Self Care, CAPD and home hemodialysis training and support are offered at the current Mt. Vernon facility and will continue to be offered at the new site. All necessary components and support services are in place to provide this service, as required by CMS and State Regulation

Attachment 26-9

1110.1430(g) - Minimum Number of Stations

Criteria not applicable, as the current and proposed facilities have > 6 ESRD stations, as required by 77 Ill Admin Code.

1110.1430(h) - Continuity of Care

Mt. Vernon Dialysis is a fully functioning dialysis clinic, with existing relationships with both local hospitals. Relationships and agreements will not be impacted as a result of the relocation of Mt. Vernon Dialysis. Continuity of care will be improved as the new Mt. Vernon facility is located in the vicinity of the new hospital, and in the area where other physicians and medical offices have relocated.

Attachment 26-11

1110.1430i) Relocation of Facilities – Review Criterion

Mt Vernon Dialysis is currently operating at 73.8% growth. However, the clinic's history of vigorous growth projects the clinic to be operating in excess of 80% capacity during the first quarter of 2011. At 9% growth, the relocated clinic will open at 100% capacity if additional stations are not planned for and added at the time of relocation. (See Table below.)

Year	Pts	Growth	Stations	Projected Utilization	Projected Utilization Without Additional Stations
Pre-Wayne Co Feb '08	57				
Post Wayne Co. March '08	43	-24.6%	14		
End 2008	53	23.3%	14		
End 2009	57	7.5%	14		
8/31/2010	62	13.2%	14	73.8%	73.8%
End 2010 (Projected)	65	13.2%	14	76.8%	76.8%
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End 2013 (Projected)	84	9.0%	16	87.0%	99.4%
End 2014 (Projected)	91	9.0%	16	94.8%	108.4%

The proposed facility will improve access to Mt. Vernon area patients. The current physical location is not accessible to patients. The existing facility was built in 1986. When the facility was initially built, it was anticipated that the area would develop to improve access to the dialysis clinic.. The area was proposed for additional healthcare development and expansion of the neighboring hospital. That has not happened. Instead, healthcare providers are leaving the area, relocating to more accessible areas of the community. Many physicians' offices and outpatient services have moved from the area. The hospital will be relocating soon, leaving the dialysis facility in an area that is likely to become more industrial. The current facility is adjacent to an asphalt plant, and it is expected that the asphalt facility will expand or attract similar industry after the hospital closes. Roads leading to the dialysis clinic have deteriorated, with no plans for significant improvement. The 24 year old facility is old and in poor condition. The building is constructed on a significant slope toward the building, allowing rain and moisture to flood the facility during inclement weather. The downward slope of toward the building is challenging for patients with disabilities. The area is also very damp, exposing the facility to the potential for deterioration. The facility is also land-locked, with insufficient parking for patients.

The facility was also built for fewer stations. It was expanded to the currently approved 14 stations without adding overall space or infrastructure. As a result, there is insufficient room to accommodate the changes in technology and service that have evolved within 24 years. Lack of space for an updated water system will not allow for all 14 stations to be operated at the same time, and the lack of space will not allow for a new, water system with more capacity. As a result, the clinic has only been able to utilize 13 of their 14 approved stations, resulting in facility utilization rates to appear artificially low.

1110.1430i) Relocation of Facilities – Review Criterion (Cont'd)

The clinic also has insufficient space for the home dialysis therapies. The therapies are being provided, but using the isolation room for training purposes.

Relocation to the new site at 4102 North Water Tower Place will rectify all of these issues.

1110.1430(j) - Assurances

DaVita maintains standards for patient care that meet and exceed nationally recognized and required standards.

Patient care data of August 2010 indicates that 94.9% of Mt. Vernon Dialysis patients achieve URR of > 65%. 98.3% of patients achieved KT/V of > 1.2 during this time period.

The tables below shows 12 month statistics for patients meeting adequacy standards for KT/V > 1.2 and URR > 65%

URR is no longer used as the primary measure for adequacy of dialysis, due to the relative variability of the results for this measure. Therefore, DaVita and other ESRD providers focus on providing KT/V of > 1.2 as a measure of adequate treatment. DaVita significantly exceeds the State standard for this parameter.

Adequacy	August '09	September '09	October '09	November '09	December '09	January '10	February '10	March '10	April '10	May '10	June '10	July '10	August '10
URR > 65%	77%	75%	84%	75%	79%	82%	86%	87%	84%	88%	88%	88%	93%
Kt/v > 1.2	100%	92%	100%	100%	98%	98%	98%	96%	92%	92%	100%	98%	94%

A letter of assurance from Chairman and CEO, Kent Thiry is included as Attachment 26-13,b "Assurances"

Attachment 26-13,a
Assurances

September 15, 2010

Chairman
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Certificate of Need Assurances
Mt Vernon Dialysis

Dear Mr. Chairman

Please accept this latter as DaVita's attestation to the following:

The proposed facility will achieve and maintain the utilization standards specified in 77 Ill Admin Code 1100 for in-center hemodialysis by the second year of operation after project completion. We understand that this standard represents 80% utilization by the 24th month of operation, based on three shifts per day, 6 days per week.

The facility will achieve and maintain outcome standards as follows:
At least 85% of hemodialysis patients will achieve a urea reduction ration (URR) of 65% or better and
At least 85% of hemodialysis patients will achieve KT/V (Daugirdas) of 1.2,

We appreciate the Board's consideration and support of this project.

Sincerely,

Kent Thiry
President and CEO
DaVita, Inc.
Renal Life Link, Inc.

VII – 1120.120- Availability of Funds

Renal Life Link, Inc / DaVita will assume a new lease with the current landlord for the new facility at 4102 North Water Tower Place. A copy of the letter of intent for the lease, is included as Attachment 39-2

Attachment 39-1

STEVEN J. ZELMAN, MD
NEPHROPLEX SERVICE CORPORATION

416 NORTH 12TH STREET
P. O. BOX 1704
MT. VERNON, IL 62864-0034

TELEPHONE: 618-244-4850
FACSIMILE: 618-244-1985

DATE: August 6, 2010

Sent VIA E-mail to: Kip Sweda
Director of real Estate
DaVita
Email: Kip.Sweda@davita.com

LANDLORD: Steven J. Zelman, MD

RE: Letter of Intent:

Dear: Mr. Sweda

I am submitting this Letter of Intent, the terms of which follow:

LOCATION: Proposed building to be built at:
4102 North Water Tower,
Mt. Vernon, IL 62864

TENANT: Renal Life Link, Inc.

LANDLORD: Nephroplex Service Corporation

INITIAL SPACE REQUIREMENTS: 7500 Square feet

Approximately 7500 contiguous usable square feet. Exact square footage will be determined upon completion of space planning.

PRIMARY TERM: Ten (10) Years

POSSESSION AND COMMENCEMENT:

Tenant shall take possession of the premises upon the completion of shell building including all base building improvements. The rent and term shall commence the earlier of seven (7) months from possession or until:

a. Leasehold Improvements within the Premises have been completed in accordance with the final construction documents (except for nominal punch list items); and

b. A Certificate of Occupancy for the Premises has been obtained from the City of Mt. Vernon and

c. Tenant has obtained all necessary licenses and permits.

FAILURE TO DELIVER PREMISES:

If Landlord has not delivered the premises to Tenant with all base building items substantially completed within nine (9) months from lease execution, Tenant may elect to terminate the lease by written notice to Landlord.

LEASE FORM: The Tenant shall provide its standard lease form

USE: The use is for a Dialysis Clinic, related medical offices, and distribution of pharmaceuticals. The site is currently zone B-2 which allows this proposed use and adequate parking.

Attachment 39-2

STEVEN J. ZELMAN, MD
NEPHROPLEX SERVICE CORPORATION

416 NORTH 12TH STREET
P. O. BOX 1704
MT. VERNON, IL 62864-0034

TELEPHONE: 618-244-4850
FACSIMILE: 618-244-7985

DATE: August 6, 2010

Sent VIA E-mail to: Kip Sweda
Director of real Estate
DaVita
Email: Kip.Sweda@davita.com

LANDLORD: Steven J. Zelman, MD

RE: Letter of Intent:

Dear: Mr. Sweda

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INITIAL SPACE REQUIREMENTS: 7500 Square feet

Approximately 7500 contiguous usable square feet. Exact square footage will be determined upon completion of space planning.

PRIMARY TERM: Ten (10) Years

POSSESSION AND COMMENCEMENT: Tenant shall take possession of the premises upon the completion of shell building including all base building improvements. The rent and term shall commence the earlier of seven (7) months from possession or until:

a. Leasehold Improvements within the Premises have been completed in accordance with the final construction documents (except for nominal punch list items); and

b. A Certificate of Occupancy for the Premises has been obtained from the City of Mt. Vernon and

c. Tenant has obtained all necessary licenses and permits.

FAILURE TO DELIVER PREMISES: If Landlord has not delivered the premises to Tenant with all base building items substantially completed within nine (9) months from lease execution, Tenant may elect to terminate the lease by written notice to Landlord.

LEASE FORM: The Tenant shall provide its standard lease form

USE: The use is for a Dialysis Clinic, related medical offices, and distribution of pharmaceuticals. The site is currently zone B-2 which allows this proposed use and adequate parking.

BASE BUILDING

The following items must be delivered by the Landlord to the premises as part of the base building:

a. A 2" dedicated water meter and line.

b. A 4" sewer line to a municipal sewer system.

c. Minimum 600 amp, 120/208 volt 3 phase, 4 wire electrical service.

d. Gas service, at a minimum, will be rated to have 6" of water column pressure and supply 800,000-BTU's.

Additional base building requirements are referenced in Exhibit B, attached.

TENANT IMPROVEMENTS: Tenant will construct its own leasehold improvements.

OPTION TO RENEW: Tenant desires three (3) five (5) year options to renew the lease. Option Rent shall be the lesser of 95% of fair market value, or, the rent during the prior term escalated by the increase in the CPI- U over the prior term, capped at two percent (2%) annually.

RENTAL RATE: Base Rent will be $15 - $20 per square foot per year.

HOLDING OVER: In the event Tenant remains in possession of the Premises after the expiration of the term of this Lease, then Tenant shall be obligated to pay rent at the then current rate escalated by the increase in the CPI- U over the prior term, capped at two percent (2%) annually.

PARKING: The landlord shall provide 40 parking spaces in front of the building, or a lesser number of conventional parking spaces with any number of handicapped parking spaces as requested that will fit in the same area.

COMMON AREA EXPENSES AND REAL ESTATE TAXES: All common area expenses including property taxes, insurance and CAM charges will be reimbursed by Tenant in their pro-rata share of total gross building square footage.

SIGNAGE: Tenant shall have the right to install building signage at the Premises, subject to Landlord's consent, which consent shall not be unreasonably withheld, and subject to compliance by Tenant with all applicable laws and regulations. Landlord, at Landlord's expense will furnish Tenant with space for Tenant's designated names on the building monument and pylon sign for the building.

BUILDING HOURS: Landlord will provide tenant access to the building 24 hours a day, 7 days a week.

SUBLEASE/ASSIGNMENT: Tenant will have the right at any time to sublease or assign its interest in this Lease to any majority owned subsidiaries or related entities of DaVita Inc. without the consent of the Landlord.

GOVERNMENTAL COMPLIANCE: Landlord shall represent and warrant to Tenant that Landlord, at Landlord's sole expense, will cause Tenant's Premises, the Building and parking facilities to be in full compliance with any governmental laws, ordinances, regulations or orders relating to, but not limited to, compliance with the Americans with Disabilities Act (ADA), and environmental conditions relating to the existence of asbestos and/or other hazardous materials, or soil and ground water conditions, and shall indemnify and hold Tenant harmless from any

claims, liabilities and cost arising from environmental conditions not caused by Tenant(s).

ROOF RIGHTS: If cable television service is not available at the building, Tenant will have the right to place a satellite dish on the roof at no additional fee.

SECURITY DEPOSIT: Waived

CORPORATE GUARANTEE: Neither DaVita Inc. nor any of its subsidiaries or affiliated entities will provide corporate lease guarantees. DaVita, Inc is a publicly traded company and its annual report Form 10Ks, Form 10 Qs and other SEC filings are readily available on the corporate web site at www.davita.com.

BROKERAGE FEE: Landlord does not at this time recognize USI Real Estate Brokerage Services, Inc. and shall NOT compensate USI Real Estate Brokerage Services, Inc. a brokerage commission or other fees

CONFIDENTIALITY: This proposal is considered by Landlord and Tenant to be highly confidential. Neither Tenant nor Landlord shall disclose the terms of this proposal to any other person without the express written consent of the parties.

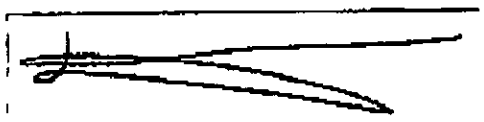
CONTINGENCIES: Tenant will need to apply for a Certificate of Need for the final location. If Tenant does not get the Certificate of Need by 12/31/2011, the Lease will be null and void. If they do get the Certificate of Need, then they will go forward with the lease based on satisfying the other contingencies that are in the their standard Lease Document.

TENANT CON OBLIGATION: Landlord and Tenant understand and agree that the establishment of any chronic outpatient dialysis facility in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act, 20 ILCS 3960/1 et seq. and, thus, the Tenant cannot establish a dialysis facility on the Premises or execute a binding real estate lease in connection therewith unless Tenant obtains a Certificate of Need (CON) permit from the Illinois Health Facilities Planning Board (the "Planning Board"). Tenant agrees to proceed using its commercially reasonable best efforts to submit an application for a CON permit and to prosecute said application to obtain the CON permit from the Planning Board. Based on the length of the Planning Board review process, Tenant does not expect to receive a CON permit prior to 12/31/2011 In light of the foregoing facts, the parties agree that they shall promptly proceed with due diligence to negotiate the terms of a definitive lease agreement and execute such agreement prior to approval of the CON permit provided, however, the lease shall not be binding on either party prior to the approval of the CON permit and the lease agreement shall contain a contingency clause indicating that the lease agreement is not effective pending CON approval. Assuming CON permit approval is granted, the effective date of the lease agreement shall be the first day of the calendar month following CON permit approval. In the event that the Planning Board does not award Tenant a CON permit to establish a dialysis center on the Premises by 12/31/2011, neither party shall have any further obligation to the other party with regard to the negotiations, lease or Premises contemplated by this Letter of Intent.

It should be understood that this Letter of Intent is subject to the terms of Exhibit A attached hereto.

SIGNATURE PAGE

Submitted:



By: _____

Steven J Zelman, MD
Nephroplex Service Corporation
PO Box 1704
Mt. Vernon, IL 62864-0034

Date: August 26, 2010

Agreed and Accepted:

By: _____ VP

Date: August 30, 2010

EXHIBIT A

NON-BINDING NOTICE

NOTICE: THE PROVISONS CONTAINED IN THIS LETTER OF INTENT ARE AN EXPRESSION OF THE PARTIES' INTEREST ONLY. SAID PROVISIONS TAKEN TOGETHER OR SEPERATELY ARE NEITHER AN OFFER WHICH BY AN "ACCEPTANCE" CAN BECOME A CONTRACT, NOR A CONTRACT. BY ISSUING THIS LETTER OF INTENT NEITHER TENANT NOR LANDLORD SHALL BE BOUND TO ENTER INTO ANY (GOOD FAITH OR OTHERWISE) NEGOTIATIONS OF ANY KIND WHATSOEVER. TENANT RESERVES THE RIGHT TO NEGOTIATE WITH OTHER PARTIES. NEITHER TENANT OR, LANDLORD INTENDS ON THE PROVISIONS CONTAINED IN THIS LETTER OF INTENT TO BE BINDING IN ANY MANNER, AS THE ANALYSIS FOR AN ACCEPTABLE TRANSACTION WILL INVOLVE ADDITIONAL MATTERS NOT ADDRESSED IN THIS LETTER, INCLUDING, WITHOUT LIMITATION, THE TERMS OF ANY COMPETING PROJECTS, OVERALL ECONOMIC AND LIABILITY PROVISIONS CONTAINED IN ANY LEASE DOCUMENT AND INTERNAL APPROVAL PROCESSES AND PROCEDURES. THE PARTIES UNDERSTAND AND AGREE THAT A CONTRACT WITH RESPECT TO THE PROVISIONS IN THIS LETTER OF INTENT WILL NOT EXIST UNLESS AND UNTIL THE PARTIES HAVE EXECUTED A FORMAL, WRITTEN LEASE AGREEMENT APPROVED IN WRITING BY THEIR RESPECTIVE COUNSEL. THIS LETTER OF INTENT IS SUBMITTED SUBJECT TO ERRORS, OMISSIONS, CHANGE OF PRICE, RENTAL OR OTHER TERMS; ANY SPECIAL CONDITIONS IMPOSED BY THE PARTIES TO THIS AGREEMENT; AND WITHDRAWAL WITHOUT NOTICE. WE RESERVE THE RIGHT TO CONTINUE SIMULTANEOUS NEGOTIATIONS WITH OTHER PARTIES. NO PARTY SHALL HAVE ANY LEGAL RIGHTS OR OBLIGATIONS WITH RESPECT TO ANY OTHER PARTY, AND NO PARTY SHOULD TAKE ANY ACTION OR FAIL TO TAKE ANY ACTION IN DETRIMENTAL RELIANCE ON THIS OR ANY OTHER DOCUMENT OR COMMUNICATION UNTIL AND UNLESS A DEFINITIVE WRITTEN LEASE AGREEMENT IS PREPARED AND SIGNED BY TENANT AND LANDLORD

Exhibit B

New Building MBBI

At a minimum, the Lessor shall provide the following Base Building and Site Development Improvements to meet DaVita's Building and Site Development specifications at Lessor's sole cost:

Building Codes & Design – All Minimum Base Building Improvements (MBBI) and Site Development are to be performed in accordance with all current local, state, and federal building codes including any related amendments, fire and life safety codes, ADA regulations, State Department of Public Health, and other applicable and codes. All Lessor's work will have Governmental Authorities Having Jurisdiction ("GAHJ") approved architectural and engineering (Mechanical, Plumbing, Electrical, Structural, Civil, Environmental) plans and specifications prepared by a licensed architect and engineer and must be coordinated with the Lessee Improvement plans and specifications. (Insert for California and other states/jurisdictions requiring I 1.2 standards: Building to comply with all state and/or local fire department requirements in regards with an occupancy criteria for I - 1.2 building rating in regard to set-backs, life safety systems, emergency egress or other applicable requirements adhering to occupancy standards.)

Zoning & Permitting – Building and premises must be zoned to perform services as a dialysis clinic. Lessor to provide all permitting related to the base building and site improvements.

Common Areas – All common areas that Lessee will need to have access to such as Restrooms, Stairwells, and Elevators must be code and ADA compliant.

Foundation and Floor - The foundation and floor of the building shall be in accordance with local code requirements. The foundation and concrete slab shall be designed by the Lessor's engineer to accommodate site-specific soil conditions and recommendations per Lessor's soil engineering and exploration report.

Foundation to consist of formed concrete spread footing with horizontal reinforcing sized per geotechnical engineering report. Foundation wall to consist of formed and poured concrete with reinforcing bars or a running bond masonry block, twelve-inch (12") width with proper horizontal and vertical reinforcing within courses and cells. Internal masonry cells to be concrete filled full depth entire building perimeter. Foundation wall to receive poly board R-10 insulation on interior side of wall entire building perimeter.

The floor shall be concrete slab on grad and shall be a minimum five-inch (5") thick with minimum concrete strength of 4,000-psi and proper wire mesh, fiber mesh, and/or rebar reinforcement over vapor barrier. Include proper expansion control joints. Floor shall be level, smooth, broom clean with no adhesive residues, in a condition that is acceptable to install floor coverings in accordance with the flooring manufacturer's specifications. Concrete floor shall be constructed so that no more than 3-lbs.of moisture per 1000sf/24 hours is emitted per completed calcium chloride testing results after 28 day cure time. Means and methods to achieve this level will be responsibility of the Lessor. Under slab plumbing shall be installed, inspected by municipality and Lessee for approval prior to pouring the building slab.

Structural – Structural systems shall be designed to provide a minimum 14'-0" clearance to underside of structural beams and meet building steel erection requirements, standards and codes. Structural design to allow for 10' ceiling heights above finish floor while accommodating all Mechanical, Plumbing, Electrical above ceiling. Structure to include all necessary columns, beams, joists, load bearing walls, and demising walls. Provide necessary bridging, bracing, and reinforcing supports to accommodate all Mechanical systems (minimum of four (4) HVAC roof top openings, one (1) roof hatch opening, and two (2) exhaust fans openings).

The Floor and roof structure shall be fireproofed as needed to meet local building code requirements.

Exterior and demising walls

All exterior and demising walls shall be a 1 or 2hr fire rated wall depending on local codes requirements and finished with 5/8" gypsum board, metal studs and a level 4 finish in Lessee space. Walls to be fire caulked in accordance with UL standards at floor and roof deck. Demising walls will have sound attenuation batts from floor to underside of deck.

Roof Covering – The roof system shall have a minimum of a fifteen (15) year life span with full manufacturer's warrantee against leakage due to ordinary wear and tear. Roof system to include minimum of R-30 insulation. Ice control measures mechanically or electrically controlled to be considered. Downspouts to be connected into controlled underground discharge for the rain leaders into the storm system for the site. Roof and all related systems to be

maintained by the Lessor for the duration of the lease. Lessor to provide Lessee copy of material and labor warranty for record.

Façade – Lessor to provide specifications for building façade for lessee review and approval. Some options include, but not limited to:

4" Face brick Veneer on 6" 16 or 18ga metal studs, R- 19 or higher batt wall insulation, on Tyvek (commercial grade) over 5/8" exterior grade gypsum wallboard (or plywood) with 5/8" interior gypsum board with Level 4 finish on interior gypsum.

or

2" EIFS on 6" 16 or 18ga metal studs, R- 19 or higher batt wall insulation, on 1/2" cement board with 5/8" interior gypsum board with Level 4 finish on interior gypsum.

or

8" Split faced block with 3-1/2" 20ga metal stud furring, R- 13 batt wall insulation, 5/8" interior gypsum board with Level 4 finish on interior gypsum.

Canopy – Covered drop off canopy at Lessee's front entry door. Approximate size to be 16' width by 21' length with 14' clear space underneath ceiling with full drive thru capacity. Canopy to accommodate patient drop off with a level grade transition to the finish floor elevation. Canopy roof to be an extension of the main building with blending rooflines. Controlled storm water drainage requirements of gutters with downspouts connected to site storm sewer system. Canopy structural system to consist of a reinforced concrete footing, structural columns and beam frame, joists, decking and matching roof covering. Canopy corner posts to be wrapped with masonry piers, matching masonry to main building. Steel bollards at column locations.

Windows – Energy efficient windows and storefront systems to be 1" tinted insulated glass with thermally broken insulated aluminum mullions. Window size and locations to be determined by Lessee's architectural floor plan.

Thermal Insulation – All exterior walls to have vapor barriers and insulation that meets or exceeds the local and national energy codes. The R value to be determined by the size of the stud cavity and should extend from finish floor to bottom of floor or ceiling deck. Roof deck to have a minimum R-30 insulation mechanically fastened.

Exterior Doors – All doors to have weather-stripping and commercial grade hardware (equal to Schlage L Series or better). Doors shall meet American Disabilities Act (ADA) and State Department of Health requirements. Lessor shall change the keys (reset tumblers) on all doors with locks after construction, but prior to commencement of the Lease, and shall provide Lessee with three (3) sets of keys. Final location of doors to be approved by Lessee.

Patient Doors: Storefront with insulated glass doors and Alum framing to be 42" or 48" width prepped to accept power assist opener, push paddle hardware, continuous hinge and thumb turn lock mechanism.

Service Doors: 72" wide double door (Alternates for approval by DaVita Project Manager to include: 48" wide single door or double door with 36" and 24" doors) with 20 gauge insulated hollow metal (double doors), continuous hinge each leaf, prepped for panic bar hardware, and painted with rust inhibiting paint. Door to have a 10" square vision panel cut out with insulated glass installed if requested by Lessee.

Teammate & Other Fire Egress Doors: 32" wide door with 20 gauge insulated hollow metal prepped for panic bar hardware and painted with rust inhibiting paint. Door to have a 10" square vision panel cut out with insulated glass installed if requested by Lessee.

Utilities – All utilities to be provided at designated utility entrance points into the building at locations approved by the Lessee. Lessor is responsible for all tap/connection and impact fees for all utilities.

Plumbing – Dedicated 2" water line (not tied-in to any other lessees, fire suppression systems, or irrigation systems) with a shut off valve, 2 (two) 2" back flow preventors (with floor drain under BFP) in parallel, and 2" meter to provide a continuous minimum 50 psi, with a minimum flow rate of 30 gallons per minute. Lessor to provide Lessee with the most recent water flow and pressure test results (gallons per minute and psi) for approval. Lessor shall stub the dedicated water line into the building per location coordinated by Lessee. Lessor to provide and pay for all tap fees related to new sanitary sewer and water services in accordance with local building and regulatory agencies.

Exterior anti-freeze hose bibs (minimum of 2) in locations approved by Lessee.

Sanitary sewer line to be minimum of four-inch (4") and shall be stubbed into the building per location coordinated by Lessee at finished floor elevation with a cleanout structure at sufficient depth to continuously waste 30 gallons per minute. Invert level of new 4" sanitary line will be a minimum of 36" below finished floor.

Sanitary sampling manhole to be installed by Lessor if required by local municipality.

Fire Suppression System – Lessor shall design and install a complete turnkey sprinkler system that meets all local building and life safety codes. This system will be on a dedicated water line independent of Lessee's water line requirements, including municipal approved shop drawings, service drops and sprinkler heads at heights per Lessee's reflective ceiling plan, flow control switches wired and tested, alarms including wiring and an electrically/telephonically controlled fire alarm control panel connected to a monitoring systems for emergency dispatch.

Lessor to provide main Fire Alarm panel that serves the Lessee space and will have the capacity to accommodate devices in Lessee space based on final approved Fire Alarm system approved by local Building or Fire Department.

Electrical – Provide underground service with a separately metered via a new CT cabinet, minimum of a single 600 amps electrical service (Additional electrical capacity will be required if natural gas service is not available to the building or if the clinic is larger than 20 dialysis stations), 120/208 volt, 3 phase, 4 wire to a load center in the Lessee's utility room (location to be per Code and coordinated with Lessee) for Lessee's exclusive use in powering equipment, appliances, lighting, heating, cooling and miscellaneous use. Transformer coordination with utility company, transformer pad, and underground conduit sized for service, circuit termination cabinet, grounding rod, main panel with 600 amp breaker, conduit and wire inclusive of excavation, trenching and restoration. If gas service is not available to heat Lessee's R/O water, Lessor shall provide an additional 200 Amp service to increase the total requirement to 800amps. Lessee's engineer shall have the final approval on the electrical service size and location.

Lessor will allow Lessee to have installed, at Lessee cost, Transfer Switch for temporary generator hook-up.

Gas - Natural gas service, at a minimum, will be rated to have 6" water column pressure and supply 800,000-BTU's. Natural gas pipeline shall be stubbed into the building per location coordinated with Lessee and shall be individually metered and sized per demand. Additional electrical service capacity will be required if natural gas service is not available to the building.

Mechanical /Heating Ventilation Air Conditioning – Lessor to furnish Lessee a financial credit for the HVAC system in accordance with the following parameters: Equipment to be Carrier, Trane, or Equal. Equipment will be new and come with a full warranty on parts including labor. Supply air shall be provided to the Premises sufficient for cooling at the rate of 300 square feet per ton. Ductwork shall be extended to the space for supply and return air. System to be a ducted return air design. Work to include, but not limited to, the purchase of the units, installation, roof framing, mechanical curbs, flashings, gas & electrical hook-up, thermostats and start-up. Anticipate minimum of five (4) zones, programmable thermostat controlled, with rated low voltage wiring to units and installation of same. Lessee's engineer shall have the final approval on the sizes, tonnages, zoning, location and number of HVAC units.

Lessor to furnish steel framing members, roof curbs and flashing to support Lessee exhaust fans (minimum of 2) to be located by Lessee's architect.

Telephone - Lessor shall provide a single 2" PVC underground conduit entrance into Lessee's utility room to serve as chase way for new telephone service. Entrance conduit location shall be coordinated with Lessee.

Cable TV – Lessor shall provide a single 2" PVC underground conduit entrance into Lessee utility room to serve as chase way for new cable television service. Entrance conduit location shall be coordinated with Lessee. Cable television to be provided from pedestal to building, direct burial and fed thru to Lessee's utility entrance. Lessor to coordinate with utility provider to arrange for service, should it not be immediately available. If cable is not available, Lessor must allow accommodates for a satellite dish.

Handicap Accessibility - Full compliance with ADA and all local jurisdictions' handicap requirements. Lessor shall comply with all ADA regulations affecting the Building and entrance to Lessee space including, but not limited to, the elevator, exterior and interior doors, concrete curb cuts, ramps and walk approaches to / from the parking lot, parking lot striping for six (6) dedicated handicap stalls inclusive of pavement markings and stall signs with current local provisions for handicap parking stalls, delivery areas and walkways.

Finish floor elevation is to be determined per Lessee's architectural plan in conjunction with Lessor's civil engineering and grading plans. If required, Lessor to construct concrete ramp of minimum 6' width, provide safety rails if needed, provide a gradual transitions from overhead canopy and parking lot grade to finish floor elevation. Concrete surface to be troweled for slip resistant finish condition.

Exiting – Lessor shall provide at the main entrance and rear doors safety lights, exterior service lights, exit sign with battery backup signs per doorway, in accordance with applicable building codes, local fire codes and other applicable regulations, ordinances and codes.

Site Development Scope of Requirements - Lessor to provide Lessee with a site boundary and topographic ALTA survey, civil engineering and grading plans prepared by a registered professional engineer. Civil engineering plan is to include necessary details to comply with municipal standards. Site development is to include the following:

- Utility extensions, service entrance locations, inspection manholes;
- Parking lot design, stall sizes per municipal standard in conformance to zoning requirement;
- Site grading with Storm water management control measures (detention / retention / restrictions);
- Refuse enclosure location & construction details;
- Handicap stall location, minimum of four (4) stalls required;
- Side walk placement for patron access, delivery via service entrance;
- Concrete curbing for greenbelt management;
- Site lighting;
- Conduits for Lessee signage;
- Site and parking to accommodate tractor trailer 18 wheel truck delivery access to service entrance;
- Ramps and curb depressions.
- Landscaping shrub and turf as required per municipality;
- Irrigation system if Lessor so desires;
- Construction details, specifications / standards of installation and legends

Refuse Enclosure – Lessor to provide a minimum 6" thick reinforced concrete pad and apron way to accommodate dumpster vehicle weight. Enclosure to be provided as required by local codes.

Generator – Lessor to allow a generator to be installed onsite if required by code or Lessee chooses to provide one.

Site Lighting – Lessor to provide adequate lighting per code and to illuminate all parking, pathways, and building access points readied for connection into Lessee power panel. Location of pole fixtures per Lessor civil plan to maximize illumination coverage across site. Parking lot lighting to include timer (to be programmed per Lessee hours of operation) or a photocell.

Exterior Building Lighting – Lessor to provide adequate lighting per code and to illuminate the building main and service entrance with related sidewalks.

Parking Lot – Provide adequate amount of handicap and standard parking stalls in accordance with dialysis use and overall building uses. Stalls to receive striping, lot to receive traffic directional arrows and concrete parking bumpers. Bumpers to be firmly spike anchored in place onto the asphalt per stall alignment.

Asphalt parking lot will be required to be surfaced with a minimum of:

- 2-1/2" wearing course over a 3-1/2" binder course over 6" of crushed stone – Parking Areas
- 2-1/2" wearing course over a 5-3/4" binder course over 6" of crushed stone – Drives and truck delivery Areas

Asphalt to be graded gradual to meet handicap and civil site slope standards, graded into & out of new patient drop off canopy and provide positive drainage to in place storm catch basins leaving surface free of standing water, bird baths or ice build up potential.

Site Signage – Lessor to allow for a site sign.

Section 1120.130 Financial Viability – Review Criteria

As noted in Section 1120-130, Financial Viability Waiver is not required for this project, as all project expenditures,, including the lease will be completely funded through internal resources. (Cash and securities.)

Attachment -40

P.O. Box 2076
Tacoma, WA 98401-2076
1423 Pacific Ave.
Tacoma, WA 98402
Tel: (253) 272-1916
www.davita.com

DaVita.

March 26, 2010

To Whom It May Concern:

DaVita Inc. (the Company or DaVita) overall investment strategy is to maximize shareholder value by maintaining a minimum amount of cash on hand and to use its cash for acquisitions, the construction of new centers, and repurchasing shares, as well as to pay down debt. As a result of the Company's investment strategy, the days cash on hand for 2009 was below the criteria of greater than 45 days at approximately 36 days. In addition, the Company's cushion ratio in 2009 of 2.0 to 1.0 was below the criteria of greater than 5.0 to 1.0.

The Company's day's cash on hand from 2006 through 2009 has ranged from 26 days to 36 days and our cushion ratio has ranged from 1.1 to 2.0 during this same period. However, the Company is projecting its day's cash on hand to be approximately 46 days in 2010 and will increase to 71 days in 2012, exceeding the minimum requirement of 45 days of cash on hand. The Company's cushion ratio is also projected to remain below the required levels, during 2010 and 2011, but is projected to exceed the minimum requirement in 2012 as the Company continues to grow its cash primarily from strong operating cash flows. The Company plans to continue growing through acquisitions, developing new centers, repurchasing shares of its common stock and paying down debt in order to maximize shareholder value. In 2009 the Company acquired 19 new centers for approximately $88 million and spent approximately $275 million for capital asset expenditures for new center developments, relocations and for maintenance and information technology. The Company has also spent approximately $154 million to repurchase 2.9 million shares of its common stock. The Company currently has approximately $500 million remaining authorization for share repurchases which will impact future results.

Except for the days on hand, and the cushion ratio in 2009, and the projected cushion ratio for 2010 and 2011 as discussed above, the other ratios, in Section XXIX, Review of Criteria Relating to Financial Feasibility, for 2006 through 2009, as well as the projections for 2010 through 2012 are within the acceptable ranges and indicate that the Company has the ability to support the acquisition and development of additional dialysis centers because of its strong continued operating results including reliable and strong operating cash flow. As an example, for the year ended December 31, 2009, the Company generated approximately $667 million of operating cash flow.

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DaVita.

P.O. Box 2076
Tacoma, WA 98401-2076
1423 Pacific Ave.
Tacoma, WA 98402
Tel: (253) 272-1916
www.davita.com

March 4, 2009

To Whom It May Concern:

DaVita Inc. (the Company or DaVita) overall investment strategy is to maximize shareholder value by maintaining a minimum amount of cash on hand and to use its cash for acquisitions, the construction of new centers, repurchasing shares, as well as to pay down debt. As a result of the Company's investment strategy, in 2005 the Company's debt to capitalization criteria exceeded the maximum requirement of 80% due to the Gambro Healthcare acquisition, as discussed below. In addition, due to the Company's investment strategy, the days cash on hand for 2009 through 2012 is projected to be below the criteria of greater than 45 days at approximately 39 days, the projected debt service coverage in 2011 and 2012 is projected to be below the criteria of greater than 1.75 to 1.0 due to the expected maturity of our senior secured credit facility and the maturity of our senior notes, and the cushion ratio has historically been below the expected requirement of 5.0, and is projected to remain below the expected criteria through the near term. See discussion below.

In 2005, the Company's percentage of debt to total capitalization was approximately 82.8% which exceeds the 80% requirement. The percentage of debt to total capitalization was primarily due to the Company's acquisition of Gambro Healthcare that occurred on October 5, 2005. The Company borrowed approximately $2.9 billion in new debt and also used approximately $252 in cash to fund the acquisition. Since then the Company's debt to total capitalization has been decreasing from 75% in 2006 to 68% in 2007 as a result of principal pre-payments. Future projections indicate the same declining trend to approximately 38%.

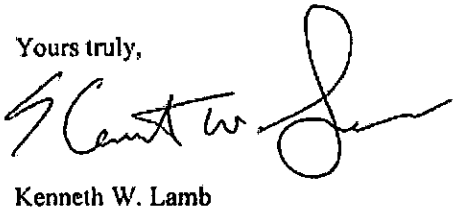
The Company's day's cash on hand from 2005 through 2008 has ranged from 29 days to 67 days which was within the 45 day minimum requirement in 2005. The Company's cushion ratio has ranged from 1.1 to 2.1 from 2005 through 2008 as a result of the Gambro and constructing and developing new centers. However, the Company is projecting it's day's cash on hand to be approximately 39 days and its cushion ratio to remain below the required 5.0 to 1.0, as the Company plans to continue growing through acquisitions, developing new centers, repurchase shares of its common stock and paying down debt in order to maximize shareholder value. In 2008 the Company acquired 20 new centers for approximately $93 million and spent approximately $318 million for capital asset expenditures for new center developments, relocations and for maintenance and information technology. The Company has also spent approximately $233 million to repurchase 4.8 million shares of its common stock during 2008 and has approximately $154 million remaining authorization for share repurchases which will impact future results.

The Company has been in compliance with the debt service coverage ratio requirement of 1.75 to 1.0 or greater for 2005 through 2008 and is also projected to exceed this requirement in 2009 through 2010. However, in 2011 and in 2012, the Company is currently not projected to be in compliance with this ratio requirement as the Company is currently required to make a $1.7 billion payment on its term loan B that matures in 2012 and is also currently required to redeem $900 million of its senior notes that mature in 2013. The Company believes that it will have the ability to refinance or restructure these debt payments to a more acceptable level of debt service payments than is currently required for 2012 and 2013. The Company believes it will have access to the credit markets and should not have any difficulties in obtaining new financing or the ability to restructure these required payments given its overall strong financial position, and the significant amount of annual cash flows that the Company generates.

Except for the Percentage of debt to total capitalization for the end of 2005, the days on hand, the cushion ratio and the projected debt service coverage ratio for 2011 and 2012 as discussed above, the other ratios, in Section XXIX, Review of Criteria Relating to Financial Feasibility, for 2005 through 2008, as well as the projections for the end of 2009 through 2012 are within the acceptable ranges and indicate that the Company has the ability to support the acquisition and development of additional dialysis centers because of its strong continued operating results including reliable and strong operating cash flow. As an example, for the year ended December 31, 2008, the Company generated approximately $556 million of operating cash flow.

The Company is currently in compliance with all of its financial bank covenants, and has sufficient liquidity and operating cash flows and access to borrowings to fund it scheduled debt service and other obligations for the foreseeable future. The Company has an undrawn revolving line of credit for $250 million of which $51 million is allocated for letters of credit available for liquidity purposes at any time.

Yours truly,



Kenneth W. Lamb
Senior Director of Financial Reporting

Attachment—41
Pg 3 of 3

1120.140- Economic Feasibility

A. Reasonableness of Financing Arrangements

The relocation of Mt Vernon Dialysis will be financed through cash and securities of DaVita, Inc., without financing. Therefore, this criterion is not applicable to this project.

Attachment 42-A

1120.140- Economic Feasibility

B. Conditions of Debt Financing

1. Renal Life Link Inc and the parent company, DaVita, Inc. are prepared to finance the project through cash and securires of the Companies. There will be no debt incurred as a result of this project.

2. The relocated Mt. Vernon Dialysis will be under a new lease with the same landlord. Renal Life Link, Inc. evaluated the benefits of both leasing and purchasing the property for the new site. After evaluation of the options, it has determined that the option to lease the current clinic site is the most reasonable option.

   Due to the growth in the dialysis population, and the need to continually update our facilities and technologies, DaVita has adopted a philosophy to invest valuable capital resources in ways that best meet the needs of our patients. We feel that this goal is best accomplished by directing our dollars toward the purchase of new technologies and patient amenities rather than real estate. Therefore, after careful evaluation, the option to lease property is determined to be the best option for the proposed relocation of Mt. Vernon Dialysis. .

   The total project will be paid for through cash and securities of DaVita, Inc.. No bonds or loans will be taken as a result of this project.

Attachment 42-B

1120.140- Economic Feasibility

C. Reasonableness of Project and Related Costs

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Cost/Square Foot Mod.	Gross Sq. Ft. New	Gross Sq. Ft. Circ.*	Gross Sq. Ft. Mod.	Gross Sq. Ft. Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
	n/a	$144.00	n/a	n/a	7,500	n/a	n/a	$1,080,000	$1,080,000
Contingency	n/a	$ 12.66	n/a	n/a	7,500	n/a	n/a	$ 95,000	$ 95,000
TOTALS	n/a	$156.66			7,500		n/a		$1,175,000
* Include the percentage (%) of space for circulation									

Attachment 42-C

1120.140- Economic Feasibility

D. Criterion 1120.310(d), Projected Operating Costs

RESULTANT OPERATING COSTS FOR THE YEAR 2012

Salaries & Benefits	$ 727,698
Supplies **	$ 149,012
TOTAL OF ABOVE	$ 876,710
Units of Service	11,349
Cost per Unit	$ 77.25

Attachment 42-D

1120.140- Economic Feasibility

Criterion 1120.310(e), Total Effect of the Project on Capital Costs

Mt. Vernon Dialysis is a fully-equipped, functioning ESRD clinic. Costs included in this project will update the facility and includes everything needed in the foreseeable future. Therefore, no additional capital costs are anticipated during the first full year of operation after project completion.

Attachment 42-E

XI. Safety Net

In-Center Hemodialysis and Change of ownership transactions are considered non-substantive and therefore Safety Net criteria are not applicable to this project.

XII. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care must be provided at cost.

Charity Care data reflects consolidated data for all operating divisions in Illinois.

CHARITY CARE			
	Year	Year	Year
	2007	2008	2009
Net Patient Revenue	$ 163,965,043	$ 157,223,604	$ 166,573,387
Amount of Charity Care (charges)	$ 250,518	$ 297,508	$ 575,803
Cost of Charity Care	$ 244,745	$ 321,510	$ 597,263

By the nature of dialysis treatment and reimbursement. ESRD does not specifically fit the definition of Charity Care, as outlined in the Rules. Due to this fact, DaVita does not have charity care to report that meets the State's definition of charity care.

Dialysis is an entitlement under Medicare, providing payment for the vast majority of patients, regardless of age. Medicaid provides for coverage for the minority not covered by Medicare. Illinois dialysis patients also have an additional safety net in the Illinois State Renal Program, a State funded program paying for dialysis treatments when no other sources of payment are available. These three sources of payment leave very few patients with no source of coverage. DaVita Social Workers work closely with patients to obtain all available coverage. This benefits the patient, the dialysis facility and other care providers caring for the patient, and results in minimal need for charity care.

DaVita provides dialysis services to all patients as prescribed by a licensed physician, and accepts patients without regard to race, color, gender, national origin, sexual orientation, age, religion or disability. DaVita also provides service to patients with barriers to access to care, such as insurance, ability to pay or geographic isolation. Self-pay patients are billed for service, however their care is largely discounted and written off as bed debt, upon approval of Regional administration.

Attachment 44

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

For the Fiscal Year Ended

December 31, 2009

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 1-14106

DAVITA INC.

601 Hawaii Street
El Segundo, California 90245
Telephone number (310) 536-2400

Delaware (State of incorporation)	**51-0354549** (I.R.S. Employer Identification No.)

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

Class of Security:	Registered on:
Common Stock, $0.001 par value	New York Stock Exchange
Common Stock Purchase Rights	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2009, the number of shares of the Registrant's common stock outstanding was approximately 104.0 million shares and the aggregate market value of the common stock outstanding held by non-affiliates based upon the closing price of these shares on the New York Stock Exchange was approximately $5.1 billion.

As of January 29, 2010, the number of shares of the Registrant's common stock outstanding was approximately 103.2 million shares and the aggregate market value of the common stock outstanding held by non-affiliates based upon the closing price of these shares on the New York Stock Exchange was approximately $6.2 billion.

Documents incorporated by reference

Portions of the Registrant's proxy statement for its 2010 annual meeting of stockholders are incorporated by reference in Part III of this Form 10-K.

PART I

Item 1. Business

We were incorporated as a Delaware corporation in 1994. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Exchange Act are made available free of charge through our website, located at http://www.davita.com, as soon as reasonably practicable after the reports are filed with or furnished to the Securities and Exchange Commission, or SEC. The SEC also maintains a website at http://www.sec.gov where these reports and other information about us can be obtained. The contents of our website are not incorporated by reference into this report.

Overview

DaVita is a leading provider of dialysis services in the United States for patients suffering from chronic kidney failure, also known as end stage renal disease, or ESRD. As of December 31, 2009, we operated or provided administrative services to 1,530 outpatient dialysis centers located in 43 states and the District of Columbia, serving approximately 118,000 patients. We also provide acute inpatient dialysis services in approximately 720 hospitals and related laboratory services. Our dialysis and related lab services business accounts for approximately 95% of our consolidated net operating revenues. Other ancillary services and strategic initiatives currently account for approximately 5% of our consolidated net operating revenues and relate primarily to our core business of providing renal care services.

The dialysis industry

The loss of kidney function is normally irreversible. ESRD is the stage of advanced kidney impairment that requires continued dialysis treatments or a kidney transplant to sustain life. Dialysis is the removal of toxins, fluids and salt from the blood of ESRD patients by artificial means. Patients suffering from ESRD generally require dialysis at least three times per week for the rest of their lives.

Since 1972, the federal government has provided universal payment coverage for dialysis treatments under the Medicare ESRD program regardless of age or financial circumstances. Under this system, Congress establishes Medicare rates for dialysis treatments, related supplies, lab tests and medications. Approximately 88% of our total patients are under government-based programs, with approximately 80% of our patients under Medicare and Medicare-assigned plans.

ESRD patient base

There are more than 358,000 ESRD dialysis patients in the United States according to the latest information published by the United States Renal Data System. The recent historical compound annual growth rate in the number of ESRD dialysis patients has been approximately 3%-4%. The growth rate is attributable to the aging of the population, increased incidence rates for diseases that cause kidney failure such as diabetes and hypertension, lower mortality rates for dialysis patients and growth rates of minority populations with higher than average incidence rates of ESRD.

Treatment options for ESRD

Treatment options for ESRD are dialysis and kidney transplantation.

Dialysis Options

- *Hemodialysis*

Hemodialysis, the most common form of ESRD treatment, is usually performed in outpatient dialysis centers. It may also be done while a patient is at home or while hospitalized. The hemodialysis machine uses an artificial kidney, called a dialyzer, to remove toxins, fluids and salt from the patient's blood. The dialysis process

occurs across a semi-permeable membrane that divides the dialyzer into two distinct chambers. While blood is circulated through one chamber, a pre-mixed fluid is circulated through the other chamber. The toxins, salt and excess fluids from the blood cross the membrane into the fluid, allowing cleansed blood to return into the patient's body. Each hemodialysis treatment that occurs in the outpatient dialysis centers typically lasts approximately three and one-half hours and is usually performed three times per week.

Some ESRD patients may perform home-based hemodialysis in their home or residence through the use of a hemodialysis machine designed for home therapy that is portable, smaller and easier to use. Patients receive training, support and monitoring from registered nurses, in some cases in our outpatient dialysis centers, in connection with treatments. Home-based hemodialysis is typically performed with greater frequency than dialysis treatments performed in outpatient dialysis centers and on varying schedules.

Hospital inpatient hemodialysis services are required for patients with acute kidney failure resulting from trauma, patients in early stages of ESRD, and ESRD patients who require hospitalization for other reasons. Hospital inpatient hemodialysis is generally performed at the patient's bedside or in a dedicated treatment room in the hospital, as needed.

- *Peritoneal dialysis*

Peritoneal dialysis uses the patient's peritoneal, or abdominal, cavity to eliminate fluid and toxins. The most common methods of peritoneal dialysis are continuous ambulatory peritoneal dialysis, or CAPD, and continuous cycling peritoneal dialysis, or CCPD. A patient generally performs peritoneal dialysis at home. Because it does not involve going to an outpatient dialysis center three times a week for treatment, peritoneal dialysis is an alternative to hemodialysis for patients who desire more freedom and flexibility in their lifestyle. However, peritoneal dialysis is not a suitable method of treatment for many patients, including patients who are unable to perform the necessary procedures and those at greater risk of peritoneal infection.

CAPD introduces dialysis solution into the patient's peritoneal cavity through a surgically placed catheter. Toxins in the blood continuously cross the peritoneal membrane into the dialysis solution. After several hours, the patient drains the used dialysis solution and replaces it with fresh solution. This procedure is usually repeated four times per day.

CCPD is performed in a manner similar to CAPD, but uses a mechanical device to cycle dialysis solution through the patient's peritoneal cavity while the patient is sleeping or at rest.

- *Transplantation*

Although transplantation, when successful, is generally the most desirable form of therapeutic intervention, the shortage of suitable donors, side effects of immunosuppressive pharmaceuticals given to transplant recipients and dangers associated with transplant surgery for some patient populations limit the use of this treatment option.

Services we provide

Dialysis and Related Lab Services

Outpatient dialysis services

As of December 31, 2009, we operated or provided administrative services to 1,530 outpatient dialysis centers in the United States that are designed specifically for outpatient hemodialysis. In 2009, we added a net total of 81 outpatient dialysis centers primarily as a result of acquisitions and the opening of new centers, net of center closures and divestitures. This represented a total increase of approximately 6% to our overall network of outpatient dialysis centers.

As required by law, we contract with a nephrologist or a group of affiliated nephrologists to provide medical director services at each of our centers. In addition, other nephrologists may apply for practice privileges to treat

their patients at our centers. Each center has an administrator, typically a registered nurse, who supervises the day-to-day operations of the center and its staff. The staff of each center typically consists of registered nurses, licensed practical or vocational nurses, patient care technicians, a social worker, a registered dietician, biomedical technician support and other administrative and support personnel.

Many of our outpatient dialysis centers offer services for dialysis patients who prefer and are able to receive either hemodialysis treatments in their homes or peritoneal dialysis. Home-based dialysis services consist of providing equipment and supplies, training, patient monitoring, on-call support services and follow-up assistance. Registered nurses train patients and their families or other caregivers to perform either hemodialysis at home or peritoneal dialysis.

Under Medicare regulations, we cannot promote, develop or maintain any kind of contractual relationship with our patients which would directly or indirectly obligate a patient to use or continue to use our dialysis services, or which would give us any preferential rights other than those related to collecting payments for our services. Our total patient turnover averages approximately 30% per year. However, in 2009 the overall number of patients that we treated increased by approximately 6%, primarily from continued growth within the industry, lower mortality rates and the opening of new centers and acquisitions.

Hospital inpatient dialysis services

We provide hospital inpatient hemodialysis services, excluding physician services, to patients in approximately 720 hospitals. We render these services for a contracted per-treatment fee that is individually negotiated with each hospital. When a hospital requests our services, we typically administer the dialysis treatment at the patient's bedside or in a dedicated treatment room in the hospital, as needed. Hospital inpatient hemodialysis services are required for patients as discussed above. In 2009, hospital inpatient hemodialysis services accounted for approximately 5% of our total dialysis treatments.

ESRD laboratory services

We own two separately incorporated, licensed, clinical laboratories, both located in Florida, specializing in ESRD patient testing. These specialized laboratories provide routine laboratory tests primarily covered by the Medicare composite payment rate for dialysis and other physician-prescribed laboratory tests for ESRD patients. Our laboratories provide these tests predominantly for our network of ESRD patients throughout the United States. These tests are performed to monitor a patient's ESRD condition, including the adequacy of dialysis, as well as other diseases a patient may have. Our laboratories utilize information systems which provide information to our dialysis centers regarding critical outcome indicators.

Management services

We currently operate or provide management and administrative services to 32 outpatient dialysis centers that are either wholly-owned by third parties or centers in which we own an equity investment, under management and administrative services agreements. Management fees are established by contract and are recognized as earned typically based on a percentage of revenues or cash collections generated by the centers.

Ancillary services and strategic initiatives

Ancillary services and strategic initiatives, which currently account for approximately 5% of our total consolidated net operating revenues, consist of the following:

- *Pharmacy services.* DaVita Rx is a pharmacy that provides oral medications to DaVita's patients with ESRD. The main objectives of the pharmacy are to improve clinical outcomes by facilitating increased patient compliance and to provide our patients a convenient way to fill their prescription needs. Revenues are recognized as prescriptions are filled and shipped to patients.

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- *Infusion therapy services.* HomeChoice Partners provides personalized infusion therapy services to patients typically in their own homes as a cost-effective alternative to inpatient hospitalization. Intravenous and nutritional support therapies are typically managed by registered and/or board-certified professionals including pharmacists, nurses and dieticians in collaboration with the patient's physician in support of the patient's ongoing healthcare needs. Revenues are recognized in the period when infusion therapy services are provided.

- *Disease management services.* VillageHealth provides advanced care management services to health plans and government agencies for employees/members diagnosed with Chronic Kidney Disease (CKD) or ESRD. Through a combination of clinical coordination, medical claims analysis and information technology, we endeavor to assist our customers and patients in obtaining superior renal health care and improved clinical outcomes, as well as helping to reduce overall medical costs. Revenues are typically based upon an established contract fee and are recognized as earned over the contract period and can include additional fees for cost savings recognized by certain customers. VillageHealth also provided full service health care plans for ESRD patients during 2009 and 2008. As of December 31, 2009, VillageHealth discontinued providing full service health care plans for ESRD patients.

- *Vascular access services.* Lifeline provides management and administrative services to physician-owned vascular access clinics that provide surgical and interventional radiology services for dialysis patients. Lifeline also is the majority-owner of one vascular access clinic. Management fees generated from providing management and administrative services are recognized as earned typically based on a percentage of revenues or cash collections generated by the clinics. Revenues associated with the vascular access clinic that is majority-owned are recognized in the period when physician services are provided.

- *ESRD clinical research programs.* DaVita Clinical Research conducts research trials principally with dialysis patients and provides administrative support for research conducted by DaVita-affiliated nephrology practices. Revenues are based upon an established fee per study, as determined by contract with drug companies and other sponsors and are recognized as earned according to the contract terms.

- *Physician services.* DaVita Nephrology Partners offers practice management and administrative services to physicians who specialize in nephrology under management and administrative services agreements. Practice management and administrative services typically include operations management, IT support, billing and collections, credentialing and coding, and other support functions. Management fees generated from providing practice management and administrative services to physician practices are recognized as earned typically based upon cash collections generated by the practices.

Quality care

We believe our reputation for providing quality care is a key factor in attracting patients and physicians and in securing contracts with healthcare plans. We engage in organized and systematic efforts through our quality management programs to monitor and improve the quality of services we deliver. These efforts include the development and implementation of patient care policies and procedures, clinical education and training programs, education and mentoring related to our clinical guidelines and protocols and audits of the quality of services rendered at each of our centers.

We employ over 160 clinical service specialists. The primary focus of this group is assuring and facilitating processes that aim to achieve superior clinical outcomes at our facilities. Our physician leadership in the Office of the Chief Medical Officer (OCMO) includes five senior nephrologists, led by our Chief Medical Officer, with a variety of academic, clinical practice, and clinical research backgrounds. Our Physician Council is an advisory body to senior management, composed of seven physicians with extensive experience in clinical practice in addition to the members of OCMO and five Group Medical Directors. The Physician Council and Group Medical Directors represent both private and academic centers. The Physician Council provides strategic input regarding the outcomes of current clinical programs and on new programs that should be considered for development.

Sources of revenue—concentrations and risks

Our dialysis and related lab services business revenues represent 95% of our total consolidated net operating revenues with the balance of our revenues from ancillary services and strategic initiatives. Dialysis and related lab services revenues are derived from providing dialysis treatments, the administration of pharmaceuticals, related laboratory services and management fees generated from providing management and administrative services to certain outpatient dialysis centers.

The sources of our dialysis and related lab services revenues are principally from government-based programs, including Medicare and Medicare-assigned plans, Medicaid and Medicaid-assigned plans and commercial insurance plans.

The following table summarizes our dialysis and related lab services revenues by source for the year ended December 31, 2009:

	Revenue percentages
Medicare and Medicare-assigned plans	57%
Medicaid and Medicaid-assigned plans	6%
Other government-based programs	2%
Total government-based programs	65%
Commercial (including hospital inpatient dialysis services)	35%
Total dialysis and related lab services revenues	100%

The following table summarizes our dialysis and related lab services revenues by modality for the year ended December 31, 2009:

	Revenue percentages
Outpatient hemodialysis centers	84%
Peritoneal dialysis and home-based hemodialysis	11%
Hospital inpatient hemodialysis	5%
Total dialysis and related lab services revenues	100%

Medicare revenue.

Under the Medicare ESRD program, payment rates for dialysis are established by Congress. The Medicare composite rate currently set by CMS, pays dialysis providers for services provided to Medicare beneficiaries under two methods: (1) the composite payment which includes a base payment, adjusted for case-mix which links payments more closely with illness severity and regional geography differences, and a drug add-on payment, which is updated annually to account for changes in drug prices and utilization and (2) separately billable drug reimbursement. Thus, dialysis providers receive a composite payment rate per treatment to cover routine dialysis services, certain pharmaceuticals, routine lab work, and other supplies, as well as a separate payment for pharmaceuticals, which include Epogen®, or EPO (a pharmaceutical used to treat anemia, a common complication associated with ESRD), vitamin D analogs and iron supplements that are not included in the composite payment rate. Pharmaceuticals are generally paid at average sale price, or ASP, plus 6% based upon prices set by Medicare. The Medicare payment rates that are paid to us, including payments for separately billable drugs, are not sufficient to cover our average cost of providing a dialysis treatment.

ESRD patients receiving dialysis services become eligible for primary Medicare coverage at various times, depending on their age or disability status, as well as whether they are covered by an employer group health plan.

Generally, for a patient not covered by an employer group health plan, Medicare becomes the primary payor either immediately or after a three-month waiting period. For a patient covered by an employer group health plan, Medicare generally becomes the primary payor after 33 months, which includes a three month waiting period, or earlier if the patient's employer group health plan coverage terminates. When Medicare becomes the primary payor, the payment rate we receive for that patient shifts from the commercial insurance plan rate to the Medicare payment rate.

For each covered treatment, Medicare pays 80% of the amount set by the Medicare system. The patient is responsible for the remaining 20%. In most cases, a secondary payor, such as Medicare supplemental insurance, a state Medicaid program or a commercial health plan, covers all or part of these balances. Some patients, who do not qualify for Medicaid but otherwise cannot afford secondary insurance, can apply for premium payment assistance from charitable organizations through a program offered by the American Kidney Fund. We and other dialysis providers support the American Kidney Fund and similar programs through voluntary contributions. If a patient does not have secondary insurance coverage, we are generally unsuccessful in our efforts to collect from the patient the 20% portion of the ESRD composite rate that Medicare does not pay. However, we are able to recover some portion of this outstanding balance from Medicare through an established cost reporting process by filing a Medicare bad debt claim for each center for which Medicare treatments are not profitable according to the center's Medicare cost report.

The Medicare composite payment rates set by Congress for dialysis treatments that were in effect for 2009 were between $150 and $167 per treatment, with an average rate of $159 per treatment. Medicare payment rates for dialysis services, historically, have not been routinely increased to compensate for the impact of inflation, which negatively impacts our margins as patient care costs continue to rise. In July 2008, the Medicare Improvements for Patients and Providers Act for 2008, or MIPPA, was passed by Congress. The legislation provided for an increase in the composite rate of 1% which went into effect on January 1, 2009 and an additional 1% which went into effect on January 1, 2010. MIPPA also introduced a new payment system for dialysis services which in part provides for a new single bundled payment rate which, as currently proposed, would be adjusted annually for inflation based upon a market basket index, less 1% of such index, beginning in 2012.

The new payment system for dialysis services under MIPPA begins in January 2011 and provides that ESRD payments will be made under a bundled payment rate which will provide for a fixed rate for all goods and services provided during the dialysis treatment. On September 15, 2009, the Centers for Medicare and Medicaid Services, or CMS, released the proposed rule regarding the new bundled payment rate system. The initial 2011 bundled rate is required to be set based on a 2% reduction in the payment rate that providers would have received under the historical fee for service payment methodology and based on the lowest average industry pharmaceutical utilization from 2007 to 2009. Among other things, the proposed rule requires dialysis facilities to provide certain oral medications but does not provide funding sufficient to cover our costs for those medications. In addition, all laboratory tests ordered by nephrologists would be included in the bundle, whether or not the laboratory tests are related to the ESRD treatment, without funding sufficient to cover our costs for those tests. The proposed rule also includes an expanded list of case-mix adjustors, many of which may be difficult or impossible for dialysis clinics to track, consequently reducing the payment rate for ESRD treatments. The proposed rule also introduced a transition adjustment that would reduce payments to providers by 3%. The combined effect of the adjustments provided in the proposed rule would result in a bundled rate that represents a significantly greater than 2% reduction in the payment rate that we would have received for our services prior to bundling. Also, beginning in 2012, the proposed rule provides that 2% of payments due to providers will be set aside subject to provider satisfaction of certain quality standards. A failure to achieve the required quality standards will result in the forfeiture of the 2% reserve. Dialysis providers have the option to move fully to the bundled payment system in 2011 or to phase in the payment system over three years. If the new bundled payment rate system is implemented as proposed, it could have a material adverse effect on our revenues, earnings and cash flows.

We participate in two Medicare demonstration programs through a contract with CMS. One program is an ESRD demonstration program that started in January 2006. It was originally contracted for a four year term and the term was extended by one year in 2009 until December 2010. The revenue is capitated for all medical services required by enrollees in the program. We are at risk for all medical costs of the program in excess of the capitation payments. The other program is a CKD/ESRD demonstration program which started in November 2008 and will continue for three years. We are paid a management fee for program enrollees relating to CKD and ESRD disease states. Management fee revenues are subject to retraction if medical cost savings targets are not met.

Medicaid revenue

Medicaid programs are state-administered programs partially funded by the federal government. These programs are intended to provide health coverage for patients whose income and assets fall below state-defined levels and who are otherwise uninsured. These programs also serve as supplemental insurance programs for co-insurance payments due from Medicaid-eligible patients with primary coverage under Medicare. Some Medicaid programs also pay for additional services, including some oral medications that are not covered by Medicare. We are an authorized Medicaid provider in the states in which we conduct our business.

Commercial revenues

Before Medicare becomes the primary payor, a patient's commercial insurance plan, if any, is responsible for payment of the dialysis services provided. Although commercial payment rates vary significantly, average commercial payment rates are generally significantly higher than Medicare rates. The payments we receive from commercial payors generate nearly all of our profits. Payment methods from commercial payors include a single lump-sum per treatment, referred to as bundled rates and separate payments for treatments and pharmaceuticals, if used as part of the treatment, referred to as fee for service rates. Commercial payment rates are typically the result of negotiations between us and insurers or third-party administrators, but also include non-contracted or out-of-network payment rates as well. Our out-of-network payment rates are on average higher than in-network payment rates. We are continuously in the process of negotiating agreements with our commercial payors and if our negotiations result in overall commercial rate reductions in excess of our commercial rate increases, our revenues and operating results could be negatively impacted. In addition, if there are sustained or increased job losses in the United States as a result of current economic conditions, or depending upon changes to the healthcare regulatory system, we could experience a decrease in the number of patients under commercial plans.

Approximately 35% of our dialysis and related lab services revenues and 12% of our patients were associated with commercial payors for the year ended December 31, 2009. Less than 1% of our dialysis and related lab services payments are due directly from patients. No single commercial payor accounted for more than 5% of total dialysis and related lab services revenues for the year ended December 31, 2009.

Revenue from EPO and other pharmaceuticals

Approximately 30% of our total dialysis and related lab services revenues for the year ended December 31, 2009 are associated with the administration of physician-prescribed pharmaceuticals that improve clinical outcomes when included with the dialysis treatment. These pharmaceuticals include EPO, vitamin D analogs and iron supplements.

EPO is an erythropoiesis stimulating agent, or ESA, genetically engineered form of a naturally occurring protein that stimulates the production of red blood cells. EPO is used in connection with all forms of dialysis to treat anemia, a medical complication most ESRD patients experience. The administration of EPO, which is currently separately billable under the Medicare payment program until January 1, 2011, at which time it will be included as part of the new bundled payment rate, accounted for approximately 20% of our dialysis and related lab services revenues for the year ended December 31, 2009. Changes in the levels of physician-prescribed EPO and commercial and government payment rates related to EPO can significantly influence our revenues and operating income.

Furthermore, EPO is produced by a single manufacturer, Amgen, which can unilaterally increase its price for EPO at any time during the term of our agreement with them. Any interruption of supply or product cost increases could adversely affect our operations. In 2009, we experienced an increase in the cost of EPO of approximately 2%. Our agreement with Amgen also provides for specific rebates based on a combination of factors, including process improvement and data submission.

In the past there has been significant government scrutiny regarding anemia management practices for ESRD patients in the United States, initially prompted by risks identified in certain patient populations that utilize EPO and similar pharmaceuticals. Following congressional hearings, the FDA required warning labels for EPO and Aranesp®, an ESA also produced by Amgen, and CMS changed EPO reimbursement amounts and payment coverage policies which impacted the prescribing habits of our physicians and which has in the past and may in the future result in lower pharmaceutical intensities. The FDA held additional hearings to revisit these label changes as they apply to ESRD and has indicated that they will convene in 2010 to further review ESA labeling. In addition, HHS and CMS have given notice that a meeting of the Medicare Evidence Development & Coverage Advisory Committee, or MedCAC, will be convened on March 24, 2010 to review policies around the administration of ESAs, including, among other things, an evaluation of the efficacy of certain hemoglobin targets in CKD patients. These meetings could result in further restrictions on the utilization and reimbursement for ESAs which could result in decreased EPO utilization. Practice guidelines may continue to change as anemia management practices are scrutinized. Even though we believe our anemia management practices have been compliant with existing laws and regulations, we may be subject to further inquiries from a variety of government bodies as these payment policies and practicing guidelines evolve.

Physician relationships

An ESRD patient generally seeks treatment at an outpatient dialysis center near his or her home and at which his or her treating nephrologist has practice privileges. Our relationships with local nephrologists and our ability to meet their needs and the needs of their patients are key factors in the success of our outpatient dialysis centers. Over 3,400 nephrologists currently refer patients to our dialysis centers. As is typical in the dialysis industry, one or a few physicians, including the dialysis center's medical director, usually account for all or a significant portion of a dialysis center's patient referral base. Our medical directors provide a substantial portion of our patient referrals. If a significant number of physicians were to cease referring patients to our dialysis centers, our business could be adversely affected.

Participation in the Medicare ESRD program requires that dialysis services at an outpatient dialysis center be under the general supervision of a medical director who is a licensed physician. We have engaged physicians or groups of physicians to serve as medical directors for each of our dialysis centers. At some dialysis centers, we also separately contract with one or more physicians to serve as assistant or associate medical directors or to direct specific programs, such as home dialysis training programs. We have contracts with approximately 1,300 individual physicians and physician groups to provide medical director services.

Medical directors enter into written contracts with us that specify their duties and fix their compensation generally for periods of ten years. The compensation of our medical directors is the result of arm's length negotiations and generally depends upon an analysis of various factors such as the physician's duties, responsibilities, professional qualifications and experience, among others.

Our medical director contracts generally include covenants not to compete. Also, when we acquire a dialysis center from one or more physicians or where one or more physicians own minority interests in our dialysis centers, these physicians have agreed to refrain from owning interests in other competing centers within a defined geographic area for various time periods. These agreements not to compete restrict the physicians from owning or providing medical director services to other dialysis centers, but do not prohibit the physicians from referring patients to any dialysis center, including competing centers. Many of these agreements not to compete continue for a period of time beyond expiration of the corresponding medical director agreements, although some expire at the same time as the medical director agreement. Occasionally, we experience competition from a new dialysis center established by a former medical director following the termination of his or her relationship with us.

Government regulation

Our dialysis operations are subject to extensive federal, state and local governmental regulations. These regulations require us to meet various standards relating to, among other things, government payment programs, dialysis facilities and equipment, management of centers, personnel qualifications, maintenance of proper records and quality assurance programs and patient care.

Because we are subject to a number of governmental regulations, our business could be adversely impacted by:

- Loss or suspension of federal certifications;
- Loss or suspension of licenses under the laws of any state or governmental authority from which we generate substantial revenues;
- Exclusion from government healthcare programs including Medicare and Medicaid;
- Significant reductions or lack of inflation-adjusted increases in payment rates or reduction of coverage for dialysis and ancillary services and related pharmaceuticals;
- Fines, damages and monetary penalties for anti-kickback law violations, Stark Law violations, submission of false claims, civil or criminal liability based on violations of law or other failures to meet regulatory requirements;
- Claims for monetary damages from patients who believe their protected health information has been used or disclosed in violation of federal and state patient privacy laws;
- Government mandated practice changes that significantly increase operating expenses; or
- Refunds of payments received from government payors and government health care program beneficiaries because of any failures to meet applicable requirements.

We expect that our industry will continue to be subject to substantial regulation, the scope and effect of which are difficult to predict. Our activities could be reviewed or challenged by regulatory authorities at any time in the future. This regulation and scrutiny could materially adversely impact us.

Licensure and Certification

Our dialysis centers are certified by CMS, as is required for the receipt of Medicare payments. In some states, our dialysis centers also are required to secure additional state licenses and permits. Governmental authorities, primarily state departments of health, periodically inspect our centers to determine if we satisfy applicable federal and state standards and requirements, including the conditions of participation in the Medicare ESRD program.

To date, we have not experienced significant difficulty in maintaining our licenses or our Medicare and Medicaid authorizations. However, we have experienced delays in obtaining certifications from CMS.

CMS continues to study the regulations applicable to Medicare certification to provide dialysis services. On April 15, 2008, CMS issued new regulations for Medicare certified ESRD facilities to provide dialysis services, referred to as Conditions for Coverage. The Conditions for Coverage were effective October 14, 2008, with some

provisions having a phased in implementation date of February 1, 2009. The new regulations are patient, quality and outcomes focused. Among other things, they establish performance expectations for facilities and staff, eliminate certain procedural requirements, and promote continuous quality improvement and patient safety measures. We have established an interdisciplinary work group to facilitate implementation of the Conditions of Coverage and have developed comprehensive auditing processes to monitor ongoing compliance. We continue to assess the impact these changes will have on our operating results.

Federal anti-kickback statute

The "anti-kickback" statute contained in the Social Security Act imposes criminal and civil sanctions on persons who receive, make, offer or solicit payments in return for:

- The referral of a Medicare or Medicaid patient for treatment;
- The ordering or purchasing of items or services that are paid for in whole or in part by Medicare, Medicaid or similar federal and state programs; or
- Arranging for or recommending the ordering or purchasing of such items.

Federal criminal penalties for the violation of the anti-kickback statute include imprisonment, fines and exclusion of the provider from future participation in the Medicare and Medicaid programs. Violations of the anti-kickback statute are punishable by imprisonment for up to five years and fines of up to $250,000 or both. Larger fines can be imposed upon corporations under the provisions of the U.S. Sentencing Guidelines and the Alternate Fines Statute. Individuals and entities convicted of violating the anti-kickback statute are subject to mandatory exclusion from participation in Medicare, Medicaid and other federal healthcare programs for a minimum of five years. Civil penalties for violation of this law include up to $50,000 in monetary penalties per violation, repayments of up to three times the total payments between the parties and suspension from future participation in Medicare and Medicaid. Court decisions have also held that the statute is violated whenever one of the purposes of remuneration is to induce referrals.

The Department of Health and Human Services regulations create exceptions or "safe harbors" for some business transactions and arrangements. Transactions and arrangements structured within these safe harbors are deemed to not violate the anti-kickback statute. A business transaction or arrangement must satisfy every element of a safe harbor to be protected by that safe harbor. Transactions and arrangements that do not satisfy all elements of a relevant safe harbor do not necessarily violate the statute, but can be subject to greater scrutiny by enforcement agencies.

Our medical directors refer patients to our centers and these arrangements, by which we pay them for their medical director services, must be in compliance with the federal anti-kickback statute. Among the available safe harbors is one for personal services furnished for fair market value. However, most of our agreements with our medical directors do not satisfy all seven of the requirements of the personal services safe harbor. We believe that because of the nature of our medical directors' duties, it is impossible to satisfy the anti-kickback safe-harbor requirement that if the services provided under the agreement are on a part-time basis, as they are with our medical directors, the agreement must specify the schedule of intervals of service, their precise length and the exact charge for such intervals. Accordingly, while we believe that our agreements with our medical directors satisfy as many of the elements of this safe harbor as we believe is reasonably possible, our arrangements do not qualify for safe harbor protection. We also note that there is little guidance available as to what constitutes fair market value for medical director services. We believe, however, that our agreements do not violate the federal anti-kickback statute; however, since the arrangements do not satisfy all of the requirements for safe harbor protection, these arrangements could be challenged.

We own a controlling interest in numerous dialysis related joint ventures, which represented approximately 16% of our dialysis and related lab services revenues. In addition, we also own equity investments in several other dialysis related joint ventures. Our relationships with physicians and other referral sources relating to these joint ventures are required to comply with the anti-kickback statute. Although there is a safe harbor for certain

investment interests in "small entities," it is not clear if any of our joint ventures satisfies all of the requirements for protection by this safe harbor. Under current law, physician joint ventures are not prohibited but instead require a case-by-case evaluation under the anti-kickback statute. We have structured our joint ventures to satisfy as many safe harbor requirements as we believe are reasonably possible and we believe that these investments are offered on a fair market value basis and provide returns to the physician investors only in proportion to their actual investment in the venture. We believe that our agreements do not violate the federal anti-kickback statute; however, since the arrangements do not satisfy all of the requirements for safe harbor protection, these arrangements could be challenged.

We lease space for approximately 470 of our centers from entities in which physicians hold ownership interests and we sublease space to referring physicians at approximately 170 of our dialysis centers. These arrangements must be in compliance with the anti-kickback statute. We believe that we meet the elements of the safe harbor for space rentals in all material respects.

Some medical directors and other referring physicians may own our common stock. We believe that these interests materially satisfy the requirements of the safe harbor for investments in large publicly traded companies for the anti-kickback statute.

Because we are purchasing and selling items and services in the operation of our centers that may be paid for, in whole or in part, by Medicare or a state healthcare program and because we acquire certain items and services at a discount, we must structure these arrangements in compliance with the federal anti-kickback statute. Subject to certain requirements and limitations, discounts representing reductions in the amounts we are charged for items or services based on arm's-length transactions can qualify for safe harbor protection if we fully and accurately report the discounts in the applicable Medicare cost reports. While some of the safe harbor criteria are subject to interpretation, we believe that our vendor contracts with discount provisions are in compliance with the anti-kickback statute.

Stark Law

Another federal law, known as the "Stark Law", prohibits a physician who has a financial relationship, or who has an immediate family member who has a financial relationship, with entities providing designated health services, or DHS, from referring Medicare patients to such entities for the furnishing of such services, unless an exception applies. Stark Law DHS include home health services, outpatient prescription drugs, inpatient and outpatient hospital services and clinical laboratory services. The Stark Law also prohibits the DHS entity receiving a prohibited referral from filing a claim or billing for the services arising out of the prohibited referral. The prohibition applies regardless of the reasons for the financial relationship and the referral; unlike the federal anti-kickback statute, intent to induce referrals is not required. Sanctions for violation of the Stark Law include denial of payment for claims for services provided in violation of the prohibition, refunds of amounts collected in violation, a civil penalty of up to $15,000 for each service arising out of the prohibited referral, exclusion from the federal healthcare programs, including Medicare and Medicaid and a civil penalty of up to $100,000 against parties that enter into a scheme to circumvent the Stark Law prohibition. Stark Law violations also can form the basis for False Claims Act liability. The types of financial arrangements between a physician and a DHS entity that trigger the self-referral prohibitions of the Stark Law are broad and include direct and indirect ownership and investment interests and compensation arrangements.

CMS has adopted implementing regulations under the Stark Law collectively, Stark Regulations. CMS has not yet adopted implementing regulations regarding application of the Stark Law to Medicaid, but has indicated that it anticipates issuing additional regulations regarding the application of the Stark Law to Medicaid referrals.

The definition of DHS under the Stark Law excludes services paid under a composite rate, even if some of the components bundled in the composite rate are DHS. Since most services furnished to Medicare beneficiaries provided in our dialysis centers are reimbursed through a composite rate, the services performed in our facilities generally are not DHS, and the Stark Law referral prohibition does not apply to those services. The definition of

DHS also excludes inpatient dialysis performed in hospitals that are not certified to provide ESRD services. Consequently, our arrangements with such hospitals for the provision of dialysis services to hospital inpatients do not trigger the Stark Law referral prohibition.

In addition, although prescription drugs are DHS, there is an exception in the Stark Regulations for EPO and other specifically enumerated dialysis drugs when furnished in or by an ESRD facility, in compliance with the anti-kickback statute and applicable billing requirements. The exception is available only for drugs included on a list of CPT/HCPCS codes published by CMS, and in the case of home dialysis, the exception applies only to EPO, Aranesp® and equivalent drugs dispensed by the facility for use at home. While we believe that most drugs furnished by our dialysis centers are covered by the exception, dialysis centers may administer drugs that are not on the list of CPT/HCPCS codes and therefore do not meet this exception. In order for a physician who has a financial relationship with a dialysis center to order one of these drugs from the center and for the center to obtain Medicare reimbursement, another exception must apply.

We have entered into several types of financial relationships with referring physicians, including compensation arrangements. We believe that the compensation arrangements under our medical director agreements satisfy the personal services compensation arrangement exception to the Stark Law. While we believe that compensation under our medical director agreements, which is the result of arm's length negotiations, results in fair market value payments for medical director services, an enforcement agency could nevertheless challenge the level of compensation that we pay our medical directors. If the arrangement does not meet a Stark Law exception, we could in the future be required to change our practices, face civil penalties, pay substantial fines, return certain payments received from Medicare and beneficiaries or otherwise experience a material adverse effect as a result of a challenge to payments made pursuant to referrals from these physicians under the Stark Law.

Some of our dialysis centers are leased from entities in which referring physicians hold interests and we sublease space to referring physicians at some of our dialysis centers. The Stark Law provides an exception for lease arrangements if specific requirements are met. We believe that our leases and subleases with referring physicians satisfy the requirements for this exception.

Some medical directors and other referring physicians may own our common stock. We believe that these interests satisfy the Stark Law exception for investments in large publicly traded companies.

Some of our referring physicians also own equity interests in entities that operate our dialysis centers. None of the Stark Law exceptions applicable to physician ownership interests in entities to which they make DHS referrals applies to the kinds of ownership arrangements that referring physicians hold in several of our subsidiaries that operate dialysis centers. Accordingly, these dialysis centers cannot bill Medicare for DHS referrals from physician owners. If the dialysis centers bill for DHS referred by physician owners, the dialysis center would be subject to the Stark Law penalties described above.

While we believe that most of our operations do not implicate the Stark Law, and that to the extent that our dialysis centers furnish DHS, they either meet an exception or do not bill for services that do not meet a Stark Law exception, if CMS determined that we have submitted claims in violation to the Stark Law, we would be subject to the penalties described above. In addition, it might be necessary to restructure existing compensation agreements with our medical directors and to repurchase or to request the sale of ownership interests in subsidiaries and partnerships held by referring physicians or, alternatively, to refuse to accept referrals for DHS from these physicians. Any such penalties and restructuring could have a material adverse effect on our operations.

If any of our business transactions or arrangements, including those described above, were found to violate the federal anti-kickback statute of Stark Law, we could face criminal, civil or administrative sanctions, including possible exclusion from participation in Medicare, Medicaid and other state and federal healthcare programs. Any findings that we have violated these laws could have a material adverse impact on our earnings.

Fraud and abuse under state law

Many states in which we operate dialysis centers have statutes prohibiting physicians from holding financial interests in various types of medical facilities to which they refer patients. Some of these statutes could be interpreted as prohibiting physicians who hold shares of our publicly traded stock from referring patients to our dialysis centers if the centers use our laboratory subsidiary to perform laboratory services for their patients. Some states also have laws similar to the federal anti-kickback statute that may affect our ability to receive referrals from physicians with whom we have financial relationships, such as our medical directors. Some state anti-kickback statutes also include civil and criminal penalties. Some of these statutes include exemptions applicable to our medical directors and other physician relationships or for financial interests limited to shares of publicly traded stock. Some, however, include no explicit exemption for medical director services or other services for which we contract with and compensate referring physicians or for joint ownership interests of the type held by some of our referring physicians or for financial interests limited to shares of publicly traded stock. If these statutes are interpreted to apply to referring physicians with whom we contract for medical director and similar services, to referring physicians with whom we hold joint ownership interests or to physicians who hold interests in DaVita limited solely to publicly traded stock, we may be required to terminate or restructure some or all of our relationships with or refuse referrals from these referring physicians and could be subject to civil and administrative sanctions, refund requirements and exclusions from government healthcare programs, including Medicare and Medicaid. Such events could negatively affect the decision of referring physicians to refer patients to our centers.

The False Claims Act

The federal False Claims Act, or FCA, is a means of policing false bills or false requests for payment in the healthcare delivery system. In part, the FCA authorizes the imposition of up to three times the government's damages and civil penalties on any person who:

- Knowingly presents or causes to be presented to the federal government, a false or fraudulent claim for payment or approval;
- Knowingly makes, uses or causes to be made or used, a false record or statement to get a false or fraudulent claim paid or approved by the federal government;
- Conspires to defraud the federal government by getting a false or fraudulent claim allowed or paid; or
- Knowingly makes, uses or causes to be made or used, a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the federal government.

In addition, recent amendments to the FCA impose severe penalties for the knowing and improper retention of overpayments collected from government payors. These amendments could subject our procedures for identifying and processing overpayments to greater scrutiny. We have made significant investments in additional resources to accelerate the time it takes to identify and process overpayments and we may be required to make additional investments in the future. An acceleration in our ability to identify and process overpayments could result in us refunding overpayments to government or other payors sooner than we have in the past. A significant acceleration of these refunds could have a material adverse affect on our operating cash flows.

The penalties for a violation of the FCA range from $5,500 to $11,000 for each false claim plus three times the amount of damages caused by each such claim. The federal government has used the FCA to prosecute a wide variety of alleged false claims and fraud allegedly perpetrated against Medicare and state healthcare programs, including coding errors, billing for services not rendered, the submission of false cost reports, billing for services at a higher payment rate than appropriate, billing under a comprehensive code as well as under one or more component codes included in the comprehensive code and billing for care that is not considered medically necessary. Although still subject to dispute, several courts have also determined that a violation of the federal anti-kickback statute can form the basis for liability under the FCA, and filing claims or failing to refund amounts collected in violation of the Stark Law can form the basis for liability under the FCA. In addition to the

provisions of the FCA, which provide for civil enforcement, the federal government can use several criminal statutes to prosecute persons who are alleged to have submitted false or fraudulent claims for payment to the federal government.

The Health Insurance Portability and Accountability Act of 1996

The Health Insurance Portability and Accountability Act of 1996 and its implementing privacy and security regulations, as amended by the federal Health Information Technology for Economic and Clinical Health Act (HITECH Act) (collectively referred to as HIPAA), requires us to provide certain protections to patients and their health information (Protected Health Information, or PHI). HIPAA requires us to afford patients certain rights regarding their PHI, and to limit uses and disclosure of their PHI existing in any media form (electronic and hardcopy). HIPAA also requires us to implement administrative, physical, and technical safeguards with respect to electronic PHI. We believe our HIPAA Privacy and Security Program sufficiently addresses HIPAA requirements.

Other regulations

Our operations are subject to various state hazardous waste and non-hazardous medical waste disposal laws. These laws do not classify as hazardous most of the waste produced from dialysis services. Occupational Safety and Health Administration regulations require employers to provide workers who are occupationally subject to blood or other potentially infectious materials with prescribed protections. These regulatory requirements apply to all healthcare facilities, including dialysis centers, and require employers to make a determination as to which employees may be exposed to blood or other potentially infectious materials and to have in effect a written exposure control plan. In addition, employers are required to provide or employ hepatitis B vaccinations, personal protective equipment and other safety devices, infection control training, post-exposure evaluation and follow-up, waste disposal techniques and procedures and work practice controls. Employers are also required to comply with various record-keeping requirements. We believe that we are in material compliance with these laws and regulations.

A few states have certificate of need programs regulating the establishment or expansion of healthcare facilities, including dialysis centers. We believe that we are in material compliance with all applicable state certificate of need laws.

Corporate compliance program

We have implemented a company-wide corporate compliance program as part of our commitment to comply with all applicable laws and regulations and to maintain the high standards of conduct we expect from all of our teammates. We continuously review this program and enhance it as necessary. The primary purposes of the program include:

- Increasing, through training and education, the awareness of our teammates and affiliated professionals of the necessity of complying with all applicable laws and regulations in an increasingly complicated regulatory environment;
- Auditing and monitoring the activities of our dialysis centers, laboratories and billing offices on a regular basis to identify potential instances of noncompliance in a timely manner; and
- Ensuring that we take steps to resolve instances of noncompliance or to address areas of potential noncompliance as promptly as we become aware of them.

When evaluating the effectiveness of our corporate compliance program, we take into consideration a number of factors, including favorable results under various government inquiries and adherence to industry standards.

We have a code of conduct that each of our teammates and affiliated professionals must follow and we have a confidential toll-free hotline (888-458-5848) for teammates and patients to report potential instances of noncompliance. Our Chief Compliance Officer administers the compliance program. The Chief Compliance Officer reports directly to our Chief Executive Officer, our Chief Operating Officer and to the Compliance Committee of our Board of Directors.

Corporate Integrity Agreement

On December 1, 2004, Gambro Healthcare, Inc, which we acquired in October 2005, entered into a settlement agreement with the Department of Justice and other agencies of the United States government relating to the Department of Justice's investigation of Gambro Healthcare's Medicare and Medicaid billing practices and its relationships with physicians and pharmaceutical manufacturers. In connection with the settlement agreement, Gambro Healthcare, without admitting liability, entered into a five-year corporate integrity agreement with the Office of the Inspector General, U.S. Department of Health and Human Services, or OIG. The centers we acquired from Gambro Healthcare were subject to the corporate integrity agreement. The corporate integrity agreement expired by its own terms on November 30, 2009. We submitted our final annual report to the OIG on January 14, 2010. On February 16, 2010, we were informed by the OIG that it has reviewed our final annual report and determined that DVA Renal Healthcare (formerly Gambro Healthcare) complied with the terms of the corporate integrity agreement during the final reporting period and that the Fifth Annual Report is complete. The five year term of the corporate integrity agreement has now concluded and DVA Renal Healthcare is no longer subject to its terms.

Insurance

We maintain insurance for property and general liability, professional liability, directors' and officers' liability, workers compensation and other coverage in amounts and on terms deemed adequate by management based on our claims experience and expectations for future claims. Future claims could, however, exceed our applicable insurance coverage. Physicians practicing at our dialysis centers are required to maintain their own malpractice insurance and our medical directors are required to maintain coverage for their individual private medical practices. Our liability policies cover our medical directors for the performance of their duties as medical directors.

Capacity and location of our centers

We are able to increase our capacity by extending hours at our existing centers, expanding our existing centers, relocating our centers, developing new centers and by acquiring centers. The development of a typical outpatient center by us generally requires approximately $2.0 million for leasehold improvements, equipment and first-year working capital. Based on our experience, a new center typically opens within a year after the property lease is signed, normally achieves operating profitability in the second year after certification and normally reaches maturity within three to five years. Acquiring an existing center requires a substantially greater initial investment, but profitability and cash flow are generally initially more predictable. To a limited extent, we enter into agreements to provide management and administrative services to dialysis centers in which we either own an equity investment, or are wholly-owned by third parties in return for management fees, which are typically based on a percentage of revenues or cash collections of the managed operations.

The table below shows the growth of our Company by number of dialysis centers.

	2009	2008	2007	2006	2005
Number of centers at beginning of year	1,449	1,359	1,300	1,233	658
Acquired centers	19	20	16	26	609(1)
Developed centers	78	86	64	55	46
Net change in centers with management and administrative services agreements*	8(4)	1	(15)(3)	—	4(1)
Divested and closed centers	(8)	(9)	(4)	(5)(2)	(72)(1)
Merged into existing center**	(16)	(8)	(2)	(9)	(12)
Number of centers at end of year	1,530	1,449	1,359	1,300	1,233

(1) 566 centers were added, including 11 centers under management and administrative services agreements, as a result of the DVA Renal Healthcare acquisition and 74 centers were divested in connection with this acquisition, including three centers under management and administrative services agreements.
(2) Three centers were divested in connection with the acquisition of DVA Renal Healthcare.
(3) In November 2007, one of our management and administration service agreements was terminated, in which we provided management and administrative services to 20 dialysis centers.
(4) During 2009, we made equity investments in 6 centers and we entered into 2 additional management and administrative service agreements.

* Represents dialysis centers in which we either own an equity investment, or are wholly-owned by third parties.

** Represents dialysis centers that were closed and the majority of patients were retained and transferred to other existing dialysis centers.

As of December 31, 2009, we operated or provided administrative services to 1,530 outpatient dialysis centers, of which 1,498 are consolidated in our financial statements. Of the remaining 32 dialysis centers, we own an equity investment in 15 centers and provide management and administrative services to 17 dialysis centers that are wholly-owned by third parties. The locations of the 1,498 dialysis centers consolidated in our financial statements at December 31, 2009 were as follows:

State	Centers	State	Centers	State	Centers
California	185	New York	33	Nebraska	13
Florida	130	Indiana	32	Wisconsin	13
Texas	121	Oklahoma	30	Massachusetts	12
Georgia	97	Colorado	28	Arkansas	9
Ohio	66	Kentucky	26	District of Columbia	9
Pennsylvania	62	Louisiana	25	Idaho	8
North Carolina	57	Arizona	23	Utah	4
Virginia	55	New Jersey	23	Mississippi	3
Michigan	52	South Carolina	22	New Mexico	3
Maryland	49	Washington	20	South Dakota	3
Illinois	48	Connecticut	19	West Virginia	3
Minnesota	38	Kansas	18	Delaware	2
Alabama	37	Nevada	16	North Dakota	2
Tennessee	36	Iowa	15	New Hampshire	1
Missouri	35	Oregon	15		

Competition

The dialysis industry is highly competitive, particularly in terms of acquiring existing dialysis centers. We continue to face increased competition in the dialysis industry from large and medium-sized providers which compete directly with us for the acquisition of dialysis businesses, relationships with physicians to act as medical directors and for individual patients. Acquisitions and patient retention are an important part of our growth strategy and our business could be adversely affected if we are not able to continue to make acquisitions on reasonable terms or if we face significant patient attrition to our competitors. Competition for qualified physicians to act as medical directors and for inpatient dialysis services agreements with hospitals is also intense. Occasionally, we have also experienced competition from former medical directors or referring physicians who have opened their own dialysis centers. In addition, we experience competitive pressures in connection with negotiating contracts with commercial healthcare payors.

The two largest dialysis companies, Fresenius Medical Care, or Fresenius, and our company, account for approximately 62% of outpatient dialysis patients in the United States. Approximately 42% of the centers not

owned by us or Fresenius are owned or controlled by hospitals or non-profit organizations. Hospital-based and non-profit dialysis units typically are more difficult to acquire than physician-owned centers. Because of the ease of entry into the dialysis business and the ability of physicians to be medical directors for their own centers, competition for growth in existing and expanding markets is not limited to large competitors with substantial financial resources.

Fresenius also manufactures a full line of dialysis supplies and equipment in addition to owning and operating dialysis centers. This may give them cost advantages over us because of their ability to manufacture their own products. Fresenius has been one of our largest suppliers of dialysis products. In January 2010, we entered into an agreement with Fresenius which committed us to purchase a certain amount of dialysis equipment, parts and supplies from them through 2013. In addition, in August 2006, we also entered into a product supply agreement with Gambro Renal Products that requires us to purchase a certain amount of our hemodialysis non-equipment product supplies, such as dialyzers, at fixed prices through 2015. Our purchases of products in the categories generally offered by Fresenius and Gambro Renal Products represent approximately 4% of our total operating expenses. During 2009, we purchased hemodialysis products and supplies from Gambro Renal Products representing approximately 2% of our total operating expenses.

Teammates

As of December 31, 2009, we had approximately 34,000 teammates:

• Licensed professional staff (nurses, dieticians and social workers)	14,000
• Other patient care and center support staff and laboratory personnel	15,000
• Corporate, billing and regional administrative staff	5,000

Our dialysis business requires nurses with specialized training for patients with complex care needs. Recruitment and retention of nurses are continuing concerns for healthcare providers generally because of the disparity between the supply and demand for nurses, which has led to a nursing shortage. We have an active program of investing in our professional healthcare teammates to help ensure we meet our recruitment and retention targets, including expanded training opportunities, tuition reimbursements and other incentives.

Item 1A. Risk Factors.

This Annual Report on Form 10-K contains statements that are forward-looking statements within the meaning of the federal securities laws. These statements involve known and unknown risks and uncertainties including the risks discussed below. The risks discussed below are not the only ones facing our business. Please read the cautionary notice regarding forward-looking statements in Item 7 under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operation".

If the average rates that commercial payors pay us decline significantly, it would have a material adverse effect on our revenues, earnings and cash flows.

Approximately 35% of our dialysis and related lab services revenues for the year ended December 31, 2009 were generated from patients who have commercial payors as the primary payor. The majority of these patients have insurance policies that pay us on terms and at rates that are generally significantly higher than Medicare rates. The payments we receive from commercial payors generate nearly all of our profit and all of our nonacute dialysis profits come from commercial payors. We continue to experience downward pressure on some of our commercial payment rates and it is possible that commercial payment rates could be materially lower in the future. The downward pressure on commercial payment rates is a result of general conditions in the market, recent and future consolidations among commercial payors, increased focus on dialysis services and other factors.

We are continuously in the process of negotiating agreements with our commercial payors, and payors are aggressive in their negotiations with us. In the event that our continued negotiations result in overall commercial rate reductions in excess of overall commercial rate increases, the cumulative effect could have a material adverse effect on our financial results. Consolidations have significantly increased the negotiating leverage of commercial payors. Our negotiations with payors are also influenced by competitive pressures. We expect that some of our contracted rates with commercial payors may decrease or that we may experience decreases in patient volume as our negotiations with commercial payors continue. In addition to increasing downward pressure on contracted commercial payor rates, payors have been attempting to impose restrictions and limitations on non-contracted or out-of-network providers. In some circumstances for some commercial payors, our centers are designated as out-of-network providers. Rates for out-of-network providers are on average higher than rates for in-network providers. Commercial payors may restructure their benefits to create disincentives for patients to select or remain with out-of-network providers or may decrease payment rates for out-of-network providers. We, along with others in the kidney care community, are resisting attempts to limit access to out-of-network providers through regulatory, legislative and legal means. Decreases in out-of-network rates and restrictions on out-of-network access combined with decreases in contracted rates could result in a significant decrease in our overall revenue derived from commercial payors. If the average rates that commercial payors pay us decline significantly, it would have a material adverse effect on our revenues, earnings and cash flows.

If the number of patients with higher-paying commercial insurance declines, then our revenues, earnings and cash flows would be substantially reduced.

Our revenue levels are sensitive to the percentage of our patients with higher-paying commercial insurance coverage. A patient's insurance coverage may change for a number of reasons, including changes in the patient's or a family member's employment status. Currently, for a patient covered by an employer group health plan, Medicare generally becomes the primary payor after 33 months, or earlier, if the patient's employer group health plan coverage terminates. When Medicare becomes the primary payor, the payment rate we receive for that patient shifts from the employer group health plan rate to the lower Medicare payment rate. We have seen an increase in the number of patients who have government-based programs as their primary payors which we believe is largely as a result of improved mortality and the current economic recession which has a negative impact on the percentage of patients covered under commercial insurance plans. To the extent there are sustained or increased job losses in the United States as a result of current economic conditions, we could experience a decrease in the number of patients under commercial plans. We could also experience a further decrease if

changes to the healthcare regulatory system result in fewer patients covered under commercial plans. In addition, our continued negotiations with commercial payors could result in a decrease in the number of patients under commercial plans to the extent that we cannot reach agreement with commercial payors on rates and other terms. If there is a significant reduction in the number of patients under higher-paying commercial plans relative to government-based programs that pay at lower rates, it would have a material adverse effect on our revenues, earnings and cash flows.

Changes in the structure of, and payment rates under the Medicare ESRD program, including the implementation of a bundled payment system under MIPPA and other healthcare reform initiatives, could substantially reduce our revenues, earnings and cash flows.

Approximately one-half of our dialysis and related lab services revenues for the year ended December 31, 2009 was generated from patients who have Medicare as their primary payor. Currently, the Medicare ESRD program pays us for dialysis treatment services at a fixed composite rate. The Medicare composite rate is the payment rate for a dialysis treatment including the supplies used in those treatments, specified laboratory tests and certain pharmaceuticals. Certain other pharmaceuticals, including EPO, vitamin D analogs and iron supplements, as well as certain specialized laboratory tests, are separately billed.

In July 2008, MIPPA was passed by Congress. This legislation introduced a new payment system for dialysis services beginning in January 2011 whereby ESRD payments will be made under a bundled payment rate which will provide for a fixed rate for all goods and services provided during the dialysis treatment. On September 15, 2009, CMS released the proposed rule regarding the new bundled payment rate system. If the new bundled payment rate system is implemented as proposed, it could have a material adverse effect on our revenues, earnings and cash flows. The initial 2011 bundled rate is required to be set based on a 2% reduction in the payment rate that providers would have received under the historical fee for service payment methodology and based on the lowest average industry pharmaceutical utilization from 2007 to 2009. Among other things, the proposed rule requires dialysis facilities to provide certain oral medications but does not provide funding sufficient to cover our costs for those medications. In addition, all laboratory tests ordered by nephrologists would be included in the bundle, whether or not the laboratory tests are related to ESRD treatment, without funding sufficient to cover our costs for those tests. The proposed rule also includes an expanded list of case-mix adjustors, many of which may be difficult or impossible for dialysis clinics to track, consequently reducing the payment rate for ESRD treatments. The proposed rule also introduced a transition adjustment that would reduce payments to providers by 3%. The combined effect of the adjustments provided in the proposed rule would result in a bundled rate that represents a significantly greater than 2% reduction in the payment rate that we would have received for our services prior to bundling. The proposed rule also requires the new single bundled payment base rate to be adjusted annually for inflation based upon a market basket index, less 1% of such index, beginning in 2012. Also, beginning in 2012, the proposed rule provides that 2% of payments due to providers will be set aside subject to provider satisfaction of certain quality standards. A failure to achieve the required quality standards will result in the forfeiture of the 2% reserve. Dialysis providers have the option to move fully to the bundled payment system in 2011 or to phase in the payment system over three years. Because the bundled rates that will take effect in 2011 have not been set, we cannot predict whether we will be able to reduce our operating costs at a level that will offset any reduction in overall reimbursement for services we provide to Medicare patients. In addition, we experience increases in operating costs that are subject to inflation, such as labor and supply costs, regardless of whether there is a compensating inflation-based increase in Medicare payment rates. To the extent the Medicare bundled rates are established at levels that result in lower overall reimbursement for services we provide to Medicare patients, it could have a material adverse effect on our revenues, earnings and cash flows. We also cannot predict whether we will be able to implement the requirements of the final rule within the time frames set in the final rule or whether we will be able to satisfy our Medicare and Medicaid regulatory compliance obligations as processes and systems are modified to comply with the final rule.

In addition, ongoing public policy debates regarding healthcare reform and the extension of coverage to uninsured individuals has recently intensified. While we cannot predict whether the federal government will

enact changes to the healthcare regulatory system in response to the current debate or the potential impact of any such changes, to the extent that any changes to the current healthcare regulatory system result in a reduction in patients covered by commercial insurance or a reduction in reimbursement rates for our services from commercial and/or government payors, our revenues, earnings and cash flows could be adversely affected.

Changes in state Medicaid or other non-Medicare government-based programs or payment rates could reduce our revenues, earnings and cash flows.

Approximately 15% of our dialysis and related lab services revenues for the year ended December 31, 2009, was generated from patients who have state Medicaid or other non-Medicare government-based programs, such as Medicare-assigned plans or the Veterans Health Administration, as their primary coverage. As state governments and governmental organizations face increasing budgetary pressure, they may propose reductions in payment rates, delays in the timing of payments, limitations on eligibility or other changes to their related programs. For example, some programs, such as certain state Medicaid programs and the Veterans Health Administration, have recently considered, proposed or implemented rate reductions. In January 2009, the Department of Veterans Affairs informally adopted a policy to reduce payment rates for dialysis services to Medicare rates. The informal policy was subsequently withdrawn in July 2009. On February 17, 2010, the Department of Veterans Affairs formally proposed a rule which would materially reduce their payment rates for dialysis services to equal Medicare rates. The proposed rule is subject to a 60 day comment period and we expect to participate in the comment process. We cannot predict when or if the final rule will be effective or what will be included in the final rule. If the proposed rule is implemented in its current form, it will have a significant negative impact on our revenues, earnings and cash flows as a result of the reduction in rates or as a result of a decrease in the number of patients covered by the Veterans Health Administration that we service. Approximately 2% of our dialysis and related lab services revenues for the year ended December 31, 2009 was generated by the Veterans Health Administration. While we cannot predict whether the Department of Veterans Affairs or any other government programs will be successful in reducing their payment rates or the timing of potential reductions, any such reduction could have a material adverse effect on our revenues, earnings and cash flows.

In addition, some state Medicaid program eligibility requirements mandate that citizen enrollees in such programs provide documented proof of citizenship. If our patients cannot meet these proof of citizenship documentation requirements, they may be denied coverage under these programs. If state Medicaid or other non-Medicare government programs reduce the rates paid by these programs for dialysis and related services, delay the timing of payment for services provided, further limit eligibility for coverage or adopt changes to their payment structure which reduces our overall payments from these state Medicaid or non-Medicare government programs, then our revenues, earnings and cash flows could be adversely affected.

Changes in clinical practices, payment rates or regulations impacting EPO and other pharmaceuticals could substantially reduce our revenues, earnings and cash flows.

The administration of EPO and other pharmaceuticals accounted for approximately 30% of our dialysis and related lab services revenues for the year ended December 31, 2009, with EPO accounting for approximately 20% of our dialysis and related lab services revenues for the same period. Changes in clinical practices that result in further decreased utilization of prescribed pharmaceuticals or changes in payment rates for those pharmaceuticals could substantially reduce our revenues, earnings and cash flows.

Since late 2006, there has been significant media discussion and government scrutiny regarding anemia management practices in the United States which has created confusion and concern in the nephrology community. In late 2006, the House Ways and Means Committee held a hearing on the issue of the utilization of erythropoeisis stimulating agents, or ESAs, which include EPO, and in 2007, the FDA required changes to the labeling of EPO and Aranesp® to include a black box warning, the FDA's strongest form of warning label. The FDA held additional hearings to revisit these label changes as they apply to ESRD and has indicated that they

will convene in 2010 to further review ESA labeling. CMS also reviewed its EPO reimbursement policies and in January 2008, changes to the EPO monitoring policy went into effect which further limited reimbursement and which impacted the prescribing habits of our physicians and which has in the past and may in the future result in lower pharmaceutical intensities. Most recently, HHS and CMS have given notice that a meeting of the Medicare Evidence Development & Coverage Advisory Committee, or MedCAC, will be convened on March 24, 2010 to review policies around the administration of ESAs, including, among other things, an evaluation of the efficacy of certain hemoglobin targets in CKD patients. These meetings could result in further restrictions on the utilization and reimbursement for ESAs which could result in decreased EPO utilization. Commercial payors have also increasingly examined their administration policies for EPO and, in some cases have modified those policies. Further changes in labeling of EPO and other pharmaceuticals in a manner that alters physician practice patterns or accepted clinical practices, changes in private and governmental payment criteria, including the introduction of EPO administration policies or the conversion to alternate types of administration of EPO or other pharmaceuticals that result in further decreases in utilization or reimbursement for EPO and other pharmaceuticals could have a material adverse effect on our revenues, earnings and cash flows.

Changes in EPO pricing could materially reduce our revenues, earnings and cash flows and affect our ability to care for our patients.

Amgen Inc. is the sole supplier of EPO and may unilaterally decide to increase its price for EPO at any time during the term of our agreement with Amgen. Future increases in the cost of EPO without corresponding increases in payment rates for EPO could have a material adverse effect on our earnings and cash flows and ultimately reduce our income. Our agreement with Amgen for EPO includes potential rebates which depend upon the achievement of certain criteria. We cannot predict whether we will continue to receive the rebates for EPO that we currently receive, or whether we will continue to achieve the same levels of rebates within that structure as we have historically achieved. Our agreement with Amgen provides for specific rebates off of list price based on a combination of factors, including process improvement and data submission. Factors that could impact our ability to qualify for rebates provided for in our agreement with Amgen in the future include our ability to develop and implement certain process improvements and track certain data elements. Failure to meet certain targets and earn the specified rebates could have a material adverse effect on our earnings and cash flows. Our agreement with Amgen terminates on December 31, 2010. We cannot predict whether any new agreement with Amgen will include the same or similar rebates as provided in our current agreement.

We are the subject of a number of inquiries by the federal government, any of which could result in substantial penalties against us.

We are the subject of a number of inquiries by the federal government. We have received subpoenas from the U.S. Attorney's Office for the Northern District of Georgia, the U.S. Attorney's Office for the Eastern District of Missouri and the U.S. Attorney's Office for the Eastern District of Texas. We are cooperating with the U.S. Attorney's Offices with respect to each of the subpoenas and producing the requested records. Any negative findings could result in substantial financial penalties against us, exclusion from future participation in the Medicare and Medicaid programs and, in certain cases, criminal penalties. To our knowledge, no proceedings have been initiated by the federal government against us at this time. Although we cannot predict whether or when proceedings might be initiated by the federal government or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to the subpoenas will continue to require management's attention and significant legal expense. See Note 16 to our consolidated financial statements for additional information regarding these inquiries and subpoenas.

Continued inquiries from various governmental bodies with respect to our utilization of EPO and other pharmaceuticals will require management's attention, cause us to incur significant legal expense and could result in substantial financial penalties against us or exclusion from future participation in the Medicare and Medicaid programs, and could have a material adverse effect on our revenues, earnings and cash flows.

In response to clinical studies which identified risks in certain patient populations related to the utilization of EPO and other ESAs, i.e., Aranesp®, and in response to changes in the labeling of EPO and Aranesp®, there has been substantial media attention and government scrutiny resulting in hearings and legislation regarding pharmaceutical utilization and reimbursement. Although we believe our anemia management practices and other pharmaceutical administration practices have been compliant with existing laws and regulations, as a result of the current high level of scrutiny and controversy, we may be subject to increased inquiries from a variety of governmental bodies and claims by third parties. For example, the subpoena from the U.S. Attorney's Office for the Northern District of Georgia relates to the pharmaceutical products Zemplar, Hectorol, Venofer, Ferrlecit, EPO and other related matters. The subpoena from the U.S. Attorney's Office in the Eastern District of Missouri includes requests for documents regarding the administration of, and billing for, EPO. The subpoena from the Office of Inspector General in Houston, Texas requests records relating to EPO claims submitted to Medicare. In addition, in February 2008 the Attorney General's Office for the State of Nevada notified us that Nevada Medicaid intends to conduct audits of ESRD dialysis providers in Nevada relating to the billing of pharmaceuticals, including EPO. Additional inquiries from various agencies and claims by third parties with respect to this issue would continue to require management's attention and significant legal expense and any negative findings could result in substantial financial penalties against us or exclusion from future participation in the Medicare and Medicaid programs, and could have a material adverse effect on our revenues, earnings and cash flows. See Note 16 to our consolidated financial statements for additional information regarding these inquiries and subpoenas.

If we fail to adhere to all of the complex government regulations that apply to our business, we could suffer severe consequences that would substantially reduce our revenues, earnings and cash flows.

Our dialysis operations are subject to extensive federal, state and local government regulations, including Medicare and Medicaid payment rules and regulations, federal and state anti-kickback laws, the Stark Law physician self-referral prohibition and analogous state referral statutes, the federal False Claims Act, or FCA, and federal and state laws regarding the collection, use and disclosure of patient health information. The Medicare and Medicaid reimbursement rules related to claims submission, licensing requirements, cost reporting, and payment processes impose complex and extensive requirements upon dialysis providers. A violation or departure from any of these requirements may result in government audits, lower reimbursements, significant fines and penalties, the potential loss of certification and recoupments or voluntary repayments.

The regulatory scrutiny of healthcare providers, including dialysis providers continues to increase. Medicare has increased the frequency and intensity of its certification inspections of dialysis centers. For example, we are required to provide substantial documentation related to the administration of pharmaceuticals, including EPO, and, to the extent that any such documentation is found insufficient, we may be required to refund any amounts received from such administration by government or commercial payors, and be subject to substantial penalties under applicable laws or regulations. In addition, fiscal intermediaries have increased their prepayment and post-payment reviews.

We endeavor to comply with all of the requirements for receiving Medicare and Medicaid payments and to structure all of our relationships with referring physicians to comply with state and federal anti-kickback laws and physician self-referral law (Stark Law). However, the laws and regulations in this area are complex and subject to varying interpretations. For example, if an enforcement agency were to challenge the level of compensation that we pay our medical directors, we could be required to change our practices, face criminal or civil penalties, pay substantial fines or otherwise experience a material adverse effect as a result of a challenge to

these arrangements. In addition, recent amendments to the FCA impose severe penalties for the knowing and improper retention of overpayments collected from government payors. These amendments could subject our procedures for identifying and processing overpayments to greater scrutiny. We have made significant investments in additional resources to accelerate the time it takes to identify and process overpayments and we may be required to make additional investments in the future. An acceleration in our ability to identify and process overpayments could result in us refunding overpayments to government or other payors sooner than we have in the past. A significant acceleration of these refunds could have a material adverse affect on our operating cash flows.

If any of our operations are found to violate these or other government regulations, we could suffer severe consequences that would have a material adverse effect on our revenues, earnings and cash flows including:

- Suspension or termination of our participation in government payment programs;
- Refunds of amounts received in violation of law or applicable payment program requirements;
- Loss of required government certifications or exclusion from government payment programs;
- Loss of licenses required to operate healthcare facilities in some of the states in which we operate;
- Reductions in payment rates or coverage for dialysis and ancillary services and related pharmaceuticals;
- Fines, damages or monetary penalties for anti-kickback law violations, Stark Law violations, FCA violations, civil or criminal liability based on violations of law, or other failures to meet regulatory requirements;
- Claims for monetary damages from patients who believe their protected health information has been used or disclosed in violation of federal or state patient privacy laws;
- Mandated practice changes that significantly increase operating expenses; and
- Termination of relationships with medical directors.

Delays in state Medicare and Medicaid certification of our dialysis centers could adversely affect our revenues, earnings and cash flows.

Before we can begin billing for patients treated in our outpatient dialysis centers who are enrolled in government-based programs, we are required to obtain state and federal certification for participation in the Medicare and Medicaid programs. As state governments face increasing budgetary pressure, certain states are having difficulty certifying dialysis centers in the normal course resulting in significant delays in certification. If state governments continue to have difficulty certifying new centers in the normal course and we continue to experience significant delays in our ability to treat and bill for services provided to patients covered under government programs, it could cause us to incur write-offs of investments or accelerate the recognition of lease obligations in the event we have to close centers or our centers' operating performance deteriorates, and it could have an adverse effect on our revenues, earnings and cash flows.

If our joint ventures were found to violate the law, we could suffer severe consequences that would have a material adverse effect on our revenues, earnings and cash flows.

As of December 31, 2009, we owned a controlling interest in numerous dialysis related joint ventures, which represented approximately 16% of our dialysis and related lab services revenues for the year ended December 31, 2009. In addition, we also owned equity interests in several other dialysis related joint ventures. We anticipate that we will continue to increase the number of our joint ventures. Many of our joint ventures with physicians or physician groups also have the physician owners providing medical director services to those centers or other centers we own and operate. Because our relationships with physicians are governed by the federal anti-kickback statute, we have sought to structure our joint venture arrangements to satisfy as many safe harbor requirements as we believe are reasonably possible. However, our joint venture arrangements do not satisfy all elements of any safe harbor under the federal anti-kickback statute. The subpoena and related requests for documents we received from the United States Attorney's Office for the Eastern District of Missouri included requests for documents related to our joint ventures. See Note 16 to our consolidated financial statements for additional information regarding these inquiries and subpoenas.

If our joint ventures are found to be in violation of the anti-kickback statute or the Stark Law provisions, we could be required to restructure the joint ventures or refuse to accept referrals for designated health services from the physicians with whom the joint venture centers have a financial relationship.

We also could be required to repay amounts received by the joint ventures from Medicare and certain other payors to the extent that these arrangements are found to give rise to prohibited referrals, and we could be subject to monetary penalties and exclusion from government healthcare programs. If our joint venture centers are subject to any of these penalties, we could suffer severe consequences that would have a material adverse effect on our revenues, earnings and cash flows.

There are significant estimating risks associated with the amount of dialysis revenue and related refund liabilities that we recognize and if we are unable to accurately estimate our revenue and related refund liabilities, it could impact the timing of our revenue recognition or have a significant impact on our operating results.

There are significant estimating risks associated with the amount of dialysis and related lab services revenues and related refund liabilities that we recognize in a reporting period. The billing and collection process is complex due to ongoing insurance coverage changes, geographic coverage differences, differing interpretations of contract coverage, and other payor issues. Determining applicable primary and secondary coverage for approximately 118,000 patients at any point in time, together with the changes in patient coverage that occur each month, requires complex, resource-intensive processes. Errors in determining the correct coordination of benefits may result in refunds to payors. Revenues associated with Medicare and Medicaid programs are also subject to estimating risk related to the amounts not paid by the primary government payor that will ultimately be collectible from other government programs paying secondary coverage, the patient's commercial health plan secondary coverage or the patient. Collections, refunds and payor retractions typically continue to occur for up to three years and longer after services are provided. We generally expect our range of dialysis and related lab services revenues estimating risk to be within 1% of revenues for the segment, which can represent as much as 6% of consolidated operating income. If our estimates of dialysis and related lab services revenues and related refund liabilities are materially inaccurate, it could impact the timing of our revenue recognition and have a significant impact on our operating results.

The ancillary services we provide or the strategic initiatives we invest in may generate losses and may ultimately be unsuccessful. In the event that one or more of these activities is unsuccessful, we may have to write off our investment and incur other exit costs.

Our ancillary services and strategic initiatives include pharmacy services, infusion therapy services, disease management services, vascular access services, ESRD clinical research programs and physician services. Many of these initiatives require investments of both management and financial resources and can generate significant losses for a substantial period of time and may not become profitable. There can be no assurance that any such strategic initiative will ultimately be successful. Any significant change in market conditions, business performance or in the regulatory environment may impact the economic viability of any of these strategic initiatives. For example, during 2009 and 2008, several of our strategic initiatives generated net operating losses and are expected to generate net operating losses in 2010. If any of our ancillary services or strategic initiatives do not perform as planned, we may incur a material write-off or an impairment of our investment, including goodwill, in one or more of these activities or we could incur significant termination costs if we were to exit a certain line of business.

If a significant number of physicians were to cease referring patients to our dialysis centers, whether due to regulatory or other reasons, it would have a material adverse effect on our revenues, earnings and cash flows.

We believe that physicians prefer to have their patients treated at dialysis centers where they or other members of their practice supervise the overall care provided as medical director of the center. As a result, the

primary referral source for most of our centers is often the physician or physician group providing medical director services to the center. Neither our current nor former medical directors have an obligation to refer their patients to our centers. If a medical director agreement terminates, whether before or at the end of its term, and a new medical director is appointed, it may negatively impact the former medical director's decision to treat his or her patients at our center. If we are unable to enforce noncompetition provisions contained in the terminated medical director agreements, former medical directors may choose to provide medical director services for competing providers or establish their own dialysis centers in competition with ours. Also, if the quality of service levels at our centers deteriorates, it may negatively impact patient referrals and treatment volumes.

Our medical director contracts are for fixed periods, generally three to ten years. Medical directors have no obligation to extend their agreements with us. We may take actions to restructure existing relationships or take positions in negotiating extensions of relationships to assure compliance with the safe harbor provisions of the anti-kickback statute, Stark Law and other similar laws. These actions could negatively impact the decision of physicians to extend their medical director agreements with us or to refer their patients to us. If the terms of any existing agreement are found to violate applicable laws, we may not be successful in restructuring the relationship which could lead to the early termination of the agreement, or cause the physician to stop referring patients to our dialysis centers. If a significant number of physicians were to cease referring patients to our dialysis centers, whether due to regulatory or other reasons, then our revenues, earnings and cash flows would be substantially reduced.

Current economic conditions, including the current recession, as well as further disruptions in the financial markets could result in substantial declines in our revenues, earnings, cash flows and financial condition.

The current economic recession could adversely affect our business and our profitability. Among other things, the potential decline in federal and state revenues that may result from such conditions may create additional pressures to contain or reduce reimbursements for our services from Medicare, Medicaid and other government sponsored programs. Increasing job losses in the United States as a result of current economic conditions has and may continue to result in a smaller percentage of our patients being covered by an employer group health plan and a larger percentage being covered by lower paying Medicare and Medicaid programs. Employers may also begin to select more restrictive commercial plans with lower reimbursement rates. To the extent that payors are negatively impacted by a decline in the economy, we may experience further pressure on commercial rates, a further slow down in collections and a reduction in the amounts we expect to collect. In addition, if the current uncertainty in the financial markets continues, the variable interest rates payable under our credit facilities could be adversely affected or it could be more difficult to obtain or renew such facilities or to obtain other forms of financing in the future. Any or all of these factors, as well as other consequences of the current economic conditions which cannot currently be anticipated, could have a material adverse effect on our revenues, earnings and cash flows and otherwise adversely affect our financial condition.

If we are not able to continue to make acquisitions on reasonable terms, or maintain an acceptable level of non-acquired growth, or if we face significant patient attrition to our competitors, it could adversely affect our business.

The dialysis industry is highly competitive, particularly in terms of acquiring existing dialysis centers. We continue to face increased competition in the dialysis industry from large and medium-sized providers which compete directly with us for acquisition targets as well as for individual patients and medical directors. Acquisitions, patient retention and medical director retention are an important part of our growth strategy. Because of the ease of entry into the dialysis business and the ability of physicians to be medical directors for their own centers, competition for growth in existing and expanding markets is not limited to large competitors with substantial financial resources. Occasionally, we have experienced competition from former medical directors or referring physicians who have opened their own dialysis centers. In addition, Fresenius, our largest competitor, manufactures a full line of dialysis supplies and equipment in addition to owning and operating

dialysis centers. This may give them cost advantages over us because of their ability to manufacture their own products. If we are not able to continue to make acquisitions on reasonable terms, continue to maintain acceptable levels of non-acquired growth, or if we face significant patient attrition to our competitors, it could adversely affect our business.

The level of our current and future debt could have an adverse impact on our business and our ability to generate cash to service our indebtedness depends on many factors beyond our control.

We have substantial debt outstanding and we may incur additional indebtedness in the future. The high level of our indebtedness, among other things, could:

- make it difficult for us to make payments on our debt securities;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds.

Our ability to make payments on our indebtedness and to fund planned capital expenditures and expansion efforts, including any strategic acquisitions we may make in the future, will depend on our ability to generate cash. This, to a certain extent, is subject to general economic, financial, competitive, regulatory and other factors that are beyond our control.

We cannot provide assurance that our business will generate sufficient cash flow from operations in the future or that future borrowings will be available to us in an amount sufficient to enable us to service our indebtedness or to fund other liquidity needs. Our Senior Secured Credit Facilities are secured by substantially all of our and our wholly-owned subsidiaries' assets. As such, our ability to refinance our debt or seek additional financing could be limited by such security interest. We cannot assure you that we will be able to refinance our indebtedness on commercially reasonable terms or at all. If additional debt financing is not available when required or is not available on acceptable terms, we may be unable to grow our business, take advantage of business opportunities, respond to competitive pressures or refinance maturing debt, any of which could have a material adverse effect on our operating results and financial condition.

Increases in interest rates may increase our interest expense and adversely affect our profitability and cash flow and our ability to service our indebtedness.

We are subject to interest rate volatility associated with the portions of our borrowings that bear interest at variable rates. As of December 31, 2009, we had approximately $1.9 billion outstanding borrowings under our Senior Secured Credit Facilities, which bears interest at a variable rate. Approximately $0.4 billion of this outstanding debt is subject to interest rate swaps which have the economic effect of fixing the interest rate on an equivalent portion of our debt. The remaining variable rate debt outstanding under our Senior Secured Credit Facilities had a weighted average interest rate of 1.74% at December 31, 2009. As of December 31, 2009, the interest rates were economically fixed on approximately 21% of our variable rate debt and approximately 59% of our total debt. In addition, we have approximately $198 million of available borrowings under our Senior Secured Credit Facilities that would bear interest at the LIBOR-based variable rate plus an interest rate margin of 1.50%. We may also incur additional variable rate debt in the future.

Increases in interest rates would increase our interest expense for the variable portion of our indebtedness, which could negatively impact our earnings and cash flow. For example, it is estimated that a hypothetical

increase in interest rates of 100 basis points across all variable rate maturities would reduce net income by approximately $9.9 million, for the next twelve months given our current interest rates in effect at December 31, 2009. See "Item 7A—Quantitative and Qualitative Disclosures about Market Risk" for more information. In addition, if we seek to refinance our existing indebtedness under our Senior Secured Credit Facilities, we may not be able to do so on acceptable terms and conditions, which could increase our interest expense or impair our ability to service our indebtedness and fund our operations.

If there are shortages of skilled clinical personnel or if we experience a higher than normal turnover rate, we may experience disruptions in our business operations and increases in operating expenses.

We are experiencing increased labor costs and difficulties in hiring nurses due to a nationwide shortage of skilled clinical personnel. We compete for nurses with hospitals and other health care providers. This nursing shortage may limit our ability to expand our operations. In addition, changes in certification requirements for skilled clinical personnel can impact our ability to maintain sufficient staff levels to the extent our teammates are not able to meet new requirements or competition for qualified individuals increases. If we are unable to hire skilled clinical personnel when needed, or if we experience a higher than normal turnover rate for our skilled clinical personnel, our operations and treatment growth will be negatively impacted, which would result in reduced revenues, earnings and cash flows.

Our business is labor intensive and could be adversely affected if we were unable to maintain satisfactory relations with our employees or if union organizing activities were to result in significant increases in our operating costs or decreases in productivity.

Our business is labor intensive, and our results are subject to variations in labor-related costs and productivity. If political efforts at the national and local level result in actions or proposals that increase the likelihood of union organizing activities at our facilities or if union organizing activities increase for other reasons, our operating costs could increase and our employee relations, productivity, earnings and cash flows could be adversely affected.

Upgrades to our billing and collections systems and complications associated with upgrades and other improvements to our billing and collections systems could have a material adverse effect on our revenues, cash flows and operating results.

We are continuously performing upgrades to our billing systems and expect to continue to do so during 2010. In addition, we continuously work to improve our billing and collections performance through process upgrades, organizational changes and other improvements. We may experience difficulties in our ability to successfully bill and collect for services rendered as a result of these changes, including a slow-down of collections, a reduction in the amounts we expect to collect, increased risk of retractions from and refunds to commercial and government payors, an increase in our provision for uncollectible accounts receivable and noncompliance with reimbursement regulations. The failure to successfully implement the upgrades to the billing and collection systems and other improvements could have a material adverse effect on our revenues, cash flows and operating results.

Our ability to effectively provide the services we offer could be negatively impacted if certain of our suppliers are unable to meet our needs or if we are unable to effectively access new technology, which could substantially reduce our revenues, earnings and cash flows.

We have significant suppliers that are either the sole or primary source of products critical to the services we provide, including Amgen, Fresenius Medical Care, Baxter Healthcare Corporation, NxStage Medical, Inc. and others or to which we have committed obligations to make purchases including Gambro Renal Products. If any of these suppliers are unable to meet our needs for the products they supply, including in the event of a product recall, and we are not able to find adequate alternative sources, our revenues, earnings and cash flows could be

substantially reduced. For example, a recall of heparin by Baxter Healthcare Corporation in 2008 resulted in only one remaining supplier of heparin and the cost to purchase heparin significantly increased. While an alternative supplier has entered the market, it is possible that our heparin costs may continue to increase and since there is no separate reimbursement for this drug under Medicare, cost increases have a direct impact on our profitability. In addition, the technology related to the products critical to the services we provide is subject to new developments and may result in superior products. If we are not able to access superior products on a cost-effective basis or if suppliers are not able to fulfill our requirements for such products, we could face patient attrition which could substantially reduce our revenues, earnings and cash flows.

We may be subject to liability claims for damages and other expenses not covered by insurance that could reduce our earnings and cash flows.

The administration of dialysis and related services to patients may subject us to litigation and liability for damages. Our business, profitability and growth prospects could suffer if we face negative publicity or we pay damages or defense costs in connection with a claim that is outside the scope of any applicable insurance coverage, including claims related to adverse patient events, contractual disputes and professional and general liability claims. In addition, we have received several notices of claims from commercial payors and other third parties related to our historical billing practices and the historical billing practices of the centers acquired from Gambro Healthcare and other matters related to their settlement agreement with the Department of Justice. Although the ultimate outcome of these claims cannot be predicted, an adverse result with respect to one or more of these claims could have a material adverse effect on our financial condition, results of operations, and cash flows. We currently maintain programs of general and professional liability insurance. However, a successful claim, including a professional liability, malpractice or negligence claim which is in excess of our insurance coverage could have a material adverse effect on our earnings and cash flows.

In addition, if our costs of insurance and claims increase, then our earnings could decline. Market rates for insurance premiums and deductibles have been steadily increasing. Our earnings and cash flows could be materially and adversely affected by any of the following:

- the collapse or insolvency of our insurance carriers;
- further increases in premiums and deductibles;
- increases in the number of liability claims against us or the cost of settling or trying cases related to those claims; and
- an inability to obtain one or more types of insurance on acceptable terms.

If businesses we acquire have liabilities that we are not aware of, we could suffer severe consequences that would substantially reduce our revenues, earnings and cash flows.

Our business strategy includes the acquisition of dialysis centers and businesses that own and operate dialysis centers, as well as other ancillary services and strategic initiatives. Businesses we acquire may have unknown or contingent liabilities or liabilities that are in excess of the amounts that we originally estimated. Although we generally seek indemnification from the sellers of businesses we acquire for matters that are not properly disclosed to us, we are not always successful. In addition, even in cases where we are able to obtain indemnification, we may discover liabilities greater than the contractual limits or the financial resources of the indemnifying party. In the event that we are responsible for liabilities substantially in excess of any amounts recovered through rights to indemnification, we could suffer severe consequences that would substantially reduce our revenues, earnings and cash flows.

Provisions in our charter documents, compensation programs and Delaware law may deter a change of control that our stockholders would otherwise determine to be in their best interests.

Our charter documents include provisions that may deter hostile takeovers, delay or prevent changes of control or changes in our management, or limit the ability of our stockholders to approve transactions that they may otherwise determine to be in their best interests. These include provisions prohibiting our stockholders from acting by written consent; requiring 90 days advance notice of stockholder proposals or nominations to our Board of Directors; and granting our Board of Directors the authority to issue preferred stock and to determine the rights and preferences of the preferred stock without the need for further stockholder approval. In addition, we have in place a shareholder rights plan that would substantially dilute the interest sought by an acquirer that our Board of Directors does not approve.

Most of our outstanding employee stock options include a provision accelerating the vesting of the options in the event of a change of control. We also maintain a change of control protection program for our employees who do not have a significant number of stock awards, which has been in place since 2001, and which provides for cash bonuses to the employees in the event of a change of control. Based on the market price of our common stock and shares outstanding on December 31, 2009, these cash bonuses would total approximately $235 million if a change of control transaction occurred at that price and our Board of Directors did not modify this program. These change of control provisions may affect the price an acquirer would be willing to pay for our Company.

We are also subject to Section 203 of the Delaware General Corporation Law that, subject to exceptions, would prohibit us from engaging in any business combinations with any interested stockholder, as defined in that section, for a period of three years following the date on which that stockholder became an interested stockholder.

These provisions may discourage, delay or prevent an acquisition of our Company at a price that our stockholders may find attractive. These provisions could also make it more difficult for our stockholders to elect directors and take other corporate actions and could limit the price that investors might be willing to pay for shares of our common stock.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We own the land and buildings for 25 of our dialysis centers. We also own the buildings for six other dialysis centers and the building at one of our Florida labs and we own one separate land parcel and sublease a total of six properties to third party tenants. Our remaining dialysis centers are located on premises that we lease.

Our leases generally cover periods from five to ten years but in some cases can extend for 15 years and typically contain renewal options of five to ten years at the fair rental value at the time of renewal. Our leases are generally subject to periodic consumer price index increases, or contain fixed escalation clauses. Our outpatient dialysis centers range in size from approximately 500 to 30,000 square feet, with an average size of approximately 6,800 square feet.

The following is a summary of our business, administrative offices, laboratories and pharmacies:

Office	Location	Square Feet	Expiration
Corporate Headquarters*	Denver, CO	69,000	2012
Administrative Office	Vernon Hills, IL	29,000	2013
Administrative Office	Berlingame, CA	3,700	2012
Administrative Office	Norfolk, VA	20,000	2015
Administrative Office	Washington, DC	5,000	2013
Administrative Office	Tempe, AZ	11,000	2016
Administrative Office	Washington, DC	2,000	2013
Administrative Office	Washington, DC	5,000	2013
Business Office	El Segundo, CA	61,000	2013
Business Office	Tacoma, WA	215,000	2013 through 2021
Business Office	Berwyn, PA	57,000	2012
Business Office	Lakewood, CO	82,000	2012
Business Office	Brentwood, TN	95,000	2011
Business Office	Irvine, CA	65,000	2015
DaVita Rx	Orlando, FL	17,000	2013
DaVita Rx	Coppell, TX	53,000	2013
DaVita Rx	San Bruno, CA	7,000	2015
Lab Warehouse	DeLand, FL	11,000	2015
Laboratory	DeLand, FL	40,000	Owned
Laboratory	DeLand, FL	20,000	2013
Laboratory	Ft. Lauderdale, FL	43,000	2015
Laboratory Administrative Office	DeLand, FL	23,000	2011

* As previously announced, our corporate headquarters has been moved to Denver, Colorado. The new lease is effective on March 1, 2010.

Some of our dialysis centers are operating at or near capacity. However, we believe that we have adequate capacity within most of our existing dialysis centers to accommodate additional patient volume through increased hours and/or days of operation, or, if additional space is available within an existing facility, by adding dialysis stations. We can usually relocate existing centers to larger facilities or open new centers if existing centers reach capacity. With respect to relocating centers or building new centers, we believe that we can generally lease space at economically reasonable rates in the areas planned for each of these centers, although there can be no assurances in this regard. Expansion of existing centers or relocation of our dialysis centers is subject to review for compliance with conditions relating to participation in the Medicare ESRD program. In states that require a certificate of need or center license, additional approvals would generally be necessary for expansion or relocation.

Item 3. Legal Proceedings.

Inquiries by the Federal Government

In December 2008, we received a subpoena for documents from the Office of Inspector General, U.S. Department of Health and Human Services, or OIG, relating to the pharmaceutical products Zemplar, Hectorol, Venofer, Ferrlecit and Epogen® , or EPO, as well as other related matters. The subpoena covers the period from January 2003 to the present. We have been in contact with the United States Attorney's Office, or U.S.

Attorney's Office, for the Northern District of Georgia and the U.S. Department of Justice in Washington, DC, since November 2008 relating to this matter, and have been advised that this is a civil inquiry. On June 17, 2009, we learned that the allegations were made as part of a civil qui tam complaint filed by individuals and brought pursuant to the federal False Claims Act. The case remains under seal in the United States District Court for the Northern District of Georgia. We are cooperating with the inquiry and are producing the requested records. To our knowledge, no proceedings have been initiated by the federal government against us at this time. Although we cannot predict whether or when proceedings might be initiated, or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to the subpoena will continue to require management's attention and significant legal expense. Any negative findings could result in substantial financial penalties against us and exclusion from future participation in the Medicare and Medicaid programs.

In February 2007, we received a request for information from the OIG for records relating to EPO claims submitted to Medicare. In August 2007, we received a subpoena from the OIG seeking similar documents. The requested documents relate to services provided from 2001 to 2004 by a number of our centers. The request and subpoena were sent from the OIG's offices in Houston and Dallas, Texas. We are cooperating with the inquiry and are producing the requested records. We have been in contact with the U.S. Attorney's Office for the Eastern District of Texas, which has stated that this is a civil inquiry related to EPO claims. On July 6, 2009, the United States District Court for the Eastern District of Texas lifted the seal on the civil qui tam complaint related to these allegations and we were subsequently served with a complaint by the relator. We believe that there is some overlap between this issue and the ongoing review of EPO utilization and claims by the U.S. Attorney's Office, for the Eastern District of Missouri in St. Louis described below. To our knowledge, no proceedings have been initiated by the federal government against us at this time. Although we cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to these inquiries will continue to require management's attention and significant legal expense. Any negative findings could result in substantial financial penalties against us and exclusion from future participation in the Medicare and Medicaid programs.

In March 2005, we received a subpoena from the U.S. Attorney's Office for the Eastern District of Missouri in St. Louis. The subpoena requires production of a wide range of documents relating to our operations, including documents related to, among other things, pharmaceutical and other services provided to patients, relationships with pharmaceutical companies, and financial relationships with physicians and joint ventures. The subpoena covers the period from December 1, 1996 through the present. In October 2005, we received a follow-up request for additional documents related to specific medical director and joint venture arrangements. In February 2006, we received an additional subpoena for documents, including certain patient records relating to the administration and billing of EPO. In May 2007, we received a request for documents related to durable medical equipment and supply companies owned and operated by us. We are cooperating with the inquiry and are producing the requested records. The subpoenas have been issued in connection with a joint civil and criminal investigation. It is possible that criminal proceedings may be initiated against us in connection with this inquiry. To our knowledge, no proceedings have been initiated against us at this time. Although we cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to the subpoenas will continue to require management's attention and significant legal expense. Any negative findings could result in substantial financial penalties against us, exclusion from future participation in the Medicare and Medicaid programs and criminal penalties.

Other

We have received several notices of claims from commercial payors and other third parties related to historical billing practices and claims against DVA Renal Healthcare (formerly known as Gambro Healthcare) related to historical Gambro Healthcare billing practices and other matters covered by their 2004 settlement agreement with the Department of Justice and certain agencies of the U.S. government. At least one commercial

payor has filed an arbitration demand against us, as described below, and additional commercial payors have threatened litigation. We intend to defend against these claims vigorously; however, we may not be successful and these claims may lead to litigation and any such litigation may be resolved unfavorably.

Several wage and hour claims have been filed against us in the Superior Court of California, each of which has been styled as a class action. In February 2007, June 2008, October 2008 and December 2008, we were served with five separate complaints, including two in October 2008, by various former employees, each of which alleges, among other things, that we failed to provide rest and meal periods, failed to pay compensation in lieu of providing such rest or meal periods, failed to pay the correct amount of overtime, failed to pay the rate on the "wage statement," and failed to comply with certain other California labor code requirements. We have reached a tentative settlement in the complaints served in February 2007 and December 2008 and one of the complaints served in October 2008. That settlement has been partially approved by the court and we are waiting for final court approval of the last part of the settlement. We intend to vigorously defend against the remaining claims and to vigorously oppose the certification of the remaining matters as class actions.

In August 2007, Sheet Metal Workers National Health Fund and Glenn Randle filed a complaint in the United States District Court for the Central District of California against us. The complaint also names as defendants Amgen Inc. and Fresenuis Medical Care Holdings, Inc. The complaint is styled as a class action and alleges four claims against us, including violations of the federal RICO statute, California's unfair competition law, California's false advertising law and for unjust enrichment. The complaint's principal allegations against us are that the defendants engaged in a scheme to unlawfully promote the administration of EPO to hemodialysis patients intravenously, as opposed to subcutaneously, and to over-utilize EPO. On December 17, 2008, the Court dismissed the complaint and allegations in their entirety with permission of plaintiffs to amend the complaint. We were not named as a defendant in plaintiffs' amended complaint. In June 2009, the Court dismissed the remainder of the case. Following the dismissal, plaintiffs filed a notice of appeal. The notice of appeal seeks review by the U. S. Court of Appeals for the Ninth Circuit of all of the district court's dismissal rulings, including the ruling dismissing us as a defendant. We intend to continue to vigorously defend this claim.

In October 2007, we were contacted by the Attorney General's Office for the State of Nevada. The Attorney General's Office informed us that it was conducting a civil and criminal investigation of our operations in Nevada and that the investigation related to the billing of pharmaceuticals, including EPO. In February 2008, the Attorney General's Office informed us that the civil and criminal investigation has been discontinued. The Attorney General's Office further advised us that Nevada Medicaid intends to conduct audits of end stage renal disease (ESRD) dialysis providers in Nevada, including us, and that such audits will relate to the issues that were the subjects of the investigation. To our knowledge, no court proceedings have been initiated against us at this time. Any negative audit findings could result in a substantial repayment by us.

In August 2005, Blue Cross/Blue Shield of Louisiana filed a complaint in the United States District Court for the Western District of Louisiana against Gambro AB, DVA Renal Healthcare (formerly known as Gambro Healthcare) and related entities. The plaintiff sought to bring its claims as a class action on behalf of itself and all entities that paid any of the defendants for health care goods and services from on or about January 1991 through at least December 2004. The complaint alleged, among other things, damages resulting from facts and circumstances underlying Gambro Healthcare's 2004 settlement agreement with the Department of Justice and certain agencies of the U.S. government. In March 2006, the case was dismissed and the plaintiff was compelled to seek arbitration to resolve the matter. In November 2006, the plaintiff filed a demand for class arbitration against us and DVA Renal Healthcare. We intend to vigorously defend against these claims. We also intend to vigorously oppose the certification of this matter as a class action. At this time, we cannot predict the ultimate outcome of this matter or the potential range of damages, if any.

In June 2004, Gambro Healthcare was served with a complaint filed in the Superior Court of California by one of its former employees who worked for its California acute services program. The complaint, which is styled as a class action, alleges, among other things, that DVA Renal Healthcare failed to provide overtime

wages, defined rest periods and meal periods, or compensation in lieu of such provisions and failed to comply with certain other California labor code requirements. We intend to vigorously defend against these claims. We also intend to vigorously oppose the certification of this matter as a class action. At this time, we cannot predict the ultimate outcome of this matter or the potential range of damages, if any.

In addition to the foregoing, we are subject to claims and suits, including from time to time, contractual disputes and professional and general liability claims, as well as audits and investigations by various government entities, in the ordinary course of business. We believe that the ultimate resolution of any such pending proceedings, whether the underlying claims are covered by insurance or not, will not have a material adverse effect on its financial condition, results of operations or cash flows.

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

No matters were submitted to a vote of security holders during the fourth quarter of 2009.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is traded on the New York Stock Exchange under the symbol "DVA". The following table sets forth, for the periods indicated, the high and low closing prices for our common stock as reported by the New York Stock Exchange.

	High	Low
Year ended December 31, 2009:		
1st quarter	$53.04	$42.34
2nd quarter	49.56	42.36
3rd quarter	56.64	47.78
4th quarter	61.55	53.03
Year ended December 31, 2008:		
1st quarter	$59.23	$42.48
2nd quarter	53.86	47.79
3rd quarter	60.01	52.64
4th quarter	56.75	42.66

The closing price of our common stock on January 29, 2010 was $59.76 per share. According to The Bank of New York, our registrar and transfer agent, as of January 29, 2010, there were 8,315 holders of record of our common stock. We have not declared or paid cash dividends to holders of our common stock since 1994. We have no current plans to pay cash dividends and we are restricted from paying dividends under the terms of our Senior Secured Credit Facilities and the indentures governing our senior and senior subordinated notes. Also, see the heading "Liquidity and capital resources" under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and the notes to our consolidated financial statements.

Stock Repurchases

The following table summarizes our repurchases of our common stock during 2009:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
March 1—31, 2009	744,400	$43.01	744,400	$121.5
September 1—30, 2009	1,108,784	56.25	1,108,784	59.1
October 1—31, 2009	1,049,435	56.32	1,049,435	500.0
Total	2,902,619	$52.88	2,902,619	

(1) On September 11, 2003, we announced that the Board of Directors authorized the repurchase of up to $200 million of our common stock, with no expiration date. On November 2, 2004, we announced that the Board of Directors approved an increase in our authorization to repurchase shares of our common stock by an additional $200 million. On May 1, 2008, our Board of Directors authorized an increase of an additional $143.5 million of repurchases of our common stock. On November 3, 2009, we announced that the Board of Directors authorized an increase of an additional $500 million for repurchases of our common stock.

This stock repurchase program has no expiration date. We are authorized to make purchases from time to time in the open market or in privately negotiated transactions, depending upon market conditions and other considerations. However, we are subject to share repurchase limitations under the terms of the Senior Secured Credit Facilities and the indentures governing our senior and senior subordinated notes.

Item 6. Selected Financial Data.

The following financial and operating data should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements filed as part of this report. The following table presents selected consolidated financial and operating data for the periods indicated. Effective January 1, 2009, we were required to present consolidated net income attributable to us and to noncontrolling interests on the face of the consolidated statement of income, which changed the presentation of minority interests (noncontrolling interests) in our consolidated statements of income. These consolidated financial results have been recast for all prior periods presented to reflect the retrospective application of adopting these new presentation and disclosure requirements for noncontrolling interests. The operating results of DVA Renal Healthcare are included in our operating results from October 1, 2005, and the operating results of the historical DaVita divested centers are reflected as discontinued operations in our consolidated statements of income for 2005.

	Year ended December 31,				
	2009	2008	2007	2006	2005
	(in thousands, except share data)				
Income statement data:					
Net operating revenues(1)	$ 6,108,800	$ 5,660,173	$ 5,264,151	$ 4,880,662	$ 2,973,918
Operating expenses and charges(2)	5,168,529	4,791,077	4,355,240	4,103,089	2,485,052
Operating income	940,271	869,096	908,911	777,573	488,866
Debt expense(3)	(185,755)	(224,716)	(257,147)	(276,706)	(139,586)
Swap valuations gain, net(4)	—	—	—	—	4,548
Refinancing charges(5)	—	—	—	—	(8,170)
Other income, net(6)	3,708	12,411	22,460	13,033	8,934
Income from continuing operations before income taxes	758,224	656,791	674,224	513,900	354,592
Income tax expense	278,465	235,471	245,581	186,430	123,675
Income from continuing operations	479,759	421,320	428,643	327,470	230,917
Income from discontinued operations, net of tax(7)	—	—	—	1,747	14,376
Gain on disposal of discontinued operations, net of tax(7)	—	—	—	362	8,064
Net income	$ 479,759	$ 421,320	$ 428,643	$ 329,579	$ 253,357
Less: Net income attributable to noncontrolling interests(8)	$ (57,075)	$ (47,160)	$ (46,865)	$ (39,888)	$ (24,714)
Net income attributable to DaVita Inc.	$ 422,684	$ 374,160	$ 381,778	$ 289,691	$ 228,643
Basic earnings per common share from continuing operations attributable to DaVita Inc.(7)	$ 4.08	$ 3.56	$ 3.61	$ 2.79	$ 2.06
Diluted earnings per common share from continuing operations attributable to DaVita Inc.(7)	$ 4.06	$ 3.53	$ 3.55	$ 2.73	$ 1.99
Weighted average shares outstanding:(10)					
Basic	103,604,000	105,149,000	105,893,000	103,520,000	100,762,000
Diluted	104,168,000	105,940,000	107,418,000	105,793,000	104,068,000
Ratio of earnings to fixed charges(9)	3.58:1	3.01:1	2.92:1	2.38:1	2.86:1
Balance sheet data:					
Working capital	$ 1,255,580	$ 965,233	$ 889,917	$ 597,324	$ 664,675
Total assets	7,558,236	7,286,083	6,943,960	6,491,816	6,279,762
Long-term debt	3,532,217	3,622,421	3,683,887	3,730,380	4,085,435
Total DaVita Inc. shareholders' equity(10)	2,135,066	1,767,747	1,504,285	1,139,333	740,122

(1) Net operating revenues include $3,771 in 2005 of Medicare lab recoveries relating to prior years' services.

(2) Operating expenses and charges include $55,275 in 2007 and $37,968 in 2006 of valuation gains on the alliance and product supply agreement with Gambro Renal Products, Inc. Operating expenses and charges in 2007 also includes $6,779 of gains from insurance settlements related to Hurricane Katrina and a fire that destroyed one center.

(3) Debt expense in 2007 and 2006 includes the write-off of approximately $4.4 million and $3.3 million, respectively, of deferred financing costs associated with our principal prepayments on our term loans.

(4) The swap valuation net gains of $4,548 in 2005 represented the accumulated fair value on several swap instruments that were ineffective as cash flow hedges, as a result of the repayment of our prior senior secured credit facilities, as well as changes in the fair values of these swaps until they were redesignated as hedges, and represent changes in the fair value of the swaps during periods in which there was no matching variable rate LIBOR-based interest payments.

(5) Refinancing charges of $8,170 in 2005 represented the write-off of deferred financing costs associated with the extinguishment of our prior senior secured credit facilities.

(6) Other income, net, includes $5,868 in 2007 of gains from the sale of investment securities.

(7) During 2005, we divested a total of 71 outpatient dialysis centers in conjunction with a consent order issued by the Federal Trade Commission on October 4, 2005 in order for us to complete the acquisition of DVA Renal Healthcare. In addition, we completed the sale of three additional centers that were previously pending state regulatory approval in January 2006. The operating results of the historical DaVita divested and held for sale centers were reflected as discontinued operations in our consolidated financial statements for 2005.

(8) Net income attributable to noncontrolling interests includes $1,747 in 2006, and $1,219 in 2005 of income from discontinued operations.

(9) The ratio of earnings to fixed charges was computed by dividing earnings by fixed charges. Earnings for this purpose is defined as pretax income from continuing operations adjusted by adding back fixed charges expensed during the period. Fixed charges include debt expense (interest expense and the write-off and amortization of deferred financing costs), the estimated interest component of rental expense on operating leases, and capitalized interest.

(10) Share repurchases consisted of 2,902,619 shares of common stock for $153,495 in 2009, 4,788,881 shares of common stock for $232,715 in 2008 and 111,300 shares of common stock for $6,350 in 2007. Shares issued in connection with stock awards amounted to 2,104,304 in 2009, 1,314,074 in 2008, 2,480,899 in 2007, 2,620,125 in 2006 and 3,303,451 in 2005.

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

Forward-looking statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations contain statements that are forward-looking statements within the meaning of the federal securities laws. All statements that do not concern historical facts are forward-looking statements and include, among other things, statements about our expectations, beliefs, intentions and/or strategies for the future. These forward-looking statements include statements regarding our future operations, financial condition and prospects, expectations for treatment growth rates, revenue per treatment, expense growth, levels of the provision for uncollectible accounts receivable, operating income, cash flow, operating cash flow, estimated tax rates, capital expenditures, the development of new centers and center acquisitions, government and commercial payment rates, revenue estimating risk and the impact of our related level of indebtedness on our financial performance, including earnings per share. These statements involve substantial known and unknown risks and uncertainties that could cause our actual results to differ materially from those described in the forward-looking statements, including, but not limited to, risks resulting from the regulatory environment in which we operate, economic and market conditions, competitive activities, other business conditions, accounting estimates, the variability of our cash flows, the concentration of profits generated from commercial payor plans, continued downward pressure on average realized payment rates from commercial payors, which may result in the loss of revenue or patients, a reduction in the number of patients under higher-paying commercial plans, a reduction in government payment rates or changes to the structure of payments under the Medicare ESRD program or other government-based programs, including, for example, the implementation of a bundled payment rate system which will lower reimbursement for services we provide to Medicare patients, changes in pharmaceutical or anemia management practice patterns, payment policies or pharmaceutical pricing, our ability to maintain contracts with physician medical directors, legal compliance risks, including our continued compliance with complex government regulations, the resolution of ongoing investigations by various federal and state government agencies, and the risk factors set forth in this Annual Report on Form 10-K. We base our forward-looking statements on information currently available to us, and we undertake no obligation to update or revise these statements, whether as a result of changes in underlying factors, new information, future events or otherwise.

The following should be read in conjunction with our consolidated financial statements and "Item 1. Business".

Overview

We are a leading provider of dialysis services in the United States through a network of approximately 1,530 outpatient dialysis centers and approximately 720 hospitals, serving approximately 118,000 patients in 43 states. In 2009, our overall network of dialysis centers increased by 81 centers primarily as a result of opening new centers and acquisitions and the overall number of patients that we serve increased by approximately 5.5%.

Our stated mission is to be the provider, partner and employer of choice. We believe our attention to these three stakeholders—our patients, our business partners, and our teammates—represents the major driver of our long-term performance, although we are subject to the impact of external factors such as government policy and physician practice patterns. Accordingly, two principal non-financial metrics we track are quality clinical outcomes and teammate turnover. We have developed our own composite index for measuring improvements in our clinical outcomes, which we refer to as the DaVita Quality Index, or DQI. Our clinical outcomes as measured by DQI have improved over each of the past three years. Although it is difficult to reliably measure clinical performance across our industry, we believe our clinical outcomes compare favorably with other dialysis providers in the United States. In addition, over the past several years our teammate turnover has remained relatively constant, although in 2009 we did experience a decrease in our overall teammate turnover. We believe this was a major contributor to our continued clinical performance improvements and also a major driver in our ability to improve productivity in 2009. We will continue to focus on these stakeholders and our clinical outcomes as we believe these are fundamental long-term value drivers.

Approximately 95% of our 2009 consolidated net operating revenues were derived directly from our dialysis and related lab services business. Approximately 84% of our 2009 dialysis and related lab services revenues were derived from outpatient hemodialysis services in the 1,498 centers that we consolidate, which are either wholly-owned or majority-owned. Other dialysis services, which are operationally integrated with our dialysis operations, are peritoneal dialysis, home-based hemodialysis, and hospital inpatient hemodialysis services. These services collectively accounted for the balance of our 2009 dialysis and related lab services revenues. We also generate management fees from management and administrative services to certain third-party-owned dialysis centers and dialysis centers that we own an equity investment in. These management fees represent less than 1% of our dialysis and related lab services revenues.

Our other business operations include ancillary services and strategic initiatives which are primarily aligned with our core business of providing dialysis services to our network of patients. These consist primarily of pharmacy services, infusion therapy services, disease management services, vascular access services, ESRD clinical research programs and physician services. These services generated approximately $317 million of net operating revenues in 2009, or approximately 5% of our consolidated net operating revenues. Overall our ancillary services and strategic initiatives decreased their operating losses from $30 million in 2008 to $18 million in 2009, primarily as a result of improved profitability in our pharmacy and disease management businesses. We currently expect to continue to invest in our ancillary services and strategic initiatives as we work to develop successful new business operations. However, any significant change in market conditions, business performance or in the regulatory environment may impact the economic viability of any of these strategic initiatives. Any unfavorable changes could result in a write-off or an impairment of some or all of our investments, including goodwill, in these strategic initiatives, or could also result in significant termination costs if we were to exit a certain line of business.

The principal drivers of our dialysis and related lab services revenues are:

- the number of treatments, which is primarily a function of the number of chronic patients requiring approximately three treatments per week, as well as, to a lesser extent, the number of treatments for peritoneal dialysis services and home-based dialysis and hospital inpatient dialysis services;
- average dialysis revenue per treatment; and
- the number of laboratory patient tests.

The total patient base is a relatively stable factor, which we believe is influenced by a demographically growing need for dialysis services, our relationships with referring physicians together with the quality of our clinical care, and our ability to open and acquire new centers. Our year-over-year treatment volume growth was 4.9% in 2009.

Average dialysis and related lab services revenue per treatment is primarily driven by our mix of commercial and government (principally Medicare and Medicaid) patients, the mix and intensity of physician-prescribed pharmaceuticals, commercial and government payment rates, and our billing and collecting operations performance.

On average, payment rates from commercial payors are significantly higher than Medicare, Medicaid and other government program payment rates, and therefore the percentage of commercial patients to total patients represents a major driver of our total average dialysis revenue per treatment. The percentage of commercial patients covered under contracted plans as compared to commercial patients with out-of-network providers can also significantly affect our average dialysis revenue per treatment. In 2009, the growth of our government-based patients, driven primarily by growth in Medicare-assigned plans, which we believe is largely as a result of improved mortality and the current economic recession, outpaced the growth in our commercial patients, which negatively impacted our average dialysis revenue per treatment as a result of receiving lower payment rates associated with these additional government-based patients.

The following table summarizes our dialysis and related lab services revenues for the year ended December 31, 2009:

	Revenues
Medicare and Medicare-assigned plans	57%
Medicaid and Medicaid-assigned plans	6%
Other government-based programs	2%
Total government-based programs	65%
Commercial (including hospital dialysis services)	35%
Total dialysis and related lab services revenues	100%

Government payment rates are principally determined by federal Medicare and state Medicaid policy. These payment rates have historically had limited potential for rate increases and are sometimes at risk of reduction as federal and state governments face increasing budget pressures. Medicare payment rates for dialysis services through 2008 have not been routinely increased to compensate for the impact of inflation. In July 2008, MIPPA was passed by Congress which introduced a new payment system for dialysis services beginning in January 2011 whereby ESRD payments will be made under a bundled payment rate which will provide for a fixed rate for all goods and services provided during the dialysis treatment. The legislation also provided for an increase in the composite rate of 1% effective January 1, 2009 and an additional 1% effective January 1, 2010. On September 15, 2009, CMS released the proposed rule regarding the new bundled payment rate system. The initial 2011 bundled rate is required to be set based on a 2% reduction in the payment rate that providers would have received under the historical fee for service payment methodology and based on the lowest average industry pharmaceutical utilization from 2007 to 2009. The combined effect of the adjustments provided in the proposed rule would result in a bundled rate that represents a significantly greater than 2% reduction in the payment rate that we would have received for our services prior to bundling. The proposed rule also requires, among other things, the new single bundled payment base rate to be adjusted annually for inflation based upon a market basket index, less 1% of such index, beginning in 2012. Dialysis providers have the option to move fully to the bundled payment system in 2011 or to phase in the payment system over three years.

Dialysis payment rates from commercial payors can vary significantly and a major portion of our commercial rates are set at contracted amounts with large payors and are subject to intense negotiation pressure. In 2009, we were successful in maintaining and in some instances increasing average payment rates, resulting in an aggregate increase in average payment rates for patients with commercial plans. However, we are continuously in the process of negotiating agreements with our commercial payors and payors are aggressive in their negotiations. If our negotiations result in overall commercial rate reductions in excess of overall commercial rate increases, this would have a material adverse effect on our operating results. In addition, if there are sustained or increased job losses in the United States as a result of current economic conditions, or depending upon changes to the healthcare regulatory system, we could experience a decrease in the number of patients under commercial plans. We also expect that some of our contracted rates with commercial payors may decrease or we may experience decreases in patient volume as our negotiations with commercial payors continue. In addition, payors have been attempting to impose restrictions and limitations on non-contracted or out-of-network providers, which could further decrease our commercial rate revenues since rates for out-of-network providers are on average higher than rates for in-network providers.

Approximately 30% of our dialysis and related lab services revenues for the year ended December 31, 2009 were from physician-prescribed pharmaceuticals, with EPO accounting for approximately 20% of our dialysis and related lab services revenues. Therefore, changes in physician practice patterns, pharmaceutical protocols, pharmaceutical intensities and changes in commercial and governmental payment rates for EPO significantly influence our revenue. For example, effective January 2008, changes to the EPO monitoring policy went into effect which further limited reimbursements and impacted the prescribing habits of our physicians, which

resulted in lower pharmaceutical intensities during 2008. In 2009, the intensities of physician-prescribed pharmaceuticals increased slightly from 2008, which helped contribute to an increase in our average dialysis and related lab services revenue per treatment.

Our operating performance with respect to dialysis services billing and collection can also be a significant factor in how much average dialysis and related lab services revenue per treatment we actually realize. Over the past several years we have invested heavily in new systems and processes that we believe have helped improve our operating performance and reduced our regulatory compliance risks and we expect to continue to improve these systems. In 2009, we continued to upgrade our systems and implemented process changes and will continue to do so in 2010 as necessary to improve our billing and collection performance. However, as we implement these system upgrades, our collection performance as well as our dialysis and related lab services revenue per treatment could be negatively impacted.

Our revenue recognition involves significant estimation risks. Our estimates are developed based on the best information available to us and our best judgment as to the reasonably assured collectibility of our billings as of the reporting date based upon our actual historical collection experience. Changes in estimates are reflected in the then-current period financial statements based upon on-going actual experience trends, or subsequent settlements and realizations depending on the nature and predictability of the estimates and contingencies.

Our annual average dialysis and related lab services revenue per treatment was approximately $340, $334 and $334 for 2009, 2008 and 2007, respectively. In 2009, the increase in our average dialysis and related lab services revenue per treatment was primarily due to a 1% increase in the Medicare composite rate, an increase in our commercial payment rates, an increase in our reimbursement rates for EPO and other pharmaceuticals and an increase in the intensities of physician-prescribed pharmaceuticals, partially offset by changes in the mix of our commercial payors. In 2008, the average dialysis and related lab services revenue per treatment was flat as compared to 2007, but was impacted by some commercial rate compression that occurred in late 2007, a decrease in the intensities of physician-prescribed pharmaceuticals offset by changes in mix and rates of some of our other commercial payors. Our ability to negotiate acceptable payment rates with commercial payors, changes in the mix and intensities of physician-prescribed pharmaceuticals, government payment policies regarding reimbursement amounts for dialysis treatments and pharmaceuticals, including the bundling of such services, and changes in the mix of government and commercial payors may materially impact our average dialysis and related lab services revenue per treatment in the future.

The principal drivers of our dialysis and related lab services patient care costs are clinical hours per treatment, labor rates, vendor pricing of pharmaceuticals, utilization levels of pharmaceuticals and business infrastructure, including the operating costs of our dialysis centers, and compliance costs. However, other cost categories can also represent significant cost variability, such as employee benefit costs and insurance costs. Our average clinical hours per treatment have remained relatively stable over the past few years primarily because of improved efficiencies driven by reduced clinical teammate turnover and improved training and processes. In 2009, we were able to reduce our average clinical hours per treatment from 2008 as a result of continued productivity improvements primarily through reduced teammate turnover and the fact that 2008 was negatively impacted by the implementation of new federal guidelines. We continue to strive for improved productivity levels, however we may not be able to sustain our 2009 performance as changes in federal and state policies can adversely impact our ability to achieve optimal productivity levels, as would improvements in the U.S. economy, which could stimulate additional competition for skilled clinical personnel, and result in higher teammate turnover. In 2009 and 2008, we also experienced an increase in our labor rates of approximately 2.5% and 3.5%, respectively, as labor rates have increased consistent with general industry trends, mainly due to the demand for skilled clinical personnel, along with general inflation increases. In 2009, we experienced an increase in our pharmaceutical costs, mainly related to EPO, which increased by approximately 2%. In addition, our agreement with Amgen for the purchase of EPO provides for specific rebates based on a combination of factors, including process improvement and data submission, which could negatively impact our earnings if we are unable to continue to qualify for these rebates. In 2009, we experienced increases in our infrastructure and operating costs of our dialysis centers, primarily due to the number of new centers opened, and general increases in rent, utilities and repairs and maintenance.

General and administrative expenses have remained relatively constant as a percent of consolidated revenues over the past three years. However, this reflects a substantial increase in the dollar amount of spending related to strengthening our dialysis business, improving our regulatory compliance and other operational processes, responding to certain legal matters and supporting the growth in our ancillary services and strategic initiatives. We expect that the level of general and administrative expenses will be sustained and may vary depending upon the level of investment we make in our long-term initiatives, including further investments in our ancillary services and strategic initiatives, and to support our regulatory compliance efforts.

Outlook for 2010. Currently, we still expect our operating income for 2010 to be in the range of $950 million to $1,020 million and we also expect our operating cash flows for 2010 to be in the range of $675 million to $725 million. These projections and the underlying assumptions involve significant risks and uncertainties, and actual results may vary significantly from these current projections. These risks and uncertainties, among others, include those relating to the concentration of profits generated from commercial payor plans, continued downward pressure on average realized payment rates from commercial payors, which may result in the loss of revenue or patients, a reduction in the number of patients under higher-paying commercial plans, a reduction in government payment rates or changes to the structure of payments under the Medicare ESRD program or other government-based programs, including, for example, the implementation of a bundled payment rate system which will lower reimbursement for services we provide to Medicare patients, changes in pharmaceutical or anemia management practice patterns, payment policies or pharmaceutical pricing, our ability to maintain contracts with physician medical directors, legal compliance risks, including our continued compliance with complex government regulations and the resolution of ongoing investigations by various federal and state government agencies. You should read "Risk Factors" in Item 1A of this Annual Report on Form 10-K and the cautionary language contained in the forward-looking statements and associated risks as discussed on page 38 for more information about these and other potential risks. We undertake no obligation to update or revise these projections, whether as a result of changes in underlying factors, new information, future events or otherwise.

Results of operations

We operate principally as a dialysis and related lab services business but also operate other ancillary services and strategic initiatives. These ancillary services and strategic initiatives consist primarily of pharmacy services, infusion therapy services, disease management services (VillageHealth), vascular access services, ESRD clinical research programs and physician services. The dialysis and related lab services business qualifies as a separately reportable segment and all of the other ancillary services and strategic initiatives have been combined and disclosed in the other segments category.

Following is a summary of consolidated operating results for reference in the discussion that follows.

	Year ended December 31,					
	2009		2008		2007	
	(dollar amounts rounded to nearest million)					
Net operating revenues:						
Current period services	$6,109	100%	$5,660	100%	$5,264	100%
Operating expenses and charges:						
Patient care costs	4,249	70%	3,920	69%	3,590	68%
General and administrative	532	9%	508	9%	491	9%
Depreciation and amortization	229	4%	217	4%	193	4%
Provision for uncollectible accounts	162	3%	146	3%	137	3%
Equity investment income	(2)	—	(1)	—	(1)	—
Valuation gain on alliance and product supply agreement	—	—	—	—	(55)	(1)%
Total operating expenses and charges	5,169	85%	4,791	85%	4,355	83%
Operating income	$ 940	15%	$ 869	15%	$ 909	17%

The following table summarizes consolidated net operating revenues:

	Year ended		
	2009	2008	2007
	(dollar amounts rounded to nearest million)		
Dialysis and related lab services	$5,792	$5,415	$5,130
Other—ancillary services and strategic initiatives	317	245	134
Consolidated net operating revenues	$6,109	$5,660	$5,264

The following table summarizes consolidated operating income:

	Year ended		
	2009	2008(2)	2007(1)(2)
	(dollar amounts rounded to nearest million)		
Dialysis and related lab services	$1,000	$939	$990
Other—ancillary services and strategic initiatives loss	(18)	(30)	(48)
Total segment operating income	982	910	942
Reconciling items:			
Stock-based compensation	(44)	(41)	(34)
Equity investment income	2	1	1
Consolidated operating income	940	869	909
Reconciliation of non-GAAP measures:			
Less: Gains on insurance settlements	—	—	(7)
Valuation gain on the alliance and product supply agreement	—	—	(55)
Non-GAAP consolidated operating income	$ 940	$869	$847

(1) In 2007, we have excluded valuation gains on the alliance and product supply agreement with Gambro Renal Products Inc. (the Product Supply Agreement) as well as gains on insurance settlements from Hurricane Katrina from non-GAAP adjusted consolidated operating income in 2007 because management believes that this presentation enhances a user's understanding of our normal consolidated operating income by excluding a non-recurring non-cash gain that resulted from the termination of our purchase obligation for dialysis machines from Gambro Renal Products Inc. under the Product Supply Agreement as well as an unusual insurance gain, and as a result is both more meaningful and comparable to our current and prior period results, and more indicative of our normal consolidated operating income.

(2) Certain costs previously reported in ancillary services and strategic initiatives have been reclassified to dialysis and related lab services to conform to the current year presentation.

Consolidated net operating revenues

Consolidated net operating revenues for 2009 increased by approximately $449 million or approximately 7.9% from 2008. This increase was primarily due to an increase in dialysis and related lab services net revenues of approximately $377 million, principally due to increased treatments, and an increase of approximately $72 million in the ancillary services and strategic initiatives net revenues primarily from growth in our pharmacy services, VillageHealth services and from our infusion therapy services.

Consolidated net operating revenues for 2008 increased by approximately $396 million or approximately 7.5% from 2007. This increase was primarily due to an increase in dialysis and related lab services net revenues of approximately $285 million, principally due to increased treatments, and an increase of approximately $111 million in the ancillary services and strategic initiatives net revenues primarily from growth in our pharmacy services, VillageHealth services and from our infusion therapy services.

Consolidated operating income

Consolidated operating income of $940 million for 2009 increased by approximately $71 million from 2008. This increase was primarily attributable to an increase in revenue as a result of non-acquired treatment growth in dialysis and related lab services, as well as an increase in our dialysis revenue per treatment of approximately $6 as described below. Operating income also increased as a result of cost control initiatives, improved productivity and lower operating losses in our ancillary services and strategic initiatives, which losses were reduced by approximately $12 million in 2009, partially offset by the negative impact of higher pharmaceutical, labor and benefit costs, and increases in other operating costs of our dialysis centers.

Consolidated operating income was $869 million for 2008, as compared to $909 million for 2007. Consolidated operating income in 2007 included a valuation gain of $55 million on the Product Supply Agreement and the $7 million insurance settlement related to Hurricane Katrina. Excluding the valuation gain on the Product Supply Agreement and the insurance settlement in 2007, our consolidated operating income for 2008 would have increased by approximately $22 million, compared to the adjusted operating income for 2007. This increase in consolidated operating income for 2008 as compared to adjusted operating income for 2007 was primarily due to treatment growth in dialysis and related lab services revenues, combined with growth in revenue in ancillary services and strategic initiatives outpacing increases in our operating expenses. Our ancillary services and strategic initiatives net operating losses were reduced by approximately $18 million in 2008. However, our consolidated operating income for 2008 was negatively affected by rising labor costs, the absence of a Medicare rate increase, the impact of some commercial rate compression that occurred in late 2007, decreases in intensities of physician-prescribed pharmaceuticals, an increase in the operating costs of our dialysis centers, driven in part by the number of new dialysis centers opened and from centers constructed but pending state and/or federal certification, an increase in pharmaceutical costs (primarily heparin) and an increase in stock-based compensation costs.

Operating segments

Dialysis and Related Lab Services

	Year ended		
	2009	2008	2007
	(dollar amounts rounded to nearest million, except per treatment data)		
Revenues	$ 5,792	$ 5,415	$ 5,130
Segment operating income	$ 1,000	$ 939	$ 990
Dialysis treatments	17,010,450	16,217,107	15,318,995
Average dialysis treatments per treatment day	54,433	51,663	48,942
Average dialysis and related lab services revenue per treatment	$ 340	$ 334	$ 334

Net operating revenues

Dialysis and related lab services net operating revenues for 2009 increased by approximately $377 million or approximately 6.9% from 2008. The increase in net operating revenues was primarily due to an increase in the number of treatments of approximately 4.7%, and an increase in the average dialysis revenue per treatment of approximately $6, or 1.9%. The increase in the number of treatments was primarily due to an increase in non-acquired treatment growth at existing and new centers and growth through acquisitions. The increase in the average dialysis revenue per treatment in 2009, as compared to 2008, was primarily due to a 1% Medicare increase in the Medicare composite rate, an increase in our commercial payment rates, an increase in our reimbursement rates for EPO and other pharmaceuticals, and an increase in the intensities of physician-prescribed pharmaceuticals, partially offset by changes in the mix of our commercial payors.

Dialysis and related lab services net operating revenues for 2008 increased by approximately $285 million or approximately 5.6% from 2007. The increase in net operating revenues was primarily due to an increase in the

number of treatments of approximately 5.7%, offset by a slight decrease in the average dialysis revenue per treatment. The increase in number of treatments was primarily due to an increase in the number of treatment days in 2008, as compared to 2007, and non-acquired treatment growth at existing and new centers and growth through acquisitions. The decrease in the average dialysis revenue per treatment in 2008, as compared to 2007, was primarily due to the impact of some commercial rate compression that occurred in late 2007, decreases in intensity of physician-prescribed pharmaceuticals, partially offset by changes in the mix and rates of some of our other commercial payors.

The following table summarizes our dialysis and related lab services revenues by modality for the year ended December 31, 2009:

	Revenue percentages
Outpatient hemodialysis centers	84%
Peritoneal dialysis and home-based hemodialysis	11%
Hospital inpatient hemodialysis	5%
Total dialysis and related lab services revenues	100%

In addition to reimbursements for dialysis treatments, the other major component of dialysis and related lab services revenues is the administration of EPO and other pharmaceuticals as part of the dialysis treatment, which represents slightly more than 30% of total dialysis and related lab services revenues for the year ended December 31, 2009.

Approximately 65% of our total dialysis and related lab services revenues for the year ended December 31, 2009 were from government-based programs, principally Medicare, Medicaid, and Medicare-assigned plans, representing approximately 88% of our total patients. Approximately 35% of our dialysis and related lab services revenues and 12% of our patients are associated with commercial payors. Less than 1% of our dialysis and related lab services payments are due directly from patients. No single commercial payor accounted for more than 5% of total dialysis and related lab services revenues for the year ended December 31, 2009.

On average we are paid significantly more for services provided to patients covered by commercial healthcare plans than we are for patients covered by Medicare, Medicaid or other government plans such as Medicare-assigned plans. Patients covered by commercial health plans transition to Medicare coverage after a maximum of 33 months. As a patient transitions from commercial coverage to Medicare or Medicaid coverage, the payment rates normally decline substantially. As of December 31, 2009, the Medicare ESRD dialysis treatment rates for our patients were between $150 and $167 per treatment, or an overall average of $159 per treatment, excluding the administration of separately billed pharmaceuticals. Medicare payment rates are insufficient to cover our costs associated with providing dialysis treatments, and therefore we lose money on each Medicare treatment.

Nearly all of our net earnings from dialysis and related lab services are derived from commercial payors, some of which pay at negotiated payment rates as established by contract and others of which pay based on our usual and customary fee schedule. We are continuously in negotiations with commercial payors for contracted rates and some of these payment rates are under downward pressure as we negotiate these rates with large HMOs and insurance carriers and we expect this trend to continue. We also expect that we may experience decreases in patient volume as our negotiations with commercial payors continue. In addition, payors have been attempting to impose restrictions and limitations on non-contracted or out-of-network providers, in which we receive higher payment rates than for in-network providers. If we experience a net overall reduction in our contracted and non-contracted commercial rates as a result of these negotiations or restrictions, it could have a material adverse effect on our operating results.

Our average dialysis and related lab services revenue per treatment can be significantly impacted by several major factors, including our ability to negotiate acceptable payment rates with contracted and non-contracted

commercial payors, changes in the mix and intensities of physician-prescribed pharmaceuticals, government payment policies regarding reimbursement amounts for dialysis treatments and pharmaceuticals, including the bundling of such services and changes in the mix of government and non-government payments.

Operating expenses and charges

Patient care costs. Dialysis and related lab services patient care costs are those costs directly associated with operating and supporting our dialysis centers and consist principally of labor, pharmaceuticals, medical supplies and operating costs of the dialysis centers. The dialysis and related lab services patient care costs on a per treatment basis were $234, $230 and $227 for 2009, 2008, and 2007, respectively. The $4 increase in the per treatment costs in 2009 as compared to 2008 was primarily attributable to higher labor rates and benefit costs, an increase in pharmaceutical costs, an increase in other operating costs of our dialysis centers and a increase in the intensities of physician-prescribed pharmaceuticals, partially offset by improved productivity.

Dialysis and related lab services patient care costs on a per treatment basis increased by approximately $3 in 2008 as compared to 2007. The increase in the per treatment costs was primarily attributable to an increase in labor rates as well as the negative impact on productivity during the year as we implemented new federal guidelines. Additionally, we experienced an increase in the operating costs of our dialysis centers driven in part by the number of new centers opened and from centers constructed but pending state and/or federal certification, and an increase in pharmaceutical costs, partially offset by a decrease in the intensities of physician-prescribed pharmaceuticals.

General and administrative expenses. Dialysis and related lab services general and administrative expenses for the years ended 2009, 2008 and 2007 were approximately $427 million, $402 million and $400 million, respectively. The increase of approximately $25 million in 2009 as compared to 2008 was primarily due to increases in labor and benefit costs, partially offset by the timing of certain other expenditures. The increase in general and administrative expenses of approximately $2 million in 2008 as compared to 2007, was primarily due to increases in labor costs and the timing of certain other expenditures, mainly offset by lower integration costs and lower professional fees.

Depreciation and amortization. Dialysis and related lab services depreciation and amortization expenses for 2009, 2008 and 2007 were approximately $222 million, $210 million and $189 million, respectively. The increase of approximately $12 million in depreciation and amortization for dialysis and related lab services in 2009 as compared to 2008 was primarily due to growth through new center developments and expansions. The increase in depreciation and amortization of approximately $21 million in 2008, as compared to 2007, was primarily due to growth through new center developments and expansions and a change in amortization associated with amendments to the Product Supply Agreement.

Provision for uncollectible accounts receivable. The provision for uncollectible accounts receivable for dialysis and related lab services was 2.7% for 2009 and 2.6% for 2008 and 2007. The increase in the provision for uncollectible accounts in 2009 was primarily to reflect a slowdown in the timing of payments from some of our non-government payors. The current provision level of 2.7% may increase if we encounter problems with our billing and collection process as a result of sustained weakness in the U.S. economy.

Operating income

Dialysis and related lab services operating income for 2009 increased by approximately $61 million as compared to 2008. The increase in the operating income for 2009 as compared to 2008 was primarily due to growth in the number of dialysis treatments, an increase in the dialysis revenue per treatment of approximately $6 as described above. The dialysis and related lab services operating income also increased as a result of certain cost control initiatives and improved productivity, but was negatively impacted primarily by higher labor and benefit costs, an increase in pharmaceutical costs and an increase in other operating costs of our dialysis centers.

Dialysis and related lab services operating income for 2008 decreased by approximately $51 million as compared to 2007. Operating income in 2007 included a valuation gain of $55 million on the Product Supply Agreement and $7 million of insurance settlements relating to Hurricane Katrina as discussed above. Excluding these items, operating income for 2008 would have increased by approximately $11 million as compared to adjusted operating income for 2007. The increase in the operating income for 2008 as compared to adjusted operating income for 2007 was primarily due to growth in the volume of revenue outpacing increases in certain expenditures. However, operating income for 2008 was negatively affected by certain significant items such as a decrease in our dialysis revenue per treatment, lower intensities of physician-prescribed pharmaceuticals, an increase in labor costs and higher operating costs of our dialysis centers primarily associated with the number of new centers that were opened and from centers constructed but pending state and/or federal certification, an increase in pharmaceutical costs (primarily heparin), and the absence of a Medicare rate increase.

Other—Ancillary services and strategic initiatives

	Year ended		
	2009	2008	2007
	(dollar amounts rounded to nearest million)		
Revenues	$317	$245	$134
Segment operating loss	$(18)	$(30)	$(48)

Net operating revenues

The ancillary services and strategic initiatives net operating revenues for 2009 increased by approximately $72 million or 29.5% as compared to 2008, primarily from growth in pharmacy services, VillageHealth services and from our infusion therapy services.

The ancillary services and strategic initiatives net operating revenues for 2008 increased by approximately $111 million or 82.7% as compared to 2007, primarily from growth in pharmacy services, VillageHealth services, vascular access services and a full year of operations of our infusion therapy services which we acquired in the third quarter of 2007.

Operating expenses

Ancillary services and strategic initiatives operating expenses for 2009 increased by approximately $60 million from 2008, primarily due to an increase in volume in our pharmacy business, an increase in labor and benefit costs, partially offset by lower professional fees.

Ancillary services and strategic initiatives operating expenses for 2008 increased by approximately $93 million from 2007, primarily due to an increase in volume in our pharmacy business, an increase in fixed operating expenses, an increase in labor costs and a full year of operations of our infusion therapy services, partially offset by lower professional fees in our VillageHealth business.

Operating loss

Ancillary services and strategic initiatives operating losses for 2009 decreased by approximately $12 million from 2008. The decrease in operating losses was primarily due to volume growth in revenues outpacing increases in operating expenses, primarily associated with our pharmacy business and our VillageHealth business, partially offset by an increase in operating losses associated with certain new initiatives.

Ancillary services and strategic initiatives operating losses for 2008 decreased by approximately $18 million from 2007. The decrease in operating losses was primarily due to growth in revenues outpacing increases in operating expenses, primarily associated with our pharmacy business and our vascular access services.

Corporate level charges

Stock-based compensation. Stock-based compensation of approximately $44 million for 2009 increased by approximately $3 million from 2008. Stock-based compensation for 2008 increased by approximately $7 million from 2007. The increases in both periods resulted from an increase in the aggregate quantity of grants that contributed expense to each of these years.

Debt expense. Debt expense for 2009, 2008, and 2007 consisted of interest expense of approximately $176 million, $215 million, and $243 million, respectively, and amortization of deferred financing costs of approximately $10 million for each year presented. Debt expense for 2007 also included the write-off of approximately $4 million of deferred financing costs associated with the principal prepayments on our term loans. The decrease in interest expense in 2009 as compared to 2008 was primarily attributable to decreases in the LIBOR-based variable interest rates on the unhedged portion of our debt and the result of lower notional amounts of fixed rate swap agreements that contained higher rates. As of December 31, 2009, the notional amounts of our fixed rate swaps were approximately $389 million as compared to approximately $790 million at December 31, 2008. Our overall weighted average effective interest rate in 2009 was 4.86% as compared to 5.82% in 2008. The decrease in interest expense in 2008 as compared to 2007 was primarily attributable to decreases in the LIBOR-based variable interest rates on the unhedged portion of our debt. Our overall weighted average interest rate in 2008 was 5.82% as compared to 6.49% in 2007.

Equity investment income. Equity investment income was approximately $2.4 million in 2009 as compared to $0.8 million in 2008. The increase in equity investment income in 2009 was primarily due to an increase in the number of equity investments and improved profitability at several joint ventures. Equity investment income in 2008 remained flat as compared to 2007.

Other income. Other income was approximately $4 million, $12 million, and $22 million in 2009, 2008, and 2007, respectively, and consisted principally of interest income. The decrease in other income in 2009 was primarily the result of lower average interest rates, partially offset by higher average cash balances. The decrease in other income in 2008 as compared to 2007, was primarily due to the fact that 2007 included gains on the sale of investments of approximately $6 million resulting from the sale of our investment in NxStage Medical Inc. and a decrease in interest rates as well as lower average cash and investment balances.

Provision for income taxes. The provision for income taxes for 2009 represented an effective annualized tax rate of 36.7%, compared with 35.9% and 36.4% in 2008 and 2007, respectively. The effective tax rate in 2008 was lower primarily due to nonrecurring tax benefits associated with transactions occurring in 2008. We currently project the effective income tax rate for 2010 to be in the range of 36.5% to 37.5%.

Impairments and valuation adjustments. We perform impairment or valuation reviews for our property and equipment, amortizable intangible assets with finite useful lives, equity investments in non-consolidated businesses, and our investments in ancillary services and strategic initiatives at least annually and whenever a change in condition indicates that an impairment review is warranted. Such changes include shifts in our business strategy or plans, the quality or structure of our relationships with our partners, or when a center experiences deteriorating operating performance. Goodwill is also assessed at least annually for possible valuation impairment using fair value methodologies. These types of adjustments are charged directly to the corresponding operating segment that incurred the charge. No significant impairments or valuation adjustments were recognized during the periods presented.

Noncontrolling interests

Net income attributable to noncontrolling interests for 2009, 2008 and 2007 were approximately $57 million, $47 million and $47 million, respectively. The increase in noncontrolling interests in 2009 was primarily due to an increase in new dialysis centers having minority partners and growth in the earnings of our existing dialysis joint ventures. The percentage of dialysis and related lab services net operating revenues generated from dialysis related joint ventures was approximately 16% in 2009 compared to 15% in 2008.

Accounts receivable

Our accounts receivable balances at December 31, 2009 and 2008 represented approximately 68 and 70 days of revenue, respectively, net of bad debt allowance. The relative decrease in the days of net revenue in accounts receivable as of December 31, 2009 was a result of improved cash collections on current outstanding balances. Accounts receivable balances of approximately 70 days of revenue is more consistent with our past experience levels and expected trends.

As of December 31, 2009 and 2008, approximately $201 million and $102 million in unreserved accounts receivable, respectively, representing approximately 18% and 9% of our total accounts receivable balance, respectively, were more than six months old. During 2009, we experienced delays in cash collections from certain government payors and certain commercial payors. We anticipate that we will collect these outstanding balances since we believe the delays in collections relate primarily to the timing of payors processing our claims for payment. There were no significant unreserved balances over one year old. Less than 2% of our treatments are classified as "patient pay". Substantially all revenue realized is from government and commercial payors, as discussed above.

Amounts pending approval from third-party payors as of December 31, 2009 and 2008, other than the standard monthly billing, consisted of approximately $46 million and $39 million, respectively, associated with Medicare bad debt claims, classified as "other receivables". Currently, our Medicare bad debt claims are typically paid to us before the Medicare fiscal intermediary audits the claims. However, the payment received from Medicare is subject to adjustment based upon the actual results of the audits. Such audits typically occur one to four years after the claims are filed. As a kidney dialysis provider, our revenue is not subject to cost report settlements, except for potentially limiting the collectibility of these Medicare bad debt claims.

Liquidity and capital resources

Available liquidity. As of December 31, 2009, our cash balance was $539 million and we had undrawn credit under our Senior Secured Credit Facilities totaling $250 million, of which approximately $52 million was committed for outstanding letters of credit. We believe that we will have sufficient liquidity, operating cash flows and access to borrowings to fund our scheduled debt service and other obligations for the foreseeable future. Our primary sources of liquidity are cash from operations and cash from borrowings.

Cash flow from operations during 2009 amounted to $667 million, compared with $614 million for 2008. Cash flow from operations in 2009 included cash interest payments of approximately $186 million and cash tax payments of $162 million. Cash flow from operations in 2008 included cash interest payments of $223 million and cash tax payments of $163 million.

Non-operating cash outflows in 2009 included $275 million for capital asset expenditures, including $161 million for new center developments and relocations, and $114 million for maintenance and information technology. We also spent an additional $88 million for acquisitions. During 2009, we also received $33 million from the maturity and sale of investments. However, these proceeds were either used to repurchase other investments or were used to fund distributions from our deferred compensation plans. In addition, we received $75 million associated with stock option exercises and other share issuances and the related excess tax benefits. We also made distributions to noncontrolling interests of $68 million, and received contributions from noncontrolling interests of $13 million associated with new joint ventures and from additional equity contributions. We also repurchased 2.9 million shares of our common stock for approximately $154 million.

Non-operating cash outflows in 2008 included $318 million for capital asset expenditures, including $213 million for new center developments and relocations and $105 million for maintenance and information technology. We also spent an additional $102 million for acquisitions. During 2008, we also received $43 million from the maturity and sale of investments. However, these proceeds were either used to repurchase other investments or were used to fund distributions from our deferred compensation plans. In addition, we received

$48 million associated with stock option exercises and other share issuances and related excess tax benefits. We also made distributions to noncontrolling interests of $59 million and received contributions from noncontrolling interests of $19 million associated with new joint ventures and from additional equity contributions. We also repurchased 4.8 million shares of our common stock for approximately $233 million.

During 2009, we acquired a total of 19 dialysis centers, opened 78 new dialysis centers, sold or closed eight centers, merged 16 centers into other existing centers, made equity investments in six centers and added two centers under management and administrative service agreements. During 2008, we acquired a total of 20 dialysis centers, opened 86 new dialysis centers, sold or closed nine centers, merged eight centers into other existing centers, ceased operations at one joint venture in which we owned an equity investment and added a net two centers under management and administrative service agreements.

We currently expect to spend approximately $125 million for general maintenance capital asset expenditures in 2010, and approximately $250 million for new center development, relocations and center acquisitions depending upon the availability of certain projects and sufficient project returns which does not include any potential expenditures for our new corporate headquarters. We expect to generate approximately $675 million to $725 million of operating cash flow in 2010. Our actual expenditures for growth and cash flows in 2010 could vary significantly from these expected amounts.

2009 capital structure changes and other items

Our Senior Secured Credit Facilities are guaranteed by substantially all of our direct and indirect wholly-owned subsidiaries and are secured by substantially all of our and our subsidiary guarantors' assets. The Senior Secured Credit Facilities also contain customary affirmative and negative covenants and require compliance with financial covenants, including an interest rate coverage ratio and a leverage ratio that determines the interest rate margins on our term loan A and our revolving line of credit. The Senior Secured Credit Facilities in general also contain limits on the general amount of capital expenditures for internal growth, acquisitions and capital improvements, as described below, as well as limits on the amount of tangible net assets in non-guarantor subsidiaries.

Term Loan A

During 2009, we made mandatory principal payments totaling $61.3 million on our term loan A. As a result of these principal payments, the outstanding balance on term loan A as of December 31, 2009 was $153.1 million and bore interest at LIBOR plus a margin of 1.50%, for an overall weighted average effective rate of 1.74%. The interest rate margin is subject to adjustment depending upon certain financial conditions and could range from 1.50% to 2.25%. Term loan A matures in October 2011 and requires annual principal payments of $87.5 million in 2010 and $65.6 million in 2011, respectively.

Term Loan B

As of December 31, 2009, the outstanding balance of our term loan B was $1.7 billion and bore interest at LIBOR plus a margin of 1.50% for an overall weighted average effective rate of 2.66%, including the impact of our swap agreements. We did not make any principal payments on term loan B during 2009, nor were we required to. Term loan B matures in October 2012 and requires principal payments of $1.7 billion in 2012.

Senior and Senior Subordinated Notes

Our senior and senior subordinated notes, as of December 31, 2009, consisted of $900 million of 6 5/8% senior notes due 2013 and $850 million of 7¼% senior subordinated notes due 2015. The notes are guaranteed by substantially all of our direct and indirect wholly-owned subsidiaries and require semi-annual interest payments in March and September. We may redeem some or all of the senior notes at any time on or after March 15, 2009 and some or all of the senior subordinated notes at any time on or after March 15, 2010.

Interest rate swaps

As of December 31, 2009, we maintained a total of eight interest rate swap agreements, with amortizing notional amounts totaling $389 million. These agreements had the economic effect of modifying the LIBOR-based variable interest rate on an equivalent amount of our debt to fixed rates ranging from 3.88% to 4.70%, resulting in an overall weighted average effective interest rate of 5.78% on the hedged portion of our Senior Secured Credit Facilities, including the term loan B margin of 1.50%. The swap agreements expire in 2010 and require quarterly interest payments. During 2009, 2008, and 2007 we accrued net cash (obligations) benefits of approximately ($17.3) million, $(4.2) million, and $14.5 million, respectively, from these swaps, which are included in debt expense. We estimate that approximately $8.9 million of existing unrealized pre-tax losses in other comprehensive income at December 31, 2009 will be reclassified into income in 2010. As of December 31, 2009 and 2008, the total fair value of these swaps were liabilities of $10.8 million and $21.9 million, respectively. The 2009 amount was included in other current liabilities. The 2008 amount was primarily included in other long-term liabilities. Also during 2009, we recorded approximately $8.0 million, net of tax, as an increase to other comprehensive income for amounts reclassified into income, net of swap valuation losses. In 2008, we recorded $10.4 million, net of tax, as reductions to other comprehensive income for swap valuation losses, net of amounts reclassified into income.

As of December 31, 2009, the interest rates were economically fixed on approximately 21% of our variable rate debt and approximately 59% of our total debt.

As a result of the swap agreements, our overall weighted average effective interest rate on the Senior Secured Credit Facilities was 2.63%, based upon the current margins in effect of 1.50%, as of December 31, 2009.

Our overall weighted average effective interest rate in 2009 was 4.86% and as of December 31, 2009 was 4.68%.

Stock repurchases

During 2009, we repurchased a total of 2,902,619 shares of our common stock for $153.5 million, or an average price of $52.88 per share, pursuant to previously announced authorizations by the Board of Directors. On November 3, 2009, we announced that our Board of Directors authorized an increase of an additional $500 million of share repurchases of our common stock. As a result of these transactions the total outstanding authorization for share repurchases as of December 31, 2009 was $500 million. We have not repurchased any additional shares of our common stock from January 1, 2010 through February 25, 2010. This stock repurchase program has no expiration date.

Stock-based compensation

Stock-based compensation recognized in a period represents the amortization during that period of the estimated grant-date fair value of stock-based awards over their vesting terms, adjusted for expected forfeitures. Shares issued upon exercise of stock awards are generally issued from shares in treasury. We have utilized the Black-Scholes-Merton valuation model for estimating the grant date fair value of stock options and stock-settled stock appreciation rights granted in all prior periods. During 2009, we granted 4,211,840 stock-settled stock appreciation rights with a grant-date fair value of $50.9 million and a weighted-average expected life of approximately 3.5 years, and also granted 48,135 stock units with a grant-date fair value of $2.6 million and a weighted-average expected life of approximately 2.5 years.

For the years ended December 31, 2009 and 2008, we recognized $44.4 million and $41.2 million, respectively, in stock-based compensation expense for stock options, stock-settled stock appreciation rights, stock units and discounted employee stock plan purchases, which is primarily included in general and

administrative expenses. The estimated tax benefits recorded for this stock-based compensation in 2009 and 2008 were $16.8 million and $15.6 million, respectively. As of December 31, 2009, there was $80.0 million of total estimated unrecognized compensation cost related to nonvested stock-based compensation arrangements under our equity compensation and stock purchase plans. We expect to recognize this cost over a weighted average remaining period of 1.4 years.

During the years ended December 31, 2009 and 2008, we received $63.7 million and $35.6 million, respectively, in cash proceeds from stock option exercises and $18.2 million and $14.0 million, respectively, in total actual tax benefits upon the exercise of stock awards.

2008 capital structure changes

Term Loan A

During 2008, we made mandatory principal payments totaling $14.9 million on our term loan A. As a result of these principal payments, the outstanding balance on term loan A as of December 31, 2008 was $214.4 million and bore interest at LIBOR plus a margin of 1.50%, for an overall weighted average effective rate of 1.97%. The interest rate margin is subject to adjustment depending upon certain financial conditions and could range from 1.50% to 2.25%.

Term Loan B

As of December 31, 2008, the outstanding balance of our term loan B was $1.7 billion and bore interest at LIBOR plus a margin of 1.50% for an overall weighted average effective rate of 3.63%, including the impact of our swap agreements. We did not make any principal payments on term loan B during 2008, nor were we required to.

Senior and Senior Subordinated Notes

Our senior and senior subordinated notes, as of December 31, 2008, consisted of $900 million of 6⅝% senior notes due 2013 and $850 million of 7¼% senior subordinated notes due 2015. The notes are guaranteed by substantially all of our direct and indirect wholly-owned subsidiaries and require semi-annual interest payments in March and September. We may redeem some or all of the senior notes at any time on or after March 15, 2009 and some or all of the senior subordinated notes at any time on or after March 15, 2010.

Stock repurchases

During 2008, we repurchased a total of 4,788,881 shares of our common stock for $232.7 million, or an average price of $48.59 per share, pursuant to previously announced authorizations by the Board of Directors. On May 1, 2008, our Board of Directors authorized an increase of an additional $143.5 million of share repurchases of our common stock. As a result of these transactions the total outstanding authorization for share repurchases as of December 31, 2008 was $153.5 million. This stock repurchase program had no expiration date.

Interest rate swaps

As of December 31, 2008, we maintained a total of nine interest rate swap agreements, with amortizing notional amounts totaling $790 million. These agreements had the economic effect of modifying the LIBOR-based variable interest rate on an equivalent amount of our debt to fixed rates ranging from 3.08% to 4.27%, resulting in a weighted average effective interest rate of 5.54%, on the hedged portion of our Senior Secured Credit Facilities, including the term loan B margin of 1.50%.

As of December 31, 2008, the interest rates were economically fixed on approximately 41% of our variable rate debt and approximately 69% of our total debt.

As a result of the swap agreements our overall weighted average effective interest rate on our Senior Secured Credit Facilities was 3.48%, based upon the current margins in effect of 1.50%, as of December 31, 2008.

At December 31, 2008 our overall weighted average effective interest rate was 5.10%.

Off-balance sheet arrangements and aggregate contractual obligations

In addition to the debt obligations reflected on our balance sheet, we have commitments associated with operating leases and letters of credit as well as potential obligations associated with our equity investments and to dialysis centers that are wholly-owned by third parties. Substantially all of our facilities are leased. We have potential acquisition obligations for several joint ventures and for some of our non-wholly-owned subsidiaries in the form of put provisions. These put provisions, if exercised, would require us to purchase the third-party owners' noncontrolling interests at either the appraised fair market value or a predetermined multiple of earnings or cash flow attributable to the noncontrolling interests put to us, which is intended to approximate fair value. The methodology we use to estimate the fair value of the noncontrolling interests subject to put provisions assumes either the higher of a liquidation value of net assets or an average multiple of earnings, based on historical earnings, patient mix and other performance indicators, as well as other factors. The estimate of the fair values of the noncontrolling interests subject to put provisions is a critical accounting estimate that involves significant judgments and assumptions and may not be indicative of the actual values at which the noncontrolling interests may ultimately be settled, which could vary significantly from our current estimates. The estimated fair values of noncontrolling interests subject to put provisions can also fluctuate and the implicit multiple of earnings at which these noncontrolling interests obligations may be settled will vary depending upon market conditions including potential purchasers' access to the capital markets, which can impact the level of competition for dialysis and non-dialysis related businesses, the economic performance of these businesses and the restricted marketability of the third-party owners' noncontrolling interests. The amount of noncontrolling interests subject to put provisions that contractually employ a predetermined multiple of earnings rather than fair value are immaterial. For additional information see Note 22 to our consolidated financial statements.

We also have potential cash commitments to provide operating capital advances as needed to several other dialysis centers that are wholly-owned by third parties or centers in which we own an equity investment, as well as to physician–owned vascular access clinics that we operate under management and administrative services agreements.

The following is a summary of these contractual obligations and commitments as of December 31, 2009 (in millions):

	Less Than 1 year	2-3 years	4-5 years	After 5 years	Total
Scheduled payments under contractual obligations:					
Long-term debt	$100	$1,774	$ 901	$ 850	$3,625
Interest payments on senior and senior subordinated notes	121	243	153	31	548
Capital lease obligations	—	2	1	2	5
Operating leases	216	374	283	439	1,312
	$437	$2,393	$1,338	$1,322	$5,490
Potential cash requirements under existing commitments:					
Letters of credit	$ 52	$ —	$ —	$ —	$ 52
Noncontrolling interests subject to put provisions	169	56	52	55	332
Pay-fixed swaps potential obligations	11	—	—	—	11
Operating capital advances	7	—	—	—	7
Income tax liabilities for unrecognized tax benefits	19	—	—	—	19
	$258	$ 56	$ 52	$ 55	$ 421

Not included above are interest payments related to our Senior Secured Credit Facilities. Our Senior Secured Credit Facilities as of December 31, 2009 bear interest at LIBOR plus current margins of 1.50%. The term loan A and the revolving line of credit are adjustable depending upon our achievement of certain financial ratios. At December 31, 2009, our Senior Secured Credit Facilities had an overall weighted average effective interest rate of 2.63%, including the effects of our swap agreements. Interest payments are due at the maturity of specific debt tranches within each term loan, which can range in maturity from one month to twelve months. Future interest payments will depend upon the amount of mandatory principal payments and principal prepayments, as well as changes in the LIBOR-based interest rates and changes in the interest rate margins. Assuming no principal prepayments on our Senior Secured Credit Facilities during 2010 and no changes in the effective interest rate, including the interest rate margin, approximately $49 million of interest would be required to be paid in 2010.

The pay-fixed swap obligations represent the estimated fair market values of our interest rate swap agreements as reported by various broker dealers that are based upon relevant observable market inputs as well as other current market conditions that existed as of December 31, 2009, and represent the estimated potential obligation that we would be required to pay based upon the estimated future settlement of each specific tranche within the swap agreements. The actual amount of our obligation associated with these swaps in the future will depend upon changes in the LIBOR-based interest rates that can fluctuate significantly depending upon market conditions, and other relevant factors that can affect the fair market value of these swap agreements.

In addition to the above commitments, we are obligated to purchase a certain amount of our hemodialysis products and supplies at fixed prices through 2015 from Gambro Renal Products, Inc. in connection with the Product Supply Agreement. Our total expenditures for the years ended December 31, 2009 and 2008 on such products were approximately 2% of our total operating costs in each year. In January 2010, we entered into an agreement with Fresenius which committed us to purchase a certain amount of dialysis equipment, parts and supplies from them through 2013.

The actual amount of purchases in future years from Gambro Renal Products and Fresenius will depend upon a number of factors, including the operating requirements of our centers, the number of centers we acquire, growth of our existing centers, and in the case of the Product Supply Agreement, Gambro Renal Products' ability to meet our needs.

Settlements of approximately $15 million of existing income tax liabilities for unrecognized tax benefits are excluded from the above table as reasonably reliable estimates of their timing cannot be made.

Contingencies

The information in Note 16 of the Notes to Consolidated Financial Statements of this report is incorporated by reference in response to this item.

Critical accounting estimates and judgments

Our consolidated financial statements and accompanying notes are prepared in accordance with United States generally accepted accounting principles. These accounting principles require us to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and contingencies. All significant estimates, judgments and assumptions are developed based on the best information available to us at the time made and are regularly reviewed and updated when necessary. Actual results will generally differ from these estimates. Changes in estimates are reflected in our financial statements in the period of change based upon on-going actual experience trends, or subsequent settlements and realizations depending on the nature and predictability of the estimates and contingencies. Interim changes in estimates are applied prospectively within annual periods. Certain accounting estimates, including those concerning revenue recognition and accounts receivable, impairments of long-lived assets, accounting for income taxes, quarterly

variable compensation accruals, purchase accounting valuation estimates, fair value estimates and stock-based compensation are considered to be critical to evaluating and understanding our financial results because they involve inherently uncertain matters and their application requires the most difficult and complex judgments and estimates.

Revenue recognition and accounts receivable. There are significant estimating risks associated with the amount of revenue that we recognize in a given reporting period. Payment rates are often subject to significant uncertainties related to wide variations in the coverage terms of the commercial healthcare plans under which we receive payments. In addition, ongoing insurance coverage changes, geographic coverage differences, differing interpretations of contract coverage, and other payor issues complicate the billing and collection process. Net revenue recognition and allowances for uncollectible billings require the use of estimates of the amounts that will ultimately be realized considering, among other items, retroactive adjustments that may be associated with regulatory reviews, audits, billing reviews and other matters.

Revenues associated with Medicare and Medicaid programs are recognized based on (a) the payment rates that are established by statute or regulation for the portion of the payment rates paid by the government payor (e.g., 80% for Medicare patients) and (b) for the portion not paid by the primary government payor, the estimated amounts that will ultimately be collectible from other government programs paying secondary coverage (e.g., Medicaid secondary coverage), the patient's commercial health plan secondary coverage, or the patient.

Commercial healthcare plans, including contracted managed-care payors, are billed at our usual and customary rates; however, revenue is recognized based on estimated net realizable revenue for the services provided. Net realizable revenue is estimated based on contractual terms for the patients under healthcare plans with which we have formal agreements, non-contracted healthcare plan coverage terms if known, estimated secondary collections, historical collection experience, historical trends of refunds and payor payment adjustments (retractions), inefficiencies in our billing and collection processes that can result in denied claims for payments, slow down in collections, a reduction in the amounts that we expect to collect and regulatory compliance issues. Determining applicable primary and secondary coverage for our more than 118,000 patients at any point in time, together with the changes in patient coverages that occur each month, requires complex, resource-intensive processes. Collections, refunds and payor retractions typically continue to occur for up to three years or longer after services are provided.

We generally expect our range of dialysis and related lab services revenues estimating risk to be within 1% of its revenue, which can represent as much as 6% of consolidated operating income. Changes in estimates are reflected in the then-current financial statements based on on-going actual experience trends, or subsequent settlements and realizations depending on the nature and predictability of the estimates and contingencies. Changes in revenue estimates for prior periods are separately disclosed and reported if material to the current reporting period and longer term trend analyses, and have not been significant.

Lab service revenues for current period dates of services are recognized at the estimated net realizable amounts to be received.

Impairments of long-lived assets. We account for impairments of long-lived assets, which include property and equipment, equity investments in non-consolidated businesses, amortizable intangible assets with finite useful lives and goodwill, in accordance with the provisions of applicable accounting guidance. Impairment reviews are performed at least annually and whenever a change in condition occurs which indicates that the carrying amounts of assets may not be recoverable.

Such changes include changes in our business strategies and plans, changes in the quality or structure of our relationships with our partners and deteriorating operating performance of individual dialysis centers or other operations. We use a variety of factors to assess the realizable value of assets depending on their nature and use. Such assessments are primarily based upon the sum of expected future undiscounted net cash flows over the

expected period the asset will be utilized, as well as market values and conditions. The computation of expected future undiscounted net cash flows can be complex and involves a number of subjective assumptions. Any changes in these factors or assumptions could impact the assessed value of an asset and result in an impairment charge equal to the amount by which its carrying value exceeds its actual or estimated fair value.

Accounting for income taxes. We estimate our income tax provision to recognize our tax expense for the current year, and our deferred tax liabilities and assets for future tax consequences of events that have been recognized in our financial statements, measured using enacted tax rates and laws expected to apply in the periods when the deferred tax liabilities or assets are expected to be realized. We are required to assess our tax positions on a more-likely-than-not criteria and to also determine the actual amount of benefit to recognize in the financial statements. Deferred tax assets are assessed based upon the likelihood of recoverability from future taxable income and, to the extent that recovery is not likely, a valuation allowance is established. The allowance is regularly reviewed and updated for changes in circumstances that would cause a change in judgment about the realizability of the related deferred tax assets. These calculations and assessments involve complex estimates and judgments because the ultimate tax outcome can be uncertain and future events unpredictable.

Variable compensation accruals. We estimate variable compensation accruals quarterly based upon the annual amounts expected to be earned and paid out resulting from the achievement of certain teammate-specific and/or corporate financial and operating goals. Our estimates, which include compensation incentives for bonuses, and other awards, are updated periodically based on changes in our economic condition or cash flows that could ultimately impact the actual final award. Actual results reflected in each fiscal quarter may vary due to the subjectivity involved in anticipating fulfillment of specific and/or corporate goals, as well as the final determination and approval of amounts by our Board of Directors.

Purchase accounting valuation estimates. We make various assumptions and estimates regarding the valuation of tangible and intangible assets, liabilities and contractual as well as non-contractual contingencies associated with our acquisitions. These assumptions can have a material effect on our balance sheet valuations and the related amount of depreciation and amortization expense that will be recognized in the future. Long-lived tangible and intangible assets are subject to our regular ongoing impairment assessments.

Fair value estimates. We have recorded certain assets, liabilities and noncontrolling interests subject to put provisions at fair value. The FASB defines fair value which is measured based upon certain valuation techniques that include inputs and assumptions that market participants would use in pricing assets, liabilities and noncontrolling interests subject to put provisions. We have measured the fair values of our applicable assets, liabilities and noncontrolling interests subject to put provisions based upon certain market inputs and assumptions that are either observable or unobservable in determining fair values and have also classified these assets, liabilities and noncontrolling interests subject to put provisions into the appropriate fair value hierarchy levels. The fair value of our investments available for sale are based upon quoted market prices from active markets and the fair value of our swap agreements are based upon valuation models and a variety of techniques as reported by various broker dealers that are based upon relevant observable market inputs such as current interest rates, forward yield curves, and other credit and liquidity market conditions. For our noncontrolling interests subject to put provisions we have estimated the fair values of these based upon either the higher of a liquidation value of net assets or an average multiple of earnings based on historical earnings, patient mix and other performance indicators, as well as other factors. The estimate of the fair values of the noncontrolling interests subject to put provisions involves significant judgments and assumptions and may not be indicative of the actual values at which the noncontrolling interests may ultimately be settled, which could vary significantly from our current estimates. The estimated fair values of the noncontrolling interests subject to put provisions can also fluctuate and the implicit multiple of earnings at which these noncontrolling interests obligations may be settled will vary depending upon market conditions including potential purchasers' access to the capital markets, which can impact the level of competition for dialysis and non-dialysis related businesses, the economic performance of these businesses and the restricted marketability of the third-party owners' noncontrolling interests.

Stock-based compensation. Stock-based compensation recognized in a period represents the amortization during that period of the estimated grant-date fair value of stock-based awards over their vesting terms, adjusted for expected forfeitures. Stock-based compensation recognized in our consolidated financial statements for the years ended December 31, 2009, 2008 and 2007 include compensation costs for stock-based awards granted prior to, but not fully vested as of December 31, 2006, and stock-based awards granted thereafter. We estimate the grant-date fair value of stock awards using complex option pricing models that rely heavily on estimates from us about uncertain future events, including the expected term of the awards, the expected future volatility of our stock price, and expected future risk-free interest rates.

Significant new accounting standards

On June 29, 2009, the Financial Accounting Standards Board (FASB) established the FASB Accounting Standards Codification (Codification) as the single source of authoritative U.S. generally accepted accounting principles (GAAP) for all nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) are also sources of authoritative U.S. GAAP for SEC registrants. The Codification does not change U.S. GAAP but takes previously issued FASB standards and other U.S. GAAP authoritative pronouncements, changes the way the standards are referred to, and includes them in specific topic areas. The Codification is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of the Codification did not have any impact on our consolidated financial statements.

Effective for our first annual reporting period that begins after November 15, 2009, the FASB is eliminating the quantitative approach previously required for determining the primary beneficiary of a variable interest entity, and requiring additional disclosures about an enterprise's involvement in variable interest entities. An enterprise will be required to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity by having both the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and the obligation to absorb losses of the entity, or the right to receive benefits from the entity. In addition, the FASB is establishing new guidance for determining whether an entity is a variable interest entity, requiring an ongoing reassessment of whether an enterprise is the primary beneficiary of a variable interest entity, and adding an additional reconsideration event for determining whether an entity is a variable interest entity when any changes in facts and circumstances occur such that the holders of the equity investment at risk, as a group, lose the power from voting rights or similar rights concerning those investments to direct the activities of the entity that most significantly impact the entity's economic performance. We are currently in the process of assessing the expected impact of this standard on our consolidated financial statements.

Effective May 28, 2009, the FASB issued requirements relating to the accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. These requirements set forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. These requirements do not apply to subsequent events or transactions that are within the scope of other applicable principles of GAAP that provide different guidance on the accounting treatment for subsequent events or transactions. These requirements were effective for interim and annual periods ending after June 15, 2009. See Note 1 to the consolidated financial statements for further details.

Effective January 1, 2009, we are required to provide enhanced disclosures about our derivative and hedging activities. We are required to provide additional disclosures about (a) how and why we use derivative instruments, (b) how derivative instruments and related hedged items are accounted for, and (c) how derivative instruments and related hedged items affect our financial position, financial performance, and cash flows. These requirements did not have a material impact on our consolidated financial statements. See Note 13 to the consolidated financial statements for the disclosure of these items.

Effective January 1, 2009, we are required to treat noncontrolling interests as a separate component of equity, but apart from our equity, and not as a liability or other item outside of equity. We are also required to identify and present consolidated net income attributable to us and to noncontrolling interests on the face of the consolidated statement of income. Previously, we had reported minority interests (noncontrolling interests) as a reduction to operating income. In addition, changes in our ownership interest while we retain a controlling financial interest should be accounted for as equity transactions. We were also required to expand disclosures in the financial statements to include a reconciliation of the beginning and ending balances of the equity attributable to us and the noncontrolling owners and a schedule showing the effects of changes in our ownership interest in a subsidiary on the equity attributable to us. This change did not have a material impact on our consolidated financial statements; however, it did change the presentation of minority interests (noncontrolling interests) in our consolidated financial statements. In conjunction with adopting these requirements, we are required to classify securities with redemption features that are not solely within our control such as our noncontrolling interests that are subject to put provisions outside of permanent equity and to measure these noncontrolling interests at fair value. See Note 22 to our consolidated financial statements for further details. The consolidated financial statements have been recast for all prior periods presented for the retrospective application of these presentation and disclosure requirements.

All business combinations consummated after January 1, 2009, are required to be accounted for under the acquisition method (previously referred to as the purchase method). Under the acquisition method, the acquirer recognizes the assets acquired, the liabilities assumed, contractual contingencies, as well as any noncontrolling interests in the acquiree at their fair values at the acquisition date. Noncontractual contingencies are recognized at the acquisition date at their fair values only if it is more likely than not that they meet the definition of an asset or a liability. Transaction costs are excluded from the acquisition cost and are expensed as incurred. Any contingent consideration included by the acquirer as part of the purchase price must also be measured at fair value at the acquisition date and is classified as either equity or a liability. A company that obtains control but acquires less than 100% of an acquiree is required to record 100% of the fair value of the acquiree assets, liabilities, and noncontrolling interests at the acquisition date. The adoption of these requirements did not have a material impact on our consolidated financial statements.

In December 2008, the FASB required public entities to provide additional disclosures about transfers of financial assets and required public enterprises to provide additional disclosures about their involvement in variable interest entities and certain special purpose entities. Because these requirements impact disclosures and not the accounting treatment for transfers of financial assets and interests in variable interest entities, these requirements did not impact our financial condition or results of operations.

Effective January 1, 2008, the FASB established a framework for measuring fair value and also required additional disclosures about fair value measurements. These requirements applied to assets and liabilities that are carried at fair value on a recurring basis. Effective January 1, 2009 the FASB issued additional requirements relating to nonfinancial assets and liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). See note 23 to our consolidated financial statements for the impact of these requirements. The adoption of these requirements relating to nonfinancial assets and liabilities did not have a material impact on our consolidated financial statements.

Effective January 1, 2008, the FASB allows companies the alternative to measure certain financial assets and liabilities at fair value on an instrument-by-instrument basis that are currently not required to be measured at fair value. This provision is also designed to reduce the volatility in earnings caused by measuring related assets and liabilities differently and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The adoption of this provision did not have a material impact on our consolidated financial statements.

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

Interest rate sensitivity

The tables below provide information about our financial instruments that are sensitive to changes in interest rates. For our debt obligations the table presents principal repayments and current weighted average interest rates on our debt obligations as of December 31, 2009. The variable rates presented reflect the weighted average LIBOR rates in effect for all debt tranches plus margins in effect at the end of 2009 including the economic effects of our swap agreements. Term loan A and revolving line of credit interest rate margins are subject to adjustment depending upon changes in certain of our financial ratios including a leverage ratio. The margins currently in effect at December 31, 2009 were 1.50% on all of the outstanding balances under our Senior Secured Credit Facilities. For our interest rate swap agreements, the table below presents the notional amounts by contract maturity date and the related interest rate terms of the agreements (to pay fixed rates, and to receive LIBOR).

	Expected maturity date								
	2010	2011	2012	2013	2014	Thereafter	Total	Fair Value	Average interest rate
	(dollars in millions)								
Long-term debt:									
Fixed rate	$ 2	$ 1	$ 1	$901	$ 1	$852	$ 1,758	$ 1,765	6.88%
Variable rate	$ 98	$ 67	$1,707	$—	$—	$—	$ 1,872	$ 1,829	2.62%

	Notional amount	Contract maturity date					Pay fixed	Receive variable	Fair value
		2010	2011	2012	2013	2014			
	(dollars in millions)								
Swaps:									
Pay-fixed swaps	$389	$389	$ —	$—	$—	$—	3.88% to 4.70%	LIBOR	$(10.8)

Our Senior Secured Credit Facilities, which include the term loan A and the term loan B, consist of various individual tranches that can range in maturity from one month to twelve months and each specific tranche bears interest at a LIBOR rate that is determined by the maturity of that specific tranche plus an interest rate margin, which is currently 1.50% at December 31, 2009. LIBOR-based interest rates are reset as each specific tranche matures and a new tranche is re-established and can fluctuate significantly depending upon market conditions including the credit and capital markets. Any increase in the LIBOR-based interest rates on the unhedged portion of our Senior Secured Credit Facilities, which totaled approximately $1.5 billion as of December 31, 2009 will have a negative impact on our overall earnings.

As of December 31, 2009, we maintained a total of eight interest rate swap agreements, with amortizing notional amounts totaling $389 million. These agreements had the economic effect of modifying the LIBOR-based variable interest rate on an equivalent amount of our debt to fixed rates ranging from 3.88% to 4.70%, resulting in an overall weighted average effective interest rate of 5.78% on the hedged portion of our Senior Secured Credit Facilities, including the term loan B margin of 1.50%. The swap agreements expire in 2010 and require quarterly interest payments. During 2009, we accrued net cash obligations of $17.3 million from these swaps, which are included in debt expense. As of December 31, 2009, the total fair value of these swaps was a liability of $10.8 million. During 2009, we recorded $8.0 million, net of tax, as an increase to other comprehensive income for amounts reclassified into income, net of swap valuation losses.

As of December 31, 2009, the interest rates were economically fixed on approximately 21% of our variable rate debt and approximately 59% of our total debt.

As a result of the swap agreements, our overall weighted average effective interest rate on the Senior Secured Credit Facilities was 2.63%, based upon the current margins in effect of 1.50% as of December 31, 2009.

Our overall weighted average effective interest rate in 2009 was 4.86% and as of December 31, 2009 was 4.68%.

One means of assessing exposure to debt-related interest rate changes is a duration-based analysis that measures the potential loss in net income resulting from a hypothetical increase in interest rates of 100 basis points across all variable rate maturities (referred to as a "parallel shift in the yield curve"). Under this model, with all else constant, it is estimated that such an increase would have reduced net income by approximately $8.5 million, $7.1 million, and $5.5 million, net of tax, for the years ended December 31, 2009, 2008, and 2007, respectively.

Exchange rate sensitivity

We are currently not exposed to any foreign currency exchange rate risk.

Item 8. Financial Statements and Supplementary Data.

See the Index to Financial Statements and Index to Financial Statement Schedules included at "Item 15. Exhibits, Financial Statement Schedules."

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

None.

Item 9A. Controls and Procedures.

Management has established and maintains disclosure controls and procedures designed to ensure that information required to be disclosed in the reports that it files or submits pursuant to the Securities Exchange Act of 1934, as amended, or Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management including our Chief Executive Officer and Chief Financial Officer as appropriate to allow for timely decisions regarding required disclosures.

At the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures in accordance with the Exchange Act requirements. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective for timely identification and review of material information required to be included in our Exchange Act reports, including this report on Form 10-K. Management recognizes that these controls and procedures can provide only reasonable assurance of desired outcomes, and that estimates and judgments are still inherent in the process of maintaining effective controls and procedures.

There has not been any change in our internal control over financial reporting that was identified during the evaluation that occurred during the fourth fiscal quarter and that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

In 2002, we adopted a Corporate Governance Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, and to all of our financial accounting and legal professionals who are directly or indirectly involved in the preparation, reporting and fair presentation of our financial statements and Exchange Act Reports. The Code of Ethics is posted on our website, located at http://www.davita.com. We also maintain a Corporate Code of Conduct that applies to all of our employees, which is posted on our website.

Under our Corporate Governance Guidelines all Board Committees including the Audit Committee, Nominating and Governance Committee and the Compensation Committee, which are comprised solely of Independent Directors as defined within the listing standards of the New York Stock Exchange, have written charters that outline the committee's purpose, goals, membership requirements and responsibilities. These charters are regularly reviewed and updated as necessary by our Board of Directors. All Board Committee charters as well as the Corporate Governance Guidelines are posted on our website located at http://www.davita.com.

The other information required to be disclosed by this item will appear in, and is incorporated by reference from, the sections entitled "Proposal No. 1. Election of Directors", "Corporate Governance", and "Security Ownership of Certain Beneficial Owners and Management" included in our definitive proxy statement relating to our 2010 annual stockholder meeting.

Item 11. Executive Compensation.

The information required by this item will appear in, and is incorporated by reference from, the sections entitled "Executive Compensation" and "Compensation Committee Interlocks and Insider Participations" included in our definitive proxy statement relating to our 2010 annual stockholder meeting. The information required by Item 407(e)(5) of Regulation S-K will appear in and is incorporated by reference from the section entitled "Compensation Committee Report" included in our definitive proxy statement relating to our 2010 annual stockholder meeting; however, this information shall not be deemed to be "filed".

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table provides information about our common stock that may be issued upon the exercise of stock options, stock-settled stock appreciation rights, restricted stock units and other rights under all of our existing equity compensation plans as of December 31, 2009, including our omnibus 2002 Equity Compensation Plan and our Employee Stock Purchase Plan, and the terminated 1999 Non-Executive Officer and Non-Director Equity Compensation Plan. The material terms of these plans are described in Note 17 to the Consolidated Financial Statements. The 1999 Non-Executive Officer and Non-Director Equity Compensation Plan was not required to be approved by our shareholders.

Plan category	Number of shares to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))	Total of shares reflected in columns (a) and (c)
	(a)	*(b)*	*(c)*	*(d)*
Equity compensation plans approved by shareholders	13,472;013	$49.15	5,004,344	18,476,357
Equity compensation plans not requiring shareholder approval	20,084	$50.98	—	20,084
Total	13,492,097	$49.16	5,004,344	18,496,441

Other information required to be disclosed by Item 12 will appear in, and is incorporated by reference from, the section entitled "Security Ownership of Certain Beneficial Owners and Management" included in our definitive proxy statement relating to our 2010 annual stockholder meeting.

Item 13. Certain Relationships and Related Transactions and Director Independence.

The information required by this item will appear in, and is incorporated by reference from, the section entitled "Certain Relationships and Related Transactions" and the section entitled "Corporate Governance" included in our definitive proxy statement relating to our 2010 annual stockholder meeting.

Item 14. Principal Accounting Fees and Services.

The information required by this item will appear in, and is incorporated by reference from, the section entitled "Ratification of Appointment of Independent Registered Public Accounting Firm" included in our definitive proxy statement relating to our 2010 annual stockholder meeting.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Documents filed as part of this Report:

(1) *Index to Financial Statements:*

(2) *Index to Financial Statement Schedules:*

(3) *Exhibits:*

2.1	Stock Purchase Agreement dated as of December 6, 2004, among Gambro AB, Gambro, Inc. and DaVita Inc.(9)
2.2	Amended and Restated Asset Purchase Agreement effective as of July 28, 2005, by and among DaVita Inc., Gambro Healthcare, Inc. and Renal Advantage Inc., a Delaware corporation, formerly known as RenalAmerica, Inc.(12)
3.1	Amended and Restated Certificate of Incorporation of Total Renal Care Holdings, Inc., or TRCH, dated December 4, 1995.(1)
3.2	Certificate of Amendment of Certificate of Incorporation of TRCH, dated February 26, 1998.(2)
3.3	Certificate of Amendment of Certificate of Incorporation of DaVita Inc. (formerly Total Renal Care Holdings, Inc.), dated October 5, 2000.(4)
3.4	Certificate of Amendment of Amended and Restated Certificate of Incorporation of DaVita Inc., as amended dated May 30, 2007.(23)
3.5	Amended and Restated Bylaws for DaVita Inc. dated as of March 2, 2007.(25)
4.1	Indenture for the 6⅝% Senior Notes due 2013 dated as of March 22, 2005.(3)
4.2	Indenture for the 7¼% Senior Subordinated Notes due 2015 dated as of March 22, 2005.(3)

4.3	First Supplemental Indenture, dated October 5, 2005, by and among DaVita Inc., the Guarantors, the persons named as Additional Guarantors and The Bank of New York Trust Company, N.A., as Trustee.(11)
4.4	First Supplemental Indenture, dated October 5, 2005, by and among DaVita Inc., the Guarantors, the persons named as Additional Guarantors and The Bank of New York Trust Company, N.A., as Trustee.(13)
4.5	Rights Agreement, dated as of November 14, 2002, between DaVita Inc. and the Bank of New York, as Rights Agent.(21)
4.6	Second Supplemental Indenture (Senior), dated February 9, 2007, by and among DaVita Inc., the Guarantors, the persons named as Additional Guarantors and The Bank of New York Trust Company, N.A., as Trustee.(22)
4.7	Second Supplemental Indenture (Senior Subordinated), dated February 9, 2007, by and among DaVita Inc., the Guarantors, the persons named as Additional Guarantors and The Bank of New York Trust Company, N.A., as Trustee.(22)
4.8	Registration Rights Agreement for the 6⅝% Senior Notes due 2013 dated as of February 23, 2007.(26)
10.1	Employment Agreement, dated as of October 19, 2009, by and between DaVita Inc. and Kim M. Rivera.✓*
10.2	Employment Agreement, dated as of June 15, 2000, by and between DaVita Inc. and Joseph C. Mello.(6)*
10.3	Second Amendment to Mr. Mello's Employment Agreement, effective December 12, 2008.(33)*
10.4	Employment Agreement, effective as of August 16, 2004, by and between DaVita Inc. and Tom Usilton.(7)*
10.5	Amendment to Mr. Usilton's Employment Agreement, dated February 12, 2007.(24)*
10.6	Second Amendment to Mr. Usilton's Employment Agreement, effective December 12, 2008.(32)*
10.7	Employment Agreement, effective as of November 18, 2004, by and between DaVita Inc. and Joseph Schohl.(14)*
10.8	Amendment to Mr. Schohl's Employment Agreement, effective December 30, 2008.(32)*
10.9	Employment Agreement, dated as of October 31, 2005, effective October 24, 2005, by and between DaVita Inc. and Dennis Kogod.(13)*
10.10	Amendment to Mr. Kogod's Employment Agreement, effective December 12, 2008.(32)*
10.11	Employment Agreement, effective September 22, 2005, by and between DaVita Inc. and James Hilger.(15)*
10.12	Amendment to Mr. Hilger's Employment Agreement, effective December 12, 2008.(32)*
10.13	Employment Agreement effective February 13, 2008, by and between DaVita Inc. and Richard K. Whitney.(28)*
10.14	Amendment to Equity Award Agreement, entered into on December 11, 2009, between DaVita Inc. and Richard K. Whitney.✓*
10.15	Employment Agreement, effective July 25, 2008, between DaVita Inc. and Kent J. Thiry.(29)*
10.16	Employment Agreement, effective August 1, 2008, between DaVita Inc. and Allen Nissenson.(30)*
10.17	Employment Agreement, effective March 3, 2008, between DaVita Inc. and David Shapiro.(32)*
10.18	Amendment to Mr. Shapiro's Employment Agreement, effective December 4, 2008.(32)*
10.19	Form of Indemnity Agreement.(20)*

10.20	Form of Indemnity Agreement.(14)*
10.21	Executive Incentive Plan (as Amended and Restated effective January 1, 2009).(34)*
10.22	Executive Retirement Plan.(32)*
10.23	Post-Retirement Deferred Compensation Arrangement.(14)*
10.24	Amendment No. 1 to Post Retirement Deferred Compensation Arrangement.(32)*
10.25	DaVita Voluntary Deferral Plan.(11)*
10.26	Deferred Bonus Plan (Prosperity Plan).(31)
10.27	Amendment No. 1 to Deferred Bonus Plan (Prosperity Plan).(32)*
10.28	Amended and Restated Employee Stock Purchase Plan.(27)*
10.29	Severance Plan.(33)*
10.30	Change in Control Bonus Program.(32)*
10.31	First Amended and Restated Total Renal Care Holdings, Inc. 1999 Non-Executive Officer and Non-Director Equity Compensation Plan.(5)
10.32	Non-Management Director Compensation Philosophy and Plan.(28)*
10.33	Amended and Restated 2002 Equity Compensation Plan.(10)*
10.34	Amended and Restated 2002 Equity Compensation Plan.(19)*
10.35	Amended and Restated 2002 Equity Compensation Plan.(27)*
10.36	Amended and Restated 2002 Equity Compensation Plan.(32)*
10.37	Form of Non-Qualified Stock Option Agreement—Employee (DaVita Inc. 1999 Non-Executive Officer and Non-Director Equity Compensation Plan.(18)*
10.38	Form of Non-Qualified Stock Option Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(7)*
10.39	Form of Non-Qualified Stock Option Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(16)*
10.40	Form of Non-Qualified Stock Option Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(18)*
10.41	Form of Restricted Stock Units Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(7)*
10.42	Form of Restricted Stock Units Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(16)*
10.43	Form of Restricted Stock Units Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(18)*
10.44	Form of Restricted Stock Units Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(32)*
10.45	Form of Stock Appreciation Rights Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(16)*
10.46	Form of Stock Appreciation Rights Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(18)*
10.47	Form of Stock Appreciation Rights Agreement—Board (DaVita Inc. 2002 Equity Compensation Plan).(30)*
10.48	Form of Restricted Stock Units Agreement—Board (DaVita Inc. 2002 Equity Compensation Plan).(30)*

10.49	Form of Non-Qualified Stock Option Agreement—Board (DaVita Inc. 2002 Equity Compensation Plan).(30)*
10.50	Credit Agreement, dated as of October 5, 2005, among DaVita Inc., the Guarantors party thereto, the Lenders party thereto, Bank of America, N.A., Wachovia Bank, National Association, Bear Stearns Corporate Lending Inc., The Bank of New York, The Bank of Nova Scotia, The Royal Bank of Scotland plc, WestLB AG, New York Branch as Co-Documentation Agents, Credit Suisse, Cayman Islands Branch, as Syndication Agent, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, JPMorgan Securities Inc., as Sole Lead Arranger and Bookrunner and Credit Suisse, Cayman Islands Branch, as Co-Arranger.(11)
10.51	Credit Agreement, dated as of October 5, 2005, as Amended and Restated as of February 23, 2007, by and among DaVita Inc., the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A.(26)
10.52	Amendment Agreement, dated February 23, 2007, by and among DaVita Inc., the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A.(26)
10.53	Security Agreement, dated as of October 5, 2005, by DaVita Inc., the Guarantors party thereto and JPMorgan Chase Bank, N.A., as Collateral Agent.(11)
10.54	Corporate Integrity Agreement between the Office of Inspector General of the Department of Health and Human Services and Gambro Healthcare, Inc. effective as of December 1, 2004.(11)
10.55	Amended and Restated Alliance and Product Supply Agreement, dated as of August 25, 2006, among Gambro Renal Products, Inc., DaVita Inc. and Gambro AB.(17)**
10.56	Letter dated March 19, 2007 from Willard W. Brittain, Jr. to Peter T. Grauer, Lead Independent Director of the Company.(22)
10.57	Dialysis Organization Agreement between DaVita Inc. and Amgen USA Inc. dated December 20, 2007.(31)**
12.1	Computation of Ratio of Earnings to Fixed Charges.✓
14.1	DaVita Inc. Corporate Governance Code of Ethics.(8)
21.1	List of our subsidiaries.✓
23.1	Consent of KPMG LLP, independent registered public accounting firm.✓
24.1	Powers of Attorney with respect to DaVita. (Included on Page II-1).
31.1	Certification of the Chief Executive Officer, dated February 25, 2010, pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.✓
31.2	Certification of the Chief Financial Officer, dated February 25, 2010, pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.✓
32.1	Certification of the Chief Executive Officer, dated February 25, 2010, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.✓
32.2	Certification of the Chief Financial Officer, dated February 25, 2010, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.✓
101.INS	XBRL Instance Document.***
101.SCH	XBRL Taxonomy Extension Schema Document.***
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.***
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.***
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.***
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.***

✓ Included in this filing.

* Management contract or executive compensation plan or arrangement.

** Portions of this exhibit are subject to a request for confidential treatment and have been redacted and filed separately with the SEC.

*** XBRL information is furnished and not filed as a part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities and Exchange Act of 1933, is deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, and otherwise is not subject to liability under these sections.

(1) Filed on March 18, 1996 as an exhibit to the Company's Transitional Report on Form 10-K for the transition period from June 1, 1995 to December 31, 1995.

(2) Filed on March 31, 1998 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

(3) Filed on March 25, 2005 as an exhibit to the Company's Current Report on Form 8-K.

(4) Filed on March 20, 2001 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

(5) Filed on February 28, 2003 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

(6) Filed on August 15, 2001 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001.

(7) Filed on November 8, 2004 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.

(8) Filed on February 27, 2004 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

(9) Filed on December 8, 2004 as an exhibit to the Company's Current Report on Form 8-K.

(10) Filed on May 4, 2005 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

(11) Filed on November 8, 2005 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.

(12) Filed on October 11, 2005 as an exhibit to the Company's Current Report on Form 8-K.

(13) Filed on November 4, 2005 as an exhibit to the Company's Current Report on Form 8-K.

(14) Filed on March 3, 2005 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

(15) Filed on August 7, 2006 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ending June 30, 2006.

(16) Filed on July 6, 2006 as an exhibit to the Company's Current Report on Form 8-K.

(17) Filed on November 3, 2006 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.

(18) Filed on October 18, 2006 as an exhibit to the Company's Current Report on Form 8-K.

(19) Filed on July 31, 2006 as an exhibit to the Company's Current Report on Form 8-K.

(20) Filed on December 20, 2006 as an exhibit to the Company's Current Report on Form 8-K.

(21) Filed on November 19, 2002 as an exhibit to the Company's Current Report on Form 8-K.

(22) Filed on May 3, 2007 as an exhibit to the Company's Quarterly Report as Form 10-Q for the quarter ended March 31, 2007.

(23) Filed on August 6, 2007 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007.

(24) Filed on February 16, 2007 as an exhibit to the Company's Current Report on Form 8-K.

(25) Filed on March 8, 2007 as an exhibit to the Company's Current Report on Form 8-K.

(26) Filed on February 28, 2007 as an exhibit to the Company's Current Report on Form 8-K.

(27) Filed on June 4, 2007 as an exhibit to the Company's Current Report on Form 8-K.

(28) Filed on May 8, 2008 as an exhibit to the Company's Quarterly Report on Form 10-Q for the first quarter ended March 31, 2008.

(29) Filed on July 31, 2008 as an exhibit to the Company's Current Report on Form 8-K.

(30) Filed on November 6, 2008 as an exhibit to the Company's Quarterly Report on Form 10-Q for the third quarter ended September 30, 2008.
(31) Filed on February 29, 2008 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2007.
(32) Filed on February 27, 2009 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2008
(33) Filed on May 7, 2009 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.
(34) Filed on June 18, 2009 as an exhibit to the Company's Current Report on Form 8-K.

DAVITA INC.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and which includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

During the last fiscal year, the Company conducted an evaluation, under the oversight of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's internal control over financial reporting. This evaluation was completed based on the criteria established in the report titled "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based upon our evaluation under the COSO framework, we have concluded that the Company's internal control over financial reporting was effective as of December 31, 2009.

The Company's independent registered public accounting firm, KPMG LLP, has issued an attestation report on the Company's internal control over financial reporting, which report is included in this Annual Report.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
DaVita Inc.:

We have audited the accompanying consolidated balance sheets of DaVita Inc. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DaVita Inc. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, the Company adopted Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements (included in FASB ASC Topic 810, Consolidation), on a prospective basis except for the presentation and disclosure requirements which were applied retrospectively for all periods presented effective January 1, 2009.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), DaVita Inc.'s internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 25, 2010 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Seattle, Washington
February 25, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
DaVita Inc.:

We have audited DaVita Inc.'s internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). DaVita Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Report on Internal Control Over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, DaVita Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of DaVita Inc. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2009, and our report dated February 25, 2010 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Seattle, Washington
February 25, 2010

DAVITA INC.

CONSOLIDATED STATEMENTS OF INCOME
(dollars in thousands, except per share data)

	Year ended December 31,		
	2009	2008	2007
Net operating revenues	$ 6,108,800	$ 5,660,173	$ 5,264,151
Operating expenses and charges:			
Patient care costs	4,248,668	3,920,487	3,590,344
General and administrative	531,531	508,240	491,236
Depreciation and amortization	228,986	216,917	193,470
Provision for uncollectible accounts	161,786	146,229	136,682
Equity investment income	(2,442)	(796)	(1,217)
Valuation gain on alliance and product supply agreement	—	—	(55,275)
Total operating expenses and charges	5,168,529	4,791,077	4,355,240
Operating income	940,271	869,096	908,911
Debt expense	(185,755)	(224,716)	(257,147)
Other income, net	3,708	12,411	22,460
Income before income taxes	758,224	656,791	674,224
Income tax expense	278,465	235,471	245,581
Net income	479,759	421,320	428,643
Less: Net income attributable to noncontrolling interests	(57,075)	(47,160)	(46,865)
Net income attributable to DaVita Inc.	$ 422,684	$ 374,160	$ 381,778
Earnings per share:			
Basic earnings per share attributable to DaVita Inc.	$ 4.08	$ 3.56	$ 3.61
Diluted earnings per share attributable to DaVita Inc.	$ 4.06	$ 3.53	$ 3.55
Weighted average shares for earnings per share:			
Basic	103,603,885	105,149,448	105,893,052
Diluted	104,167,685	105,939,725	107,418,240

See notes to consolidated financial statements.

DAVITA INC.

CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except per share data)

	December 31, 2009	December 31, 2008
ASSETS		
Cash and cash equivalents	$ 539,459	$ 410,881
Short-term investments	26,475	35,532
Accounts receivable, less allowance of $229,317 and $211,222	1,105,903	1,075,457
Inventories	70,041	84,174
Other receivables	263,456	239,165
Other current assets	40,234	33,761
Income tax receivable	—	32,130
Deferred income taxes	256,953	217,196
Total current assets	2,302,521	2,128,296
Property and equipment, net	1,104,925	1,048,075
Amortizable intangibles, net	136,732	160,521
Equity investments	22,631	19,274
Long-term investments	7,616	5,656
Other long-term assets	32,615	47,330
Goodwill	3,951,196	3,876,931
	$7,558,236	$7,286,083
LIABILITIES AND EQUITY		
Accounts payable	$ 176,657	$ 282,883
Other liabilities	461,092	495,239
Accrued compensation and benefits	286,121	312,216
Current portion of long-term debt	100,007	72,725
Income taxes payable	23,064	—
Total current liabilities	1,046,941	1,163,063
Long-term debt	3,532,217	3,622,421
Other long-term liabilities	87,692	101,442
Alliance and product supply agreement, net	30,647	35,977
Deferred income taxes	334,855	244,884
Total liabilities	5,032,352	5,167,787
Commitments and contingencies		
Noncontrolling interests subject to put provisions	331,725	291,397
Equity:		
Preferred stock ($0.001 par value, 5,000,000 shares authorized; none issued)		
Common stock ($0.001 par value, 450,000,000 shares authorized; 134,862,283 shares issued; 103,062,698 and 103,753,673 shares outstanding)	135	135
Additional paid-in capital	621,685	584,358
Retained earnings	2,312,134	1,889,450
Treasury stock, at cost (31,799,585 and 31,108,610 shares)	(793,340)	(691,857)
Accumulated other comprehensive loss	(5,548)	(14,339)
Total DaVita Inc. shareholders' equity	2,135,066	1,767,747
Noncontrolling interests not subject to put provisions	59,093	59,152
Total equity	2,194,159	1,826,899
	$7,558,236	$7,286,083

See notes to consolidated financial statements.

DAVITA INC.

CONSOLIDATED STATEMENTS OF CASH FLOW
(dollars in thousands)

	Year ended December 31,		
	2009	2008	2007
Cash flows from operating activities:			
Net income	$ 479,759	$ 421,320	$ 428,643
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	228,986	216,917	193,470
Valuation gain on alliance and product supply agreement	—	—	(55,275)
Stock-based compensation expense	44,422	41,235	34,149
Tax benefits from stock award exercises	18,241	13,988	32,788
Excess tax benefits from stock award exercises	(6,950)	(8,013)	(25,541)
Deferred income taxes	50,869	94,912	18,601
Equity investment income, net	(204)	(796)	(1,217)
Loss (gain) on disposal of assets	9,761	15,216	(2,825)
Non-cash debt expense and non-cash rent charges	11,184	11,794	12,713
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:			
Accounts receivable	(32,313)	(149,939)	15,911
Inventories	15,115	(2,715)	11,271
Other receivables and other current assets	(35,104)	(40,960)	(61,049)
Other long-term assets	7,288	(11,929)	(14,528)
Accounts payable	(104,879)	57,422	(9,216)
Accrued compensation and benefits	(9,138)	(31,602)	9,691
Other current liabilities	(43,543)	8,871	657
Income taxes	44,578	(30,087)	(12,942)
Other long-term liabilities	(11,362)	8,067	5,764
Net cash provided by operating activities	666,710	613,701	581,065
Cash flows from investing activities:			
Additions of property and equipment	(274,605)	(317,962)	(272,212)
Acquisitions	(87,617)	(101,959)	(127,094)
Proceeds from asset sales	7,697	530	12,289
Purchase of investments available-for-sale	(2,062)	(2,009)	(52,085)
Purchase of investments held-to-maturity	(22,664)	(21,048)	(23,061)
Proceeds from the sale of investments available-for-sale	16,693	21,291	32,274
Proceeds from maturities of investments held-to-maturity	16,380	21,355	4,795
Purchase of equity investments	(2,100)	—	(17,550)
Distributions received on equity investments	2,547	908	1,134
Purchase of intangible assets	(329)	(65)	(2,291)
Other investment activity	—	1,220	(2,942)
Net cash used in investing activities	(346,060)	(397,739)	(446,743)
Cash flows from financing activities:			
Borrowings	18,767,592	17,089,018	13,113,640
Payments on long-term debt	(18,828,824)	(17,102,569)	(13,160,942)
Deferred financing costs	(42)	(130)	(4,511)
Purchase of treasury stock	(153,495)	(232,715)	(6,350)
Excess tax benefits from stock award exercises	6,950	8,013	25,541
Stock award exercises and other share issuances, net	67,908	40,247	62,902
Distributions to noncontrolling interests	(67,748)	(59,357)	(48,029)
Contributions from noncontrolling interests	13,071	19,074	14,735
Proceeds from sales of additional noncontrolling interests	9,375	10,701	5,536
Purchases from noncontrolling interests	(6,859)	(24,409)	—
Net cash (used in) provided by financing activities	(192,072)	(252,127)	2,522
Net increase (decrease) in cash and cash equivalents	128,578	(36,165)	136,844
Cash and cash equivalents at beginning of year	410,881	447,046	310,202
Cash and cash equivalents at end of year	$ 539,459	$ 410,881	$ 447,046

See notes to consolidated financial statements.

DAVITA INC.

CONSOLIDATED STATEMENTS OF EQUITY AND COMPREHENSIVE INCOME
(dollars and shares in thousands)

	Non-controlling interests subject to put provisions	DaVita Inc. Shareholders' Equity								Non-controlling interests not subject to put provisions	Comprehensive income
		Common stock		Additional paid-in capital	Retained earnings	Treasury stock		Accumulated other comprehensive income (loss)	Total		
		Shares	Amount			Shares	Amount				
Balance at December 31, 2006	$191,871	134,862	$135	$ 523,500	$1,129,621	(30,226)	$(526,920)	$ 12,997	$1,139,333	$ 37,079	
Comprehensive income:											
Net income	30,157				381,778				381,778	16,708	$428,643
Unrealized losses on interest rate swaps, net of tax								(7,169)	(7,169)		(7,169)
Less reclassification of net swap realized gains into net income, net of tax								(8,858)	(8,858)		(8,858)
Unrealized gains on investments, net of tax								4,211	4,211		4,211
Less reclassification of net investment realized gains into net income, net of tax								(3,692)	(3,692)		(3,692)
Total comprehensive income											$413,135
Cumulative effect of change in accounting principle SFAS Interpretation No (FIN) 48					3,891				3,891		
Stock purchase shares issued				3,831		124	2,160		5,991		
Stock unit shares issued				(1,848)		120	2,098		250		
Stock options and SSARs exercised				13,429		2,361	41,268		54,697		
Stock-based compensation expense				34,149					34,149		
Excess tax benefits from stock awards exercised				27,428					27,428		
Distributions to noncontrolling interests	(28,553)									(19,476)	
Contributions from noncontrolling interests	9,124									5,611	
Sales and assumptions of additional noncontrolling interests	6,061									7,281	
Changes in fair value of noncontrolling interests	121,374			(121,374)					(121,374)	—	
Other adjustments to noncontrolling interests	433									975	
Purchase of treasury stock						(111)	(6,350)		(6,350)		
Balance at December 31, 2007	$330,467	134,862	$135	$ 479,115	$1,515,290	(27,732)	$(487,744)	$ (2,511)	$1,504,285	$ 48,178	
Comprehensive income:											
Net income	30,401				374,160				374,160	16,759	$421,320
Unrealized losses on interest rate swaps, net of tax								(12,947)	(12,947)		(12,947)
Less reclassification of net swap realized losses into net income, net of tax								2,590	2,590		2,590
Unrealized losses on investments, net of tax								(1,174)	(1,174)		(1,174)
Less reclassification of net investment realized gains into net income, net of tax								(297)	(297)		(297)
Total comprehensive income											$409,492

DAVITA INC.

CONSOLIDATED STATEMENTS OF EQUITY AND COMPREHENSIVE INCOME—(Continued)

(dollars and shares in thousands)

	Non-controlling interests subject to put provisions	DaVita Inc. Shareholders' Equity								Non-controlling interests not subject to put provisions	Comprehensive income
		Common stock		Additional paid-in capital	Retained earnings	Treasury stock		Accumulated other comprehensive income (loss)	Total		
		Shares	Amount			Shares	Amount				
Stock purchase shares issued				2,981		98	1,730		4,711		
Stock unit shares issued				(2,670)		181	3,544		874		
Stock options and SSARs exercised				12,278		1,133	23,328		35,606		
Stock-based compensation expense				41,235					41,235		
Excess tax benefits from stock awards exercised				8,165					8,165		
Distributions to noncontrolling interests	(40,016)									(19,341)	
Contributions from noncontrolling interests	7,305									11,769	
Sales and assumptions of additional noncontrolling interests	9,389									4,726	
Purchases from noncontrolling interests	(2,347)									(2,334)	
Changes in fair value of noncontrolling interests	(43,254)			43,254					43,254	—	
Other adjustments to noncontrolling interests	(548)									(605)	
Purchase of treasury stock						(4,789)	(232,715)		(232,715)		
Balance at December 31, 2008	$291,397	134,862	$135	$584,358	$1,889,450	(31,109)	$(691,857)	$(14,339)	$1,767,747	$ 59,152	
Comprehensive income:											
Net income	38,381				422,684				422,684	18,694	$479,759
Unrealized losses on interest rate swaps, net of tax								(2,578)	(2,578)		(2,578)
Less reclassification of net swap realized losses into net income, net of tax								10,542	10,542		10,542
Unrealized gains on investments, net of tax								986	986		986
Less reclassification of net investment realized gains into net income, net of tax								(159)	(159)		(159)
Total comprehensive income											$488,550
Stock purchase shares issued				2,135		107	2,387		4,522		
Stock unit shares issued				(1,570)		69	1,570		—		
Stock options and SSARs exercised				15,598		2,036	48,055		63,653		
Stock-based compensation expense				44,422					44,422		
Excess tax benefits from stock awards exercised				6,150					6,150		
Distributions to noncontrolling interests	(44,277)									(23,471)	
Contributions from noncontrolling interests	10,502									2,569	
Sales and assumptions of additional noncontrolling interests	13,483			(529)					(529)	4,039	
Purchases from noncontrolling interests	(2,594)			(3,721)					(3,721)	(544)	
Changes in fair value of noncontrolling interests	24,819			(24,819)					(24,819)	—	
Other adjustments	14			(339)					(339)	(1,346)	
Purchase of treasury stock						(2,903)	(153,495)		(153,495)		
Balance at December 31, 2009	$331,725	134,862	$135	$621,685	$2,312,134	(31,800)	$(793,340)	$ (5,548)	$2,135,066	$ 59,093	

See notes to consolidated financial statements.

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1. Organization and summary of significant accounting policies

Organization

DaVita Inc. principally operates kidney dialysis centers and provides related lab services primarily in dialysis centers and in contracted hospitals across the United States. The Company also operates other ancillary services and strategic initiatives which relate primarily to its core business of providing renal care services. As of December 31, 2009, the Company operated or provided administrative services to 1,530 outpatient dialysis centers located in 43 states and the District of Columbia, serving approximately 118,000 patients. The Company's dialysis and related lab services business qualifies as a separately reportable segment and all other ancillary services and strategic initiatives have been combined and disclosed in the other segments category.

Basis of presentation

These consolidated financial statements are prepared in accordance with United States generally accepted accounting principles. The financial statements include DaVita and its subsidiaries, partnerships and other entities in which it maintains a 100%, majority voting, or other controlling financial interest (collectively, the Company). All significant intercompany transactions and balances have been eliminated. Non-marketable equity investments are recorded under the equity or cost method of accounting based upon whether the Company has significant influence over the investee. The Company has evaluated subsequent events through February 25, 2010, which is the date these consolidated financial statements were issued.

Use of estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and contingencies. Although actual results in subsequent periods will differ from these estimates, such estimates are developed based on the best information available to management and management's best judgments at the time made. All significant assumptions and estimates underlying the amounts reported in the financial statements and accompanying notes are regularly reviewed and updated. Changes in estimates are reflected in the financial statements based upon on-going actual experience trends, or subsequent settlements and realizations depending on the nature and predictability of the estimates and contingencies. Interim changes in estimates related to annual operating costs are applied prospectively within annual periods.

The most significant assumptions and estimates underlying these financial statements and accompanying notes involve revenue recognition and provisions for uncollectible accounts, impairments and valuation adjustments, accounting for income taxes, quarterly variable compensation accruals, purchase accounting valuation estimates, fair value estimates and stock-based compensation. Specific estimating risks and contingencies are further addressed within these notes to the consolidated financial statements.

Net operating revenues and accounts receivable

Revenues associated with Medicare and Medicaid programs are recognized based on: (a) the payment rates that are established by statute or regulation for the portion of the payment rates paid by the government payor (e.g., 80% for Medicare patients) and (b) for the portion not paid by the primary government payor, estimates of the amounts ultimately collectible from other government programs paying secondary coverage (e.g., Medicaid

secondary coverage), the patient's commercial health plan secondary coverage, or the patient. Revenues associated with commercial health plans are estimated based on contractual terms for the patients under healthcare plans with which the Company has formal agreements, non-contracted health plan coverage terms if known, estimated secondary collections, historical collection experience, historical trends of refunds and payor payment adjustments (retractions), inefficiencies in the Company's billing and collection processes that can result in denied claims for payments, and regulatory compliance issues.

Operating revenues are recognized in the period services are provided. Revenues consist primarily of payments from Medicare, Medicaid and commercial health plans for dialysis and ancillary services provided to patients. A usual and customary fee schedule is maintained for the Company's dialysis treatments and other patient services; however, actual collectible revenue is normally recognized at a discount from the fee schedule.

Commercial revenue recognition involves significant estimating risks. With many larger, commercial insurers the Company has several different contracts and payment arrangements, and these contracts often include only a subset of the Company's centers. It is often not possible to determine which contract, if any, should be applied prior to billing. In addition, for services provided by non- contracted centers, final collection may require specific negotiation of a payment amount, typically at a significant discount from the Company's usual and customary rates.

Services covered by Medicare and Medicaid are less subject to estimating risk. Both Medicare and Medicaid rates use prospective payment methods established in advance with definitive terms. Medicare payments for bad debt claims are subject to individual center profitability, as established by cost reports, and require evidence of collection efforts. As a result, billing and collection of Medicare bad debt claims are often delayed significantly, and final payment is subject to audit.

Medicaid payments, when Medicaid coverage is secondary, can also be difficult to estimate. For many states, Medicaid payment terms and methods differ from Medicare, and may prevent accurate estimation of individual payment amounts prior to billing.

Net revenue recognition and allowances for uncollectible billings require the use of estimates of the amounts that will ultimately be realized considering, among other items, retroactive adjustments that may be associated with regulatory reviews, audits, billing reviews and other matters.

The Company's range of revenue estimating risk for the dialysis and related lab services segment is generally expected to be within 1% of its revenue. Changes in revenue estimates for prior periods are separately disclosed, if material.

Management and administrative support services are provided to dialysis centers and physician practices and clinics that the Company does not own or in which the Company does not maintain a controlling ownership interest. The management fees are principally determined as a percentage of the managed operations' revenues or cash collections and in some cases an additional component based upon a percentage of operating income. Management fees are included in net operating revenues as earned, and represent less than 1% of total consolidated operating revenues.

Other income, net

Other income includes interest income on cash investments and other non-operating gains and losses from investment transactions.

Cash and cash equivalents

Cash equivalents are highly liquid investments with maturities of three months or less at date of purchase.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market and consist principally of pharmaceuticals and dialysis-related supplies. Rebates related to inventory purchases are recorded when earned and are based on certain achievement factors such as process improvements, data submission and some combination of these factors.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and amortization and is further reduced by any impairments. Maintenance and repairs are charged to expense as incurred. Depreciation and amortization expenses are computed using the straight-line method over the useful lives of the assets estimated as follows: buildings, 20 to 40 years; leasehold improvements, the shorter of their economic useful life or the expected lease term; and equipment and information systems, principally 3 to 8 years. Disposition gains and losses are included in current operating expenses.

Investments

Based upon the Company's intentions and ability to hold certain assets until maturity, the Company classifies certain debt securities as held-to-maturity and measures them at amortized cost. Based upon the Company's other strategies involving investments, the Company classifies equity securities that have readily determinable fair values and certain other debt securities as available for sale and measures them at fair value. Unrealized gains or losses from available for sale investments are recorded in other comprehensive income until realized.

Amortizable intangibles

Amortizable intangible assets and liabilities include non-competition and similar agreements, lease agreements, hospital acute services contracts, deferred debt issuance costs and the Alliance and Product Supply Agreement, each of which have finite useful lives. Non-competition and similar agreements are amortized over the terms of the agreements, typically ten years, using the straight-line method. Lease agreements and hospital acute service contracts are amortized straight-line over the term of the lease and the contract period, respectively. Deferred debt issuance costs are amortized to debt expense over the term of the related debt using the effective interest method. The Alliance and Product Supply Agreement intangible liability is being amortized using the straight-line method over the term of the agreement, which is ten years.

Goodwill

Goodwill represents the difference between the fair value of acquired businesses and the fair value of the identifiable tangible and intangible net assets acquired. Goodwill is not amortized, but is assessed for valuation impairment as circumstances warrant and at least annually. An impairment charge would be recorded to the extent the book value of goodwill exceeds its fair value. The Company operates several reporting units for goodwill impairment assessments.

Impairment of long-lived assets

Long-lived assets, including property and equipment, equity investments in non-consolidated businesses, and amortizable intangible assets with finite useful lives, are reviewed for possible impairment at least annually and whenever significant events or changes in circumstances indicate that an impairment may have occurred, including changes in our business strategy and plans, changes in the quality or structure of our relationships with our partners and deteriorating operating performance of individual dialysis centers or other operations. An impairment is indicated when the sum of the expected future undiscounted net cash flows identifiable to an asset or asset group is less than its carrying value. Impairment losses are determined from actual or estimated fair values, which are based on market values, net realizable values or projections of discounted net cash flows, as appropriate. Impairment charges are included in operating expenses.

Income taxes

Federal and state income taxes are computed at current enacted tax rates, less tax credits using the asset and liability method. Deferred taxes are adjusted both for items that do not have tax consequences and for the cumulative effect of any changes in tax rates from those previously used to determine deferred tax assets or liabilities. Tax provisions include amounts that are currently payable, changes in deferred tax assets and liabilities that arise because of temporary differences between the timing of when items of income and expense are recognized for financial reporting and income tax purposes, changes in the recognition of tax positions and any changes in the valuation allowance caused by a change in judgment about the realizability of the related deferred tax assets. A valuation allowance is established when necessary to reduce deferred tax assets to amounts expected to be realized.

The Company uses a recognition threshold of more-likely-than not and a measurement attribute on all tax positions taken or expected to be taken in a tax return in order to be recognized in the financial statements. Once the recognition threshold is met, the tax position is then measured to determine the actual amount of benefit to recognize in the financial statements.

Self insurance

The Company maintains insurance reserves for professional and general liability and workers' compensation in excess of certain individual and or aggregate amounts not covered by third-party carriers. The Company estimates the self-insured retention portion of professional and general liability and workers' compensation risks using third-party actuarial calculations that are based upon historical claims experience and expectations for future claims.

Noncontrolling interests

Noncontrolling interests represent the equity interests of third-party owners in consolidated entities which are majority-owned. As of December 31, 2009, third parties held noncontrolling ownership interests in 137 consolidated entities. See discussion below on the retrospective application of adopting the presentation and disclosure requirements relating to noncontrolling interests.

Stock-based compensation

The Company's stock-based compensation awards are measured at their estimated fair value on the date of grant and recognized as compensation expense on the straight-line method over their individual requisite service periods. The Company implemented these requirements for all stock-based awards using the modified prospective transition method.

Interest rate swap agreements

The Company has entered into several interest rate swap agreements as a means of hedging its exposure to and volatility from variable-based interest rate changes. These agreements are designated as cash flow hedges and are not held for trading or speculative purposes, and have the economic effect of converting portions of the Company's variable rate debt to a fixed rate. See Note 13 to the consolidated financial statements for further details.

Fair value estimates

The Company measures the fair value of certain assets, liabilities and noncontrolling interests subject to put provisions based upon certain valuation techniques that include observable or unobservable market inputs and assumptions that market participants would use in pricing these assets, liabilities and noncontrolling interests subject to put provisions. The Company also has classified its assets, liabilities and noncontrolling interests subject to put provisions into the appropriate fair value hierarchy levels as defined by the FASB. See Note 23 to the consolidated financial statements for further details.

New accounting standards

On June 29, 2009, the Financial Accounting Standards Board (FASB) established the FASB Accounting Standards Codification (Codification) as the single source of authoritative U.S. generally accepted accounting principles (GAAP) for all nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) are also sources of authoritative U.S. GAAP for SEC registrants. The Codification does not change U.S. GAAP but takes previously issued FASB standards and other U.S. GAAP authoritative pronouncements, changes the way the standards are referred to, and includes them in specific topic areas. The Codification is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of the Codification did not have any impact on the Company's consolidated financial statements.

Effective January 1, 2009, the Company is required to treat noncontrolling interests as a separate component of equity, but apart from the Company's equity, and not as a liability or other item outside of equity. The Company is also required to identify and present consolidated net income attributable to the Company and to noncontrolling interests on the face of the consolidated statement of income. Previously, the Company had reported minority interests (noncontrolling interests) as a reduction to operating income. In addition, changes in the Company's ownership interest while the Company retains a controlling financial interest should be accounted for as equity transactions. The Company was also required to expand disclosures in the financial statements to include a reconciliation of the beginning and ending balances of the equity attributable to the Company and the noncontrolling owners and a schedule showing the effects of changes in the Company's ownership interest in a subsidiary on the equity attributable to the Company. This change did not have a material impact on the Company's consolidated financial statements; however, it did change the presentation of minority interests (noncontrolling interests) in the Company's consolidated financial statements. In conjunction with adopting these requirements, the Company was required to classify securities with redemption features that are not solely within the Company's control such as the Company's noncontrolling interests that are subject to put provisions outside of permanent equity and to measure these noncontrolling interests at fair value. See Note 22 to the Company's consolidated financial statements for further details. These consolidated financial statements have been recast for all prior periods presented for the retrospective application of these presentation and disclosure requirements.

The effects of the change upon the retrospective application of these presentation and disclosure requirements were as follows:

Consolidated income statements:

	2008	2007
Operating income:		
Operating income as previously reported	$821,765	$862,209
Reclassification of noncontrolling interests	47,331	46,702
Operating income as adjusted	$869,096	$908,911
Income taxes:		
Income taxes as previously reported	$235,300	$245,744
Income taxes associated with noncontrolling interests	171	(163)
Income taxes as adjusted	$235,471	$245,581

Consolidated balance sheet:

	2008				
	Income tax receivable	Minority interest	Noncontrolling interests not subject to put provisions	Noncontrolling interests subject to put provisions	Additional paid in capital
Balances as previously reported	$32,138	$ 165,846	$ —	$ —	$ 769,069
Net change	(8)	(165,846)	59,152	291,397	(184,711)
Balances as adjusted	$32,130	$ —	$59,152	$291,397	$ 584,358

Consolidated statements of cash flow:

	2008	2007
Cash flows from operating activities:		
Net cash provided by operating activities as previously reported	$555,931	$533,036
Reclassification of distributions to noncontrolling interests to cash flows from financing activities	57,770	48,029
Net cash provided by operating activities as adjusted	$613,701	$581,065

2. Earnings per share

Basic net income per share is calculated by dividing net income by the weighted average number of common shares and vested stock units outstanding. Diluted net income per share includes the dilutive effect of stock options, stock-settled stock appreciation rights and unvested stock units under the treasury stock method.

The reconciliations of the numerators and denominators used to calculate basic and diluted net income per share are as follows:

	Year ended December 31,		
	2009	2008	2007
	(shares in thousands)		
Basic:			
Net income attributable to DaVita Inc.	$422,684	$374,160	$381,778
Weighted average shares outstanding during the year	103,595	105,140	105,848
Vested stock units	9	9	45
Weighted average shares for basic earnings per share calculation	103,604	105,149	105,893
Basic net income per share attributable to DaVita Inc	$ 4.08	$ 3.56	$ 3.61
Diluted:			
Net income attributable to DaVita Inc.	$422,684	$374,160	$381,778
Weighted average shares outstanding during the year	103,595	105,140	105,848
Vested stock units	9	9	45
Assumed incremental shares from stock plans	564	791	1,525
Weighted average shares for diluted earnings per share calculation	104,168	105,940	107,418
Diluted net income per share attributable to DaVita Inc	$ 4.06	$ 3.53	$ 3.55
Shares subject to anti-dilutive awards excluded from calculation(1)	9,912	10,053	260

(1) Shares associated with stock options and stock-settled stock appreciation rights that are excluded from the diluted denominator calculation because they are anti-dilutive under the treasury stock method.

3. Accounts receivable

Approximately 18% and 9% of the accounts receivable balances as of December 31, 2009 and 2008, respectively, were more than six months old, and there were no significant balances over one year old. Approximately 2% and 1% of our accounts receivable as of December 31, 2009 and 2008, respectively, relate to amounts due from patients. Accounts receivable are principally from Medicare and Medicaid programs and commercial insurance plans.

4. Other receivables

Other receivables were comprised of the following:

	December 31,	
	2009	2008
Supplier rebates and other non-trade receivables	$195,753	$172,604
Medicare bad debt claims	45,600	38,700
Operating advances under management and administrative services agreements	22,103	27,861
	$263,456	$239,165

Operating advances under management and administrative services agreements are generally unsecured.

5. Other current assets

Other current assets consist principally of prepaid expenses and operating deposits.

6. Property and equipment

Property and equipment were comprised of the following:

	December 31, 2009	December 31, 2008
Land	$ 11,771	$ 11,771
Buildings	34,294	33,833
Leasehold improvements	997,668	873,306
Equipment and information systems	999,305	928,795
New center and capital asset projects in progress	32,280	36,875
	2,075,318	1,884,580
Less accumulated depreciation and amortization	(970,393)	(836,505)
	$1,104,925	$1,048,075

Depreciation and amortization expense on property and equipment was $214,515, $201,006 and $178,990 for 2009, 2008 and 2007, respectively.

Interest on debt incurred during the development of new centers and other capital asset projects is capitalized as a component of the asset cost based on the respective in-process capital asset balances. Interest capitalized was $3,627, $4,189 and $3,878 for 2009, 2008 and 2007, respectively.

7. Amortizable intangibles

Amortizable intangible assets were comprised of the following:

	December 31, 2009	December 31, 2008
Noncompetition and other agreements	$ 291,022	$ 285,270
Lease agreements	8,156	8,637
Deferred debt issuance costs	72,656	72,748
	371,834	366,655
Less accumulated amortization	(235,102)	(206,134)
Total amortizable intangible assets	$ 136,732	$ 160,521

Amortizable intangible liabilities were comprised of the following:

	December 31, 2009	December 31, 2008
Alliance and product supply agreement commitment (See Note 22)	$ 68,200	$ 68,200
Less accumulated amortization	(37,553)	(32,223)
	$ 30,647	$ 35,977

Net amortization expense from noncompetition and other agreements and the amortizable intangible liabilities was $14,471, $15,911 and $14,480 for 2009, 2008 and 2007, respectively. Lease agreements which are amortized to rent expense were $565 in 2009, $1,420 in 2008 and $2,240 in 2007, respectively. Deferred debt issuance costs are amortized to debt expense as described in Note 13 to the consolidated financial statements.

Scheduled amortization charges from intangible assets and liabilities as of December 31, 2009 were as follows:

	Noncompetition and other agreements	Deferred debt issuance costs	Alliance and Product Supply Agreement liability
2010	$20,100	$9,390	$(5,330)
2011	19,660	8,922	(5,330)
2012	18,935	6,423	(5,330)
2013	16,817	2,741	(5,330)
2014	15,133	2,290	(5,330)
Thereafter	15,844	477	(3,997)

8. Equity investments

Equity investments in non-consolidated businesses were $22,631 and $19,274 at December 31, 2009 and 2008, respectively. During 2009, 2008 and 2007, the Company recognized income of $2,442, $796 and $1,217, respectively, relating to equity investments in non-consolidated businesses under the equity method of accounting. See Note 17, section *Changes in DaVita Inc.'s ownership interest in consolidated subsidiaries* to the consolidated financial statements for additional information regarding equity investment transactions.

In 2009, the Company also contributed $1,100 to an existing joint venture in which the Company owns a 50% equity investment. On December 31, 2007, the Company acquired a 50% equity investment in a joint venture that operated six dialysis centers for $17,550.

9. Investments in debt and equity securities

Based on the Company's intentions and strategy involving investments, the Company classifies certain debt securities as held-to-maturity and records them at amortized cost. Equity securities that have readily determinable fair values and other debt securities classified as available for sale are recorded at fair value.

The Company's investments consist of the following:

	December 31, 2009			December 31, 2008		
	Held to maturity	Available for sale	Total	Held to maturity	Available for sale	Total
Certificates of deposit, money market funds and U.S. treasury notes due within one year	$25,275	$ —	$25,275	$19,355	$ —	$19,355
Investments in mutual funds	—	8,816	8,816	—	21,833	21,833
	$25,275	$8,816	$34,091	$19,355	$21,833	$41,188
Short-term investments	$25,275	$1,200	$26,475	$19,355	$16,177	$35,532
Long-term investments	—	7,616	7,616	—	5,656	5,656
	$25,275	$8,816	$34,091	$19,355	$21,833	$41,188

The cost of the certificates of deposit, money market funds and U.S. treasury notes at December 31, 2009 and 2008 approximates fair value. As of December 31, 2009 and 2008, the available for sale investments included $205 and $1,558, respectively, of gross pre-tax unrealized losses. During 2009 and 2008 the Company recorded gross pre-tax unrealized gains (losses) of $1,614 and $(1,922), respectively, in other comprehensive income associated with changes in the fair value of these investments. During 2009, the Company sold investments in mutual funds for net proceeds of $16,693, and recognized a pre-tax gain of $261, or $159 after tax, that was previously recorded in other comprehensive income. In 2009, the Company also purchased approximately $6,300 of investments that are classified as held to maturity, net of investments routinely reinvested as required for VillageHealth, see discussion below. During 2008, the Company sold investments in mutual funds for net proceeds of $21,291 and recognized a pre-tax gain of $486, or $297 after-tax, that was also previously recorded in other comprehensive income. These pre-tax gains are included in other income. See Note 18 to the consolidated financial statements for further details.

As of December 31, 2009, investments totaling $22,275 classified as held to maturity are used to maintain certain capital requirements of the special needs plans of VillageHealth, which is a wholly-owned subsidiary of the Company. As of December 31, 2009, the Company discontinued the VillageHealth special needs plans and is in process of paying out all incurred claims. The Company also expects to liquidate its investments that are currently held to maintain certain capital requirements as soon as all of the claims are paid and the various state regulatory agencies approve the release of these investments. The investments in mutual funds classified as available for sale are held within a trust to fund existing obligations associated with several of the Company's non-qualified deferred compensation plans.

During 2007, the Company sold its investment of $20,000, or two million shares in NxStage Medical, Inc., for net proceeds of $25,868 and recognized a pre-tax gain of $5,868, or $3,628 after tax, that was previously recorded in other comprehensive income. The pre-tax gain is included in other income.

10. Goodwill

Changes in the book value of goodwill were as follows:

	Year ended December 31,	
	2009	2008
Balance at January 1	$3,876,931	$3,767,933
Acquisitions	78,199	89,234
Sales of and purchases from noncontrolling interests	(3,293)	20,141
Divestitures	(641)	—
DVA Renal Healthcare income tax adjustments	—	(642)
Other adjustments	—	265
Balance at December 31	$3,951,196	$3,876,931

As of December 31, 2009, there was $3,882,254 and $68,942 of goodwill associated with the dialysis and related lab services business and the ancillary services and strategic initiatives, respectively.

As of December 31, 2008, there was $3,808,942 and $67,989 of goodwill associated with the dialysis and related lab services business and the ancillary services and strategic initiatives, respectively.

11. Other liabilities

Other accrued liabilities were comprised of the following:

	December 31, 2009	December 31, 2008
Payor refunds and retractions	$320,187	$361,205
Insurance and self-insurance accruals	59,734	55,844
Accrued interest	36,881	44,308
Accrued non-income tax liabilities	11,581	8,920
Interest rate swaps	10,792	18
Other	21,917	24,944
	$461,092	$495,239

12. Income taxes

A reconciliation of the beginning and ending liability for unrecognized tax benefits that do not meet the more-likely-than-not threshold were as follows:

	Year ended December 31, 2009	Year ended December 31, 2008
Balance beginning	$10,887	$ 25,744
Additions for tax positions related to current year	6,939	1,934
Additions for tax positions related to prior years	14,941	463
Reductions for tax positions related to prior years	(1,738)	(17,254)
Settlements	(336)	—
Balance ending	$30,693	$ 10,887

As of December 31, 2009, it is reasonably possible that $18,342 of unrecognized tax benefits may be recognized within the next 12 months, primarily related to the filing of tax accounting method changes. These changes will have no impact on the Company's effective tax rate. As of December 31, 2009, unrecognized tax benefits totaling $12,351 would affect the Company's effective tax rate, if recognized.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in its income tax expense. At December 31, 2009 and 2008, the Company had approximately $3,226 and $1,402, respectively, accrued for interest and penalties related to unrecognized tax benefits, net of federal tax benefits.

The Company and its subsidiaries file U.S. federal income tax returns and various state returns. The Company is no longer subject to U.S. federal, state and local examinations by tax authorities for years before 2004.

Income tax expense consisted of the following:

	Year ended December 31,		
	2009	2008	2007
Current:			
Federal	$193,181	$118,764	$196,556
State	34,415	20,595	30,424
Deferred:			
Federal	44,376	81,306	14,945
State	6,493	14,806	3,656
	$278,465	$235,471	$245,581

Deferred tax assets and liabilities arising from temporary differences were as follows:

	December 31,	
	2009	2008
Receivables	$ 142,315	$ 108,275
Alliance and product supply agreement	11,922	13,995
Accrued liabilities	125,992	117,474
Other	62,208	65,635
Deferred tax assets	342,437	305,379
Valuation allowance	(14,191)	(12,588)
Net deferred tax assets	328,246	292,791
Intangible assets	(317,306)	(262,029)
Property and equipment	(84,041)	(55,747)
Other	(4,801)	(2,703)
Deferred tax liabilities	(406,148)	(320,479)
Net deferred tax liabilities	$ (77,902)	$ (27,688)

At December 31, 2009, the Company had state net operating loss carryforwards of approximately $169,497 that expire through 2029, and federal net operating loss carryforwards of $10,657 that expire through 2029. The utilization of these losses may be limited in future years based on the profitability of certain separate-return entities. The valuation allowance increase of $1,603 relates to changes in the estimated tax benefit of federal and state operating losses of separate-return entities.

The reconciliation between our effective tax rate from continuing operations and the U.S. federal income tax rate is as follows:

	Year ended December 31,		
	2009	2008	2007
Federal income tax rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	3.7	3.7	3.5
Changes in deferred tax valuation allowances	0.2	0.3	0.2
Other	0.8	(0.3)	0.4
Impact of noncontrolling interests primarily attributable to non-tax paying entities	(3.0)	(2.8)	(2.7)
Effective tax rate	36.7%	35.9%	36.4%

13. Long-term debt

Long-term debt was comprised of the following:

	December 31, 2009	December 31, 2008
Senior Secured Credit Facilities:		
Term loan A	$ 153,125	$ 214,375
Term loan B	1,705,875	1,705,875
Senior and senior subordinated notes	1,750,000	1,750,000
Acquisition obligations and other notes payable	15,891	15,266
Capital lease obligations	4,635	5,873
Total principal debt outstanding	3,629,526	3,691,389
Premium on the 6 5/8% senior notes	2,698	3,757
	3,632,224	3,695,146
Less current portion	(100,007)	(72,725)
	$3,532,217	$3,622,421

Scheduled maturities of long-term debt at December 31, 2009 were as follows:

2010	100,007
2011	67,589
2012	1,707,625
2013	901,374
2014	495
Thereafter	852,436

Senior Secured Credit Facility

The Senior Secured Credit Facilities are guaranteed by substantially all of the Company's direct and indirect wholly-owned subsidiaries and are secured by substantially all of the Company's and its subsidiary guarantors' assets. The Senior Secured Credit Facilities also contain customary affirmative and negative covenants and require compliance with financial covenants, including an interest rate coverage ratio, and a leverage ratio that determines the interest rate margins on term loan A and the revolving line of credit. The Senior Secured Credit Facilities in general also contain limits on the general amount of capital expenditures for internal growth, acquisitions and capital improvements, redemptions or acquisitions of capital stock, the payment of dividends and distributions in cash as well as limits on the amount of tangible net assets in non-guarantor subsidiaries. However, the limitations on capital expenditures for internal growth will not apply during the periods in which the Company's leverage ratio is less than 3.5:1. The Company's leverage ratio at December 31, 2009 was less than 3.5:1.

Term Loans

Term loan A and term loan B total outstanding borrowings each consist of various individual tranche amounts that can range in maturity from one month to twelve months. Each specific tranche bears interest at a LIBOR rate determined by the maturity of that specific tranche and the interest rates are reset as each specific tranche matures. The overall weighted average interest rate for each term loan is determined based upon the LIBOR interest rates in effect for all of the individual tranches plus the interest rate margin.

Term Loan A

Term loan A currently bears interest at LIBOR plus a margin of 1.50%, for an overall weighted average effective rate of 1.74% at December 31, 2009. The interest rate margin is subject to adjustment depending upon certain financial conditions and could range from 1.50% to 2.25%. Term loan A matures in October 2011 and requires annual principal payments of $87,500 in 2010 and $65,625 in 2011, respectively.

During 2009 and 2008, the Company made principal payments totaling $61,250 and $14,875, respectively, on term loan A.

Term Loan B

Term loan B bears interest at LIBOR plus a margin of 1.50% for an overall weighted average effective rate of 2.66%, including the impact of the Company's swap agreements at December 31, 2009. Term loan B matures in October 2012 and requires principal payments of $1,705,875 in year 2012. During 2009 and 2008, the Company did not make, nor was the Company required to make, any principal payments on Term loan B.

Revolving Lines of Credit

The Company has an undrawn revolving line under the Senior Secured Credit Facilities totaling $250,000, of which approximately $51,889 was committed for outstanding letters of credit. The Company also has other undrawn revolving lines of credit totaling $3,300 associated with several of its joint ventures.

Senior and Senior Subordinated Notes

The Company's senior and senior subordinated notes, as of December 31, 2009 and 2008, consisted of $900,000 of 6 5/8% senior notes due 2013 and $850,000 of 7 1/4% senior subordinated notes due 2015. The effective interest rate for $400,000 of the 6 5/8% senior notes is 6.45%. The notes are guaranteed by substantially all of the Company's direct and indirect wholly-owned subsidiaries and require semi-annual interest payments in March and September. The Company may redeem some or all of the senior notes at any time on or after March 15, 2009 and some or all of the senior subordinated notes at any time on or after March 15, 2010.

Interest rate swaps

Effective January 1, 2009, the Company was required to provide enhanced disclosures about the Company's derivative and hedging activities. The Company is required to provide additional disclosures about (a) how and why the Company uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for, and (c) how derivative instruments and related hedged items affect the Company's financial position, financial performance, and cash flows. These requirements did not have a material impact on the Company's consolidated financial statements. The Company has elected to provide comparative disclosures for the prior period presented.

The Company has entered into several interest rate swap agreements as a means of hedging its exposure to and volatility from variable-based interest rate changes as part of its overall risk management strategy. These agreements are not held for trading or speculative purposes, and have the economic effect of converting portions of our variable rate debt to a fixed rate. These agreements are designated as cash flow hedges, and as a result, hedge-effective gains or losses resulting from changes in the fair values of these swaps are reported in other comprehensive income until such time as each specific swap tranche is realized, at which time the amounts are reclassified into net income. Net amounts paid or received for each specific swap tranche that have settled have been reflected as adjustments to debt expense. These agreements do not contain credit-risk contingent features.

As of December 31, 2009, the Company maintained a total of eight interest rate swap agreements with amortizing notional amounts totaling $388,900. These agreements had the economic effect of modifying the LIBOR-based variable interest rate on an equivalent amount of the Company's debt to fixed rates ranging from 3.88% to 4.70%, resulting in an overall weighted average effective interest rate of 5.78% on the hedged portion of the Company's Senior Secured Credit Facilities, including the term loan B margin of 1.50%. The swap agreements expire in 2010 and require quarterly interest payments. The Company estimates that approximately $8,900 of existing unrealized pre-tax losses in other comprehensive income at December 31, 2009 will be reclassified into income over the next twelve months.

The following table summarizes our derivative instruments as of December 31, 2009 and 2008:

	Interest rate swap liabilities			
	December 31, 2009		December 31, 2008	
Derivatives designated as hedging instruments	Balance sheet location	Fair value	Balance sheet location	Fair value
Current settlement of interest rate swap agreements	Other current liabilities	$10,792	Other current liabilities	$ 18
Interest rate swap agreements	Other long-term liabilities	—	Other long-term liabilities	21,886
Total		$10,792		$21,904

The following table summarizes the effects of our interest rate swap agreements for the years ended December 31, 2009, 2008 and 2007:

	Amount of gains (losses) recognized in OCI on interest rate swap agreements			Location of (losses) gains reclassified from accumulated OCI into income	Amount of gains (losses) reclassified from accumulated OCI into income		
	Years ended December 31,				Years ended December 31,		
Derivatives designated as cash flow hedges	2009	2008	2007		2009	2008	2007
Interest rate swap agreements	$(4,220)	$(21,190)	$(11,733)	Debt expense	$(17,253)	$(4,239)	$14,498
Tax expense benefit (expense)	1,642	8,243	4,564		6,711	1,649	(5,640)
Total	$(2,578)	$(12,947)	$ (7,169)		$(10,542)	$(2,590)	$ 8,858

As of December 31, 2009, the Company's interest rates were economically fixed on approximately 21% of its variable rate debt and approximately 59% of its total debt.

As a result of the swap agreements, the Company's overall weighted average effective interest rate on the Senior Secured Credit Facilities was 2.63%, based upon the current margins in effect of 1.50%, as of December 31, 2009.

The Company's overall weighted average effective interest rate in 2009 was 4.86% and as of December 31, 2009 was 4.68%.

Debt expense

Debt expense consisted of interest expense of $176,100, $214,944 and $242,720, amortization of deferred financing costs of $9,655, $9,772 and $9,808 for 2009, 2008 and 2007, respectively, and in 2007 included the

write-off of $4,371 of deferred financing costs. Debt expense in 2007 also included $248 of other costs associated with the amendment and reinstatement of the Senior Secured Credit Facilities. The interest expense amounts are net of capitalized interest.

14. Leases

The majority of the Company's facilities are leased under non-cancelable operating leases, ranging in terms from five to 15 years, which contain renewal options of five to ten years at the fair rental value at the time of renewal. The Company leases are generally subject to periodic consumer price index increases or contain fixed escalation clauses. The Company also leases certain equipment under capital leases.

Future minimum lease payments under non-cancelable operating leases and capital leases are as follows:

	Operating leases	Capital leases
2010	$ 215,993	$ 851
2011	197,042	852
2012	176,378	870
2013	152,512	835
2014	130,718	579
Thereafter	439,217	2,801
	$1,311,860	6,788
Less portion representing interest		(2,153)
Total capital lease obligations, including current portion		$ 4,635

Rent expense under all operating leases for 2009, 2008, and 2007 was $248,792, $225,531 and $200,626, respectively. Rent expense is recorded on a straight-line basis, over the term of the lease, for leases that contain fixed escalation clauses or include abatement provisions. Leasehold improvement incentives are deferred and amortized to rent expense over the term of the lease. The net book value of property and equipment under capital leases was $5,432, $6,612 and $7,191 at December 31, 2009, 2008 and 2007, respectively. Capital lease obligations are included in long-term debt. See Note 13 to the consolidated financial statements.

15. Employee benefit plans

The Company has a savings plan for substantially all employees which has been established pursuant to the provisions of Section 401(k) of the Internal Revenue Code, or IRC. The plan allows for employees to contribute a percentage of their base annual salaries on a tax-deferred basis not to exceed IRC limitations. The Company does not provide any matching contributions.

The Company also maintains a voluntary compensation deferral plan, the DaVita Voluntary Deferral Plan. This plan is non-qualified and permits certain employees whose annualized base salary equals or exceeds a minimum annual threshold amount as set by the Company to elect to defer all or a portion of their annual bonus payment and up to 50% of their base salary into a deferral account maintained by the Company. Total contributions to this plan in 2009 and 2008 were $2,062, and $1,993, respectively. Deferred amounts are generally paid out in cash at the participant's election either in the first or second year following retirement or in a specified future period at least three to four years after the deferral election was effective. During 2009 and

2008, the Company distributed $601 and $764, respectively, to participants. Participants are credited with their proportional amount of annual earnings from the plan. The assets of this plan are held in a "rabbi trust" and as such are subject to the claims of the Company's general creditors in the event of its bankruptcy. As of December 31, 2009 and 2008, the total fair value of assets held in trust were $7,246 and $4,556, respectively.

As part of the acquisition of DVA Renal Healthcare on October 5, 2005, the Company acquired an Executive Retirement Plan for certain members of management. This plan is non-qualified and contributions to the plan were made at the discretion of DVA Renal Healthcare based upon a pre-determined percentage of a participant's base salary. Effective November 2005, all contributions to this plan were discontinued and the balance of the plan assets will be paid out upon termination of each individual participant. During 2009 and 2008, the Company distributed $241 and $142, respectively, to participants. As of December 31, 2009 and 2008, the total fair value of assets held in trust was $1,570 and $1,490, respectively.

The Company maintained a non-qualified deferred compensation plan for key employees. Company contributions were discretionary and were deposited into a rabbi trust. Participants in the plan were subject to a vesting period and typically receive annual distributions from the plan commencing one year after grant date, although in certain situations distributions are paid upon termination or retirement. Participants also had the option to direct their balances into certain investment funds and were credited with their proportional amount of earnings from the investments. The assets of this plan were held in the rabbi trust and were subject to the claims of the Company's general creditors in the event of its bankruptcy. There were no contributions to this plan in 2009. In 2008, the Company contributed $16 to this plan. During 2009, the Company distributed $15,851, including earnings, to eligible participants, which were the total assets held in trust. In 2008, the Company distributed $5,263 to eligible participants.

The Company also maintained another non-qualified deferred compensation plan for certain employees. Company contributions to the plan were discretionary and were deposited into a rabbi trust that was not subject to general creditors claims in the event of bankruptcy by the Company. Participants in the plan were subject to a vesting period and were credited with their proportional amount of earnings from the investments within the plan. In 2008, the Company distributed $15,122, including earnings to all eligible participants. The distribution was the total assets held by trust.

The fair value of all of the assets held in plan trusts as of December 31, 2009, and 2008 totaled $8,816 and $21,833, respectively. These assets are available for sale and as such are recorded at fair market value with changes in the fair market values being recorded in other comprehensive income. Any fair market value changes to the corresponding liability balance will be recorded as compensation expense. See Note 9 to the consolidated financial statements.

Most of the Company's outstanding employee stock plan awards include a provision accelerating the vesting of the award in the event of a change of control. The Company also maintains a change of control protection program for its employees who do not have a significant number of stock awards, which has been in place since 2001, and which provides for cash bonuses to employees in the event of a change of control. Based on the market price of the Company's common stock and shares outstanding on December 31, 2009, these cash bonuses would total approximately $235,000 if a control transaction occurred at that price and the Company's Board of Directors did not modify the program. This amount has not been accrued at December 31, 2009, and would only be accrued upon a change of control. These change of control provisions may affect the price an acquirer would be willing to pay for the Company.

16. Contingencies

The majority of the Company's revenues are from government programs and may be subject to adjustment as a result of: (1) examination by government agencies or contractors, for which the resolution of any matters raised may take extended periods of time to finalize; (2) differing interpretations of government regulations by different fiscal intermediaries or regulatory authorities; (3) differing opinions regarding a patient's medical diagnosis or the medical necessity of services provided; and (4) retroactive applications or interpretations of governmental requirements. In addition, the Company's revenues from commercial payors may be subject to adjustment as a result of potential claims for refunds, as a result of government actions or as a result of other claims by commercial payors.

Inquiries by the Federal Government

In December 2008, the Company received a subpoena for documents from the Office of Inspector General, U.S. Department of Health and Human Services, or OIG, relating to the pharmaceutical products Zemplar, Hectorol, Venofer, Ferrlecit and Epogen® , or EPO, as well as other related matters. The subpoena covers the period from January 2003 to the present. The Company has been in contact with the United States Attorney's Office, or U.S. Attorney's Office, for the Northern District of Georgia and the U.S. Department of Justice in Washington, DC, since November 2008 relating to this matter, and has been advised that this is a civil inquiry. On June 17, 2009, the Company learned that the allegations were made as part of a civil qui tam complaint filed by individuals and brought pursuant to the federal False Claims Act. The case remains under seal in the United States District Court for the Northern District of Georgia. The Company is cooperating with the inquiry and is producing the requested records. To the Company's knowledge, no proceedings have been initiated by the federal government against the Company at this time. Although the Company cannot predict whether or when proceedings might be initiated, or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to the subpoena will continue to require management's attention and significant legal expense. Any negative findings could result in substantial financial penalties against the Company and exclusion from future participation in the Medicare and Medicaid programs.

In February 2007, the Company received a request for information from the OIG for records relating to EPO claims submitted to Medicare. In August 2007, the Company received a subpoena from the OIG seeking similar documents. The requested documents relate to services provided from 2001 to 2004 by a number of the Company's centers. The request and subpoena were sent from the OIG's offices in Houston and Dallas, Texas. The Company is cooperating with the inquiry and is producing the requested records. The Company has been in contact with the U.S. Attorney's Office for the Eastern District of Texas, which has stated that this is a civil inquiry related to EPO claims. On July 6, 2009, the United States District Court for the Eastern District of Texas lifted the seal on the civil qui tam complaint related to these allegations and the Company was subsequently served with a complaint by the relator. We believe that there is some overlap between this issue and the ongoing review of EPO utilization and claims by the U.S. Attorney's Office, for the Eastern District of Missouri in St. Louis described below. To the Company's knowledge, no proceedings have been initiated by the federal government against the Company at this time. Although the Company cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to these inquiries will continue to require management's attention and significant legal expense. Any negative findings could result in substantial financial penalties against the Company and exclusion from future participation in the Medicare and Medicaid programs.

In March 2005, the Company received a subpoena from the U.S. Attorney's Office for the Eastern District of Missouri in St. Louis. The subpoena requires production of a wide range of documents relating to our

operations, including documents related to, among other things, pharmaceutical and other services provided to patients, relationships with pharmaceutical companies, and financial relationships with physicians and joint ventures. The subpoena covers the period from December 1, 1996 through the present. In October 2005, the Company received a follow-up request for additional documents related to specific medical director and joint venture arrangements. In February 2006, the Company received an additional subpoena for documents, including certain patient records relating to the administration and billing of EPO. In May 2007, the Company received a request for documents related to durable medical equipment and supply companies owned and operated by the Company. The Company is cooperating with the inquiry and is producing the requested records. The subpoenas have been issued in connection with a joint civil and criminal investigation. It is possible that criminal proceedings may be initiated against the Company in connection with this inquiry. To the Company's knowledge, no proceedings have been initiated against the Company at this time. Although the Company cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to the subpoenas will continue to require management's attention and significant legal expense. Any negative findings could result in substantial financial penalties against the Company, exclusion from future participation in the Medicare and Medicaid programs and criminal penalties.

Other

The Company has received several notices of claims from commercial payors and other third parties related to historical billing practices and claims against DVA Renal Healthcare (formerly known as Gambro Healthcare) related to historical Gambro Healthcare billing practices and other matters covered by their 2004 settlement agreement with the Department of Justice and certain agencies of the U.S. government. At least one commercial payor has filed an arbitration demand against the Company, as described below, and additional commercial payors have threatened litigation. The Company intends to defend against these claims vigorously; however, the Company may not be successful and these claims may lead to litigation and any such litigation may be resolved unfavorably.

Several wage and hour claims have been filed against the Company in the Superior Court of California, each of which has been styled as a class action. In February 2007, June 2008, October 2008 and December 2008, the Company was served with five separate complaints, including two in October 2008, by various former employees, each of which alleges, among other things, that the Company failed to provide rest and meal periods, failed to pay compensation in lieu of providing such rest or meal periods, failed to pay the correct amount of overtime, failed to pay the rate on the "wage statement," and failed to comply with certain other California labor code requirements. The Company has reached a tentative settlement in the complaints served in February 2007 and December 2008 and one of the complaints served in October 2008. That settlement has been partially approved by the court and the Company is waiting for final court approval of the last part of the settlement. The Company intends to vigorously defend against the remaining claims and to vigorously oppose the certification of the remaining matters as class actions.

In August 2007, Sheet Metal Workers National Health Fund and Glenn Randle filed a complaint in the United States District Court for the Central District of California against the Company. The complaint also names as defendants Amgen Inc. and Fresenuis Medical Care Holdings, Inc. The complaint is styled as a class action and alleges four claims against the Company, including violations of the federal RICO statute, California's unfair competition law, California's false advertising law and for unjust enrichment. The complaint's principal allegations against the Company are that the defendants engaged in a scheme to unlawfully promote the administration of EPO to hemodialysis patients intravenously, as opposed to subcutaneously, and to over-utilize EPO. On December 17, 2008, the Court dismissed the complaint and allegations in their entirety with permission

of plaintiffs to amend the complaint. The Company was not named as a defendant in plaintiffs' amended complaint. In June 2009, the Court dismissed the remainder of the case. Following the dismissal, plaintiffs filed a notice of appeal. The notice of appeal seeks review by the U. S. Court of Appeals for the Ninth Circuit of all of the district court's dismissal rulings, including the ruling dismissing the Company as a defendant. The Company intends to continue to vigorously defend this claim.

In October 2007, the Company was contacted by the Attorney General's Office for the State of Nevada. The Attorney General's Office informed the Company that it was conducting a civil and criminal investigation of the Company's operations in Nevada and that the investigation related to the billing of pharmaceuticals, including EPO. In February 2008, the Attorney General's Office informed the Company that the civil and criminal investigation has been discontinued. The Attorney General's Office further advised the Company that Nevada Medicaid intends to conduct audits of end stage renal disease (ESRD) dialysis providers in Nevada, including the Company, and that such audits will relate to the issues that were the subjects of the investigation. To the Company's knowledge, no court proceedings have been initiated against the Company at this time. Any negative audit findings could result in a substantial repayment by the Company.

In August 2005, Blue Cross/Blue Shield of Louisiana filed a complaint in the United States District Court for the Western District of Louisiana against Gambro AB, DVA Renal Healthcare (formerly known as Gambro Healthcare) and related entities. The plaintiff sought to bring its claims as a class action on behalf of itself and all entities that paid any of the defendants for health care goods and services from on or about January 1991 through at least December 2004. The complaint alleged, among other things, damages resulting from facts and circumstances underlying Gambro Healthcare's 2004 settlement agreement with the Department of Justice and certain agencies of the U.S. government. In March 2006, the case was dismissed and the plaintiff was compelled to seek arbitration to resolve the matter. In November 2006, the plaintiff filed a demand for class arbitration against the Company and DVA Renal Healthcare. The Company intends to vigorously defend against these claims. The Company also intends to vigorously oppose the certification of this matter as a class action. At this time, the Company cannot predict the ultimate outcome of this matter or the potential range of damages, if any.

In June 2004, Gambro Healthcare was served with a complaint filed in the Superior Court of California by one of its former employees who worked for its California acute services program. The complaint, which is styled as a class action, alleges, among other things, that DVA Renal Healthcare failed to provide overtime wages, defined rest periods and meal periods, or compensation in lieu of such provisions and failed to comply with certain other California labor code requirements. The Company intends to vigorously defend against these claims. The Company also intends to vigorously oppose the certification of this matter as a class action. At this time, the Company cannot predict the ultimate outcome of this matter or the potential range of damages, if any.

In addition to the foregoing, the Company is subject to claims and suits, including from time to time, contractual disputes and professional and general liability claims, as well as audits and investigations by various government entities, in the ordinary course of business. The Company believes that the ultimate resolution of any such pending proceedings, whether the underlying claims are covered by insurance or not, will not have a material adverse effect on its financial condition, results of operations or cash flows.

17. DaVita Inc. stock-based compensation and shareholders' equity

Stock-based compensation

Stock-based compensation recognized in a period represents the amortization during that period of the estimated grant-date fair value of stock-based awards over their vesting terms, adjusted for expected forfeitures. Shares issued upon exercise of stock awards are generally issued from shares held in treasury.

Stock-based compensation plans and agreements

On May 29, 2007, the Company's stockholders approved an amendment and restatement of the Company's Employee Stock Purchase Plan to increase the number of shares of common stock available for issuance under that plan by 800,001 shares, and approved an amendment and restatement of the Company's 2002 Equity Compensation Plan to increase the number of shares of common stock available for issuance under that plan by 6,000,000 shares and, among other things, to remove certain available share recycling features, to change the limit on the maximum number of shares of common stock that may be subject to awards granted to any single recipient in any consecutive twenty-four month period so that such limit applies only to awards of stock options and stock appreciation rights, and to provide additional exceptions from the three year minimum vesting period generally applicable to grants of restricted stock units and other full share awards.

The Company's stock-based compensation plans and agreements are described below.

2002 Plan. The DaVita Inc. 2002 Equity Compensation Plan (the 2002 Plan) is the Company's omnibus equity compensation plan and provides for grants of stock-based awards to employees, directors and other individuals providing services to the Company, except that incentive stock options may only be awarded to employees. The 2002 Plan mandates a maximum award term of five years, and stipulates that stock options and stock appreciation rights be granted with prices not less than the fair market value on the date of grant. The 2002 Plan further requires that full share awards such as restricted stock units reduce shares available under the 2002 Plan at a rate of 3.0:1. The Company's nonqualified stock options, stock appreciation rights and stock units awarded under the 2002 Plan generally vest over 48 to 60 months from the date of grant. At December 31, 2009, there were 13,316,104 stock options and stock-settled stock appreciation rights and 69,696 stock units outstanding and 4,041,592 shares available for future grants under the 2002 Plan.

Predecessor plans. Various prior stock-based compensation plans were terminated upon shareholder approval of the 2002 Plan in 2002, and the 1999 Non-Executive Officer and Non-Director Equity Compensation Plan (the 1999 Plan) expired in 2009, both except with respect to option awards then outstanding. Stock options granted under these terminated plans were generally issued with exercise prices equal to the market price of the stock on the date of grant, vested over four years from the date of grant, and bore maximum award terms of five to 10 years. For these terminated plans, there were only 20,084 stock options remaining outstanding under the 1999 Plan as of December 31, 2009.

Deferred stock unit agreements. During 2001 through 2003, the Company made nonqualified stock unit awards to members of the Board of Directors and certain key executive officers under stand-alone contractual deferred stock unit agreements. These awards vested over one to four years and were settled in stock when they vested or at a later date at the election of the recipient. The last 63,636 shares subject to these agreements were issued to their recipients in 2008.

A combined summary of the status of awards under these stock-based compensation plans and agreements, including base shares for stock appreciation rights and shares subject to stock option and stock unit awards, is as follows:

	Year ended December 31, 2009				
	Stock options and stock appreciation rights			Stock units	
	Awards	Weighted average exercise price	Weighted average remaining contractual life	Awards	Weighted average remaining contractual life
Outstanding at beginning of year	12,739,134	$47.75		104,085	
Granted	4,211,840	46.97		48,135	
Exercised	(2,621,042)	37.31		(73,801)	
Forfeited	(993,744)	49.74		(8,723)	
Outstanding at end of period	13,336,188	$49.41	3.0	69,696	4.1
Awards exercisable at end of period	4,473,520	$50.93	2.0	8,810	4.8
Weighted-average fair value of awards granted during 2009	$ 12.08			$ 54.31	
Weighted-average fair value of awards granted during 2008	$ 11.01			$ 51.13	
Weighted-average fair value of awards granted during 2007	$ 13.89			$ 54.69	

Range of exercise prices	Awards outstanding	Weighted average exercise price	Awards exercisable	Weighted average exercise price
$ 0.00–$ 0.00	69,696	$ —	8,810	$ —
$30.01–$40.00	250	32.20	250	32.20
$40.01–$50.00	7,324,263	46.52	1,844,556	47.94
$50.01–$60.00	5,957,175	52.85	2,603,091	52.94
$60.01–$70.00	54,500	61.12	25,623	61.02
Total	13,405,884	$49.15	4,482,330	$50.83

For the years ended December 31, 2009, 2008, and 2007, the aggregate intrinsic value of stock awards exercised was $46,896, $35,957 and $86,283, respectively. At December 31, 2009, the aggregate intrinsic value of stock awards outstanding was $128,668 and the aggregate intrinsic value exercisable was $35,533.

Estimated fair value of stock-based compensation awards

The Company has estimated the grant-date fair value of stock option and stock-settled stock appreciation rights awards using the Black-Scholes-Merton valuation model and stock unit awards at intrinsic value on the date of grant. The following assumptions were used in estimating these values and determining the total stock-based compensation attributable to the current period:

Expected term of the awards: The expected term of awards granted represents the period of time that they are expected to remain outstanding from the date of grant. The Company determines the expected term of its

stock awards based on its historical experience with similar awards, considering the Company's historical exercise and post-vesting termination patterns, and the terms expected by peer companies in near industries.

Expected volatility: Expected volatility represents the volatility anticipated over the expected term of the award. The Company determines the expected volatility for its awards based on the volatility of the price of its common stock over the most recent retrospective period commensurate with the expected term of the award, considering the volatility expectations implied by the market price of its exchange-traded options and the volatilities expected by peer companies in near industries.

Expected dividend yield: The Company has not paid dividends on its common stock and does not currently expect to pay dividends during the term of stock awards granted.

Risk-free interest rate: The Company bases the expected risk-free interest rate on the implied yield currently available on stripped interest coupons of U.S. Treasury issues with a remaining term equivalent to the expected term of the award.

A summary of the weighted average valuation inputs described above used for estimating the grant-date fair value of stock options and stock-settled stock appreciation rights granted in the periods indicated is as follows:

	Year ended December 31,		
	2009	2008	2007
Expected term	3.5 years	3.4 years	3.7 years
Expected volatility	32%	27%	25%
Expected dividend yield	0.0%	0.0%	0.0%
Risk-free interest rate	1.8%	2.4%	4.4%

The Company estimates expected forfeitures based upon historical experience with separate groups of employees that have exhibited similar forfeiture behavior in the past. Stock-based compensation expense is recorded only for awards that are expected to vest.

Employee stock purchase plan

The Employee Stock Purchase Plan entitles qualifying employees to purchase up to $25 of the Company's common stock during each calendar year. The amounts used to purchase stock are accumulated through payroll withholdings or through optional lump sum payments made in advance of the first day of the purchase right period. This compensatory plan allows employees to purchase stock for the lesser of 100% of the fair market value on the first day of the purchase right period or 85% of the fair market value on the last day of the purchase right period. Purchase right periods begin on January 1 and July 1, and end on December 31. Payroll withholdings and lump-sum payments related to the plan, included in accrued compensation and benefits that were used to purchase the Company's common stock were $4,280, $4,522, and $4,711 at December 31, 2009, 2008 and 2007, respectively. Subsequent to December 31, 2009, 2008 and 2007, 86,213, 107,340 and 98,353 shares, respectively, were issued to satisfy obligations under the plan. At December 31, 2009, there were 962,752 shares available for future grants under this plan.

The fair value of employees' purchase rights was estimated as of the beginning dates of the purchase right periods using the Black-Scholes-Merton valuation model with the following weighted average assumptions for purchase right periods in 2009, 2008 and 2007, respectively: expected volatility of 34%, 24% and 23%; risk-free interest rate of 0.2%, 2.5% and 4.9%, and no dividends. Using these assumptions, the weighted average estimated fair value of these purchase rights was $13.90, $13.65 and $13.96 for 2009, 2008 and 2007, respectively.

Stock-based compensation expense and proceeds

For the years ended December 31, 2009, 2008 and 2007, the Company recognized $44,422, $41,235 and $34,149, respectively, in stock-based compensation expense for stock options, stock settled stock appreciation rights, stock units and discounted employee stock plan purchases, which is primarily included in general and administrative expenses. The estimated tax benefits recorded for this stock-based compensation in 2009, 2008 and 2007 were $16,810, $15,609 and $12,820, respectively. As of December 31, 2009, there was $79,957 of total estimated unrecognized compensation cost related to nonvested stock-based compensation arrangements under the Company's equity compensation and stock purchase plans. The Company expects to recognize this cost over a weighted average remaining period of 1.4 years.

During the years ended December 31, 2009, 2008 and 2007, the Company received $63,653, $35,606 and $54,697 in cash proceeds from stock option exercises and $18,241, $13,988 and $32,788 in total actual tax benefits upon the exercise of stock awards, respectively.

Stock repurchases

During 2009 and 2008, the Company repurchased a total of 2,902,619 and 4,788,881shares of its common stock for $153,495 and $232,715, or an average price of $52.88 and $48.59 per share respectively, pursuant to previously announced authorizations by the Board of Directors. On November 3, 2009, the Company announced that its Board of Directors authorized an increase of an additional $500,000 of share repurchases of its common stock. As a result of these transactions the total outstanding authorization for share repurchases as of December 31, 2009 was $500,000. The Company has not repurchased any additional shares of its common stock through February 25, 2010. This stock repurchase program has no expiration date.

Shareholder rights plan

The Company's Board of Directors approved a shareholder rights plan on November 14, 2002. This plan is designed to assure that DaVita's shareholders receive fair treatment in the event of any proposed takeover of DaVita.

Pursuant to this plan, the Board approved the declaration of a dividend distribution of one common stock purchase right for each outstanding share of its common stock payable on December 10, 2002 to holders of record of DaVita common stock on November 29, 2002. This rights distribution was not taxable to DaVita shareholders. As a result of the stock split that occurred during the second quarter of 2004, two-thirds of a right are now attached to each share of the Company's common stock. Two-thirds of a right will also attach to each newly issued or reissued share of common stock. These rights will become exercisable if a person or group acquires, or announces a tender offer for, 15% or more of DaVita's outstanding common stock. The triggering person's stock purchase rights will become void at that time and will not become exercisable.

Each right initially entitles its holder to purchase one share of common stock from the Company at a price of $125.00. If the rights become exercisable, and subject to adjustment for authorized shares available, each purchase right will then entitle its holder to purchase $125.00 of common stock at a price per share equal to 50% of the average daily closing price of the Company's common stock for the immediately preceding 30 consecutive trading days. If DaVita is acquired in a merger or other business combination transaction after the rights become exercisable, provisions will be made to allow the holder of each right to purchase $125.00 of common stock from the acquiring company at a price equal to 50% of the average daily closing price of that company's common stock for the immediately preceding 30 consecutive trading days.

The Board of Directors may elect to redeem the rights at $0.01 per purchase right at any time prior to, or exchange common stock for the rights at an exchange ratio of one share per right at any time after, a person or group acquires or announces a tender offer for 15% or more of DaVita's outstanding common stock. The exercise price, number of shares, redemption price or exchange ratio associated with each right may be adjusted as appropriate upon the occurrence of certain events, including any stock split, stock dividend or similar transaction. These purchase rights will expire no later than November 14, 2012.

Charter documents & Delaware law

The Company's charter documents include provisions that may deter hostile takeovers, delay or prevent changes of control or changes in management, or limit the ability of stockholders to approve transactions that they may otherwise determine to be in their best interests. These include provisions prohibiting stockholders from acting by written consent, requiring 90 days advance notice of stockholder proposals or nominations to the Board of Directors and granting the Board of Directors the authority to issue up to five million shares of preferred stock and to determine the rights and preferences of the preferred stock without the need for further stockholder approval.

The Company is also subject to Section 203 of the Delaware General Corporation Law that, subject to exceptions, would prohibit the Company from engaging in any business combinations with any interested stockholder, as defined in that section, for a period of three years following the date on which that stockholder became an interested stockholder. These restrictions may discourage, delay or prevent a change in the control of the Company.

Changes in DaVita Inc.'s ownership interest in consolidated subsidiaries

The effects of changes in DaVita Inc.'s ownership interest on the Company's equity are as follows:

	Year ended December 31, 2009
Net income attributable to DaVita Inc.	$422,684
Decrease in paid-in capital for sales of noncontrolling interest in eleven joint ventures, respectively	(529)
Decrease in paid-in capital for the purchase of a noncontrolling interest in six joint ventures, respectively	(3,721)
Net transfer from noncontrolling interests	(4,250)
Change from net income attributable to DaVita Inc. and transfers (to) from noncontrolling interests	$418,434

During 2009, the Company contributed cash and assets in two centers that were previously wholly-owned in exchange for an equity investment of 40% in a newly formed joint venture valued at $3,600. The Company recognized a pre-tax loss of $1,928 and deconsolidated these centers as a result of the transaction. In 2009, the Company also sold its controlling financial interest in one entity that contained one center which was previously wholly-owned to an existing joint venture in which the Company owns a 50% equity investment for $1,750 and recognized a pre-tax loss of $1,408. The Company deconsolidated this entity as a result of this transaction. The Company was also required to contribute $1,000 to the joint venture. The estimated fair values of the retained equity investments for both of these transactions were based upon valuation techniques as determined by an outside appraiser. The recognized pre-tax losses for both transactions were recorded in patient care costs in the consolidated statement of income.

18. Other comprehensive income

Charges and credits to other comprehensive income have been as follows:

	2007		
	Before tax amount	Tax (expense) benefit	Net-of-tax amount
Unrealized losses on interest rate swaps	$(11,733)	$ 4,564	$ (7,169)
Less reclassification of net swap realized gains into net income	(14,498)	5,640	(8,858)
Net swap activity	(26,231)	10,204	(16,027)
Unrealized gains on investments	6,892	(2,681)	4,211
Less reclassification of net investment realized gains into net income	(6,042)	2,350	(3,692)
Net investment activity	850	(331)	519
Total	$(25,381)	$ 9,873	$(15,508)

	2008		
	Before tax amount	Tax (expense) benefit	Net-of-tax amount
Unrealized losses on interest rate swaps	$(21,190)	$ 8,243	$(12,947)
Less reclassification of net swap realized losses into net income	4,239	(1,649)	2,590
Net swap activity	(16,951)	6,594	(10,357)
Unrealized losses on investments	(1,922)	748	(1,174)
Less reclassification of net investment realized gains into net income	(486)	189	(297)
Net investment activity	(2,408)	937	(1,471)
Total	$(19,359)	$ 7,531	$(11,828)

	2009		
	Before tax amount	Tax (expense) benefit	Net-of-tax amount
Unrealized losses on interest rate swaps	$ (4,220)	$ 1,642	$ (2,578)
Less reclassification of net swap realized losses into net income	17,253	(6,711)	10,542
Net swap activity	13,033	(5,069)	7,964
Unrealized gains on investments	1,614	(628)	986
Less reclassification of net investment realized gains into net income	(261)	102	(159)
Net investment activity	1,353	(526)	827
Total	$ 14,386	$ (5,595)	$ 8,791

Changes in accumulated other comprehensive income (loss) has been as follows:

	Interest rate swaps	Investment securities	Accumulated other comprehensive income
Balance December 31, 2007	(3,030)	519	(2,511)
Net activity	(10,357)	(1,471)	(11,828)
Balance December 31, 2008	$(13,387)	$ (952)	$(14,339)
Net activity	7,964	827	8,791
Balance December 31, 2009	$ (5,423)	$ (125)	$ (5,548)

19. Acquisitions and divestitures

Acquisitions

All business combinations consummated after January 1, 2009, are required to be accounted for under the acquisition method (previously referred to as the purchase method). Under the acquisition method, the acquirer recognizes the assets acquired, the liabilities assumed, contractual contingencies, as well as any noncontrolling interests in the acquiree at their fair values at the acquisition date. Noncontractual contingencies are recognized at the acquisition date at their fair values only if it is more likely than not that they meet the definition of an asset or a liability. Transaction costs are excluded from the acquisition cost and are expensed as incurred. Any contingent consideration included by the acquirer as part of the purchase price must also be measured at fair value at the acquisition date and is classified as either equity or a liability. A Company that obtains control but acquires less than 100% of an acquiree is required to record 100% of the fair value of the acquiree assets, liabilities, and noncontrolling interests at the acquisition date. The adoption of these requirements did not have a material impact on the Company's consolidated financial statements.

The total acquisition amounts were as follows:

	Year ended December 31,		
	2009	2008	2007
Cash paid, net of cash acquired	$87,617	$101,959	$127,094
Deferred purchase price and other acquisition obligations	338	2,286	1,195
Aggregate purchase cost	$87,955	$104,245	$128,289
Number of chronic dialysis centers acquired	19	20	16

During 2009, 2008, and 2007, the Company acquired dialysis businesses consisting of 19 centers, 20 centers and 16 centers for a total of $87,955, $93,024 and $57,783, respectively, in cash and deferred purchase price obligations. In 2009, the Company also acquired additional ownership interests in several existing majority-owned joint ventures for $6,859. In 2008, the Company also acquired an 80% ownership interest in one vascular access clinic for $11,221 and in addition, purchased additional ownership interests in several existing majority-owned joint ventures for $24,409. In 2007, the Company also acquired an 85% ownership interest in HomeChoice Partners for $70,506 in cash and deferred purchase price obligations. HCP provides infusion therapy services to patients with acute or chronic conditions that can be treated at home or at an ambulatory infusion site. The assets and liabilities for all acquisitions were recorded at their estimated fair values at the dates of the acquisitions and are included in the Company's financial statements and operating results from the designated effective dates of the acquisitions.

The initial purchase cost allocations for acquired businesses are recorded at fair values based upon the best information available to management and are finalized when identified pre-acquisition contingencies have been resolved and other information arranged to be obtained has been received, but in no case in excess of one year from the acquisition date. Adjustments to purchase accounting for prior acquisitions and payments for acquisitions in process have been included in the periods recognized.

The aggregate purchase cost allocations for dialysis and other related businesses were as follows:

	Year ended December 31,		
	2009	2008	2007
Tangible assets, principally leasehold improvements and equipment	$11,140	$ 7,972	$ 20,085
Amortizable intangible assets	6,703	9,988	12,271
Goodwill	78,199	89,234	105,609
Noncontrolling interest, net purchased (assumed)	(7,567)	(2,732)	(7,987)
Liabilities assumed	(520)	(217)	(1,689)
Aggregate purchase cost	$87,955	$104,245	$128,289

Amortizable intangible assets acquired during 2009, 2008 and 2007 had weighted-average estimated useful lives of seven, nine and eight years, respectively. The total amount of goodwill deductible for tax purposes associated with these acquisitions for 2009, 2008, and 2007 was approximately $72,000, $109,000 and $106,000, respectively.

Pro forma financial information

The following summary, prepared on a pro forma basis, combines the results of operations as if all acquisitions in 2009 and 2008 had been consummated as of the beginning of 2008, after including the impact of certain adjustments such as amortization of intangibles, interest expense on acquisition financing and income tax effects.

	Year ended December 31,	
	2009	2008
	(unaudited)	
Pro forma net revenues	$6,141,217	$5,761,318
Pro forma net income attributable to DaVita Inc.	424,493	379,132
Pro forma income from continuing operations attributable to DaVita Inc.	424,493	379,132
Pro forma basic net income per share attributable to DaVita Inc.	4.10	3.61
Pro forma diluted net income per share attributable to DaVita Inc.	4.08	3.58

20. Variable interest entities

Effective for the Company's first annual reporting period that begins after November 15, 2009, the FASB is eliminating the quantitative approach previously required for determining the primary beneficiary of a variable interest entity, and requiring additional disclosures about an enterprise's involvement in variable interest entities. An enterprise will be required to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity by having both the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and the obligation to absorb losses of the entity, or the right to receive benefits from the entity. In addition, the FASB is establishing new guidance for determining whether an entity is a variable interest entity, requiring an ongoing

reassessment of whether an enterprise is the primary beneficiary of a variable interest entity, and adding an additional reconsideration event for determining whether an entity is a variable interest entity when any changes in facts and circumstances occur such that the holders of the equity investment at risk, as a group, lose the power from voting rights or similar rights concerning those investments to direct the activities of the entity that most significantly impact the entity's economic performance. The Company is currently in the process of assessing the expected impact of this standard on its consolidated financial statements.

In December 2008, the FASB required public entities to provide additional disclosures about transfers of financial assets and required public enterprises to provide additional disclosures about their involvement in variable interest entities and certain special purpose entities. Because these requirements impact disclosures and not the accounting treatment for transfers of financial assets and interests in variable interest entities, these requirements did not impact the Company's consolidated financial condition or results of operations.

The Company is deemed to be the primary beneficiary of all of the variable interest entities ("VIEs") with which it is associated. These VIEs are principally operating subsidiaries owned by related party nominee owners for the Company's benefit in jurisdictions in which the Company does not qualify for direct ownership under applicable regulations or joint ventures that require subordinated support in addition to their equity capital to finance operations. These include dialysis operating entities in New York and other states and physician practice management entities in various states.

Under the terms of the applicable arrangements, the Company bears most of the economic risks and rewards of ownership for these operating VIEs. The Company has contractual arrangements with its respective related party nominee owners which indemnify them from the economic losses, and entitle the Company to the economic benefits, that may result from ownership of such VIEs. DaVita manages these VIE subsidiaries and provides operating and capital funding as necessary to accomplish its operational and strategic objectives. Accordingly, since the Company bears the majority of the risks and rewards attendant to their ownership, the Company consolidates these variable interest entities as their primary beneficiary.

Total assets of these consolidated operating VIEs were approximately $21,000 and their liabilities to unrelated third parties were approximately $18,000 at December 31, 2009.

The Company also sponsors certain deferred compensation plans whose trusts qualify as VIEs and as their primary beneficiary the Company consolidates each of these plans. The assets of these plans are recorded in short-term or long-term investments with matching offsetting liabilities in accrued compensation and benefits and other long-term liabilities. See Note 9 to the consolidated financial statements for disclosures on the assets of these consolidated non-qualified deferred compensation plans.

21. Concentrations

Approximately 65% of the Company's total dialysis and related lab services revenues in 2009, 65% in 2008 and 64% in 2007 are from government-based programs, principally Medicare and Medicaid. Accounts receivable, and other receivables, from Medicare and Medicaid-assigned plans were approximately $467,900 and $467,400, respectively as of December 31, 2009 and 2008. No other single payor accounted for more than 5% of total accounts receivable.

A significant physician-prescribed pharmaceutical administered during dialysis, EPO, is provided by a sole supplier and accounted for approximately 20% of net operating revenues. Although the Company currently receives discounted prices for EPO, the supplier has unilateral pricing discretion and in the future the Company may not be able to achieve the same cost levels historically obtained.

22. Noncontrolling interests subject to put provisions and other commitments

Noncontrolling interests subject to put provisions

The Company has potential obligations to purchase the interests held by third parties in several of its joint ventures and non-wholly-owned subsidiaries. These obligations are in the form of put provisions and are exercisable at the third-party owners' discretion within specified periods as outlined in each specific put provision. If these put provisions were exercised, the Company would be required to purchase the third-party owners' noncontrolling interests at either the appraised fair market value or a predetermined multiple of earnings or cash flow attributable to the noncontrolling interests put to the Company, which is intended to approximate fair value. The methodology the Company uses to estimate the fair values of the noncontrolling interests subject to put provisions assumes either the higher of a liquidation value of net assets or an average multiple of earnings, based on historical earnings, patient mix and other performance indicators, as well as other factors. The estimated fair values of the noncontrolling interests subject to put provisions can fluctuate and the implicit multiple of earnings at which these noncontrolling interest obligations may be settled will vary significantly depending upon market conditions including potential purchasers' access to the capital markets, which can impact the level of competition for dialysis and non-dialysis related businesses, the economic performance of these businesses and the restricted marketability of the third-party owners' noncontrolling interests. The amounts of noncontrolling interests subject to put provisions that contractually employ a predetermined multiple of earnings rather than fair value are immaterial.

Additionally, the Company has certain other potential commitments to provide operating capital to several dialysis centers that are wholly-owned by third parties or centers in which the Company owns an equity investment as well as to physician-owned vascular access clinics that the Company operates under management and administrative service agreements of approximately $7,200.

Certain consolidated joint ventures are contractually scheduled to dissolve after terms ranging from ten to fifty years. Accordingly, the noncontrolling interests in these joint ventures are considered mandatorily redeemable instruments, for which the classification and measurement requirements as defined by FASB have been indefinitely deferred. Future distributions upon dissolution of these entities would be valued below the related noncontrolling interest carrying balances in the consolidated balance sheet.

Other commitments

In conjunction with the acquisition of DVA Renal Healthcare, Inc., formerly known as Gambro Healthcare, Inc., which occurred in October 2005, the Company entered into an Alliance and Product Supply Agreement (the Product Supply Agreement) with Gambro AB and Gambro Renal Products, Inc (Gambro Renal Products). The Product Supply Agreement has an initial term of seven years and will automatically renew for three additional one-year periods if the Company has not negotiated the terms of an extension during the initial term. Because the Product Supply Agreement results in higher costs for most of the products covered by the Product Supply Agreement than would otherwise be available to the Company, the Product Supply Agreement represented an intangible liability initially valued at $162,100 as of the acquisition date.

The Product Supply Agreement committed the Company to purchase a significant majority of its hemodialysis products, supplies and equipment at fixed prices through 2015. The agreement was amended in 2006 (the Amended Product Supply Agreement) to reduce the Company's purchase obligations for certain hemodialysis product supplies and equipment, and in 2007, the Company terminated its obligation to purchase certain dialysis machines under the Amended Product Supply Agreement. As a result of this termination the Company recorded a net valuation gain of $55,275 in 2007. This valuation gain represents the difference in the amortized original fair value of the Amended Product Supply Agreement and that of the Amended Product

Supply Agreement as adjusted for the termination of the obligation to purchase certain dialysis machines as of June 30, 2007. We continue to be subject to the Product Supply Agreement's requirements to purchase a significant majority of our hemodialysis non-equipment product supplies, such as dialyzers, from Gambro at fixed prices.

During 2009, 2008 and 2007, the Company purchased $87,983, $83,360 and $90,696 of hemodialysis product supplies from Gambro Renal Products, representing 2% of the Company's total operating costs, for all years presented.

The centers acquired from Gambro Healthcare were subject to a five-year Corporate Integrity Agreement in connection with its December 2004 settlement with the U.S. Government that imposed significant specific compliance operating and reporting requirements, and requires an annual audit by an independent reporting organization. The corporate integrity agreement expired on November 30, 2009. The Company submitted its final annual report to the Office of the Inspector General, U.S. Department of Health and Human Services on January 14, 2010. On February 16, 2010, the Company was informed by the OIG that it has received the Company's final annual report and determined that DVA Renal Healthcare, a wholly-owned subsidiary of the Company, complied with the terms of the corporate integrity agreement during the final reporting period and that the Fifth Annual Report is complete. The five year term of the corporate integrity agreement has now concluded and DVA Renal Healthcare is no longer subject to its terms.

In January 2010, the Company entered into an agreement with Fresenius which committed the Company to purchase a certain amount of dialysis equipment, parts and supplies from them through 2013.

Other than operating leases, disclosed in Note 14 to the consolidated financial statements, and the letters of credit and the interest rate swap agreements, disclosed in Note 13 to the consolidated financial statements, or as described above the Company has no off balance sheet financing arrangements as of December 31, 2009.

23. Fair values of financial instruments

Effective January 1, 2008, the FASB established a framework for measuring assets and liabilities at fair value and also required additional disclosures about fair value measurements. These requirements applied to assets and liabilities that are carried at fair value on a recurring basis. Effective January 1, 2009 the FASB issued additional requirements relating to nonfinancial assets and liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis at least annually. The adoption of these requirements relating to nonfinancial assets and liabilities did not have a material impact on the Company's consolidated financial statements.

The following table summarizes the Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2009:

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Available for sale securities	$ 8,816	$8,816	$ —	$ —
Liabilities				
Interest rate swap agreements	$ 10,792	$ —	$10,792	$ —
Temporary equity				
Noncontrolling interests subject to put provisions	$331,725	$ —	$ —	$331,725

The available for sale securities represent investments in various open-ended registered investment companies, or mutual funds, and are recorded at fair value based upon the quoted market prices as reported by each mutual fund. See Note 9 to the consolidated financial statements for further discussion.

The interest rate swap agreements are recorded at fair value based upon valuation models and a variety of techniques as reported by various broker dealers that are based upon relevant observable market inputs such as current interest rates, forward yield curves, and other credit and liquidity market conditions. The Company does not believe the ultimate amount that could be realized upon settlement of these interest rate swap agreements would be materially different than the fair values currently reported. See Note 13 to the consolidated financial statements for further discussion.

See Note 22 to the consolidated financial statements for a discussion of the Company's methodology for estimating the fair value of noncontrolling interests subject to put obligations.

Effective January 1, 2008, the FASB allowed companies the alternative to measure certain financial assets and liabilities at fair value on an instrument-by-instrument basis that are currently not required to be measured at fair value. This provision was also designed to reduce the volatility in earnings caused by measuring related assets and liabilities differently and established presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The Company did not elect to measure certain assets and liabilities at fair value on an instrument-by-instrument basis.

Other financial instruments consist primarily of cash, accounts receivable, notes receivable, accounts payable, other accrued liabilities and debt. The balances of the non-debt financial instruments are presented in the consolidated financial statements at December 31, 2009 and 2008 at their approximate fair values due to the short-term nature of their settlements. Borrowings under the Company's Senior Secured Credit Facilities totaled $1,859,000 as of December 31, 2009, and the fair value was $1,817,173 based upon quoted market prices. The fair value of the Company's senior and senior subordinated notes was approximately $1,756,625 at December 31, 2009 based upon quoted market prices, as compared to the carrying amount of $1,750,000.

24. Segment reporting

The Company operates principally as a dialysis and related lab services business but also operates other ancillary services and strategic initiatives. These ancillary services and strategic initiatives consist primarily of pharmacy services, infusion therapy services, disease management services, vascular access services, ESRD clinical research programs and physician services. For internal management reporting the dialysis and related lab services business and each of the ancillary services and strategic initiatives have been defined as separate operating segments by management since separate financial information is regularly produced and reviewed by the Company's chief operating decision maker in making decisions about allocating resources and assessing financial results. The Company's chief operating decision maker is its Chief Executive Officer. The dialysis and related lab services business qualifies as a separately reportable segment and all of the other ancillary services and strategic initiatives operating segments have been combined and disclosed in the other segments category.

The Company's operating segment financial information is prepared on an internal management reporting basis that the Chief Executive Officer uses to allocate resources and analyze the performance of the operating segments. For internal management reporting, segment operations include direct segment operating expenses with the exception of stock-based compensation expense and equity investment income.

The following is a summary of segment revenues, segment operating margin (loss), and a reconciliation of segment margin to income before income taxes:

	Years ended December 31,		
	2009	2008(2)	2007(2)
Segment revenues:			
Dialysis and related lab services(1)	$5,791,698	$5,415,363	$5,130,181
Other—Ancillary services and strategic initiatives	317,102	244,810	133,970
Consolidated revenues	$6,108,800	$5,660,173	$5,264,151
Segment operating margin (loss):			
Dialysis and related lab services	$ 999,961	$ 939,391	$ 990,049
Other—Ancillary services and strategic initiatives	(17,710)	(29,856)	(48,206)
Total segment margin	982,251	909,535	941,843
Reconciliation of segment margin to income before income taxes:			
Stock-based compensation	(44,422)	(41,235)	(34,149)
Equity investment income	2,442	796	1,217
Consolidated operating income	940,271	869,096	908,911
Debt expense	(185,755)	(224,716)	(257,147)
Other income	3,708	12,411	22,460
Consolidated income before income taxes	$ 758,224	$ 656,791	$ 674,224

(1) Includes management fees for providing management and administrative services to dialysis centers in which the Company either owns an equity investment or are wholly-owned by third parties.

(2) Certain costs previously reported in the Ancillary Services and Strategic Initiatives have been reclassified to the dialysis and related lab services to conform to the current year presentation.

Depreciation and amortization expense for the dialysis and related lab services for 2009, 2008 and 2007 were $221,907, $210,143 and $189,215, respectively, and were $7,079, $6,774 and $4,255, respectively, for the ancillary services and strategic initiatives.

Summary of assets by segment is as follows:

	December 31,	
	2009	2008
Segment assets		
Dialysis and related lab services	$7,334,235	$7,031,550
Other—Ancillary services and strategic initiatives	224,001	254,533
Consolidated assets	$7,558,236	$7,286,083

In 2009 and 2008, the total amount of expenditures for property and equipment for the dialysis and related lab services were $271,817 and $313,414, respectively, and were $2,788 and $4,548, respectively, for the ancillary services and strategic initiatives.

25. Supplemental cash flow information

The table below provides supplemental cash flow information:

	Year ended December 31,		
	2009	2008	2007
Cash paid:			
Income taxes	$161,671	$163,147	$205,955
Interest	186,280	222,558	245,325
Non-cash investing and financing activities:			
Fixed assets acquired under capital lease obligations	—	—	2,769
Liabilities assumed in conjunction with common stock acquisitions	—	—	1,653
Assets exchanged for equity investments	2,618	—	—
Assets received for additional noncontrolling interests	51	—	—

26. Selected quarterly financial data (unaudited)

	2009				2008			
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Net operating revenues	$1,568,204	$1,573,915	$1,519,041	$1,447,640	$1,461,010	$1,447,135	$1,407,304	$1,344,724
Operating income	238,712	245,001	235,954	220,604	223,109	221,772	218,434	205,781
Income before income taxes	194,563	200,465	190,139	173,057	169,364	169,748	166,101	151,578
Net income attributable to DaVita Inc.	109,724	110,930	105,819	96,211	98,365	93,910	94,951	86,934
Basic earnings per share attributable to DaVita Inc.	1.07	1.07	1.02	0.93	0.95	0.90	0.91	0.81
Diluted earnings per share attributable to DaVita Inc.	$ 1.06	$ 1.06	$ 1.02	$ 0.92	$ 0.94	$ 0.89	$ 0.90	$ 0.80

27. Condensed consolidating financial statements

The following information is presented in accordance with Rule 3-10 of Regulation S-X. The operating and investing activities of the separate legal entities included in the Company's consolidated financial statements are fully interdependent and integrated. Revenues and operating expenses of the separate legal entities include intercompany charges for management and other services. The senior notes and the senior subordinated notes were issued by the Company and are guaranteed by substantially all of its direct and indirect wholly-owned subsidiaries. Each of the guarantor subsidiaries has guaranteed the notes on a joint and several, full and unconditional basis. Non-wholly-owned subsidiaries, joint ventures, partnerships and third parties are not guarantors of these obligations.

Condensed Consolidating Statements of Income

	DaVita Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
For the year ended December 31, 2009					
Net operating revenues	$ 401,058	$5,100,716	$1,032,676	$(425,650)	$6,108,800
Operating expenses	246,578	4,484,083	863,518	(425,650)	5,168,529
Operating income	154,480	616,633	169,158	—	940,271
Debt (expense)	(188,109)	(179,294)	(1,304)	182,952	(185,755)
Other income, net	186,189	—	471	(182,952)	3,708
Income tax expense	60,414	212,571	5,480	—	278,465
Equity earnings in subsidiaries	330,538	103,430	—	(433,968)	—
Net income	422,684	328,198	162,845	(433,968)	479,759
Less: Net income attributable to noncontrolling interests	—	—	—	(57,075)	(57,075)
Net income attributable to DaVita Inc.	$ 422,684	$ 328,198	$ 162,845	$(491,043)	$ 422,684
For the year ended December 31, 2008					
Net operating revenues	$ 363,112	$4,808,324	$ 881,810	$(393,073)	$5,660,173
Operating expenses	228,729	4,208,769	746,652	(393,073)	4,791,077
Operating income	134,383	599,555	135,158	—	869,096
Debt (expense)	(227,535)	(189,506)	(2,520)	194,845	(224,716)
Other income, net	206,527	—	729	(194,845)	12,411
Income tax expense	43,763	188,888	2,820	—	235,471
Equity earnings in subsidiaries	304,548	81,459	—	(386,007)	—
Net income	374,160	302,620	130,547	(386,007)	421,320
Less: Net income attributable to noncontrolling interests	—	—	—	(47,160)	(47,160)
Net income attributable to DaVita Inc.	$ 374,160	$ 302,620	$ 130,547	$(433,167)	$ 374,160
For the year ended December 31, 2007					
Net operating revenues	$ 365,728	$4,534,153	$ 754,163	$(389,893)	$5,264,151
Operating expenses	208,042	3,919,932	617,159	(389,893)	4,355,240
Operating income	157,686	614,221	137,004	—	908,911
Debt (expense)	(259,745)	(256,050)	(4,002)	262,650	(257,147)
Other income, net	284,038	—	1,072	(262,650)	22,460
Income tax expense (benefit)	70,972	175,691	(1,082)	—	245,581
Equity earnings in subsidiaries	270,771	87,185	—	(357,956)	—
Net income	381,778	269,665	135,156	(357,956)	428,643
Less: Net income attributable to noncontrolling interests	—	—	—	(46,865)	(46,865)
Net income attributable to DaVita Inc.	$ 381,778	$ 269,665	$ 135,156	$(404,821)	$ 381,778

Condensed Consolidating Balance Sheets

	DaVita Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
As of December 31, 2009					
Cash and cash equivalents	$ 534,550	$ —	$ 4,909	$ —	$ 539,459
Accounts receivable, net	—	961,946	143,957	—	1,105,903
Other current assets	15,619	597,086	44,454	—	657,159
Total current assets	550,169	1,559,032	193,320	—	2,302,521
Property and equipment, net	11,232	900,969	192,724	—	1,104,925
Amortizable intangible assets, net	30,212	101,931	4,589	—	136,732
Investments in subsidiaries	5,130,035	509,733	—	(5,639,768)	—
Receivables from subsidiaries	293,062	—	138,482	(431,544)	—
Other long-term assets and investments	7,700	19,528	35,634	—	62,862
Goodwill	—	3,622,885	328,311	—	3,951,196
Total assets	$6,022,410	$6,714,078	$893,060	$(6,071,312)	$7,558,236
Current liabilities	$ 170,061	$ 781,870	$ 95,010	$ —	$1,046,941
Payables to parent	—	418,529	13,015	(431,544)	—
Long-term debt and other long-term liabilities	3,507,753	458,779	18,879	—	3,985,411
Noncontrolling interests subject to put provisions	209,530	—	—	122,195	331,725
Total DaVita Inc. shareholders' equity	2,135,066	5,054,900	584,868	(5,639,768)	2,135,066
Noncontrolling interest not subject to put provisions	—	—	181,288	(122,195)	59,093
Total equity	2,135,066	5,054,900	766,156	(5,761,963)	2,194,159
Total liabilities and equity	$6,022,410	$6,714,078	$893,060	$(6,071,312)	$7,558,236
As of December 31, 2008					
Cash and cash equivalents	$ 397,576	$ —	$ 13,305	$ —	$ 410,881
Accounts receivable, net	—	933,906	141,551	—	1,075,457
Other current assets	22,112	573,070	46,776	—	641,958
Total current assets	419,688	1,506,976	201,632	—	2,128,296
Property and equipment, net	15,175	864,725	168,175	—	1,048,075
Amortizable intangible assets, net	39,990	114,237	6,294	—	160,521
Investments in subsidiaries	4,866,399	464,377	—	(5,330,776)	—
Receivables from subsidiaries	320,338	—	90,754	(411,092)	—
Other long-term assets and investments	13,320	14,815	44,125	—	72,260
Goodwill	—	3,571,669	305,262	—	3,876,931
Total assets	$5,674,910	$6,536,799	$816,242	$(5,741,868)	$7,286,083
Current liabilities	$ 106,370	$ 990,024	$ 66,669	$ —	$1,163,063
Payables to parent	—	386,460	24,632	(411,092)	—
Long-term debt and other long-term liabilities	3,616,082	368,774	19,868	—	4,004,724
Noncontrolling interests subject to put provisions	184,711	—	—	106,686	291,397
Total DaVita Inc. shareholders' equity	1,767,747	4,791,541	539,235	(5,330,776)	1,767,747
Noncontrolling interest not subject to put provisions	—	—	165,838	(106,686)	59,152
Total equity	1,767,747	4,791,541	705,073	(5,437,462)	1,826,899
Total liabilities and equity	$5,674,910	$6,536,799	$816,242	$(5,741,868)	$7,286,083

Condensed Consolidating Statements of Cash Flows

	DaVita Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
For the year ended December 31, 2009					
Cash flows from operating activities					
Net income	$ 422,684	$ 328,198	$162,845	$(433,968)	$ 479,759
Changes in operating assets and liabilities and non cash items included in net income	(115,305)	(72,610)	(59,102)	433,968	186,951
Net cash provided by operating activities	307,379	255,588	103,743	—	666,710
Cash flows from investing activities					
Additions of property and equipment	(1,748)	(213,046)	(59,811)	—	(274,605)
Acquisitions	—	(87,617)	—	—	(87,617)
Proceeds from asset sales	—	7,697	—	—	7,697
Other items	11,631	(3,166)	—	—	8,465
Net cash provided by (used in) by investing activities	9,883	(296,132)	(59,811)	—	(346,060)
Cash flows from financing activities					
Long-term debt	(60,619)	(1,512)	899	—	(61,232)
Intercompany borrowing	(41,032)	100,429	(59,397)	—	—
Other items	(78,637)	(58,373)	6,170	—	(130,840)
Net cash (used in) provided by financing activities	(180,288)	40,544	(52,328)	—	(192,072)
Net increase (decrease) in cash and cash equivalents	136,974	—	(8,396)	—	128,578
Cash and cash equivalents at beginning of the year	397,576	—	13,305	—	410,881
Cash and cash equivalents at the end of the year	$ 534,550	$ —	$ 4,909	$ —	$ 539,459
For the year ended December 31, 2008					
Cash flows from operating activities					
Net income	$ 374,160	$ 302,620	$130,547	$(386,007)	$ 421,320
Changes in operating assets and liabilities and non cash items included in net income	(614,540)	431,232	(10,318)	386,007	192,381
Net cash (used in) provided by operating activities	(240,380)	733,852	120,229	—	613,701
Cash flows from investing activities					
Additions of property and equipment	(2,546)	(271,561)	(43,855)	—	(317,962)
Acquisitions	(439)	(92,299)	(9,221)	—	(101,959)
Proceeds from asset sales	—	530	—	—	530
Other items	19,281	2,371	—	—	21,652
Net cash provided by (used in) investing activities	16,296	(360,959)	(53,076)	—	(397,739)
Cash flows from financing activities					
Long-term debt	(17,675)	(424)	4,548	—	(13,551)
Intercompany borrowing	380,763	(358,761)	(22,002)	—	—
Other items	(184,585)	(13,708)	(40,283)	—	(238,576)
Net cash provided by (used in) financing activities	178,503	(372,893)	(57,737)	—	(252,127)
Net (decrease) increase in cash and cash equivalents	(45,581)	—	9,416	—	(36,165)
Cash and cash equivalents at beginning of the year	443,157	—	3,889	—	447,046
Cash and cash equivalents at the end of the year	$ 397,576	$ —	$ 13,305	$ —	$ 410,881
For the year ended December 31, 2007					
Cash flows from operating activities					
Net income	$ 381,778	$ 269,665	$135,156	$(357,956)	$ 428,643
Changes in operating assets and liabilities and non cash items included in net income	(283,596)	108,534	(30,472)	357,956	152,422
Net cash provided by operating activities	98,182	378,199	104,684	—	581,065
Cash flows from investing activities				—	
Additions of property and equipment	(3,501)	(220,264)	(48,447)	—	(272,212)
Acquisitions	(69,701)	(57,393)	—	—	(127,094)
Proceeds from asset sales	—	12,289	—	—	12,289
Other items	(19,811)	(39,915)	—	—	(59,726)
Net cash used in investing activities	(93,013)	(305,283)	(48,447)	—	(446,743)
Cash flows from financing activities				—	
Long-term debt	(49,961)	2,212	447	—	(47,302)
Intercompany borrowing	110,937	(80,664)	(30,273)	—	—
Other items	77,582	5,536	(33,294)	—	49,824
Net cash provided by (used in) financing activities	138,558	(72,916)	(63,120)	—	2,522
Net increase (decrease) in cash and cash equivalents	143,727	—	(6,883)	—	136,844
Cash and cash equivalents at the beginning of the year	299,430	—	10,772		310,202
Cash and cash equivalents at the end of the year	$ 443,157	$ —	$ 3,889	$ —	$ 447,046

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, we have duly caused this Annual Report on Form 10-K to be signed on our behalf by the undersigned, thereunto duly authorized, in the City of El Segundo, State of California, on February 25, 2010.

DAVITA INC.

By: /s/ KENT J. THIRY
Kent J. Thiry
Chairman and Chief Executive Officer

KNOW ALL MEN BY THESE PRESENT, that each person whose signature appears below constitutes and appoints Kent J. Thiry, Richard K. Whitney, and Kim M. Rivera, and each of them his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ KENT J. THIRY Kent J. Thiry	Chairman and Chief Executive Officer (Principal Executive Officer)	February 25, 2010
/s/ RICHARD K. WHITNEY Richard K. Whitney	Chief Financial Officer (Principal Financial Officer)	February 25, 2010
/s/ JAMES K. HILGER James K. Hilger	Vice President and Controller (Principal Accounting Officer)	February 25, 2010
/s/ PAMELA M. ARWAY Pamela M. Arway	Director	February 25, 2010
/s/ CHARLES G. BERG Charles G. Berg	Director	February 25, 2010
/s/ WILLARD W. BRITTAIN Willard W. Brittain	Director	February 25, 2010
/s/ PAUL J. DIAZ Paul J. Diaz	Director	February 25, 2010
/s/ PETER T. GRAUER Peter T. Grauer	Director	February 25, 2010
/s/ JOHN M. NEHRA John M. Nehra	Director	February 25, 2010
/s/ WILLIAM L. ROPER William L. Roper	Director	February 25, 2010
/s/ ROGER J. VALINE Roger J. Valine	Director	February 25, 2010
/s/ RICHARD C.VAUGHAN Richard C. Vaughan	Director	February 25, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
DaVita Inc.:

Under date of February 25, 2010, we reported on the consolidated balance sheets of DaVita Inc. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2009, which are included in the Annual Report on Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement Schedule II-Valuation and Qualifying Accounts included in the Annual Report on Form 10-K. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, the Company adopted Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements (included in FASB ASC Topic 810, Consolidation), on a prospective basis except for the presentation and disclosure requirements which were applied retrospectively for all periods presented effective January 1, 2009.

/s/ KPMG LLP

Seattle, Washington
February 25, 2010

DAVITA INC.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at beginning of year	Amounts charged to income	Amounts written off	Balance at end of year
		(in thousands)		
Allowance for uncollectible accounts:				
Year ended December 31, 2007	$171,757	$136,682	$112,486	$195,953
Year ended December 31, 2008	$195,953	$146,229	$130,960	$211,222
Year ended December 31, 2009	$211,222	$161,786	$143,691	$229,317

EXHIBIT INDEX

2.1	Stock Purchase Agreement dated as of December 6, 2004, among Gambro AB, Gambro, Inc. and DaVita Inc.(9)
2.2	Amended and Restated Asset Purchase Agreement effective as of July 28, 2005, by and among DaVita Inc., Gambro Healthcare, Inc. and Renal Advantage Inc., a Delaware corporation, formerly known as RenalAmerica, Inc.(12)
3.1	Amended and Restated Certificate of Incorporation of Total Renal Care Holdings, Inc., or TRCH, dated December 4, 1995.(1)
3.2	Certificate of Amendment of Certificate of Incorporation of TRCH, dated February 26, 1998.(2)
3.3	Certificate of Amendment of Certificate of Incorporation of DaVita Inc. (formerly Total Renal Care Holdings, Inc.), dated October 5, 2000.(4)
3.4	Certificate of Amendment of Amended and Restated Certificate of Incorporation of DaVita Inc., as amended dated May 30, 2007.(23)
3.5	Amended and Restated Bylaws for DaVita Inc. dated as of March 2, 2007.(25)
4.1	Indenture for the 6⅝% Senior Notes due 2013 dated as of March 22, 2005.(3)
4.2	Indenture for the 7¼% Senior Subordinated Notes due 2015 dated as of March 22, 2005.(3)
4.3	First Supplemental Indenture, dated October 5, 2005, by and among DaVita Inc., the Guarantors, the persons named as Additional Guarantors and The Bank of New York Trust Company, N.A., as Trustee.(11)
4.4	First Supplemental Indenture, dated October 5, 2005, by and among DaVita Inc., the Guarantors, the persons named as Additional Guarantors and The Bank of New York Trust Company, N.A., as Trustee.(13)
4.5	Rights Agreement, dated as of November 14, 2002, between DaVita Inc. and the Bank of New York, as Rights Agent.(21)
4.6	Second Supplemental Indenture (Senior), dated February 9, 2007, by and among DaVita Inc., the Guarantors, the persons named as Additional Guarantors and The Bank of New York Trust Company, N.A., as Trustee.(22)
4.7	Second Supplemental Indenture (Senior Subordinated), dated February 9, 2007, by and among DaVita Inc., the Guarantors, the persons named as Additional Guarantors and The Bank of New York Trust Company, N.A., as Trustee.(22)
4.8	Registration Rights Agreement for the 6⅝% Senior Notes due 2013 dated as of February 23, 2007.(26)
10.1	Employment Agreement, dated as of October 19, 2009, by and between DaVita Inc. and Kim M. Rivera.✓*
10.2	Employment Agreement, dated as of June 15, 2000, by and between DaVita Inc. and Joseph C. Mello.(6)*
10.3	Second Amendment to Mr. Mello's Employment Agreement, effective December 12, 2008.(33)*
10.4	Employment Agreement, effective as of August 16, 2004, by and between DaVita Inc. and Tom Usilton.(7)*
10.5	Amendment to Mr. Usilton's Employment Agreement, dated February 12, 2007.(24)*
10.6	Second Amendment to Mr. Usilton's Employment Agreement, effective December 12, 2008. (32)*
10.7	Employment Agreement, effective as of November 18, 2004, by and between DaVita Inc. and Joseph Schohl.(14)*
10.8	Amendment to Mr. Schohl's Employment Agreement, effective December 30, 2008. (32)*

10.9	Employment Agreement, dated as of October 31, 2005, effective October 24, 2005, by and between DaVita Inc. and Dennis Kogod.(13)*
10.10	Amendment to Mr. Kogod's Employment Agreement, effective December 12, 2008. (32)*
10.11	Employment Agreement, effective September 22, 2005, by and between DaVita Inc. and James Hilger.(15)*
10.12	Amendment to Mr. Hilger's Employment Agreement, effective December 12, 2008. (32)*
10.13	Employment Agreement effective February 13, 2008, by and between DaVita Inc. and Richard K. Whitney.(28)*
10.14	Amendment to Equity Award Agreement, entered into on December 11, 2009, between DaVita Inc. and Richard K. Whitney.✓*
10.15	Employment Agreement, effective July 25, 2008, between DaVita Inc. and Kent J. Thiry.(29)*
10.16	Employment Agreement, effective August 1, 2008, between DaVita Inc. and Allen Nissenson.(30)*
10.17	Employment Agreement, effective March 3, 2008, between DaVita Inc. and David Shapiro. (32)*
10.18	Amendment to Mr. Shapiro's Employment Agreement, effective December 4, 2008. (32)*
10.19	Form of Indemnity Agreement.(20)*
10.20	Form of Indemnity Agreement.(14)*
10.21	Executive Incentive Plan (as Amended and Restated effective January 1, 2009).(34)*
10.22	Executive Retirement Plan.(32)*
10.23	Post-Retirement Deferred Compensation Arrangement.(14)*
10.24	Amendment No. 1 to Post Retirement Deferred Compensation Arrangement.(32)*
10.25	DaVita Voluntary Deferral Plan.(11)*
10.26	Deferred Bonus Plan (Prosperity Plan).(31)
10.27	Amendment No. 1 to Deferred Bonus Plan (Prosperity Plan).(32)*
10.28	Amended and Restated Employee Stock Purchase Plan.(27)*
10.29	Severance Plan.(33)*
10.30	Change in Control Bonus Program.(32)*
10.31	First Amended and Restated Total Renal Care Holdings, Inc. 1999 Non-Executive Officer and Non-Director Equity Compensation Plan.(5)
10.32	Non-Management Director Compensation Philosophy and Plan.(28)*
10.33	Amended and Restated 2002 Equity Compensation Plan.(10)*
10.34	Amended and Restated 2002 Equity Compensation Plan.(19)*
10.35	Amended and Restated 2002 Equity Compensation Plan.(27)*
10.36	Amended and Restated 2002 Equity Compensation Plan.(32)*
10.37	Form of Non-Qualified Stock Option Agreement—Employee (DaVita Inc. 1999 Non-Executive Officer and Non-Director Equity Compensation Plan.(18)*
10.38	Form of Non-Qualified Stock Option Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(7)*
10.39	Form of Non-Qualified Stock Option Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(16)*
10.40	Form of Non-Qualified Stock Option Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(18)*

10.41	Form of Restricted Stock Units Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(7)*
10.42	Form of Restricted Stock Units Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(16)*
10.43	Form of Restricted Stock Units Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(18)*
10.44	Form of Restricted Stock Units Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(32)*
10.45	Form of Stock Appreciation Rights Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(16)*
10.46	Form of Stock Appreciation Rights Agreement—Employee (DaVita Inc. 2002 Equity Compensation Plan).(18)*
10.47	Form of Stock Appreciation Rights Agreement – Board (DaVita Inc. 2002 Equity Compensation Plan).(30)*
10.48	Form of Restricted Stock Units Agreement – Board (DaVita Inc. 2002 Equity Compensation Plan).(30)*
10.49	Form of Non-Qualified Stock Option Agreement - Board (DaVita Inc. 2002 Equity Compensation Plan).(30)*
10.50	Credit Agreement, dated as of October 5, 2005, among DaVita Inc., the Guarantors party thereto, the Lenders party thereto, Bank of America, N.A., Wachovia Bank, National Association, Bear Stearns Corporate Lending Inc., The Bank of New York, The Bank of Nova Scotia, The Royal Bank of Scotland plc, WestLB AG, New York Branch as Co-Documentation Agents, Credit Suisse, Cayman Islands Branch, as Syndication Agent, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, JPMorgan Securities Inc., as Sole Lead Arranger and Bookrunner and Credit Suisse, Cayman Islands Branch, as Co-Arranger.(11)
10.51	Credit Agreement, dated as of October 5, 2005, as Amended and Restated as of February 23, 2007, by and among DaVita Inc., the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A.(26)
10.52	Amendment Agreement, dated February 23, 2007, by and among DaVita Inc., the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A.(26)
10.53	Security Agreement, dated as of October 5, 2005, by DaVita Inc., the Guarantors party thereto and JPMorgan Chase Bank, N.A., as Collateral Agent.(11)
10.54	Corporate Integrity Agreement between the Office of Inspector General of the Department of Health and Human Services and Gambro Healthcare, Inc. effective as of December 1, 2004.(11)
10.55	Amended and Restated Alliance and Product Supply Agreement, dated as of August 25, 2006, among Gambro Renal Products, Inc., DaVita Inc. and Gambro AB.(17)**
10.56	Letter dated March 19, 2007 from Willard W. Brittain, Jr. to Peter T. Grauer, Lead Independent Director of the Company.(22)
10.57	Dialysis Organization Agreement between DaVita Inc. and Amgen USA Inc. dated December 20, 2007.(31)**
12.1	Computation of Ratio of Earnings to Fixed Charges.✓
14.1	DaVita Inc. Corporate Governance Code of Ethics.(8)
21.1	List of our subsidiaries.✓
23.1	Consent of KPMG LLP, independent registered public accounting firm.✓
24.1	Powers of Attorney with respect to DaVita. (Included on Page II-1).

31.1	Certification of the Chief Executive Officer, dated February 25, 2010, pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.✓
31.2	Certification of the Chief Financial Officer, dated February 25, 2010, pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.✓
32.1	Certification of the Chief Executive Officer, dated February 25, 2010, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.✓
32.2	Certification of the Chief Financial Officer, dated February 25, 2010, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.✓
101.INS	XBRL Instance Document.***
101.SCH	XBRL Taxonomy Extension Schema Document.***
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.***
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.***
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.***
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.***

✓ Included in this filing.

* Management contract or executive compensation plan or arrangement.

** Portions of this exhibit are subject to a request for confidential treatment and have been redacted and filed separately with the SEC.

*** XBRL information is furnished and not filed as a part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities and Exchange Act of 1933, is deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, and otherwise is not subject to liability under these sections.

(1) Filed on March 18, 1996 as an exhibit to the Company's Transitional Report on Form 10-K for the transition period from June 1, 1995 to December 31, 1995.

(2) Filed on March 31, 1998 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

(3) Filed on March 25, 2005 as an exhibit to the Company's Current Report on Form 8-K.

(4) Filed on March 20, 2001 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

(5) Filed on February 28, 2003 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

(6) Filed on August 15, 2001 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001.

(7) Filed on November 8, 2004 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.

(8) Filed on February 27, 2004 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

(9) Filed on December 8, 2004 as an exhibit to the Company's Current Report on Form 8-K.

(10) Filed on May 4, 2005 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

(11) Filed on November 8, 2005 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.

(12) Filed on October 11, 2005 as an exhibit to the Company's Current Report on Form 8-K.

(13) Filed on November 4, 2005 as an exhibit to the Company's Current Report on Form 8-K.

(14) Filed on March 3, 2005 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

(15) Filed on August 7, 2006 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ending June 30, 2006.

(16) Filed on July 6, 2006 as an exhibit to the Company's Current Report on Form 8-K.

(17) Filed on November 3, 2006 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.
(18) Filed on October 18, 2006 as an exhibit to the Company's Current Report on Form 8-K.
(19) Filed on July 31, 2006 as an exhibit to the Company's Current Report on Form 8-K.
(20) Filed on December 20, 2006 as an exhibit to the Company's Current Report on Form 8-K.
(21) Filed on November 19, 2002 as an exhibit to the Company's Current Report on Form 8-K.
(22) Filed on May 3, 2007 as an exhibit to the Company's Quarterly Report as Form 10-Q for the quarter ended March 31, 2007.
(23) Filed on August 6, 2007 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007.
(24) Filed on February 16, 2007 as an exhibit to the Company's Current Report on Form 8-K.
(25) Filed on March 8, 2007 as an exhibit to the Company's Current Report on Form 8-K.
(26) Filed on February 28, 2007 as an exhibit to the Company's Current Report on Form 8-K.
(27) Filed on June 4, 2007 as an exhibit to the Company's Current Report on Form 8-K.
(28) Filed on May 8, 2008 as an exhibit to the Company's Quarterly Report on Form 10-Q for the first quarter ended March 31, 2008.
(29) Filed on July 31, 2008 as an exhibit to the Company's Current Report on Form 8-K.
(30) Filed on November 6, 2008 as an exhibit to the Company's Quarterly Report on Form 10-Q for the third quarter ended September 30, 2008.
(31) Filed on February 29, 2008 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2007.
(32) Filed on February 27, 2009 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2008
(33) Filed on May 7, 2009 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.
(34) Filed on June 18, 2009 as an exhibit to the Company's Current Report on Form 8-K.

Exhibit 10.1

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is entered into effective October 19, 2009 (the "Effective Date"), by and between DaVita Inc. ("Employer") and Kim M. Rivera ("Employee").

In consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Employment and Duties. Employer hereby employs Employee to serve as Vice President, General Counsel, and Secretary. Employee accepts such employment on the terms and conditions set forth in this Agreement. Employee shall perform the duties of Vice President, General Counsel, and Secretary or any additional or different duties or jobs as the Company deems appropriate. Initially, Employee shall work out of Employer's El Segundo, California headquarters, although the location is subject to change to suit business needs. Employee will be allowed to maintain a home office in northern California and work there from time to time. Employee agrees to devote substantially all of her time, energy, and ability to the business of Employer on a full-time basis and shall not engage in any other business activities during the term of this Agreement, including but not limited to providing consulting services to any investment firm, such as a hedge fund, provided however, Employee may continue to serve on the board of directors of the Latino Community Foundation, a non-profit corporation. Employee may pursue normal charitable activities so long as such activities do not require a substantial amount of time and do not interfere with her ability to perform her duties. Employee agrees that she shall not serve on the board of directors of any other not-for-profit or for-profit company without the express written approval of the Chief Executive Officer or the Board of Directors. Employee shall at all times observe and abide by the Employer's policies and procedures as in effect from time to time.

Section 2. Compensation. In consideration of the services to be performed by Employee hereunder, Employee shall receive the following compensation and benefits:

2.1 Base Salary. Employer shall pay Employee a base salary of $400,000 per annum, less standard withholdings and authorized deductions. Employee shall be paid consistent with Employer's payroll schedule. The base salary will be reviewed from time to time. Employer, in its sole discretion, may increase the base salary as a result of any such review. Employer may not reduce Employee's base salary unless the Employee authorizes it in writing or the Employer is reducing the base salary of other similarly-situated executives by a similar percentage.

2.2 Benefits. Employee and/or her family, as the case may be, shall be eligible for participation in and shall receive all benefits under Employer's health and welfare benefit plans (including, without limitation, medical, prescription, dental, disability, and life insurance) under the same terms and conditions applicable to most executives at similar levels of compensation and responsibility.

2.3 Performance Bonus.

(a) Employee shall be eligible to receive a discretionary performance bonus (the "Bonus") between zero and $300,000, payable in a manner consistent with Employer's practices and procedures. The amount of the Bonus, if any, will be decided by the Chief Executive Officer and/or the Board of Directors or the Compensation Committee of the Board in his/her/its sole discretion.

(b) In deciding on the amount of the Annual Performance Bonus, if any, the Chief Executive Officer and/or the Board of Directors or the Compensation Committee of the Board may consider the competitive market for the services provided by employees who are performing the same or similar duties as Employee is providing Employer and who have similar background and experience.

(c) Employee must be employed by Employer (or an affiliate) on the date any Bonus is paid to be eligible to receive such Bonus and, if Employee is not employed by Employer (or an affiliate) on the date any Bonus is paid for any reason whatsoever, Employee shall not be entitled to receive such Bonus.

2.4 Signing Bonus. Employer shall pay Employee a signing bonus of $50,000, less standard withholdings and authorized deductions, within her first month of employment.

2.5 Monthly Payment. Employer shall pay Employee $8,000 a month housing allowance, less standard deductions and authorized withholdings, for the first twelve months of Employee's employment to help off-set the costs of maintaining two homes during this transitional period.

2.6 Vacation. Employee shall have vacation, subject to the approval of the Chief Executive Officer.

2.7 Stock Appreciation Rights. Employer shall issue a grant to Employee of stock-settled Stock Appreciation Rights ("SSARS") on a base number of 60,000 shares of DaVita common stock, upon approval. This grant shall have a five-year term and vest 25% on the first anniversary date of the grant, 8.33% on the 20th month of the grant, and 8.33% every 4 months thereafter. The exercise price shall be the closing price as reported on the New York Stock Exchange on the Effective Date, the date on which Employee has begun her employment with Employer and has begun to perform the services set forth within this Agreement, or on the date that appropriate approval has been obtained, whichever is later. The terms of the SSARS grant will be reflected in a separate agreement to be signed by Employer and Employee.

2.8 Restricted Stock Units. On the Effective Date, on the date on which Employee has begun her employment with Employer and has begun to perform the services set forth within this Agreement, or on the date appropriate approval has been given, whichever date is later, Employee will receive 5,000 shares of Employer's restricted stock units, entitling Employee to the same number of full shares of DaVita common stock, subject to the following vesting conditions: such restricted stock units shall vest over a five-year period, one-third vesting on the third anniversary date of the grant, 11.11% at 40th month of the grant, then 11.11% every 4 months thereafter until the 60th month. The terms of the restricted stock units will be reflected in a separate Restricted Stock Units Agreement to be signed by Employer and Employee.

2.9 Management Share Ownership Policy. Employee shall review and understand the terms of the Management Share Ownership Policy with respect to all equity-based awards.

2.10 Indemnification. Employer agrees to indemnify and defend Employee against and in respect of any and all claims, actions, or demands relating to or in any way arising out of Employee's employment with Employer, to the extent permitted by the Company's By-laws and applicable law.

2.11 Reimbursement. Employer also agrees to reimburse Employee in accordance with Employer's reimbursement policies for travel and entertainment expenses, as well as other business-related expenses, incurred in the performance of her duties hereunder.

2.12 Changes to Benefit Plans. Employer reserves the right to modify, suspend, or discontinue any and all of its health and welfare benefit plans, practices, policies, and programs at any time without recourse by Employee so long as such action is taken generally with respect to all other similarly-situated peer executives and does not single out Employee.

Section 3. Provisions Relating to Termination of Employment.

3.1 Employment Is At-Will. Employee's employment with Employer is "at will" and is terminable by Employer or by Employee at any time and for any reason or no reason, subject to the notice requirements set forth below.

3.2 Termination for Material Cause. Employer may terminate Employee's employment without advanced notice for Material Cause (as defined below). Upon termination for Material Cause, Employee shall (i) be entitled to receive the Base Salary and benefits as set forth in Section 2.1 and Section 2.2, respectively, through the effective date of such termination and (ii) not be entitled to receive any other compensation, benefits, or payments of any kind, except as otherwise required by law or by the terms of any benefit or retirement plan or other arrangement that would, by its terms, apply.

3.3 Other Termination. Employer may terminate the employment of Employee for any reason or for no reason at any time upon at least thirty (30) days' advance written notice. If Employer terminates the employment of Employee for reasons other than for death, Material Cause, or Disability, or if Employee resigns within sixty (60) days following a Good Cause Event (as defined below), and contingent upon Employee's execution of the Employer's standard Waiver and Release Agreement and Noncompetition Agreement within twenty-eight days of the termination of Employee's employment, Employee shall be entitled to (i) salary continuation for the twelve-month period following the termination of her employment (the "Severance Period"), subject to Employer's payroll practices and procedures; and (ii) if Employee's employment is terminated after April in a given year, receive a payment equal to the Bonus paid in the year prior to the termination of Employee's employment, pro-rated for the number of months served in the year Employee's employment is terminated, to be paid in equal installments over the Severance Period, subject to Employer's payroll practices and procedures (if Employee's employment is terminated within her first year, she shall receive 50 percent of her Bonus potential, pro-rated for the number of months served in the year Employee's employment is terminated). Employee's severance is made pursuant to the terms and conditions of the DaVita Inc. Severance Plan, including the Offset;Mitigation provision, as those provisions exist at the time of the termination of Employee's employment. For purposes of this provision, an Employee's employment has been terminated when Employee is no longer providing services for Employer after a specific date or the level of bona fide services that Employee would perform (as an employee or independent contractor) after a specific date would permanently decrease to no more than 20% of the average level of bona fide services performed over the immediately preceding thirty-six month period (or the full period of service if Employee was employed for less than thirty-six months).

3.4. Voluntary Resignation. Employee may resign from Employer at any time upon at least ninety (90) days' advance written notice. If Employee resigns from Employer for reasons other than a Good Cause Event, Employee shall (i) be entitled to receive the base salary and benefits as set forth in Section 2.1 and Section 2.2, respectively, through the effective date of such termination and (ii) not be entitled to receive any other compensation, benefits, or payments of any kind, except as otherwise required by law or by the terms of any benefit or retirement plan or other arrangement that would, by its terms, apply. In the event Employee resigns from Employer at any time, Employer shall have the right to make such resignation effective as of any date before the expiration of the required notice period.

3.5 Disability. Upon thirty (30) days' advance notice (which notice may be given before the completion of the periods described herein), Employer may terminate Employee's employment for Disability (as defined below).

3.6 Definitions. For the purposes of this Agreement, the following terms shall have the meanings indicated:

(a) "Disability" shall mean the inability, for a period of six (6) months, to adequately perform Employee's regular duties, with or without reasonable accommodation, due to a physical or mental illness, condition, or disability.

(b) "Good Cause Event" shall mean the occurrence of the following events without Employee's express written consent: (i) Employer materially diminishes the scope of Employee's duties and responsibilities; or (ii) Employer materially reduces Employee's base compensation. Notwithstanding the above, the occurrence of any such condition shall not constitute Good Cause unless the Employee provides notice to Employer of the

existence of such condition not later than 90 days after the initial existence of such condition, and Employer shall have failed to remedy such condition within 30 days after receipt of such notice.

(c) "Material Cause" shall mean any of the following: (i) conviction of a felony or plea of no contest to a felony; (ii) any act of fraud or dishonesty in connection with the performance of her duties; (iii) repeated failure or refusal by Employee to follow policies or directives reasonably established by the Chief Executive Officer of Employer or his/her designee that goes uncorrected for a period of ten (10) consecutive days after written notice has been provided to Employee; (iv) a material breach of this Agreement; (v) any gross or willful misconduct or gross negligence by Employee in the performance of her duties; (vi) egregious conduct by Employee that brings Employer or any of its subsidiaries or affiliates into public disgrace or disrepute; (vii) an act of unlawful discrimination, including sexual harassment; (viii) a violation of the duty of loyalty or of any fiduciary duty; or (ix) exclusion or notice of exclusion of Employee from participating in any federal health care program. Before the Employer may discharge Employee for an act of fraud or dishonesty in connection with the performance of her duties, Employee shall have a right to contest her termination to the entire Board of Directors.

3.7 Notice of Termination. Any purported termination of Employee's employment by Employer or by Employee shall be communicated by a written Notice of Termination to the other party hereto in accordance with Section 5 hereof. A "Notice of Termination" shall mean a written notice that indicates the specific termination provision in this Agreement.

3.8 Effect of Termination. Upon termination, this Agreement shall be of no further force and effect and neither party shall have any further right or obligation hereunder; provided, however, that no termination shall modify or affect the rights and obligations of the parties that have accrued prior to termination; and provided further, that the rights and obligations of the parties under Section 3, Section 4, and Section 5 shall survive termination of this Agreement.

3.9 Notwithstanding any provision herein to the contrary, in the event that any payment to be made to Employee hereunder (whether pursuant to this Section 3 or any other Section) as a result of Employee's termination of employment is determined to constitute "deferred compensation" subject to Section 409A of the Internal Revenue Code, and Employee is a "Key Employee" under the DaVita Inc. Key Employee Policy for 409A Arrangements at the time of Employee's termination of employment, all such deferred compensation payments payable during the first six (6) months following Employee's termination of employment shall be delayed and paid in a lump sum during the seventh calendar month following the calendar month during which Employee's termination of employment occurs.

Section 4: Confidentiality and Non-Solicitation. Employee, contemporaneously herewith, shall enter into a Confidentiality and Non-Solicitation Agreement, the terms of which are incorporated herein and made a part hereof as though set forth in this Agreement. If Employee transfers to Colorado, she shall enter into a Non-Competition, Non-Solicitation, and Confidentiality Agreement.

Section 5. Miscellaneous.

5.1 Entire Agreement; Amendment. This Agreement represents the entire understanding of the parties hereto with respect to the employment of Employee and supersedes all prior agreements with respect thereto. This Agreement may not be altered or amended except in writing executed by both parties hereto.

5.2 Assignment; Benefit. This Agreement is personal and may not be assigned by Employee. This Agreement may be assigned by Employer and shall inure to the benefit of and be binding upon the successors and assigns of Employer.

5.3. Applicable Law; Venue. This Agreement shall be governed by the laws of the State of California, without regard to the principles of conflicts of laws. Both parties agree that any action relating to this Agreement

shall be brought in a state or federal court of competent jurisdiction located in the State of California and both parties agree to exclusive venue in the State of California.

5.4 Notice. Notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to Employer at its principal office and to Employee at Employee's principal residence as shown in Employer's personnel records, provided that all notices to Employer shall be directed to the attention of the Chief Executive Officer, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

5.5 Construction. Each party has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any party on the basis that the party was the drafter. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

5.6 Execution. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Photographic or facsimile copies of such signed counterparts may be used in lieu of the originals for any purpose.

5.7 Legal Counsel. Employee and Employer recognize that this is a legally binding contract and acknowledge and agree that they have had the opportunity to consult with legal counsel of their choice.

5.8 Waiver. The waiver by any party of a breach of any provision of this Agreement by the other shall not operate or be construed as a waiver of any other or subsequent breach of such or any provision.

5.9 Invalidity of Provision. In the event that any provision of this Agreement is determined to be illegal, invalid, or void for any reason, the remaining provisions hereof shall continue in full force and effect.

5.10 Approval by DaVita Inc. as to Form. The parties acknowledge and agree that this Agreement shall take effect and be legally binding upon the parties only upon full execution hereof by the parties and upon approval by DaVita Inc. as to the form of hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date and year first written above.

DAVITA INC.

By /s/ Kent J. Thiry
Kent J. Thiry
Chairman and Chief Executive Officer

EMPLOYEE

By /s/ Kim M. Rivera
Kim M. Rivera

Approved by DaVita Inc. as to Form:

/s/ Lisa A. Barr
Lisa Barr
Assistant General Counsel - Labor

Exhibit 10.14

SECOND AMENDMENT TO STOCK APPRECIATION RIGHTS AGREEMENTS

This Second Amendment to Stock Appreciation Rights Agreements is entered into this 11th day of December, 2009, by and between DaVita Inc., a Delaware corporation (the "Company"), and Richard K. Whitney (the "Employee").

WHEREAS, the Company and the Employee previously entered into five Stock Appreciation Rights Agreements (each an "SAR Agreement"), dated as of February 14, 2008, February 15, 2008, February 19, 2008, February 20, 2008 and February 21, 2008, respectively (the "Grant Dates"), copies of which are attached hereto as Exhibits 1 through 5, pursuant to the Company's 2002 Equity Compensation Plan; and

WHEREAS, each SAR Agreement was amended by that certain Amendment to Stock Appreciation Rights Agreements dated November 2008, a copy of which is attached hereto as Exhibit 6.

WHEREAS, the Company and the Employee desire to further amend each SAR Agreement pursuant to Section 10 thereof;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 2(b) of each SAR Agreement is amended in its entirety, effective as of the date first written above, to provide as follows:

"(b) In the case of the termination of the Grantee's employment with the Company ("Severance"), the SAR shall terminate on the Expiration Date."

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment to Stock Appreciation Rights Agreements as of the date and year first written above.

COMPANY

By /s/ Kent J. Thiry
Kent J. Thiry
Chief Executive Officer

EMPLOYEE

By /s/ Richard K. Whitney
Richard K. Whitney

Exhibit 12.1

DAVITA INC.

RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. Earnings for this purpose are defined as pretax income from continuing operations adjusted by adding back fixed charges expensed during the period less noncontrolling interests. Fixed charges include debt expense (interest expense and the amortization of deferred financing costs), the estimated interest component of rent expense on operating leases, and capitalized interest.

	Year ended December 31,				
	2009	2008	2007	2006	2005
	(dollars in thousands)				
Earnings adjusted for fixed charges:					
Income from continuing operations before income taxes(1)	$758,224	$656,791	$674,224	$513,900	$354,592
Add:					
Debt expense	185,755	224,716	257,147	276,706	139,586
Interest portion of rent expense	81,122	72,562	64,613	60,395	35,189
Less: Noncontrolling interests(1)	(57,803)	(47,331)	(46,702)	(38,141)	(23,495)
	209,074	249,947	275,058	298,960	151,280
	$967,298	$906,738	$949,282	$812,860	$505,872
Fixed charges:					
Debt expense	$185,755	$224,716	$257,147	$276,706	$139,586
Interest portion of rent expense	81,122	72,562	64,613	60,395	35,189
Capitalized interest	3,627	4,189	3,878	4,708	1,912
	$270,504	$301,467	$325,638	$341,809	$176,687
Ratio of earnings to fixed charges	3.58	3.01	2.92	2.38	2.86

(1) The Company has changed the presentation of earnings attributable to noncontrolling interests for all prior periods presented.

Exhibit 21.1

SUBSIDIARIES OF THE COMPANY

Name	Structure	Jurisdiction of Incorporation
Aberdeen Dialysis, LLC	Limited Liability Company	DE
Alamosa Dialysis, LLC	Limited Liability Company	DE
American Fork Dialysis, LLC	Limited Liability Company	DE
Amery Dialysis, LLC	Limited Liability Company	DE
Animas Dialysis, LLC	Limited Liability Company	DE
Arcadia Gardens Dialysis, LLC	Limited Liability Company	DE
Astro, Hobby, West Mt. Renal Care Limited Partnership	Limited Partnership	DE
Austin Dialysis Centers, L.P.	Limited Partnership	DE
Bear Creek Dialysis, L.P.	Limited Partnership	DE
Beverly Hills Dialysis Partnership	Partnership	CA
Bluegrass Dialysis, LLC	Limited Liability Company	DE
Bright Dialysis Center, LLC	Limited Liability Company	DE
Brighton Dialysis Center, LLC	Limited Liability Company	DE
Bruno Dialysis, LLC	Limited Liability Company	DE
Buford Dialysis, LLC	Limited Liability Company	DE
Canyon Springs Dialysis, LLC	Limited Liability Company	DE
Canyonlands Dialysis, LLC	Limited Liability Company	DE
Capelville Dialysis, LLC	Limited Liability Company	DE
Capital Dialysis Partnership	Partnership	CA
Carroll County Dialysis Facility, Inc.	Corporation	MD
Carroll County Dialysis Facility Limited Partnership	Limited Partnership	MD
Cascades Dialysis, LLC	Limited Liability Company	DE
Centennial LV, LLC	Limited Liability Company	DE
Central Carolina Dialysis Centers, LLC	Limited Liability Company	DE
Central Georgia Dialysis, LLC	Limited Liability Company	DE
Central Iowa Dialysis Partners, LLC	Limited Liability Company	DE
Central Kentucky Dialysis Centers, LLC	Limited Liability Company	DE
Cherry Valley Dialysis, LLC	Limited Liability Company	DE
Chicago Heights Dialysis, LLC	Limited Liability Company	DE
Chipeta Dialysis, LLC	Limited Liability Company	DE
Clinton Township Dialysis, LLC	Limited Liability Company	DE
Columbus-RNA-DaVita, LLC	Limited Liability Company	DE
Commerce Township Dialysis Center, LLC	Limited Liability Company	DE
Continental Dialysis Center, Inc.	Corporation	VA
Continental Dialysis Center of Springfield-Fairfax, Inc.	Corporation	VA
Creek Dialysis, LLC	Limited Liability Company	DE
Dallas-Fort Worth Nephrology, L.P.	Limited Partnership	DE
Dallas-Fort Worth Nephrology II, LLC	Limited Liability Company	DE
DaVita Dakota Dialysis Center, LLC	Limited Liability Company	DE
DaVita El Paso East, L.P.	Limited Partnership	DE
DaVita Nephrology Medical Associates of California, Inc.	Corporation	CA
DaVita Nephrology Medical Associates of Pennsylvania, P.C.	Professional Corporation	PA
DaVita Nephrology Medical Associates of Washington, P.C.	Professional Corporation	WA
DaVita of New York, Inc.	Corporation	NY
DaVita-Riverside, LLC	Limited Liability Company	DE

Name	Structure	Jurisdiction of Incorporation
DaVita-Riverside II, LLC	Limited Liability Company	DE
DaVita Rx, LLC	Limited Liability Company	DE
DaVita Tidewater, LLC	Limited Liability Company	DE
DaVita Tidewater-Virginia Beach, LLC	Limited Liability Company	DE
DaVita VillageHealth, Inc	Corporation	DE
DaVita VillageHealth Insurance of Alabama, Inc.	Corporation	AL
DaVita VillageHealth of Georgia, Inc.	Corporation	GA
DaVita VillageHealth of Ohio, Inc.	Corporation	OH
DaVita VillageHealth of Virginia, Inc.	Corporation	VA
DaVita-West, LLC	Limited Liability Company	DE
Decker Dialysis, LLC	Limited Liability Company	DE
Dialysis Holdings, Inc.	Corporation	DE
Dialysis of Des Moines, LLC	Limited Liability Company	DE
Dialysis of North Atlanta, LLC	Limited Liability Company	DE
Dialysis of Northern Illinois, LLC	Limited Liability Company	DE
Dialysis Specialists of Dallas, Inc.	Corporation	TX
DNP Management Company, LLC	Limited Liability Company	DE
Downriver Centers, Inc.	Corporation	MI
Downtown Houston Dialysis Center, L.P.	Limited Partnership	DE
Durango Dialysis Center, LLC	Limited Liability Company	DE
DVA Healthcare of Maryland, Inc.	Corporation	MD
DVA Healthcare of Massachusetts, Inc.	Corporation	MA
DVA Healthcare of New London, LLC	Limited Liability Company	TN
DVA Healthcare of Norwich, LLC	Limited Liability Company	TN
DVA Healthcare of Pennsylvania, Inc.	Corporation	PA
DVA Healthcare of Tuscaloosa, LLC	Limited Liability Company	TN
DVA Healthcare Procurement Services, Inc.	Corporation	CA
DVA Healthcare Renal Care, Inc.	Corporation	NV
DVA Healthcare-Southwest Ohio, LLC	Limited Liability Company	TN
DVA Laboratory Services, Inc.	Corporation	FL
DVA of New York, Inc.	Corporation	NY
DVA Renal Healthcare, Inc.	Corporation	TN
DVA/Washington University Healthcare of Greater St. Louis, LLC	Limited Liability Company	DE
East Dearborn Dialysis, LLC	Limited Liability Company	DE
East End Dialysis Center, Inc.	Corporation	VA
East Ft. Lauderdale, LLC	Limited Liability Company	DE
East Houston Kidney Center, L.P.	Limited Partnership	DE
Elberton Dialysis Facility, Inc.	Corporation	GA
Elk Grove Dialysis Center, LLC	Limited Liability Company	DE
Empire State DC, Inc.	Corporation	NY
Falcon, LLC	Limited Liability Company	DE
Fields Dialysis, LLC	Limited Liability Company	DE
Five Star Dialysis, LLC	Limited Liability Company	DE
Flamingo Park Kidney Center, Inc.	Corporation	FL
Forester Dialysis, LLC	Limited Liability Company	DE
Freehold Artificial Kidney Center, LLC	Limited Liability Company	NJ
Fullerton Dialysis Center, LLC	Limited Liability Company	DE
Give Life Dialysis, LLC	Limited Liability Company	DE

Name	Structure	Jurisdiction of Incorporation
Grand Home Dialysis, LLC	Limited Liability Company	DE
Greater Las Vegas Dialysis LLC	Limited Liability Company	DE
Greater Los Angeles Dialysis Centers, LLC	Limited Liability Company	DE
Green Desert Dialysis, LLC	Limited Liability Company	DE
Greenwood Dialysis, LLC	Limited Liability Company	DE
Griffin Dialysis, LLC	Limited Liability Company	DE
Hanford Dialysis, LLC	Limited Liability Company	DE
Hawaiian Gardens Dialysis, LLC	Limited Liability Company	DE
Hialeah Kidney Dialysis, LLC	Limited Liability Company	DE
Historic Dialysis, LLC	Limited Liability Company	DE
HomeChoice Partners, Inc	Corporation	DE
Honey Dialysis, LLC	Limited Liability Company	DE
Houston Acute Dialysis, L.P.	Limited Partnership	DE
Houston Kidney Center/Total Renal Care Integrated Service Network Limited Partnership	Limited Partnership	DE
Huntington Artificial Kidney Center, Ltd.	Limited Liability Company	NY
Huntington Park Dialysis, LLC	Limited Liability Company	DE
Indian River Dialysis Center, LLC	Limited Liability Company	DE
Ionia Dialysis, LLC	Limited Liability Company	DE
Jedburg Dialysis, LLC	Limited Liability Company	DE
Kidney Centers of Michigan, LLC	Limited Liability Company	DE
Kidney Home Center, LLC	Limited Liability Company	DE
Knickerbocker Dialysis, Inc.	Corporation	NY
Las Vegas Pediatric Dialysis, LLC	Limited Liability Company	DE
Lawrenceburg Dialysis, LLC	Limited Liability Company	DE
Liberty RC, Inc.	Corporation	NY
Limon Dialysis, LLC	Limited Liability Company	DE
Lincoln Park Dialysis Services, Inc.	Corporation	IL
Little Rock Dialysis Centers, LLC	Limited Liability Company	DE
Lockport Dialysis, LLC	Limited Liability Company	DE
Long Beach Dialysis Center, LLC	Limited Liability Company	DE
Lord Baltimore Dialysis, LLC	Limited Liability Company	DE
Los Angeles Dialysis Center	Partnership	CA
Maple Grove Dialysis, LLC	Limited Liability Company	DE
Maples Dialysis, LLC	Limited Liability Company	DE
Marysville Dialysis Center, LLC	Limited Liability Company	DE
Mason-Dixon Dialysis Facilities, Inc.	Corporation	MD
Memorial Dialysis Center, L.P.	Limited Partnership	DE
Mena Dialysis Center, LLC	Limited Liability Company	DE
Middlesex Dialysis Center, LLC	Limited Liability Company	DE
Miramar Dialysis Center, LLC	Limited Liability Company	DE
Moncrief Dialysis Center/Total Renal Care Limited Partnership	Limited Partnership	DE
Morro Dialysis, LLC	Limited Liability Company	DE
Mountain West Dialysis Services, LLC	Limited Liability Company	DE
Muskogee Dialysis, LLC	Limited Liability Company	DE
Natomas Dialysis, LLC	Limited Liability Company	DE
Nephrology Medical Associates of Georgia, LLC	Limited Liability Company	GA
Neptune Artificial Kidney Center, LLC	Limited Liability Company	NJ

Name	Structure	Jurisdiction of Incorporation
New Bay Dialysis, LLC	Limited Liability Company	DE
New Hope Dialysis, LLC	Limited Liability Company	DE
New Springs Dialysis, LLC	Limited Liability Company	DE
North Austin Dialysis, LLC	Limited Liability Company	DE
North Colorado Springs Dialysis, LLC	Limited Liability Company	DE
Ohio River Dialysis, LLC	Limited Liability Company	DE
Open Access Lifeline, LLC	Limited Liability Company	DE
Orange Dialysis, LLC	Limited Liability Company	CA
Palomar Dialysis, LLC	Limited Liability Company	DE
Patient Pathways, LLC	Limited Liability Company	DE
PDI Holdings, Inc.	Corporation	DE
Physicians Choice Dialysis of Alabama, LLC	Limited Liability Company	DE
Physicians Dialysis Acquisitions, Inc.	Corporation	DE
Physicians Dialysis, Inc.	Corporation	DE
Physicians Dialysis of Houston, LLP	Limited Liability Partnership	TX
Physicians Dialysis of Lancaster, LLC	Limited Liability Company	PA
Physicians Dialysis Ventures, Inc.	Corporation	DE
Pike Dialysis, LLC	Limited Liability Company	DE
Pittsburg Dialysis Partners, LLC	Limited Liability Company	DE
Platte Dialysis, LLC	Limited Liability Company	DE
Plumas Dialysis, LLC	Limited Liability Company	DE
Princeton Dialysis, LLC	Limited Liability Company	DE
Red Willow Dialysis, LLC	Limited Liability Company	DE
Renal Clinic Of Houston, LLC	Limited Liability Company	DE
Renal Life Link, Inc.	Corporation	DE
Renal Treatment Centers—California, Inc.	Corporation	DE
Renal Treatment Centers—Illinois, Inc.	Corporation	DE
Renal Treatment Centers, Inc.	Corporation	DE
Renal Treatment Centers—Mid-Atlantic, Inc.	Corporation	DE
Renal Treatment Centers—Northeast, Inc.	Corporation	DE
Renal Treatment Centers—Southeast, L.P.	Limited Partnership	DE
Renal Treatment Centers—West, Inc.	Corporation	DE
Riddle Dialysis, LLC	Limited Liability Company	DE
Ripley Dialysis, LLC	Limited Liability Company	DE
Rita Ranch Dialysis, LLC	Limited Liability Company	DE
River Valley Dialysis, LLC	Limited Liability Company	DE
RMS Lifeline, Inc.	Corporation	DE
RNA-DaVita Dialysis, LLC	Limited Liability Company	DE
Robinson Dialysis, LLC	Limited Liability Company	DE
Rochester Dialysis Center, LLC	Limited Liability Company	DE
Rocky Mountain Dialysis Services, LLC	Limited Liability Company	DE
Physicians Choice Dialysis of Alabama, LLC	Limited Liability Company	DE
Roose Dialysis, LLC	Limited Liability Company	DE
Ross Clark Circle Dialysis, LLC	Limited Liability Company	DE
Physicians Choice Dialysis of Alabama, LLC	Limited Liability Company	DE
Royale Dialysis, LLC	Limited Liability Company	DE
RTC Holdings, Inc.	Corporation	DE
RTC TN, Inc.	Corporation	DE
SafeHarbor Dialysis, LLC	Limited Liability Company	DE

Name	Structure	Jurisdiction of Incorporation
SAKDC-DaVita Dialysis Partners, L.P.	Limited Partnership	DE
Sandusky Dialysis, LLC	Limited Liability Company	DE
San Marcos Dialysis, LLC	Limited Liability Company	DE
Santa Fe Springs Dialysis, LLC	Limited Liability Company	DE
Seneca Dialysis, LLC	Limited Liability Company	DE
Shadow Dialysis, LLC	Limited Liability Company	DE
Shayano Dialysis, LLC	Limited Liability Company	DE
Shining Star Dialysis, Inc.	Corporation	NJ
Siena Dialysis Center, LLC	Limited liability Company	DE
Soledad Dialysis Center, LLC	Limited Liability Company	DE
Somerville Dialysis Center, LLC	Limited Liability Company	DE
South Central Florida Dialysis Partners, LLC	Limited Liability Company	DE
South Shore Dialysis Center. L.P.	Limited Partnership	DE
Southcrest Dialysis, LLC	Limited Liability Company	DE
Southeastern Indiana Dialysis, LLC	Limited Liability Company	DE
Southern Colorado Joint Ventures, LLC	Limited Liability Company	DE
Southern Hills Dialysis Center, LLC	Limited Liability Company	DE
Southwest Atlanta Dialysis Centers, LLC	Limited Liability Company	DE
St. Luke's Dialysis, LLC	Limited Liability Company	DE
Star Dialysis, LLC	Limited Liability Company	DE
Steam Dialysis, LLC	Limited Liability Company	DE
Strongsville Dialysis, LLC	Limited Liability Company	DE
Sugarloaf Dialysis, LLC	Limited Liability Company	DE
Summit Dialysis Center, L.P.	Limited Partnership	DE
Sun City Dialysis Center, LLC	Limited Liability Company	DE
Sun City West Dialysis Center LLC	Limited Liability Company	DE
Sunset Dialysis, LLC	Limited Liability Company	DE
Taylor Dialysis, LLC	Limited Liability Company	DE
Tel-Huron Dialysis, LLC	Limited Liability Company	DE
Tennessee Valley Dialysis Center, LLC	Limited Liability Company	DE
The Woodlands Dialysis Center, L.P.	Limited Partnership	DE
Total Acute Kidney Care, Inc.	Corporation	FL
Total Renal Care/Eaton Canyon Dialysis Center Partnership	Partnership	CA
Total Renal Care, Inc.	Corporation	CA
Total Renal Care North Carolina, LLC	Limited Liability Company	DE
Total Renal Care/Piedmont Dialysis Center Partnership	Partnership	CA
Total Renal Care Texas Limited Partnership	Limited Partnership	DE
Total Renal Laboratories, Inc.	Corporation	FL
Total Renal Research, Inc.	Corporation	DE
Transmountain Dialysis, L.P.	Limited Partnership	DE
TRC-Dyker Heights, L.P.	Limited Partnership	NY
TRC El Paso Limited Partnership	Limited Partnership	DE
TRC-Four Corners Dialysis Clinics, LLC	Limited Liability Company	NM
TRC-Georgetown Regional Dialysis LLC	Limited Liability Company	DC
TRC-Indiana LLC	Limited Liability Company	IN
TRC-Petersburg, LLC	Limited Liability Company	DE
TRC of New York, Inc.	Corporation	NY
TRC West, Inc.	Corporation	DE
Tree City Dialysis, LLC	Limited Liability Company	DE

Name	Structure	Jurisdiction of Incorporation
Tulsa Dialysis, LLC	Limited Liability Company	DE
Turlock Dialysis Center, LLC	Limited Liability Company	DE
Tustin Dialysis Center, LLC	Limited Liability Company	DE
University Dialysis Center, LLC	Limited Liability Company	DE
Upper Valley Dialysis, L.P	Limited Partnership	DE
Urbana Dialysis, LLC	Limited Liability Company	DE
USC-DaVita Dialysis Center, LLC	Limited Liability Company	CA
UT Southwestern DVA Healthcare, LLP	Limited Liability Partnership	TX
Valley Springs Dialysis, LLC	Limited Liability Company	DE
Verde Dialysis, LLC	Limited Liability Company	DE
VillageHealth DM, LLC	Limited Liability Company	DE
Wauseon Dialysis, LLC	Limited Liability Company	DE
Wesley Chapel Dialysis, LLC	Limited Liability Company	DE
West Broomfield Dialysis, LLC	Limited Liability Company	DE
West Elk Grove Dialysis, LLC	Limited Liability Company	DE
West Monroe Dialysis, LLC	Limited Liability Company	DE
West Pensacola Dialysis, LLC	Limited Liability Company	DE
West Sacramento Dialysis, LLC	Limited Liability Company	DE
Weston Dialysis Center, LLC	Limited Liability Company	DE
Weston Dialysis Center, LLC	Limited Liability Company	DE
Willowbrook Dialysis Center, L.P.	Limited Partnership	DE
Wood Dialysis, LLC	Limited Liability Company	DE
Wyandotte Central Dialysis, LLC	Limited Liability Company	DE
Wyler Dialysis, LLC	Limited Liability Company	DE
Ybor City Dialysis, LLC	Limited Liability Company	DE
Yucaipa Dialysis, LLC	Limited Liability Company	DE
Zephyrhills Dialysis Center, LLC	Limited Liability Company	DE

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
DaVita Inc.:

We consent to the incorporation by reference in the registration statements on Forms S-8 (No. 33-84610, No. 33-83018, No. 33-99862, No. 33-99864, No. 333-01620, No. 333-34693, No. 333-34695, No. 333-46887, No. 333-75361, No. 333-56149, No. 333-30734, No. 333-30736, No. 333-63158, No. 333-42653, No. 333-86550, No. 333-86556, No. 333-144097 and No. 333-158220) and Form S-3 (No. 333-69227) of DaVita Inc. of our reports dated February 25, 2010, with respect to the consolidated balance sheets of DaVita Inc. as of December 31, 2009 and 2008, and the related consolidated statements of income, equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2009, and related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2009, which reports appear in the December 31, 2009 annual report on Form 10-K of DaVita Inc.

As discussed in Note 1 to the consolidated financial statements, the Company adopted Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements (included in FASB ASC Topic 810, Consolidation), on a prospective basis except for the presentation and disclosure requirements which were applied retrospectively for all periods presented effective January 1, 2009.

/s/ KPMG LLP

Seattle, Washington
February 25, 2010

Exhibit 31.1

SECTION 302 CERTIFICATION

I, Kent J. Thiry, certify that:

1. I have reviewed this annual report on Form 10-K of DaVita Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ KENT J. THIRY

Kent J. Thiry
Chief Executive Officer

Date: February 25, 2010

Exhibit 31.2

SECTION 302 CERTIFICATION

I, Richard K. Whitney, certify that:

1. I have reviewed this annual report on Form 10-K of DaVita Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ RICHARD K. WHITNEY

Richard K. Whitney
Chief Financial Officer

Date: February 25, 2010

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of DaVita Inc. (the "Company") on Form 10-K for the year ending December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Periodic Report"), I, Kent J. Thiry, Chief Executive Officer of the Company, certify, pursuant to 18.U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ KENT J. THIRY

Kent J. Thiry
Chief Executive Officer

February 25, 2010

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

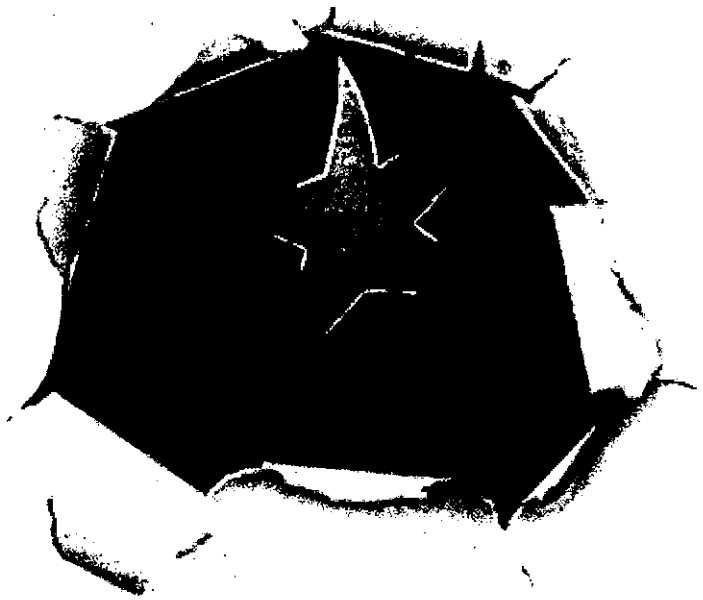
In connection with the Annual Report of DaVita Inc. (the "Company") on Form 10-K for the year ending December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Periodic Report"), I, Richard K. Whitney, Chief Financial Officer of the Company, certify, pursuant to 18.U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RICHARD K. WHITNEY

Richard K. Whitney
Chief Financial Officer

February 25, 2010



DaVita®

2008 ANNUAL REPORT

DaVita.

Dear Stakeholders:

I will first discuss our 2008 results and then provide a few thoughts about the future.

We had a solid year in 2008. A few of the highlights were:

- Clinical outcomes were once again among the best or were the best in virtually every category. We significantly advanced our clinical care initiatives,
- Once again we delivered operating profit growth[1] and our cash flows were strong,
- Although still inadequate, we did much better in reimbursement legislation than had been expected, and
- We strengthened our senior team, including a smooth and planned transition of the Chief Operating Officer role to Dennis Kogod, and the recruiting of one of the world's most respected nephrologists, Dr. Allen Nissenson, to be our chief medical officer.

Clinical Outcomes and Clinical Care Initiatives:

DaVita and its affiliated physicians collaborated to achieve outstanding clinical outcomes in 2008 and for the 8th straight year these were the best patient outcomes in our history. In the key areas where better clinical performance has been associated with improved patient outcomes (dialysis access, nutrition, adequacy of dialysis, anemia management, bone and mineral disease), we had gratifying successes. At the end of the year:

- 62% of our patients had an arteriovenous fistula placed for dialysis,
- 84% of our patients achieved an albumin level of 3.5 or better,
- 94% of our patients achieved a Kt/V of 1.2 or better,
- 79% of our patients achieved the minimum recommended hemoglobin level, and
- 70% of our patients achieved a calcium phosphorus product <55, the best results ever for management of metabolic bone disease.

These results compare quite favorably to those reported publicly for other providers, as do our gross and adjusted mortality rates.

We significantly advanced our work in DaVita Clinical Research and in DaVita Rx (our specialty pharmacy) in both cases paving the way to even better clinical outcomes and much higher levels of value-added to payors and the pharmaceutical industry.

Our large integrated care demonstration with the federal government continues to show immense promise for reducing total healthcare costs while improving quality. For example, over the most recently measured period we achieved 20 of 23 quality incentives and reduced catheter use by 35%.

In 2009, we will continue our *Relentless Pursuit of Quality* with an intense focus on further improving vascular access and survival, while continuing to improve outcomes in all important areas of patient care.

Financial:

Net income was $374 million as compared to $340 million[1] in 2007. Earnings per share were $3.53, as compared to $3.17[1] for 2007, an 11% increase[1]. Our operating results for 2007 excluded after-tax gains from insurance settlements, the after-tax valuation gain on the Gambro Product Supply Agreement and after-tax gains on the sale of investment securities.

Cash flow from operations was $556 million and free cash flow was $451 million[1]. These strong cash flows allowed us to repurchase 4.8 million shares of common stock for $233 million and spend $339 million for center developments and acquisitions. Our balance sheet is strong with an end of year leverage ratio of 2.88 times (debt to trailing 12 month earnings before interest and taxes)[1].

Public Policy:

2008 was an unprecedented year in Washington with the passage of major dialysis legislation as part of the Medicare Improvements for Patients and Providers Act. This legislation introduced a new payment system for dialysis services beginning in January 2011 and contained an important annual inflation adjustment for payments starting in 2012. In addition, we get 1% composite rate updates in 2009 and 2010 which unfortunately are offset by a 2% cut in our overall payment rate in 2011. We will work hard to innovate the approximately $1.0 billion dollars of additional cost that will now be in the bundle, to find ways to reduce costs while holding quality constant or improving it.

As in the past we continued to build strong relationships with key government stakeholders, including CMS and within Congress, and developed alternative reform proposals for consideration. In 2009, we will continue to improve the care we deliver to our patients while seeking to partner with the government to enhance the longevity of the Medicare Trust Fund.

Corporate Citizenship:

Being a leader in American health care means being a responsible corporate community. Community Care, DaVita's vision for social responsibility, is our philosophy for balancing our business responsibilities with our social, economic and environmental ones. Since we began in 1999, DaVita has had a vision for creating a true community–one that cares for our teammates as well as our patients. This investment in creating a community has inspired our teammates to realize their full potential and to deliver superior quality care to our patients.

We know that as a leader in health care we can make a lasting, positive impact on people around the world and on our environment. Our Community Care programs, including several examples below, enrich the lives of our more than 110,000 patients and 32,000 teammates and their families.

- More than 1,000 people have volunteered more than 294,000 hours to be Village Greeters in DaVita dialysis centers.
- 25,000 letters of thanks have been presented to physicians from their patients through the Thanks, Doc! Program.
- Approximately 150 DaVita teammates have volunteered to bring chronic kidney disease and dialysis care to underserved areas as part of 12 international missions led by Bridge of Life–DaVita Medical Missions™.

- DaVita Kidney Awareness Run/Walk events have raised more than $500,000 and Tour DaVita has raised more than $1,000,000 in the last two years to promote chronic kidney disease education through The Kidney TRUST™.

We invite you to review our work. Our 2008 Community Care Responsibility Report will be available on DaVita.com later this quarter.

Growth:

We provided 16.2 million dialysis treatments this year, a 5.9% increase from 2007. Our non-acquired growth was 4.3% year over year; however, in the fourth quarter growth slowed to 4% year over year.

In 2008 we opened 87 new centers and as of year end we had an additional 54 centers waiting for Medicare certification. Today, many dialysis facilities that are built and ready to treat patients stand unused due to CMS budgetary shortfalls and survey priorities set for states, as well as state surveyor shortages.

DaVita is working with the dialysis community and Congress to develop proactive policy options that would significantly reduce delays and review times by ensuring that state funding levels are sufficient to enable them to meet their program responsibilities.

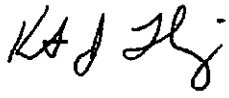
The outcome of this process could have a significant impact on the number of facilities we are able to open in 2009 as well as weigh on our operating costs and margins.

Outlook:

In 2008 we advanced our objective to be the highest value provider of kidney care for patients and payors. The advancements in our Village Health and DaVita Rx businesses have allowed us to help patients live longer healthier lives and have led to reduced healthcare costs for Medicare and other payers. We hope Congress is poised to enact major legislative reform for chronic conditions and our unique capabilities will hopefully allow us to be a significant player in the collective efforts to improve care and generate savings for taxpayers.

Again this year, I would like to offer heartfelt thanks to our over 32,000 teammates. Your resilience and tenacity in simultaneously meeting the needs of so many diverse constituencies is remarkable.

Respectfully submitted,



Kent J. Thiry
Chairman and CEO

(1) These are non-GAAP amounts. For a reconciliation of non-GAAP financial measures to comparable GAAP measures, see our press release for the fourth quarter and year ended 2008 results, which is on our Website at www.davita.com.

Table of Contents

In the interest of our Stakeholders, we have kept the cost of this Annual Report to a minimum. For additional information about the Company, please visit our website at *www.davita.com* or contact LeAnne Zumwalt at DaVita's corporate address.

Management's Discussion and Analysis of Financial Condition and Results of Operation

Forward-looking statements

This Annual Report contains statements that are forward-looking statements within the meaning of the federal securities laws. All statements that do not concern historical facts are forward-looking statements and include, among other things, statements about our expectations, beliefs, intentions and/or strategies for the future. These forward-looking statements include statements regarding our future operations, financial condition and prospects, expectations for treatment growth rates, revenue per treatment, expense growth, levels of the provision for uncollectible accounts receivable, operating income, cash flow, operating cash flow, estimated tax rates, capital expenditures, the development of new centers and center acquisitions, government and commercial payment rates, revenue estimating risk and the impact of our related level of indebtedness on our financial performance, including earnings per share. These statements involve substantial known and unknown risks and uncertainties that could cause our actual results to differ materially from those described in the forward-looking statements, including, but not limited to, risks resulting from the regulatory environment in which we operate, economic and market conditions, competitive activities, other business conditions, accounting estimates, the concentration of profits generated from commercial payor plans, continued downward pressure on average realized payment rates from commercial payors which may result in the loss of revenue and patients, a reduction in the number of patients under higher-paying commercial plans, a reduction in government payment rates or the structure of payments under the Medicare ESRD program which result in lower reimbursement for services we provide to Medicare patients, changes in pharmaceutical or anemia management practice patterns, payment policies or pharmaceutical pricing, our ability to maintain contracts with physician medical directors, legal compliance risks, including our continued compliance with complex government regulations and compliance with the corporate integrity agreement applicable to the dialysis centers acquired from Gambro Healthcare and assumed in connection with such acquisition, the resolution of ongoing investigations by various federal and state government agencies, and the risk factors set forth in this Annual Report. We base our forward-looking statements on information currently available to us, and we undertake no obligation to update or revise these statements, whether as a result of changes in underlying factors, new information, future events or otherwise.

The following should be read in conjunction with our consolidated financial statements.

Overview

We are a leading provider of dialysis services in the United States through a network of approximately 1,449 outpatient dialysis centers and 700 hospitals, serving approximately 112,000 patients in 43 states. In 2008, our overall network of dialysis centers increased by 90 centers primarily as a result of opening new centers and acquisitions and the overall number of patients that we serve increased by approximately 5%.

Our stated mission is to be the provider, partner and employer of choice. We believe our attention to these three stakeholders–our patients, our business partners, and our teammates–represent the major drivers of our long-term performance, although we are subject to the impact of external factors such as government policy and physician practice patterns. Accordingly, two principal non-financial metrics we track are quality clinical outcomes and teammate turnover. We have developed our own composite index for measuring improvements in our clinical outcomes, which we refer to as the DaVita Quality Index, or DQI. Our clinical outcomes as measured by DQI have improved over each of the past three years. Although it is difficult to reliably measure clinical performance across our industry, we believe our clinical outcomes compare favorably with other dialysis providers in the United States. In addition, over the past several years our teammate turnover has remained constant, which we believe has been a major contributor to our clinical performance improvements. We will continue to focus on these fundamental long-term value drivers.

Approximately 96% of our 2008 consolidated revenues were derived directly from our dialysis and related lab services business. Approximately 82% of our dialysis and related lab services revenues are derived from outpatient hemodialysis services in 1,426 centers that we consolidate which are either wholly-owned or majority-owned. Other dialysis services, which are operationally integrated with our dialysis operations, are peritoneal dialysis, home-based hemodialysis, and hospital inpatient hemodialysis services. These services collectively accounted for approximately 15% of our dialysis and related lab services revenues, and the remaining 3% of our dialysis and related lab services revenues were from laboratory services. We also generate management fees from performing management and administrative services to certain dialysis centers that represent less than 1% of our dialysis and related lab services revenues.

Our other business operations include ancillary services and strategic initiatives which are primarily aligned with our core business of providing dialysis services to our patients. These consist primarily of infusion therapy services, oral pharmacy services, vascular access services, disease management services, special needs plans, physician's services and ESRD clinical research programs. These services generated approximately 4% of our consolidated net revenues in 2008. We currently expect to continue to invest in our ancillary services and strategic initiatives as we work to develop successful new business operations. However, significant changes in market conditions, business performance or in the regulatory environment may impact the economic viability of these strategic initiatives. Any unfavorable changes could result in a write-off or an impairment of some or all of our investments in these strategic initiatives, or could also result in significant termination costs if we were to exit a certain line of business.

The principal drivers of our dialysis and related lab services revenues are:

- the number of treatments, which is primarily a function of the number of chronic patients requiring approximately three treatments per week, as well as the number of treatments for peritoneal dialysis services and home-based dialysis and hospital inpatient dialysis services;
- average dialysis revenue per treatment; and
- the number of laboratory patient tests

The total patient base is a relatively stable factor, which is influenced by a demographically growing need for dialysis services, our relationships with referring physicians together with the quality of our clinical care, and our ability to open and acquire new centers. Our year-over-year treatment volume growth was 5.9% in 2008.

Average dialysis and related lab services revenue per treatment is principally driven by our mix of commercial and government (principally Medicare and Medicaid) patients, the mix and intensity of physician-prescribed pharmaceuticals, commercial and government payment rates, and our billing and collecting operations performance.

On average, payment rates from commercial payors are significantly higher than Medicare, Medicaid and other government program payment rates, and therefore the percentage of commercial patients to total patients represents a major driver of our total average revenue per treatment.

The following table summarizes our dialysis and related lab services revenues for the year ended December 31, 2008:

	Revenues
Medicare and Medicare-assigned HMO plans	59%
Medicaid	4%
Other government-based programs	2%
Total government-based programs	65%
Commercial (including hospital dialysis services)	35%
Total dialysis and related lab services revenues	100%

Government payment rates are principally determined by federal Medicare and state Medicaid policy. These payment rates have historically had limited potential for rate increases and are sometimes at risk of reduction as federal and state governments face increasing budget pressures. Cumulative net increases in Medicare payment rates from 1990 through 2007 totaled approximately 10%, which is less than the impact of inflation over the same period. In July 2008, Congress passed the Medicare Improvements for Patients and Providers Act. This act provides for an increase in the composite rate of 1% in 2009 and 2010. In 2011, a new payment system will be established that will provide for a single bundled payment base rate with an initial rate set at 2% below the rate we would have received under the historical methodology. Beginning in 2012, the bundled payment base rate will be adjusted annually for inflation based upon a market basket index, less 1% of such index.

Dialysis payment rates from commercial payors can vary significantly and a major portion of our commercial rates are set at contracted amounts with large payors and are subject to intense negotiation pressure. Except for some rate reductions that occurred in late 2007, we have been successful in maintaining relatively stable average payment rates in the aggregate for patients with commercial plans, in addition to obtaining periodic rate increases. However, we are continuously in the process of negotiating agreements with our commercial payors and payors are increasingly aggressive in their negotiations. If our negotiations result in overall commercial rate reductions in excess of overall commercial rate increases, this would have a material adverse effect on our operating results. We also expect that some of our contracted rates with commercial payors may decrease or we may experience decreases in patient volume as our negotiations with commercial payors continue. In addition, payors have been attempting to impose restrictions and limitations on non-contracted or out-of-network providers, which could further decrease our commercial rate revenues.

Approximately 30% of our dialysis and related lab services revenues for the year ended December 31, 2008 were from physician-prescribed pharmaceuticals, with EPO accounting for approximately 20% of our dialysis and related lab services revenues. Therefore, changes in physician practice patterns, pharmaceutical protocols, pharmaceutical intensities and changes in private and governmental payment rates for EPO significantly influence our revenue. For example, in July 2007, CMS implemented a new reimbursement methodology for EPO which decreased our dialysis and related lab services revenue per treatment. In addition, effective January 2008, changes to the EPO monitoring policy went into effect which further limited reimbursements. These changes impacted the prescribing habits of our physicians, which resulted in lower pharmaceutical intensities during 2008, which negatively impacted our average dialysis and related lab services revenue per treatment in 2008.

Our operating performance with respect to dialysis services billing and collection can also be a significant factor in how much average dialysis and related lab services revenue per treatment we actually realize. Over the past several years we have invested heavily in new systems and processes that we believe have helped improve our operating performance and reduced our regulatory compliance risks and we expect to continue to improve these systems. In 2008, we made several systems upgrades and process changes and will continue to do so in 2009 as necessary to improve our billing and collection performance. However, as we implement these system upgrades, our collection performance as well as our dialysis and related lab services revenue per treatment could be negatively impacted.

Our revenue recognition involves significant estimation risks. Our estimates are developed based on the best information available to us and our best judgment as to the reasonably assured collectibility of our billings as of the reporting date. Changes in estimates are reflected in the then-current period financial statements based upon on-going actual experience trends, or subsequent settlements and realizations depending on the nature and predictability of the estimates and contingencies.

Our annual average dialysis and related lab services revenue per treatment was approximately $334, $334 and $330 for 2008, 2007, and 2006, respectively. In 2008, our average dialysis and related lab

services revenue per treatment decreased slightly, primarily due to the impact of some commercial rate compression that occurred in late 2007, a decrease in intensities of physician-prescribed pharmaceuticals offset by changes in mix and rates of some of our other commercial payors. In 2007, the average dialysis and related lab services revenue per treatment increased primarily due to an increase in realized rates from our commercial payors and an increase in the Medicare composite rate, partially offset by a decrease in the government reimbursement for pharmaceuticals associated with the new CMS reimbursement rates for EPO, and a decrease in intensities of physician-prescribed pharmaceuticals. Our ability to negotiate acceptable payment rates with commercial payors, changes in the mix and intensities of physician-prescribed pharmaceuticals, government payment policies regarding reimbursement amounts for dialysis treatments and pharmaceuticals, including the bundling of such services, and changes in the mix of government and commercial payors may materially impact our average dialysis and related lab services revenue per treatment in the future.

The principal drivers of our dialysis and related lab services patient care costs are clinical hours per treatment, labor rates, vendor pricing of pharmaceuticals, utilization levels of pharmaceuticals and business infrastructure and compliance costs. However, other cost categories can also represent significant cost changes, such as employee benefit costs and insurance costs. Our average clinical hours per treatment have remained relatively stable over the past few years primarily because of improved efficiencies driven by reduced clinical teammate turnover and improved training and processes. We believe there is limited opportunity for productivity improvements beyond the levels previously achieved, and changes in federal and state policies can adversely impact our ability to achieve optimal productivity levels. As an example, during the third and fourth quarters of 2008 we experienced an increase in our labor hours as we implemented new federal guidelines. In 2008 and 2007, we also experienced an increase in our labor rates of approximately 3.5% and 3.0%, respectively, as labor rates have increased consistent with general industry trends, mainly due to the demand for skilled clinical personnel, along with general inflation increases. For the past several years we have been able to negotiate relatively stable pharmaceutical pricing with our vendors. In addition, our agreement with Amgen for the purchase of EPO provides for specific rebates based on a combination of factors, including process improvement and data submission, which could negatively impact our earnings if we are unable to qualify for these rebates. In 2008, we experienced increases in our infrastructure and operating costs of our dialysis centers, primarily due to the number of new centers opened and centers constructed but pending state and/or federal certification, as well as general increases in rent, utilities and repairs and maintenance.

General and administrative expenses have remained relatively constant as a percent of consolidated revenues over the past three years. However, this reflects a substantial increase in the dollar amount of spending related to strengthening our dialysis business, improving our regulatory compliance and other operational processes, responding to certain legal matters and supporting the growth in our ancillary services and strategic initiatives. We expect that the level of general and administrative expenses will be sustained and can vary depending upon the level of investment we make in our long-term initiatives, including further investments in our ancillary services and strategic initiatives, and to support our efforts to achieve the highest levels of regulatory compliance.

Outlook for 2009. Our operating income guidance for 2009 is projected to be in the range of $820-$880 million. These projections and the underlying assumptions involve significant risks and uncertainties, and actual results may vary significantly from these current projections. These risks and uncertainties include those relating to the concentration of profits generated from commercial payor plans, continued downward pressure on average realized payment rates from commercial payors, which may result in the loss of revenue or patients, a reduction in the number of patients under higher-paying commercial plans, a reduction in government payment rates or the structure of payments under the Medicare ESRD program which result in lower reimbursement for services we provide to Medicare patients, changes in pharmaceutical or anemia management practice patterns, payment policies or pharmaceutical pricing, our ability to maintain contracts with physician medical directors, legal compliance risks, including our

continued compliance with complex government regulations and compliance with the corporate integrity agreement applicable to the dialysis centers acquired from Gambro Healthcare and assumed in connection with such acquisition, and the resolution of ongoing investigations by various federal and state government agencies. You should read "Risk Factors" in this Annual Report and the cautionary language contained in the forward-looking statements and associated risks as discussed on page 37 for more information about these and other potential risks. We undertake no obligation to update or revise these projections, whether as a result of changes in underlying factors, new information, future events or otherwise.

Results of operations

We operate principally as a dialysis and related lab services business but also operate other ancillary services and strategic initiatives businesses. These ancillary services and strategic initiatives consist of infusion therapy services, pharmacy services, vascular access services, disease management services and full-service special needs plans, physician services, as well as clinical research programs. The dialysis and related lab services business qualifies as a separately reportable segment under SFAS No. 131, and all of the other ancillary services and strategic initiatives have been combined and disclosed in the other segments category.

Following is a summary of consolidated operating results for reference in the discussion that follows.

Continuing Operations	Year ended December 31, 2008		2007		2006	
	(dollar amounts rounded to nearest million, except per treatment data)					
Net operating revenues:						
Current period services	$ 5,660	100%	$ 5,264	100%	$ 4,881	100%
Operating expenses and charges:						
Patient care costs	3,920	69%	3,590	68%	3,390	70%
General and administrative	508	9%	491	9%	454	9%
Depreciation and amortization	217	4%	193	4%	173	4%
Provision for uncollectible accounts	146	3%	137	3%	126	2%
Minority interests and equity income, net	47	1%	45	1%	36	1%
Valuation gain on alliance and product supply agreement	–	–	(55)	(1)%	(38)	(1)%
Total operating expenses and charges	4,838	85%	4,402	84%	4,141	85%
Operating income	$ 822	15%	$ 862	16%	$ 739	15%
Dialysis treatments	16,217,107		15,318,995		14,495,796	
Average dialysis treatments per treatment day	51,663		48,942		46,372	
Average dialysis and related lab services revenue per treatment	$ 334		$ 334		$ 330	

The following table summarizes consolidated net operating revenues:

	Year ended		
	2008	2007	2006
	(dollar amounts rounded to nearest million)		
Dialysis and related lab services	$5,415	$5,130	$4,799
Other–ancillary services and strategic initiatives	245	134	82
Consolidated net operating revenues	$5,660	$5,264	$4,881

The following table summarizes consolidated operating income:

	Year ended		
	2008	2007(1)	2006(1)
	(dollar amounts rounded to nearest million)		
Dialysis and related lab services	$943	$993	$829
Other–ancillary services and strategic initiatives loss	(34)	(51)	(27)
Total segment margin	910	942	802
Reconciling items:			
Stock-based compensation	(41)	(34)	(26)
Minority interests and equity income, net	(47)	(45)	(36)
Consolidated operating income	822	862	739
Reconciliation of non-GAAP measures:			
Less: Gains on insurance settlements	–	(7)	–
Valuation gain on the alliance and product supply agreement	–	(55)	(38)
Non-GAAP consolidated operating income	$822	$800	$701

(1) We have excluded valuation gains on the alliance and product supply agreement with Gambro Renal Products Inc. (the Product Supply Agreement) in 2007 and 2006 as well as gains on insurance settlements from Hurricane Katrina in 2007 from non-GAAP adjusted consolidated operating income in 2007 and 2006, respectively, because management believes that this presentation enhances a user's understanding of our normal consolidated operating income by excluding a non-recurring non-cash gain that resulted from the termination of our purchase obligation for dialysis machines from Gambro Renal Products Inc. under the Product Supply Agreement as well as an unusual insurance gain, and as a result is both more meaningful and comparable to our current and prior period results, and more indicative of our normal consolidated operating income.

Consolidated net operating revenues

Consolidated net operating revenues for 2008 increased by approximately $396 million or approximately 7.5% from 2007. This increase was primarily due to an increase in dialysis and related lab services net revenues of approximately $285 million, principally due to increased treatments, and an increase of approximately $111 million in the ancillary services and strategic initiatives net revenues primarily from growth in our pharmacy, VillageHealth special needs plans and from our infusion therapy business.

Consolidated net operating revenues for 2007 increased by approximately $383 million or approximately 7.9% from 2006. This increase was primarily due to an increase in dialysis and related lab services net revenues of approximately $331 million, principally due to an increase in both treatments and average revenue per treatment, and an increase of approximately $52 million in the ancillary services and

strategic initiatives net revenues primarily from growth in our pharmacy and in our VillageHealth demonstration projects as well as from the acquisition of our infusion therapy business.

Consolidated operating income

Consolidated operating income was $822 million for 2008, as compared to $862 million for 2007. Consolidated operating income in 2007 included a valuation gain of $55 million on the Product Supply Agreement and the $7 million insurance settlement related to Hurricane Katrina. Excluding the valuation gain on the Product Supply Agreement and the insurance settlement in 2007, our consolidated operating income for 2008 would have increased by approximately $22 million, compared to the adjusted operating income for 2007. This increase was primarily due to treatment growth in dialysis and related lab services revenues, combined with growth in revenue in ancillary services and strategic initiatives outpacing increases in our operating expenses. Our ancillary services and strategic initiatives net operating losses were reduced by approximately $17 million in 2008. However, our consolidated operating income for 2008 was negatively affected by rising labor costs, the absence of a Medicare rate increase, the impact of some commercial rate compression that occurred in late 2007, decreases in intensities of physician-prescribed pharmaceuticals, an increase in the operating costs of our dialysis centers, driven in part by the number of new dialysis centers opened and from centers constructed but pending state and/or federal certification, an increase in pharmaceuticals costs (primarily heparin) and an increase in stock-based compensation costs.

Consolidated operating income was $862 million for 2007, as compared to $739 million for 2006. Consolidated operating income in 2007 and 2006 included valuation gains of $55 million and $38 million, respectively, on the Product Supply Agreement. 2007 also included a $7 million insurance settlement related to Hurricane Katrina. Excluding these items our adjusted consolidated operating income for 2007 would have increased by approximately $99 million compared to our adjusted consolidated operating income for 2006. The increase in adjusted consolidated operating income was primarily due to an increase in both treatment growth and revenue per treatment in the dialysis and related lab services business outpacing slower growth in operating expenses, lower self insurance and benefit costs, as well as reductions in integration expenditures. The increase in adjusted consolidated income in 2007 was primarily the result of increases in operating income in the dialysis and related lab services business, partially offset by higher operating losses in ancillary services and strategic initiatives that increased by approximately $24 million, as we made additional investments in our infrastructure and incurred additional operating expenses and professional fees associated with establishing our VillageHealth special needs plans.

Operating segments

Dialysis and Related Lab Services

	Year ended		
	2008	2007	2006
Revenues	$5,415	$5,130	$4,799
Segment margin	$ 943	$ 993	$ 829

Net operating revenues

Dialysis and related lab services net operating revenues for 2008 increased by approximately $285 million or approximately 5.6% from 2007. The increase in net operating revenues was primarily due to an increase in the number of treatments of approximately 5.9%, offset by a slight decrease in the average dialysis revenue per treatment. The increase in number of treatments was primarily due to an increase in

the number of treatment days in 2008 and non-acquired treatment growth at existing and new centers and growth through acquisitions. The decrease in the average dialysis revenue per treatment in 2008, as compared to 2007, was primarily due to the impact of some commercial rate compression that occurred in late 2007, decreases in intensity of physician-prescribed pharmaceuticals partially offset by changes in mix and rates of some of our other commercial payors.

Dialysis and related lab services net operating revenues for 2007 increased by approximately $331 million or 6.9% from 2006. The increase in net operating revenues in 2007 was principally due to an increase in the number of treatments of approximately 5.7% and an increase in the average revenue per treatment of approximately 1.2%. The increase in the number of treatments was primarily attributable to non-acquired annual treatment growth at existing and new centers and growth through acquisitions. Our average dialysis revenue per treatment increased from $330 in 2006 to $334 in 2007. This increase in average dialysis revenue per treatment was due primarily to an increase in realized rates from our commercial payors and an increase in the Medicare composite rate, partially offset by a decrease in the government reimbursement for pharmaceuticals associated with the new CMS reimbursement rates for EPO, and a decrease in intensities of physician-prescribed pharmaceuticals.

The following table summarizes our dialysis and related lab services revenues by source for the year ended December 31, 2008:

	Revenue percentages
Outpatient hemodialysis centers	82%
Peritoneal dialysis and home-based hemodialysis	10%
Hospital inpatient hemodialysis	5%
Laboratory services	3%
Total dialysis and related lab services revenues	100%

In addition to reimbursements for dialysis treatments, the other major component of dialysis and related lab services revenues is the administration of EPO and other pharmaceuticals as part of the dialysis treatment, which represents slightly more than 30% of total dialysis and related lab services revenues.

Approximately 65% of our total dialysis and related lab services revenues for the year ended December 31, 2008 were from government-based programs, principally Medicare, Medicaid, and Medicare Advantage Plans, representing approximately 87% of our total patients. Approximately 35% of our dialysis and related lab services revenues and 13% of our patients are associated with commercial payors. Less than 1% of our dialysis and related lab services payments are due directly from patients. No single commercial payor accounted for more than 5% of total dialysis and related lab services revenues for the year ended December 31, 2008.

On average we are paid significantly more for services provided to patients covered by commercial healthcare plans than we are for patients covered by Medicare, Medicaid or other government plans. Patients covered by employer group health plans transition to Medicare coverage after a maximum of 33 months. As a patient transitions from commercial coverage to Medicare or Medicaid coverage, the payment rates normally decline substantially. As of December 31, 2008, the Medicare ESRD dialysis treatment rates for our patients were between $149 and $165 per treatment, or an overall average of $157 per treatment, excluding the administration of separately billed pharmaceuticals. Medicare payment rates are insufficient to cover our costs associated with providing dialysis treatments, and therefore we lose money on each Medicare treatment.

Our net earnings from dialysis and related lab services are derived from commercial payors, some of which pay at negotiated payment rates and others of which pay based on our usual and customary fee

schedule. We are continuously in negotiations with commercial payors for contracted rates and some of these payment rates are under downward pressure as we negotiate these rates with large HMOs and insurance carriers and we expect this trend to continue into 2009. We also expect that we may experience decreases in patient volume as our negotiations with commercial payors continue. If we experience a net overall reduction in our contracted commercial rates as a result of these negotiations, it could have a material adverse effect on our operating results.

Our average dialysis and related lab services revenue per treatment can be significantly impacted by several major factors, including our ability to negotiate acceptable payment rates with contracted and non-contracted commercial payors, changes in the mix and intensities of physician-prescribed pharmaceuticals, government payment policies regarding reimbursement amounts for dialysis treatments and pharmaceuticals, including the bundling of such services and changes in the mix of government and non-government payments.

Operating expenses and charges

Patient care costs. Dialysis and related lab services patient care costs are those costs directly associated with operating and supporting our dialysis centers and consist principally of labor, pharmaceuticals, medical supplies and operating costs of the dialysis centers. The dialysis and related lab services patient care costs on a per treatment basis were $230, $227 and $229 for 2008, 2007, and 2006, respectively. The $3 increase in the per treatment costs in 2008 as compared to 2007 was primarily attributable to an increase in labor rates and our labor hours were negatively impacted during the year as we implemented new federal guidelines. Additionally, we experienced an increase in the operating costs of our dialysis centers driven in part by the number of new centers opened and from centers constructed but pending state and/or federal certification, and an increase in pharmaceutical costs (primarily heparin), partially offset by a decrease in the intensities of physician-prescribed pharmaceuticals.

Dialysis and related lab services patient care costs on a per treatment basis decreased by approximately $2 in 2007 as compared to 2006. The decrease in the per treatment costs was primarily attributable to decreases in employee benefit costs, reductions in our professional and general liability costs, as well as decreases in the intensities of physician-prescribed pharmaceuticals, partially offset by an increase in labor costs and an increase in the operating costs of our dialysis centers.

General and administrative expenses. Dialysis and related lab services general and administrative expenses for the years ended 2008, 2007 and 2006 were approximately $398 million, $397 million and $391 million, respectively. The increase of approximately $1 million in 2008 as compared to 2007 was primarily due to increases in labor costs and the timing of certain other expenditures, mainly offset by lower integration costs and lower professional fees. The increase in general and administrative expenses of approximately $6 million in 2007 as compared to 2006, was primarily due to higher labor costs and the timing of certain expenditures, partially offset by lower integration expenditures related to the DVA Renal Healthcare acquisition that were completed by the end of 2007 and lower professional fees for legal and compliance initiatives.

Depreciation and amortization. Dialysis and related lab services depreciation and amortization expenses for 2008, 2007 and 2006 were approximately $210 million, $189 million and $171 million, respectively. The increase of approximately $21 million in depreciation and amortization for dialysis and related lab services in 2008 as compared to 2007 was primarily due to growth through new center developments and expansions and an increase in amortization expense as a result of reductions in the intangible liability associated with the Product Supply Agreement, as discussed below. The increase in depreciation and amortization for 2007 of approximately $18 million, as compared to 2006 was primarily due to growth through new center developments and expansions.

Provision for uncollectible accounts receivable. The provision for uncollectible accounts receivable for dialysis and related lab services was 2.6% for all years presented. The current provision level of 2.6% may increase if we encounter problems with our billing and collection process.

Product Supply Agreement. We entered into the Alliance and Product Supply Agreement with Gambro AB and Gambro Renal Products, Inc. on October 5, 2005, in conjunction with our acquisition of DVA Renal Healthcare. The agreement committed us to purchase a significant majority of our hemodialysis products, supplies and equipment at fixed prices through 2015. The agreement was amended on August 25, 2006 (the Amended Product Supply Agreement) to reduce our purchase obligations for certain hemodialysis product supplies and equipment. As a result of the reductions, we recorded a net valuation gain of $38 million during 2006. This valuation gain represents the difference in the amortized original fair value between the Product Supply Agreement and that of the Amended Product Supply Agreement, as of the effective date of the amendment.

In 2007, we terminated our obligation to purchase certain dialysis machines under the Amended Product Supply Agreement. As a result of that termination we recorded a net valuation gain of $55 million in 2007. This valuation gain represents the difference in the amortized original fair value of the Amended Product Supply Agreement and that of the Amended Product Supply Agreement as adjusted for the termination of the obligation to purchase certain dialysis machines as of June 30, 2007. We continue to be subject to the Product Supply Agreement's requirements to purchase a significant majority of our hemodialysis non-equipment product supplies, such as dialyzers, from Gambro Renal Products at fixed prices.

Operating income

Dialysis and related lab services operating income for 2008 decreased by approximately $50 million as compared to 2007. Operating income in 2007 included a valuation gain of $55 million on the Product Supply Agreement and $7 million of insurance settlements relating to Hurricane Katrina as discussed above. Excluding these items, operating income for 2008 would have increased by approximately $12 million as compared to adjusted operating income for 2007. The increase in the operating income for 2008 as compared to adjusted operating income for 2007 was primarily due to growth in the volume of revenue outpacing increases in certain expenditures. However, operating income for 2008 was negatively affected by certain significant items such as a decrease in our dialysis revenue per treatment, lower intensities of physician-prescribed pharmaceuticals, an increase in labor costs and higher operating costs of our dialysis centers primarily associated with the number of new centers that were opened and from centers constructed but pending state and/or federal certification, an increase in pharmaceutical costs (primarily heparin), and the absence of a Medicare rate increase.

Dialysis and related lab services operating income for 2007 increased by approximately $164 million as compared to 2006. 2007 and 2006 included valuation gains of $55 million and $38 million, respectively, on the product supply agreement. 2007 also included a $7 million insurance settlement as discussed above. Excluding these items, adjusted operating income for 2007 would have increased by approximately $140 million as compared to adjusted operating income for 2006. This large increase was driven primarily by growth in both treatments and revenue per treatment, along with labor productivity improvements, and reductions in certain operating expenditures such as benefit and insurance costs, as well as integration expenditures.

Other–Ancillary services and strategic initiatives

	Year ended		
	2008	2007	2006
Revenues	$245	$134	$ 82
Segment loss	$ (34)	$ (51)	$(27)

Net operating revenues

The ancillary services and strategic initiatives net operating revenues for 2008 increased by approximately $111 million or 83% as compared to 2007, primarily from growth in our pharmacy business, VillageHealth special needs plans and demonstration projects, our vascular access services business and a full year of operations of HomeChoice Partners, our infusion therapy business, which we acquired in the third quarter of 2007.

The increase in net operating revenues in 2007 of approximately $52 million or 64% from 2006 was primarily due to growth in our pharmacy business, the acquisition of HomeChoice Partners, and growth in our VillageHealth demonstration projects.

Operating expenses

Ancillary services and strategic initiatives operating expenses for 2008 increased by approximately $93 million from 2007, primarily due to an increase in volume in our pharmacy business, an increase in fixed operating expenses, an increase in labor costs and a full year of operations of our infusion therapy services, partially offset by lower professional fees in our VillageHealth business, as described below.

Ancillary services and strategic initiatives operating expenses for 2007 increased by approximately $76 million from 2006, primarily due to the acquisition of HomeChoice Partners, volume growth in our pharmacy business, additional operating expenses and professional fees associated with establishing the VillageHealth special needs plans that became effective in early 2007, and higher labor and benefit costs.

Operating loss

Ancillary services and strategic initiatives operating losses for 2008 decreased by approximately $17 million from 2007. The decrease in operating losses was primarily due to growth in revenues outpacing increases in operating expenses, primarily associated with our pharmacy business and our vascular access services. Ancillary services and strategic initiatives operating losses for 2007 increased by approximately $24 million from 2006. The increase in operating losses was primarily related to the cost of establishing the VillageHealth special needs plans.

Corporate level charges

Stock-based compensation. Stock-based compensation of approximately $41 million for 2008 increased by approximately $7 million from 2007. Stock-based compensation for 2007 increased by approximately $8 million from 2006. The increases in both periods resulted from increases in both the average grant-date fair value and aggregate quantity, of grants that contributed expense to each of these years.

Minority interests and equity income, net. Minority interests and equity income, net, increased by approximately $1.1 million in 2008, and increased by approximately $9.7 million in 2007. The increases for both years were primarily due to an increase in new dialysis centers having minority partners, growth in the earnings of our existing dialysis joint ventures and an increase in the number of other non-wholly-owned subsidiaries.

Debt expense. Debt expense for 2008, 2007, and 2006 consisted of interest expense of approximately $215 million, $243 million, and $263 million, respectively, amortization of deferred financing costs of approximately $10 million for each year presented. 2007 and 2006 also included the write-off of approximately $4 million and $3 million, respectively, of deferred financing costs associated with the principal prepayments on our term loans. The decrease in interest expense in 2008 as compared to 2007 was primarily attributable to decreases in the LIBOR-based variable interest rates on the unhedged

portion of our debt. Our overall weighted average interest rate in 2008 was 5.82% as compared to 6.49% in 2007. The decrease in interest expense in 2007 as compared to 2006 was primarily attributable to lower average outstanding principal balances during 2007 under our Senior Secured Credit Facilities as a result of principal prepayments, and decreases in the LIBOR-based variable interest rates on the unhedged portion of our debt. Our overall weighted average interest rate in 2007 was 6.49% as compared to 6.64% in 2006.

Other income. Other income was approximately $12 million, $22 million, and $13 million in 2008, 2007, and 2006, respectively, and consisted principally of interest income. The decrease in other income in 2008 was primarily due to the fact that 2007 other income included gains on the sale of investments of approximately $6 million resulting from the sale of our NxStage shares as discussed below and a decrease in interest rates as well as lower average cash and investment balances.

Provision for income taxes. The provision for income taxes for 2008 represented an effective annualized tax rate of 38.6%, compared with 39.2% and 39.2% in 2007 and 2006, respectively. The decrease in the effective tax rate in 2008 was primarily due to nonrecurring tax benefits associated with transactions occurring in 2008. We currently project the effective income tax rate for 2009 to be in the range of 39.5% to 40.5%.

Impairments and valuation adjustments. We perform impairment or valuation reviews for our property and equipment, amortizable intangibles, investments in and advances to third-party dialysis businesses, and our investments in ancillary services and strategic initiatives at least annually and whenever a change in condition indicates that a review is warranted. Such changes include shifts in our business strategy or plans, the quality or structure of our relationships with our partners, or when a center experiences deteriorating operating performance. Goodwill is also assessed at least annually for possible valuation impairment using fair value methodologies. No significant impairments or valuation adjustments were recognized during the periods presented. These types of adjustments are charged directly to the corresponding operating segment that incurred the charge.

Accounts receivable

Our accounts receivable balances at December 31, 2008 and 2007 represented approximately 70 and 66 days of revenue, respectively, net of bad debt provision. The relative increase in the days of net revenue in accounts receivable as of December 31, 2008 was a result of growth and slower cash collections. In 2007, we experienced high cash collections, which significantly decreased the number of days of net revenue in our account receivable balances. Accounts receivable balances of 70 days of revenue is more consistent with our past and expected trends.

As of December 31, 2008 approximately $102 million in unreserved accounts receivable, representing approximately 9% of our total accounts receivable balance, were more than six months old. There were no significant unreserved balances over one year old. Less than 1% of our treatments are classified as "patient pay". Substantially all revenue realized is from government and commercial payors, as discussed above.

Amounts pending approval from third-party payors as of December 31, 2008 and 2007, other than the standard monthly processing, consisted of approximately $39 million and $31 million, respectively, associated with Medicare bad debt claims, classified as "other receivables". Currently, our Medicare bad debt claims are typically paid to us before the Medicare fiscal intermediary audits the claims. However, the payment received from Medicare is subject to adjustment based upon the actual results of the audits. Such audits typically occur one to four years after the claims are filed. As a kidney dialysis provider, our revenue is not subject to cost report settlements, except for potentially limiting the collectibility of these Medicare bad debt claims.

Liquidity and capital resources

Available liquidity. As of December 31, 2008, our cash balance was $411 million and we had undrawn credit under our Senior Secured Credit Facilities totaling $250 million, of which approximately $51 million was committed for outstanding letters of credit. We believe that we will have sufficient liquidity, operating cash flows and access to borrowings to fund our scheduled debt service and other obligations for the foreseeable future. Our primary sources of liquidity are cash from operations and cash from borrowings.

Cash flow from operations during 2008 amounted to $556 million, compared with $533 million for 2007. Cash flow from operations in 2008 included cash interest payments of approximately $223 million and cash tax payments of $163 million. Cash flow from operations in 2007 included cash interest payments of $245 million and cash tax payments of $206 million.

Non-operating cash outflows in 2008 included $318 million for capital asset expenditures, including $213 million for new center developments and relocations, and $105 million for maintenance and information technology. We also spent an additional $126 million for acquisitions. During 2008, we also received $43 million from the maturity and sale of investments. However, these proceeds were either used to repurchase other investments or were used to fund distributions from our deferred compensation plans. In addition we received $48 million associated with stock option exercises and other share issuances and the related excess tax benefits. We also repurchased 4.8 million shares of our common stock for approximately $233 million. Non-operating cash outflows in 2007 included $272 million for capital asset expenditures, including $162 million for new center developments and relocations and $110 million for maintenance and information technology. We also spent an additional $127 million for acquisitions. During 2007, we also received $37 million from the maturity and sale of investments as well as an additional $88 million associated with stock option exercises and other share issuances and related excess tax benefits. We also repurchased 0.1 million shares of our common stock for approximately $6 million. During 2008, we acquired a total of 20 dialysis centers, opened 87 new dialysis centers, sold or closed nine centers, merged eight centers into other existing centers, ceased operations at one joint venture in which we owned a noncontrolling interest and added a net one center under management and administrative service agreements. During 2007, we acquired a total of 16 dialysis centers, opened 64 new dialysis centers, sold or closed six centers and discontinued providing management and administrative services to 21 centers. We also acquired a 50% noncontrolling ownership interest in a joint venture that operated six dialysis centers.

We currently expect to spend approximately $100 million for general maintenance capital asset expenditures in 2009, and approximately $250 million for new center development, relocations and center acquisitions depending upon the availability of certain projects and sufficient project returns. We expect to generate approximately $500 million to $550 million of operating cash flow in 2009. Our actual expenditures for growth and cash flows in 2009 could vary significantly from these expected amounts.

2008 capital structure changes and other items

Our Senior Secured Credit Facilities are guaranteed by substantially all of our direct and indirect wholly-owned subsidiaries and are secured by substantially all of our and our subsidiary guarantors' assets. The Senior Secured Credit Facilities also contain customary affirmative and negative covenants and require compliance with financial covenants, including an interest rate coverage ratio and a leverage ratio that determines the interest rate margins on our term loan A and our revolving line of credit. The Senior Secured Credit Facilities in general also contain limits on the general amount of capital expenditures for internal growth, acquisitions and capital improvements, as described below, as well as limits on the amount of tangible net assets in non-guarantor subsidiaries.

Term Loan A

During 2008, we made mandatory principal payments totaling $14.9 million on the term loan A. As a result of these principal payments, the outstanding balance on our term loan A as of December 31, 2008 was $214.4 million and bore interest at LIBOR plus a margin of 1.50%, for an overall weighted average effective rate of 1.97%. The interest rate margin is subject to adjustment depending upon certain financial conditions and could range from 1.50% to 2.25%. Term loan A matures in October 2011 and requires annual principal payments of $61.3 million in 2009, $87.5 million in 2010 and $65.6 million in 2011, respectively.

Term Loan B

As of December 31, 2008, the outstanding balance of our term loan B was $1.7 billion and bore interest at LIBOR plus a margin of 1.50% for an overall weighted average effective rate of 3.63%, including the impact of our swap agreements. We did not make any principal payments on the term loan B during 2008, nor were we required to. Term loan B matures in October 2012 and requires principal payments of $1.7 billion in year 2012.

Senior and Senior Subordinated Notes

Our senior and senior subordinated notes, as of December 31, 2008, consisted of $900 million of 6 ⅝% senior notes due 2013 and $850 million of 7 ¼% senior subordinated notes due 2015. The notes are guaranteed by substantially all of our direct and indirect wholly-owned subsidiaries and require semi-annual interest payments in March and September. We may redeem some or all of the senior notes at any time on or after March 15, 2009 and some or all of the senior subordinated notes at any time on or after March 15, 2010.

Interest rate swaps

As of December 31, 2008, we maintained a total of nine interest rate swap agreements with amortizing notional amounts totaling $790 million. These agreements had the economic effect of modifying the LIBOR-based variable interest rate on an equivalent amount of our debt to fixed rates ranging from 3.08% to 4.70%, resulting in an overall weighted average effective interest rate of 5.54% on the hedged portion of our Senior Secured Credit Facilities, including the term loan B margin of 1.50%. The swap agreements expire in 2009 through 2010 and require quarterly interest payments. During 2008, 2007, and 2006 we accrued net cash (obligations) benefits of approximately ($4.2) million, $14.5 million, and $15.8 million, respectively, from these swaps, which are included in debt expense. We estimate that approximately $14.3 million of existing unrealized pre-tax losses in other comprehensive income at December 31, 2008 will be reclassified into income in 2009. As of December 31, 2008 and 2007, the total fair value of these swaps was a liability of $21.9 million and a net liability of $0.5 million, respectively. The 2008 and 2007 amounts were primarily included in other long-term liabilities. Also during 2008 and 2007, we recorded approximately $10.4 million and $16.0 million, respectively, net of tax, as reductions to other comprehensive income for swap valuation losses, net of amounts reclassified into income.

As of December 31, 2008, approximately 41% of our variable rate debt and approximately 69% of our total debt was economically fixed.

As a result of the swap agreements, our overall weighted average effective interest rate on the Senior Secured Credit Facilities was 3.48%, based upon the current margins in effect of 1.50%, as of December 31, 2008.

At December 31, 2008, our overall average effective interest rate was 5.10%.

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Stock repurchases

During 2008, we repurchased a total of 4,788,881 shares of our common stock for $232.7 million, or an average price of $48.59 per share, pursuant to previously announced authorizations by the Board of Directors. On May 1, 2008, our Board of Directors authorized an increase of an additional $143.5 million of share repurchases of our common stock. As a result of these transactions the total outstanding authorization for share repurchases as of December 31, 2008 was $153.5 million. This stock repurchase program has no expiration date.

Stock-based compensation

Under SFAS No. 123(R), stock-based compensation recognized during a period is based on the estimated grant-date fair value of the portion of the stock-based award vesting during that period, adjusted for expected forfeitures. Stock-based compensation recognized in our consolidated financial statements for the years ended December 31, 2008, 2007 and 2006 includes compensation cost for stock-based awards granted prior to, but not fully vested as of, December 31, 2005 and stock-based awards granted thereafter. Shares issued upon exercise of stock awards are generally issued from shares in treasury. We have utilized the Black-Scholes-Merton valuation model for estimating the grant date fair value of stock options and stock-settled stock appreciation rights granted in all prior periods. During 2008, we granted 4,563,350 stock-settled stock appreciation rights with a grant-date fair value of $50.2 million and a weighted-average expected life of approximately 3.35 years, and also granted 37,819 stock units with a grant-date fair value of $1.9 million and a weighted-average expected life of approximately 1.1 years.

For the years ended December 31, 2008 and 2007, we recognized $41.2 million and $34.1 million, respectively, in stock-based compensation expense for stock options, stock-settled stock appreciation rights, stock units and discounted employee stock plan purchases, which is primarily included in general and administrative expenses. The estimated tax benefits recorded for this stock-based compensation in 2008 and 2007 were $15.6 million and $12.8 million, respectively. As of December 31, 2008, there was $79.6 million of total estimated unrecognized compensation cost related to nonvested stock-based compensation arrangements under our equity compensation and stock purchase plans. We expect to recognize this cost over a weighted average remaining period of 1.4 years.

During the years ended December 31, 2008 and 2007, we received $35.6 million and $54.7 million, respectively, in cash proceeds from stock option exercises and $14.0 million and $32.8 million, respectively, in total actual tax benefits upon the exercise of stock awards.

Developments in 2008

In July 2008, the Medicare Improvements for Patients and Providers Act for 2008 was passed by Congress. This legislation provides for an increase in the composite rate of 1% in 2009 and in 2010. In addition this legislation introduces a new payment system for dialysis services beginning in January 2011 whereby ESRD payments will be made under a bundled payment rate which will provide for a fixed rate for all goods and services provided during the dialysis treatment, including laboratory services and the administration of pharmaceuticals. The initial 2011 bundled rate will be set 2% below the payment rate that providers would have received under the historical fee for service payment methodology. Beginning in 2012, a new single bundled payment base rate will be adjusted annually for inflation based upon a market basket index, less 1% of such index. The bundled payment rate will be determined by the Secretary of Health and Human Services, who will have discretion to determine the base payment rate based on the goods and services included in the bundled rate. Dialysis providers will have the option to move fully to the bundled payment system in 2011 or to phase in the payment system over three years.

In February 2008, Baxter Healthcare Corporation proceeded with a recall of heparin, a pharmaceutical used in the treatment of dialysis patients, and ceased further sales. As a result of the recall,

there is only one remaining supplier of heparin and the cost to purchase heparin has significantly increased. It is possible that our heparin costs may continue to increase and since there is no separate reimbursement for this drug under Medicare, cost increases have a direct impact on our profitability. An affiliate of Fresenius Medical Care acquired the sole remaining provider of heparin for the U.S. dialysis market. This could negatively impact our access to and pricing for this critical product.

2007 capital structure changes and other capital items

During 2007, we made principal payments totaling $50 million on term loan A and $400 million on term loan B. The term loan B payment was made from the proceeds of new senior notes as discussed below. These principal payments were prepayments. As a result of the principal prepayments made in 2007 we wrote off a total of $4.4 million of deferred financing costs, which is included in debt expense.

Term Loan A

On February 27, 2007, our interest rate margin on term loan A was reduced by 0.25% as a result of our achieving certain financial ratios as defined in the Senior Secured Credit Facilities. At December 31, 2007, our term loan A bore interest at LIBOR plus a margin of 1.50%, for an overall effective rate of 6.35%. The interest rate margin is subject to adjustment depending upon certain financial conditions and could range from 1.50% to 2.25%.

Term Loan B

On February 23, 2007, we amended and restated our existing Senior Secured Credit Facilities to, among other things, reduce the interest rate margin on term loan B by 0.50%, and to amend certain financial covenants. At December 31, 2007, the amended term loan B bore interest at LIBOR plus a margin of 1.50%, for an overall effective rate of 5.80%, including the impact of our swap agreements, except for the forward interest rate swap agreements. Other terms that were changed included the amount by which we can elect to increase the revolving and term loan commitments from $500 million to $750 million and certain limitations on purchases, redemptions or acquisitions of capital stock, the payment of dividends and distributions in cash. Further, limitations on capital expenditures for internal growth will not apply during the periods in which our leverage ratio is less than 3.5:1. We incurred financing costs of $1.8 million which were deferred and also expensed $0.2 million of other costs in connection with this transaction.

Senior and Senior Subordinated Notes

On February 23, 2007, we issued $400 million of 6⅝% senior notes due 2013 in a private offering, realizing $405 million in proceeds, which included a $5 million premium, and incurred $2.7 million in related deferred financing costs. These senior notes are part of the same series of debt securities as the $500 million aggregate principal amount of 6⅝% senior notes that were issued in March 2005. Our effective interest rate for the $400 million of 6⅝% senior notes is 6.45%. The senior notes are guaranteed by substantially all of our direct and indirect wholly-owned subsidiaries and require semi-annual interest payments which began March 15, 2007. The senior notes may be redeemed by us in whole or part at any time on or after March 15, 2009, at certain specified prices. We used $400 million of these proceeds to pay down our term loan B as discussed above.

NxStage agreement

In February 2007 we entered into a National Provider Agreement with NxStage, Inc. As a part of the agreement, we purchased outright all of our NxStage System One equipment then in use for $5.1 million, and have been purchasing a majority of our home-based hemodialysis equipment and supplies from

NxStage. In connection with the provider agreement, we purchased two million shares of NxStage common stock in a private placement offering for $20 million, representing an ownership position of approximately 7%. We subsequently sold our NxStage Inc. shares in the second and third quarters of 2007 for approximately $25.9 million and recognized a pre-tax gain of $5.9 million or $3.6 million after tax. This pre-tax gain is included in other income.

Other stockholder items

On May 29, 2007, our stockholders approved an amendment to our Amended and Restated Certificate of Incorporation, to increase the number of shares of authorized common stock from 195,000,000 to 450,000,000 shares. Our stockholders also approved an amendment and restatement of our Employee Stock Purchase Plan to increase the number of shares of common stock available for issuance under that plan by 800,001 shares, and approved an amendment and restatement of our 2002 Equity Compensation Plan to increase the number of shares of common stock available for issuance under that plan by 6,000,000 shares and, among other things, to remove certain available share recycling features, to change the limit on the maximum number of shares of common stock that may be subject to awards granted to any single recipient in any consecutive twenty-four month period so that it applies only to awards of stock options and stock appreciation rights, and to provide additional exceptions from the three year minimum vesting period generally applicable to grants of restricted stock units and other full share awards.

Interest rate swaps

As of December 31, 2007, we maintained a total of nine interest rate swap agreements, with amortizing notional amounts totaling $968 million. These agreements had the economic effect of modifying the LIBOR-based variable interest rate on an equivalent amount of our debt to fixed rates ranging from 3.08% to 4.27%, resulting in a weighted average effective interest rate of 5.37%, on the hedged portion of our Senior Secured Credit Facilities, including the term loan B margin of 1.50%. The swap agreements expire in 2009 through 2010 and require quarterly interest payments. In addition, we also maintained two forward interest rate swaps with notional amounts totaling $200 million that went effective on September 30, 2008.

As of December 31, 2007, the interest rates were economically fixed on approximately 50% of our variable rate debt and approximately 74% of our total debt.

As a result of the swap agreements, at December 31, 2007 our overall weighted average effective interest rate on our Senior Secured Credit Facilities was 5.90%, based upon the current margins in effect of 1.50%, and our overall average effective interest rate was 6.37%.

Off-balance sheet arrangements and aggregate contractual obligations

In addition to the debt obligations reflected on our balance sheet, we have commitments associated with operating leases, letters of credit and our investments in third-party dialysis businesses. Substantially all of our facilities are leased. We also have potential acquisition obligations for several jointly-owned centers and for some of our non-wholly-owned subsidiaries in the form of put provisions, which are exercisable at the third-party owners' future discretion within specified periods as outlined in each specific put provision. These put provisions, if exercised, would require us to purchase the third-party owners' interests at either the appraised fair market value or a predetermined multiple of earnings or cash flow attributable to the equity interest put to us, which is intended to approximate fair value. We have estimated the fair values of the interests subject to these put provisions based upon either a predetermined multiple of earnings, or the higher of a liquidation value or an average multiple of earnings determined by historical earnings, patient mix and other performance indicators, as well as other factors. The estimate of the fair

values of the interests subject to these put provisions is a critical accounting estimate that involves significant judgments and assumptions and may not be indicative of the actual values at which these obligations may ultimately be settled in the future, which could vary significantly from our current estimates. The estimated fair values of the interests subject to these put provisions can also fluctuate and the implicit multiple of earnings at which these obligations may be settled will vary depending upon market conditions including potential purchasers' access to the credit and capital markets, which can impact the level of competition for dialysis and non-dialysis related businesses, the economic performance of these businesses and the restricted marketability of the third-party owners' interests. For additional information, see Note 21 to the consolidated financial statements.

We also have potential cash commitments to provide working capital advances as needed to several other dialysis centers in which we either own a noncontrolling interest, or which are wholly-owned by third parties, as well as to physician–owned vascular access clinics that we operate under management and administrative services agreements.

The following is a summary of these contractual obligations and commitments as of December 31, 2008 (in millions):

	Less Than 1 year	1-3 years	3-5 years	After 5 years	Total
Scheduled payments under contractual obligations:					
Long-term debt	$ 72	$156	$2,607	$ 850	$3,685
Interest payments on senior and senior subordinated notes	121	243	213	92	669
Capital lease obligations	1	1	1	3	6
Operating leases	194	333	257	393	1,177
	$388	$733	$3,078	$1,338	$5,537
Potential cash requirements under existing commitments:					
Letters of credit	$ 51	$ –	$ –	$ –	$ 51
Acquisition of dialysis centers under put provisions	127	64	61	39	291
Pay-fixed swaps potential obligations	14	8	–	–	22
Working capital advances	16	–	–	–	16
	$208	$ 72	$ 61	$ 39	$ 380

Not included above are interest payments related to our Senior Secured Credit Facilities. Our Senior Secured Credit Facilities as of December 31, 2008 bear interest at LIBOR plus current margins of 1.50%. The term loan A and the revolving line of credit are adjustable depending upon our achievement of certain financial ratios. At December 31, 2008, our Senior Secured Credit Facilities had an overall weighted average effective interest rate of 3.48%, including the effects of our swap agreements. Interest payments are due at the maturity of specific debt tranches within each term loan, which can range in maturity from one month to twelve months. Future interest payments will depend upon the amount of mandatory principal payments and principal prepayments, as well as changes in the LIBOR-based interest rates and changes in the interest rate margins. Assuming no principal prepayments on our Senior Secured Credit Facilities during 2009 and no changes in the effective interest rate, approximately $67 million of interest would be required to be paid in 2009.

In addition to the above commitments, we are obligated to purchase a significant majority of our hemodialysis products and supplies at fixed prices through 2015 from Gambro Renal Products, Inc. in connection with the Product Supply Agreement. Our total expenditures for the years ended December 31, 2008 and 2007 on such products were approximately 2% of our total operating costs in each year. The

actual amount of purchases in future years under the Product Supply Agreement will depend upon a number of factors, including the operating requirements of our centers, the number of centers we acquire, growth of our existing centers, and Gambro Renal Products' ability to meet our needs.

The pay-fixed swap obligations represent the estimated fair market values of our interest rate swap agreements as reported by various broker dealers that are based upon relevant observable market inputs as well as other current market conditions that existed as of December 31, 2008, and represent the estimated potential obligation that we would be required to pay based upon future settlement of each specific tranche within the swap agreements. The actual amount of our obligation associated with these swaps in the future will depend upon changes in interest rates that can fluctuate significantly depending upon market conditions, and other relevant factors that can affect the fair market value of these swap agreements.

Settlements of approximately $12.0 million of existing income tax liabilities for unrecognized tax benefits are excluded from the above table as reasonably reliable estimates of their timing cannot be made.

Contingencies

The majority of our revenues are from government programs and may be subject to adjustment as a result of: (1) examination by government agencies or contractors, for which the resolution of any matters raised may take extended periods of time to finalize; (2) differing interpretations of government regulations by different fiscal intermediaries or regulatory authorities; (3) differing opinions regarding a patient's medical diagnosis or the medical necessity of services provided; and (4) retroactive applications or interpretations of governmental requirements. In addition, our revenues from commercial payors may be subject to adjustment as a result of potential claims for refunds, as a result of government actions or as a result of other claims by commercial payors.

Inquiries by the Federal Government

In December 2008, we received a subpoena for documents from the Office of Inspector General, U.S. Department of Health and Human Services, or OIG, relating to the pharmaceutical products Zemplar, Hectorol, Venofer, Ferrlicit and Epogen®, or EPO, as well as other related matters. The subpoena covers the period from January 2003 to the present. We have been in contact with the United States Attorney's Office, or U.S. Attorney's Office, for the Northern District of Georgia and the U.S. Department of Justice in Washington, DC, since November 2008 relating to this matter, and have been advised that this is a civil inquiry. We are cooperating with the inquiry and are producing the requested records. To our knowledge, no proceedings have been initiated against us at this time. Although we cannot predict whether or when proceedings might be initiated, or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to the subpoena will continue to require management's attention and significant legal expense. Any negative findings could result in substantial financial penalties against us and exclusion from future participation in the Medicare and Medicaid programs.

In February 2007, we received a request for information from the OIG for records relating to EPO claims submitted to Medicare. In August 2007, we received a subpoena from the OIG seeking similar documents. The requested documents relate to services provided from 2001 to 2004 by a number of our centers. The request and subpoena were sent from the OIG's offices in Houston and Dallas, Texas. We are cooperating with the inquiry and are producing the requested records. We have been in contact with the U.S. Attorney's Office for the Eastern District of Texas, which has stated that this is a civil inquiry related to EPO claims. There appears to be substantial overlap between this issue and the ongoing review of EPO utilization and claims by the U.S. Attorney's Office, for the Eastern District of Missouri in St. Louis described below. To our knowledge, no proceedings have been initiated against us at this time. Although

we cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to these inquiries will continue to require management's attention and significant legal expense. Any negative findings could result in substantial financial penalties against us and exclusion from future participation in the Medicare and Medicaid programs.

In March 2005, we received a subpoena from the U.S. Attorney's Office for the Eastern District of Missouri in St. Louis. The subpoena requires production of a wide range of documents relating to our operations, including documents related to, among other things, pharmaceutical and other services provided to patients, relationships with pharmaceutical companies, and financial relationships with physicians and joint ventures. The subpoena covers the period from December 1, 1996 through the present. In October 2005, we received a follow-up request for additional documents related to specific medical director and joint venture arrangements. In February 2006, we received an additional subpoena for documents, including certain patient records relating to the administration and billing of EPO. In May 2007, we received a request for documents related to durable medical equipment and supply companies owned and operated by us. We are cooperating with the inquiry and are producing the requested records. The subpoenas have been issued in connection with a joint civil and criminal investigation. It is possible that criminal proceedings may be initiated against us in connection with this inquiry. Any negative findings could result in substantial financial penalties against us, exclusion from future participation in the Medicare and Medicaid programs and criminal penalties. To our knowledge, no proceedings have been initiated against us at this time. Although we cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as this to continue for a considerable period of time. Responding to the subpoenas will continue to require management's attention and significant legal expense.

In October 2004, we received a subpoena from the U.S. Attorney's Office for the Eastern District of New York in Brooklyn. The subpoena covers the period from 1996 to present and requires the production of a wide range of documents relating to our operations, including DaVita Laboratory Services. Gambro Healthcare received a similar subpoena in November 2004. The subpoena also includes specific requests for documents relating to testing for parathyroid hormone levels, or PTH, and to products relating to vitamin D therapies. The subpoena has been issued in connection with a joint civil and criminal investigation. It is possible that criminal proceedings may be initiated against us in connection with this inquiry. Any negative findings could result in substantial financial penalties against us, exclusion from future participation in the Medicare and Medicaid programs and criminal penalties. Other participants in the dialysis industry received a similar subpoena, including Fresenius Medical Group. To our knowledge, no proceedings have been initiated against us at this time. Although we cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to the subpoena will continue to require management's attention and significant legal expense.

Other

We have received several notices of claims from commercial payors and other third parties related to historical billing practices and claims against DVA Renal Healthcare (formerly known as Gambro Healthcare) related to historical Gambro Healthcare billing practices and other matters covered by their 2004 settlement agreement with the Department of Justice and certain agencies of the U.S. government. At least one commercial payor has filed an arbitration demand against us, as described below, and additional commercial payors have threatened litigation. We intend to defend against these claims vigorously; however, we may not be successful and these claims may lead to litigation and any such litigation may be resolved unfavorably.

Several wage and hour claims have been filed against us in the Superior Court of California, each of which has been styled as a class action. In February 2007, June 2008, October 2008 and December 2008,

we were served with separate complaints by various former employees, each of which alleges, among other things, that we failed to provide rest and meal periods, failed to pay compensation in lieu of providing such rest or meal periods, and failed to comply with certain other California labor code requirements. In October 2008, we were served with a complaint which alleges, among other things, that we failed to pay the rate on the "wage statement," and failed to comply with other California labor code requirements. We intend to vigorously defend against these claims. We also intend to vigorously oppose the certification of these matters as class actions.

In October 2007, we were contacted by the Attorney General's Office for the State of Nevada. The Attorney General's Office informed us that it was conducting a civil and criminal investigation of our operations in Nevada and that the investigation related to the billing of pharmaceuticals, including EPO. In February 2008, the Attorney General's Office informed us that the civil and criminal investigation has been discontinued. The Attorney General's Office further advised us that Nevada Medicaid intends to conduct audits of ESRD providers in Nevada, including us, and that such audits will relate to the issues that were the subjects of the investigation. Any negative findings could result in substantial financial penalties against us and exclusion from future participation in the Medicare and Medicaid programs. To our knowledge, no proceedings have been initiated against us at this time.

In August 2007, Sheet Metal Workers National Health Fund and Glenn Randle filed a complaint in the United States District Court for the Central District of California against us. The complaint also names as defendants Amgen Inc. and Fresenius Medical Care Holdings, Inc. The complaint is styled as a class action and alleges four claims against us, including violations of the federal RICO statute, California's unfair competition law, California's false advertising law and for unjust enrichment. The complaint's principal allegations against us are that the defendants engaged in a scheme to unlawfully promote the administration of EPO to hemodialysis patients intravenously, as opposed to subcutaneously, and to over-utilize EPO. On December 17, 2008, the Court dismissed the complaint and allegations in their entirety with permission of plaintiffs to amend the complaint. We were not named as a defendant in plaintiff's amended complaint. As a result, we are no longer a defendant in this action.

In August 2005, Blue Cross/Blue Shield of Louisiana filed a complaint in the United States District Court for the Western District of Louisiana against Gambro AB, DVA Renal Healthcare (formerly known as Gambro Healthcare) and related entities. The plaintiff sought to bring its claims as a class action on behalf of itself and all entities that paid any of the defendants for health care goods and services from on or about January 1991 through at least December 2004. The complaint alleged, among other things, damages resulting from facts and circumstances underlying Gambro Healthcare's December 2004 settlement agreement with the Department of Justice and certain agencies of the United States Government. In March 2006, the case was dismissed and the plaintiff was compelled to seek arbitration to resolve the matter. In November 2006, the plaintiff filed a demand for class arbitration against us and DVA Renal Healthcare. We intend to vigorously defend against these claims. We also intend to vigorously oppose the certification of this matter as a class action. At this time, we cannot predict the ultimate outcome of this matter or the potential range of damages, if any.

In June 2004, Gambro Healthcare was served with a complaint filed in the Superior Court of California by one of its former employees who worked for its California acute services program. The complaint, which is styled as a class action, alleges, among other things, that DVA Renal Healthcare (formerly known as Gambro Healthcare) failed to provide overtime wages, defined rest periods and meal periods, or compensation in lieu of such provisions and failed to comply with certain other California labor code requirements. We intend to vigorously defend against these claims. We also intend to vigorously oppose the certification of this matter as a class action. At this time, we cannot predict the ultimate outcome of this matter or the potential range of damages, if any.

In addition to the foregoing, we are subject to claims and suits, including from time to time, contractual disputes and professional and general liability claims, as well as audits and investigations by

various government entities, in the ordinary course of business. We believe that the ultimate resolution of any such pending proceedings, whether the underlying claims are covered by insurance or not, will not have a material adverse effect on our financial condition, results of operations or cash flows.

Critical accounting estimates and judgments

Our consolidated financial statements and accompanying notes are prepared in accordance with United States generally accepted accounting principles. These accounting principles require us to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and contingencies. All significant estimates, judgments and assumptions are developed based on the best information available to us at the time made and are regularly reviewed and updated when necessary. Actual results will generally differ from these estimates. Changes in estimates are reflected in our financial statements in the period of change based upon on-going actual experience trends, or subsequent settlements and realizations depending on the nature and predictability of the estimates and contingencies. Interim changes in estimates are applied prospectively within annual periods. Certain accounting estimates, including those concerning revenue recognition and accounts receivable, impairments of long-lived assets, accounting for income taxes, quarterly variable compensation accruals, purchase accounting valuation estimates, fair value estimates and stock-based compensation are considered to be critical to evaluating and understanding our financial results because they involve inherently uncertain matters and their application requires the most difficult and complex judgments and estimates.

Revenue recognition and accounts receivable. There are significant estimating risks associated with the amount of revenue that we recognize in a given reporting period. Payment rates are often subject to significant uncertainties related to wide variations in the coverage terms of the commercial healthcare plans under which we receive payments. In addition, ongoing insurance coverage changes, geographic coverage differences, differing interpretations of contract coverage, and other payor issues complicate the billing and collection process. Revenue recognition uncertainties inherent in our operations are addressed in AICPA Statement of Position (SOP) No. 00-1. As addressed in SOP No. 00-1, net revenue recognition and allowances for uncollectible billings require the use of estimates of the amounts that will ultimately be realized considering, among other items, retroactive adjustments that may be associated with regulatory reviews, audits, billing reviews and other matters.

Revenues associated with Medicare and Medicaid programs are recognized based on a) the payment rates that are established by statute or regulation for the portion of the payment rates paid by the government payor (e.g., 80% for Medicare patients) and b) for the portion not paid by the primary government payor, the estimated amounts that will ultimately be collectible from other government programs paying secondary coverage (e.g., Medicaid secondary coverage), the patient's commercial health plan secondary coverage, or the patient.

Commercial healthcare plans, including contracted managed-care payors, are billed at our usual and customary rates, however, revenue is recognized based on estimated net realizable revenue for the services provided. Net realizable revenue is estimated based on contractual terms for the patients under healthcare plans with which we have formal agreements, non-contracted healthcare plan coverage terms if known, estimated secondary collections, historical collection experience, historical trends of refunds and payor payment adjustments (retractions), inefficiencies in our billing and collection processes that can result in denied claims for payments, slow down in collections, a reduction in the amounts that we expect to collect and regulatory compliance issues. Determining applicable primary and secondary coverage for our more than 112,000 patients at any point in time, together with the changes in patient coverages that occur each month, requires complex, resource-intensive processes. Collections, refunds and payor retractions typically continue to occur for up to three years or longer after services are provided.

We generally expect our range of dialysis and related lab services revenues estimating risk to be within 1% of its revenue, which can represent as much as 6% of operating income. Changes in estimates are reflected in the then-current financial statements based on on-going actual experience trends, or subsequent settlements and realizations depending on the nature and predictability of the estimates and contingencies. Changes in revenue estimates for prior periods are separately disclosed and reported if material to the current reporting period and longer term trend analyses, and have not been significant.

Lab service revenues for current period dates of services are recognized at the estimated net realizable amounts to be received.

Impairments of long-lived assets. We account for impairments of long-lived assets, which include property and equipment, investments in third-party dialysis businesses, amortizable intangible assets and goodwill, in accordance with the provisions of applicable accounting guidance. Impairment reviews are performed at least annually and whenever a change in condition occurs which indicates that the carrying amounts of assets may not be recoverable.

Such changes include changes in our business strategies and plans, changes in the quality or structure of our relationships with our partners and deteriorating operating performance of individual dialysis centers or other operations. We use a variety of factors to assess the realizable value of assets depending on their nature and use. Such assessments are primarily based upon the sum of expected future undiscounted net cash flows over the expected period the asset will be utilized, as well as market values and conditions. The computation of expected future undiscounted net cash flows can be complex and involves a number of subjective assumptions. Any changes in these factors or assumptions could impact the assessed value of an asset and result in an impairment charge equal to the amount by which its carrying value exceeds its actual or estimated fair value.

Accounting for income taxes. We estimate our income tax provision to recognize our tax expense for the current year, and our deferred tax liabilities and assets for future tax consequences of events that have been recognized in our financial statements, measured using enacted tax rates and laws expected to apply in the periods when the deferred tax liabilities or assets are expected to be realized. In accordance with Financial Accounting Standards Board Interpretation 48 (FIN 48) *Accounting for Income Tax Uncertainties*, which went effective January 1, 2007, we assess our tax positions on a more-likely-than-not criteria and also determine the actual amount of benefit to recognize in the financial statements. Deferred tax assets are assessed based upon the likelihood of recoverability from future taxable income and, to the extent that recovery is not likely, a valuation allowance is established. The allowance is regularly reviewed and updated for changes in circumstances that would cause a change in judgment about the realizability of the related deferred tax assets. These calculations and assessments involve complex estimates and judgments because the ultimate tax outcome can be uncertain and future events unpredictable.

Variable compensation accruals. We estimate variable compensation accruals quarterly based upon the annual amounts expected to be earned and paid out resulting from the achievement of certain teammate-specific and/or corporate financial and operating goals. Our estimates, which include compensation incentives for bonuses, and other awards, are updated periodically based on changes in our economic condition or cash flows that could ultimately impact the actual final award. Actual results reflected in each fiscal quarter may vary due to the subjectivity involved in anticipating fulfillment of specific and/or corporate goals, as well as the final determination and approval of amounts by our Board of Directors.

Purchase accounting valuation estimates. We make various assumptions and estimates regarding the valuation of tangible and intangible assets, liabilities and contractual as well as non-contractual contingencies associated with our acquisitions. These assumptions can have a material effect on our balance sheet valuations and the related amount of depreciation and amortization expense that will be recognized in the future. Long-lived tangible and intangible assets are subject to our regular ongoing impairment assessments.

Fair value estimates. We measure the fair value of certain assets, liabilities and commitments in accordance with SFAS No. 157 *Fair Value Measurements.* Under SFAS No. 157, fair value is defined and is measured based upon certain valuation techniques that include inputs and assumptions that market participants would use in pricing assets, liabilities and commitments. We have measured the fair values of our applicable assets, liabilities and commitments based upon certain market inputs and assumptions that are either observable or unobservable in determining fair values and have also classified these assets, liabilities and commitments into the appropriate fair value hierarchy levels as defined in SFAS No. 157. The fair value of our investments held for sale are based upon quoted market prices and the fair value of our swap agreements are based upon valuation models and a variety of techniques as reported by various broker dealers that are based upon relevant observable market inputs such as current interest rates, forward yield curves, and other credit and liquidity market conditions. For our put provisions we have estimated the fair values of the interests subject to these commitments based upon either a predetermined multiple of earnings, or the higher of a liquidation value or an average multiple of earnings determined by historical earnings, patient mix and other performance indicators, as well as other factors. The estimate of the fair values of the interests subject to these put provisions involves significant judgments and assumptions and may not be indicative of the actual values at which these obligations may ultimately be settled in the future, which could vary significantly from our current estimates. The estimated fair values of the interests subject to these put provisions can also fluctuate and the implicit multiple of earnings at which these obligations may be settled will vary depending upon market conditions including potential purchasers' access to the credit and capital markets, which can impact the level of competition for dialysis and non-dialysis related businesses, the economic performance of these businesses and the restricted marketability of the third-party owners' interests.

Stock-based compensation. We account for stock-based awards to employees and directors in accordance with the provisions of SFAS No. 123(R) *Share-Based Payments.* Under SFAS No. 123(R), stock-based compensation is recognized during a period based on the estimated grant-date fair value of the portion of the stock-based award vesting during that period, adjusted for expected forfeitures. Stock-based compensation recognized in our consolidated financial statements for the years ended December 31, 2008, 2007 and 2006 include compensation costs for stock-based awards granted prior to, but not fully vested as of December 31, 2005, and stock-based awards granted thereafter. We estimate the grant-date fair value of stock awards using complex option pricing models that rely heavily on estimates from us about uncertain future events, including the expected term of the awards, the expected future volatility of our stock price, and expected future risk-free interest rates.

Significant new accounting standards

On January 1, 2009 we adopted SFAS No. 141(R) *Business Combinations,* which replaces SFAS No. 141 *Business Combinations.* This standard requires all business combinations to be accounted for under the acquisition method (previously referred to as the purchase method). Under the acquisition method, the acquirer recognizes the assets acquired, the liabilities assumed, contractual contingencies, as well as any noncontrolling interest in the acquiree at their fair values at the acquisition date. Noncontractual contingencies are recognized at the acquisition date at their fair values only if it is more likely than not that they meet the definition of an asset or a liability in FASB Concepts Statement No. 6 *Elements of Financial Statements.* Transaction costs are excluded from the acquisition cost and will be expensed as incurred. Any contingent consideration included by the acquirer as part of the purchase price must also be measured at fair value at the acquisition date and will be classified as either equity or a liability. This standard also requires a company that obtains control but acquires less than 100% of an acquiree to record 100% of the fair value of the acquiree assets, liabilities, and noncontrolling interests at the acquisition date. The adoption of this standard will not have a material impact on our consolidated financial statements.

On January 1, 2009 we adopted SFAS No. 160 *Noncontrolling Interests in Consolidated Financial Statements,* which amends Accounting Research Bulletin, No. 51 *Consolidated Financial Statements.* This

standard requires noncontrolling interests to be treated as a separate component of equity, but apart from the parent's equity, and not as a liability or other item outside of equity. This standard also specifies that consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income, and that changes in the parent's ownership interest while it retains a controlling financial interest should be accounted for as equity transactions. This standard also expands disclosures in the financial statements to include a reconciliation of the beginning and ending balances of the equity attributable to the parent and the noncontrolling owners and a schedule showing the effects of changes in a parent's ownership interest in a subsidiary on the equity attributable to the parent. The adoption of this standard will not have a material impact on our consolidated financial statements; however, it will change the presentation of minority interests in our consolidated financial statements. Although, we are still in process of determining the appropriate classification and measurement of minority interests according to SEC Topic No. 98 *Classification and Measurement of Redeemable Securities.*

On January 1, 2009 we adopted SFAS No. 161 *Disclosures about Derivative Instruments and Hedging Activities*, which amends SFAS No. 133 *Accounting for Derivative Instruments and Hedging Activities.* This standard requires enhanced disclosures about an entity's derivative and hedging activities. Entities will be required to provide additional disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This standard encourages but does not require comparative disclosures for earlier periods at the initial adoption. The adoption of this standard will not have a material impact on our consolidated financial statements.

On January 1, 2008, we adopted SFAS No. 157 *Fair Value Measurements* except for the nonfinancial assets and liabilities that are subject to a one-year deferral allowed by FASB Staff Position (FSP) FAS157-2 *Effective Date of FASB Statement No. 157.* This standard establishes a framework for measuring fair value and also requires additional disclosures about fair value measurements. The standard applies to assets and liabilities that are carried at fair value on a recurring basis. On January 1, 2009 we adopted certain provisions of SFAS No 157 relating to nonfinancial assets and liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). See note 22 to the consolidated financial statements for the impact of adopting this standard. The adoption of SFAS No. 157 relating to nonfinancial assets and liabilities will not have a material impact on our consolidated financial statements.

On January 1, 2008, we adopted SFAS No. 159 *Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of SFAS No. 115.* This standard allows companies the alternative to measure certain financial assets and liabilities at fair value on an instrument-by-instrument basis that are currently not required to be measured at fair value. The standard is also designed to reduce the volatility in earnings caused by measuring related assets and liabilities differently and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The adoption of this standard did not have a material impact on our consolidated financial statements.

On January 1, 2007, we adopted the provisions of FASB Interpretation 48 (FIN 48) *Accounting for Income Tax Uncertainties*, which clarifies the accounting for uncertainty in income taxes recognized in financial statements in accordance with SFAS Statement No. 109 *Accounting for Income Taxes.* The Interpretation prescribes a recognition threshold of more-likely-than-not and a measurement attribute on all tax positions taken or expected to be taken in a tax return in order to be recognized in the financial statements. In making this assessment, a company must determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based solely on the technical merits of the position and must assume that the tax position will be

examined by the appropriate taxing authority that would have full knowledge of all relevant information. Once the recognition threshold is met, the tax position is then measured to determine the actual amount of benefit to recognize in the financial statements. In addition, the recognition threshold of more-likely-than-not must continue to be met in each reporting period to support continued recognition of the tax benefit. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the financial reporting period in which that threshold is no longer met. See note 12 to the consolidated financial statements for the impact of adopting this interpretation.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and which includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

During the last fiscal year, the Company conducted an evaluation, under the oversight of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's internal control over financial reporting. This evaluation was completed based on the criteria established in the report titled "Internal Control–Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based upon our evaluation under the COSO framework, we have concluded that the Company's internal control over financial reporting was effective as of December 31, 2008.

The Company's independent registered public accounting firm, KPMG LLP, has issued an attestation report on the Company's internal control over financial reporting, which report is included in this Annual Report.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
DaVita Inc.:

We have audited the accompanying consolidated balance sheets of DaVita Inc. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DaVita Inc. and subsidiaries as of December 31, 2008 and 2007 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 12 to the consolidated financial statements, DaVita Inc. and subsidiaries adopted Financial Accounting Standards Board Interpretation No. 48, Accounting for Income Tax Uncertainties, effective January 1, 2007.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of DaVita Inc.'s internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control–Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 27, 2009 expressed an unqualified opinion on the effectiveness of DaVita Inc.'s internal control over financial reporting.

KPMG LLP

Seattle, Washington
February 27, 2009

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
DaVita Inc.:

We have audited DaVita Inc.'s internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control–Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). DaVita Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Report on Internal Control Over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, DaVita Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control–Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of DaVita Inc. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2008, and our report dated February 27, 2009 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Seattle, Washington
February 27, 2009

Consolidated Statements of Income
(dollars in thousands, except per share data)

	Year ended December 31,		
	2008	2007	2006
Net operating revenues	$ 5,660,173	$ 5,264,151	$ 4,880,662
Operating expenses and charges:			
Patient care costs	3,920,487	3,590,344	3,390,351
General and administrative	508,240	491,236	453,516
Depreciation and amortization	216,917	193,470	173,295
Provision for uncollectible accounts	146,229	136,682	126,203
Minority interests and equity income, net	46,535	45,485	35,833
Valuation gain on alliance and product supply agreement	–	(55,275)	(37,968)
Total operating expenses and charges	4,838,408	4,401,942	4,141,230
Operating income	821,765	862,209	739,432
Debt expense	(224,716)	(257,147)	(276,706)
Other income, net	12,411	22,460	13,033
Income from continuing operations before income taxes	609,460	627,522	475,759
Income tax expense	235,300	245,744	186,430
Income from continuing operations	374,160	381,778	289,329
Discontinued operations			
Gain on disposal of discontinued operations, net of tax	–	–	362
Net income	$ 374,160	$ 381,778	$ 289,691
Earnings per share:			
Basic earnings per share from continuing operations	$ 3.56	$ 3.61	$ 2.79
Basic earnings per share	$ 3.56	$ 3.61	$ 2.80
Diluted earnings per share from continuing operations	$ 3.53	$ 3.55	$ 2.73
Diluted earnings per share	$ 3.53	$ 3.55	$ 2.74
Weighted average shares for earnings per share:			
Basic	105,149,448	105,893,052	103,520,254
Diluted	105,939,725	107,418,240	105,793,246

See notes to consolidated financial statements.

Consolidated Balance Sheets
(dollars in thousands, except per share data)

	December 31, 2008	December 31, 2007
ASSETS		
Cash and cash equivalents	$ 410,881	$ 447,046
Short-term investments	35,532	40,278
Accounts receivable, less allowance of $211,222 and $195,953	1,075,457	927,949
Inventories	84,174	80,173
Other receivables	239,165	198,744
Other current assets	33,761	34,482
Income tax receivable	32,138	–
Deferred income taxes	217,196	247,578
Total current assets	2,128,304	1,976,250
Property and equipment, net	1,048,075	939,326
Amortizable intangibles, net	160,521	183,042
Investments in third-party dialysis businesses	19,274	19,446
Long-term investments	5,656	22,562
Other long-term assets	47,330	35,401
Goodwill	3,876,931	3,767,933
	$7,286,091	$6,943,960
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 282,883	$ 225,461
Other liabilities	495,239	486,151
Accrued compensation and benefits	312,216	334,961
Current portion of long-term debt	72,725	23,431
Income taxes payable	–	16,492
Total current liabilities	1,163,063	1,086,496
Long-term debt	3,622,421	3,683,887
Other long-term liabilities	101,442	83,448
Alliance and product supply agreement, net	35,977	41,307
Deferred income taxes	244,884	166,055
Minority interests (fair value subject to potential put obligations–$291,000 and $330,000)	165,846	150,517
Commitments and contingencies		
Shareholders' equity:		
Preferred stock ($0.001 par value, 5,000,000 shares authorized; none issued)		
Common stock ($0.001 par value, 450,000,000 shares authorized; 134,862,283 shares issued; 103,753,673 and 107,130,127 shares outstanding)	135	135
Additional paid-in capital	769,069	707,080
Retained earnings	1,889,450	1,515,290
Treasury stock, at cost (31,108,610 and 27,732,156 shares)	(691,857)	(487,744)
Accumulated other comprehensive loss	(14,339)	(2,511)
Total shareholders' equity	1,952,458	1,732,250
	$7,286,091	$6,943,960

See notes to consolidated financial statements.

Consolidated Statements of Cash Flow
(dollars in thousands)

	Year ended December 31,		
	2008	2007	2006
Cash flows from operating activities:			
Net income	$ 374,160	$ 381,778	$ 289,691
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	216,917	193,470	173,295
Valuation gain on alliance and product supply agreement	–	(55,275)	(37,968)
Stock-based compensation expense	41,235	34,149	26,389
Tax benefits from stock award exercises	13,988	32,788	40,375
Excess tax benefits from stock award exercises	(8,013)	(25,541)	(37,251)
Deferred income taxes	94,912	18,601	2,342
Minority interests in income of consolidated subsidiaries	47,331	46,702	38,141
Distributions to minority interests	(57,770)	(48,029)	(32,271)
Equity investment income	(796)	(1,217)	(2,308)
Loss (gain) on disposal of discontinued operations and other dispositions	15,216	(2,825)	239
Non-cash debt expense and non-cash rent charges	11,794	12,713	27,736
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:			
Accounts receivable	(149,939)	15,911	(74,737)
Inventories	(2,715)	11,271	(18,587)
Other receivables and other current assets	(40,960)	(61,049)	(34,044)
Other long-term assets	(11,929)	(14,528)	(9,791)
Accounts payable	57,422	(9,216)	40,712
Accrued compensation and benefits	(31,602)	9,691	101,555
Other current liabilities	8,871	657	88,841
Income taxes	(30,258)	(12,779)	(67,329)
Other long-term liabilities	8,067	5,764	4,541
Net cash provided by operating activities	555,931	533,036	519,571
Cash flows from investing activities:			
Additions of property and equipment, net	(317,962)	(272,212)	(262,708)
Acquisitions and purchases of other ownership interests	(126,368)	(127,094)	(86,504)
Proceeds from discontinued operations and asset sales	530	12,289	22,179
Purchase of investments available-for-sale	(2,009)	(52,085)	(3,726)
Purchase of investments held-to-maturity	(21,048)	(23,061)	–
Proceeds from the sale of investments available-for-sale	21,291	32,274	3,030
Proceeds from maturities of investments held-to-maturity	21,355	4,795	–
Purchase of a noncontrolling ownership interest in an unconsolidated joint venture	–	(17,550)	–
Contributions from minority owners	30,316	18,463	21,263
Purchase of intangible assets	(65)	(2,291)	(5,597)
Net cash used in investing activities	(393,960)	(426,472)	(312,063)
Cash flows from financing activities:			
Borrowings	17,089,018	13,113,640	6,354,784
Payments on long-term debt	(17,102,569)	(13,160,942)	(6,761,743)
Deferred financing costs	(130)	(4,511)	(2)
Excess tax benefits from stock award exercises	8,013	25,541	37,251
Stock award exercises and other share issuances, net	40,247	62,902	40,593
Purchase of treasury stock	(232,715)	(6,350)	–
Net cash (used in) provided by financing activities	(198,136)	30,280	(329,117)
Net (decrease) increase in cash and cash equivalents	(36,165)	136,844	(121,609)
Cash and cash equivalents at beginning of year	447,046	310,202	431,811
Cash and cash equivalents at end of year	$ 410,881	$ 447,046	$ 310,202

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity and Comprehensive Income
(dollars and shares in thousands)

	Common stock		Additional paid-in capital	Retained earnings	Treasury stock		Accumulated other comprehensive (loss)income	Total
	Shares	Amount			Shares	Amount		
Balance at December 31, 2005	134,862	$135	$569,751	$ 839,930	(32,927)	$(574,013)	$ 14,806	$ 850,609
Comprehensive income:								
Net income				289,691				289,691
Unrealized gains on interest rate swaps, net of tax							7,862	7,862
Less reclassification of net swap realized gains into net income, net of tax							(9,671)	(9,671)
Total comprehensive income								287,882
Stock purchase shares issued			1,861		80	1,403		3,264
Stock unit shares issued			(1,860)		160	2,790		930
Stock option shares issued			(5,023)		2,461	42,900		37,877
Stock-based compensation expense			26,389					26,389
Excess tax benefits from stock awards exercised			38,973					38,973
Balance at December 31, 2006	134,862	$135	$630,091	$1,129,621	(30,226)	$(526,920)	$ 12,997	$1,245,924
Comprehensive income:								
Net income				381,778				381,778
Unrealized losses on interest rate swaps, net of tax							(7,169)	(7,169)
Less reclassification of net swap realized gains into net income, net of tax							(8,858)	(8,858)
Unrealized gains on investments, net of tax							4,211	4,211
Less reclassification of net investment realized gains into net income, net of tax							(3,692)	(3,692)
Total comprehensive income								366,270
Cumulative effect of change in accounting principle SFAS Interpretation No (FIN) 48				3,891				3,891
Stock purchase shares issued			3,831		124	2,160		5,991
Stock unit shares issued			(1,848)		120	2,098		250
Stock options and SSARs exercised			13,429		2,361	41,268		54,697
Stock-based compensation expense			34,149					34,149
Excess tax benefits from stock awards exercised			27,428					27,428
Purchase of treasury stock					(111)	(6,350)		(6,350)
Balance at December 31, 2007	134,862	$135	$707,080	$1,515,290	(27,732)	$(487,744)	$ (2,511)	$1,732,250
Comprehensive income:								
Net income				374,160				374,160
Unrealized losses on interest rate swaps, net of tax							(12,947)	(12,947)
Less reclassification of net swap realized losses into net income, net of tax							2,590	2,590
Unrealized losses on investments, net of tax							(1,174)	(1,174)
Less reclassification of net investment realized gains into net income, net of tax							(297)	(297)
Total comprehensive income								362,332
Stock purchase shares issued			2,981		98	1,730		4,711
Stock unit shares issued			(2,670)		181	3,544		874
Stock options and SSARs exercised			12,278		1,133	23,328		35,606
Stock-based compensation expense			41,235					41,235
Excess tax benefits from stock awards exercised			8,165					8,165
Purchase of treasury stock					(4,789)	(232,715)		(232,715)
Balance at December 31, 2008	134,862	$135	$769,069	$1,889,450	(31,109)	$(691,857)	$(14,339)	$1,952,458

See notes to consolidated financial statements.

1. Organization and summary of significant accounting policies

Organization

DaVita Inc. principally operates kidney dialysis centers and provides related lab services primarily in dialysis centers and in contracted hospitals across the United States. The Company also operates other ancillary services and strategic initiatives which relate primarily to our core business of providing renal care services. As of December 31, 2008, the Company operated or provided administrative services to 1,449 outpatient dialysis centers located in 43 states and the District of Columbia, serving approximately 112,000 patients. The Company's dialysis and related lab services business qualifies as a separately reportable segment under Statement of Financial Accounting Standards (SFAS) No. 131 and all other ancillary services and strategic initiatives have been combined and disclosed in the other segments category.

Basis of presentation

These consolidated financial statements and accompanying notes are prepared in accordance with United States generally accepted accounting principles. The financial statements include DaVita and its subsidiaries, partnerships and other entities in which it maintains a 100%, majority voting, or other controlling financial interest (collectively, the Company). All significant intercompany transactions and balances have been eliminated. Non-consolidated equity investments are recorded under the equity or cost method of accounting based upon whether the Company has significant influence over the investee. Prior year balances and amounts have been classified to conform to the current year presentation.

Use of estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and contingencies. Although actual results in subsequent periods will differ from these estimates, such estimates are developed based on the best information available to management and management's best judgments at the time made. All significant assumptions and estimates underlying the amounts reported in the financial statements and accompanying notes are regularly reviewed and updated. Changes in estimates are reflected in the financial statements based upon on-going actual experience trends, or subsequent settlements and realizations depending on the nature and predictability of the estimates and contingencies. Interim changes in estimates related to annual operating costs are applied prospectively within annual periods.

The most significant assumptions and estimates underlying these financial statements and accompanying notes involve revenue recognition and provisions for uncollectible accounts, impairments and valuation adjustments, accounting for income taxes, quarterly variable compensation accruals, purchase accounting valuation estimates, fair value estimates and stock-based compensation. Specific estimating risks and contingencies are further addressed within these notes to the consolidated financial statements.

Net operating revenues and accounts receivable

Revenues associated with Medicare and Medicaid programs are recognized based on: (a) the payment rates that are established by statute or regulation for the portion of the payment rates paid by the government payor (e.g., 80% for Medicare patients) and (b) for the portion not paid by the primary government payor, estimates of the amounts ultimately collectible from other government programs

paying secondary coverage (e.g., Medicaid secondary coverage), the patient's commercial health plan secondary coverage, or the patient. Revenues associated with commercial health plans are estimated based on contractual terms for the patients under healthcare plans with which we have formal agreements, non-contracted health plan coverage terms if known, estimated secondary collections, historical collection experience, historical trends of refunds and payor payment adjustments (retractions), inefficiencies in our billing and collection processes that can result in denied claims for payments, and regulatory compliance issues.

Operating revenues are recognized in the period services are provided. Revenues consist primarily of payments from Medicare, Medicaid and commercial health plans for dialysis and ancillary services provided to patients. A usual and customary fee schedule is maintained for our dialysis treatment and other patient services; however, actual collectible revenue is normally recognized at a discount from the fee schedule.

Commercial revenue recognition involves substantial estimating risks. With many larger, commercial insurers the Company has several different contracts and payment arrangements, and these contracts often include only a subset of the Company's centers. It is often not possible to determine which contract, if any, should be applied prior to billing. In addition, for services provided by non-contracted centers, final collection may require specific negotiation of a payment amount, typically at a significant discount from the Company's usual and customary rates.

Services covered by Medicare and Medicaid are less subject to estimating risk. Both Medicare and Medicaid rates use prospective payment methods established in advance with definitive terms. Medicare payments for bad debt claims are subject to individual center profitability, as established by cost reports, and require evidence of collection efforts. As a result, billing and collection of Medicare bad debt claims are often delayed significantly, and final payment is subject to audit.

Medicaid payments, when Medicaid coverage is secondary, can also be difficult to estimate. For many states, Medicaid payment terms and methods differ from Medicare, and may prevent accurate estimation of individual payment amounts prior to billing.

Revenue recognition uncertainties inherent in the Company's operations are addressed in AICPA Statement of Position (SOP) No. 00-1 *Auditing Health Care Third-Party Revenues and Related Receivables.* As addressed in SOP No. 00-1, net revenue recognition and allowances for uncollectible billings require the use of estimates of the amounts that will ultimately be realized considering, among other items, retroactive adjustments that may be associated with regulatory reviews, audits, billing reviews and other matters.

The Company's range of revenue estimating risk for the dialysis and related lab services segment is generally expected to be within 1% of its revenue. Changes in revenue estimates for prior periods are separately disclosed, if material.

Management and administrative support services are provided to dialysis centers and physician practices and clinics that the Company does not own or in which the Company does not maintain a controlling ownership interest. The management fees are principally determined as a percentage of the managed operations' revenues or cash collections and in some cases an additional component based upon a percentage of operating income. Management fees are included in net operating revenues as earned, and represent less than 1% of total consolidated operating revenues.

Other income, net

Other income includes interest income on cash investments and other non-operating gains and losses from investment transactions.

Cash and cash equivalents

Cash equivalents are highly liquid investments with maturities of three months or less at date of purchase.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market and consist principally of pharmaceuticals and dialysis-related supplies. Rebates related to inventory purchases are recorded when earned and are based on certain achievement factors such as process improvements, data submission and some combination of these factors.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and amortization and is further reduced by any impairments. Maintenance and repairs are charged to expense as incurred. Depreciation and amortization expenses are computed using the straight-line method over the useful lives of the assets estimated as follows: buildings, 20 to 40 years; leasehold improvements, the shorter of their economic useful life or the expected lease term; and equipment and information systems, principally 3 to 8 years. Disposition gains and losses are included in current operating expenses.

Investments

In accordance with SFAS No. 115 *Accounting for Certain Investments in Debt and Equity Securities*, and based upon the Company's intentions and ability to hold certain assets until maturity, the Company classifies certain debt securities as held-to-maturity and measures them at amortized cost. Based upon the Company's other strategies involving investments, the Company classifies equity securities that have readily determinable fair values and certain other debt securities as available for sale and records them at fair value. Unrealized gains or losses from available for sale investments are recorded in other comprehensive income until realized.

Amortizable intangibles

Amortizable intangible assets and liabilities include non-competition and similar agreements, lease agreements, hospital acute services contracts, deferred debt issuance costs and the Alliance and Product Supply Agreement, each of which have determinate useful lives. Non-competition and similar agreements are amortized over the terms of the agreements, typically ten years, using the straight-line method. Lease agreements and hospital acute service contracts are amortized straight-line over the term of the lease and the contract period, respectively. Deferred debt issuance costs are amortized to debt expense over the term of the related debt using the effective interest method. The Alliance and Product Supply Agreement intangible liability is being amortized using the straight-line method over the term of the agreement, which is ten years.

Goodwill

Goodwill represents the difference between the purchase cost of acquired businesses and the fair value of the identifiable tangible and intangible net assets acquired. Goodwill is not amortized, but is assessed for valuation impairment as circumstances warrant and at least annually. An impairment charge would be recorded to the extent the book value of goodwill exceeds its fair value. The Company operates several reporting units for goodwill impairment assessments.

Impairment of long-lived assets

Long-lived assets, including property and equipment, investments in third party dialysis businesses, and amortizable intangible assets, are reviewed for possible impairment at least annually and whenever significant events or changes in circumstances indicate that an impairment may have occurred, including changes in our business strategy and plans, changes in the quality or structure of our relationships with our partners and deteriorating operating performance of individual dialysis centers or other operations. An impairment is indicated when the sum of the expected future undiscounted net cash flows identifiable to an asset or asset group is less than its carrying value. Impairment losses are determined from actual or estimated fair values, which are based on market values, net realizable values or projections of discounted net cash flows, as appropriate. Impairment charges are included in operating expenses.

Income taxes

Federal and state income taxes are computed at current enacted tax rates, less tax credits using the asset and liability method. Deferred taxes are adjusted both for items that do not have tax consequences and for the cumulative effect of any changes in tax rates from those previously used to determine deferred tax assets or liabilities. Tax provisions include amounts that are currently payable, changes in deferred tax assets and liabilities that arise because of temporary differences between the timing of when items of income and expense are recognized for financial reporting and income tax purposes, changes in the recognition of tax positions due to the application of Financial Accounting Standards Board, or FASB, Interpretation 48 (FIN 48), and any changes in the valuation allowance caused by a change in judgment about the realizability of the related deferred tax assets. A valuation allowance is established when necessary to reduce deferred tax assets to amounts expected to be realized.

Self insurance

The Company maintains insurance reserves for professional and general liability and workers' compensation in excess of certain individual and or aggregate amounts not covered by third-party carriers. The Company estimates the self-insured retention portion of professional and general liability and workers' compensation risks using third-party actuarial calculations that are based upon historical claims experience and expectations for future claims.

Minority interests

Consolidated net income is reduced by the proportionate amount of income attributable to minority interests in majority-owned joint ventures and other non-wholly-owned subsidiaries. Minority interests represent the equity interests of third-party owners in consolidated entities which are not wholly-owned. As of December 31, 2008, third parties held minority ownership interests in 117 consolidated entities. See discussion below on the adoption of SFAS No. 160 for changes to minority interests beginning in 2009.

Stock-based compensation

Effective January 1, 2006, the Company implemented SFAS No. 123(R) *Share-Based Payment*, which requires the measurement and recognition of cost for all stock-based awards made to employees and directors, including stock options, stock appreciation rights, stock units and discounted employee stock purchases. Under this standard, the Company's stock-based compensation awards are measured at their estimated fair value on the date of grant and recognized as compensation expense on the straight-line method over their individual requisite service periods. The Company implemented SFAS No. 123(R) using the modified prospective transition method.

Interest rate swap agreements

The Company has entered into several interest rate swap agreements as a means of hedging its exposure to and volatility from variable-based interest rate changes. These agreements are not held for trading or speculative purposes, and have the economic effect of converting portions of our variable rate

debt to a fixed rate. At December 31, 2008, the Company had nine interest rate swap agreements with amortizing notional amounts totaling $790,333 that expire in 2009 through 2010 and require quarterly interest payments. These agreements are designated as cash flow hedges, and as a result hedge-effective gains or losses resulting from changes in the fair values of these swaps are reported in other comprehensive income until such time as each specific swap tranche is realized, at which time the amounts are reclassified into net income. Net amounts paid or received under the hedge-effective swaps have been reflected as adjustments to interest expense.

Fair value estimates

The Company measures the fair value of certain assets, liabilities and commitments in accordance with SFAS No. 157 *Fair Value Measurements* based upon certain valuation techniques that include observable or unobservable inputs and assumptions that market participants would use in pricing these assets, liabilities and commitments. The Company also has classified its assets, liabilities and commitments into the appropriate fair value hierarchy levels as defined in SFAS No. 157. See Note 22 to the consolidated financial statements.

New accounting standards

On January 1, 2009 the Company adopted SFAS No. 141(R) *Business Combinations,* which replaces SFAS No. 141 *Business Combinations.* This standard requires all business combinations to be accounted for under the acquisition method (previously referred to as the purchase method). Under the acquisition method, the acquirer recognizes the assets acquired, the liabilities assumed, contractual contingencies, as well as any noncontrolling interest in the acquiree at their fair values at the acquisition date. Noncontractual contingencies are recognized at the acquisition date at their fair values only if it is more likely than not that they meet the definition of an asset or a liability in FASB Concepts Statement No. 6 *Elements of Financial Statements.* Transaction costs are excluded from the acquisition cost and will be expensed as incurred. Any contingent consideration included by the acquirer as part of the purchase price must also be measured at fair value at the acquisition date and will be classified as either equity or a liability. This standard also requires a company that obtains control but acquires less than 100% of an acquiree to record 100% of the fair value of the acquiree assets, liabilities, and noncontrolling interests at the acquisition date. This standard is effective for periods beginning on or after December 15, 2008. The adoption of this standard will not have a material impact on the Company's consolidated financial statements.

On January 1, 2009 the Company adopted SFAS No. 160 *Noncontrolling Interests in Consolidated Financial Statements,* which amends Accounting Research Bulletin No. 51 *Consolidated Financial Statements.* This standard requires noncontrolling interests to be treated as a separate component of equity, but apart from the parent's equity, and not as a liability or other item outside of equity. This standard also specifies that consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income, and that changes in the parent's ownership interest while it retains a controlling financial interest should be accounted for as equity transactions. This standard also expands disclosures in the financial statements to include a reconciliation of the beginning and ending balances of the equity attributable to the parent and the noncontrolling owners and a schedule showing the effects of changes in a parent's ownership interest in a subsidiary on the equity attributable to the parent. This standard is effective for periods beginning on or after December 15, 2008. The adoption of this standard will not have a material impact on the Company's consolidated financial statements; however, it will change the presentation of minority interests in the Company's consolidated financial statements. Although, the Company is still in process of determining the

appropriate classification and measurement of minority interests according to SEC Topic No. 98 *Classification and Measurement of Redeemable Securities.*

On January 1, 2009 we adopted SFAS No. 161 *Disclosures about Derivative Instruments and Hedging Activities*, which amends SFAS No. 133 *Accounting for Derivative Instruments and Hedging Activities.* This standard requires enhanced disclosures about an entity's derivative and hedging activities. Entities will be required to provide additional disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This standard encourages but does not require comparative disclosures for earlier periods at the initial adoption. The adoption of this standard will not have a material impact on the Company's consolidated financial statements.

2. Earnings per share

Basic net income per share is calculated by dividing net income by the weighted average number of common shares and vested stock units outstanding. Diluted net income per share includes the dilutive effect of stock options, stock-settled stock appreciation rights and unvested stock units under the treasury stock method.

The reconciliations of the numerators and denominators used to calculate basic and diluted net income per share are as follows:

	Year ended December 31,		
	2008	2007	2006
	(shares in thousands)		
Basic:			
Income from continuing operations	$374,160	$381,778	$289,329
Gain on disposal of discontinued operations, net of tax	–	–	362
Net income	$374,160	$381,778	$289,691
Weighted average shares outstanding during the year	105,140	105,848	103,471
Vested stock units	9	45	49
Weighted average shares for basic earnings per share calculation	105,149	105,893	103,520
Basic earnings per share from continuing operations, net of tax	$ 3.56	$ 3.61	$ 2.79
Gain on disposal of discontinued operations, net of tax	–	–	0.01
Basic net income per share	$ 3.56	$ 3.61	$ 2.80
Diluted:			
Income from continuing operations	$374,160	$381,778	$289,329
Gain on disposal of discontinued operations, net of tax	–	–	362
Net income	$374,160	$381,778	$289,691
Weighted average shares outstanding during the year	105,140	105,848	103,471
Vested stock units	9	45	49
Assumed incremental shares from stock plans	791	1,525	2,273
Weighted average shares for diluted earnings per share calculation	105,940	107,418	105,793
Diluted earnings per share from continuing operations, net of tax	$ 3.53	$ 3.55	$ 2.73
Gain on disposal of discontinued operations, net of tax	–	–	0.01
Diluted net income per share	$ 3.53	$ 3.55	$ 2.74
Shares subject to anti-dilutive awards excluded from calculation(1)	10,053	260	933

(1) Shares associated with stock options and stock-settled stock appreciation rights that are excluded from the diluted denominator calculation because they are anti-dilutive under the treasury stock method.

3. Accounts receivable

Approximately 9% and 2% of the accounts receivable balances as of December 31, 2008 and 2007, respectively, were more than six months old, and there were no significant balances over one year old. Approximately 1% of our accounts receivable as of December 31, 2008 and 2007 relate to amounts due from patients. Accounts receivable are principally from Medicare and Medicaid programs and commercial insurance plans.

4. Other receivables

Other receivables were comprised of the following:

	December 31,	
	2008	2007
Supplier rebates and other non-trade receivables	$172,604	$151,939
Medicare bad debt claims	38,700	31,400
Operating advances under management and administrative services agreements	27,861	15,405
	$239,165	$198,744

Operating advances under management and administrative services agreements are generally unsecured.

5. Other current assets

Other current assets consist principally of prepaid expenses and operating deposits.

6. Property and equipment

Property and equipment were comprised of the following:

	December 31,	
	2008	2007
Land	$ 11,771	$ 11,827
Buildings	33,833	32,448
Leasehold improvements	873,306	731,426
Equipment and information systems	928,795	814,512
New center and capital asset projects in progress	36,875	33,027
	1,884,580	1,623,240
Less accumulated depreciation and amortization	(836,505)	(683,914)
	$1,048,075	$ 939,326

Depreciation and amortization expense on property and equipment was $201,006, $178,990 and $160,717 for 2008, 2007 and 2006, respectively.

Interest on debt incurred during the development of new centers and other capital asset projects is capitalized as a component of the asset cost based on the respective in-process capital asset balances. Interest capitalized was $4,189, $3,878 and $4,708 for 2008, 2007 and 2006, respectively.

7. Amortizable intangibles

Amortizable intangible assets were comprised of the following:

	December 31, 2008	December 31, 2007
Noncompetition and other agreements	$ 285,270	$ 276,182
Lease agreements	8,637	8,738
Deferred debt issuance costs	72,748	72,618
	366,655	357,538
Less accumulated amortization	(206,134)	(174,496)
Total amortizable intangible assets	$ 160,521	$ 183,042

Amortizable intangible liabilities were comprised of the following:

	December 31, 2008	December 31, 2007
Alliance and product supply agreement commitment (See Note 21)	$ 68,200	$ 68,200
Less accumulated amortization	(32,223)	(26,893)
	$ 35,977	$ 41,307

Net amortization expense from noncompetition and other agreements and the amortizable intangible liabilities was $15,911, $14,480 and $12,578 for 2008, 2007 and 2006, respectively. Lease agreements are amortized to rent expense, which was $1,420 in 2008, $2,240 in 2007, and $3,309 in 2006, respectively. Deferred debt issuance costs are amortized to debt expense as described in Note 13 to the consolidated financial statements.

Scheduled amortization charges from intangible assets and liabilities as of December 31, 2008 were as follows:

	Noncompetition and other agreements	Deferred debt issuance costs	Alliance and Product Supply Agreement liability
2009	$20,238	$9,780	$(5,330)
2010	19,101	9,374	(5,330)
2011	18,796	8,914	(5,330)
2012	18,094	6,418	(5,330)
2013	15,993	2,739	(5,330)
Thereafter	28,307	2,767	(9,327)

8. Investments in third-party businesses

Investments in non-consolidated dialysis businesses and related advances were $19,274 and $19,446 at December 31, 2008 and 2007. During 2008, 2007 and 2006, the Company recognized income of $796, $1,217 and $2,308, respectively, relating to investments in non-consolidated businesses under the equity method. These amounts are included as a reduction to minority interest expense in the consolidated statements of income.

On December 31, 2007, the Company acquired a 50% noncontrolling ownership interest in a joint venture that operates six dialysis centers for $17,550. During 2006, the Company acquired a majority voting interest in one business that was previously minority-controlled and sold its interest in one minority-controlled business. The Company did not recognize a gain or loss on the sale as the investment was carried at fair value as a result of the DVA Renal Healthcare acquisition.

9. Investments

In accordance with SFAS No. 115 and based on the Company's intentions and strategy involving investments, the Company classifies certain debt securities as held-to-maturity and records them at amortized cost. Equity securities that have readily determinable fair values and other debt securities classified as available for sale are recorded at fair value.

The Company's investments consist of the following:

	December 31, 2008			December 31, 2007		
	Held to maturity	Available for sale	Total	Held to maturity	Available for sale	Total
Certificates of deposit and U.S. treasury notes due within one year	$19,355	$ –	$19,355	$19,804	$ –	$19,804
Investments in mutual funds	–	21,833	21,833	–	43,036	43,036
	$19,355	$21,833	$41,188	$19,804	$43,036	$62,840
Short-term investments	$19,355	$16,177	$35,532	$19,804	$20,474	$40,278
Long-term investments	–	5,656	5,656	–	22,562	22,562
	$19,355	$21,833	$41,188	$19,804	$43,036	$62,840

The cost of the certificates of deposit and U.S. treasury notes at December 31, 2008 and 2007 approximates fair value. As of December 31, 2008 and 2007, the available for sale investments included $1,558 of gross pre-tax unrealized losses and $850 of gross pre-tax unrealized gains, respectively. During 2008, the Company recorded gross pre-tax unrealized losses of $1,922 in other comprehensive income associated with changes in the fair value of these investments. During 2008, the Company sold investments in mutual funds for net proceeds of $21,291, and recognized a pre-tax gain of $486, or $297 after tax, that was previously recorded in other comprehensive income. During 2007, the Company sold investments in mutual funds for net proceeds of $6,406 and recognized a pre-tax gain of $104, or $64 after-tax, that was also previously recorded in other comprehensive income. These pre-tax gains are included in other income.

The certificates of deposit and U.S. treasury notes classified as held to maturity are investments used to maintain certain capital requirements of the special needs plans of VillageHealth, which is a wholly-owned subsidiary of the Company. The investments in mutual funds classified as available for sale are held within a trust to fund existing obligations associated with several of the Company's non-qualified deferred compensation plans.

On February 7, 2007, the Company entered into a National Provider Agreement with NxStage, Inc. As a part of the agreement, the Company purchased outright all of its NxStage System One equipment then in use for $5,100, and has been purchasing a majority of its home-based hemodialysis equipment and supplies from NxStage. In connection with the provider agreement, the Company purchased two million shares of NxStage common stock in a private placement offering for $20,000, representing an ownership position of approximately 7% in NxStage. The Company subsequently sold these shares in the second and third quarters of 2007 for net proceeds of $25,868 and recognized a pre-tax gain of $5,868, or $3,628 after tax that was previously recorded in other comprehensive income. The pre-tax gain is included in other income.

10. Goodwill

Changes in the book value of goodwill were as follows:

	Year ended December 31,	
	2008	2007
Balance at January 1	$3,767,933	$3,667,853
Acquisitions	109,375	105,609
DVA Renal Healthcare income tax adjustments	(642)	(4,951)
Other adjustments	265	(578)
Balance at December 31	$3,876,931	$3,767,933

As of December 31, 2008, there was $3,808,942 and $67,989 of goodwill associated with the dialysis and related lab services business and the ancillary services and strategic initiatives, respectively.

As of December 31, 2007, there was $3,712,648 and $55,285 of goodwill associated with the dialysis and related lab services business and the ancillary services and strategic initiatives, respectively.

11. Other liabilities

Other accrued liabilities were comprised of the following:

	December 31,	
	2008	2007
Payor refunds and retractions	$361,205	$333,089
Insurance and self-insurance accruals	55,844	66,222
Accrued interest	44,326	48,506
Accrued non-income tax liabilities	8,920	12,386
Other	24,944	25,948
	$495,239	$486,151

12. Income taxes

On January 1, 2007, the Company adopted the provisions of FASB Interpretation 48 (FIN 48) *Accounting for Income Tax Uncertainties*, which clarifies the accounting for uncertainty in income taxes recognized in the consolidated financial statements in accordance with SFAS Statement No. 109 *Accounting for Income Taxes*. The Interpretation prescribes a recognition threshold of more-likely-than-not and a measurement attribute on all tax positions taken or expected to be taken in a tax return in order to be recognized in the financial statements. In making this assessment, a company must determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based solely on the technical merits of the position and must assume that the tax position will be examined by the appropriate taxing authority that would have full knowledge of all relevant information. Once the recognition threshold is met, the tax position is then measured to determine the actual amount of benefit to recognize in the financial statements. In addition, the recognition threshold of more-likely-than-not must continue to be met in each reporting period to support continued recognition of the tax benefit. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the financial reporting period in which that threshold is no longer met.

As a result of implementing FIN 48, the Company recognized an increase of $22,860 to the beginning balance of its current and long-term deferred tax assets, offset by increases in its current taxes payable and other long-term liabilities of $18,969. This recognized net tax benefit of $3,891 was recorded as an increase to the beginning balance of retained earnings on January 1, 2007. The Company also recorded a decrease of $4,951 to the beginning balance of current taxes payable and long-term deferred tax liabilities, and a corresponding decrease to goodwill as a result of recognizing tax benefits associated with our acquisition of DVA Renal Healthcare.

A reconciliation of the beginning and ending amount of unrecognized tax benefits was as follows:

	Year ended December 31,	
	2008	2007
Balance beginning	$ 25,744	$27,925
Additions for tax positions related to current year.	1,934	1,798
Additions for tax positions related to prior years.	463	416
Reductions for tax positions related to prior years	(17,254)	(3,200)
Settlements	–	(1,195)
Balance ending	$ 10,887	$25,744

As of December 31, 2008, it is reasonably possible that $125 of unrecognized tax benefits may be recognized within the next 12 months, primarily related to the settlement of an audit assessment. This change will have no impact on the Company's effective tax rate. As of December 31, 2008, unrecognized tax benefits totaling $10,887 would affect the Company's effective tax rate, if recognized.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in its income tax expense. At December 31, 2008, the Company had approximately $1,402 accrued for interest and penalties related to unrecognized tax benefits.

The Company and its subsidiaries file U.S. federal income tax returns and various state returns. The Company is no longer subject to U.S. federal, state and local examinations by tax authorities for years before 2003. The Internal Revenue Service (IRS) completed an examination of the Company's U.S. federal income tax returns for 2003 and 2004 during the second quarter of 2007. The examination did not result in any material impact to the Company's consolidated financial statements.

Income tax expense consisted of the following:

	Year ended December 31,		
	2008	2007	2006
Current:			
Federal	$118,619	$196,697	$159,054
State	20,569	30,446	24,009
Deferred:			
Federal	81,306	14,945	(12)
State	14,806	3,656	2,354
	$235,300	$245,744	$185,405

The allocations of income tax expense were as follows:

	Year ended December 31,		
	2008	2007	2006
Continuing operations	$235,300	$245,744	$186,430
Gain on discontinued operations	–	–	(1,025)
	$235,300	$245,744	$185,405

Deferred tax assets and liabilities arising from temporary differences were as follows:

	December 31,	
	2008	2007
Receivables, primarily allowance for doubtful accounts	$ 62,856	$ 61,184
Alliance and product supply agreement	13,995	16,069
Accrued liabilities	162,893	191,140
Other	65,635	43,218
Deferred tax assets	305,379	311,611
Valuation allowance	(12,588)	(9,353)
Net deferred tax assets	292,791	302,258
Intangible assets	(262,029)	(206,236)
Property and equipment	(55,747)	(12,825)
Other	(2,703)	(1,674)
Deferred tax liabilities	(320,479)	(220,735)
Net deferred tax (liabilities) assets	$ (27,688)	$ 81,523

At December 31, 2008, the Company had state net operating loss carryforwards of approximately $135,638 that expire through 2028, and federal net operating loss carryforwards of $24,285 that expire through 2028. The utilization of these losses may be limited in future years based on the profitability of certain separate-return entities. The valuation allowance increase of $3,235 relates to changes in the estimated tax benefit of federal and state operating losses of separate-return entities.

The reconciliation between our effective tax rate from continuing operations and the U.S. federal income tax rate is as follows:

	Year ended December 31,		
	2008	2007	2006
Federal income tax rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	3.7	3.5	3.9
Changes in deferred tax valuation allowances	0.3	0.2	(0.1)
Other	(0.4)	0.5	0.4
Effective tax rate	38.6%	39.2%	39.2%

13. Long-term debt

Long-term debt was comprised of the following:

	December 31, 2008	December 31, 2007
Senior Secured Credit Facilities:		
Term loan A	$ 214,375	$ 229,250
Term loan B	1,705,875	1,705,875
Senior and senior subordinated notes	1,750,000	1,750,000
Acquisition obligations and other notes payable	15,266	11,047
Capital lease obligations	5,873	6,667
Total principal debt outstanding	3,691,389	3,702,839
Premium on the 6⅝% senior notes	3,757	4,479
	3,695,146	3,707,318
Less current portion	(72,725)	(23,431)
	$3,622,421	$3,683,887

Scheduled maturities of long-term debt at December 31, 2008 were as follows:

2009	$ 72,725
2010	89,842
2011	67,346
2012	1,707,395
2013	901,500
Thereafter	852,581

Senior Secured Credit Facility

The Senior Secured Credit Facilities are guaranteed by substantially all of the Company's direct and indirect wholly-owned subsidiaries and are secured by substantially all of the Company's and its subsidiary guarantors' assets. The Senior Secured Credit Facilities also contain customary affirmative and negative covenants and require compliance with financial covenants, including an interest rate coverage ratio, and a leverage ratio that determines the interest rate margins on term loan A and the revolving line of credit. The Senior Secured Credit Facilities in general also contain limits on the general amount of capital expenditures for internal growth, acquisitions and capital improvements (see discussion below) as well as limits on the amount of tangible net assets in non-guarantor subsidiaries.

Term Loans

Term loan A and term loan B total outstanding borrowings each consist of various individual tranche amounts that can range in maturity from one month to twelve months. Each specific tranche bears interest at a LIBOR rate determined by the maturity of that specific tranche and the interest rates are reset as each specific tranche matures. The overall weighted average interest rate for each term loan is determined based upon the LIBOR interest rates in effect for each individual tranche plus the interest rate margin.

Term Loan A

During 2008 and 2007, the Company made principal payments totaling $14,875 and $50,000, respectively, on term loan A. The principal payment made in 2007 was a prepayment.

On February 27, 2007, the Company's interest rate margin on its term loan A was reduced by 0.25% as a result of achieving certain financial ratios as defined in the Senior Secured Credit Facilities.

Term loan A currently bears interest at LIBOR plus a margin of 1.50%, for an overall weighted average effective rate of 1.97% at December 31, 2008. The interest rate margin is subject to adjustment depending upon certain financial conditions and could range from 1.50% to 2.25%. Term loan A matures in October 2011 and requires annual principal payments of $61,250 in 2009, $87,500 in 2010 and $65,625 in 2011, respectively.

Term Loan B

During 2008, the Company did not make nor was the Company required to make any principal payments on term loan B. In 2007, the Company made a principal prepayment of $400,000 from the proceeds of the Senior Notes as discussed below.

On February 23, 2007, the Company amended and restated its existing Senior Secured Credit Facilities to, among other things, reduce the interest rate margin on term loan B by 0.50%, and to amend certain financial covenants. The amended term loan B bears interest at LIBOR plus a margin of 1.50%, for an overall weighted average effective rate of 3.63%, including the impact of the Company's swap agreements, as of December 31, 2008. Other terms that were changed included the amount by which the Company can elect to increase the revolving and term loan commitments from $500,000 to $750,000 and certain limitations on purchases, redemptions or acquisitions of capital stock, the payment of dividends and distributions in cash. Further, limitations on capital expenditures for internal growth will not apply during the periods in which the Company's leverage ratio is less than 3.5:1. The Company's leverage ratio as of December 31, 2008 was less than 3.5:1. In 2007 the Company incurred financing costs of $1,781 which were deferred and also expensed $248 of other costs in connection with this transaction, which are included in debt expense. Term loan B matures in October 2012 and requires principal payments of $1,705,875 in year 2012.

As a result of the principal prepayments made in 2007 on term loan A and term loan B, the Company wrote off a total of $4,371 of deferred financing costs, which is included in debt expense.

Revolving Lines of Credit

The Company has an undrawn revolving line under the Senior Secured Credit Facilities totaling $250,000, of which approximately $50,901 was committed for outstanding letters of credit. The Company also has other undrawn revolving lines of credit totaling $7,200 associated with several of its joint ventures.

Senior and Senior Subordinated Notes

The Company's senior and senior subordinated notes, as of December 31, 2008, consisted of $900,000 of 6⅝% senior notes due 2013 and $850,000 of 7¼% senior subordinated notes due 2015. The notes are guaranteed by substantially all of the Company's direct and indirect wholly-owned subsidiaries and require semi-annual interest payments in March and September. The Company may redeem some or all of the senior notes at any time as described below and some or all of the senior subordinated notes at any time on or after March 15, 2010.

On February 23, 2007, the Company issued $400,000 of 6⅝% senior notes due 2013 in a private offering, realizing $405,080 in proceeds, which included a $5,080 premium, and incurred $2,719 in related deferred financing costs. These senior notes are part of the same series of debt securities as the $500,000 aggregate principal amount of 6⅝% senior notes that were issued in March 2005. The effective interest rate for the $400,000 of 6⅝% senior notes is 6.45%. The senior notes are guaranteed by substantially all of

the Company's direct and indirect wholly-owned subsidiaries and require semi-annual interest payments which began March 15, 2007. The senior notes may be redeemed by the Company in whole or part at any time on or after March 15, 2009, at certain specified prices. The Company used $400,000 of these proceeds to pay down its term loan B as discussed above.

Interest rate swaps

As of December 31, 2008, the Company maintained a total of nine interest rate swap agreements with amortizing notional amounts totaling $790,333. These agreements had the economic effect of modifying the LIBOR-based variable interest rate on an equivalent amount of debt to fixed rates ranging from 3.08% to 4.70%, resulting in an overall weighted average effective interest rate of 5.54% on the hedged portion of our Senior Secured Credit Facilities, including the term loan B margin of 1.50%. The swap agreements expire in 2009 through 2010 and require quarterly interest payments. During 2008, 2007, and 2006 the Company accrued net cash (obligations) benefits of approximately ($4,239), $14,498, and $15,791, respectively, from these swaps, which are included in debt expense. The Company estimates that approximately $14,300 of existing unrealized pre-tax losses in other comprehensive income at December 31, 2008, will be reclassified into income in 2009. As of December 31, 2008 and 2007, the total fair value of these swaps was a liability of $21,904 and a net liability of $511, respectively. The 2008 and 2007 amounts were primarily included in other long-term liabilities. Also during 2008, the Company recorded $10,357, net of tax, as reductions to other comprehensive income for swap valuation losses, net of amounts reclassified into income.

As of December 31, 2008, the Company had approximately 41% of its variable rate debt and approximately 69% of its total debt economically fixed.

As a result of the swap agreements, the Company's overall Senior Secured Credit Facilities weighted average effective interest rate was 3.48%, based upon the current margins in effect of 1.50%, as of December 31, 2008.

At December 31, 2008, the Company's overall average effective interest rate was 5.10%.

Debt expense

Debt expense consisted of interest expense of $214,944, $242,720 and $262,967, amortization of deferred financing costs of $9,772, $9,808 and $10,469 for 2008, 2007 and 2006, respectively, and in 2007 and 2006, included the write-off of $4,371 and $3,270, respectively, of deferred financing costs. Debt expense in 2007 also included $248 of other costs associated with the amendment and reinstatement of the Senior Secured Credit Facilities. The interest expense amounts are net of capitalized interest.

14. Leases

The majority of the Company's facilities are leased under non-cancelable operating leases, ranging in terms from five to ten years, which contain renewal options of five to ten years at the fair rental value at the time of renewal or at rates subject to periodic consumer price index increases. The Company also leases certain equipment under capital leases.

Future minimum lease payments under non-cancelable operating leases and capital leases are as follows:

	Operating leases	Capital leases
2009	$ 193,883	$ 982
2010	174,139	996
2011	158,749	999
2012	139,457	1,021
2013	117,897	987
Thereafter	393,806	4,454
	$1,177,931	9,439
Less portion representing interest		(3,566)
Total capital lease obligations, including current portion		$ 5,873

Rent expense under all operating leases for 2008, 2007, and 2006 was $225,531, $200,626 and $187,139, respectively. Rent expense is recorded on a straight line basis, over the term of the lease, for leases that contain fixed escalation clauses or include abatement provisions. Leasehold improvement incentives are deferred and amortized to rent expense over the term of the lease. The net book value of property and equipment under capital leases was $6,612, $7,191 and $5,765 at December 31, 2008, 2007 and 2006, respectively. Capital lease obligations are included in long-term debt. See Note 13 to the consolidated financial statements.

15. Employee benefit plans

The Company has a savings plan for substantially all employees which has been established pursuant to the provisions of Section 401(k) of the Internal Revenue Code, or IRC. The plan allows for employees to contribute a percentage of their base annual salaries on a tax-deferred basis not to exceed IRC limitations. The Company does not provide any matching contributions.

The Company also maintains a voluntary compensation deferral plan, the DaVita Voluntary Deferral Plan. This plan is non-qualified and permits certain employees whose annualized base salary equals or exceeds a minimum annual threshold amount as set by the Company to elect to defer all or a portion of their annual bonus payment and up to 50% of their base salary into a deferral account maintained by the Company. Total contributions to this plan in 2008 and 2007 were $1,993, and $1,601, respectively. Deferred amounts are generally paid out in cash at the participant's election either in the first or second year following retirement or in a specified future period at least three to four years after the deferral election was effective. Participants are credited with their proportional amount of annual earnings from the plan. The assets of this plan are held in a "rabbi trust" and as such are subject to the claims of the Company's general creditors in the event of its bankruptcy. As of December 31, 2008 and 2007 the total fair value of assets held in trust were $4,556 and $5,196, respectively.

As part of the acquisition of DVA Renal Healthcare on October 5, 2005, the Company acquired an Executive Retirement Plan for certain members of management. This plan is non-qualified and contributions to the plan were made at the discretion of DVA Renal Healthcare based upon a pre-determined percentage of a participant's base salary. Effective November 2005, all contributions to this plan were discontinued and the balance of the plan assets will be paid out upon termination of each individual participant. As of December 31, 2008 and 2007 the total fair value of assets held in trust were $1,490 and $2,303, respectively.

The Company maintains a non-qualified deferred compensation plan for key employees. Company contributions are discretionary and are deposited into a rabbi trust. Participants in the plan are subject to a vesting period and typically receive annual distributions from the plan commencing one year after grant date, although in certain situations distributions are paid upon termination or retirement. Participants also have the option to direct their balances into certain investment funds and are credited with their proportional amount of earnings from the investments. The assets of this plan as held in the rabbi trust and are subject to the claims of the Company's general creditors in the event of its bankruptcy. During 2007, the Company contributed $15,710 into the plan. There were no contributions to this plan in 2008. As of December 31, 2008 and 2007 the total fair value of assets held in trust were $15,787 and $20,763, respectively.

The Company also maintains another non-qualified deferred compensation plan for certain employees. Company contributions to the plan are discretionary and are deposited into a rabbi trust that is not subject to general creditors claims in the event of bankruptcy by the Company. Participants in the plan are subject to a vesting period and are credited with their proportional amount of earnings from the investments within the plan. During 2007, the Company contributed $14,774 into this plan, which was the total value of assets held by the trust as of December 31, 2007. In 2008, the Company distributed this amount, along with earnings which together totaled $15,122, to all eligible participants.

The fair value of all of the assets held in plan trusts as of December 31, 2008, and 2007 totaled $21,833 and $43,036, respectively. These assets are available for sale and as such are recorded at fair market value with changes in the fair market values being recorded in other comprehensive income. Any fair market value changes to the corresponding liability balance will be recorded as compensation expense. See Note 9 to the consolidated financial statements.

Most of the Company's outstanding employee stock plan awards include a provision accelerating the vesting of the award in the event of a change of control. The Company also maintains a change of control protection program for its employees who do not have a significant number of stock awards, which has been in place since 2001, and which provides for cash bonuses to employees in the event of a change of control. Based on the market price of the Company's common stock and shares outstanding on December 31, 2008, these cash bonuses would total approximately $198,000 if a control transaction occurred at that price and the Company's Board of Directors did not modify the program. This amount has not been accrued at December 31, 2008, and would only be accrued upon a change of control. These change of control provisions may affect the price an acquirer would be willing to pay for the Company.

16. Contingencies

The majority of the Company's revenues are from government programs and may be subject to adjustment as a result of: (1) examination by government agencies or contractors, for which the resolution of any matters raised may take extended periods of time to finalize; (2) differing interpretations of government regulations by different fiscal intermediaries or regulatory authorities; (3) differing opinions regarding a patient's medical diagnosis or the medical necessity of services provided; and (4) retroactive applications or interpretations of governmental requirements. In addition, the Company's revenues from commercial payors may be subject to adjustment as a result of potential claims for refunds, as a result of government actions or as a result of other claims by commercial payors.

Inquiries by the Federal Government

In December 2008, the Company received a subpoena for documents from the Office of Inspector General, U.S. Department of Health and Human Services, or OIG, relating to the pharmaceutical products

Zemplar, Hectorol, Venofer, Ferrlicit and Epogen®, or EPO, as well as other related matters. The subpoena covers the period from January 2003 to the present. The Company has been in contact with the United States Attorney's Office, or U.S. Attorney's Office, for the Northern District of Georgia and the U.S. Department of Justice in Washington, DC, since November 2008 relating to this matter, and has been advised that this is a civil inquiry. The Company is cooperating with the inquiry and is producing the requested records. To the Company's knowledge, no proceedings have been initiated against the Company at this time. Although the Company cannot predict whether or when proceedings might be initiated, or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to the subpoena will continue to require management's attention and significant legal expense. Any negative findings could result in substantial financial penalties against us and exclusion from future participation in the Medicare and Medicaid programs.

In February 2007, the Company received a request for information from the OIG for records relating to EPO claims submitted to Medicare. In August 2007, the Company received a subpoena from the OIG seeking similar documents. The requested documents relate to services provided from 2001 to 2004 by a number of the Company's centers. The request and subpoena were sent from the OIG's offices in Houston and Dallas, Texas. The Company is cooperating with the inquiry and is producing the requested records. The Company has been in contact with the U.S. Attorney's Office for the Eastern District of Texas, which has stated that this is a civil inquiry related to EPO claims. There appears to be substantial overlap between this issue and the ongoing review of EPO utilization and claims by the U.S. Attorney's Office, for the Eastern District of Missouri in St. Louis described below. To the Company's knowledge, no proceedings have been initiated against the Company at this time. Although the Company cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to these inquiries will continue to require management's attention and significant legal expense. Any negative findings could result in substantial financial penalties against the Company and exclusion from future participation in the Medicare and Medicaid programs.

In March 2005, the Company received a subpoena from the U.S. Attorney's Office for the Eastern District of Missouri in St. Louis. The subpoena requires production of a wide range of documents relating to our operations, including documents related to, among other things, pharmaceutical and other services provided to patients, relationships with pharmaceutical companies, and financial relationships with physicians and joint ventures. The subpoena covers the period from December 1, 1996 through the present. In October 2005, the Company received a follow-up request for additional documents related to specific medical director and joint venture arrangements. In February 2006, the Company received an additional subpoena for documents, including certain patient records relating to the administration and billing of EPO. In May 2007, the Company received a request for documents related to durable medical equipment and supply companies owned and operated by the Company. The Company is cooperating with the inquiry and is producing the requested records. The subpoenas have been issued in connection with a joint civil and criminal investigation. It is possible that criminal proceedings may be initiated against the Company in connection with this inquiry. Any negative findings could result in substantial financial penalties against the Company, exclusion from future participation in the Medicare and Medicaid programs and criminal penalties. To the Company's knowledge, no proceedings have been initiated against the Company at this time. Although the Company cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as this to continue for a considerable period of time. Responding to the subpoenas will continue to require management's attention and significant legal expense.

In October 2004, the Company received a subpoena from the U.S. Attorney's Office for the Eastern District of New York in Brooklyn. The subpoena covers the period from 1996 to present and requires the production of a wide range of documents relating to the Company's operations, including DaVita Laboratory Services. Gambro Healthcare received a similar subpoena in November 2004. The subpoena

also includes specific requests for documents relating to testing for parathyroid hormone levels, or PTH, and to products relating to vitamin D therapies. The subpoena has been issued in connection with a joint civil and criminal investigation. It is possible that criminal proceedings may be initiated against the Company in connection with this inquiry. Any negative findings could result in substantial financial penalties against the Company, exclusion from future participation in the Medicare and Medicaid programs and criminal penalties. Other participants in the dialysis industry received a similar subpoena, including Fresenius Medical Group. To the Company's knowledge, no proceedings have been initiated against the Company at this time. Although the Company cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to the subpoena will continue to require management's attention and significant legal expense.

Other

The Company has received several notices of claims from commercial payors and other third parties related to historical billing practices and claims against DVA Renal Healthcare (formerly known as Gambro Healthcare) related to historical Gambro Healthcare billing practices and other matters covered by their 2004 settlement agreement with the Department of Justice and certain agencies of the U.S. government. At least one commercial payor has filed an arbitration demand against the Company, as described below, and additional commercial payors have threatened litigation. The Company intends to defend against these claims vigorously; however, the Company may not be successful and these claims may lead to litigation and any such litigation may be resolved unfavorably.

Several wage and hour claims have been filed against the Company in the Superior Court of California, each of which has been styled as a class action. In February 2007, June 2008, October 2008 and December 2008, the Company was served with separate complaints by various former employees, each of which alleges, among other things, that the Company failed to provide rest and meal periods, failed to pay compensation in lieu of providing such rest or meal periods, and failed to comply with certain other California labor code requirements. In October 2008, the Company was served with a complaint which alleges, among other things, that the Company failed to pay the rate on the "wage statement," and failed to comply with other California labor code requirements. The Company intends to vigorously defend against these claims. The Company also intends to vigorously oppose the certification of these matters as class actions.

In October 2007, the Company was contacted by the Attorney General's Office for the State of Nevada. The Attorney General's Office informed the Company that it was conducting a civil and criminal investigation of the Company's operations in Nevada and that the investigation related to the billing of pharmaceuticals, including EPO. In February 2008, the Attorney General's Office informed the Company that the civil and criminal investigation has been discontinued. The Attorney General's Office further advised the Company that Nevada Medicaid intends to conduct audits of ESRD providers in Nevada, including the Company, and that such audits will relate to the issues that were the subjects of the investigation. Any negative findings could result in substantial financial penalties against the Company and exclusion from future participation in the Medicare and Medicaid programs. To the Company's knowledge, no proceedings have been initiated against the Company at this time.

In August 2007, Sheet Metal Workers National Health Fund and Glenn Randle filed a complaint in the United States District Court for the Central District of California against the Company. The complaint also names as defendants Amgen Inc. and Fresenius Medical Care Holdings, Inc. The complaint is styled as a class action and alleges four claims against the Company, including violations of the federal RICO

statute, California's unfair competition law, California's false advertising law and for unjust enrichment. The complaint's principal allegations against the Company are that the defendants engaged in a scheme to unlawfully promote the administration of EPO to hemodialysis patients intravenously, as opposed to subcutaneously, and to over-utilize EPO. On December 17, 2008, the Court dismissed the complaint and allegations in their entirety with permission of plaintiffs to amend the complaint. The Company was not named as a defendant in plaintiff's amended complaint. As a result, the Company is no longer a defendant in this action.

In August 2005, Blue Cross/Blue Shield of Louisiana filed a complaint in the United States District Court for the Western District of Louisiana against Gambro AB, DVA Renal Healthcare (formerly known as Gambro Healthcare) and related entities. The plaintiff sought to bring its claims as a class action on behalf of itself and all entities that paid any of the defendants for health care goods and services from on or about January 1991 through at least December 2004. The complaint alleged, among other things, damages resulting from facts and circumstances underlying Gambro Healthcare's December 2004 settlement agreement with the Department of Justice and certain agencies of the United States Government. In March 2006, the case was dismissed and the plaintiff was compelled to seek arbitration to resolve the matter. In November 2006, the plaintiff filed a demand for class arbitration against the Company and DVA Renal Healthcare. The Company intends to vigorously defend against these claims. The Company also intends to vigorously oppose the certification of this matter as a class action. At this time, the Company cannot predict the ultimate outcome of this matter or the potential range of damages, if any.

In June 2004, Gambro Healthcare was served with a complaint filed in the Superior Court of California by one of its former employees who worked for its California acute services program. The complaint, which is styled as a class action, alleges, among other things, that DVA Renal Healthcare (formerly known as Gambro Healthcare) failed to provide overtime wages, defined rest periods and meal periods, or compensation in lieu of such provisions and failed to comply with certain other California labor code requirements. The Company intends to vigorously defend against these claims. The Company also intends to vigorously oppose the certification of this matter as a class action. At this time, the Company cannot predict the ultimate outcome of this matter or the potential range of damages, if any.

In addition to the foregoing, the Company is subject to claims and suits, including from time to time, contractual disputes and professional and general liability claims, as well as audits and investigations by various government entities, in the ordinary course of business. The Company believes that the ultimate resolution of any such pending proceedings, whether the underlying claims are covered by insurance or not, will not have a material adverse effect on its financial condition, results of operations or cash flows.

17. Shareholders' equity and stock-based compensation

Authorized capital stock of the Company

On May 29, 2007, the stockholders of DaVita Inc. approved an amendment to its Amended and Restated Certificate of Incorporation to increase the number of shares of authorized common stock from 195,000,000 to 450,000,000 shares.

Stock-based compensation

Under SFAS No. 123(R), stock-based compensation recognized during a period is based on the estimated grant-date fair value of the portion of each stock-based award vesting during that period, adjusted for expected forfeitures. Stock-based compensation recognized in the Company's consolidated financial statements for the years ended December 31, 2008, 2007 and 2006 includes compensation cost for stock-based awards granted prior to, but not fully vested as of, December 31, 2005 and stock-based awards granted thereafter. Shares issued upon exercise of stock awards are generally issued from shares in treasury. The Company elected to use the method available under FASB Staff Position FSP No. 123(R)-3

Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards, which provides an alternative method for calculating historical excess tax benefits from the method described in SFAS No. 123(R) for stock-based compensation awards.

Stock-based compensation plans and agreements

On May 29, 2007, the Company's stockholders approved an amendment and restatement of the Company's Employee Stock Purchase Plan to increase the number of shares of common stock available for issuance under that plan by 800,001 shares, and approved an amendment and restatement of the Company's 2002 Equity Compensation Plan to increase the number of shares of common stock available for issuance under that plan by 6,000,000 shares and, among other things, to remove certain available share recycling features, to change the limit on the maximum number of shares of common stock that may be subject to awards granted to any single recipient in any consecutive twenty-four month period so that such limit applies only to awards of stock options and stock appreciation rights, and to provide additional exceptions from the three year minimum vesting period generally applicable to grants of restricted stock units and other full share awards.

The Company's stock-based compensation plans and agreements are described below.

2002 Plan. The DaVita Inc. 2002 Equity Compensation Plan (the 2002 Plan) provides for grants of stock-based awards to employees, directors and other individuals providing services to the Company, except that incentive stock options may only be awarded to employees. The 2002 Plan mandates a maximum award term of five years, and stipulates that stock options and stock appreciation rights be granted with prices not less than the fair market value on the date of grant. The 2002 Plan further requires that full share awards such as restricted stock units reduce shares available under the 2002 Plan at a rate of 3.0:1. The Company's nonqualified stock options, stock appreciation rights and stock units awarded under the 2002 Plan generally vest over 48 to 60 months from the date of grant. At December 31, 2008, there were 12,229,716 stock options and stock-settled stock appreciation rights and 104,085 stock units outstanding and 7,391,050 shares available for future grants under the 2002 Plan.

1999 Plan. The 1999 Non-Executive Officer and Non-Director Equity Compensation Plan (the 1999 Plan) provides for grants of stock options to employees and other individuals providing services, other than executive officers and members of the Board of Directors. The Company awards nonqualified stock options under the 1999 Plan which are generally issued with exercise prices equal to the market price of the stock on the date of grant, vest over 48 to 52 months from the date of grant and bear maximum award terms of five years. At December 31, 2008, there were 122,974 stock options outstanding and 311,816 shares available for future grants under the 1999 Plan.

Predecessor plans. Various previous stock-based compensation plans were terminated upon shareholder approval of the 2002 Plan in 2002, except with respect to option awards then outstanding. Stock options granted under these terminated plans were generally issued with exercise prices equal to the market price of the stock on the date of grant, vested over four years from the date of grant, and bore maximum award terms of five to 10 years. At December 31, 2008, there were 386,444 stock options outstanding under these terminated plans.

Deferred stock unit agreements. During 2001 through 2003, the Company made nonqualified stock unit awards to members of the Board of Directors and certain key executive officers under stand-alone contractual deferred stock unit agreements. These awards vested over one to four years and were settled in stock when they vested or at a later date at the election of the recipient. The last 63,636 shares subject to these agreements were issued to their recipients in 2008.

A combined summary of the status of awards under these stock-based compensation plans and agreements, including base shares for stock appreciation rights and shares subject to stock option and stock unit awards, is as follows:

	Year ended December 31, 2008				
	Stock options and stock appreciation rights			Stock units	
	Awards	Weighted average exercise price	Weighted average remaining contractual life	Awards	Weighted average remaining contractual life
Outstanding at beginning of year	10,540,541	$36.52		267,981	
Granted	4,563,350	48.30		37,819	
Exercised	(1,295,273)	34.77		(180,575)	
Forfeited	(1,069,484)	49.83		(21,140)	
Outstanding at end of period	12,739,134	$47.75	3.0	104,085	2.9
Awards exercisable at end of period	4,093,414	$43.58	2.0	8,755	4.7
Weighted-average fair value of awards granted during 2008	$ 11.01			$ 51.13	
Weighted-average fair value of awards granted during 2007	$ 13.89			$ 54.69	
Weighted-average fair value of awards granted during 2006	$ 13.38			$ 51.72	

Range of exercise prices	Awards outstanding	Weighted average exercise price	Awards exercisable	Weighted average exercise price
$ 0.00–$ 0.00	104,085	$ –	8,755	$ –
$ 0.01–$10.00	412,394	4.10	412,394	4. 10
$10.01–$20.00	6,000	19.80	6,000	19.80
$20.01–$30.00	280,180	28.20	276,016	28.18
$30.01–$40.00	290,584	31.63	81,415	34.83
$40.01–$50.00	5,325,155	46.93	1,959,858	47.55
$50.01–$60.00	6,378,321	52.78	1,341,106	53.51
$60.01–$70.00	46,500	61.28	16,625	60.96
Total	12,843,219	$47.37	4,102,169	$43.49

For the years ended December 31, 2008, 2007, and 2006, the aggregate intrinsic value of stock awards exercised was $35,957, $86,283 and $109,562, respectively. At December 31, 2008, the aggregate intrinsic value of stock awards outstanding was $49,577 and the aggregate intrinsic value exercisable was $30,535.

Estimated fair value of stock-based compensation awards

The Company has estimated the grant-date fair value of stock option and stock-settled stock appreciation rights awards using the Black-Scholes-Merton valuation model and stock unit awards at intrinsic value on the date of grant. The following assumptions were used in estimating these values and determining the total stock-based compensation attributable to the current period:

Expected term of the awards: The expected term of awards granted represents the period of time that they are expected to remain outstanding from the date of grant. The Company determines the expected

term of its stock awards based on its historical experience with similar awards, considering the Company's historical exercise and post-vesting termination patterns, and the terms expected by peer companies in near industries.

Expected volatility: Expected volatility represents the volatility anticipated over the expected term of the award. The Company determines the expected volatility for its awards based on the volatility of the price of its common stock over the most recent retrospective period commensurate with the expected term of the award, considering the volatility expectations implied by the market price of its exchange-traded options and the volatilities expected by peer companies in near industries.

Expected dividend yield: The Company has not paid dividends on its common stock and does not currently expect to pay dividends during the term of stock awards granted.

Risk-free interest rate: The Company bases the expected risk-free interest rate on the implied yield currently available on stripped interest coupons of U.S. Treasury issues with a remaining term equivalent to the expected term of the award.

A summary of the weighted average valuation inputs described above used for estimating the grant-date fair value of stock options and stock-settled stock appreciation rights granted in the periods indicated is as follows:

	Year ended December 31,		
	2008	2007	2006
Expected term	3.4 years	3.7 years	3.5 years
Expected volatility	27%	25%	25%
Expected dividend yield	0.0%	0.0%	0.0%
Risk-free interest rate	2.4%	4.4%	5.0%

The Company estimates expected forfeitures based upon historical experience with separate groups of employees that have exhibited similar forfeiture behavior in the past. Stock-based compensation expense is recorded only for awards that are expected to vest.

Employee stock purchase plan

The Employee Stock Purchase Plan entitles qualifying employees to purchase up to $25 of the Company's common stock during each calendar year. The amounts used to purchase stock are accumulated through payroll withholdings or through optional lump sum payments made in advance of the first day of the purchase right period. This compensatory plan allows employees to purchase stock for the lesser of 100% of the fair market value on the first day of the purchase right period or 85% of the fair market value on the last day of the purchase right period. Purchase right periods begin on January 1 and July 1, and end on December 31. Payroll withholdings and lump-sum payments related to the plan, included in accrued compensation and benefits, were $4,596, $4,711, and $5,991 at December 31, 2008, 2007 and 2006, respectively. Subsequent to December 31, 2008, 2007 and 2006, 107,340, 98,353 and 123,920 shares, respectively, were issued to satisfy obligations under the plan. At December 31, 2008, there were 1,048,965 shares available for future grants under this plan.

The fair value of employees' purchase rights was estimated as of the beginning dates of the purchase right periods using the Black-Scholes-Merton valuation model with the following weighted average assumptions for purchase right periods in 2008, 2007 and 2006, respectively: expected volatility of 24%,

23% and 23%; risk-free interest rate of 2.5%, 4.9% and 4.9%, and no dividends. Using these assumptions, the weighted average estimated fair value of these purchase rights was $13.65, $13.96 and $12.35 for 2008, 2007 and 2006, respectively.

Stock-based compensation expense and proceeds

For the years ended December 31, 2008, 2007 and 2006, the Company recognized $41,235, $34,149 and $26,389, respectively, in stock-based compensation expense for stock options, stock appreciation rights, stock units and employee stock plan purchases, which is primarily included in general and administrative expenses. The estimated tax benefits recorded for this stock-based compensation in 2008, 2007 and 2006 were $15,609, $12,820 and $9,678, respectively. As of December 31, 2008, there was $79,619 of total estimated unrecognized compensation cost related to nonvested stock-based compensation arrangements under the Company's equity compensation and stock purchase plans. The Company expects to recognize this cost over a weighted average remaining period of 1.4 years.

During the years ended December 31, 2008, 2007 and 2006, the Company received $35,606, $54,697 and $37,877 in cash proceeds from stock option exercises and $13,988, $32,788 and $40,375 in total actual tax benefits upon the exercise of stock awards, respectively.

Stock repurchases

During 2008, the Company repurchased a total of 4,788,881 shares of its common stock for $232,715, or an average price of $48.59 per share, pursuant to previously announced authorizations by the Board of Directors. On May 1, 2008 the Company's Board of Directors authorized an increase of an additional 143,500 of share repurchases of its common stock. As a result of these transactions the total outstanding authorization for share repurchases as of December 31, 2008 was 153,500. This stock repurchase program has no expiration date.

Shareholder rights plan

The Company's Board of Directors approved a shareholder rights plan on November 14, 2002. This plan is designed to assure that DaVita's shareholders receive fair treatment in the event of any proposed takeover of DaVita.

Pursuant to this plan, the Board approved the declaration of a dividend distribution of one common stock purchase right for each outstanding share of its common stock payable on December 10, 2002 to holders of record of DaVita common stock on November 29, 2002. This rights distribution was not taxable to DaVita shareholders. As a result of the stock split that occurred during the second quarter of 2004, two-thirds of a right are now attached to each share of the Company's common stock. Two-thirds of a right will also attach to each newly issued or reissued share of common stock. These rights will become exercisable if a person or group acquires, or announces a tender offer for, 15% or more of DaVita's outstanding common stock. The triggering person's stock purchase rights will become void at that time and will not become exercisable.

Each right initially entitles its holder to purchase one share of common stock from the Company at a price of $125.00. If the rights become exercisable, and subject to adjustment for authorized shares available, each purchase right will then entitle its holder to purchase $125.00 of common stock at a price per share equal to 50% of the average daily closing price of the Company's common stock for the immediately preceding 30 consecutive trading days. If DaVita is acquired in a merger or other business combination transaction after the rights become exercisable, provisions will be made to allow the holder of each right to purchase $125.00 of common stock from the acquiring company at a price equal to 50% of the average daily closing price of that company's common stock for the immediately preceding 30 consecutive trading days.

The Board of Directors may elect to redeem the rights at $0.01 per purchase right at any time prior to, or exchange common stock for the rights at an exchange ratio of one share per right at any time after, a person or group acquires or announces a tender offer for 15% or more of DaVita's outstanding common stock. The exercise price, number of shares, redemption price or exchange ratio associated with each right may be adjusted as appropriate upon the occurrence of certain events, including any stock split, stock dividend or similar transaction. These purchase rights will expire no later than November 14, 2012.

Charter documents & Delaware law

The Company's charter documents include provisions that may deter hostile takeovers, delay or prevent changes of control or changes in management, or limit the ability of stockholders to approve transactions that they may otherwise determine to be in their best interests. These include provisions prohibiting stockholders from acting by written consent, requiring 90 days advance notice of stockholder proposals or nominations to the Board of Directors and granting the Board of Directors the authority to issue up to five million shares of preferred stock and to determine the rights and preferences of the preferred stock without the need for further stockholder approval.

The Company is also subject to Section 203 of the Delaware General Corporation Law that, subject to exceptions, would prohibit the Company from engaging in any business combinations with any interested stockholder, as defined in that section, for a period of three years following the date on which that stockholder became an interested stockholder. These restrictions may discourage, delay or prevent a change in the control of the Company.

18. Other comprehensive income

Charges and credits to other comprehensive income have been as follows:

	2006		
	Before tax amount	Tax (expense) benefit	Net-of-tax amount
Unrealized gains on interest rate swaps	$ 12,869	$(5,007)	$ 7,862
Less reclassification of net swap realized gains into net income	(15,828)	6,157	(9,671)
Net swap activity	$ (2,959)	$ 1,150	$(1,809)

	2007		
	Before tax amount	Tax (expense) benefit	Net-of-tax amount
Unrealized losses on interest rate swaps	$(11,733)	$ 4,564	$ (7,169)
Less reclassification of net swap realized gains into net income	(14,498)	5,640	(8,858)
Net swap activity	(26,231)	10,204	(16,027)
Unrealized gains on investments	6,892	(2,681)	4,211
Less reclassification of net investment realized gains into net income	(6,042)	2,350	(3,692)
Net investment activity	850	(331)	519
Total	$(25,381)	$ 9,873	$(15,508)

	2008		
	Before tax amount	Tax (expense) benefit	Net-of-tax amount
Unrealized losses on interest rate swaps	$(21,190)	$ 8,243	$(12,947)
Less reclassification of net swap realized losses into net income	4,239	(1,649)	2,590
Net swap activity	(16,951)	6,594	(10,357)
Unrealized losses on investments	(1,922)	748	(1,174)
Less reclassification of net investment realized gains into net income	(486)	189	(297)
Net investment activity	(2,408)	937	(1,471)
Total	$(19,359)	$ 7,531	$(11,828)

Changes in accumulated other comprehensive income (loss) has been as follows:

	Interest rate swaps	Investment securities	Accumulated other comprehensive income
Balance December 31, 2006	$ 12,997	$ –	$ 12,997
Net activity	(16,027)	519	(15,508)
Balance December 31, 2007	(3,030)	519	(2,511)
Net activity	(10,357)	(1,471)	(11,828)
Balance December 31, 2008	$(13,387)	$ (952)	$(14,339)

19. Acquisitions and divestitures

Acquisitions

The total acquisition amounts were as follows:

	Year ended December 31,		
	2008	2007	2006
Cash paid, net of cash acquired	$126,368	$127,094	$85,658
Deferred purchase price and other acquisition obligations	2,285	1,195	585
Aggregate purchase cost	$128,653	$128,289	$86,243
Cash adjustments for previous acquisitions including DVA Renal Healthcare	$ –	$ –	$ 846
Number of chronic dialysis centers acquired	20	16	26

During 2008, 2007, and 2006, the Company acquired dialysis businesses consisting of 20 centers, 16 centers and 26 centers for a total of $93,024, $57,783 and $86,243, respectively, in cash and deferred purchase price obligations. In 2008, the Company also purchased additional ownership interests in several existing majority-owned joint ventures for $24,408 and in addition, acquired an 80% ownership interest in one vascular access clinic for $11,221. In 2007 the Company also purchased 85% of HomeChoice Partners (HCP) pursuant to a stock purchase agreement for $70,506 in cash and deferred purchase price obligations, subject to further contingent price adjustments. HCP provides infusion therapy services to patients with acute or chronic conditions that can be treated at home or at an ambulatory infusion site. The assets and liabilities for all acquisitions were recorded at their estimated fair market values at the dates of the acquisitions and are included in the Company's financial statements and operating results from the designated effective dates of the acquisitions.

The initial purchase cost allocations for acquired businesses are recorded at fair values based upon the best information available to management and are finalized when identified pre-acquisition contingencies have been resolved and other information arranged to be obtained has been received, but in no case in excess of one year from the acquisition date. Adjustments to purchase accounting for prior acquisitions and payments for acquisitions in process have been included in the periods recognized.

The aggregate purchase cost allocations for dialysis and other related businesses were as follows:

	Year ended December 31,		
	2008	2007	2006
Tangible assets, principally leasehold improvements and equipment	$ 7,972	$ 20,085	$ 7,623
Amortizable intangible assets	9,988	12,271	8,584
Goodwill	109,375	105,609	79,948
Minority interest, net purchased (assumed)	1,535	(7,987)	(8,620)
Liabilities assumed	(217)	(1,689)	(1,292)
Aggregate purchase cost	$128,653	$128,289	$86,243

Amortizable intangible assets acquired during 2008, 2007 and 2006 had weighted-average estimated useful lives of nine, eight and ten years, respectively. The total amount of goodwill deductible for tax purposes associated with these acquisitions for 2008, 2007, and 2006 was approximately $109,000, $106,000 and $80,000, respectively.

Discontinued operations

In 2006, the Company recorded a loss of $311, net of tax, related to the divesture of its three centers that were required to be divested in conjunction with the DVA Renal healthcare acquisition. The loss on disposal of these centers includes an income tax expense totaling $1,274, of which $900 was related to the write off of book goodwill not deductible for tax purposes. In 2006, the company also recorded a net gain of $673 as an adjustment to the previously reported gain on disposal of discontinued operations.

Pro forma financial information

The following summary, prepared on a pro forma basis, combines the results of operations as if all acquisitions in 2008 and 2007 had been consummated as of the beginning of 2007, after including the impact of certain adjustments such as amortization of intangibles, interest expense on acquisition financing and income tax effects.

	Year ended December 31,	
	2008	2007
	(unaudited)	
Pro forma net revenues	$5,694,196	$5,396,942
Pro forma net income	376,749	396,314
Pro forma income from continuing operations	376,749	396,314
Pro forma basic net income per share	3.58	3.74
Pro forma diluted net income per share	3.56	3.69

20. Concentrations

Approximately 65% of the Company's total dialysis and related lab services revenues in 2008, 64% in 2007 and 65% in 2006 are from government-based programs, principally Medicare and Medicaid. Accounts receivable, and other receivables, from Medicare and Medicaid-assigned HMO plans were approximately $468,000 and $447,000, respectively as of December 31, 2008 and 2007. No other single payor accounted for more than 5% of total accounts receivable.

A significant physician-prescribed pharmaceutical administered during dialysis, EPO, is provided by a sole supplier and accounted for approximately 20% of net operating revenues. Although the Company currently receives discounted prices for EPO, the supplier has unilateral pricing discretion and in the future the Company may not be able to achieve the same cost levels historically obtained.

In 2008, Baxter Healthcare Corporation proceeded with a recall of heparin, a pharmaceutical used in the treatment of dialysis patients and ceased further sales. As a result of the recall, there is only one remaining supplier of heparin and it is possible that our heparin costs may increase since there is no separate reimbursement for this drug under Medicare. An affiliate of Fresenius Medical Care acquired the sole provider of heparin for the U.S. dialysis market. This could potentially impact the Company's access to and pricing for this product.

21. Other commitments

The Company has potential obligations to purchase the interests held by third parties in several of its joint ventures and non-wholly-owned subsidiaries. These obligations are in the form of put provisions and are exercisable at the third-party owners' discretion within specified periods as outlined in each specific put provision. If these put provisions were exercised, the Company would be required to purchase the third-party owners' interests at either the appraised fair market value or a predetermined multiple of earnings or cash flow attributable to the equity interest put to the Company, which is intended to approximate fair value. The methodology the Company used to estimate the fair values of the interests subject to these put provisions assumes either a predetermined multiple of earnings, or the higher of a liquidation value or an average multiple of earnings, determined by historical earnings, patient mix and other performance indicators, as well as other factors. The estimated fair values of the interests subject to these put provisions can fluctuate and the implicit multiple of earnings at which these obligations may ultimately be settled could vary significantly from our current estimates depending upon market conditions including potential purchasers' access to the credit and capital markets, which can impact the level of competition for dialysis and non-dialysis related businesses, the economic performance of these businesses and the restricted marketability of the third-party owners' interests.

The following is a reconciliation of the activity of joint venture interests subject to put provision obligations during the year ended December 31, 2008:

	Fair value estimates using significant unobservable inputs (Level 3)
	Year ended December 31, 2008
Beginning balance	$330,000
Changes in fair value and changes due to methodology	(68,000)
New agreements	33,000
Purchases pursuant to and exercises of put obligations	(4,000)
Balance at December 31, 2008	$291,000

The Company has certain other potential commitments to provide operating capital to several dialysis centers in which the Company owns either a noncontrolling interest or which are wholly-owned by third

parties as well as to physician-owned vascular access clinics that the Company operates under management and administrative service agreements of approximately $16,000.

The Company is obligated under mandatorily redeemable instruments in connection with certain consolidated joint ventures. Future distributions may be required for the minority partners' interests in limited-life entities which dissolve after terms of ten to fifty years. As of December 31, 2008, such distributions would be valued below the related minority interests balances in the consolidated balance sheet.

In conjunction with the acquisition of DVA Renal Healthcare, Inc., formerly known as Gambro Healthcare, Inc., which occurred in October 2005, the Company entered into an Alliance and Product Supply Agreement (the Product Supply Agreement) with Gambro AB and Gambro Renal Products, Inc (Gambro Renal Products). The Product Supply Agreement has an initial term of seven years and will automatically renew for three additional one-year periods if the Company has not negotiated the terms of an extension during the initial term. Because the Product Supply Agreement results in higher costs for most of the products covered by the Product Supply Agreement than would otherwise be available to the Company, the Product Supply Agreement represented an intangible liability initially valued at $162,100 as of the acquisition date.

The Product Supply Agreement committed the Company to purchase a significant majority of its hemodialysis products, supplies and equipment at fixed prices through 2015. The agreement was amended on August 25, 2006 (the Amended Product Supply Agreement) to reduce the Company's purchase obligations for certain hemodialysis product supplies and equipment. As a result of the reductions, the Company recorded a net valuation gain of $37,968 during 2006. This valuation gain represents the difference in the amortized original fair value between the Product Supply Agreement and that of the Amended Product Supply Agreement, as of the effective date of the amendment.

In 2007, the Company terminated its obligation to purchase certain dialysis machines under the Amended Product Supply Agreement. As a result of that termination the Company recorded a net valuation gain of $55,275 in 2007. This valuation gain represents the difference in the amortized original fair value of the Amended Product Supply Agreement and that of the Amended Product Supply Agreement as adjusted for the termination of the obligation to purchase certain dialysis machines as of June 30, 2007. We continue to be subject to the Product Supply Agreement's requirements to purchase a significant majority of our hemodialysis non-equipment product supplies, such as dialyzers, from Gambro at fixed prices.

During 2008, 2007 and 2006, the Company purchased $83,360, $90,696 and $146,408 of hemodialysis product supplies from Gambro Renal Products, representing 2%, 2% and 4%, respectively, of the Company's total operating costs.

The centers acquired from Gambro Healthcare are subject to a five-year Corporate Integrity Agreement in connection with its December 2004 settlement with the U.S. Government that imposes significant specific compliance operating and reporting requirements, and requires an annual audit by an independent reporting organization.

Other than operating leases, disclosed in Note 14 to the consolidated financial statements, and the letters of credit and the interest rate swap agreements, disclosed in Note 13 to the consolidated financial statements, or as described above the Company has no off balance sheet financing arrangements as of December 31, 2008.

22. Fair values of financial instruments

On January 1, 2008, the Company adopted SFAS No. 157 *Fair Value Measurements,* except for the nonfinancial assets and liabilities that are subject to a one-year deferral allowed by FASB Staff Position (FSP) FAS 157-2 *Effective Date of FASB Statement No. 157.* This standard establishes a framework for measuring assets and liabilities at fair value and also requires additional disclosures about fair value measurements. The standard applies to assets and liabilities that are carried at fair value on a recurring basis. On January 1, 2009 we adopted certain provisions of SFAS No. 157 relating to nonfinancial assets and liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis, at least annually. The adoption of SFAS No. 157 relating to nonfinancial assets and liabilities will not have a material impact on the Company's consolidated financial statements.

The following table summarizes the Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2008:

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Available for sale securities	$ 21,833	$21,833	$ –	$ –
Liabilities				
Interest rate swap agreements	$ 21,904	$ –	$21,904	$ –
Commitments				
Business interests subject to put obligations	$291,000	$ –	$ –	$291,000

The available for sale securities represent investments in various open or closed-ended registered investment companies, or mutual funds, and are recorded at fair value based upon the quoted market prices as reported by each mutual fund. See Note 9 to the consolidated financial statements for further discussion.

The interest rate swap agreements are recorded at fair value based upon valuation models and a variety of techniques as reported by various broker dealers that are based upon relevant observable market inputs such as current interest rates, forward yield curves, and other credit and liquidity market conditions. The Company does not believe the ultimate amount that could be realized upon settlement of these interest rate swap agreements would be materially different than the fair values as currently reported. See Note 13 to the consolidated financial statements for further discussion.

See Note 21 to the consolidated financial statements for a discussion of the Company's methodology for estimating the fair value of the business interests subject to put obligations.

On January 1, 2008, the Company adopted SFAS No. 159 *Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of SFAS No. 115.* This standard allows companies the alternative to measure certain financial assets and liabilities at fair value on an instrument-by-instrument basis that are currently not required to be measured at fair value. The standard is also designed to reduce the volatility in earnings caused by measuring related assets and liabilities differently and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The implementation of this standard did not have a material impact on the Company's consolidated financial statements.

Other financial instruments consist primarily of cash, accounts receivable, notes receivable, accounts payable, accrued compensation and benefits, other accrued liabilities and debt. The balances of the

non-debt financial instruments are presented in the consolidated financial statements at December 31, 2008 and 2007 at their approximate fair values due to the short-term nature of their settlements. Borrowings under the Company's Senior Secured Credit Facilities totaled $1,920,250 as of December 31, 2008, and the fair value was $1,689,820 based upon quoted market prices. The fair value of the Company's senior and senior subordinated notes was approximately $1,658,000 at December 31, 2008 based upon quoted market prices.

23. Segment reporting

The Company operates principally as a dialysis and related lab services business but also operates other ancillary services and strategic initiatives. These ancillary services and strategic initiatives consist of infusion therapy services, pharmacy services, vascular access services, physician services, disease management services and full-service special needs plans, as well as clinical research programs. For internal management reporting the dialysis and related lab services business and each of the ancillary services and strategic initiatives have been defined as separate operating segments by management in accordance with SFAS No. 131 *Disclosures about Segments of an Enterprise and Related Information,* as separate financial information is regularly produced and reviewed by the Company's chief operating decision maker in making decisions about allocating resources and assessing financial results. The Company's chief operating decision maker is its Chief Executive Officer. The dialysis and related lab services business qualifies as a separately reportable segment under SFAS No. 131, and all of the other ancillary services and strategic initiatives operating segments have been combined and disclosed in the other segments category.

The Company's operating segment financial information is prepared on an internal management reporting basis that the Chief Executive Officer uses to allocate resources and analyze the performance of operating segments. For internal management reporting, segment operations include direct segment operating expenses with the exception of minority interests expense and stock-based compensation expense.

The following is a summary of segment revenues, segment operating margin (loss), and a reconciliation of segment margin to income before income taxes:

	Years ended December 31,		
	2008	2007	2006
Segment revenues:			
Dialysis and related lab services(1)	$5,415,363	$5,130,181	$4,798,756
Other–Ancillary services and strategic initiatives	244,810	133,970	81,906
Consolidated revenues	$5,660,173	$5,264,151	$4,880,662
Segment operating margin (loss):			
Dialysis and related lab services	$ 943,035	$ 992,812	$ 828,927
Other–Ancillary services and strategic initiatives	(33,500)	(50,969)	(27,273)
Total segment margin	909,535	941,843	801,654
Reconciliation of segment margin to income before income taxes:			
Stock-based compensation	(41,235)	(34,149)	(26,389)
Minority interests and equity income, net	(46,535)	(45,485)	(35,833)
Consolidated operating income	821,765	862,209	739,432
Debt expense	(224,716)	(257,147)	(276,706)
Other income	12,411	22,460	13,033
Consolidated income before income taxes	$ 609,460	$ 627,522	$ 475,759

(1) Includes management fees related to providing management and administrative services to dialysis centers in which the Company either owns a noncontrolling interest or are wholly-owned by third parties.

Depreciation and amortization expense for the dialysis and related lab services for 2008, 2007 and 2006 were $210,141, $189,208 and $171,350, respectively, and were $6,776, $4,262 and $1,945, respectively, for the ancillary services and strategic initiatives.

Summary of assets by segment is as follows:

	December 31,	
	2008	2007
Segment assets		
Dialysis and related lab services	$7,031,558	$6,731,647
Other–Ancillary services and strategic initiatives	254,533	212,313
Consolidated assets	$7,286,091	$6,943,960

In 2008 and 2007 the total amount of expenditures for property and equipment for the dialysis and related lab services were $314,915 and $263,604, respectively, and were $3,047 and $8,608, respectively, for the ancillary services and strategic initiatives.

24. Supplemental cash flow information

The table below provides supplemental cash flow information:

	Year ended December 31,		
	2008	2007	2006
Cash paid:			
Income taxes	$163,147	$205,955	$209,982
Interest	222,558	245,325	271,711
Non-cash investing and financing activities:			
Fixed assets acquired under capital lease obligations	–	2,769	–
Liabilities assumed in conjunction with common stock acquisitions	–	1,653	–

25. Selected quarterly financial data (unaudited)

	2008				2007			
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Net operating revenues	$1,461,010	$1,447,135	$1,407,304	$1,344,724	$1,354,869	$1,318,381	$1,312,735	$1,278,166
Operating income	211,600	207,884	205,554	196,727	195,263	212,412	261,217	193,317
Income before income taxes	157,855	155,860	153,221	142,524	137,941	155,975	205,964	127,642
Net income	98,365	93,910	94,951	86,934	85,717	94,455	125,024	76,582
Basic earnings per share	0.95	0.90	0.91	0.81	0.80	0.89	1.19	0.73
Diluted earnings per share	$ 0.94	$ 0.89	$ 0.90	$ 0.80	$ 0.79	$ 0.88	$ 1.17	$ 0.72

26. Condensed consolidating financial statements

The following information is presented in accordance with Rule 3-10 of Regulation S-X. The operating and investing activities of the separate legal entities included in the Company's consolidated financial statements are fully interdependent and integrated. Revenues and operating expenses of the separate legal entities include intercompany charges for management and other services. The senior notes and the senior subordinated notes were issued by the Company and are guaranteed by substantially all of its direct and indirect wholly-owned subsidiaries. Each of the guarantor subsidiaries has guaranteed the notes on a joint and several, full and unconditional basis. Non-wholly-owned subsidiaries, joint ventures, partnerships and third parties are not guarantors of these obligations.

Condensed Consolidating Statements of Income

	DaVita Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
For the year ended December 31, 2008					
Net operating revenues	$ 363,112	$4,808,324	$881,810	$(393,073)	$5,660,173
Operating expenses	228,729	4,209,565	746,652	(393,073)	4,791,873
Minority interests and equity income, net	–	–	–	46,535	46,535
Operating income	134,383	598,759	135,158	(46,535)	821,765
Debt (expense)	(227,535)	(189,506)	(2,520)	194,845	(224,716)
Other income, net	206,527	–	729	(194,845)	12,411
Income tax expense	43,763	188,717	2,820	–	235,300
Equity earnings in subsidiaries	304,548	82,084	–	(386,632)	–
Net income	$ 374,160	$ 302,620	$130,547	$(433,167)	$ 374,160
For the year ended December 31, 2007					
Net operating revenues	$ 365,728	$4,534,153	$754,163	$(389,893)	$5,264,151
Operating expenses	208,042	3,921,149	617,159	(389,893)	4,356,457
Minority interests and equity income, net	–	–	–	45,485	45,485
Operating income	157,686	613,004	137,004	(45,485)	862,209
Debt (expense)	(259,745)	(256,050)	(4,002)	262,650	(257,147)
Other income, net	284,038	–	1,072	(262,650)	22,460
Income tax expense (benefit)	70,972	175,854	(1,082)	–	245,744
Equity earnings in subsidiaries	270,771	88,565	–	(359,336)	–
Net income	$ 381,778	$ 269,665	$135,156	$(404,821)	$ 381,778
For the year ended December 31, 2006					
Net operating revenues	$ 351,566	$4,263,363	$639,690	$(373,957)	$4,880,662
Operating expenses	200,846	3,751,164	527,344	(373,957)	4,105,397
Minority interests and equity income, net	–	–	–	35,833	35,833
Operating income	150,720	512,199	112,346	(35,833)	739,432
Debt (expense)	(280,288)	(291,095)	(2,052)	296,729	(276,706)
Other income, net	308,288	–	1,474	(296,729)	13,033
Income tax expense	70,201	116,183	46	–	186,430
Discontinued operations, net of tax	–	362	–	–	362
Equity earnings in subsidiaries	181,172	75,889	–	(257,061)	–
Net income	$ 289,691	$ 181,172	$111,722	$(292,894)	$ 289,691

Condensed Consolidating Balance Sheets

	DaVita Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
As of December 31, 2008					
Cash and cash equivalents	$ 397,576	$ –	$ 13,305	$ –	$ 410,881
Accounts receivable, net	–	933,906	141,551	–	1,075,457
Other current assets	22,112	573,078	46,776	–	641,966
Total current assets	419,688	1,506,984	201,632	–	2,128,304
Property and equipment, net	15,175	864,725	168,175	–	1,048,075
Amortizable intangible assets, net	39,990	114,237	6,294	–	160,521
Investments in subsidiaries	4,866,391	464,369	–	(5,330,760)	–
Receivables from subsidiaries	320,346	–	90,754	(411,100)	–
Other long-term assets and investments	13,320	14,815	44,125	–	72,260
Goodwill	–	3,571,669	305,262	–	3,876,931
Total assets	$5,674,910	$6,536,799	$816,242	$(5,741,860)	$7,286,091
Current liabilities	$ 106,370	$ 990,024	$ 66,669	$	$1,163,063
Payables to parent	–	386,468	24,632	(411,100)	–
Long-term debt and other long-term liabilities	3,616,082	368,774	19,868	–	4,004,724
Minority interests	–	–	–	165,846	165,846
Shareholders' equity	1,952,458	4,791,533	705,073	(5,496,606)	1,952,458
Total liabilities and shareholders' equity	$5,674,910	$6,536,799	$816,242	$(5,741,860)	$7,286,091
As of December 31, 2007					
Cash and cash equivalents	$ 443,157	$ –	$ 3,889	$ –	$ 447,046
Accounts receivable, net	–	786,765	141,184	–	927,949
Other current assets	26,528	557,357	17,370	–	601,255
Total current assets	469,685	1,344,122	162,443	–	1,976,250
Property and equipment, net	19,317	766,596	153,413	–	939,326
Amortizable intangible assets, net	49,629	126,202	7,211	–	183,042
Investments in subsidiaries	4,340,411	421,273	–	(4,761,684)	–
Receivables from subsidiaries	701,101	–	61,201	(762,302)	–
Other long-term assets and investments	22,729	16,052	38,628	–	77,409
Goodwill	–	3,484,706	283,227	–	3,767,933
Total assets	$5,602,872	$6,158,951	$706,123	$(5,523,986)	$6,943,960
Current liabilities	$ 182,419	$ 856,638	$ 47,439	$ –	$1,086,496
Payables to parent	–	762,302	–	(762,302)	–
Long-term debt and other long-term liabilities	3,688,203	272,488	14,006	–	3,974,697
Minority interests	–		–	150,517	150,517
Shareholders' equity	1,732,250	4,267,523	644,678	(4,912,201)	1,732,250
Total liabilities and shareholders' equity	$5,602,872	$6,158,951	$706,123	$(5,523,986)	$6,943,960

Condensed Consolidating Statements of Cash Flows

	DaVita Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
For the year ended December 31, 2008					
Cash flows from operating activities					
Net income	$ 374,160	$ 302,620	$ 130,547	$(433,167)	$ 374,160
Changes in operating assets and liabilities and non cash items included in net income	(614,532)	484,864	(121,728)	433,167	181,771
Net cash (used in) provided by operating activities	(240,372)	787,484	8,819	–	555,931
Cash flows from investing activities					
Additions of property and equipment	(2,546)	(271,561)	(43,855)	–	(317,962)
Acquisitions	(439)	(116,708)	(9,221)	–	(126,368)
Proceeds from discontinued operations and asset sales	–	530	–	–	530
Other items	19,281	(40,568)	71,127	–	49,840
Net cash provided by (used in) investing activities	16,296	(428,307)	18,051	–	(393,960)
Cash flows from financing activities					
Long-term debt	(17,675)	(424)	4,548	–	(13,551)
Intercompany borrowing	380,755	(358,753)	(22,002)	–	–
Other items	(184,585)	–	–	–	(184,585)
Net cash provided by (used in) financing activities	178,495	(359,177)	(17,454)	–	(198,136)
Net (decrease) increase in cash	(45,581)	–	9,416	–	(36,165)
Cash at the beginning of the year	443,157	–	3,889	–	447,046
Cash at the end of the year	$ 397,576	$ –	$ 13,305	$ –	$ 410,881
For the year ended December 31, 2007					
Cash flows from operating activities					
Net income	$ 381,778	$ 269,665	$ 135,156	$(404,821)	$ 381,778
Changes in operating assets and liabilities and non cash items included in net income	(283,759)	156,635	(126,439)	404,821	151,258
Net cash provided by operating activities	98,019	426,300	8,717	–	533,036
Cash flows from investing activities				–	
Additions of property and equipment	(3,501)	(220,264)	(48,447)	–	(272,212)
Acquisitions	(69,701)	(57,393)	–	–	(127,094)
Proceeds from discontinued operations and asset sales	–	12,289	–	–	12,289
Other items	(19,811)	(82,317)	62,673	–	(39,455)
Net cash (used in) provided by investing activities	(93,013)	(347,685)	14,226	–	(426,472)
Cash flows from financing activities				–	
Long-term debt	(49,961)	2,212	447	–	(47,302)
Intercompany borrowing	111,100	(80,827)	(30,273)	–	–
Other items	77,582	–	–	–	77,582
Net cash provided by (used in) financing activities	138,721	(78,615)	(29,826)	–	30,280
Net increase (decrease) in cash	143,727	–	(6,883)	–	136,844
Cash at the beginning of the year	299,430	–	10,772		310,202
Cash at the end of the year	$ 443,157	$ –	$ 3,889	$ –	$ 447,046
For the year ended December 31, 2006					
Cash flows from operating activities					
Net income	$ 289,691	$ 181,172	$ 111,722	$(292,894)	$ 289,691
Changes in operating assets and liabilities and non cash items included in net income	(327,844)	370,840	(106,010)	292,894	229,880
Net cash (used in) provided by operating activities	(38,153)	552,012	5,712	–	519,571
Cash flows from investing activities					
Additions of property and equipment	(2,582)	(211,953)	(48,173)	–	(262,708)
Acquisitions	–	(85,153)	(1,351)	–	(86,504)
Proceeds from discontinued operations and asset sales	12,742	9,437	–	–	22,179
Other items	–	(59,606)	74,576	–	14,970
Net cash provided by (used in) investing activities	10,160	(347,275)	25,052	–	(312,063)
Cash flows from financing activities					
Long-term debt	(408,211)	(1,198)	2,450	–	(406,959)
Intercompany borrowing	238,246	(203,539)	(34,707)	–	–
Other items	77,842	–	–	–	77,842
Net cash used in financing activities	(92,123)	(204,737)	(32,257)	–	(329,117)
Net decrease in cash	(120,116)	–	(1,493)	–	(121,609)
Cash at the beginning of the year	419,546	–	12,265	–	431,811
Cash at the end of the year	$ 299,430	$ –	$ 10,772	$ –	$ 310,202

Risk Factors

This Annual Report contains statements that are forward-looking statements within the meaning of the federal securities laws. These statements involve known and unknown risks and uncertainties including the risks discussed below. The risks discussed below are not the only ones facing our business. Please read the cautionary notice regarding forward-looking statements under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operation".

If the average rates that commercial payors pay us decline significantly, it would have a material adverse effect on our revenues, earnings and cash flows.

Approximately 35% of our dialysis and related lab services revenues for the year ended December 31, 2008 were generated from patients who have commercial payors as the primary payor. The majority of these patients have insurance policies that pay us on terms and at rates that are generally significantly higher than Medicare rates. The payments we receive from commercial payors generate nearly all of our profit. We are experiencing a decrease in some of our commercial payment rates and it is possible that commercial payment rates could be materially lower in the future. The downward pressure on commercial payment rates is a result of general conditions in the market, recent and future consolidations among commercial payors, increased focus on dialysis services and other factors.

We are continuously in the process of negotiating agreements with our commercial payors, and payors are increasingly aggressive in their negotiations with us. In the event that our continued negotiations result in overall commercial rate reductions in excess of overall commercial rate increases, the cumulative effect could have a material adverse effect on our financial results. Consolidations have significantly increased the negotiating leverage of commercial payors. We expect that some of our contracted rates with commercial payors may decrease or that we may experience decreases in patient volume as our negotiations with commercial payors continue. In addition to increasing downward pressure on contracted commercial payor rates, payors have been attempting to impose restrictions and limitations on non-contracted or out-of-network providers. We, along with others in the kidney care community, are resisting such activity through regulatory, legislative and legal means. Decreases in out-of-network rates and restrictions on out-of-network access combined with decreases in contracted rates could result in a significant decrease in our overall revenue derived from commercial payors. If the average rates that commercial payors pay us decline significantly, it would have a material adverse effect on our revenues, earnings and cash flows.

If the number of patients with higher-paying commercial insurance declines, then our revenues, earnings and cash flows would be substantially reduced.

Our revenue levels are sensitive to the percentage of our patients with higher-paying commercial insurance coverage. A patient's insurance coverage may change for a number of reasons, including as a result of changes in the patient's or a family member's employment status. Currently, for a patient covered by an employer group health plan, Medicare generally becomes the primary payor after 33 months, or earlier, if the patient's employer group health plan coverage terminates. When Medicare becomes the primary payor, the payment rate we receive for that patient shifts from the employer group health plan rate to the lower Medicare payment rate. In addition, our continued negotiations with commercial payors could result in a decrease in the number of patients under commercial plans. If there is a significant reduction in the number of patients under higher-paying commercial plans relative to government-based programs that pay at lower rates, it would have a material adverse effect on our revenues, earnings and cash flows.

Changes in the structure of, and payment rates under the Medicare ESRD program could substantially reduce our revenues, earnings and cash flows.

Approximately one-half of our dialysis and related lab services revenues for the year ended December 31, 2008 was generated from patients who have Medicare as their primary payor. Currently the

Medicare ESRD program pays us for dialysis treatment services at a fixed composite rate. The Medicare composite rate is the payment rate for a dialysis treatment including the supplies used in those treatments, specified laboratory tests and certain pharmaceuticals. Other services and certain pharmaceuticals, including EPO, vitamin D analogs and iron supplements, are separately billed.

In July 2008, the Medicare Improvements for Patients and Providers Act for 2008 was passed by Congress. This legislation provides for an increase in the composite rate of 1% in 2009 and in 2010. In addition this legislation introduces a new payment system for dialysis services beginning in January 2011 whereby ESRD payments will be made under a bundled payment rate which will provide for a fixed rate for all goods and services provided during the dialysis treatment, including laboratory services and the administration of pharmaceuticals. The initial 2011 bundled rate will be set 2% below the payment rate that providers would have received under the historical fee for service payment methodology. Beginning in 2012, a new single bundled payment base rate will be adjusted annually for inflation based upon a market basket index, less 1% of such index. The bundled payment rate will be determined by the Secretary of Health and Human Services, who will have discretion to determine the base payment rate based on the goods and services included in the bundled rate. Dialysis providers will have the option to move fully to the bundled payment system in 2011 or to phase in the payment system over three years.

We experience increases in operating costs that are subject to inflation, such as labor and supply costs, regardless of whether there is a compensating inflation-based increase in Medicare payment rates. The composite rate adjustment provided for in 2009 and 2010 will not be sufficient to compensate for the increases that we are likely to experience in operating costs that are subject to inflation. Because the bundled rates that will take effect in 2011 have not been set, we cannot predict whether the established rates, combined with the proposed negative adjustments, will be sufficient to compensate for increases in our operating costs that are subject to inflation. To the extent the Medicare bundled rates are established at levels that result in lower overall reimbursement for services we provide to Medicare patients, it could have a material adverse effect on our revenues, earnings and cash flows.

Changes in state Medicaid programs or payment rates could reduce our revenues, earnings and cash flows.

Approximately 4% of our dialysis and related lab services revenues for the year ended December 31, 2008, was generated from patients who have Medicaid as their primary coverage. As state governments face increasing budgetary pressure, they may propose reductions in payment rates, delays in the timing of payments, limitations on eligibility or other changes to Medicaid programs. Some states have already taken steps to reduce or delay payments. In addition, Medicaid eligibility requirements mandate that citizen enrollees in Medicaid programs provide documented proof of citizenship. Our revenues, earnings and cash flows could be negatively impacted to the extent that we are not paid by Medicaid or other state programs for services provided to patients that are unable to satisfy the eligibility requirements, including undocumented patients living in the U.S. If state governments reduce the rates paid by Medicaid programs for dialysis and related services, delay the timing of payment for services provided, further limit eligibility for Medicaid coverage or adopt changes to the Medicaid payment structure which reduces our overall payments from Medicaid, then our revenues, earnings and cash flows could be adversely affected.

Changes in clinical practices and payment rates or rules for EPO and other pharmaceuticals could substantially reduce our revenues, earnings and cash flows.

The administration of EPO and other pharmaceuticals accounted for approximately 30% of our dialysis and related lab services revenues for the year ended December 31, 2008, with EPO accounting for approximately 20% of our dialysis and related lab services revenues. Changes in clinical practices that

result in decreased utilization of prescribed pharmaceuticals or changes in payment rates for those pharmaceuticals could substantially reduce our revenues, earnings and cash flows.

Since late 2006, there has been significant media discussion and government scrutiny regarding anemia management practices in the United States which has created confusion and concern in the nephrology community. In late 2006, the House Ways and Means Committee held a hearing on the issue of EPO utilization and in 2007, the FDA required changes to the labeling of EPO and Aranesp® to include a black box warning, the FDA's strongest form of warning label. The FDA has held additional hearings to revisit these label changes as they apply to ESRD and continues to examine the issue. CMS also reviewed its EPO reimbursement policies and in January 2008, changes to the EPO monitoring policy went into effect which further limit reimbursement and which have impacted the prescribing habits of our physicians resulting in lower pharmaceutical intensities. Commercial payors have also increasingly examined their administration policies for EPO and, in some cases have modified those policies. Further changes in labeling of other pharmaceuticals in a manner that alters physician practice patterns or accepted clinical practices, changes in private and governmental payment criteria, including the introduction of EPO administration policies or the conversion to alternate types of administration of EPO or other pharmaceuticals that result in further decreases in utilization or reimbursement for EPO could have a material adverse effect on our revenues, earnings and cash flows.

Changes in EPO pricing and the use and marketing of alternatives to EPO could materially reduce our revenues, earnings and cash flows and affect our ability to care for our patients.

Amgen Inc. is the sole supplier of EPO and may unilaterally decide to increase its price for EPO at any time during the term of our contract. Future changes in the cost of EPO could have a material adverse effect on our earnings and cash flows and ultimately reduce our income. Although our agreement with Amgen for EPO includes potential rebates which depend upon the achievement of certain criteria, we cannot predict whether we will continue to receive the rebates for EPO that we currently receive, or whether we will continue to achieve the same levels of rebates within that structure as we have historically achieved. Our agreement with Amgen provides for specific rebates off of list price based on a combination of factors, including process improvement and data submission. Factors that could impact our ability to qualify for rebates provided for in our agreement with Amgen in the future include our ability to develop and implement certain process improvements and track certain data elements. Failure to meet certain targets and earn the specified rebates could have a material adverse effect on our earnings and cash flows.

Amgen has developed and obtained FDA approval for Aranesp®, a pharmaceutical used to treat anemia that may replace EPO or reduce its use with dialysis patients. Unlike EPO, which is generally administered in conjunction with each dialysis treatment, Aranesp® is administered less frequently. In the event that Aranesp® or any future alternatives to EPO are marketed for the treatment of dialysis patients, we may realize lower margins on the administration of such pharmaceuticals than are currently realized with EPO. A significant increase in the development and use of similar alternatives to EPO, or a change in administration practices, could have a material adverse impact on our revenues, earnings and cash flows.

We are the subject of a number of inquiries by the federal government, any of which could result in substantial penalties against us.

We are the subject of a number of inquiries by the federal government. We have received subpoenas from the U.S. Attorney's Office for the Northern District of Georgia, the U.S. Attorney's Office for the Eastern District of Missouri, the U.S. Attorney's Office for the Eastern District of New York and the U.S. Attorney's Office for the Eastern District of Texas. We are cooperating with the U.S. Attorney's Offices with respect to each of the subpoenas and producing the requested records. Any negative findings could result in substantial financial penalties against us, exclusion from future participation in the Medicare and Medicaid programs and, in certain cases, criminal penalties. To our knowledge, no proceedings have been

initiated against us at this time. Although we cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to the subpoenas will continue to require management's attention and significant legal expense. See "Item 3–Legal Proceedings" for additional information regarding these inquiries and subpoenas.

Continued inquiries from various governmental bodies with respect to our utilization of EPO and other pharmaceuticals will require management's attention, cause us to incur significant legal expense and could result in substantial financial penalties against us or exclusion from future participation in the Medicare and Medicaid programs, and could have a material adverse effect on our revenues, earnings and cash flows.

In response to clinical studies which identified risks in certain patient populations related to the utilization of EPO and other erythropoesis-stimulating agents, i.e., Aranesp®, and in response to changes in the labeling of EPO and Aranesp®, there has been substantial media attention and government scrutiny resulting in hearings and legislation regarding utilization and reimbursement. Although we believe our anemia management practices and other pharmaceutical administration practices have been compliant with existing laws and regulations, as a result of the current high level of scrutiny and controversy, we may be subject to increased inquiries from a variety of governmental bodies and claims by third parties. For example, the subpoena from the U.S. Attorney's Office for the Northern District of Georgia relates to the pharmaceutical products Zemplar, Hectorol, Venofer, Ferrlicit, EPO and other related matters. The subpoena from the U.S. Attorney's Office in the Eastern District of Missouri includes requests for documents regarding the administration of, and billing for, EPO. The subpoena from the Office of Inspector General in Houston, Texas requests records relating to EPO claims submitted to Medicare. In addition, in February 2008 the Attorney General's Office for the State of Nevada notified us that Nevada Medicaid intends to conduct audits of ESRD providers in Nevada relating to the billing of pharmaceuticals, including EPO, and in 2007, a complaint was filed against us, Amgen and Fresenius Medical Care Holdings by Sheet Metal Workers National Health Fund and Glenn Randle alleging claims related to the administration and use of EPO. Additional inquiries from various agencies and claims by third parties with respect to this issue would continue to require management's attention and significant legal expense and any negative findings could result in substantial financial penalties against us or exclusion from future participation in the Medicare and Medicaid programs, and could have a material adverse effect on our revenues, earnings and cash flows. See "Item 3–Legal Proceedings" for additional information regarding these inquiries and subpoenas.

If we fail to adhere to all of the complex government regulations that apply to our business, we could suffer severe consequences that would substantially reduce our revenues, earnings and cash flows.

Our dialysis operations are subject to extensive federal, state and local government regulations, including Medicare and Medicaid payment rules and regulations, federal and state anti-kickback laws, the Stark II physician self-referral prohibition and analogous state referral statutes, and federal and state laws regarding the collection, use and disclosure of patient health information. The Medicare and Medicaid reimbursement rules related to claims submission, licensing requirements, cost reporting, and payment processes impose complex and extensive requirements upon dialysis providers, and a violation or departure from such requirements may result in government audits, lower reimbursements, recoupments or voluntary repayments, and the potential loss of certification.

The regulatory scrutiny of healthcare providers, including dialysis providers continues to increase. Medicare has increased the frequency and intensity of its certification inspections of dialysis centers. For

example, we are required to provide substantial documentation related to the administration of pharmaceuticals, including EPO, and, to the extent that any such documentation is found insufficient, we may be required to refund any amounts received from such administration by government or commercial payors, and be subject to substantial penalties under applicable laws or regulations. In addition, fiscal intermediaries have increased their prepayment and post-payment reviews.

We endeavor to comply with all of the requirements for receiving Medicare and Medicaid payments and to structure all of our relationships with referring physicians to comply with state and federal anti-kickback laws and the Stark II physician self-referral law. However, the laws and regulations in this area are complex and subject to varying interpretations. For example, if an enforcement agency were to challenge the level of compensation that we pay our medical directors, we could be required to change our practices, face criminal or civil penalties, pay substantial fines or otherwise experience a material adverse effect as a result of a challenge to these arrangements.

Because of regulatory considerations unique to New York, all of our dialysis operations in New York are conducted by privately-owned companies to which we provide a broad range of administrative services. These operations accounted for approximately 3% of our dialysis and related lab services revenues for the year ended December 31, 2008. In 2007, changes to New York law were adopted that will permit us to hold licenses to conduct dialysis business directly, but until these changes are implemented and these operating licenses are transferred to us, we can give no assurances that these arrangements will not be challenged.

If any of our operations are found to violate these or other government regulations, we could suffer severe consequences that would have a material adverse effect on our revenues, earnings and cash flows including:

- Suspension or termination of our participation in government payment programs;
- Refunds of amounts received in violation of law or applicable payment program requirements;
- Loss of required government certifications or exclusion from government payment programs;
- Loss of licenses required to operate healthcare facilities in some of the states in which we operate;
- Reductions in payment rates or coverage for dialysis and ancillary services and related pharmaceuticals;
- Fines, damages or monetary penalties for anti-kickback law violations, Stark Law violations, submission of false claims, civil or criminal liability based on violations of law, or other failures to meet regulatory requirements;
- Claims for monetary damages from patients who believe their protected health information has been used or disclosed in violation of federal or state patient privacy laws;
- Mandated practice changes that significantly increase operating expenses; and
- Termination of relationships with medical directors.

If our joint ventures were found to violate the law, we could suffer severe consequences that would have a material adverse effect on our revenues, earnings and cash flows.

As of December 31, 2008, we owned a controlling interest in numerous dialysis related joint ventures, which represented approximately 15% of our dialysis and related lab services revenues. In addition, we also owned a noncontrolling interest in several other dialysis related joint ventures. We anticipate that we will continue to increase the number of our joint ventures. Many of our joint ventures with physicians or physician groups also have the physician owners providing medical director services to those centers or other centers we own and operate. Because our relationships with physicians are governed by the federal anti-kickback statute, we have sought to structure our joint venture arrangements to satisfy as many safe harbor requirements as we believe are reasonably possible. However, our joint venture arrangements do not satisfy all elements of any safe harbor under the federal anti-kickback statute. The subpoena and related requests for

documents we received from the United States Attorney's Office for the Eastern District of Missouri included requests for documents related to our joint ventures.

If our joint ventures are found to be in violation of the anti-kickback statute or the Stark Law provisions, we could be required to restructure the joint ventures or refuse to accept referrals for designated health services from the physicians with whom the joint venture centers have a financial relationship.

We also could be required to repay amounts received by the joint ventures from Medicare and certain other payors to the extent that these arrangements are found to give rise to prohibited referrals, and we could be subject to monetary penalties and exclusion from government healthcare programs. If our joint venture centers are subject to any of these penalties, we could suffer severe consequences that would have a material adverse effect on our revenues, earnings and cash flows.

There are significant estimating risks associated with the amount of dialysis revenue that we recognize and if we are unable to accurately estimate our revenue, it could impact the timing of our revenue recognition or have a significant impact on our operating results.

There are significant estimating risks associated with the amount of dialysis and related lab services revenues that we recognize in a reporting period. Ongoing insurance coverage changes, geographic coverage differences, differing interpretations of contract coverage, and other payor issues complicate the billing and collection process. Determining applicable primary and secondary coverage for approximately 112,000 patients at any point in time, together with the changes in patient coverage that occur each month, requires complex, resource-intensive processes and errors in determining the correct coordination of benefits may result in refunds to payors. Revenues associated with Medicare and Medicaid programs are also subject to estimating risk related to the amounts not paid by the primary government payor that will ultimately be collectible from other government programs paying secondary coverage, the patient's commercial health plan secondary coverage or the patient. Collections, refunds and payor retractions typically continue to occur for up to three years and longer after services are provided. We generally expect our range of dialysis and related lab services revenues estimating risk to be within 1% of its revenue, which can represent as much as 6% of operating income. If our estimates of dialysis and related lab services revenues are materially inaccurate, it could impact the timing of our revenue recognition and have a significant impact on our operating results.

The ancillary services we provide or the strategic initiatives we invest in may generate losses and may ultimately be unsuccessful. In the event that one or more of these activities is unsuccessful, we may have to write off our investment and incur other exit costs.

Our ancillary services and strategic initiatives include infusion therapy services, pharmacy services, vascular access services, disease management services, physician services, ESRD clinical research programs and ESRD special needs plans. Many of these initiatives require investments of both management and financial resources and can generate significant losses for a substantial period of time and may not become profitable. There can be no assurance that any such strategic initiative will ultimately be successful. For example, during 2008 and 2007, our VillageHealth and pharmacy initiatives generated net operating losses and are expected to generate net operating losses into 2009. If any of our ancillary services or strategic initiatives do not perform as planned, we may incur a material write-off of our investment in one or more of these activities.

If a significant number of physicians were to cease referring patients to our dialysis centers, whether due to regulatory or other reasons, it would have a material adverse effect on our revenues, earnings and cash flows.

Many physicians prefer to have their patients treated at dialysis centers where they or other members of their practice supervise the overall care provided as medical director of the center. As a result, the primary referral source for most of our centers is often the physician or physician group providing medical director services to the center. Neither our current nor former medical directors have an obligation to refer their patients to our centers. If a medical director agreement terminates, whether before or at the end of its term, and a new medical director is appointed, it may negatively impact the former medical director's decision to treat his or her patients at our center. If we are unable to enforce noncompetition provisions contained in the terminated medical director agreements, former medical directors may choose to provide medical director services for competing providers or establish their own dialysis centers in competition with ours. Also, if the quality of service levels at our centers deteriorates, it may negatively impact patient referrals and treatment volumes.

Our medical director contracts are for fixed periods, generally three to ten years. Medical directors have no obligation to extend their agreements with us. We may take actions to restructure existing relationships or take positions in negotiating extensions of relationships to assure compliance with the safe harbor provisions of the anti-kickback statute, Stark Law and other similar laws. These actions could negatively impact the decision of physicians to extend their medical director agreements with us or to refer their patients to us. If the terms of any existing agreement are found to violate applicable laws, we may not be successful in restructuring the relationship which could lead to the early termination of the agreement, or cause the physician to stop referring patients to our dialysis centers. If a significant number of physicians were to cease referring patients to our dialysis centers, whether due to regulatory or other reasons, then our revenues, earnings and cash flows would be substantially reduced.

Delays in state Medicare and Medicaid certification of our dialysis centers could adversely affect our revenues, earnings and cash flows.

Before we can begin billing for patients treated in our outpatient dialysis centers who are enrolled in government-based programs, we are required to obtain state and federal certification for participation in the Medicare and Medicaid programs. As state governments face increasing budgetary pressure, certain states are having difficulty certifying dialysis centers in the normal course resulting in significant delays in certification. For example, the state of Texas has stopped certifying dialysis centers and has communicated that it will not certify dialysis centers in 2009 and the state of California is experiencing significant delays. If state governments continue to have difficulty certifying new centers in the normal course and we continue to experience significant delays in our ability to treat and bill for services provided to patients covered under government programs, it could cause us to incur write-offs of investments or accelerate the recognition of lease obligations in the event we have to close centers or our centers' operating performance deteriorates, and it could have an adverse effect on our revenues, earnings and cash flows.

Current economic conditions, including the current recession in the United States and the worldwide economic slowdown, as well as further disruptions in the financial markets could result in substantial declines in our revenues, earnings, cash flows and financial condition.

The current economic recession in the United States and worldwide economic slowdown, could adversely affect our business and our profitability. Among other things, the potential decline in federal and state revenues that may result from such conditions may create additional pressures to contain or reduce reimbursements for our services from Medicare, Medicaid and other government sponsored programs. The potential increase in job losses in the United States which may occur in the near future if the economy continues to decline could result in a smaller percentage of our patients being covered by an employer

group health plan and a larger percentage being covered by lower paying Medicare and Medicaid programs. Employers may also begin to select more restrictive commercial plans with lower reimbursement rates. To the extent that payors are negatively impacted by a decline in the economy, we may experience further pressure on commercial rates, slow down in collections and a reduction in the amounts we expect to collect. In addition, if the current turmoil in the financial markets continues, the variable interest rates payable under our credit facilities could be adversely affected or it could be more difficult to obtain or renew such facilities in the future. Any or all of these factors, as well as other consequences of the current economic conditions which cannot currently be anticipated, could have a material adverse effect on our revenues, earnings and cash flows and otherwise adversely affect our financial condition.

If we are not able to continue to make acquisitions on reasonable terms, or maintain an acceptable level of non-acquired growth, or if we face significant patient attrition to our competitors, it could adversely affect our business.

We are facing increased competition in the dialysis industry from large and medium-sized providers which compete directly with us for acquisition targets as well as for individual patients and medical directors. Acquisitions, patient retention and medical director retention are an important part of our growth strategy. If we are not able to continue to make acquisitions on reasonable terms, continue to maintain acceptable levels of non-acquired growth, or if we face significant patient attrition to our competitors, it could adversely affect our business.

The level of our current and future debt could have an adverse impact on our business.

We have substantial debt outstanding and we may incur additional indebtedness in the future. The high level of our indebtedness, among other things, could:

- make it difficult for us to make payments on our debt securities;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes;
- expose us to interest rate fluctuations to the extent we have variable rate debt;
- limit our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds.

If additional debt financing is not available when required or is not available on acceptable terms, we may be unable to grow our business, take advantage of business opportunities, respond to competitive pressures or refinance maturing debt, any of which could have a material adverse effect on our operating results and financial condition.

Increases in interest rates may increase our interest expense and adversely affect our profitability and cash flow and our ability to service our indebtedness.

We are subject to interest rate volatility associated with the portions of our borrowings that bear interest at variable rates. As of December 31, 2008, we had approximately $1.9 billion outstanding borrowings under the Senior Secured Credit Facilities, which bears interest at a variable rate. Approximately $0.8 billion of our outstanding debt is subject to interest rate swaps which have the

economic effect of fixing the interest rate on an equivalent portion of our debt. The remaining variable rate debt outstanding under our Senior Secured Credit Facilities had a weighted average interest rate of 1.97% at December 31, 2008. In addition, we have approximately $199 million of available borrowings under our Senior Secured Credit Facilities that would bear interest at the LIBOR-based variable rate plus an interest rate margin of 1.50%. We may also incur additional variable rate debt in the future.

Increases in interest rates would increase our interest expense for the variable portion of our indebtedness, which could negatively impact our earnings and cash flow. For example, it is estimated that a hypothetical increase in interest rates of 100 basis points across all variable rate maturities would have reduced net income by approximately $7.1 million, $5.5 million and $6.8 million for the years ended December 31, 2008, 2007 and 2006, respectively. See "Item 7A–Quantitative and Qualitative Disclosures about Market Risk" for more information. In addition, if we seek to refinance our existing indebtedness under our Senior Secured Credit Facilities, we may not be able to do so on acceptable terms and conditions, which could increase our interest expense or impair our ability to service our indebtedness and fund our operations.

We will require a significant amount of cash to service our indebtedness. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on our indebtedness and to fund planned capital expenditures and expansion efforts, including any strategic acquisitions we may make in the future, will depend on our ability to generate cash. This, to a certain extent, is subject to general economic, financial, competitive, regulatory and other factors that are beyond our control.

We cannot provide assurance that our business will generate sufficient cash flow from operations in the future or that future borrowings will be available to us in an amount sufficient to enable us to service our indebtedness, including the senior and senior subordinated notes, or to fund other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. Our Senior Secured Credit Facilities are secured by substantially all of our and our subsidiaries' assets. As such, our ability to refinance our debt or seek additional financing could be limited by such security interest. We cannot assure you that we will be able to refinance our indebtedness on commercially reasonable terms or at all.

If the current shortage of skilled clinical personnel continues or if we experience a higher than normal turnover rate, we may experience disruptions in our business operations and increases in operating expenses.

We are experiencing increased labor costs and difficulties in hiring nurses due to a nationwide shortage of skilled clinical personnel. We compete for nurses with hospitals and other health care providers. This nursing shortage may limit our ability to expand our operations. If we are unable to hire skilled clinical personnel when needed, or if we experience a higher than normal turnover rate for our skilled clinical personnel, our operations and treatment growth will be negatively impacted, which would result in reduced revenues, earnings and cash flows.

Our business is labor intensive and could be adversely affected if we were unable to maintain satisfactory relations with our employees or if union organizing activities were to result in significant increases in our operating costs or decreases in productivity.

Our business is labor intensive, and our results are subject to variations in labor-related costs and productivity. If the recent national and local elections result in actions or proposals that increase the likelihood of union organizing activities at our facilities, our operating costs could increase and our employee relations, productivity, earnings and cash flows could be adversely affected.

Our alliance and product supply agreement with Gambro Renal Products Inc. may limit our ability to achieve cost savings with respect to products and equipment we are required to purchase under this agreement.

Our obligations under our alliance and product supply agreement with Gambro Renal Products to purchase dialyzers and certain other products, may limit our ability to realize future cost savings in regard to certain products. For the year ended December 31, 2008, our total spending on hemodialysis products, supplies and equipment with Gambro Renal Products was approximately 2% of our total operating costs.

Upgrades to our billing and collections systems and complications associated with upgrades and other improvements to our billing and collections systems could have a material adverse effect on our revenues, cash flows and operating results.

We are continuously performing upgrades on our billing systems and expect to continue to do so in 2009. In addition, we continuously work to improve our billing and collections performance through process upgrades, organizational changes and other improvements. We may experience difficulties in our ability to successfully bill and collect for services rendered as a result of these changes, including a slow-down of collections, a reduction in the amounts we expect to collect, increased risk of retractions from and refunds to commercial and government payors, an increase in our provision for uncollectible accounts receivable and noncompliance with reimbursement regulations. These changes could also have an adverse impact on the claims review required by the corporate integrity agreement applicable to the centers acquired from Gambro Healthcare, described below. The failure to successfully implement the upgrades to the billing and collection systems and other improvements could have a material adverse effect on our revenues, cash flows and operating results.

If DVA Renal Healthcare does not comply with the corporate integrity agreement applicable to the centers acquired from Gambro Healthcare, or DVA Renal Healthcare otherwise has failed or fails to comply with government regulations applicable to its operations, we could be subject to additional penalties and otherwise may be materially harmed.

In 2004, Gambro Healthcare entered into a settlement agreement with the Department of Justice and certain agencies of the United States government relating to the Department of Justice's investigation of Gambro Healthcare's Medicare and Medicaid billing practices and its relationships with physicians and pharmaceutical manufacturers. If DVA Renal Healthcare (formerly Gambro Healthcare) does not comply with the terms of the corporate integrity agreement applicable to the centers acquired from Gambro Healthcare, or otherwise has failed or fails to comply with the extensive federal, state and local government regulations applicable to its operations, we could be subject to additional penalties, including monetary penalties or exclusion from participation in government programs, and otherwise may be materially harmed. The costs associated with compliance with the corporate integrity agreement and cooperation with the government are substantial and may increase. In addition, as a result of the settlement agreement, some commercial payors and other third parties have initiated legal proceedings against DVA Renal Healthcare related to the billing practices and other matters covered by the settlement agreement and we could receive similar claims in the future.

Our ability to effectively provide the services we offer could be negatively impacted if certain of our suppliers are unable to meet our needs or if we are unable to effectively access new technology, which could substantially reduce our revenues, earnings and cash flows.

We have significant suppliers that are either the sole or primary source of products critical to the services we provide or to which we have committed obligations to make purchases, including Amgen,

Fresenius Medical Care, Gambro Renal Products, Baxter Healthcare Corporation, NxStage, as well as others. If any of these suppliers are unable to meet our needs for the products they supply, including in the event of a product recall, and we are not able to find adequate alternative sources, our revenues, earnings and cash flows could be substantially reduced. For example, in February 2008, Baxter Healthcare Corporation proceeded with a recall of heparin, a pharmaceutical used in the treatment of dialysis patients and ceased further sales. As a result of the recall, there is only one remaining supplier of heparin and the cost to purchase heparin has significantly increased. It is possible that our heparin costs may continue to increase and since there is no separate reimbursement for this drug under Medicare, cost increases have a direct impact on our profitability. An affiliate of Fresenius Medical Care acquired this sole remaining provider of heparin for the U.S. dialysis market. This could negatively impact our access to and pricing for this critical product. In addition, the technology related to the products critical to the services we provide is subject to new developments and may result in superior products. If we are not able to access superior products on a cost-effective basis or if suppliers are not able to fulfill our requirements for such products, we could face patient attrition which could substantially reduce our revenues, earnings and cash flows.

We may be subject to liability claims for damages and other expenses not covered by insurance that could reduce our earnings and cash flows.

The administration of dialysis and related services to patients may subject us to litigation and liability for damages. Our business, profitability and growth prospects could suffer if we face negative publicity or we pay damages or defense costs in connection with a claim that is outside the scope of any applicable insurance coverage, including claims related to contractual disputes and professional and general liability claims. In addition, we have received several notices of claims from commercial payors and other third parties related to our historical billing practices and the historical billing practices of the centers acquired from Gambro Healthcare and other matters related to their settlement agreement with the Department of Justice. Although the ultimate outcome of these claims cannot be predicted, an adverse result with respect to one or more of these claims could have a material adverse effect on our financial condition, results of operations, and cash flows. We currently maintain programs of general and professional liability insurance. However, a successful claim, including a professional liability, malpractice or negligence claim which is in excess of our insurance coverage could have a material adverse effect on our earnings and cash flows.

In addition, if our costs of insurance and claims increase, then our earnings could decline. Market rates for insurance premiums and deductibles have been steadily increasing. Our earnings and cash flows could be materially and adversely affected by any of the following:

- the collapse or insolvency of our insurance carriers;
- further increases in premiums and deductibles;
- increases in the number of liability claims against us or the cost of settling or trying cases related to those claims; and
- an inability to obtain one or more types of insurance on acceptable terms.

If businesses we acquire have liabilities that we are not aware of, we could suffer severe consequences that would substantially reduce our revenues, earnings and cash flows.

Our business strategy includes the acquisition of dialysis centers and businesses that own and operate dialysis centers, as well as other ancillary services and strategic initiatives. Businesses we acquire may have unknown or contingent liabilities or liabilities that are in excess of the amounts that we originally estimated. Although we generally seek indemnification from the sellers of businesses we acquire for matters that are not properly disclosed to us, we are not always successful. In addition, even in cases where we are able to obtain indemnification, we may discover liabilities greater than the contractual limits or the financial resources of the indemnifying party. In the event that we are responsible for liabilities substantially in excess of any amounts recovered through rights to indemnification, we could suffer severe consequences that would substantially reduce our revenues, earnings and cash flows.

Provisions in our charter documents, compensation programs and Delaware law may deter a change of control that our stockholders would otherwise determine to be in their best interests.

Our charter documents include provisions that may deter hostile takeovers, delay or prevent changes of control or changes in our management, or limit the ability of our stockholders to approve transactions that they may otherwise determine to be in their best interests. These include provisions prohibiting our stockholders from acting by written consent; requiring 90 days advance notice of stockholder proposals or nominations to our Board of Directors; and granting our Board of Directors the authority to issue preferred stock and to determine the rights and preferences of the preferred stock without the need for further stockholder approval. In addition, we have in place a shareholder rights plan that would substantially dilute the interest sought by an acquirer that our Board of Directors does not approve.

Most of our outstanding employee stock options include a provision accelerating the vesting of the options in the event of a change of control. We also maintain a change of control protection program for our employees who do not have a significant number of stock awards, which has been in place since 2001, and which provides for cash bonuses to the employees in the event of a change of control. Based on the market price of our common stock and shares outstanding on December 31, 2008, these cash bonuses would total approximately $198 million if a change of control transaction occurred at that price and our Board of Directors did not modify this program. These change of control provisions may affect the price an acquirer would be willing to pay for our Company.

We are also subject to Section 203 of the Delaware General Corporation Law that, subject to exceptions, would prohibit us from engaging in any business combinations with any interested stockholder, as defined in that section, for a period of three years following the date on which that stockholder became an interested stockholder.

These provisions may discourage, delay or prevent an acquisition of our Company at a price that our stockholders may find attractive. These provisions could also make it more difficult for our stockholders to elect directors and take other corporate actions and could limit the price that investors might be willing to pay for shares of our common stock.

Selected Financial Data

The following table presents selected consolidated financial and operating data for the periods indicated. The operating results of DVA Renal Healthcare are included in our operating results from October 1, 2005, and the operating results of the historical DaVita divested centers are reflected as discontinued operations in our consolidated statements of income for 2005 and prior.

	Year ended December 31,				
	2008	2007	2006	2005	2004
	(In thousands, except share data)				
Income statement data:					
Net operating revenues(1)	$ 5,660,173	$ 5,264,151	$ 4,880,662	$ 2,973,918	$ 2,177,330
Operating expenses and charges(2)	4,838,408	4,401,942	4,141,230	2,508,547	1,796,204
Operating income	821,765	862,209	739,432	465,371	381,126
Debt expense(3)	(224,716)	(257,147)	(276,706)	(139,586)	(52,411)
Swap valuations gain, net(4)	–	–	–	4,548	–
Refinancing charges(5)	–	–	–	(8,170)	–
Other income, net(6)	12,411	22,460	13,033	8,934	4,125
Income from continuing operations before income taxes	609,460	627,522	475,759	331,097	332,840
Income tax expense	235,300	245,744	186,430	123,675	128,332
Income from continuing operations	374,160	381,778	289,329	207,422	204,508
Income from discontinued operations, net of tax(7)	–	–	–	13,157	17,746
Gain on disposal of discontinued operations, net of tax(7)	–	–	362	8,064	–
Net income	$ 374,160	$ 381,778	$ 289,691	$ 228,643	$ 222,254
Basic earnings per common share from continuing operations(7)(8)	$ 3.56	$ 3.61	$ 2.79	$ 2.06	$ 2.07
Diluted earnings per common share from continuing operations(7)(8)	$ 3.53	$ 3.55	$ 2.73	$ 1.99	$ 1.99
Weighted average shares outstanding:(8)(10)					
Basic	105,149,000	105,893,000	103,520,000	100,762,000	98,727,000
Diluted	105,940,000	107,418,000	105,793,000	104,068,000	102,861,000
Ratio of earnings to fixed charges(9)	3.01:1	2.92:1	2.38:1	2.86:1	5.26:1
Balance sheet data:					
Working capital	$ 965,241	$ 889,754	$ 597,324	$ 664,675	$ 426,985
Total assets	7,286,091	6,943,960	6,491,816	6,279,762	2,511,959
Long-term debt	3,622,421	3,683,887	3,730,380	4,085,435	1,322,468
Shareholders' equity(10)	1,952,458	1,732,250	1,245,924	850,609	523,134

(1) Net operating revenues include $3,771 in 2005, and $8,293 in 2004 of Medicare lab recoveries relating to prior years' services.

(2) Operating expenses and charges include $55,275 in 2007 and $37,968 in 2006 of valuation gains on the alliance and product supply agreement with Gambro Renal Products, Inc. Operating expenses and charges in 2007 also includes $6,779 of gains from insurance settlements related to Hurricane Katrina and a fire that destroyed one center.

(3) Debt expense in 2007 and 2006 includes the write-off of approximately $4.4 million and $3.3 million of deferred financing costs associated with our principal prepayments on our term loans.

(4) The swap valuation net gains of $4,548 in 2005 represented the accumulated fair value on several swap instruments that were ineffective as cash flow hedges, as a result of the repayment of our Senior Secured Credit Facilities, as well as changes in the fair values of these swaps until they were redesignated as hedges, and represent changes in the fair value of the swaps during periods in which there was no matching variable rate LIBOR-based interest payments.

(5) Refinancing charges of $8,170 in 2005 represented the write-off of deferred financing costs associated with the extinguishment of our prior Senior Secured Credit Facilities.

(6) Other income, net, includes $5,868 in 2007 of gains from the sale of investment securities.

(7) During 2005, we divested a total of 71 outpatient dialysis centers in conjunction with a consent order issued by the Federal Trade Commission on October 4, 2005 in order for us to complete the acquisition of DVA Renal Healthcare. In addition, we completed the sale of three additional centers that were previously pending state regulatory approval in January 2006. The operating results of the historical DaVita divested and held for sale centers were reflected as discontinued operations in our consolidated financial statements for 2005 and prior.

(8) All share and per-share data for all periods presented prior to 2005 have been adjusted to retroactively reflect the effects of a 3-for-2 stock split that occurred in the second quarter of 2004.

(9) The ratio of earnings to fixed charges was computed by dividing earnings by fixed charges. Earnings for this purpose is defined as pretax income from continuing operations adjusted by adding back fixed charges expensed during the period. Fixed charges include debt expense (interest expense and the write-off and amortization of deferred financing costs), the estimated interest component of rental expense on operating leases, and capitalized interest.

(10) Share repurchases consisted of 4,788,881 shares of common stock for $232,715 in 2008, 111,300 shares of common stock for $6,350 in 2007 and 3,350,100 shares of common stock for $96,540 in 2004. Shares issued in connection with stock awards amounted to 1,314,074 in 2008, 2,480,899 in 2007, 2,620,125 in 2006, 3,303,451 in 2005, and 5,106,783 in 2004.

Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the New York Stock Exchange under the symbol "DVA". The following table sets forth, for the periods indicated, the high and low closing prices for our common stock as reported by the New York Stock Exchange.

	High	Low
Year ended December 31, 2008:		
1st quarter	$59.23	$42.48
2nd quarter	53.86	47.79
3rd quarter	60.01	52.64
4th quarter	56.75	42.66
Year ended December 31, 2007:		
1st quarter	$58.54	$51.54
2nd quarter	57.48	52.56
3rd quarter	63.18	52.78
4th quarter	66.53	55.63

The closing price of our common stock on January 30, 2009 was $47.00 per share. According to The Bank of New York, our registrar and transfer agent, as of January 30, 2009, there were 6,913 holders of record of our common stock. We have not declared or paid cash dividends to holders of our common stock since 1994. We have no current plans to pay cash dividends and we are restricted from paying dividends under the terms of our Senior Secured Credit Facilities and the indentures governing our senior and senior subordinated notes. Also, see the heading "Liquidity and capital resources" under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and the notes to our consolidated financial statements.

Stock Repurchases

The following table summarizes our repurchases of our common stock during 2008:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
March 1–31, 2008	682,500	$47.66	682,500	$210.3
April 1–30, 2008	2,120,977	48.90	2,120,977	106.5
May 1–31, 2008	383,133	51.49	383,133	230.3
June 1–30, 2008	274,743	49.92	274,743	216.6
October 1–31, 2008	1,027,502	48.66	1,027,502	166.6
November 1–30, 2008	278,900	43.35	278,900	154.5
December 1–31, 2008	21,126	45.01	21,126	153.5
Total	4,788,881	$48.59	4,788,881	

(1) On September 11, 2003, we announced that the Board of Directors authorized the repurchase of up to $200 million of our common stock, with no expiration date. On November 2, 2004, we announced that the Board of Directors approved an increase in our authorization to repurchase shares of our common stock by an additional $200 million. On May 1, 2008, our Board of Directors authorized an increase of an additional $143.5 million of share repurchases of our common stock.

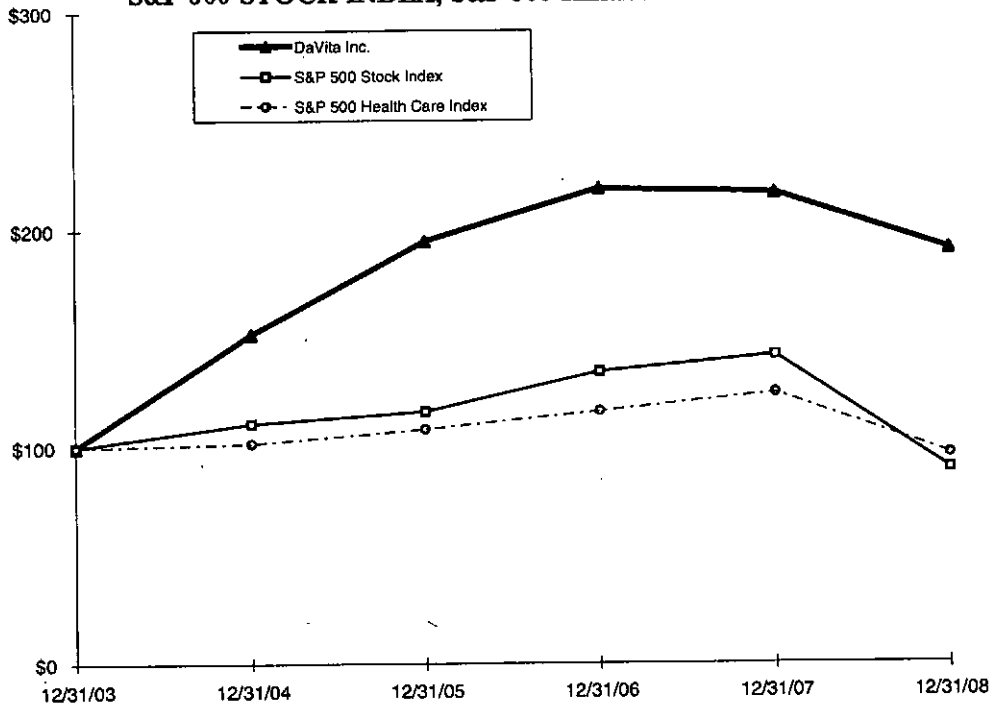
This stock repurchase program has no expiration date. We are authorized to make purchases from time to time in the open market or in privately negotiated transactions, depending upon market conditions and other considerations. However, we are subject to share repurchase limitations under the terms of the Senior Secured Credit Facilities and the indentures governing our senior and senior subordinated notes.

Stock Price Performance

The following graph shows a comparison of our cumulative total returns, the Standard & Poor's 500 Stock Index and the S&P 500 Health Care Index. The graph assumes that the value of an investment in our common stock and in each such index was $100.00 on December 31, 2002 and that all dividends have been reinvested.

The comparison in the graph below is based solely on historical data and is not intended to forecast the possible future performance of our common stock.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN AMONG DAVITA INC, S&P 500 STOCK INDEX, S&P 500 HEALTH CARE INDEX



	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08
DaVita Inc.	$100.0	$152.0	$194.8	$218.8	$216.7	$190.7
S&P 500 Stock Index	$100.0	$110.9	$116.3	$134.7	$142.1	$ 89.5
S&P 500 Health Care Index	$100.0	$101.7	$108.2	$116.4	$124.7	$ 96.3

Quantitative and Qualitative Disclosures about Market Risk

Interest rate sensitivity

The tables below provide information about our financial instruments that are sensitive to changes in interest rates. For our debt obligations the table presents principal repayments and current weighted average interest rates on our debt obligations as of December 31, 2008. The variable rates presented reflect the weighted average LIBOR rates in effect for all debt tranches plus margins in effect at the end of 2008 including the economic effects of our swap agreements. Term loan A and revolving line of credit interest rate margins are subject to adjustment depending upon changes in certain of our financial ratios including a leverage ratio. The margins currently in effect at December 31, 2008 were 1.50%. For our interest rate swap agreements, the table below presents the notional amounts by contract maturity date and the related interest rate terms of the agreements (to pay fixed rates, and to receive LIBOR).

	Expected maturity date								
	2009	2010	2011	2012	2013	Thereafter	Total	Fair Value	Average interest rate
	(dollars in millions)								
Long-term debt:									
Fixed rate	$ 3	$ 1	$ 1	$ 1	$901	$853	$ 1,760	$ 1,668	6.88%
Variable rate	$ 69	$ 89	$ 66	$1,706	$ 1	$ –	$ 1,931	$ 1,701	3.48%

	Notional amount	Contract maturity date					Pay fixed	Receive variable	Fair value
		2009	2010	2011	2012	2013			
	(dollars in millions)								
Swaps:									
Pay-fixed swaps	$790	$401	$389	$ –	$ –	$ –	3.08% to 4.70%	LIBOR	$(21.9)

Our Senior Secured Credit Facilities, which include the term loan A and the term loan B, consist of various individual tranches that can range in maturity from one month to twelve months and each specific tranche bears interest at a LIBOR rate that is determined by the maturity of that specific tranche. LIBOR-based interest rates are reset as each specific tranche matures and can fluctuate significantly depending upon market conditions including the credit and capital markets. Any increase in the LIBOR-based interest rates on the unhedged portion of our Senior Secured Credit Facilities, which totaled approximately $1.1 billion as of December 31, 2008 will have a negative impact on our overall earnings.

As of December 31, 2008, we maintained a total of nine interest rate swap agreements, with amortizing notional amounts totaling $790 million. These agreements had the economic effect of modifying the LIBOR-based variable interest rate on an equivalent amount of our debt to fixed rates ranging from 3.08% to 4.70%, resulting in an overall weighted average effective interest rate of 5.54% on the hedged portion of our Senior Secured Credit Facilities, including the term loan B margin of 1.50%. The swap agreements expire in 2009 through 2010 and require quarterly interest payments. During 2008, we accrued net cash obligations of $4.2 million from these swaps which is included in debt expense. As of December 31, 2008, the total fair value of these swaps was a liability of $21.9 million. During 2008, we recorded $10.4 million, net of tax, as a reduction to other comprehensive income for swap valuation losses, net of amounts reclassified into income.

As of December 31, 2008, the interest rates were economically fixed on approximately 41% of our variable rate debt and approximately 69% of our total debt.

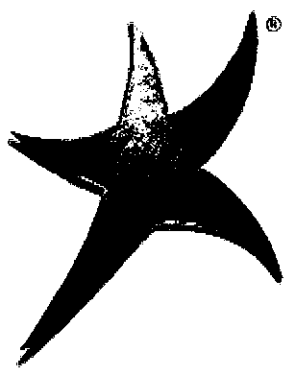
As a result of the swap agreements, the overall weighted average effective interest rate on the Senior Secured Credit Facilities was 3.48%, based upon the current margins in effect of 1.50% as of December 31, 2008.

Our overall average effective interest rate during 2008 was 5.82%.

One means of assessing exposure to debt-related interest rate changes is a duration-based analysis that measures the potential loss in net income resulting from a hypothetical increase in interest rates of 100 basis points across all variable rate maturities (referred to as a "parallel shift in the yield curve"). Under this model, with all else constant, it is estimated that such an increase would have reduced net income by approximately $7.1 million, $5.5 million, and $6.8 million, net of tax, for the years ended December 31, 2008, 2007, and 2006, respectively.

Exchange rate sensitivity

We are currently not exposed to any foreign currency exchange rate risk.



CORPORATE INFORMATION

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Fax 310.536.2675
www.davita.com

Independent Registered
Public Accounting Firm
KPMG LLP
Seattle, Washington

Stock Registrar and Transfer Agent
The Bank of New York Mellon
New York, New York

Annual Meeting of Stockholders
Monday, June 15, 2009
Hyatt Regency San Francisco Airport
1333 Old Bayshore Highway
Burlingame, CA 94010

Common Stock Listing
New York Stock Exchange (NYSE)
Symbol: DVA

NYSE Certification
On July 9, 2008 the Company submitted to the NYSE a certification signed by the Chief Executive Officer that he was not aware of any violation by DaVita of the NYSE corporate governance listing standards.

Section 302 Certifications
Certifications of the Chief Executive Officer and Chief Financial Officer have been included as Exhibit 31 in DaVita's annual report on Form 10-K for the year ended December 31, 2008.

Form 10-K Request
For a free copy of DaVita's annual report on Form 10-K for the year ended December 31, 2008 please send a written request to LeAnne Zumwalt, Vice President at DaVita's corporate address.

Corporate Governance Guidelines
DaVita's corporate governance guidelines, Code of Ethics and Board Committee Charters are located on DaVita's website and can be obtained free of charge, upon request from LeAnne Zumwalt, Vice President at DaVita's corporate address.

DIRECTORS

Charles G. Berg
Executive Chairman
WellCare Health Plans, Inc.

Senior Advisor
Welsh, Carson, Anderson & Stowe

Former Chief Executive Officer
Oxford Health Plans, Inc.

Willard W. Brittain, Jr.
Chairman and Chief Executive Officer
Preod Corporation

Former Chief Operating Officer
PwC Consulting and PricewaterhouseCoopers LLP

Paul J. Diaz
President and Chief Executive Officer
Kindred Healthcare, Inc.

Former Managing Member
Falcon Capital Partners, LLC

Former Executive Vice President and
Chief Operations Officer
Mariner Health Group, Inc.

Peter T. Grauer
Chairman of the Board,
Chief Executive Officer and Treasurer
Bloomberg, Inc.

John M. Nehra
General Partner in affiliates of
New Enterprise Associates

Managing General Partner
Catalyst Ventures

William L. Roper, M.D.
Chief Executive Officer
University of North Carolina
Health Care System

Dean, School of Medicine
Vice Chancellor for Medical Affairs
University of North Carolina at Chapel Hill

Former Director
Centers for Disease Control and Prevention

Former Administrator
Centers for Medicare and Medicaid Services

Roger J. Valine
Former President and Chief Executive Officer
Vision Service Plan

Richard C. Vaughan
Chairman of the Audit Committee

Former Executive Vice President and
Chief Financial Officer
Lincoln Financial Group

Kent J. Thiry
Chairman of the Board and
Chief Executive Officer
DaVita Inc.

CORPORATE OFFICERS

Kent J. Thiry
Chairman of the Board and
Chief Executive Officer

Dennis Kogod
Chief Operating Officer

Richard K. Whitney
Chief Financial Officer

James K. Hilger
Vice President and Controller

Laura Mildenberger
Chief People Officer

Allen Nissenson
Chief Medical Officer

Georgina Randolph
Senior Vice President

Javier Rodriguez
Senior Vice President

David T. Shapiro
Chief Compliance Officer

Thomas O. Usilton, Jr.
Senior Vice President

LeAnne M. Zumwalt
Vice President

DaVita.

Headquarters
601 Hawaii Street
El Segundo, CA 90245

DaVita.com

Our Mission
To be the Provider, Partner and Employer of Choice

Core Values
Service Excellence
Integrity
Team
Continuous Improvement
Accountability
Fulfillment
Fun

DaVita Village Green
EARTH FRIENDLY KIDNEY CARE

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To be the Provider, Partner and Employer of Choice

2007 ANNUAL REPORT

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In the interest of our Stakeholders, we have kept the cost of this Annual Report to a minimum. For additional information about the Company, please visit our website at *www.davita.com* or contact LeAnne Zumwalt at DaVita's corporate address.

DaVita.

Dear Stakeholders:

I will first discuss our 2007 results, and then provide a few thoughts about the future.

In 2007 our:

- Clinical outcomes were once again among the best in the nation
- Operating profit grew significantly year over year, but we exited the year on a flat trajectory
- Cash flow was strong

Clinical Outcomes: DaVita and its affiliated physicians achieved strong performance again this year, and for the 7th straight year is proud to announce we achieved the best outcomes in our history. Here are some examples in the areas of access placement, nutrition, and kinetics/adequacy:

- As of year end 59% of our patients have had an arteriovenous fistula placed for dialysis,
- 83% of our patients achieved an albumin level of 3.5 or better, and
- 94% of our patients achieved a Kt/V of 1.2 or better.

Finally, our gross mortality rates continue to compare quite favorably to national averages.

Integration: This year marks a key milestone; all major areas of the Gambro integration were completed. In 2007, we completed the conversion of all of our Gambro facilities to our core billing platform while reducing DSO by 2 days. In addition, all of our dialysis centers and physicians, including those acquired from Gambro, are now using one clinical information system. The completion of the integration will allow us to focus on advancing the capabilities of our systems and mining data for one of the largest clinical renal databases in existence.

Treatment Growth: We provided 15.3 million dialysis treatments this year, a 5.7% increase from 2006. Our non-acquired growth was 4.6% year over year.

Cash Flow: In 2007, we had another strong cash flow year. Cash flow from operations was $533 million and free cash flow[1] was $421 million. These strong cash flows allowed us to repay $50 million of our term debt last year. Our end of year leverage ratio was 2.99 times debt to trailing 12 month earnings before interest and taxes, compared to 3.66 times one year earlier.

Earnings: Net income was $340[1] million and earnings per share were $3.17,[1] excluding after-tax gains from insurance settlements, the after-tax valuation gain on the Gambro Product Supply Agreement and after-tax gains on the sale of investment securities.

Public Policy: 2007 presented unique challenges to the kidney care community, including passage by the House of Representatives of some of the deepest cuts in Medicare funding for dialysis ever proposed. We continued our efforts to build strong relationships with key government stakeholders, including CMS and within Congress, and developed alternative reform proposals for consideration. In the end, Congress decided not to

take any action on dialysis reimbursement in 2007, which means we must endure rising operating costs in 2008 without any corresponding Medicare adjustment. We achieved a one-year extension in the authorization of Special Needs Plans, enabling the VillageHealth initiative to continue its operations through 2009. Our overall situation remains that we continue to lose money on the over 85% of our patients for whom the government is their primary payor.

Recognizing the critical importance of advocacy, we further expanded our support of grassroots action in 2007. DaVita Patient Citizens has over 20,000 members and undertook over 600 meetings at the federal and state levels. DaVita Nephrology Alliance, a physician advocacy organization, now has over 700 physician members and held over 70 meetings with Congress. Finally, DaVita centers and teammates engaged in more center visits by and meetings with federal and state officials than ever before, averaging more than 3 official visits and meetings for every workday of the year.

Private Pay Rates: We continue to experience rate pressure from the private sector but our unique strategic capabilities and leading patient outcomes provide our partners unique value. The reality is that payors are starting to realize that high quality outpatient care results in reduced hospitalizations and the fact that we have a more complete geographic network means they are able to work more closely with us to do even more to reduce hospitalizations.

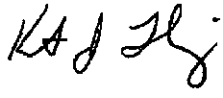
We will work diligently to ensure the rates they pay are appropriate for the short time that they are responsible for payment.

Outlook: We will continue to invest in our strategic portfolio that is intended to position us to be the highest value provider of kidney care for all payors. In 2007, we made solid progress in refining our capability to improve the total health of patients and prevent many hospital admissions through preventive care. This capability allows us to help patients live longer healthier lives, helps reduce healthcare costs for Medicare and other payors, and creates an exciting opportunity for DaVita. We hope Congress does not stifle the emergence of the new care capabilities that could improve care and save taxpayers money.

Moreover, demand for our services continues to grow, and our cash flows remain distinctively stable.

Again this year, I would like to offer heartfelt thanks to our 31,000 teammates. Your resilience and tenacity in simultaneously meeting the needs of so many diverse constituencies is remarkable.

Respectfully submitted,



Kent J. Thiry
Chairman and CEO

(1) For reconciliation of non-GAAP financial measures to comparable GAAP measures, see our press release for the 4th Quarter and Year Ended 2007 Results, which is on our Website at www.davita.com.

Management's Discussion and Analysis of Financial Condition and Results of Operation

Forward looking statements

This Annual Report contains statements that are forward-looking statements within the meaning of the federal securities laws. All statements that do not concern historical facts are forward-looking statements and include, among other things, statements about our expectations, beliefs, intentions and/or strategies for the future. These forward-looking statements include statements regarding our future operations, financial condition and prospects, expectations for treatment growth rates, revenue per treatment, expense growth, levels of the provision for uncollectible accounts receivable, operating income, cash flow, operating cash flow, estimated tax rates, capital expenditures, the development of new centers and center acquisitions, revenue estimating risk and our related level of indebtedness on our financial performance, including earnings per share. These statements involve substantial known and unknown risks and uncertainties that could cause our actual results to differ materially from those described in the forward-looking statements, including, but not limited to, risks resulting from the regulatory environment in which we operate, economic and market conditions, competitive activities, other business conditions, accounting estimates, the concentration of profits generated from commercial payor plans, continued downward pressure on average realized payment rates from commercial payors and possible reductions in government payment rates, changes in the structure of and payment rates under the Medicare ESRD program which may further reduce Medicare payment rates, changes in pharmaceutical or anemia management practice patterns, payment policies or pharmaceutical pricing, our ability to maintain contracts with physician medical directors, legal compliance risks, including our continued compliance with complex government regulations and compliance with the corporate integrity agreement applicable to the dialysis centers acquired from Gambro Healthcare and assumed in connection with such acquisition, the resolution of ongoing investigations by various federal and state government agencies, and the risk factors set forth in this Annual Report. We base our forward-looking statements on information currently available to us, and we undertake no obligation to update or revise these statements, whether as a result of changes in underlying factors, new information, future events or otherwise.

The following should be read in conjunction with our consolidated financial statements.

Overview

We are a leading provider of dialysis services in the United States through a network of approximately 1,359 outpatient dialysis centers and 700 hospitals, serving approximately 107,000 patients in 43 states. In 2007, our overall network of dialysis centers increased by 59 centers primarily as a result of opening new centers and acquisitions and the overall number of patients that we serve increased by approximately 4%.

Our stated mission is to be the provider, partner and employer of choice. We believe our attention to these three areas, our patients, our business partners, and our teammates, represents the major drivers of our potential long term success, although we are subject to the impact of external factors such as government policy and physician practice patterns. Accordingly, two principal non-financial metrics we track are quality clinical outcomes and teammate turnover. We have developed our own composite index for measuring improvements in our clinical outcomes, which we refer to as the DaVita Quality Index, or DQI. Our clinical outcomes as measured by DQI have improved over each of the past three years, and we are pleased with our 2007 clinical outcomes. Although it is difficult to reliably measure clinical performance across our industry, we believe our clinical outcomes compare favorably with other dialysis providers in the United States. In addition, over the past couple of years we have achieved reductions in teammate turnover, which have been a major contributor to our clinical performance improvements. We will continue to focus on these fundamental long-term value drivers.

Approximately 97% of our revenues currently derived directly from providing dialysis and dialysis related services, such as laboratory services (collectively dialysis revenue). Eighty-two percent of our dialysis revenue is derived from outpatient hemodialysis services in 1,336 centers that we consolidate that are either wholly-owned

or majority-owned. Other dialysis services, which are operationally integrated with our dialysis operations, are peritoneal dialysis, home-based hemodialysis, and hospital inpatient hemodialysis services, which combined accounted for approximately 15% of our dialysis revenue, and the remaining 3% of our dialysis revenue was from laboratory services.

Our other operations include various ancillary services and strategic initiatives consisting primarily of infusion therapy services, oral pharmacy services, vascular access services, disease management services and special needs plans, ESRD clinical research programs, and management and administration services to noncontrolling owned and third-party owned centers and clinics, as further described in Item 1 in this Form 10-K. These ancillary services and strategic initiatives are primarily aligned with our core business of providing dialysis services to our patients. These services generated approximately 3% of our total net revenues in 2007. We currently expect to continue to invest in our ancillary services and strategic initiatives as we work to develop strategically successful new business operations. However, significant changes in market conditions, business performance or in the regulatory environment may ultimately impact or continue to impact the economic viability of these strategic initiatives. Any unfavorable changes could result in a write-off of some or all of our investments in these strategic initiatives.

The principal drivers of our dialysis revenue are: (a) the number of treatments, which is primarily a function of the number of chronic patients requiring three treatments per week, as well as the number of treatments for peritoneal dialysis services and home-based dialysis and hospital inpatient dialysis services, (b) average dialysis revenue per treatment revenue and c) laboratory patient testing. The total patient base is a relatively stable factor, influenced by a demographically growing need for dialysis services, our relationships with referring physicians together with the quality of our clinical care, and our ability to open and acquire new centers. Our year-over-year treatment volume growth was 5.7% in 2007.

Average dialysis revenue per treatment is principally driven by our mix of commercial and government (principally Medicare and Medicaid) patients, the mix and intensity of physician-prescribed pharmaceuticals, commercial and government payment rates, dialysis services charge-capture, and our billing and collecting operations performance.

On average, payment rates from commercial payors are generally significantly higher than Medicare and Medicaid payment rates, and therefore the percentage of commercial patients to total patients represents a major driver of our total average revenue per treatment.

The following table summarizes our dialysis revenue and patient percentages by payor type for the year ended December 31, 2007:

	Revenues	Patient Percentages
Medicare and Medicare-assigned HMO plans	58%	80%
Medicaid	4%	5%
Other government-based programs	2%	2%
Total government-based programs	64%	87%
Commercial	36%	13%
Total dialysis revenue	100%	100%

Government payment rates are principally determined by federal (Medicare) and state (Medicaid) policy. These payment rates have limited potential for rate increases and are sometimes at risk of being reduced. Cumulative net increases in Medicare payment rates from 1990 through 2007 totaled approximately 10%. There were no Medicare payment rate increases for 2003 and 2004. CMS implemented increases of 1.6% on April 1, 2007, January 1, 2006 and January 1, 2005, however the 2005 increase was more than offset by other structural

changes to Medicare dialysis payment rates that also became effective January 1, 2005. Medicaid rates in some states have been under severe budget pressures. Commercial rates can vary significantly and a major portion of our commercial rates are at contracted amounts with major payors and are subject to intense negotiation pressure. Over the past several years we were successful in maintaining relatively stable average payment rates in the aggregate for patients with commercial plans, in addition to obtaining periodic fee schedule increases. However, we are continuously in the process of negotiating agreements with our commercial payors and certain payors have become increasingly aggressive in their negotiations. In the fourth quarter of 2007, our overall commercial rate reductions were in excess of our overall commercial rate increases. We continue to expect downward pressure from payors on our contracted commercial payment rates as a result of general market conditions, recent and future consolidations among commercial payors, increased focus on dialysis services and other factors. In addition, payors have been attempting to impose restrictions and limitations on non-contracted or out-of-network providers, which could further decrease our commercial rate revenues.

Slightly more than 30% of our dialysis revenue for the year ended December 31, 2007, has been associated with physician-prescribed pharmaceuticals, with EPO accounting for slightly more than 20% of our dialysis revenue. Therefore, changes in physician practice patterns, pharmaceutical protocols, pharmaceutical intensities and changes in private and governmental payment rates for EPO significantly influence our revenue levels. For example, in July 2007, CMS implemented a new reimbursement methodology for EPO which decreased our dialysis revenue per treatment and effective January 2008, changes to the EPO monitoring policy went into effect which further limit reimbursement and which have impacted the prescribing habits of our physicians. Such changes, as well as the reduction in some of our contracted commercial payment rates negatively impacted our average dialysis revenue per treatment in 2007.

Our operating performance with respect to dialysis services charge-capture and billing and collection can also be a significant factor in how much average dialysis revenue per treatment we actually realize. Over the past several years we have invested heavily in new systems and processes that we believe have helped improve our operating performance and reduced our regulatory compliance risks and we expect to continue to improve these systems. In 2007, we began integrating our billing systems into one system. Systems upgrades will continue in 2008 and could impact our collection performance as well as our dialysis revenue per treatment.

Our revenue recognition involves significant estimation risks. Our estimates are developed based on the best information available to us and our best judgment as to the reasonably assured collectibility of our billings as of the reporting date. Changes in estimates are reflected in the then-current period financial statements based upon on-going actual experience trends, or subsequent settlements and realizations depending on the nature and predictability of the estimates and contingencies.

Our annual average dialysis revenue per treatment including lab services for continuing operations was approximately $334, $330 and $323 for 2007, 2006, and 2005, respectively. The increase in our average dialysis revenue per treatment in 2007 was primarily due to an increase in our standard fee schedules (principally impacting non-contracted commercial revenue) and an increase in the Medicare composite rate, partially offset by a decrease in the government reimbursement for pharmaceuticals associated with the new CMS reimbursement rates for EPO, and a decrease in intensities of physician-prescribed pharmaceuticals. In 2006, average dialysis revenue per treatment was impacted by increases in our standard fee schedules (principally impacting non-contracted commercial revenue) and changes in our commercial and government payor mix, as well as changes in the intensity of physician-prescribed pharmaceuticals. Our ability to negotiate acceptable payment rates with contracted and non-contracted commercial payors, changes in the mix and intensities of physician-prescribed pharmaceuticals, government payment policies regarding reimbursement amounts for dialysis treatments and pharmaceuticals, and changes in the mix of government and non-government payments may materially impact our average dialysis revenue per treatment in the future.

The principal drivers for our patient care costs are clinical hours per treatment, labor rates, vendor pricing of pharmaceuticals, and business infrastructure and compliance costs. However, other cost categories can also represent significant cost changes, such as employee benefit costs and insurance costs. Our average clinical hours

per treatment have remained stable over the past couple of years primarily because of improved efficiencies driven by reduced teammate turnover and improved training and processes. We believe there is limited opportunity for productivity improvements beyond the levels previously achieved, and changes in federal and state policies can adversely impact our ability to achieve optimal productivity levels. In 2007, our clinical hours per treatment remained stable compared to 2006, however, we did experience an increase in our labor rates per treatment of approximately 3%, as labor rates have increased consistent with general industry trends, mainly due to the demand for skilled clinical personnel, along with general inflation increases. For the past several years we have been able to negotiate relatively stable pharmaceutical pricing with our vendors. In addition, our agreement with Amgen for the purchase of EPO provides for specific rebates off of list price and discount pricing based on process improvement and data submission and some combination of these factors, which could negatively impact our earnings if we are unable to qualify for these rebates and discounts. In 2007, we experienced an increase in our infrastructure and operating costs of our dialysis centers, primarily due to general increases in rent and repairs and maintenance.

General and administrative expenses have remained relatively constant as a percent of total revenues over the past three years. However, this reflects a substantial increase in the dollar amount of spending related to strengthening our business and regulatory compliance processes as well as legal and other professional fees. We expect that the level of general and administrative expenses will be sustained or possibly increased in 2008, in order to continue to support our long-term initiatives, including further investments in our ancillary services and strategic initiatives, and to support our efforts to achieve the highest levels of regulatory compliance.

Outlook for 2008. Our operating income guidance for 2008, excluding the impact of any potential Medicare legislation, is still projected to be in the range of $790-$850 million; however, we continue to believe that operating income is more likely to be in the lower end of the range for 2008. We are entering into a period of unusual earnings uncertainty. Therefore, the guidance range for 2008 does not capture as high a percentage of the potential outcomes as usual. These projections and the underlying assumptions involve significant risks and uncertainties, and actual results may vary significantly from these current projections. These risks and uncertainties include those relating to the concentration of profits generated from commercial payor plans, continued downward pressure on average realized payment rates from commercial payors and possible reductions in government payment rates, changes in the structure of and payment rates under Medicare ESRD program which may further reduce Medicare payment rates, changes in pharmaceutical or anemia management practice patterns, payment policies or pharmaceutical pricing, our ability to maintain contracts with physician medical directors, legal compliance risks, including our continued compliance with complex government regulations and compliance with the corporate integrity agreement applicable to the dialysis centers acquired from Gambro Healthcare and assumed in connection with such acquisition, and the resolution of ongoing investigations by various federal and state government agencies. You should read "Risk Factors" in this Annual Report and the cautionary language contained in the forward looking statements and associated risks as discussed on page three for more information about these and other potential risks. We undertake no obligation to update or revise these projections, whether as a result of changes in underlying factors, new information, future events or otherwise.

Results of operations

Following is a summary of operating results for reference in the discussion that follows.

Continuing Operations	Year ended December 31, 2007		2006		2005	
	(dollar amounts rounded to nearest million, except per treatment data)					
Net operating revenues:						
Current period services	$ 5,264	100%	$ 4,881	100%	$ 2,970	100%
Prior years' services—laboratory	—		—		4	
	5,264		4,881		2,974	
Operating expenses and charges:						
Patient care costs	3,590	68%	3,390	70%	2,036	69%
General and administrative	491	9%	454	9%	272	9%
Depreciation and amortization	193	4%	173	4%	117	4%
Provision for uncollectible accounts	137	3%	126	2%	62	2%
Minority interests and equity income, net	45	1%	36	1%	22	1%
Valuation gain on alliance and product supply agreement	(55)	(1)%	(38)	(1)%	—	
Total operating expenses and charges	4,402	84%	4,141	85%	2,509	85%
Operating income	$ 862	16%	$ 739	15%	$ 465	16%
Dialysis treatments	15,318,995		14,495,796		9,044,966	
Average dialysis treatments per treatment day	48,942		46,372		28,898	
Average dialysis revenue per treatment	$ 324		$ 320		$ 313	
Average dialysis revenue per treatment (including the lab)	$ 334		$ 330		$ 323	

The operating results of DVA Renal Healthcare are included in our operating results from October 1, 2005. Our operating income margins, increased to 16.4% in 2007 from 15.2% in 2006, primarily due to increases in revenue, an increase in the valuation gain on the alliance and product supply agreement, along with lower benefit costs, lower self-insurance costs, as well as a reduction in integration expenditures.

Net operating revenues

Net operating revenues for current period services increased by approximately 8% in 2007, as compared to 2006 and increased by approximately 64% in 2006, as compared to 2005. The increase in net operating revenues in 2007 was primarily due to an increase of approximately 5% in the number of dialysis treatments, and an increase of approximately 3% in the average dialysis revenue per treatment, additional lab revenue and an increase in revenue from our ancillary services and strategic initiatives. The increase in the number of dialysis treatments in 2007 was primarily due to non-acquired growth from existing and new centers and from acquisitions. Our average dialysis revenue per treatment of approximately $334 increased by approximately $4 in 2007 as compared to 2006.

The increase in net operating revenues in 2006 was primarily due to the number of dialysis treatments, which accounted for approximately 57% of the increase in revenues, primarily due to the acquisition of DVA Renal Healthcare effective on October 1, 2005 and the balance from acquisitions and growth in existing and new centers. The remaining 7% increase in total net operating revenues in 2006 was due to increases in the average dialysis revenue per treatment and additional management fees and revenues from ancillary services and strategic initiatives.

Dialysis revenue, which includes dialysis services and related laboratory services, represented approximately 97%, 98% and 98% of net operating revenues in 2007, 2006, and 2005, respectively. Ancillary services and strategic initiatives, including management fee income, accounted for the balance of our total revenues.

Dialysis Services

Dialysis revenue.

The following table summarizes our dialysis revenue by source for the year ended December 31, 2007.

	Revenue Percentages
Outpatient hemodialysis centers	82%
Peritoneal dialysis and home-based hemodialysis	9%
Hospital inpatient hemodialysis	6%
Laboratory services	3%
Total dialysis revenue	100%

Major components of dialysis revenue include both the administration of EPO and other pharmaceuticals as part of the dialysis treatment, which represents slightly more than 30% of total dialysis revenue.

Approximately 64% of our total dialysis revenue for the year ended December 31, 2007 is from government-based programs, principally Medicare, Medicaid, and Medicare Advantage Plans, representing approximately 87% of our total patients. Our commercial payors consist principally of commercial insurance plans, including more than 1,100 with whom we have contracted rates. Approximately 36% of our dialysis revenue is associated with commercial payors. Approximately 1% of our dialysis services and related dialysis services payments are received directly from patients. No single commercial payor accounted for more than 5% of total dialysis revenue for the year ended December 31, 2007.

On average we are generally paid significantly more for services provided to patients covered by commercial healthcare plans than we are for patients covered by Medicare or Medicaid. Patients covered by employer group health plans transition to Medicare coverage after a maximum of 33 months. As of December 31, 2007, the Medicare ESRD dialysis treatment rates for our patients were between $149 and $165 per treatment, or an overall average of $157 per treatment, excluding the administration of separately billed pharmaceuticals. Medicare payment rates are insufficient to cover our patient care costs associated with providing dialysis treatments, and therefore we lose money on each Medicare treatment.

Our net earnings from dialysis services are derived from commercial payors, some of which pay at negotiated payment rates and others of which pay based on our usual and customary fee schedule. Our contracted commercial payment rates are under downward pressure as we negotiate contract rates with large HMOs and insurance carriers and we expect this trend to continue into 2008. In the fourth quarter of 2007, our overall commercial rate reductions were in excess of our overall commercial rate increases,. Additionally, as a patient transitions from commercial coverage to Medicare or Medicaid coverage, the payment rates normally decline substantially.

Our year-over-year treatment volume growth was as follows:

	2007	2006
Treatment growth related to:		
Existing and newly opened centers	4.6%	4.8%
Other center acquisitions	1.1%	4.0%
DVA Renal Healthcare acquisition effective 10/1/05	— %	51.5%
Total treatment growth	5.7%	60.3%

The annual average dialysis revenue per treatment, including lab services, for continuing operations was approximately $334, $330 and $323 for 2007, 2006, and 2005, respectively. The increase in our average dialysis revenue per treatment in 2007 was primarily due to an increase in our standard fee schedules (principally impacting non-contracted commercial revenue) and an increase in the Medicare composite rate, partially offset by a decrease in the government reimbursement for pharmaceuticals associated with the new CMS reimbursement rates for EPO, and a decrease in intensities of physician-prescribed pharmaceuticals. In 2006, the average revenue per treatment was impacted by increases in our standard fee schedules (principally impacting non-contracted commercial revenue), and changes in our commercial and government payor mix, as well as changes in the intensity of physician-prescribed pharmaceuticals. Our ability to negotiate acceptable payment rates with contracted and non-contracted commercial payors, changes in the mix and intensities of physician-prescribed pharmaceuticals, government payment policies regarding reimbursement amounts for dialysis treatments and pharmaceuticals, and changes in the mix of government and non-government payments may materially impact our average revenue per treatment in the future.

Lab revenues. Lab revenues represented approximately 3% of our total net operating revenues for 2007 and 2006.

A third-party carrier review of Medicare claims associated with our Florida-based laboratory was initiated in 1998. No Medicare payments were received for our lab services from the second quarter of 1998 until the third quarter of 2002 while we were appealing the Medicare payment withholds. Following a favorable administrative law judge ruling in 2002, we began receiving prior year Medicare payments in the third quarter of 2002, and received a total of approximately $91 million prior to 2005, and $4 million in 2005. There are no further significant unresolved Medicare lab billing issues.

Ancillary services and strategic initiatives

Ancillary services and strategic initiatives, including management fees, represented approximately 3% of our total net operating revenues in 2007 and approximately 2% in 2006. The increase in ancillary services and strategic initiative revenues were the result of the acquisition of HomeChoice Partners, an infusion therapy company, as well as growth in our pharmacy, vascular access and disease management businesses.

Management fee income. Management fee income is included as part of our revenue from ancillary services and strategic initiatives, and represented less than 1% of net operating revenues for 2007 and 2006. We operated or provided administrative services to 23 and 38 third-party or non-controlled dialysis centers as of December 31, 2007 and 2006, respectively. We also provided management and administrative services to 48 and 30 physician-owned vascular access clinics at December 31, 2007 and 2006, respectively. Our management fees are principally based on a percentage of the revenue or cash collections of the managed operations, or upon a percentage of operating income. In November 2007, one of our management and administrative services agreements was terminated, pursuant to which we provided management and administrative services to 20 dialysis centers.

Operating expenses and charges

Patient care costs. Patient care costs are those costs directly associated with operating and supporting our dialysis centers and ancillary operations, and consist principally of labor, pharmaceuticals, medical supplies and facility costs. As a percentage of current period operating revenues, patient care costs were approximately 68.2% for 2007, 69.5% for 2006 and 68.5% for 2005. On a per-treatment basis, patient care costs were flat in 2007 as compared to 2006 and increased by approximately $9 in 2006. The 2007 patient care costs were impacted by an increase in labor costs, higher operating costs of our dialysis centers, as well as an increase in our stock-based compensation expense, offset by a decrease in employee benefit costs and workers compensation, lower intensities of physician-prescribed pharmaceuticals and a reduction in our professional and general liability insurance costs. The increase in 2006 was principally due to higher labor and benefit costs, increases in expenses

related to our strategic initiatives and an increase in the intensities of physician-prescribed pharmaceuticals. The higher labor costs in 2007 and 2006 reflect rising labor rates mainly due to the demand for skilled clinical personnel and the effect of the increase in the number of newly opened centers, which are not yet at normal productivity levels.

General and administrative expenses. General and administrative expenses consist of those costs not specifically attributable to the dialysis centers, or the direct costs associated with our ancillary services and strategic initiatives, and include expenses for corporate and divisional administration, including centralized accounting, billing and cash collection functions, and regulatory compliance oversight. General and administrative expenses as a percentage of current period operating revenues were 9.3%, 9.3%, and 9.2% in 2007, 2006, and 2005, respectively. The absolute dollar increase in general and administrative expense for 2007 was primarily due to higher labor costs, professional fees for legal and compliance initiatives and government investigations, stock-based compensation expense under SFAS No. 123(R), and the timing of certain expenditures, partially offset by lower integration costs related to the DVA Renal Healthcare acquisition. The absolute dollar increase in general and administrative expense for 2006 was primarily due to higher labor and benefit costs, professional fees for legal and compliance initiatives and government investigations, integration costs associated with the DVA Renal Healthcare acquisition and stock-based compensation expense under SFAS No. 123(R).

Depreciation and amortization. Depreciation and amortization was approximately 4% of current period operating revenues for each of the past three years. The absolute dollar increase in depreciation and amortization in 2007 was primarily due to additional centers from acquisitions and newly opened centers. The absolute dollar increase in 2006 was also due to additional centers from acquisitions and newly opened centers, as well as amortization of intangible assets associated with the DVA Renal Healthcare acquisition, offset by the amortization of the Alliance and Product Supply Agreement as described below.

Provision for uncollectible accounts. The provision for uncollectible accounts receivable was 2.6% for 2007 and 2006 and is expected to remain stable in 2008. The provision for uncollectible accounts receivable was approximately 2.1% of current period operating revenues for the full year 2005.

Minority interests and equity income, net. Minority interests net of equity income increased by approximately $10 million in 2007, and increased by approximately $14 million in 2006. The increases for both years were primarily due to an increase in new dialysis centers having minority partners, growth in the earnings of our joint ventures and an increase in non-wholly-owned subsidiaries.

Product Supply Agreement. We entered into an Alliance and Product Supply Agreement (Product Supply Agreement) with Gambro AB and Gambro Renal Products, Inc. on October 5, 2005, in conjunction with our acquisition of DVA Renal Healthcare. The agreement committed us to purchase a significant majority of our hemodialysis products, supplies and equipment at fixed prices through 2015. The agreement was amended on August 25, 2006 (the Amended Product Supply Agreement) to reduce our purchase obligations for certain hemodialysis product supplies and equipment and to allow for the termination of purchase obligations for certain equipment then affected by an import ban issued by the U.S. Food and Drug Administration (FDA) if the import ban was not lifted by June 30, 2007.

As a result of the reductions in the amount of purchase obligations required under the Amended Product Supply Agreement, we recorded a net valuation gain of $38 million during 2006. This valuation gain represents the difference in the amortized original fair value between the Product Supply Agreement and that of the Amended Product Supply Agreement, as of the effective date of the amendment.

On July 2, 2007, we notified Gambro Renal Products, Inc. that we were electing to be permanently relieved of our obligation under the Amended Product Supply Agreement to purchase dialysis machines (the Affected Products) because the Affected Products remained subject to the FDA import ban after June 30, 2007. All other

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purchase obligations under the Amended Product Supply Agreement, which continues to require us to purchase a significant majority of our hemodialysis non-equipment product supplies, such as dialyzers, at fixed prices, remain in place.

As a result of the termination of our purchase obligations for the Affected Products, we recorded a net valuation gain of $55 million in 2007. This valuation gain represents the difference in the amortized original fair value of the Amended Product Supply Agreement and that of the Amended Product Supply Agreement as adjusted for the termination of the Affected Products as of June 30, 2007.

Impairments and valuation adjustments. We perform impairment or valuation reviews for our property and equipment, amortizable intangibles, investments in and advances to third-party dialysis businesses, and our ancillary services and strategic initiatives at least annually and whenever a change in condition indicates that a review is warranted. Such changes include shifts in our business strategy or plans, the quality or structure of our relationships with our partners, or when a center experiences deteriorating operating performance. Goodwill is also assessed at least annually for possible valuation impairment using fair value methodologies. No significant impairments or valuation adjustments were recognized during the periods presented.

Debt expense

Debt expense for 2007, 2006, and 2005 consisted of interest expense of approximately $243 million, $263 million, and $134 million, respectively, amortization of deferred financing costs of approximately $10 million in 2007, $10 million in 2006, and $5 million in 2005, and in 2007 and 2006, included the write-off of approximately $4 million and $3 million of deferred financing costs associated with the principal prepayments on our term loans. The decrease in interest expense in 2007 as compared to 2006 was primarily attributable to lower average outstanding principal balances during 2007 under our Senior Secured Credit Facilities, as a result of principal prepayments, and decreases in the LIBOR-based variable interest rates on the unhedged portion of our debt. Our overall weighted average interest rate in 2007 was 6.49% as compared to 6.64% in 2006. The increase in interest expense in 2006 as compared to 2005 was primarily attributable to additional borrowings outstanding during 2006 under our Senior Secured Credit Facilities, the increase in the average outstanding balances of our senior and senior subordinated notes, which were issued in March 2005, and increases in the LIBOR-based variable interest rates on the unhedged portion of our debt.

Other income

Other income, net was approximately $22 million, $13 million, and $9 million for 2007, 2006, and 2005, respectively, consisted principally of interest income. The increase in other income in 2007 and 2006 was primarily due to an increase in our cash and investments. The increase in 2007 was also due to gains on sale of investments.

Provision for income taxes

The provision for income taxes for 2007 represented an effective annualized tax rate of 39.2%, compared with 39.2% and 37.4% in 2006 and 2005, respectively. The changes in the effective tax rates in 2006 were primarily due to state income taxes and tax valuation allowance adjustments. We currently project that the effective income tax rate for 2008 will be in the range of 39.0% to 40.0%.

Accounts receivable

Our accounts receivable balances at December 31, 2007 and 2006 represented approximately 66 and 70 days of revenue, respectively, net of bad debt provision. The relative decrease in the days of net revenue in accounts receivable as of December 31, 2007 was a result of improved cash collections.

As of December 31, 2007 approximately $23 million in unreserved accounts receivable, representing approximately 2% of our total accounts receivable balance, were more than six months old. There were no significant unreserved balances over one year old. Approximately 1% of our treatments are classified as "patient pay". Virtually all revenue realized is from government and commercial payors, as discussed above.

Amounts pending approval from third-party payors as of December 31, 2007 and 2006, other than the standard monthly processing, consisted of approximately $31 million and $16 million, respectively, associated with Medicare bad debt claims, classified as "other receivables". Currently, our Medicare bad debt claims are typically paid to us before the Medicare fiscal intermediary audits the claims. However, the payment received from Medicare is subject to adjustment based upon the actual results of the audits. Such audits typically occur one to four years after the claims are filed. As a kidney dialysis provider, our revenue is not subject to cost report settlements except for potentially limiting the collectibility of Medicare bad debt claims.

DVA Renal Healthcare acquisition

On October 5, 2005, we completed our acquisition of DVA Renal Healthcare, Inc. from Gambro, Inc. under a stock purchase agreement dated December 6, 2004, for $3.06 billion. DVA Renal Healthcare was one of the largest dialysis service providers in the United States, operating 566 outpatient dialysis centers serving approximately 43,000 patients and generating annual revenues of approximately $2 billion. The operating results of DVA Renal Healthcare are included in our consolidated financial statements from October 1, 2005.

Divestitures per Federal Trade Commission Consent Order. As a condition of completing the DVA Renal Healthcare acquisition, we were required by the Federal Trade Commission to divest a total of 69 outpatient dialysis centers and to terminate two management services agreements. On October 6, 2005, DaVita and DVA Renal Healthcare completed the sale of 71 outpatient renal dialysis centers, and terminated the two management services agreements. In addition, effective January 1, 2006, we completed the sale of three additional centers to Renal Advantage, Inc. that were previously pending state regulatory approval in Illinois. We received total cash consideration of approximately $330 million for all of the centers divested and used approximately $13 million to purchase the minority interest ownership of a joint venture, to distribute a minority owner's share of the sale proceeds, and to pay related transaction costs. We also paid related income taxes of approximately $85 million on these divestitures during the first quarter of 2006. As part of this transaction, Renal Advantage assumed specific liabilities related to the centers and all other liabilities were retained by us. See Note 19 to the Consolidated Financial Statements.

The operating results of the historical DaVita divested centers are accounted for as discontinued operations in our consolidated financial statements for 2005.

Liquidity and capital resources

Available liquidity. As of December 31, 2007 our cash balance was $447 million and we had undrawn Senior Secured Credit Facilities totaling $250 million, of which approximately $41 million was committed for outstanding letters of credit. We also had other undrawn revolving lines of credit totaling $7.2 million associated with several of our joint ventures. We believe that we will have sufficient liquidity, operating cash flows and access to borrowings to fund our scheduled debt service and other obligations for the foreseeable future. Our primary sources of liquidity are cash from operations and cash from borrowings.

Cash flow from operations during 2007 amounted to $533 million, compared with $520 million for 2006. Cash flow from operations in 2007 included cash interest payments of approximately $245 million and cash tax payments of $206 million. Cash flow from operations in 2006 included an income tax payment of approximately $85 million associated with the divestiture of certain centers in conjunction with the DVA Renal Healthcare acquisition, and cash interest payments of $272 million and other cash tax payments of $125 million. Non-operating cash outflows in 2007 included $272 million for capital asset expenditures, including $162 million for new center developments and relocations, and an additional $127 million for acquisitions.

During 2007 we also received $37 million from the maturity and sale of investments as well as an additional $88 million associated with stock option exercises and other share issuances and the related excess tax benefits. We also repurchased 0.1 million shares of our common stock for approximately $6.4 million. Non-operating cash outflows in 2006 included $263 million for capital asset expenditures, including $143 million for new center developments and relocations, and an additional $87 million for acquisitions. In 2006, we received approximately $22 million for the sale of discontinued operations and asset sales. During 2007, we acquired a total of 16 dialysis centers, opened 64 new dialysis centers, sold or closed 6 centers, and discontinued providing management and administrative services to 21 centers. We also acquired a 50% noncontrolling ownership interest in a joint venture that operates six dialysis centers. During 2006 we acquired a total of 26 dialysis centers, including two centers that we previously held a minority owned interest, opened 55 new dialysis centers and divested, sold or closed 14 centers.

We currently expect to spend approximately $120 million for general maintenance capital asset expenditures in 2008, and approximately $200 million for new center development, relocations and center acquisitions. Our current projections include opening approximately the same number of centers in 2008 that we opened in 2007. We expect to generate approximately $480 million to $530 million of operating cash flow in 2008.

2007 capital structure changes and other capital items.

Our Senior Secured Credit Facilities are guaranteed by substantially all of our direct and indirect wholly-owned subsidiaries and are secured by substantially all of our and our subsidiary guarantors' assets. The Senior Secured Credit Facilities also contain customary affirmative and negative covenants and require compliance with financial covenants, including an interest rate coverage ratio and a leverage ratio that determines the interest rate margins on term loan A and the revolving line of credit. The Senior Secured Credit Facilities in general also contain limits on the general amount of capital expenditures for internal growth, acquisitions and capital improvements, see discussion below, as well as limits on the amount of tangible net assets for non-guarantor subsidiaries.

During 2007, we made principal payments totaling $50 million on term loan A and $400 million on term loan B. The term loan B payment was made from the proceeds of issuing new senior notes as discussed below. These principal payments were prepayments. As a result of the principal prepayment made in 2007 we wrote off a total of $4.4 million of deferred financing costs, which is included in debt expense.

Term Loan A

On February 27, 2007, our interest rate margin on term loan A was reduced by 0.25% as a result of achieving certain financial ratios as defined in the Senior Secured Credit Facilities. Term loan A currently bears interest at LIBOR plus a margin of 1.50%, for an overall effective rate of 6.35% at December 31, 2007. The interest rate margin is subject to adjustment depending upon certain financial conditions and could range from 1.50% to 2.25%. Term loan A matures in October 2011 and requires annual principal payments of $14.9 million in 2008, $61.3 million in 2009, $87.5 million in 2010 and $65.6 million in 2011, respectively.

Term Loan B

On February 23, 2007, we amended and restated our existing Senior Secured Credit Facilities to, among other things, reduce the interest rate margin on term loan B by 0.50%, and to amend certain financial covenants. The amended term loan B bears interest at LIBOR plus a margin of 1.50%, for an overall effective rate of 5.80%, including the impact of our swap agreements, except for the forward interest rate swap agreements, as of December 31, 2007. Other terms that were changed included the amount by which we can elect to increase the revolving and term loan commitments from $500 million to $750 million and certain limitations on purchases, redemptions or acquisitions of capital stock, the payment of dividends and distributions in cash. Further,

limitations on capital expenditures for internal growth will not apply during the periods in which our leverage ratio is less than 3.5:1. Our leverage ratio as of December 31, 2007 was less than 3.5:1. We incurred financing costs of $1.8 million which were deferred and also expensed $0.2 million of other costs in connection with this transaction. Term loan B matures in October 2012 and requires principal payments of $1.7 billion in year 2012.

Senior and Senior Subordinated Notes

On February 23, 2007, we issued $400 million of 6⅝% senior notes due 2013 in a private offering, realizing $405 million in proceeds, which included a $5 million premium, and incurred $2.7 million in related deferred financing costs. These senior notes are part of the same series of debt securities as the $500 million aggregate principal amount of 6⅝% senior notes that were issued in March 2005. The effective interest rate for the $400 million of 6⅝% senior notes is 6.45%. The senior notes are guaranteed by substantially all of our direct and indirect wholly-owned subsidiaries and require semi-annual interest payments which began March 15, 2007. The senior notes may be redeemed by us in whole or part at any time on or after March 15, 2009, at certain specified prices. We used $400 million of these proceeds to pay down our term loan B as discussed above.

Our senior and senior subordinated notes, as of December 31, 2007, consisted of $900 million of 6⅝% senior notes due 2013 and $850 million of 7¼% senior subordinated notes due 2015. The notes are guaranteed by substantially all of our direct and indirect wholly-owned subsidiaries and require semi-annual interest payments in March and September. We may redeem some or all of the senior notes at any time as described above and some or all of the senior subordinated notes at any time on or after March 15, 2010.

Interest rate swaps

As of December 31, 2007, we maintained a total of nine interest rate swap agreements with amortizing notional amounts totaling $968 million. These agreements had the economic effect of modifying the LIBOR-based variable interest rate on an equivalent amount of our debt to fixed rates ranging from 3.08% to 4.27%, resulting in an overall weighted average effective interest rate of 5.37% on the hedged portion of our Senior Secured Credit Facilities, including the term loan B margin of 1.50%. The swap agreements expire in 2008 through 2010 and require quarterly interest payments. In addition, we maintain two forward interest rate swap agreements with notional amounts totaling $200 million. These forward interest rate swaps will have the economic effect of modifying the LIBOR-based interest rates to fixed rates of 4.05% and 4.70% on our term loan B outstanding debt. These forward interest rate swaps agreements take effect September 30, 2008, require quarterly interest payments beginning in December 2008, and expire in 2010. During 2007, 2006, and 2005 we accrued net cash benefits (obligations) of approximately $14.5 million, $15.8 million, and $(0.3) million, respectively from these swaps, which are included in debt expense. During 2005, we also incurred additional net cash obligations of $1.5 million from these swaps, which is included in swap valuation gains. We estimate that approximately $0.5 million of existing unrealized pre-tax losses in other comprehensive income at December 31, 2007 will be reclassified into income in 2008. As of December 31, 2007 and 2006, the total fair value of these swaps was a net liability of $0.5 million, and an asset of $29.5 million, respectively. The 2007 amount was primarily included in other long-term liabilities and the 2006 amount was primarily included in other long-term assets. Also during 2007 and 2006, we recorded $16.0 million and $1.8 million, respectively, net of tax, as reductions to other comprehensive income for valuation losses, net of amounts reclassified into income.

As of December 31, 2007, we had approximately 50% of our variable rate debt and approximately 74% of our total debt economically fixed.

As a result of the swap agreements, our overall effective weighted average interest rate on the Senior Secured Credit Facilities was 5.90%, based upon the current margins in effect of 1.50%, as of December 31, 2007.

At December 31, 2007, our overall average effective interest rate was 6.37%.

NxStage Agreement

On February 7, 2007, we entered into a National Provider Agreement with NxStage, Inc. The agreement provides us the ability to purchase NxStage home-based hemodialysis products at a potential discount depending upon the achievement of certain volume targets. The agreement has an initial term of three years, terminating on December 31, 2009, and may be extended in six-month increments up to two additional years if certain volume targets are met. As a part of the agreement, we purchased outright all of our NxStage System One equipment then in use for $5.1 million, and will purchase a majority of our future home-based hemodialysis equipment and supplies from NxStage. In connection with the provider agreement, we purchased two million shares of NxStage common stock in a private placement offering for $20 million, representing an ownership position of approximately 7%. We subsequently sold our NxStage Inc. shares, in the second and third quarters of 2007 for approximately $25.9 million and recognized a pre-tax gain of $5.9 million or $3.6 million after tax. This pre-tax gain is included in other income.

Stock-based compensation and other equity matters

Effective January 1, 2006, we implemented Statement of Financial Accounting Standards (SFAS) No. 123(R) *Share-Based Payment*, which requires the measurement and recognition of cost for all stock-based awards made to employees and directors, including stock options, stock appreciation rights, stock units, and discounted employee stock purchases. Under SFAS No. 123(R) our stock-based compensation awards are measured at estimated fair value on the date of grant and recognized as compensation expense over their requisite service periods. SFAS No. 123(R) supersedes our previous accounting under Accounting Principles Board Opinion (APB) No. 25 *Accounting for Stock Issued to Employees*, under which we did not recognize compensation expense for most of our stock options. In March 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 relating to the application of SFAS No. 123(R), and we have applied the provisions of SAB No. 107 in our adoption of SFAS No. 123(R).

We implemented SFAS No. 123(R) using the modified prospective transition method. In accordance with this method, our consolidated financial statements for periods prior to fiscal year 2006 have not been restated to reflect this change. SFAS No. 123(R) also requires that tax benefits realized from stock award exercise gains in excess of stock-based compensation expense recognized for financial statement purposes be reported on a prospective basis as cash flows from financing activities rather than as operating cash flows. We also elected to use the method available under Financial Accounting Standards Board, or FASB, Staff Position FSP No. 123(R)-3 *Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards*, which provides an alternative method for calculating historical excess tax benefits from the method described in SFAS No. 123(R) for stock-based compensation awards.

Under SFAS No. 123(R), stock-based compensation recognized during a period is based on the estimated grant-date fair value of the portion of the stock-based award vesting during that period, adjusted for expected forfeitures. Stock-based compensation recognized in our consolidated financial statements for 2007 and 2006 includes compensation cost for stock-based awards granted prior to, but not fully vested as of, December 31, 2005 and subsequent stock-based awards granted through December 31, 2006 and 2007. Prior to 2006, we recognized the effect of stock unit forfeitures as they occurred, and the effect of transitioning to recognition of expense based on expected forfeitures was insignificant. Shares issued upon exercise of stock awards are generally issued from shares in treasury. We have utilized the Black-Scholes-Merton valuation model for estimating the fair value of stock options and stock-settled stock appreciation rights granted in 2007, 2006 and all prior periods.

For the years ended December 31, 2007 and 2006, we recognized $34.1 million and $26.4 million, respectively, in stock-based compensation expense for stock options, stock-settled stock appreciation rights, stock units and discounted employee stock plan purchases, which is primarily included in general and administrative expenses in continuing operations. The estimated tax benefits recorded for this stock-based

compensation in 2007 and 2006 were $12.8 million and $9.7 million, respectively. As of December 31, 2007, there was $78.6 million of total estimated unrecognized compensation cost related to nonvested stock-based compensation arrangements under our equity compensation and stock purchase plans. We expect to recognize this cost over a weighted average remaining period of 1.6 years.

During the years ended December 31, 2007 and 2006, we received $54.7 million and $37.9 million, respectively, in cash proceeds from stock option exercises and $32.8 million and $40.4 million, respectively, in total actual tax benefits upon the exercise of stock awards.

On May 29, 2007, our stockholders approved an amendment to our Amended and Restated Certificate of Incorporation, to increase the number of shares of authorized common stock from 195,000,000 to 450,000,000 shares. Our stockholders also approved an amendment and restatement of our Employee Stock Purchase Plan to increase the number of shares of common stock available for issuance under that plan by 800,001 shares, and approved an amendment and restatement of our 2002 Equity Compensation Plan to increase the number of shares of common stock available for issuance under that plan by 6,000,000 shares and, among other things, to remove certain available share recycling features, to change the limit on the maximum number of shares of common stock that may be subject to awards granted to any single recipient in any consecutive twenty-four month period so that it applies only to awards of stock options and stock appreciation rights, and to provide additional exceptions from the three year minimum vesting period generally applicable to grants of restricted stock units and other full share awards.

2006 capital structure changes. During 2006, we made principal payments totaling $62 million on our term loan A and $338 million on term loan B which included mandatory principal payments of $35 million and $24.5 million respectively. All of the mandatory principal payments were paid in advance of the scheduled payment dates in 2006. As a result of the principal prepayment made in 2006, we wrote-off approximately $3.3 million of deferred financing costs, which is included in debt expense.

On March 1, 2006, our interest rate margins on our term loan A and term loan B were reduced by 0.25% as a result of achieving certain financial ratios as defined in the Senior Secured Credit Facilities. At December 31, 2006, the term loan A interest rate was based on LIBOR plus 1.75% and the term loan B interest rate was based on LIBOR plus 2.00%. The margins were subject to adjustment depending upon changes in our financial ratios and could have ranged from 1.50% to 2.25% for the revolving line of credit and term loan A, and 2.00% to 2.25% for term loan B.

As of December 31, 2006, our senior and senior subordinated notes consisted of $500 million of 6 $^{5}/_{8}$% senior notes due 2013 and $850 million of 7 $^{1}/_{4}$% senior subordinated notes due 2015. The notes are guaranteed by substantially all of our direct and indirect wholly-owned subsidiaries and require semi-annual interest payments. We may redeem some or all of the senior notes at any time on or after March 15, 2009 and some or all of the senior subordinated notes at any time on or after March 15, 2010.

As of December 31, 2006, we maintained a total of nine interest rate swap agreements, with amortizing notional amounts totaling $1,341 million. These agreements had the economic effect of modifying the LIBOR-based variable interest rate on an equivalent amount of our debt to fixed rates ranging from 3.08% to 4.27%, resulting in a weighted average effective interest rate of 5.88%, on the hedged portion of our Senior Secured Credit Facilities, including the term loan B margin of 2.00%. The swap agreements require quarterly interest payments, bear amortizing notional amounts, and expire in 2008 through 2010.

As of December 31, 2006, the interest rates were economically fixed on approximately 56% of our variable rate debt and approximately 72% of our total debt.

As a result of the swap agreements at December 31, 2006, our overall effective weighted average interest rate on our Senior Secured Credit Facilities was 6.61%, based upon the current margins in effect ranging from 1.75% to 2.00%, and our overall average effective interest rate was 6.76%.

Off-balance sheet arrangements and aggregate contractual obligations

In addition to the debt obligations reflected on our balance sheet, we have commitments associated with operating leases, letters of credit and our investments in third-party dialysis businesses. Substantially all of our facilities are leased. We have potential acquisition obligations for several jointly-owned centers and for some of our non-wholly-owned subsidiaries, in the form of put provisions, which are exercisable at the third-party owners' future discretion. These put provisions, if exercised, would require us to purchase the third-party owners' interests at either the appraised fair market value or a predetermined multiple of earnings or cash flow attributable to the equity interest put to us, which approximates fair value. We also have potential cash commitments to provide operating capital advances as needed to several other third-party owned centers, noncontrolling-owned centers and physician–owned vascular access clinics that we operate under administrative services agreements.

The following is a summary of these contractual obligations and commitments as of December 31, 2007 (in millions):

	Less Than 1 year	1-3 years	3-5 years	After 5 years	Total
Scheduled payments under contractual obligations:					
Long-term debt	$ 22	$152	$1,772	$1,750	$3,696
Interest payments on senior and senior subordinated notes	121	243	243	183	790
Capital lease obligations	1	1	1	4	7
Operating leases	170	288	223	336	1,017
FIN No. 48 tax liabilities	4	9	4	—	17
	$318	$693	$2,243	$2,273	$5,527
Potential cash requirements under existing commitments:					
Letters of credit	$ 41				$ 41
Acquisition of dialysis centers	131	99	54	46	330
Working capital advances to third-parties under administrative services agreements	18				18
	$190	$ 99	$ 54	$ 46	$ 389

Not included above are interest payments related to our Senior Secured Credit Facilities. Our Senior Secured Credit Facilities as of December 31, 2007 bear interest at LIBOR plus current margins of 1.50%. The term loan A and the revolving line of credit are adjustable depending upon our achievement of certain financial ratios. At December 31, 2007, our Senior Secured Credit Facilities had an overall effective weighted average interest rate of 5.90%, including the effects of our swap agreements. Interest payments are due at the maturity of specific debt tranches within each term loan, which can range in maturity from one month to twelve months. Future interest payments will depend upon the amount of mandatory principal payments and principal prepayments, as well as changes in the LIBOR-based interest rates and changes in the interest rate margins. Assuming no principal prepayments on our Senior Secured Credit Facilities during 2008 and no changes in the effective interest rate, approximately $116 million of interest would be required to be paid in 2008.

Our Amended Alliance and Product Supply Agreement with Gambro AB and Gambro Renal Products, Inc. (the Amended Product Supply Agreement) requires us to purchase a significant majority of certain hemodialysis products, supplies and equipment at fixed prices through 2015. On July 2, 2007, we notified Gambro Renal Products, Inc. that we were electing to be permanently relieved of our purchase obligation under the Amended

Product Supply Agreement to purchase dialysis machines (the Affected Products) because the Affected Products remained subject to an FDA import ban after June 30, 2007. Our total expenditures for the years ended December 31, 2007 and 2006 on products under the Amended Product Supply Agreement were approximately 2% and 4%, respectively, of our total operating costs. The actual amount of purchases in future years under the Amended Product Supply Agreement will depend upon a number of factors, including the operating and capital requirements of our centers, the number of centers we acquire, growth of our existing centers, and Gambro Renal Products' ability to meet our needs. See Note 19 to the consolidated financial statements.

Settlements of approximately $11.0 million of existing FASB Interpretation 48 (FIN 48) liabilities are excluded from the above table as reasonably reliable estimates of their timing cannot be made.

Contingencies

The majority of our revenues are from government programs and may be subject to adjustment as a result of: (1) examination by government agencies or contractors, for which the resolution of any matters raised may take extended periods of time to finalize; (2) differing interpretations of government regulations by different fiscal intermediaries or regulatory authorities; (3) differing opinions regarding a patient's medical diagnosis or the medical necessity of services provided; and (4) retroactive applications or interpretations of governmental requirements. In addition, our revenues from commercial payors may be subject to adjustment as a result of potential claims for refunds, as a result of government actions or as a result of other claims by commercial payors.

United States Attorney inquiries

In February 2007, we received a request for information from the Office of Inspector General, U.S. Department of Health and Human Services, or OIG, for records relating to Epogen®, or EPO, claims submitted to Medicare. In August 2007, we received a subpoena from the OIG seeking similar documents. The requested documents relate to services provided from 2001 to 2004 by a number of our centers. The request and subpoena were sent from the OIG's offices in Houston and Dallas, Texas. We are cooperating with the inquiry and are producing the requested records. We have been in contact with the United States Attorney's Office, or U.S. Attorney's Office, for the Eastern District of Texas, which has stated that this is a civil inquiry related to EPO claims. There appears to be substantial overlap between this issue and the ongoing review of EPO utilization and claims by the U.S. Attorney's Office, for the Eastern District of Missouri in St. Louis described below. To our knowledge, no proceedings have been initiated against us at this time. Although we cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to the subpoena will continue to require management's attention and significant legal expense. Any negative findings could result in substantial financial penalties against us and exclusion from future participation in the Medicare and Medicaid programs.

On March 4, 2005, we received a subpoena from the U.S. Attorney's Office for the Eastern District of Missouri in St. Louis. The subpoena requires production of a wide range of documents relating to our operations, including documents related to, among other things, pharmaceutical and other services provided to patients, relationships with pharmaceutical companies, and financial relationships with physicians and joint ventures. The subpoena covers the period from December 1, 1996 through the present. In October 2005, we received a follow-up request for additional documents related to specific medical director and joint venture arrangements. In February 2006, we received an additional subpoena for documents, including certain patient records relating to the administration and billing of EPO. In May 2007, we received a request for documents related to durable medical equipment (DME) and supply companies owned and operated by us. We are producing documents and providing information to the government. We are also cooperating, and intend to continue to cooperate, with the government's investigation, including by participating in discussions and meetings with the government. The subpoenas have been issued in connection with a joint civil and criminal investigation. It is possible that criminal proceedings may be initiated against us in connection with this inquiry. Any negative findings could result in

substantial financial penalties against us, exclusion from future participation in the Medicare and Medicaid programs and criminal penalties. To our knowledge, no proceedings have been initiated against us at this time. Although we cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as this to continue for a considerable period of time. Responding to the subpoenas will continue to require management's attention and significant legal expense.

On October 25, 2004, we received a subpoena from the U.S. Attorney's Office for the Eastern District of New York in Brooklyn. The subpoena covers the period from 1996 to present and requires the production of a wide range of documents relating to our operations, including DaVita Laboratory Services. Gambro Healthcare received a similar subpoena in November 2004. The subpoena also includes specific requests for documents relating to testing for PTH levels and to products relating to vitamin D therapies. The subpoena has been issued in connection with a joint civil and criminal investigation. It is possible that criminal proceedings may be initiated against us in connection with this inquiry. Any negative findings could result in substantial financial penalties against us, exclusion from future participation in the Medicare and Medicaid programs and criminal penalties. Other participants in the dialysis industry received a similar subpoena, including Fresenius Medical Group. To our knowledge, no proceedings have been initiated against us at this time. Although we cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to the subpoena may continue to require management's attention and significant legal expense.

Other

We have received several notices of claims from commercial payors and other third parties related to historical billing practices and claims against DVA Renal Healthcare (formerly known as Gambro Healthcare) related to historical Gambro Healthcare billing practices and other matters covered by their settlement agreement with the Department of Justice. At least one commercial payor has filed an arbitration demand against us, as described below, and additional commercial payors have threatened litigation. We intend to defend against these claims vigorously; however, we may not be successful and these claims may lead to litigation and any such litigation may be resolved unfavorably. Although the ultimate outcome of these claims cannot be predicted at this time, an adverse result in excess of our established reserves, with respect to one or more of these claims could have a material adverse effect on our business, financial condition, results of operations and liquidity.

In December 2007, we entered into a Settlement Agreement with the State of New York to resolve certain billing issues that had been the subject of inquiry by the New York Attorney General's Medicaid Fraud Control Unit, or MFCU. We had received several informal inquiries from representatives of the MFCU regarding billing practices for facilities managed by us in New York. The Settlement Agreement covers numerous dialysis facilities in New York for which we, through our subsidiaries, provide administrative services. We paid approximately $1.5 million in settlement, which included the amount of the overpayments by the New York Medicaid program plus interest; no fines or penalties were assessed.

In October 2007, we were contacted by the Attorney General's Office for the State of Nevada. The Attorney General's Office informed us that it was conducting a criminal investigation of our operations in Nevada and that the investigation related to the billing of pharmaceuticals, including EPO. On February 8, 2008, the Attorney General's Office informed us that the criminal investigation has been discontinued. The Attorney General's Office further advised us that Nevada Medicaid intends to conduct audits of ESRD providers in Nevada, including us, and that such audits will relate to the issues that were the subjects of the criminal investigation. Any negative findings could result in substantial financial penalties against us and exclusion from future participation in the Medicare and Medicaid programs. To our knowledge, no proceedings have been initiated against us at this time.

On August 28, 2007, Sheet Metal Workers National Health Fund and Glenn Randle filed a complaint in the United States District Court for the Central District of California against us. The complaint also names as

defendants Amgen, Inc. and Fresenius Medical Care Holdings, Inc. The complaint is styled as a class action and alleges four claims against us, including violations of the federal RICO statute, California's unfair competition law, California's false advertising law and for unjust enrichment. The complaint's principal allegations against us are that the defendants engaged in a scheme to unlawfully promote the administration of EPO to hemodialysis patients intravenously, as opposed to subcutaneously, and to over-utilize EPO. We intend to vigorously defend against these claims. We also intend to vigorously oppose the certification of this matter as a class action. At this time, we cannot predict the ultimate outcome of this matter or the potential range of damages, if any.

On August 8, 2005, Blue Cross/Blue Shield of Louisiana filed a complaint in the United States District Court for the Western District of Louisiana against Gambro AB, DVA Renal Healthcare (formerly Gambro Healthcare) and related entities. The plaintiff sought to bring its claims as a class action on behalf of itself and all entities that paid any of the defendants for health care goods and services from on or about January 1991 through at least December 2004. The complaint alleged, among other things, damages resulting from facts and circumstances underlying Gambro Healthcare's December 2004 settlement agreement with the Department of Justice and certain agencies of the United States Government. In March 2006, the case was dismissed and the plaintiff was compelled to seek arbitration to resolve the matter. In November 2006, the plaintiff filed a demand for class arbitration against us and DVA Renal Healthcare. We intend to vigorously defend against these claims. We also intend to vigorously oppose the certification of this matter as a class action. At this time, we cannot predict the ultimate outcome of this matter or the potential range of damages, if any.

In June 2004, Gambro Healthcare was served with a complaint filed in the Superior Court of California by one of its former employees who worked for its California acute services program. The complaint, which is styled as a class action, alleges, among other things, that DVA Renal Healthcare (formerly Gambro Healthcare) failed to provide overtime wages, defined rest periods and meal periods, or compensation in lieu of such provisions and failed to comply with certain other California labor code requirements. We intend to vigorously defend against this claim. We also intend to vigorously oppose the certification of this matter as a class action. Although the ultimate outcome of these claims cannot be predicted, we do not expect that an unfavorable result, if any, would have a material adverse effect on our business, financial condition, liquidity or results of operations.

In addition to the foregoing, we are subject to claims and suits, including from time to time, contractual disputes and professional and general liability claims, as well as audits and investigations by various government entities, in the ordinary course of business. We believe that the ultimate resolution of any such pending proceedings, whether the underlying claims are covered by insurance or not, will not have a material adverse effect on our financial condition, results of operations or cash flows.

Critical accounting estimates and judgments

Our consolidated financial statements and accompanying notes are prepared in accordance with United States generally accepted accounting principles. These accounting principles require us to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and contingencies. All significant estimates, judgments and assumptions are developed based on the best information available to us at the time made and are regularly reviewed and updated when necessary. Actual results will generally differ from these estimates. Changes in estimates are reflected in our financial statements in the period of change based upon on-going actual experience trends, or subsequent settlements and realizations depending on the nature and predictability of the estimates and contingencies. Interim changes in estimates are applied prospectively within annual periods. Certain accounting estimates, including those concerning revenue recognition and accounts receivable, impairments of long-lived assets, accounting for income taxes, quarterly variable compensation accruals, purchase accounting valuation estimates and stock-based compensation are considered to be critical to evaluating and understanding our financial results because they involve inherently uncertain matters and their application requires the most difficult and complex judgments and estimates.

Revenue recognition and accounts receivable. There are significant estimating risks associated with the amount of revenue that we recognize in a reporting period. Payment rates are often subject to significant

uncertainties related to wide variations in the coverage terms of the more than 1,100 commercial healthcare plans under which we receive payments. In addition, ongoing insurance coverage changes, geographic coverage differences, differing interpretations of contract coverage, and other payor issues complicate the billing and collection process. Revenue recognition uncertainties inherent in our operations are addressed in AICPA Statement of Position (SOP) No. 00-1. As addressed in SOP No. 00-1, net revenue recognition and allowances for uncollectible billings require the use of estimates of the amounts that will actually be realized considering, among other items, retroactive adjustments that may be associated with regulatory reviews, audits, billing reviews and other matters.

Revenues associated with Medicare and Medicaid programs are recognized based on a) the payment rates that are established by statute or regulation for the portion of the payment rates paid by the government payor (e.g., 80% for Medicare patients) and b) for the portion not paid by the primary government payor, the estimated amounts that will ultimately be collectible from other government programs paying secondary coverage (e.g., Medicaid secondary coverage), the patient's commercial health plan secondary coverage, or the patient.

Commercial healthcare plans, including contracted managed-care payors, are billed at our usual and customary rates, however, revenue is recognized based on estimated net realizable revenue for the services provided. Net realizable revenue is estimated based on contractual terms for the patients under healthcare plans with which we have formal agreements, non-contracted healthcare plan coverage terms if known, estimated secondary collections, historical collection experience, historical trends of refunds and payor payment adjustments (retractions), inefficiencies in our billing and collection processes that can result in denied claims for payments, and regulatory compliance issues. Determining applicable primary and secondary coverage for our more than 107,000 patients at any point in time, together with the changes in patient coverages that occur each month, requires complex, resource-intensive processes. Collections, refunds and payor retractions typically continue to occur for up to three years and longer after services are provided.

We generally expect our range of dialysis revenue estimating risk to be within 1% of total revenue, which can represent as much as 6.0% of operating income. Changes in estimates are reflected in the then-current financial statements based on on-going actual experience trends, or subsequent settlements and realizations depending on the nature and predictability of the estimates and contingencies. Changes in revenue estimates for prior periods are separately disclosed and reported if material to the current reporting period and longer term trend analyses, and have not been significant.

Lab service revenues for current period dates of services are recognized at the estimated net realizable amounts to be received.

Impairments of long-lived assets. We account for impairment of long-lived assets, which include property and equipment, investments in third-party dialysis businesses, amortizable intangible assets and goodwill, in accordance with the provisions of applicable accounting guidance. Impairment reviews are performed at least annually, and whenever a change in condition occurs which indicates that the carrying amounts of assets may not be recoverable.

Such changes include changes in our business strategies and plans, changes in the quality or structure of our relationships with our partners and deteriorating operating performance of individual dialysis centers. We use a variety of factors to assess the realizable value of assets depending on their nature and use. Such assessments are primarily based upon the sum of expected future undiscounted net cash flows over the expected period the asset will be utilized, as well as market values and conditions. The computation of expected future undiscounted net cash flows can be complex and involves a number of subjective assumptions. Any changes in these factors or assumptions could impact the assessed value of an asset and result in an impairment charge equal to the amount by which its carrying value exceeds its actual or estimated fair value.

Accounting for income taxes. We estimate our income tax provision to recognize our tax expense for the current year, and our deferred tax liabilities and assets for future tax consequences of events that have been recognized in our financial statements, measured using enacted tax rates and laws expected to apply in the periods when the deferred tax liabilities or assets are expected to be realized. In accordance with Financial Accounting Standards Board Interpretation 48 (FIN 48) *Accounting for Income Tax Uncertainties*, which went effective January 1, 2007, we assess our tax positions on a more-likely-than-not criteria and also determine the actual amount of benefit to recognize in the financial statements. Deferred tax assets are assessed based upon the likelihood of recoverability from future taxable income and, to the extent that recovery is not likely, a valuation allowance is established. The allowance is regularly reviewed and updated for changes in circumstances that would cause a change in judgment about the realizability of the related deferred tax assets. These calculations and assessments involve complex estimates and judgments because the ultimate tax outcome can be uncertain and future events unpredictable.

Variable compensation accruals. We estimate variable compensation accruals quarterly based upon the annual amounts expected to be earned and paid out resulting from the achievement of certain teammate-specific and/or corporate financial and operating goals. Our estimates, which include compensation incentives for bonuses, and other awards, are updated periodically based on changes in our economic condition or cash flows that could ultimately impact the actual final award. Actual results reflected in each fiscal quarter may vary due to the subjectivity involved in anticipating fulfillment of specific and/or corporate goals, as well as the final determination and approval of amounts by our Board of Directors.

Purchase accounting valuation estimates. We make various assumptions and estimates regarding the valuation of tangible and intangible assets associated with our acquisitions. These assumptions can have a material effect on our balance sheet valuations and the related amount of depreciation and amortization expense that will be recognized in the future. Long-lived tangible and intangible assets are subject to our regular ongoing impairment assessments.

Stock-based compensation. We account for stock-based awards to employees and directors in accordance with the provisions of SFAS No. 123(R) *Share-Based Payments. Under SFAS No. 123(R),* stock-based compensation is recognized during a period based on the estimated grant-date fair value of the portion of the stock-based award vesting during that period, adjusted for expected forfeitures. Stock-based compensation recognized in our consolidated financial statements for the year ended December 31, 2007 and 2006 includes compensation costs for stock-based awards granted prior to, but not fully vested as of December 31, 2005, and stock-based awards granted in those years. We estimate the grant-date fair value of stock awards using complex option pricing models that rely heavily on estimates from us about uncertain future events, including the expected term of the awards, the expected future volatility of our stock price, and expected future risk-free interest rates.

Significant new accounting standards

On January 1, 2008, we adopted SFAS No. 157 *Fair Value Measurements* except for the nonfinancial assets and liabilities that are subject to a one-year deferral allowed by FASB Staff Position (FSP) FAS157-2 *Effective Date of FASB Statement No. 157.* This standard establishes a framework for measuring fair value and also requires additional disclosures about fair value measurements. The standard applies to assets and liabilities that are carried at fair value on a recurring basis. On February 12, 2008, FSP FAS157-2 was issued delaying the effective date of SFAS No. 157 until fiscal years beginning after November 15, 2008 for nonfinancial assets and liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The implementation of this standard relating to the assets and liabilities carried at fair value on a recurring basis is not expected to have a material impact on our consolidated financial statements.

On January 1, 2008, we adopted SFAS No. 159 *Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of SFAS No. 115.* This standard allows companies the alternative to measure

certain financial assets and liabilities at fair value on an instrument-by-instrument basis that are currently not required to be measured at fair value. The standard is also designed to reduce the volatility in earnings caused by measuring related assets and liabilities differently and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The implementation of this standard is not expected to have a material impact on our consolidated financial statements.

In December 2007, the FASB issued Statement No. 141(R) *Business Combinations,* which replaces SFAS No. 141 *Business Combinations*. This standard requires all business combinations to be accounted for under the acquisition method (previously referred to as the purchase method). Under the acquisition method, the acquirer recognizes the assets acquired, the liabilities assumed, contractual contingencies, as well as any noncontrolling interest in the acquiree at their fair values at the acquisition date. Noncontractual contingencies are recognized at the acquisition date at their fair values only if it is more likely than not that they meet the definition of an asset or a liability in FASB Concepts Statement No. 6 *Elements of Financial Statements.* Transaction costs are excluded from the acquisition accounting and will be expensed as incurred. Any contingent consideration included by the acquirer as part of the purchase price must also be measured at fair value at the acquisition date and will be classified as either equity or a liability. This standard also requires a company that obtains control but acquires less than 100% of an acquiree to record 100% of the fair value of the acquiree assets, liabilities, and noncontrolling interests at the acquisition date. This standard is effective for periods beginning on or after December 15, 2008. We are currently in the process of assessing the expected impact of this standard on our consolidated financial statements.

In December 2007, the FASB issued Statement No. 160 *Noncontrolling Interests in Consolidated Financial Statements*, which amends Accounting Research Bulletin, No. 51 *Consolidated Financial Statements.* This standard requires noncontrolling interests to be treated as a separate component of equity, but apart from the parent's equity and not as a liability, or an item outside of equity. This will eliminate diversity that currently exists in accounting for transactions between an entity and its noncontrolling interests. This standard also specifies that consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income, and that changes in the parent's ownership interest while it retains a controlling financial interest should be accounted for as equity transactions. This standard also expands disclosures in the financial statements to include a reconciliation of the beginning and ending balances of the equity attributable to the parent and the noncontrolling owners and a schedule showing the effects of changes in a parent's ownership interest in a subsidiary on the equity attributable to the parent. This standard is effective for periods beginning on or after December 15, 2008. We are currently in the process of assessing the expected impact of this standard on our consolidated financial statements.

On January 1, 2007, we adopted the provisions of FASB Interpretation 48 (FIN 48) *Accounting for Income Tax Uncertainties*, which clarifies the accounting for uncertainty in income taxes recognized in financial statements in accordance with SFAS Statement No. 109 *Accounting for Income Taxes*. The Interpretation prescribes a recognition threshold of more-likely-than-not and a measurement attribute on all tax positions taken or expected to be taken in a tax return in order to be recognized in the financial statements. In making this assessment, a company must determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based solely on the technical merits of the position and must assume that the tax position will be examined by the appropriate taxing authority that would have full knowledge of all relevant information. Once the recognition threshold is met, the tax position is then measured to determine the actual amount of benefit to recognize in the financial statements. In addition, the recognition threshold of more-likely-than-not must continue to be met in each reporting period to support continued recognition of the tax benefit. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the financial reporting period in which that threshold is no longer met. See note 12 to the consolidated financial statements for the impact of adopting this interpretation.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and which includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

During the last fiscal year, the Company conducted an evaluation, under the oversight of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's internal control over financial reporting. This evaluation was completed based on the criteria established in the report titled "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based upon our evaluation under the COSO framework, we have concluded that the Company's internal control over financial reporting was effective as of December 31, 2007.

The Company's independent registered public accounting firm, KPMG LLP, has issued an attestation report on the Company's internal control over financial reporting, which report is included in this Annual Report.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
DaVita Inc.:

We have audited DaVita Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). DaVita Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Report on Internal Control Over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, DaVita Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of DaVita Inc. and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2007, and our report dated February 27, 2008 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Seattle, Washington
February 27, 2008

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
DaVita Inc.:

We have audited the accompanying consolidated balance sheets of DaVita Inc. and subsidiaries as of December 31, 2007, and 2006, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DaVita Inc. and subsidiaries as of December 31, 2007 and 2006 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 12 to the consolidated financial statements, DaVita Inc. and subsidiaries adopted Financial Accounting Standards Board Interpretation No. 48, Accounting for Income Tax Uncertainties, effective January 1, 2007. As discussed in Note 17 to the consolidated financial statements, DaVita Inc. and subsidiaries adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123(R), Share-Based Payment, effective January 1, 2006.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of DaVita Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 27, 2008 expressed an unqualified opinion on the effectiveness of DaVita Inc.'s internal control over financial reporting.

KPMG LLP

Seattle, Washington
February 27, 2008

Consolidated Statements of Income
(dollars in thousands, except per share data)

	Year ended December 31,		
	2007	2006	2005
Net operating revenues	$ 5,264,151	$ 4,880,662	$ 2,973,918
Operating expenses and charges:			
Patient care costs	3,590,344	3,390,351	2,035,243
General and administrative	491,236	453,516	272,463
Depreciation and amortization	193,470	173,295	116,836
Provision for uncollectible accounts	136,682	126,203	61,916
Minority interests and equity income, net	45,485	35,833	22,089
Valuation gain on alliance and product supply agreement	(55,275)	(37,968)	—
Total operating expenses and charges	4,401,942	4,141,230	2,508,547
Operating income	862,209	739,432	465,371
Debt expense	(257,147)	(276,706)	(139,586)
Swap valuation gain	—	—	4,548
Refinancing charges	—	—	(8,170)
Other income, net	22,460	13,033	8,934
Income from continuing operations before income taxes	627,522	475,759	331,097
Income tax expense	245,744	186,430	123,675
Income from continuing operations	381,778	289,329	207,422
Discontinued operations			
Income from discontinued operations, net of tax	—	—	13,157
Gain on disposal of discontinued operations, net of tax	—	362	8,064
Net income	$ 381,778	$ 289,691	$ 228,643
Earnings per share:			
Basic earnings per share from continuing operations	$ 3.61	$ 2.79	$ 2.06
Basic earnings per share	$ 3.61	$ 2.80	$ 2.27
Diluted earnings per share from continuing operations	$ 3.55	$ 2.73	$ 1.99
Diluted earnings per share	$ 3.55	$ 2.74	$ 2.20
Weighted average shares for earnings per share:			
Basic	105,893,000	103,520,000	100,762,000
Diluted	107,418,000	105,793,000	104,068,000

See notes to consolidated financial statements.

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Consolidated Balance Sheets
(dollars in thousands, except per share data)

	December 31, 2007	December 31, 2006
ASSETS		
Cash and cash equivalents	$ 447,046	$ 310,202
Short-term investments	40,278	4,734
Accounts receivable, less allowance of $195,953 and $171,757	927,949	932,385
Inventories	80,173	89,119
Other receivables	198,744	148,842
Other current assets	34,482	25,124
Deferred income taxes	247,578	199,090
Total current assets	1,976,250	1,709,496
Property and equipment, net	939,326	849,966
Amortizable intangibles, net	183,042	203,721
Investments in third-party dialysis businesses	19,446	1,813
Long-term investments	22,562	13,174
Other long-term assets	35,401	45,793
Goodwill	3,767,933	3,667,853
	$6,943,960	$6,491,816
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 225,461	$ 251,686
Other liabilities	486,151	473,219
Accrued compensation and benefits	334,961	341,766
Current portion of long-term debt	23,431	20,871
Income taxes payable	16,492	24,630
Total current liabilities	1,086,496	1,112,172
Long-term debt	3,683,887	3,730,380
Other long-term liabilities	83,448	50,076
Alliance and product supply agreement, net	41,307	105,263
Deferred income taxes	166,055	125,642
Minority interests (fair value of potential put obligations—$330,000 and $192,000)	150,517	122,359
Commitments and contingencies		
Shareholders' equity:		
Preferred stock ($0.001 par value, 5,000,000 shares authorized; none issued)		
Common stock ($0.001 par value, 450,000,000 and 195,000,000 shares authorized; 134,862,283 shares issued; 107,130,127 and 104,636,608 shares outstanding)	135	135
Additional paid-in capital	707,080	630,091
Retained earnings	1,515,290	1,129,621
Treasury stock, at cost (27,732,156 and 30,225,675 shares)	(487,744)	(526,920)
Accumulated other comprehensive (loss) income	(2,511)	12,997
Total shareholders' equity	1,732,250	1,245,924
	$6,943,960	$6,491,816

See notes to consolidated financial statements.

Consolidated Statements of Cash Flow
(dollars in thousands)

	Year ended December 31,		
	2007	2006	2005
Cash flows from operating activities:			
Net income	$ 381,778	$ 289,691	$ 228,643
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	193,470	173,295	119,719
Valuation gain on alliance and product supply agreement	(55,275)	(37,968)	—
Stock-based compensation expense	34,149	26,389	3,353
Tax benefits from stock award exercises	32,788	40,375	38,484
Excess tax benefits from stock award exercises	(25,541)	(37,251)	—
Deferred income taxes	18,601	2,342	(63,357)
Minority interests in income of consolidated subsidiaries	46,702	38,141	24,714
Distributions to minority interests	(48,029)	(32,271)	(16,246)
Equity investment income	(1,217)	(2,308)	(1,406)
(Gain)/loss on disposal of discontinued operations and other dispositions	(2,825)	239	(15,856)
Non-cash debt expense and non-cash rent charges	12,713	27,736	5,157
Refinancing charges	—	—	8,170
Swap valuation gain	—	—	(4,548)
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:			
Accounts receivables	15,911	(74,737)	(62,021)
Inventories	11,271	(18,587)	11,980
Other receivables and other current assets	(61,049)	(34,044)	1,893
Other long-term assets	(14,528)	(9,791)	(2,039)
Accounts payable	(9,216)	40,712	28,869
Accrued compensation and benefits	9,691	101,555	21,664
Other current liabilities	657	88,841	72,615
Income taxes	(12,779)	(67,329)	90,958
Other long-term liabilities	5,764	4,541	(5,192)
Net cash provided by operating activities	533,036	519,571	485,554
Cash flows from investing activities:			
Additions of property and equipment, net	(272,212)	(262,708)	(161,365)
Acquisitions and purchases of other ownership interests	(127,094)	(86,504)	(3,202,404)
Proceeds from discontinued operations and asset sales	12,289	22,179	298,849
Purchase of investments held-for-sale	(52,085)	(3,726)	—
Purchase of investments held-to-maturity	(23,061)	—	—
Proceeds from the sale of investments held-for-sale	32,274	3,030	—
Maturities of investments	4,795	—	—
Purchase of a noncontrolling ownership interest in an unconsolidated joint venture	(17,550)	—	—
Contributions from minority owners	18,463	21,263	20,308
Purchase of intangible assets	(2,291)	(5,597)	(751)
Net cash used in investing activities	(426,472)	(312,063)	(3,045,363)
Cash flows from financing activities:			
Borrowings	13,113,640	6,354,784	6,832,557
Payments on long-term debt	(13,160,942)	(6,761,743)	(4,058,951)
Deferred financing costs	(4,511)	(2)	(77,884)
Excess tax benefits from stock award exercises	25,541	37,251	—
Stock award exercises and other share issuances, net	62,902	40,593	43,919
Purchase of treasury stock	(6,350)	—	—
Net cash provided by (used in) financing activities	30,280	(329,117)	2,739,641
Net increase (decrease) in cash and cash equivalents	136,844	(121,609)	179,832
Cash and cash equivalents at beginning of year	310,202	431,811	251,979
Cash and cash equivalents at end of year	$ 447,046	$ 310,202	$ 431,811

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity and Comprehensive Income
(dollars and shares in thousands)

	Common stock		Additional paid-in	Retained	Treasury stock		Accumulated other comprehensive	
	Shares	Amount	capital	earnings	Shares	Amount	(loss)income	Total
Balance at December 31, 2004	134,862	$135	$542,714	$ 611,287	(36,295)	$(632,732)	$ 1,730	$ 523,134
Comprehensive income:								
Net income				228,643				228,643
Unrealized gain on interest rate swaps, net of tax							16,821	16,821
Less reclassification of net swap realized gains into net income, net of tax							(3,745)	(3,745)
Total comprehensive income								241,719
Stock purchase shares issued			657		64	1,118		1,775
Stock unit shares issued			(492)		28	492		—
Stock option shares issued			(14,965)		3,276	57,109		42,144
Stock-based compensation expense			3,353					3,353
Excess tax benefits from stock awards exercised			38,484					38,484
Balance at December 31, 2005	134,862	$135	$569,751	$ 839,930	(32,927)	$(574,013)	$14,806	$ 850,609
Comprehensive income:								
Net income				289,691				289,691
Unrealized gains on interest rate swaps, net of tax							7,862	7,862
Less reclassification of net swap realized gains into net income, net of tax							(9,671)	(9,671)
Total comprehensive income								287,882
Stock purchase shares issued			1,861		80	1,403		3,264
Stock unit shares issued			(1,860)		160	2,790		930
Stock option shares issued			(5,023)		2,461	42,900		37,877
Stock-based compensation expense			26,389					26,389
Excess tax benefits from stock awards exercised			38,973					38,973
Balance at December 31, 2006	134,862	$135	$630,091	$1,129,621	(30,226)	$(526,920)	$12,997	$1,245,924
Comprehensive income:								
Net income				381,778				381,778
Unrealized losses on interest rate swaps, net of tax							(7,169)	(7,169)
Less reclassification of net swap realized gains into net income, net of tax							(8,858)	(8,858)
Unrealized gains on investments, net of tax							4,211	4,211
Less reclassification of net investment realized gains into net income, net of tax							(3,692)	(3,692)
Total comprehensive income								366,270
Cumulative effect of change in accounting principle SFAS Interpretation No (FIN) 48				3,891				3,891
Stock purchase shares issued			3,831		124	2,160		5,991
Stock unit shares issued			(1,848)		120	2,098		250
Stock options and SSARs exercised			13,429		2,361	41,268		54,697
Stock-based compensation expense			34,149					34,149
Excess tax benefits from stock awards exercised			27,428					27,428
Purchase of treasury stock					(111)	(6,350)		(6,350)
Balance at December 31, 2007	134,862	$135	$707,080	$1,515,290	(27,732)	$(487,744)	$ (2,511)	$1,732,250

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(dollars in thousands, except per share data)

1. Organization and summary of significant accounting policies

Organization

DaVita Inc. operates kidney dialysis centers and provides related renal care services primarily in dialysis centers and in contracted hospitals across the United States. As of December 31, 2007, the Company operated or provided administrative services to 1,359 outpatient dialysis centers located in 43 states and the District of Columbia, serving approximately 107,000 patients. The business includes dialysis and related services and other ancillary services and strategic initiatives which relate primarily to our core business of providing renal care services.

Basis of presentation

These consolidated financial statements and accompanying notes are prepared in accordance with United States generally accepted accounting principles. The financial statements include DaVita and its subsidiaries, partnerships and other entities in which it maintains a 100% or majority voting interest, an other controlling financial interest, or of which it is the primary beneficiary (collectively, the Company). All significant intercompany transactions and balances have been eliminated. Non-consolidated equity investments are recorded under the equity or cost method of accounting based upon whether the Company has significant influence over the investee. Prior year balances and amounts have been classified to conform to the current year presentation.

The operating results of DVA Renal Healthcare, Inc. are included in the Company's consolidated financial statements from October 1, 2005. The operating results of the historical DaVita divested centers and its one related management services agreement are reflected as discontinued operations for 2005.

Use of estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and contingencies. Although actual results in subsequent periods will differ from these estimates, such estimates are developed based on the best information available to management and management's best judgments at the time made. All significant assumptions and estimates underlying the reported amounts in the financial statements and accompanying notes are regularly reviewed and updated. Changes in estimates are reflected in the financial statements based upon on-going actual experience trends, or subsequent settlements and realizations depending on the nature and predictability of the estimates and contingencies. Interim changes in estimates related to annual operating costs are applied prospectively within annual periods.

The most significant assumptions and estimates underlying these financial statements and accompanying notes involve revenue recognition and provisions for uncollectible accounts, impairments and valuation adjustments, accounting for income taxes, quarterly variable compensation accruals, purchase accounting valuation estimates and stock-based compensation. Specific estimating risks and contingencies are further addressed within these notes to the consolidated financial statements.

Net operating revenues and accounts receivable

Revenues associated with Medicare and Medicaid programs are recognized based on: (a) the payment rates that are established by statute or regulation for the portion of the payment rates paid by the government payor (e.g., 80% for Medicare patients) and (b) for the portion not paid by the primary government payor, estimates of the amounts ultimately collectible from other government programs paying secondary coverage (e.g., Medicaid secondary coverage), the patient's commercial health plan secondary coverage, or the patient. Revenues

associated with commercial health plans are estimated based on contractual terms for the patients under healthcare plans with which we have formal agreements, non-contracted health plan coverage terms if known, estimated secondary collections, historical collection experience, historical trends of refunds and payor payment adjustments (retractions), inefficiencies in our billing and collection processes that can result in denied claims for payments, and regulatory compliance issues.

Operating revenues are recognized in the period services are provided. Revenues consist primarily of payments from Medicare, Medicaid and commercial health plans for dialysis and ancillary services provided to patients. A usual and customary fee schedule is maintained for our dialysis treatment and other patient services; however, actual collectible revenue is normally recognized at a discount from the fee schedule.

Commercial revenue recognition involves substantial estimating risks. With many larger, commercial insurers the Company has several different contracts and payment arrangements, and these contracts often include only a subset of the Company's centers. It is often not possible to determine which contract, if any, should be applied prior to billing. In addition, for services provided by non-contracted centers, final collection may require specific negotiation of a payment amount, typically at a significant discount from the Company's usual and customary rates.

Services covered by Medicare and Medicaid are less subject to estimating risk. Both Medicare and Medicaid rates use prospective payment methods established in advance with definitive terms. Medicare payments for bad debt claims are subject to individual center profitability, as established by cost reports, and require evidence of collection efforts. As a result, billing and collection of Medicare bad debt claims are often delayed significantly, and final payment is subject to audit.

Medicaid payments, when Medicaid coverage is secondary, may also be difficult to estimate. For many states, Medicaid payment terms and methods differ from Medicare, and may prevent accurate estimation of individual payment amounts prior to billing.

Revenue recognition uncertainties inherent in the Company's operations are addressed in AICPA Statement of Position (SOP) No. 00-1 *Auditing Health Care Third-Party Revenues and Related Receivables*. As addressed in SOP No. 00-1, net revenue recognition and allowances for uncollectible billings require the use of estimates of the amounts that will actually be realized considering, among other items, retroactive adjustments that may be associated with regulatory reviews, audits, billing reviews and other matters.

The Company's range of revenue estimating risk is generally expected to be within 1% of total revenue. Changes in revenue estimates for prior periods are separately disclosed, if material.

Management and administrative support services are provided to dialysis centers and physician practices that the Company does not own or in which the Company does not maintain a controlling ownership interest. The management fees are principally determined as a percentage of the managed operations' revenues or cash collections and in some cases an additional component based upon a percentage of operating income. Management fees are included in net operating revenues as earned, and represent less than 1% of total operating revenues.

Other income, net

Other income includes interest income on cash investments and other non-operating gains and losses.

Cash and cash equivalents

Cash equivalents are highly liquid investments with maturities of three months or less at date of purchase.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market and consist principally of pharmaceuticals and dialysis-related supplies. Rebates are recorded when earned and are based on the achievement of certain factors such as process improvements, data submission and some combination of these factors.

Assets of discontinued operations

Assets to be disposed of that the Company has committed to sell, are available for immediate sale, or for which a sale is probable, will be classified as held for sale in accordance with SFAS No. 144 *Accounting for the Impairment or Disposal of Long-Lived Assets* and are included in other current assets. Assets held for sale are not depreciated while they are classified as held for sale.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and amortization and is further reduced by any impairments. Maintenance and repairs are charged to expense as incurred. Depreciation and amortization expenses are computed using the straight-line method over the useful lives of the assets estimated as follows: buildings, 20 to 40 years; leasehold improvements, the shorter of their economic useful life or the expected lease term; and equipment and information systems, principally 3 to 8 years. Disposition gains and losses are included in current operating expenses.

Investments

In accordance with SFAS No. 115 *Accounting for Certain Investments in Debt and Equity Securities*, and based upon the Company's intentions and ability to hold certain assets until maturity, the Company classifies certain debt securities as held-to-maturity and measures them at amortized cost. Based upon the Company's other strategies involving investments, the Company classifies equity securities that have readily determinable fair values and certain other debt securities as available for sale and records them at fair value. Unrealized gains or losses from available for sale investments are recorded in other comprehensive income until realized.

Amortizable intangibles

Amortizable intangible assets and liabilities include non-competition and similar agreements, lease agreements, hospital acute services contracts, deferred debt issuance costs and the Alliance and Product Supply Agreement, each of which have determinate useful lives. Non-competition and similar agreements are amortized over the terms of the agreements, typically ten years, using the straight-line method. Lease agreements and hospital acute service contracts are amortized straight-line over the term of the lease and the contract period, respectively. Deferred debt issuance costs are amortized to debt expense over the term of the related debt using the effective interest method. The Alliance and Product Supply Agreement intangible liability is being amortized straight-line over the term of the agreement, which is ten years.

Goodwill

Goodwill represents the difference between the purchase cost of acquired businesses and the fair value of the identifiable tangible and intangible net assets acquired. Goodwill is not amortized, but is assessed for valuation impairment as circumstances warrant and at least annually. An impairment charge would be recorded to the extent the book value of goodwill exceeds its fair value. The Company operates as one reporting unit for goodwill impairment assessments.

Impairment of long-lived assets

Long-lived assets, including property and equipment, investments in third party dialysis businesses, and amortizable intangible assets, are reviewed for possible impairment at least annually and whenever significant events or changes in circumstances indicate that an impairment may have occurred, including changes in our business strategy and plans, changes in the quality or structure of our relationships with our partners and deteriorating operating performance of individual dialysis centers. An impairment is indicated when the sum of the expected future undiscounted net cash flows identifiable to an asset or asset group is less than its carrying value. Impairment losses are determined from actual or estimated fair values, which are based on market values, net realizable values or projections of discounted net cash flows, as appropriate. Impairment charges are included in operating expenses. Interest is not accrued on impaired loans unless the estimated recovery amounts justify such accruals.

Income taxes

Federal and state income taxes are computed at current enacted tax rates, less tax credits using the asset and liability method. Deferred taxes are adjusted both for items that do not have tax consequences and for the cumulative effect of any changes in tax rates from those previously used to determine deferred tax assets or liabilities. Tax provisions include amounts that are currently payable, changes in deferred tax assets and liabilities that arise because of temporary differences between the timing of when items of income and expense are recognized for financial reporting and income tax purposes, changes in the recognition of tax positions due to the application of Financial Accounting Standards Board, or FASB, Interpretation 48 (FIN 48), and any changes in the valuation allowance caused by a change in judgment about the realizability of the related deferred tax assets. A valuation allowance is established when necessary to reduce deferred tax assets to amounts expected to be realized.

Self insurance

The Company maintains insurance reserves for professional and general liability and workers' compensation in excess of certain individual and or aggregate amounts not covered by third-party carriers. The Company estimates the self-insured retention portion of professional and general liability and workers' compensation risks using third-party actuarial calculations that are based upon historical claims experience and expectations for future claims.

Minority interests

Consolidated income is reduced by the proportionate amount of income attributable to minority interests in majority-owned joint ventures and other non-wholly-owned subsidiaries. Minority interests represent the equity interests of third-party owners in consolidated entities which are not wholly-owned. As of December 31, 2007, third parties held minority ownership interests in 106 consolidated entities.

Stock-based compensation

Effective January 1, 2006, the Company implemented Statement of Financial Accounting Standards (SFAS) No. 123(R) *Share-Based Payment*, which requires the measurement and recognition of cost for all stock-based awards made to employees and directors, including stock options, stock appreciation rights, stock units and discounted employee stock purchases. Under this standard, the Company's stock-based compensation awards are measured at their estimated fair value on the date of grant and recognized as compensation expense on the straight-line method over their individual requisite service periods. The Company implemented SFAS No. 123(R) using the modified prospective transition method.

Prior to 2006, the Company accounted for stock-based compensation in accordance with Accounting Principles Board Opinion (APB) No. 25 *Accounting for Stock Issued to Employees*, as permitted under SFAS

No. 123 *Accounting for Stock-Based Compensation.* Under APB No. 25, stock option grants to employees and directors did not result in an expense if the exercise price was at least equal to the market price at the date of grant. However, under APB No. 25 the Company did recognize compensation expense for stock units, which were valued at the closing stock price on the date of grant and amortized over their respective vesting periods, and for modifications to stock awards as required under FASB Interpretation No. 44 *Accounting for Certain Transactions Involving Stock Compensation.*

Interest rate swap agreements

The Company has entered into interest rate swap agreements as a means of hedging its exposure to variable-based interest rate changes (LIBOR). These agreements are not held for trading or speculative purposes, and have the economic effect of converting portions of our variable rate debt to a fixed rate. At December 31, 2007, the Company had nine interest rate swap agreements with amortizing notional amounts totaling $968,000 and two forward interest rate swap agreements with notional amounts totaling $200,000. These agreements are designated as cash flow hedges, and as a result hedge-effective gains or losses resulting from changes in the fair values of these swaps are reported in other comprehensive income until such time as each specific swap tranche is realized, at which time the amounts are reclassified into net income. Net amounts paid or received under the hedge-effective swaps have been reflected as adjustments to interest expense. In 2005, certain portions of the swap agreements were ineffective as hedges as a result of changes in the Company's debt structure, and as such the ineffective portions of $4,548 were included in net income, see Note 13 to the consolidated financial statements.

New accounting standards

On January 1, 2008, the Company adopted SFAS No. 157 *Fair Value Measurements* except for the nonfinancial assets and liabilities that are subject to a one-year deferral allowed by FASB Staff Position (FSP) FAS 157-2 *Effective Date of FASB Statement No. 157.* This standard establishes a framework for measuring fair value and also requires additional disclosures about fair value measurements. The standard applies to assets and liabilities that are carried at fair value on a recurring basis. On February 12, 2008, FSP FAS157-2 was issued delaying the effective date of SFAS No. 157 until fiscal years beginning after November 15, 2008 for nonfinancial assets and liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The implementation of this standard relating to assets and liabilities carried at fair value on a recurring basis is not expected to have a material impact on the Company's consolidated financial statements.

On January 1, 2008, the Company adopted SFAS No. 159 *Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of SFAS No. 115.* This standard allows companies the alternative to measure certain financial assets and liabilities at fair value on an instrument-by-instrument basis that are currently not required to be measured at fair value. The standard is also designed to reduce the volatility in earnings caused by measuring related assets and liabilities differently and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The implementation of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In December 2007, the FASB issued Statement No. 141(R) *Business Combinations,* which replaces SFAS No. 141 *Business Combinations.* This standard requires all business combinations to be accounted for under the acquisition method (previously referred to as the purchase method). Under the acquisition method, the acquirer recognizes the assets acquired, the liabilities assumed, contractual contingencies, as well as any noncontrolling interest in the acquiree at their fair values at the acquisition date. Noncontractual contingencies are recognized at the acquisition date at their fair values only if it is more likely than not that they meet the definition of an asset or

a liability in FASB Concepts Statement No. 6 *Elements of Financial Statements.* Transaction costs are excluded from the acquisition accounting and will be expensed as incurred. Any contingent consideration included by the acquirer as part of the purchase price must also be measured at fair value at the acquisition date and will be classified as either equity or a liability. This standard also requires a company that obtains control but acquires less than 100% of an acquiree to record 100% of the fair value of the acquiree assets, liabilities, and noncontrolling interests at the acquisition date. This standard is effective for periods beginning on or after December 15, 2008. The Company is currently in the process of assessing the expected impact of this standard on its consolidated financial statements.

In December 2007, the FASB issued Statement No. 160 *Noncontrolling Interests in Consolidated Financial Statements*, which amends Accounting Research Bulletin No. 51 *Consolidated Financial Statements.* This standard requires noncontrolling interests to be treated as a separate component of equity, but apart from the parent's equity and not as a liability, or as an item outside of equity. This will eliminate diversity that currently exists in accounting for transactions between an entity and its noncontrolling interests. This standard also specifies that consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income, and that changes in the parent's ownership interest while it retains a controlling financial interest should be accounted for as equity transactions. This standard also expands disclosures in the financial statements to include a reconciliation of the beginning and ending balances of the equity attributable to the parent and the noncontrolling owners and a schedule showing the effects of changes in a parent's ownership interest in a subsidiary on the equity attributable to the parent. This standard is effective for periods beginning on or after December 15, 2008. The Company is currently in the process of assessing the expected impact of this standard on its consolidated financial statements.

2. Earnings per share

Basic net income per share is calculated by dividing net income by the weighted average number of common shares and vested stock units outstanding. Diluted net income per share includes the dilutive effect of stock options, stock-settled stock appreciation rights and unvested stock units under the treasury stock method.

The reconciliations of the numerators and denominators used to calculate basic and diluted net income per share are as follows:

	Year ended December 31,		
	2007	2006	2005
	(in thousands, except per share)		
Basic:			
Income from continuing operations	$381,778	$289,329	$207,422
Income from discontinued operations, net of tax	—	—	13,157
Gain on disposal of discontinued operations, net of tax	—	362	8,064
Net income	$381,778	$289,691	$228,643
Weighted average shares outstanding during the year	105,848	103,471	100,713
Vested stock units	45	49	49
Weighted average shares for basic earnings per share calculation	105,893	103,520	100,762
Basic earnings per share from continuing operations, net of tax	$ 3.61	$ 2.79	$ 2.06
Income from discontinued operations, net of tax	—	—	0.13
Gain on disposal of discontinued operations, net of tax	—	0.01	0.08
Basic net income per share	$ 3.61	$ 2.80	$ 2.27
Diluted:			
Income from continuing operations	$381,778	$289,329	$207,422
Income from discontinued operations, net of tax	—	—	13,157
Gain on disposal of discontinued operations, net of tax	—	362	8,064
Net income	$381,778	$289,691	$228,643
Weighted average shares outstanding during the year	105,848	103,471	100,713
Vested stock units	45	49	49
Assumed incremental shares from stock plans	1,525	2,273	3,306
Weighted average shares for diluted earnings per share calculation	107,418	105,793	104,068
Diluted earnings per share from continuing operations, net of tax	$ 3.55	$ 2.73	$ 1.99
Income from discontinued operations, net of tax	—	—	0.13
Gain on disposal of discontinued operations, net of tax	—	0.01	0.08
Diluted net income per share	$ 3.55	$ 2.74	$ 2.20

Stock plan award shares for stock options and stock appreciation rights that have exercise or base prices greater than the average market price of shares outstanding during the year were not included in the computation of diluted earnings per share because they were anti-dilutive. These excluded stock plan shares were as follows: 260,000 shares at $56.63 to $64.21 per share in 2007, 932,600 shares at $54.86 to $60.21 per share in 2006, and 2,419,750 shares at $45.60 to $52.81 per share in 2005.

3. Accounts receivable

Less than 10% of the accounts receivable balances as of December 31, 2007 and 2006 were more than six months old, and there were no significant balances over one year old. Approximately 1% of our accounts receivable as of December 31, 2007 and 2006 relate to collections from patients. Accounts receivable are principally from Medicare and Medicaid programs and commercial insurance plans.

4. Other receivables

Other receivables were comprised of the following:

	December 31,	
	2007	2006
Supplier rebates and other non-trade receivables	$151,939	$119,889
Medicare bad debt claims	31,400	15,990
Transition services receivable associated with divested centers	—	2,406
Operating advances under management services agreements	15,405	10,557
	$198,744	$148,842

Operating advances under management services agreements are generally unsecured.

5. Other current assets

Other current assets consist principally of prepaid expenses and operating deposits.

6. Property and equipment

Property and equipment were comprised of the following:

	December 31,	
	2007	2006
Land	$ 11,827	$ 13,593
Buildings	32,448	39,438
Leasehold improvements	731,426	620,483
Equipment and information systems	814,512	686,426
New center and capital asset projects in progress	33,027	48,747
	1,623,240	1,408,687
Less accumulated depreciation and amortization	(683,914)	(558,721)
	$ 939,326	$ 849,966

Depreciation and amortization expense on property and equipment was $178,990, $160,717 and $105,254 for 2007, 2006 and 2005, respectively.

Interest on debt incurred during the development of new centers and other capital asset projects is capitalized as a component of the asset cost based on the respective in-process capital asset balances. Interest capitalized was $3,878, $4,708 and $1,912 for 2007, 2006 and 2005, respectively.

7. Amortizable intangibles

Amortizable intangible assets were comprised of the following:

	December 31, 2007	December 31, 2006
Noncompetition and other agreements	$ 276,182	$ 261,836
Lease agreements	8,738	8,738
Deferred debt issuance costs	72,618	73,826
	357,538	344,400
Less accumulated amortization	(174,496)	(140,679)
Total amortizable intangible assets	$ 183,042	$ 203,721

Amortizable intangible liabilities were comprised of the following:

	December 31, 2007	December 31, 2006
Alliance and product supply agreement commitment (See Note 19)	$ 68,200	$120,300
Less accumulated amortization	(26,893)	(15,037)
	$ 41,307	$105,263

Net amortization expense from noncompetition and other agreements and the amortizable intangible liabilities was $14,480, $12,578 and $11,582 for 2007, 2006 and 2005, respectively. Lease agreements are amortized to rent expense, which was $2,240 in 2007, $3,309 in 2006, and $690 in 2005, respectively. Deferred debt issuance costs are amortized to debt expense as described in Note 13 to the consolidated financial statements.

Scheduled amortization charges from intangible assets and liabilities as of December 31, 2007 were as follows:

	Noncompetition and other agreements	Deferred debt issuance costs	Alliance and Product Supply Agreement liability
2008	$22,808	$9,772	$ (5,330)
2009	19,428	9,646	(5,330)
2010	18,340	9,374	(5,330)
2011	17,488	8,914	(5,330)
2012	16,138	6,418	(5,330)
Thereafter	39,206	5,510	(14,657)

8. Investments in third-party businesses

Investments in non-consolidated dialysis businesses and related advances were $19,446 and $1,813 at December 31, 2007 and 2006. During 2007, 2006 and 2005, the Company recognized income of $1,217, $2,308 and $1,406, respectively, relating to investments in non-consolidated businesses under the equity method. These amounts are included as a reduction to minority interest expense in the consolidated statements of income.

On December 31, 2007, the Company acquired a 50% noncontrolling ownership interest in a joint venture that operates six dialysis centers for $17,550. During 2006, the Company acquired a majority voting interest in

one business that was previously minority-controlled and sold its interest in one minority-controlled business. The Company did not recognize a gain or loss on the sale as the investment was carried at fair value as a result of the DVA Renal Healthcare acquisition.

9. Investments

In accordance with SFAS No. 115 and based on the Company's intentions and strategy involving investments, the Company classifies certain debt securities as held-to-maturity and records them at amortized cost. Equity securities that have readily determinable fair values and other debt securities classified as available for sale are recorded at fair value.

The Company's investments consist of the following:

	December 31, 2007			December 31, 2006		
	Held to maturity	Available for sale	Total	Held to maturity	Available for sale	Total
Certificates of deposit and U.S. treasury notes due within one year	$19,804	$ —	$19,804	$1,500	$ —	$ 1,500
Investments in mutual funds	—	43,036	43,036	—	16,408	16,408
	$19,804	$43,036	$62,840	$1,500	$16,408	$17,908
Short-term investments	$19,804	$20,474	$40,278	$1,500	$ 3,234	$ 4,734
Long-term investments	—	22,562	22,562	—	13,174	13,174
	$19,804	$43,036	$62,840	$1,500	$16,408	$17,908

The cost of the certificates of deposit and U.S. treasury notes at December 31, 2007 and 2006, as well as the investments in mutual funds at December 31, 2006, approximates fair value. As of December 31, 2007, the available for sale investments included $850 of gross pre-tax unrealized gains. During 2007, the Company recorded gross pre-tax unrealized gains of $6,892 in other comprehensive income associated with changes in the fair value of these investments as well as the NxStage common stock, as discussed below. During 2007, the Company sold investments in mutual funds for net proceeds of $6,406, and recognized a pre-tax gain of $104, or $64 after tax, that was previously recorded in other comprehensive income. This pre-tax gain is included in other income. The Company also received $4,795 from maturities of certificates of deposits and treasury notes, during 2007.

On February 7, 2007, the Company entered into a National Provider Agreement with NxStage, Inc. The agreement provides the Company with the ability to purchase NxStage home-based hemodialysis products at a potential discount depending upon the achievement of certain volume targets. The agreement has an initial term of three years, terminating on December 31, 2009, and may be extended in six-month increments up to two additional years if certain volume targets are met. As a part of the agreement, the Company purchased outright all of its NxStage System One equipment then in use for $5,100, and will purchase a majority of its future home-based hemodialysis equipment and supplies from NxStage. In connection with the provider agreement, the Company purchased two million shares of NxStage common stock in a private placement offering for $20,000, representing an ownership position of approximately 7% in NxStage. The Company subsequently sold these shares in the second and third quarters of 2007 for net proceeds of $25,868 and recognized a pre-tax gain of $5,938, or $3,628 after tax, that was previously recorded in other comprehensive income. The pre-tax gain is included in other income.

10. Goodwill

Changes in the book value of goodwill were as follows:

	Year ended December 31,	
	2007	2006
Balance at January 1	$3,667,853	$3,594,383
Acquisitions	105,609	79,948
DVA Renal Healthcare income tax adjustments and other adjustments	(4,951)	(5,811)
Divestitures and other adjustments	(578)	(667)
Balance at December 31	$3,767,933	$3,667,853

11. Other liabilities

Other accrued liabilities were comprised of the following:

	December 31,	
	2007	2006
Payor refunds and retractions	$333,089	$322,155
Insurance and self-insurance accruals	66,222	74,607
Accrued interest	48,506	48,781
Accrued non-income tax liabilities	12,386	11,610
Other	25,948	16,066
	$486,151	$473,219

12. Income taxes

On January 1, 2007, the Company adopted the provisions of FASB Interpretation 48 (FIN 48) *Accounting for Income Tax Uncertainties*, which clarifies the accounting for uncertainty in income taxes recognized in the consolidated financial statements in accordance with SFAS Statement No. 109 *Accounting for Income Taxes*. The Interpretation prescribes a recognition threshold of more-likely-than-not and a measurement attribute on all tax positions taken or expected to be taken in a tax return in order to be recognized in the financial statements. In making this assessment, a company must determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based solely on the technical merits of the position and must assume that the tax position will be examined by the appropriate taxing authority that would have full knowledge of all relevant information. Once the recognition threshold is met, the tax position is then measured to determine the actual amount of benefit to recognize in the financial statements. In addition, the recognition threshold of more-likely-than-not must continue to be met in each reporting period to support continued recognition of the tax benefit. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the financial reporting period in which that threshold is no longer met.

As a result of implementing FIN 48, the Company recognized an increase of $22,860 to the beginning balance of its current and long-term deferred tax assets, offset by increases in its current taxes payable and other long-term liabilities of $18,969. This recognized net tax benefit of $3,891 was recorded as an increase to the beginning balance of retained earnings on January 1, 2007. The Company also recorded a decrease of $4,951 to

the beginning balance of current taxes payable and long-term deferred tax liabilities, and a corresponding decrease to goodwill as a result of recognizing tax benefits associated with our acquisition of DVA Renal Healthcare.

A reconciliation of the beginning and ending amount of unrecognized tax benefits was as follows:

	Year ended December 31, 2007
Balance January 1, 2007	$27,925
Additions for tax positions related to 2007	1,798
Additions for tax positions related to prior years	416
Reductions for tax positions related to prior years	(3,200)
Settlements	(1,195)
Balance December 31, 2007	$25,744

As of December 31, 2007, it is reasonably possible that $17,493 of unrecognized tax benefits may be recognized within the next 12 months, primarily related to the filing of a tax accounting method change request for recently acquired entities. This change will have no impact on the Company's effective tax rate. As of December 31, 2007, unrecognized tax benefits totaling $7,522 would affect the Company's effective tax rate, if recognized.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in its income tax expense. At December 31, 2007, the Company had approximately $2,600 accrued for interest and penalties related to unrecognized tax benefits.

The Company and its subsidiaries file U.S. federal income tax returns and various state returns. The Company is no longer subject to U.S. federal, state and local examinations by tax authorities for years before 2003. The Internal Revenue Service (IRS) completed an examination of the Company's U.S. federal income tax returns for 2003 and 2004 during the second quarter of 2007. The examination did not result in any material impact to the Company's consolidated financial statements.

Income tax expense consisted of the following:

	Year ended December 31,		
	2007	2006	2005
Current:			
Federal	$196,697	$159,054	$178,569
State	30,446	24,009	33,564
Deferred:			
Federal	14,945	(12)	(60,866)
State	3,656	2,354	(10,502)
	$245,744	$185,405	$140,765

The allocations of income tax expense were as follows:

	Year ended December 31,		
	2007	2006	2005
Continuing operations	$245,744	$186,430	$123,675
Discontinued operations	—	—	8,377
Gain on discontinued operations	—	(1,025)	8,713
	$245,744	$185,405	$140,765

Deferred tax assets and liabilities arising from temporary differences were as follows:

	December 31,	
	2007	2006
Receivables, primarily allowance for doubtful accounts	$ 61,184	$ 47,054
Alliance and product supply agreement	16,069	40,947
Accrued liabilities	191,140	154,169
Other	43,218	27,638
Deferred tax assets	311,611	269,808
Valuation allowance	(9,353)	(10,656)
Net deferred tax assets	302,258	259,152
Intangible assets	(206,236)	(155,762)
Property and equipment	(12,825)	(18,953)
Other	(1,674)	(10,989)
Deferred tax liabilities	(220,735)	(185,704)
Net deferred tax assets	$ 81,523	$ 73,448

At December 31, 2007, the Company had state net operating loss carryforwards of approximately $147,890 that expire through 2027, and federal net operating loss carryforwards of $16,579 that expire through 2027. The utilization of these losses may be limited in future years based on the profitability of certain separate-return entities. The valuation allowance decrease of $1,303 related to changes in the estimated tax benefit of capital losses and federal and state operating losses of separate-return entities, of which an increase of $1,157 is included as a component of tax expense and a $2,460 decrease is an adjustment to income taxes payable in connection with the adoption of FIN 48. A total of approximately $2,700 of valuation allowance will reduce goodwill when the related tax benefits are first recognized.

The reconciliation between our effective tax rate from continuing operations and the U.S. federal income tax rate is as follows:

	Year ended December 31,		
	2007	2006	2005
Federal income tax rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	3.5	3.9	3.4
Changes in deferred tax valuation allowances	0.2	(0.1)	(0.7)
Other	0.5	0.4	(0.3)
Effective tax rate	39.2%	39.2%	37.4%

13. Long-term debt

Long-term debt was comprised of the following:

	December 31, 2007	December 31, 2006
Senior Secured Credit Facilities:		
Term loan A	$ 229,250	$ 279,250
Term loan B	1,705,875	2,105,875
Senior and senior subordinated notes	1,750,000	1,350,000
Acquisition obligations and other notes payable	11,047	9,197
Capital lease obligations	6,667	6,929
Total principal debt outstanding	3,702,839	3,751,251
Premium on the 6-⅝% senior notes	4,479	—
	3,707,318	3,751,251
Less current portion	(23,431)	(20,871)
	$3,683,887	$3,730,380

Scheduled maturities of long-term debt at December 31, 2007 were as follows:

2008	$ 23,431
2009	63,916
2010	89,034
2011	66,570
2012	1,706,541
Thereafter	1,753,347

Senior Secured Credit Facility

The Senior Secured Credit Facilities are guaranteed by substantially all of the Company's direct and indirect wholly-owned subsidiaries and are secured by substantially all of the Company's and its subsidiary guarantors' assets. The Senior Secured Credit Facilities also contain customary affirmative and negative covenants and require compliance with financial covenants, including an interest rate coverage ratio, and a leverage ratio that determines the interest rate margins on term loan A and the revolving line of credit. The Senior Secured Credit Facilities in general also contain limits on the general amount of capital expenditures for internal growth, acquisitions and capital improvements (see discussion below) as well as limits on the amount of tangible net assets for non-guarantor subsidiaries.

Term Loans

Term loan A and term loan B total outstanding borrowings each consist of various individual tranche amounts that can range in maturity from one month to twelve months. Each specific tranche bears interest at a LIBOR rate determined by the maturity of that specific tranche and the interest rates are reset as each specific tranche matures. The overall weighted average interest rate for each term loan is determined based upon the LIBOR interest rates in effect for each individual tranche plus the interest rate margin.

During 2007 and 2006, the Company made principal payments totaling $50,000 and $62,000 on term loan A, respectively, and $400,000 and $338,000 on term loan B, respectively. The principal payments made on term loan A and term loan B in 2007 were prepayments. The term loan B prepayment was made from the proceeds of issuing the senior notes as discussed below. In 2006, $35,000 were mandatory principal payments as required for term loan A and $24,500 were mandatory principal payments as required for term loan B. The

balance of the principal payments in 2006 were prepayments. As a result of the principal prepayment made in 2007 and 2006, the Company wrote off a total of $4,371 and $3,270, respectively, of deferred financing costs, which is included in debt expense.

Term Loan A

On February 27, 2007, the Company's interest rate margin on its term loan A was reduced by 0.25% as a result of achieving certain financial ratios as defined in the Senior Secured Credit Facilities.

Term loan A currently bears interest at LIBOR plus a margin of 1.50%, for an overall weighted average effective rate of 6.35% at December 31, 2007. The interest rate margin is subject to adjustment depending upon certain financial conditions and could range from 1.50% to 2.25%. Term loan A matures in October 2011 and requires annual principal payments of $14,875 in 2008, $61,250 in 2009, $87,500 in 2010 and $65,625 in 2011, respectively.

Term Loan B

On February 23, 2007, the Company amended and restated its existing Senior Secured Credit Facilities to, among other things, reduce the interest rate margin on term loan B by 0.50%, and to amend certain financial covenants. The amended term loan B bears interest at LIBOR plus a margin of 1.50%, for an overall weighted average effective rate of 5.80%, including the impact of the Company's swap agreements, except for the forward interest rate swap agreements, as of December 31, 2007. Other terms that were changed included the amount by which the Company can elect to increase the revolving and term loan commitments from $500,000 to $750,000 and certain limitations on purchases, redemptions or acquisitions of capital stock, the payment of dividends and distributions in cash. Further, limitations on capital expenditures for internal growth will not apply during the periods in which the Company's leverage ratio is less than 3.5:1. The Company's leverage ratio as of December 31, 2007 was less than 3.5:1. The Company incurred financing costs of $1,781 which were deferred and also expensed $248 of other costs in connection with this transaction, which are included in debt expense. Term loan B matures in October 2012 and requires principal payments of $1,705,875 in year 2012.

Revolving Lines of Credit

The Company has an undrawn revolving line under the Senior Secured Credit Facilities totaling $250,000, of which approximately $41,000 was committed for outstanding letters of credit. The Company also has other undrawn revolving lines of credit totaling $7,200 associated with several of its joint ventures.

Senior and Senior Subordinated Notes

On February 23, 2007, the Company issued $400,000 of 6 $^5/_8$% senior notes due 2013 in a private offering, realizing $405,080 in proceeds, which included a $5,080 premium, and incurred $2,719 in related deferred financing costs. These senior notes are part of the same series of debt securities as the $500,000 aggregate principal amount of 6 $^5/_8$% senior notes that were issued in March 2005. The effective interest rate for the $400,000 of 6 $^5/_8$% senior notes is 6.45%. The senior notes are guaranteed by substantially all of the Company's direct and indirect wholly-owned subsidiaries and require semi-annual interest payments which began March 15, 2007. The senior notes may be redeemed by the Company in whole or part at any time on or after March 15, 2009, at certain specified prices. The Company used $400,000 of these proceeds to pay down its term loan B as discussed above.

The Company's senior and senior subordinated notes, as of December 31, 2007, consisted of $900,000 of 6 5/8% senior notes due 2013 and $850,000 of 7 1/4% senior subordinated notes due 2015. The notes are guaranteed by substantially all of the Company's direct and indirect wholly-owned subsidiaries and require semi-annual interest payments in March and September. The Company may redeem some or all of the senior notes at any time as described above and some or all of the senior subordinated notes at any time on or after March 15, 2010.

Interest rate swaps

As of December 31, 2007, the Company maintained a total of nine interest rate swap agreements with amortizing notional amounts totaling $968,000. These agreements had the economic effect of modifying the LIBOR-based variable interest rate on an equivalent amount of debt to fixed rates ranging from 3.08% to 4.27%, resulting in an overall weighted average effective interest rate of 5.37% on the hedged portion of our Senior Secured Credit Facilities, including the term loan B margin of 1.50%. The swap agreements expire in 2008 through 2010 and require quarterly interest payments. In addition, the Company maintains two forward interest rate swap agreements with notional amounts totaling $200,000. These forward interest rate swaps will have the economic effect of modifying the LIBOR-based interest rates to fixed rates of 4.05% and 4.70% on the Company's term loan B outstanding debt. These forward interest rate swaps take effect on September 30, 2008, require quarterly interest payments beginning in December 2008, and expire in 2010. During 2007, 2006, and 2005 the Company accrued net cash benefits (obligations) of approximately $14,497, $15,791, and $(285), respectively, from these swaps, which are included in debt expense. During 2005, the Company also incurred additional net cash obligations of $1,461 from these swaps, which is included in swap valuation gains. The Company estimates that approximately $500 of existing unrealized pre-tax losses in other comprehensive income at December 31, 2007, will be reclassified into income in 2008. As of December 31, 2007 and 2006, the total fair value of these swaps was a net liability of $511 and an asset of $29,544, respectively. The 2007 amount was primarily included in other long-term liabilities and the 2006 amount was primarily included in other long-term assets. Also during 2007, the Company recorded $16,027, net of tax, as reductions to other comprehensive income for valuation losses, net of amounts reclassified into income.

As of December 31, 2007, the Company had approximately 50% of its variable rate debt and approximately 74% of its total debt economically fixed.

As a result of the swap agreements, the Company's overall Senior Secured Credit Facilities effective weighted average interest rate was 5.90%, based upon the current margins in effect of 1.50%, as of December 31, 2007.

At December 31, 2007, the Company's overall average effective interest rate was 6.37%.

Debt expense

Debt expense consisted of interest expense of $242,720, $262,967 and $134,429, amortization of deferred financing costs of $9,808, $10,469 and $5,157 for 2007, 2006 and 2005, respectively, and in 2007 and 2006, included the write-off of $4,371 and $3,270, respectively, of deferred financing costs. Debt expense in 2007 also included $248 of other costs associated with the amendment and reinstatement of the Senior Secured Credit Facilities. These interest expense amounts are net of capitalized interest.

2005 Transactions

In conjunction with the repayment and extinguishment of the Company's prior Senior Secured Credit Facilities during 2005, the Company wrote off deferred financing costs of $8,170 and reclassified into net income $8,100 of swap valuation gains that were previously recorded in other comprehensive income. These gains represented the accumulated fair value of several interest rate swap instruments that became ineffective as cash flow hedges as a result of the repayment of the prior Senior Secured Credit Facilities. In addition, the Company

recorded a net loss of $2,100 related to changes in fair values of these swaps that were not effective as interest rate hedges until they were redesignated in the second quarter of 2005.

Portions of the Company's various interest rate swap agreements that were previously designated and expected to be effective as forward cash flow hedges became ineffective as a result of the Company not having any variable rate LIBOR-based interest payments during a portion of 2005. This resulted in a net charge of $1,700 to swap valuation gains, which includes the $1,461 discussed above as well as a reclassification into income of $2,000 of swap valuation losses that were previously recorded in other comprehensive income. The swap payment periods that began after October 2005 were highly effective as cash flow hedges with gains or losses from changes in their fair values reported in other comprehensive income.

14. Leases

The majority of the Company's facilities are leased under non-cancelable operating leases, ranging in terms from five to ten years, which contain renewal options of five to ten years at the fair rental value at the time of renewal or at rates subject to periodic consumer price index increases. The Company also leases certain equipment under capital leases.

Future minimum lease payments under non-cancelable operating leases and capital leases are as follows:

	Operating leases	Capital leases
2008	$ 170,192	$ 1,579
2009	151,344	1,162
2010	136,480	962
2011	121,913	966
2012	101,035	987
Thereafter	336,131	4,452
	$1,017,095	10,108
Less portion representing interest		(3,441)
Total capital lease obligations, including current portion		$ 6,667

Rent expense under all operating leases for 2007, 2006, and 2005 was $200,626, $187,139 and $109,511, respectively. Rent expense is recorded on a straight line basis, over the term of the lease, for leases that contain fixed escalation causes. Leasehold improvement incentives are deferred and amortized to rent expense over the term of the lease. The net book value of property and equipment under capital leases was $7,191, $5,765 and $6,094 at December 31, 2007, 2006 and 2005, respectively. Capital lease obligations are included in long-term debt. See Note 13 to the consolidated financial statements.

15. Employee benefit plans

The Company has a savings plan for substantially all employees which has been established pursuant to the provisions of Section 401(k) of the Internal Revenue Code, or IRC. The plan provides for employees to contribute a percentage of their base annual salaries on a tax-deferred basis not to exceed IRC limitations. The Company does not provide any matching contributions.

During 2000, the Company established the DaVita Inc. Profit Sharing Plan. Contributions to this defined contribution benefit plan are made at the discretion of the Company as determined and approved by the Board of

Directors. All contributions are deposited into an irrevocable trust. The profit sharing award for each eligible participant is based upon the achievement of employee-specific and/or corporate financial and operating goals. During 2004 the Company elected to discontinue funding the profit sharing plan and to distribute similar awards directly to the recipients, or at their discretion to their 401(k) accounts. In December 2007, the DaVita Profit Sharing Plan was merged into the Company's 401(k) Plan.

On October 5, 2005, the Company's Board of Directors approved the adoption of the DaVita Voluntary Deferral Plan. This plan is non-qualified and permits certain employees whose annualized base salary equals or exceeds a minimum annual threshold amount as set by the Company to elect to defer all or a portion of their annual bonus payment and, as originally adopted, up to 15% of their base salary into a deferral account maintained by the Company. Total contributions to this plan in 2007 and 2006 were $1,601, and $1,296, respectively. Effective January 1, 2006, the elective deferral percentage for base salary was increased to up to 50% of a participant's base salary. Deferred amounts are generally paid out in cash at the participant's election either in the first or second year following retirement or in a specified future period at least three to four years after the deferral election was effective. Participants are credited with their proportional amount of annual earnings from the plan. The assets of this plan are held in a "rabbi trust" and as such are subject to the claims of the Company's general creditors in the event of its bankruptcy.

As part of the acquisition of DVA Renal Healthcare on October 5, 2005, the Company acquired an Executive Retirement Plan for certain members of management. The plan is non-qualified and contributions to the plan were made at the discretion of DVA Renal Healthcare based upon a pre-determined percentage of a participant's base salary. Effective November 2005, all contributions to this plan were discontinued and the balance of the plan assets will be paid out upon termination of each individual participant.

The Company maintains a non-qualified deferred compensation plan for key employees. Company contributions are discretionary and are deposited into a rabbi trust. Participants in the plan are subject to a vesting period and typically receive annual distributions from the plan commencing one year after grant date, although in certain situations distributions are paid upon termination or retirement. Participants also have the option to direct their balances into certain investment funds and are credited with their proportional amount of earnings from the investments. The assets of this plan as held in the rabbi trust and are subject to the claims of the Company's general creditors in the event of its bankruptcy. During 2007 and 2006, the Company contributed $15,710 and $2,430 into the plan.

The Company also maintains a non-qualified deferred compensation plan for certain employees. Company contributions to the plan are discretionary and are deposited into a rabbi trust that is not subject to general creditors claims in the event of bankruptcy by the Company. Participants in the plan are subject to a vesting period and will receive their proportionate amount of the Company's contribution plus earnings in December of 2008. Participants are credited with their proportional amount of earnings from the investments within the plan. During 2007, the Company contributed $14,774 into this plan.

The fair value of the assets held in trust as of December 31, 2007, and 2006 totaled $43,036 and $16,408, respectively. The assets are available for sale and as such are recorded at fair market value with changes in the fair market values being recorded in other comprehensive income. Any fair market value changes to the corresponding liability balance will be recorded as compensation expense. See Note 9 to the consolidated financial statements.

Most of the Company's outstanding employee stock plan awards include a provision accelerating the vesting of the award in the event of a change of control. The Company also maintains a change of control protection program for its employees who do not have a significant number of stock awards, which has been in place since 2001, and which provides for cash bonuses to employees in the event of a change of control. Based on the market price of the Company's stock and the outstanding shares of its common stock on December 31, 2007, these cash bonuses would total approximately $234,000 if a control transaction occurred at that price and

the Company's Board of Directors did not modify the program. This amount has not been accrued at December 31, 2007, and would only be accrued upon a change of control. These compensation programs may affect the price an acquirer would be willing to pay.

16. Contingencies

The majority of the Company's revenues are from government programs and may be subject to adjustment as a result of: (1) examination by government agencies or contractors, for which the resolution of any matters raised may take extended periods of time to finalize; (2) differing interpretations of government regulations by different fiscal intermediaries or regulatory authorities; (3) differing opinions regarding a patient's medical diagnosis or the medical necessity of services provided; and (4) retroactive applications or interpretations of governmental requirements. In addition, the Company's revenues from commercial payors may be subject to adjustment as a result of potential claims for refunds, as a result of government actions or as a result of other claims by commercial payors.

United States Attorney inquiries

In February 2007, the Company received a request for information from the Office of Inspector General, U.S. Department of Health and Human Services, or OIG, for records relating to Epogen®, or EPO, claims submitted to Medicare. In August 2007, the Company received a subpoena from the OIG seeking similar documents. The requested documents relate to services provided from 2001 to 2004 by a number of the Company's centers. The request and subpoena were sent from the OIG's offices in Houston and Dallas, Texas. The Company is cooperating with the inquiry and is producing the requested records. The Company has been in contact with the United States Attorney's Office, or U.S. Attorney's Office, for the Eastern District of Texas, which has stated that this is a civil inquiry related to EPO claims. There appears to be substantial overlap between this issue and the ongoing review of EPO utilization and claims by the U.S. Attorney's Office, for the Eastern District of Missouri in St. Louis described below. To the Company's knowledge, no proceedings have been initiated against the Company at this time. Although the Company cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to the subpoena will continue to require management's attention and significant legal expense. Any negative findings could result in substantial financial penalties against the Company and exclusion from future participation in the Medicare and Medicaid programs.

On March 4, 2005, the Company received a subpoena from the U.S. Attorney's Office for the Eastern District of Missouri in St. Louis. The subpoena requires production of a wide range of documents relating to our operations, including documents related to, among other things, pharmaceutical and other services provided to patients, relationships with pharmaceutical companies, and financial relationships with physicians and joint ventures. The subpoena covers the period from December 1, 1996 through the present. In October 2005, the Company received a follow-up request for additional documents related to specific medical director and joint venture arrangements. In February 2006, the Company received an additional subpoena for documents, including certain patient records relating to the administration and billing of EPO. In May 2007, the Company received a request for documents related to durable medical equipment (DME) and supply companies owned and operated by the Company. The Company is producing documents and providing information to the government. The Company is also cooperating, and intends to continue to cooperate, with the government's investigation, including by participating in discussions and meetings with the government. The subpoenas have been issued in connection with a joint civil and criminal investigation. It is possible that criminal proceedings may be initiated against the Company in connection with this inquiry. Any negative findings could result in substantial financial penalties against the Company, exclusion from future participation in the Medicare and Medicaid programs and criminal penalties. To the Company's knowledge, no proceedings have been initiated against the Company at this

time. Although the Company cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as this to continue for a considerable period of time. Responding to the subpoenas will continue to require management's attention and significant legal expense.

On October 25, 2004, the Company received a subpoena from the U.S. Attorney's Office for the Eastern District of New York in Brooklyn. The subpoena covers the period from 1996 to present and requires the production of a wide range of documents relating to the Company's operations, including DaVita Laboratory Services. Gambro Healthcare received a similar subpoena in November 2004. The subpoena also includes specific requests for documents relating to testing for parathyroid hormone levels, or PTH, and to products relating to vitamin D therapies. The subpoena has been issued in connection with a joint civil and criminal investigation. It is possible that criminal proceedings may be initiated against the Company in connection with this inquiry. Any negative findings could result in substantial financial penalties against the Company, exclusion from future participation in the Medicare and Medicaid programs and criminal penalties. Other participants in the dialysis industry received a similar subpoena, including Fresenius Medical Group. To the Company's knowledge, no proceedings have been initiated against the Company at this time. Although the Company cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as these to continue for a considerable period of time. Responding to the subpoena may continue to require management's attention and significant legal expense.

Other

The Company has received several notices of claims from commercial payors and other third parties related to historical billing practices and claims against DVA Renal Healthcare (formerly known as Gambro Healthcare) related to historical Gambro Healthcare billing practices and other matters covered by their settlement agreement with the Department of Justice. At least one commercial payor has filed an arbitration demand against the Company, as described below, and additional commercial payors have threatened litigation. The Company intends to defend against these claims vigorously; however, the Company may not be successful and these claims may lead to litigation and any such litigation may be resolved unfavorably. Although the ultimate outcome of these claims cannot be predicted at this time, an adverse result in excess of the Company's established reserves, with respect to one or more of these claims could have a material adverse effect on the Company's business, financial condition, results of operations and liquidity.

In December 2007, the Company entered into a Settlement Agreement with the State of New York to resolve certain billing issues that had been the subject of inquiry by the New York Attorney General's Medicaid Fraud Control Unit, or MFCU. The Company had received several informal inquiries from representatives of MFCU regarding billing practices for facilities managed by the Company in New York. The Settlement Agreement covers numerous dialysis facilities in New York for which the Company, through its subsidiaries, provides administrative services. The Company paid $1,457 in settlement, which included the amount of the overpayments by the New York Medicaid program plus interest; no fines or penalties were assessed.

In October 2007, the Company was contacted by the Attorney General's Office for the State of Nevada. The Attorney General's Office informed the Company that it was conducting a criminal investigation of the Company's operations in Nevada and that the investigation related to the billing of pharmaceuticals, including EPO. On February 8, 2008, the Attorney General's Office informed the Company that the criminal investigation has been discontinued. The Attorney General's Office further advised the Company that Nevada Medicaid intends to conduct audits of ESRD providers in Nevada, including the Company, and that such audits will relate to the issues that were the subjects of the criminal investigation. Any negative findings could result in substantial financial penalties against the Company and exclusion from future participation in the Medicare and Medicaid programs. To the Company's knowledge, no proceedings have been initiated against the Company at this time.

On August 28, 2007, Sheet Metal Workers National Health Fund and Glenn Randle filed a complaint in the United States District Court for the Central District of California against the Company. The complaint also

names as defendants Amgen, Inc. and Fresenius Medical Care Holdings, Inc. The complaint is styled as a class action and alleges four claims against the Company, including violations of the federal RICO statute, California's unfair competition law, California's false advertising law and for unjust enrichment. The complaint's principal allegations against the Company are that the defendants engaged in a scheme to unlawfully promote the administration of EPO to hemodialysis patients intravenously, as opposed to subcutaneously, and to over-utilize EPO. The Company intends to vigorously defend against these claims. The Company also intends to vigorously oppose the certification of this matter as a class action. At this time, the Company cannot predict the ultimate outcome of this matter or the potential range of damages, if any.

On August 8, 2005, Blue Cross/Blue Shield of Louisiana filed a complaint in the United States District Court for the Western District of Louisiana against Gambro AB, DVA Renal Healthcare (formerly Gambro Healthcare) and related entities. The plaintiff sought to bring its claims as a class action on behalf of itself and all entities that paid any of the defendants for health care goods and services from on or about January 1991 through at least December 2004. The complaint alleged, among other things, damages resulting from facts and circumstances underlying Gambro Healthcare's December 2004 settlement agreement with the Department of Justice and certain agencies of the United States Government. In March 2006, the case was dismissed and the plaintiff was compelled to seek arbitration to resolve the matter. In November 2006, the plaintiff filed a demand for class arbitration against the Company and DVA Renal Healthcare. The Company intends to vigorously defend against these claims. The Company also intends to vigorously oppose the certification of this matter as a class action. At this time, the Company cannot predict the ultimate outcome of this matter or the potential range of damages, if any.

In June 2004, Gambro Healthcare was served with a complaint filed in the Superior Court of California by one of its former employees who worked for its California acute services program. The complaint, which is styled as a class action, alleges, among other things, that DVA Renal Healthcare (formerly Gambro Healthcare) failed to provide overtime wages, defined rest periods and meal periods, or compensation in lieu of such provisions and failed to comply with certain other California labor code requirements. The Company intends to vigorously defend against this claim. The Company also intends to vigorously oppose the certification of this matter as a class action. Although the ultimate outcome of these claims cannot be predicted, the Company does not expect that an unfavorable result, if any, would have a material adverse effect on the Company's business, financial condition, liquidity or results of operations.

In addition to the foregoing, the Company is subject to claims and suits, including from time to time, contractual disputes and professional and general liability claims, as well as audits and investigations by various government entities, in the ordinary course of business. The Company believes that the ultimate resolution of any such pending proceedings, whether the underlying claims are covered by insurance or not, will not have a material adverse effect on its financial condition, results of operations or cash flows.

17. Shareholders' equity and stock-based compensation

Authorized capital stock of the Company

On May 29, 2007, DaVita's stockholders approved an amendment to its Amended and Restated Certificate of Incorporation to increase the number of shares of authorized common stock from 195,000,000 to 450,000,000 shares.

Stock-based compensation

Effective January 1, 2006, the Company implemented Statement of Financial Accounting Standards (SFAS) No. 123(R) *Share-Based Payment*, which requires the measurement and recognition of cost for all stock-

based awards made to employees and directors, including stock options, stock appreciation rights, stock units and discounted employee stock purchases. Under this standard, the Company's stock-based compensation awards are measured at estimated grant-date fair value and recognized as compensation expense over their requisite service periods. SFAS No. 123(R) supersedes the Company's previous accounting under Accounting Principles Board Opinion (APB) No. 25 *Accounting for Stock Issued to Employees*, under which the Company did not recognize compensation expense for most of its stock options. In March 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 relating to the application of SFAS No. 123(R), and the Company has applied the provisions of SAB 107 in its adoption of SFAS No. 123(R).

The Company implemented SFAS No. 123(R) using the modified prospective transition method. In accordance with this method, our consolidated financial statements for periods prior to fiscal year 2006 have not been restated to reflect this change. The standard also requires that tax benefits realized from stock award exercise gains in excess of stock-based compensation expense recognized for financial statement purposes be reported on a prospective basis as cash flows from financing activities rather than as operating cash flows. The Company also elected to use the method available under FASB Staff Position FSP No. 123(R)-3 *Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards*, which provides an alternative method for calculating historical excess tax benefits from the method described in SFAS No. 123(R) for stock-based compensation awards.

Under SFAS No. 123(R), stock-based compensation recognized during a period is based on the estimated grant-date fair value of the portion of each stock-based award vesting during that period, adjusted for expected forfeitures. Stock-based compensation recognized in the Company's consolidated financial statements for the years ended December 31, 2007 and 2006 includes compensation cost for stock-based awards granted prior to, but not fully vested as of, December 31, 2005 and stock-based awards granted in 2006 and 2007. The Company previously recognized the effect of stock unit forfeitures as they occurred, and the effect of transitioning to recognition of expense based on expected forfeitures was insignificant. Shares issued upon exercise of stock awards are generally issued from shares in treasury.

Prior to 2006, the Company accounted for stock-based compensation in accordance with APB No. 25 *Accounting for Stock Issued to Employees*, as allowed under SFAS No. 123 *Accounting for Stock-based Compensation.* Under APB No. 25, stock option grants to employees did not result in an expense if the exercise price was at least equal to the market price at the date of grant. However, under APB No. 25 the Company did recognize compensation expense for stock units, which were valued at the closing stock price on the date of grant and amortized over their respective vesting periods, and for modifications to stock awards as required under FASB Interpretation No. 44 *Accounting for Certain Transactions Involving Stock Compensation.*

Stock-based compensation plans and agreements

On May 29, 2007, the Company's stockholders approved an amendment and restatement of the Company's Employee Stock Purchase Plan to increase the number of shares of common stock available for issuance under that plan by 800,001 shares, and approved an amendment and restatement of the Company's 2002 Equity Compensation Plan to increase the number of shares of common stock available for issuance under that plan by 6,000,000 shares and, among other things, to remove certain available share recycling features, to change the limit on the maximum number of shares of common stock that may be subject to awards granted to any single recipient in any consecutive twenty-four month period so that such limit applies only to awards of stock options and stock appreciation rights, and to provide additional exceptions from the three year minimum vesting period generally applicable to grants of restricted stock units and other full share awards.

The Company's stock-based compensation plans and agreements are described below.

2002 Plan. The DaVita Inc. 2002 Equity Compensation Plan as amended on May 29, 2007 (the 2002 Plan) provides for grants of stock-based awards to employees, directors and other individuals providing services to the

Company, except that incentive stock options may only be awarded to employees. The 2002 Plan mandates a maximum award term of five years, and stipulates that stock options and stock appreciation rights be granted with prices not less than the fair market value on the date of grant. The 2002 Plan further requires that full share awards such as restricted stock units reduce shares available under the 2002 Plan at a rate of 3.0:1. The Company's nonqualified stock options, stock appreciation rights and stock units awarded under the 2002 Plan generally vest over 48 to 60 months from the date of grant. At December 31, 2007, there were 9,703,821 stock options and stock-settled stock appreciation rights and 204,345 stock units outstanding and 10,945,124 shares available for future grants under the 2002 Plan.

1999 Plan. The 1999 Non-Executive Officer and Non-Director Equity Compensation Plan (the 1999 Plan) provides for grants of stock options to employees and other individuals providing services, other than executive officers and members of the Board of Directors. The Company awards nonqualified stock options under the 1999 Plan which are generally issued with exercise prices equal to the market price of the stock on the date of grant, vest over 48 to 52 months from the date of grant and bear maximum award terms of five years. At December 31, 2007, there were 269,651 stock options outstanding and 305,274 shares available for future grants under the 1999 Plan.

Predecessor plans. Upon shareholder approval of the 2002 Plan on April 11, 2002, the following predecessor plans were terminated, except with respect to options then outstanding: the 1994 Equity Compensation Plan, the 1995 Equity Compensation Plan, the 1997 Equity Compensation Plan, and the 1999 Equity Compensation Plan. Shares available for future grants under these predecessor plans were transferred to the 2002 Plan upon its approval, and cancelled predecessor plan awards become available for new awards under the 2002 Plan. Stock options granted under these terminated plans were generally issued with exercise prices equal to the market price of the stock on the date of grant, vested over four years from the date of grant, and bore maximum award terms of five to 10 years. The RTC Plan, a special purpose option plan related to the merger between the Company and Renal Treatment Centers, Inc. in 1998, was terminated in 1999. At December 31, 2007, there were 567,069 stock options outstanding under these terminated plans.

Deferred stock unit agreements. During 2001 through 2003, the Company made nonqualified stock unit awards to members of the Board of Directors and certain key executive officers under stand-alone contractual deferred stock unit agreements. These awards vest over one to four years and are settled in stock when they vest or at a later date at the election of the recipient. At December 31, 2007, 63,636 stock units remained outstanding under these agreements.

A combined summary of the status of awards under these stock-based compensation plans and agreements, including base shares for stock appreciation rights and shares subject to stock option and stock unit awards, is as follows:

	Year ended December 31, 2007				
	Stock options and stock appreciation rights			Stock units	
	Awards	Weighted average exercise price	Weighted average remaining contractual life	Awards	Weighted average remaining contractual life
Outstanding at beginning of year	9,779,805	$38.06		437,735	
Granted	3,918,328	$53.22		38,643	
Exercised	(2,448,579)	$24.49		(120,175)	
Forfeited	(709,013)	$48.72		(88,222)	
Outstanding at end of period	10,540,541	$46.13	3.3	267,981	2.4
Awards exercisable at end of period	3,075,862	$36.52	2.5	44,881	1.3
Weighted-average fair value of awards granted during 2007	$ 13.89			$ 54.69	
Weighted-average fair value of awards granted during 2006	$ 13.38			$ 51.72	

Range of exercise prices	Awards outstanding	Weighted average exercise price	Awards exercisable	Weighted average exercise price
$ 0.00–$ 0.00	267,981	$ —	44,881	$ —
$ 0.01–$10.00	556,519	4.31	556,519	4.31
$10.01–$20.00	142,114	14.55	142,114	14.55
$20.01–$30.00	422,470	27.97	260,785	27.81
$30.01–$40.00	576,367	31.24	140,218	32.27
$40.01–$50.00	3,746,418	47.93	1,484,495	47.06
$50.01–$60.00	5,048,153	53.37	486,065	53.28
$60.01–$70.00	48,500	61.24	5,666	60.21
Total	10,808,522	$44.99	3,120,743	$36.00

For the years ended December 31, 2007, 2006, and 2005, the aggregate intrinsic value of stock awards exercised was $86,283, $109,562 and $104,000, respectively. At December 31, 2007, the aggregate intrinsic value of stock awards outstanding was $123,390 and the aggregate intrinsic value exercisable was $63,603.

Estimated fair value of stock-based compensation awards

The Company has estimated the grant-date fair value of stock option and stock-settled stock appreciation rights awards using the Black-Scholes-Merton valuation model and stock unit awards at intrinsic value on the date of grant. The following assumptions were used in estimating these values and determining the total stock-based compensation attributable to the current period:

Expected term of the awards: The expected term of awards granted represents the period of time that they are expected to remain outstanding from the date of grant. The Company determines the expected term of its stock awards based on its historical experience with similar awards, considering the Company's historical exercise and post-vesting termination patterns, and the terms expected by peer companies in near industries.

Expected volatility: Expected volatility represents the volatility anticipated over the expected term of the award. The Company determines the expected volatility for its awards based on the volatility of the price of its common stock over the most recent retrospective period commensurate with the expected term of the award, considering the volatility expectations implied by the market price of its exchange-traded options and the volatilities expected by peer companies in near industries.

Expected dividend yield: The Company has not paid dividends on its common stock and does not currently expect to pay dividends during the term of stock awards granted.

Risk-free interest rate: The Company bases the expected risk-free interest rate on the implied yield currently available on stripped interest coupons of U.S. Treasury issues with a remaining term equivalent to the expected term of the award.

A summary of the weighted average valuation inputs described above used for estimating the grant-date fair value of stock options and stock-settled stock appreciation rights granted in the periods indicated is as follows:

	Year ended December 31,		
	2007	2006	2005 pro-forma
Expected term	3.7 years	3.5 years	3.2 years
Expected volatility	25%	25%	27%
Expected dividend yield	0.0%	0.0%	0.0%
Risk-free interest rate	4.4%	5.0%	4.1%

The Company estimates expected forfeitures based upon historical experience with separate groups of employees that have exhibited similar forfeiture behavior in the past. Stock-based compensation expense is recorded only for awards that are expected to vest.

Employee stock purchase plan

The Employee Stock Purchase Plan as amended on May 29, 2007 entitles qualifying employees to purchase up to $25 of the Company's common stock during each calendar year. The amounts used to purchase stock are accumulated through payroll withholdings or through optional lump sum payments made in advance of the first day of the purchase right period. This compensatory plan allows employees to purchase stock for the lesser of 100% of the fair market value on the first day of the purchase right period or 85% of the fair market value on the last day of the purchase right period. Purchase right periods begin on January 1 and July 1, and end on December 31. Payroll withholdings and lump-sum payments related to the plan, included in accrued compensation and benefits, were $4,711, $5,991, and $3,264 at December 31, 2007, 2006 and 2005, respectively. Subsequent to December 31, 2007, 2006 and 2005, 98,353, 123,920 and 80,442 shares, respectively, were issued to satisfy obligations under the plan. At December 31, 2007, there were 1,156,305 shares available for future grants under this plan.

The fair value of employees' purchase rights was estimated as of the beginning dates of the purchase right periods using the Black-Scholes-Merton valuation model with the following weighted average assumptions for purchase right periods in 2007, 2006 and 2005, respectively: expected volatility of 23%, 23% and 27%; risk-free interest rate of 4.9%, 4.9% and 3.2%, and no dividends. Using these assumptions, the weighted average estimated fair value of these purchase rights was $13.96, $12.35 and $10.64 for 2007, 2006 and 2005, respectively.

Stock-based compensation expense and proceeds

For the years ended December 31, 2007 and 2006, the Company recognized $34,149 and $26,389, respectively, in stock-based compensation expense for stock options, stock appreciation rights, stock units and employee stock plan purchases, which is primarily included in general and administrative expenses in continuing operations. The estimated tax benefits recorded for this stock-based compensation in 2007 and 2006 were $12,820 and $9,678, respectively. As of December 31, 2007, there was $78,605 of total estimated unrecognized compensation cost related to nonvested stock-based compensation arrangements under the Company's equity compensation and stock purchase plans. The Company expects to recognize this cost over a weighted average remaining period of 1.6 years.

During the years ended December 31, 2007, 2006 and 2005, the Company received $54,697, $37,877 and $42,144 in cash proceeds from stock option exercises and $32,788, $40,375 and $38,484 in total actual tax benefits upon the exercise of stock awards, respectively.

Pro forma 2006 comparison under SFAS No. 123(R) and APB No. 25

The following table presents the impact of the adoption of SFAS No. 123(R) on selected items from the Company's consolidated financial statements for the year ended December 31, 2006:

	Year ended December 31, 2006	
	As reported under SFAS No. 123(R)	If reported under APB No. 25 proforma
Consolidated statement of income:		
Operating income	$ 739,432	$ 761,752
Income from continuing operations before income taxes	$ 475,759	$ 498,079
Income from continuing operations	$ 289,329	$ 303,554
Net income	$ 289,691	$ 303,916
Basic earnings per share from continuing operations	$ 2.79	$ 2.93
Basic earnings per share	$ 2.80	$ 2.94
Diluted earnings per share from continuing operations	$ 2.73	$ 2.86
Diluted earnings per share	$ 2.74	$ 2.86
Consolidated statement of cash flows:		
Net cash provided by operating activities	$ 519,571	$ 556,822
Net cash used in financing activities	$(329,117)	$(366,368)

Pro forma 2005 results under SFAS No. 123

The weighted average grant-date fair value of stock awards granted in 2005 was $12.94. If the Company had adopted the fair value-based compensation expense provisions of SFAS No. 123 upon the issuance of that standard, net earnings and net earnings per share would have been adjusted to the pro forma amounts indicated below (shares in 000's):

	Year ended December 31, 2005
Net income:	
As reported	$228,643
Add: Stock-based employee compensation expense included in reported net income, net of tax	2,112
Deduct: Total stock-based employee compensation expense under the fair value-based method, net of tax	(12,180)
Pro forma net income	$218,575
Pro forma basic earnings per share:	
Pro forma net income for basic earnings per share calculation	$218,575
Weighted average shares outstanding	100,713
Vested stock units	49
Weighted average shares for basic earnings per share calculation	100,762
Basic net income per share—Pro forma	$ 2.17
Basic net income per share—As reported	$ 2.27
Pro forma diluted earnings per share:	
Pro forma net income for diluted earnings per share calculation	$218,575
Weighted average shares outstanding	100,713
Vested stock units	49
Assumed incremental shares from stock plans	3,167
Weighted average shares for diluted earnings per share calculation	103,929
Diluted net income per share—Pro forma	$ 2.10
Diluted net income per share—As reported	$ 2.20

Other equity transactions

During 2007, the Company repurchased 111,300 shares of its common stock for $6,350. As of December 31, 2007, the total outstanding Board authorizations for share repurchases were approximately $243,000.

Shareholder rights plan

The Company's Board of Directors approved a shareholder rights plan on November 14, 2002. This plan is designed to assure that DaVita's shareholders receive fair treatment in the event of any proposed takeover of DaVita.

Pursuant to this plan, the Board approved the declaration of a dividend distribution of one common stock purchase right for each outstanding share of its common stock payable on December 10, 2002 to holders of record of DaVita common stock on November 29, 2002. This rights distribution was not taxable to DaVita shareholders. As a result of the stock split that occurred during the second quarter of 2004, two-thirds of a right are now attached to each share of the Company's common stock. Two-thirds of a right will also attach to each newly issued or reissued share of common stock. These rights will become exercisable if a person or group acquires, or announces a tender offer for, 15% or more of DaVita's outstanding common stock. The triggering person's stock purchase rights will become void at that time and will not become exercisable.

Each right initially entitles its holder to purchase one share of common stock from the Company at a price of $125.00. If the rights become exercisable, and subject to adjustment for authorized shares available, each purchase right will then entitle its holder to purchase $125.00 of common stock at a price per share equal to 50% of the average daily closing price of the Company's common stock for the immediately preceding 30 consecutive trading days. If DaVita is acquired in a merger or other business combination transaction after the rights become exercisable, provisions will be made to allow the holder of each right to purchase $125.00 of common stock from the acquiring company at a price equal to 50% of the average daily closing price of that company's common stock for the immediately preceding 30 consecutive trading days.

The Board of Directors may elect to redeem the rights at $0.01 per purchase right at any time prior to, or exchange common stock for the rights at an exchange ratio of one share per right at any time after, a person or group acquires or announces a tender offer for 15% or more of DaVita's outstanding common stock. The exercise price, number of shares, redemption price or exchange ratio associated with each right may be adjusted as appropriate upon the occurrence of certain events, including any stock split, stock dividend or similar transaction. These purchase rights will expire no later than November 14, 2012.

Charter documents & Delaware law

The Company's charter documents include provisions that may deter hostile takeovers, delay or prevent changes of control or changes in management, or limit the ability of stockholders to approve transactions that they may otherwise determine to be in their best interests. These include provisions prohibiting stockholders from acting by written consent, requiring 90 days advance notice of stockholder proposals or nominations to the Board of Directors and granting the Board of Directors the authority to issue up to five million shares of preferred stock and to determine the rights and preferences of the preferred stock without the need for further stockholder approval.

The Company is also subject to Section 203 of the Delaware General Corporation Law that, subject to exceptions, would prohibit the Company from engaging in any business combinations with any interested stockholder, as defined in that section, for a period of three years following the date on which that stockholder became an interested stockholder. These restrictions may discourage, delay or prevent a change in the control of the Company.

18. Other comprehensive income

Charges and credits to other comprehensive income have been as follows:

	2005		
	Before tax amount	Tax (expense) benefit	Net-of-tax amount
Unrealized gains on interest rate swaps	$27,530	$(10,709)	$16,821
Less reclassification of net swap realized gains into net income	(6,129)	2,384	(3,745)
Net swap activity	$21,401	$ (8,325)	$13,076

	2006		
	Before tax amount	Tax (expense) benefit	Net-of-tax amount
Unrealized gains on interest rate swaps	$ 12,869	$(5,007)	$ 7,862
Less reclassification of net swap realized gains into net income	(15,828)	6,157	(9,671)
Net swap activity	$ (2,959)	$ 1,150	$(1,809)

	2007		
	Before tax amount	Tax (expense) benefit	Net-of-tax amount
Unrealized losses on interest rate swaps	$(11,733)	$ 4,564	$ (7,169)
Less reclassification of net swap realized gains into net income	(14,498)	5,640	(8,858)
Net swap activity	(26,231)	10,204	(16,027)
Unrealized gains on investments	6,892	(2,681)	4,211
Less reclassification of net investment realized gains into net income	(6,042)	2,350	(3,692)
Net investment activity	850	(331)	519
Total	$(25,381)	$ 9,873	$(15,508)

Changes in accumulated other comprehensive income have been as follows:

	Interest rate swaps	Investment securities	Accumulated other comprehen-sive income
Balance December 31, 2005	$ 14,806	—	$ 14,806
Net activity	(1,809)	—	(1,809)
Balance December 31, 2006	12,997	—	12,997
Net activity	(16,027)	519	(15,508)
Balance December 31, 2007	$ (3,030)	$519	$ (2,511)

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19. Acquisitions and divestitures

Acquisitions

The total acquisition amounts were as follows:

	Year ended December 31		
	2007	2006	2005
Cash paid, net of cash acquired	$127,094	$85,658	$3,202,404
Deferred purchase price and other acquisition obligations	1,195	585	9,331
Aggregate purchase cost	$128,289	$86,243	$3,211,735
Cash adjustments for previous acquisitions including DVA Renal Healthcare	$ —	$ 846	$ —
Number of chronic dialysis centers acquired (before divestitures)	16	26	609

Routine Acquisitions

During 2007, 2006, and 2005, the Company acquired dialysis businesses, other than DVA Renal Healthcare, consisting of 16 centers, 26 centers and 54 centers for a total of $57,783, $86,243 and $168,240, respectively, in cash and deferred purchase price obligations. In 2007 the Company also purchased 85% of HomeChoice Partners (HCP) pursuant to a stock purchase agreement for $70,506 in cash and deferred purchase price obligations, subject to further contingent price adjustments. HCP provides infusion therapy services to patients with acute or chronic conditions that can be treated at home or at an ambulatory infusion site. The assets and liabilities for all acquisitions were recorded at their estimated fair market values at the dates of the acquisitions and are included in the Company's financial statements and operating results from the designated effective dates of the acquisitions.

The initial purchase cost allocations for acquired businesses are recorded at fair values based upon the best information available to management and are finalized when identified pre-acquisition contingencies have been resolved and other information arranged to be obtained has been received, but in no case in excess of one year from the acquisition date. Certain specific assets and liabilities including certain identified intangibles, relating to the acquisition of HCP remain outstanding that require the Company to obtain additional information in order to properly assess and finalize the potential impact, if any, to the consolidated financial statements. The Company does not expect the impact of such additional adjustments to be material. Any additional valuation adjustments that would need to be recorded will be offset with a corresponding adjustment to goodwill. Adjustments to purchase accounting for prior acquisitions and payments for acquisitions in process have been included in the periods recognized.

The aggregate purchase cost allocations for routine dialysis and other related businesses were as follows:

	Year ended December 31,		
	2007	2006	2005
Tangible assets, principally leasehold improvements and equipment	$ 20,085	$ 7,623	$ 17,381
Amortizable intangible assets	12,271	8,584	15,631
Goodwill	105,609	79,948	139,485
Liabilities assumed	(9,676)	(9,912)	(4,257)
Aggregate purchase cost	$128,289	$86,243	$168,240

Amortizable intangible assets acquired during 2007, 2006 and 2005 had weighted-average estimated useful lives of eight, ten and ten years, respectively. The total amount of goodwill deductible for tax purposes associated

with these acquisitions for 2007, 2006, and 2005 was approximately $106,000, $80,000 and $140,000, respectively.

Acquisition of DVA Renal Healthcare, Inc.

On October 5, 2005, the Company acquired all of the outstanding common stock of DVA Renal Healthcare, Inc. under a stock purchase agreement dated December 6, 2004, for $3,060,000. DVA Renal Healthcare was one of the largest dialysis service providers in the United States. The Company acquired DVA Renal Healthcare in an effort to more effectively offer chronic kidney disease services and technologies in a cost efficient manner. The purchase price reflects (i) the cash purchase price of approximately $1,800,000 for all of the outstanding common stock of DVA Renal Healthcare and (ii) the assumption and payment of approximately $1,260,000 of DVA Renal Healthcare indebtedness. The Company also incurred approximately $30,000 in acquisition-related costs. The operating results of DVA Renal Healthcare, Inc. are included in the Company's consolidated financial statements from October 1, 2005.

The original allocations of purchase cost were recorded at fair value based upon the best information available to management at that time. The fair values of property and equipment and amortizable intangible assets and liabilities were valued by an independent third party. During 2006, the Company completed the final valuations of certain assets, properties and leasehold improvements, settlements liabilities and contingencies that were previously unresolved. During 2007, the Company allocated certain income tax adjustments to goodwill after the purchase cost allocations had been finalized. These valuation adjustments were not material to the consolidated financial statements and were recorded with a corresponding adjustment to goodwill. See Note 10 to the consolidated financial statements.

The final aggregate purchase cost allocation for DVA Renal Healthcare was as follows:

Current assets	$ 490,090
Property and equipment, net	313,315
Other long-term assets and intangible assets	148,875
Goodwill	2,546,565
Current liabilities assumed	(272,420)
Alliance and Product Supply agreement and other intangible liabilities	(168,287)
Other long-term liabilities	(14,643)
Aggregate purchase costs	$3,043,495

Total consideration paid to purchase DVA Renal Healthcare also included imputed interest of $2,818, which is included in debt expense.

The centers acquired from Gambro Healthcare are subject to a five-year Corporate Integrity Agreement in connection with its December 2004 settlement with the U.S. Government that imposes significant specific compliance operating and reporting requirements, and requires an annual audit by an independent reporting organization.

In conjunction with the acquisition, the Company entered into an Alliance and Product Supply Agreement (the Product Supply Agreement) with Gambro AB and Gambro Renal Products, Inc (Gambro Renal Products). The Product Supply Agreement has an initial term of seven years and will automatically renew for three additional one-year periods if the Company has not negotiated the terms of an extension during the initial term. Because the Product Supply Agreement results in higher costs for most of the products covered by the Product

Supply Agreement than would be otherwise available to the Company, the Product Supply Agreement represented an intangible liability initially valued at $162,100 as of the acquisition date.

The Product Supply Agreement committed the Company to purchase a significant majority of its hemodialysis products, supplies and equipment at fixed prices through 2015. The agreement was amended on August 25, 2006 (the Amended Product Supply Agreement) to reduce the Company's purchase obligations for certain hemodialysis product supplies and equipment and to allow for the termination of purchase obligations for certain equipment then affected by an import ban issued by the U.S. Food and Drug Administration (FDA) if the import ban was not lifted by June 30, 2007.

As a result of the reductions in the amount of purchase obligations required under the Amended Product Supply Agreement, the Company recorded a net valuation gain of $37,968 during 2006. This valuation gain represents the difference in the amortized original fair value between the Product Supply Agreement and that of the Amended Product Supply Agreement, as of the effective date of the amendment.

On July 2, 2007, the Company notified Gambro Renal Products that it was electing to be permanently relieved of its obligation under the Amended Product Supply Agreement to purchase dialysis machines (the Affected Products) because the Affected Products remained subject to the FDA import ban after June 30, 2007. All other purchase obligations under the Amended Product Supply Agreement, which continues to require the Company to purchase a significant majority of its hemodialysis non-equipment product supplies, such as dialyzers, at fixed prices, remain in place.

As a result of the termination of the Company's purchase obligations for the Affected Products, the Company recorded a net valuation gain of $55,275 in the second quarter of 2007. This valuation gain represents the difference in the amortized original fair value of the Amended Product Supply Agreement and that of the Amended Product Supply Agreement as adjusted for the termination of the Affected Products as of June 30, 2007.

During 2007 and 2006, the Company purchased $90,696 and $146,408 of hemodialysis product supplies from Gambro Renal Products, representing 2% and 4%, respectively, of the Company's total operating costs.

Discontinued operations

In accordance with a consent order issued by the Federal Trade Commission on October 4, 2005, the Company was required to divest a total of 69 outpatient dialysis centers and to terminate two management services agreements in order to complete the acquisition of DVA Renal Healthcare. In conjunction with the consent order, on October 6, 2005, the Company and DVA Renal Healthcare completed the sale of 70 outpatient dialysis centers to Renal Advantage Inc., formerly known as RenalAmerica, Inc. and also completed the sale of one other center to a separate physician group, and terminated the two management services agreements. In addition, effective January 1, 2006, the Company completed the sale of three additional centers to Renal Advantage, Inc. that were pending state regulatory approval in Illinois. The Company received total cash consideration of approximately $330,000 for all of the centers divested and used approximately $13,000 to purchase the minority interest ownership of a joint venture, to distribute a minority owner's share of the sale proceeds, and to pay related transaction costs. The Company also paid income taxes of approximately $85,000 on these divestitures in the first quarter of 2006. As part of this transaction, Renal Advantage assumed specific liabilities related to the centers, and all other liabilities were retained by the Company. In 2005, the Company recorded a gain of approximately $8,064, net of tax, related to the divestiture of its historical DaVita centers. Included in the gain on divestitures is the recognition of a $26,500 tax valuation allowance benefit resulting from the utilization of prior years' capital losses offsetting the taxable gain on sale, and income tax expense of $27,133 relating to the write-off of book goodwill not deductible for tax purposes. In 2006, the Company recorded a loss of $311, net of tax, related to the divesture of its three centers. The loss on disposal of these centers includes an income tax expense totaling $1,274, of which $900 was related to the write off of book goodwill not deductible

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for tax purposes. In 2006, the company also recorded a net gain of $673 as an adjustment to the previously reported gain on disposal of discontinued operations.

The results of operations of the historical DaVita outpatient dialysis centers and the held for sale centers, are reflected as discontinued operations for 2005.

The results from discontinued operations were as follows:

	Year Ended December 31, 2005
Net operating revenues	$98,454
Income before income taxes	21,534
Income tax	8,377
Income from discontinued operations	$13,157

Net assets of discontinued operations sold were as follows:

	2006
Current assets	$ —
Other current assets held for sale	15,129
Property and equipment, net	—
Amortizable intangibles, net	—
Goodwill and other purchase price adjustments	667
Other current liabilities and minority interest	(351)
Net assets from discontinued operations	$15,445

Pro forma financial information

The following summary, prepared on a pro forma basis, combines the results of operations as if all acquisitions in 2007 and 2006 had been consummated as of the beginning of 2006, after including the impact of certain adjustments such as amortization of intangibles, interest expense on acquisition financing and income tax effects.

	Year ended December 31,	
	2007	2006
	(unaudited)	
Pro forma net revenues	$5,333,587	$5,009,650
Pro forma net income	392,465	306,783
Pro forma income from continuing operations	392,465	306,421
Pro forma basic net income per share	3.71	2.96
Pro forma diluted net income per share	3.65	2.90
Pro forma basic income from continuing operations	3.71	2.96
Pro forma diluted income from continuing operations	3.65	2.90

20. Concentrations

Approximately 64% of the Company's total dialysis revenue in 2007, 65% in 2006 and 60% in 2005 are from government-based programs, principally Medicare and Medicaid. Accounts receivable from Medicare and Medicaid were approximately $236,000 and $250,000, respectively as of December 31, 2007 and 2006. No other single payor accounted for more than 5% of total accounts receivable.

A significant physician-prescribed pharmaceutical administered during dialysis, EPO, is provided by a sole supplier and accounted for slightly more than one-fifth of net operating revenues. Although the Company currently receives discounted prices for EPO, the supplier has unilateral pricing discretion and in the future the Company may not be able to achieve the same cost levels historically obtained.

21. Other commitments

The Company has obligations to purchase the interests held by third parties in several of its joint ventures and non-wholly-owned subsidiaries. These obligations are in the form of put provisions, and are exercisable at the third-party owners' discretion. If these put provisions are exercised, the Company would be required to purchase the third-party owners' interests at either the appraised fair market value or a predetermined multiple of cash flow or earnings, which is intended to approximate fair value. As of December 31, 2007, the Company's potential obligations under these put provisions totaled approximately $330,000 of which approximately $131,000 were exercisable within one year. Additionally, the Company has certain other potential commitments to provide operating capital to several noncontrolling-owned centers and to third-party centers that the Company operates under administrative service agreements of approximately $18,000.

The Company is obligated under mandatorily redeemable instruments in connection with certain consolidated joint ventures. Future distributions may be required for the minority partner's interests in limited-life entities which dissolve after terms of ten to fifty years. As of December 31, 2007, such distributions would be valued below the related minority interests balances in the consolidated balance sheet.

Other than operating leases, disclosed in Note 14 to the consolidated financial statements, and the letters of credit and the interest rate swap agreements, disclosed in Note 13 to the consolidated financial statements, or as described above the Company has no off balance sheet financing arrangements as of December 31, 2007.

22. Fair values of financial instruments

Financial instruments consist primarily of cash, accounts receivable, notes receivable, assets available for sale, accounts payable, accrued compensation and benefits, other accrued liabilities, interest rate swap agreements and debt. The balances of the non-debt financial instruments excluding assets available for sale (see Note 9) are presented in the consolidated financial statements at December 31, 2007 and 2006 at their approximate fair values due to the short-term nature of their settlements. Borrowings under the Company's Senior Secured Credit Facilities, of which $1,935,125 was outstanding as of December 31, 2007, reflect fair value as they are subject to fees and adjustable rates competitively determined in the marketplace. The fair value of the Company's senior and senior subordinated notes were approximately $1,745,250 at December 31, 2007 based upon quoted market prices. The fair values of the interest rate swaps were a net liability of approximately $511 as of December 31, 2007, which is recorded primarily in other long-term liabilities.

23. Supplemental cash flow information

The table below provides supplemental cash flow information:

	Year ended December 31,		
	2007	2006	2005
Cash paid:			
Income taxes	$205,955	$209,982	$ 82,275
Interest	245,325	271,711	86,035
Non-cash investing and financing activities:			
Fixed assets acquired under capital lease obligations	2,769	—	—
Contributions to consolidated partnerships	14,735	13,568	11,326
Refinancing charges	—	—	8,170
Liabilities assumed in conjunction with common stock acquisitions	1,653	—	300,462

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24. Selected quarterly financial data (unaudited)

	2007				2006			
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Net operating revenues	$1,354,869	$1,318,381	$1,312,735	$1,278,166	$1,272,617	$1,237,041	$1,207,816	$1,163,188
Operating income	195,263	212,412	261,217	193,317	188,511	217,094	171,752	162,075
Income from continuing operations	85,717	94,455	125,024	76,582	74,129	93,091	64,329	57,780
Discontinued operations, net of tax	—	—	—	—	—	1,765	(1,092)	(311)
Net income	85,717	94,455	125,024	76,582	74,129	94,856	63,237	57,469
Basic earnings per share from continuing operations	0.80	0.89	1.19	0.73	0.71	0.90	0.62	0.56
Basic earnings per share	0.80	0.89	1.19	0.73	0.71	0.91	0.61	0.56
Diluted earnings per share from continuing operations	0.79	0.88	1.17	0.72	0.70	0.88	0.61	0.55
Diluted earnings per share	$ 0.79	$ 0.88	$ 1.17	$ 0.72	$ 0.70	$ 0.90	$ 0.60	$ 0.55

25. Condensed consolidating financial statements

The following information is presented in accordance with Rule 3-10 of Regulation S-X. The operating and investing activities of the separate legal entities included in the Company's consolidated financial statements are fully interdependent and integrated. Revenues and operating expenses of the separate legal entities include intercompany charges for management and other services. The senior notes and the senior subordinated notes were issued by the Company and are guaranteed by substantially all of its direct and indirect wholly-owned subsidiaries. Each of the guarantor subsidiaries has guaranteed the notes on a joint and several, full and unconditional basis. Non-wholly-owned subsidiaries, joint ventures, partnerships and third parties are not guarantors of these obligations.

Condensed Consolidating Statements of Income

	DaVita Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
For the year ended December 31, 2007					
Net operating revenues	$ 365,728	$4,534,153	$754,163	$(389,893)	$5,264,151
Operating expenses	208,042	3,921,146	617,159	(389,893)	4,356,457
Minority interests and equity income, net	—	—	—	45,485	45,485
Operating income	157,686	613,004	137,004	(45,485)	862,209
Debt (expense)	(259,745)	(256,050)	(4,002)	262,650	(257,147)
Other income, net	284,038	—	1,072	(262,650)	22,460
Income tax expense (benefit)	70,972	175,854	(1,082)	—	245,744
Equity earnings in subsidiaries	270,771	88,565	—	(359,336)	—
Net income	$ 381,778	$ 269,665	$135,156	$(404,821)	$ 381,778
For the year ended December 31, 2006					
Net operating revenues	$ 351,566	$4,263,363	$639,690	$(373,957)	$4,880,662
Operating expenses	200,846	3,751,164	527,344	(373,957)	4,105,397
Minority interests and equity income, net	—	—	—	35,833	35,833
Operating income	150,720	512,199	112,346	(35,833)	739,432
Debt (expense)	(280,288)	(291,095)	(2,052)	296,729	(276,706)
Other income, net	308,288	—	1,474	(296,729)	13,033
Income tax expense	70,201	116,183	46	—	186,430
Discontinued operations, net of tax	—	362	—		362
Equity earnings in subsidiaries	181,172	75,889	—	(257,061)	—
Net income	$ 289,691	$ 181,172	$111,722	$(292,894)	$ 289,691
For the year ended December 31, 2005					
Net operating revenues	$ 224,501	$2,541,928	$451,141	$(243,652)	$2,973,918
Operating expenses	122,021	2,263,234	344,855	(243,652)	2,486,458
Minority interests and equity income, net				22,089	22,089
Operating income	102,480	278,694	106,286	(22,089)	465,371
Debt (expense), refinancing charges, and swap gains, net	(141,487)	(108,144)	(2,495)	108,918	(143,208)
Other income, net	117,570		282	(108,918)	8,934
Income tax expense	29,461	93,537	677		123,675
Discontinued operations, net of tax	—	15,179	6,042		21,221
Equity earnings in subsidiaries	179,541	87,349		(266,890)	—
Net income	$ 228,643	$ 179,541	$109,438	$(288,979)	$ 228,643

Condensed Consolidating Balance Sheets

	DaVita Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
As of December 31, 2007					
Cash and cash equivalents	$ 443,157	$	$ 3,889	$	$ 447,046
Accounts receivable, net		786,765	141,184		927,949
Other current assets	26,528	557,357	17,370		601,255
Total current assets	469,685	1,344,122	162,443		1,976,250
Property and equipment, net	19,317	766,596	153,413		939,326
Amortizable intangible, net	55,629	126,202	1,211		183,042
Investments in subsidiaries	4,286,853	427,436		(4,714,289)	
Receivables from subsidiaries	698,868		61,015	(759,883)	
Other long-term assets and investments	22,729	16,052	38,628		77,409
Goodwill	49,791	3,476,124	242,018		3,767,933
Total assets	$5,602,872	$6,156,532	$658,728	$(5,474,172)	$6,943,960
Current liabilities	$ 182,419	$ 856,638	$ 47,439	$	$1,086,496
Payables to parent		759,883		(759,883)	
Long-term debt and other long-term liabilities	3,688,203	272,448	14,006		3,974,697
Minority interests				150,517	150,517
Shareholders' equity	1,732,250	4,267,523	597,283	(4,864,806)	1,732,250
Total liabilities and shareholders' equity	$5,602,872	$6,156,532	$658,728	$(5,474,172)	$6,943,960
As of December 31, 2006					
Cash and cash equivalents	$ 299,430		$ 10,772		$ 310,202
Accounts receivable, net		$ 809,028	123,357		932,385
Other current assets	6,660	448,421	11,828		466,909
Total current assets	306,090	1,257,449	145,957		1,709,496
Property and equipment, net	30,130	689,039	130,797		849,966
Amortizable intangible assets, net	59,371	142,394	1,956		203,721
Investments in subsidiaries	3,904,797	388,919	—	$(4,293,716)	—
Receivables from subsidiaries	812,201		30,928	(843,129)	—
Other long-term assets and investments	25,190	14,650	20,940		60,780
Goodwill		3,444,224	223,629		3,667,853
Total assets	$5,137,779	$5,936,675	$554,207	$(5,136,845)	$6,491,816
Current liabilities	$ 166,440	$ 915,554	$ 30,178		$1,112,172
Payables to parent		843,129	—	$ (843,129)	—
Long-term debt and other long-term liabilities	3,725,415	273,195	12,751		4,011,361
Minority interests			—	122,359	122,359
Shareholders' equity	1,245,924	3,904,797	511,278	(4,416,075)	1,245,924
Total liabilities and shareholders' equity	$5,137,779	$5,936,675	$554,207	$(5,136,845)	$6,491,816

Condensed Consolidating Statements of Cash Flows

	DaVita Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
For the year ended December 31, 2007					
Cash flows from operating activities					
Net income	$ 381,778	$ 269,665	$ 135,156	$(404,821)	$ 381,778
Changes in operating assets and liabilities and non cash items included in net income	(285,992)	105,895	(73,466)	404,821	151,258
Net cash provided by operating activities	95,786	375,560	61,690	—	533,036
Cash flows from investing activities				—	
Additions of property and equipment	(3,501)	(220,264)	(48,447)	—	(272,212)
Acquisitions	(69,701)	(57,393)	—	—	(127,094)
Proceeds from discontinued operations	—	12,289	—	—	12,289
Other items	(19,811)	(82,317)	62,673	—	(39,455)
Net cash (used in) provided by investing activities	(93,013)	(347,685)	14,226	—	(426,472)
Cash flows from financing activities				—	
Long-term debt	(49,961)	2,212	447	—	(47,302)
Intercompany borrowing	113,333	(30,087)	(83,246)	—	—
Other items	77,582	—	—	—	77,582
Net cash provided by (used in) financing activities	140,954	(27,875)	(82,799)	—	30,280
Net increase (decrease) in cash	143,727	—	(6,883)	—	136,844
Cash at the beginning of the year	299,430	—	10,772		310,202
Cash at the end of the year	$ 443,157	$ —	$ 3,889	$ —	$ 447,046
For the year ended December 31, 2006					
Cash flows from operating activities					
Net income	$ 289,691	$ 181,172	$ 111,722	$(292,894)	$ 289,691
Changes in operating assets and liabilities and non cash items included in net income	(327,844)	370,840	(106,010)	292,894	229,880
Net cash (used in) provided by operating activities	(38,153)	552,012	5,712	—	519,571
Cash flows from investing activities					
Additions of property and equipment	(2,582)	(211,953)	(48,173)	—	(262,708)
Acquisitions	—	(85,153)	(1,351)	—	(86,504)
Proceeds from discontinued operations	12,742	9,437	—	—	22,179
Other items	—	(59,606)	74,576	—	14,970
Net cash provided by (used in) investing activities	10,160	(347,275)	25,052	—	(312,063)
Cash flows from financing activities					
Long-term debt	(408,211)	(1,198)	2,450	—	(406,959)
Intercompany borrowing	238,246	(203,539)	(34,707)	—	—
Other items	77,842	—	—	—	77,842
Net cash used in financing activities	(92,123)	(204,737)	(32,257)	—	(329,117)
Net decrease in cash	(120,116)	—	(1,493)	—	(121,609)
Cash at the beginning of the year	419,546	—	12,265	—	431,811
Cash at the end of the year	$ 299,430	$ —	$ 10,772	$ —	$ 310,202
For the year ended December 31, 2005					
Cash flows from operating activities					
Net income	$ 228,643	$ 179,541	$ 109,438	$(288,979)	$ 228,643
Changes in operating assets and liabilities and non cash items included in net income	79,506	14,071	(125,645)	288,979	256,911
Net cash provided by (used in) operating activities	308,149	193,612	(16,207)	—	485,554
Cash flows from investing activities					
Additions of property and equipment	(11,780)	(101,978)	(47,607)	—	(161,365)
Acquisitions	(3,035,434)	(166,970)	—	—	(3,202,404)
Proceeds from discontinued operations	151,587	147,262	—	—	298,849
Other items	—	(68,146)	87,703	—	19,557
Net cash (used in) provided by investing activities	(2,895,627)	(189,832)	40,096	—	(3,045,363)
Cash flows from financing activities					
Long-term debt	2,776,738	(4,180)	1,048	—	2,773,606
Intercompany borrowing	12,272	400	(12,672)	—	—
Other items	(33,965)	—	—	—	(33,965)
Net cash provided by (used in) financing activities	2,755,045	(3,780)	(11,624)	—	2,739,641
Net increase in cash	167,567	—	12,265	—	179,832
Cash at the beginning of the year	251,979	—	—	—	251,979
Cash at the end of the year	$ 419,546	$ —	$ 12,265	$ —	$ 431,811

Risk Factors

This Annual Report contains statements that are forward-looking statements within the meaning of the federal securities laws. These statements involve known and unknown risks and uncertainties including the risks discussed below. The risks discussed below are not the only ones facing our business. Please read the cautionary notice regarding forward-looking statements under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operation".

If the average rates that commercial payors pay us decline significantly, it would have a material adverse effect on our revenues, earnings and cash flows.

Approximately 36% of our dialysis revenue for the year ended December 31, 2007 was generated from patients who have commercial payors as the primary payor. The majority of these patients have insurance policies that pay us on terms and at rates that are generally significantly higher than Medicare rates. The payments we receive from commercial payors generate nearly all of our profit. We are experiencing a decrease in some of our commercial payment rates and it is possible that commercial payment rates could be materially lower in the future. The downward pressure on commercial payment rates is a result of general conditions in the market, recent and future consolidations among commercial payors, increased focus on dialysis services and other factors.

We are continuously in the process of negotiating agreements with our commercial payors and certain payors have become increasingly aggressive in their negotiations with us. In the fourth quarter of 2007, our overall commercial rate reductions were in excess of our overall commercial rate increases. In the event that our negotiations continue to result in overall commercial rate reductions in excess of overall commercial rate increases, the cumulative effect could have a material adverse effect on our financial results. Consolidations have significantly increased the negotiating leverage of commercial payors. We expect that some of our contracted rates with commercial payors will decrease as our negotiations with commercial payors continue. In addition to increasing downward pressure on contracted commercial payor rates, payors have been attempting to impose restrictions and limitations on non-contracted or out-of-network providers. We, along with others in the kidney care community, are resisting such activity through regulatory, legislative and legal means. Decreases in out-of-network rates and restrictions on out-of-network access combined with decreases in contracted rates could result in a significant decrease in our overall revenue derived from commercial payors. If the average rates that commercial payors pay us decline significantly, it would have a material adverse effect on our revenues, earnings and cash flows.

If the number of patients with higher-paying commercial insurance declines, then our revenues, earnings and cash flows would be substantially reduced.

Our revenue levels are sensitive to the percentage of our patients with higher-paying commercial insurance coverage. A patient's insurance coverage may change for a number of reasons, including as a result of changes in the patient's or a family member's employment status. Currently, for a patient covered by an employer group health plan, Medicare generally becomes the primary payor after 33 months, or earlier, if the patient's employer group health plan coverage terminates. When Medicare becomes the primary payor, the payment rate we receive for that patient shifts from the employer group health plan rate to the lower Medicare payment rate. If there is a significant reduction in the number of patients under higher-paying commercial plans relative to government-based programs that pay at lower rates, it would have a material adverse effect on our revenues, earnings and cash flows.

Changes in the structure of, and payment rates under the Medicare ESRD program could substantially reduce our revenues, earnings and cash flows.

Approximately one-half of our dialysis revenue for the year ended December 31, 2007 was generated from patients who have Medicare as their primary payor. Currently, the Medicare End Stage Renal Disease, or ESRD, program pays us for dialysis treatment services at fixed rates. The Medicare composite rate is the payment rate

for a dialysis treatment including the supplies used in those treatments, specified laboratory tests and certain pharmaceuticals. Other services and pharmaceuticals, including EPO (a pharmaceutical used to treat anemia, a common complication associated with ESRD), vitamin D analogs and iron supplements, are separately billed. Unlike most other services covered by Medicare, the Medicare ESRD program has not provided for regular inflation increases in payment rates. We experience increases in operating costs that are subject to inflation, such as labor and supply costs, regardless of whether there is a compensating inflation-based increase in Medicare payment rates. To the extent Medicare rates decline or are not adjusted to keep pace with inflation, our revenues, earnings and cash flows would be adversely affected.

In addition, changes to the structure of the composite rate and separately billable payment rates may occur which would reduce our overall payments from the Medicare ESRD program. CMS and Congress continue to examine and propose changes to the payment structure for dialysis services including the addition of services into the composite rate that are currently separately billed, also referred to as bundling. CMS recently released a report to Congress titled "A Design for a Bundled End Stage Renal Disease Prospective Payment System" which proposes a framework for bundling which could result in lower payment rates. If Medicare begins to bundle other services for payment by including in its composite payment rate the pharmaceuticals, laboratory services or other ancillary services that it currently pays separately at rates that would result in lower overall reimbursement, or if there are further changes to or decreases in the payment rate for these separately billed items without a corresponding increase in the composite rate, it could have a material adverse effect on our revenues, earnings and cash flows.

Changes in state Medicaid programs or payment rates could reduce our revenues, earnings and cash flows.

Approximately 4% of our dialysis revenue for the year ended December 31, 2007 was generated from patients who have Medicaid as their primary coverage. As state governments face increasing budgetary pressure, they may propose reductions in payment rates, limitations on eligibility or other changes to Medicaid programs. Currently, Medicaid eligibility requirements mandate that citizen enrollees in Medicaid programs provide documented proof of citizenship. Our revenues, earnings and cash flows could be negatively impacted to the extent that we are not paid by Medicaid or other state programs for services provided to patients that are unable to satisfy the revised eligibility requirements, including undocumented patients living in the U.S. If state governments reduce the rates paid by Medicaid programs for dialysis and related services, further limit eligibility for Medicaid coverage or adopt changes to the Medicaid payment structure which reduces our overall payments from Medicaid, then our revenues, earnings and cash flows could be adversely affected.

Changes in clinical practices and payment rates or rules for EPO and other pharmaceuticals could substantially reduce our revenues, earnings and cash flows.

The administration of EPO and other pharmaceuticals accounted for slightly more than 30% of our dialysis revenue for the year ended December 31, 2007, with EPO accounting for slightly more than 20% of our dialysis revenue. Since late 2006, there has been significant media discussion and government scrutiny regarding anemia management practices in the United States which has created confusion and concern in the nephrology community. In late 2006, the House Ways and Means Committee held a hearing on the issue of EPO utilization and in 2007, the FDA required changes to the labeling of EPO and Aranesp® to include a black box warning, the FDA's strongest form of warning label. The FDA has held additional hearings to revisit these label changes as they apply to ESRD and continues to examine the issue. CMS also reviewed its EPO reimbursement policies and in January 2008, changes to the EPO monitoring policy went into effect which further limit reimbursement and which have impacted the prescribing habits of our physicians. Commercial payors have also increasingly examined their administration policies for EPO and, in some cases have modified those policies. Beginning in the second quarter of 2007, EPO utilization by prescribing physicians declined and could continue to decline further. Further changes in physician practice patterns and accepted clinical practices, changes in labeling of other pharmaceuticals in a manner that alters physician practice patterns or accepted clinical practices, changes in

private and governmental payment criteria, including the introduction of EPO administration policies, the conversion to alternate types of administration of EPO or other pharmaceuticals that result in further decreases in utilization or reimbursement for EPO could have a material adverse effect on our revenues, earnings and cash flows. Such changes could also have a negative impact on our patient clinical outcomes.

Changes in EPO pricing and the use and marketing of alternatives to EPO could materially reduce our revenues, earnings and cash flows and affect our ability to care for our patients.

Amgen Inc. is the sole supplier of EPO and may unilaterally decide to increase its price for EPO, subject to certain contractual limitations. Future changes in the cost of EPO could have a material adverse effect on our earnings and cash flows and ultimately reduce our income. Although our agreement with Amgen for EPO includes potential pricing discounts which depend upon the achievement of certain criteria, we cannot predict whether we will continue to receive the discount structure for EPO that we currently receive, or whether we will continue to achieve the same levels of discounts within that structure as we have historically achieved. Our agreement with Amgen also provides for specific rebates off of list price based on process improvement and data submission and some combination of these factors. Factors that could impact our ability to qualify for the discounts and rebates provided for in our agreement with Amgen in the future include: our ability to develop and implement certain process improvements and track certain data elements. Failure to qualify for discounts or meet certain targets and earn the specified rebates could have a material adverse effect on our earnings and cash flows.

Amgen has developed and obtained FDA approval for Aranesp®, a pharmaceutical used to treat anemia that may replace EPO or reduce its use with dialysis patients. In addition, Roche has developed and obtained FDA approval for Mircera®, a pharmaceutical also used to treat anemia. Unlike EPO, which is generally administered in conjunction with each dialysis treatment, these pharmaceuticals are administered less frequently. In the event that these similar alternatives to EPO are marketed for the treatment of dialysis patients, we may realize lower margins on the administration of such pharmaceuticals than are currently realized with EPO. A significant increase in the development and use of similar alternatives to EPO, or a change in administration practices, could have a material adverse impact on our revenues, earnings and cash flows.

Continued inquiries from various governmental bodies with respect to our utilization of EPO will require management's attention, cause us to incur significant legal expense and could result in substantial financial penalties against us, exclusion from future participation in the Medicare and Medicaid programs and could substantially reduce our revenues, earnings and cash flows.

In response to recent clinical studies identifying risks in certain patient populations related to the utilization of EPO and other erythropoiesis-stimulating agents, i.e., Aranesp®, and in response to changes in the labeling of EPO and Aranesp®, there has been substantial media attention and government scrutiny resulting in hearings and proposed legislation regarding utilization and reimbursement. Although we believe our anemia management practices have been compliant with existing laws and regulations, as a result of the current high level of scrutiny and controversy, we may be subject to increased inquiries from a variety of governmental bodies and claims by third parties. For example, the subpoena from the U.S. Attorney's office in the Eastern District of Missouri includes requests for documents regarding the administration of, and billing for, EPO. In August 2007, we received a subpoena from the Office of Inspector General in Houston, Texas for records relating to EPO claims submitted to Medicare. In addition, in August 2007 a complaint was filed against us, Amgen and Fresenius Medical Care Holdings by Sheet Metal Workers Health Fund and Glenn Randle alleging claims related to the administration and use of EPO and in February 2008 the Attorney General's Office for the State of Nevada notified us that they intend to conduct audits of ESRD providers in Nevada relating to the billing of pharmaceuticals, including EPO. Additional inquiries from various agencies and claims by third parties with respect to this issue would continue to require management's attention and significant legal expense and any negative findings could result in substantial financial penalties against us, exclusion from future participation in the Medicare and Medicaid programs and could substantially reduce our revenues, earnings and cash flows.

The investigation related to the subpoena we received on March 4, 2005 from the U.S. Attorney's Office for the Eastern District of Missouri could result in substantial penalties against us.

We are voluntarily cooperating with the U.S. Attorney's Office for the Eastern District of Missouri with respect to the subpoena we received on March 4, 2005, which requested a wide range of documents relating to our operations, including documents related to, among other things, pharmaceutical and other services provided to patients, relationships with pharmaceutical companies and financial relationships with physicians and joint ventures. We received a related request for additional documents regarding specific medical director and joint venture arrangements in October 2005, a related subpoena in February 2006 requesting documents related to certain patient records regarding the administration and billing of EPO and a request for additional documents related to durable medical equipment and supply companies owned and operated by us in May 2007. It is possible that criminal proceedings may be initiated against us in connection with these inquiries. Any negative findings could result in substantial financial penalties against us, exclusion from future participation in the Medicare and Medicaid programs and criminal penalties. To our knowledge, no proceedings have been initiated against us at this time. Although we cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as this to continue for a considerable period of time. Responding to the subpoenas will continue to require management's attention and significant legal expense.

The investigation related to the subpoena we received on October 25, 2004 from the U.S. Attorney's Office for the Eastern District of New York could result in substantial penalties against us.

We are voluntarily cooperating with the U.S. Attorney's Office for the Eastern District of New York and the OIG with respect to the subpoena we received on October 25, 2004, which requires production of a wide range of documents relating to our operations, including DaVita Laboratory Services. The subpoena also includes specific requests for documents relating to testing for PTH and to products relating to vitamin D therapies. DVA Renal Healthcare (formerly Gambro Healthcare) received a similar subpoena in November 2004. It is possible that criminal proceedings may be initiated against us in connection with this inquiry. Any negative findings could result in substantial financial penalties against us, exclusion from future participation in the Medicare and Medicaid programs and criminal penalties. To our knowledge, no proceedings have been initiated against us at this time. Although we cannot predict whether or when proceedings might be initiated or when these matters may be resolved, it is not unusual for investigations such as this to continue for a considerable period of time. Responding to the subpoenas may require management's attention and significant legal expense.

If we fail to adhere to all of the complex government regulations that apply to our business, we could suffer severe consequences that would substantially reduce our revenues, earnings and cash flows.

Our dialysis operations are subject to extensive federal, state and local government regulations, including Medicare and Medicaid payment rules and regulations, federal and state anti-kickback laws, the Stark II physician self-referral prohibition and analogous state referral statutes, and federal and state laws regarding the collection, use and disclosure of patient health information. The Medicare and Medicaid reimbursement rules related to claims submission, cost reporting, and payment processes impose complex and extensive requirements upon dialysis providers, and a violation or departure from such requirements may result in government audits, lower reimbursements, recoupments or voluntary repayments, and the potential loss of certification.

The regulatory scrutiny of healthcare providers, including dialysis providers, has increased significantly in recent years. Medicare has increased the frequency and intensity of its certification inspections of dialysis centers. For example, we are required to provide substantial documentation related to the administration of pharmaceuticals, including EPO, and, to the extent that any such documentation is found insufficient, we may be required to refund any amounts received from such administration by government or private payors, and be subject to substantial penalties under applicable laws or regulations. In addition, fiscal intermediaries have increased their prepayment and post-payment reviews.

We endeavor to comply with all of the requirements for receiving Medicare and Medicaid payments and to structure all of our relationships with referring physicians to comply with state and federal anti-kickback laws and the Stark II physician self-referral law. However, the laws and regulations in this area are complex and subject to varying interpretations. For example, none of our medical director agreements establishes compensation using the Stark II safe harbor method; rather, compensation under our medical director agreements is the result of individual negotiation and, we believe, exceeds amounts determined under the safe harbor method. If an enforcement agency were to challenge the level of compensation that we pay our medical directors, we could be required to change our practices, face criminal or civil penalties, pay substantial fines or otherwise experience a material adverse effect as a result of a challenge to these arrangements.

Because of regulatory considerations unique to each of these states, all of our dialysis operations in New York and some of our dialysis operations in New Jersey are conducted by privately-owned companies to which we provide a broad range of administrative services. These operations accounted for approximately 6% of our dialysis revenue for the year ended December 31, 2007. In 2007, changes to New York law were adopted that will permit us to hold licenses to conduct dialysis business directly, but until these changes are implemented and we transfer these operating licenses, we can give no assurances that these arrangements will not be challenged.

If any of our operations are found to violate these or other government regulations, we could suffer severe consequences that would have a material adverse effect on our revenues, earnings and cash flows including:

- Suspension or termination of our participation in government payment programs;
- Refunds of amounts received in violation of law or applicable payment program requirements;
- Loss of required government certifications or exclusion from government payment programs;
- Loss of licenses required to operate healthcare facilities in some of the states in which we operate;
- Reductions in payment rates or coverage for dialysis and ancillary services and related pharmaceuticals;
- Fines, damages or monetary penalties for anti-kickback law violations, Stark II violations, submission of false claims, civil or criminal liability based on violations of law, or other failures to meet regulatory requirements;
- Claims for monetary damages from patients who believe their protected health information has been used or disclosed in violation of federal or state patient privacy laws;
- Mandated practice changes that significantly increase operating expenses; and
- Termination of relationships with medical directors.

If our joint ventures were found to violate the law, we could suffer severe consequences that would have a material adverse effect on our revenues, earnings and cash flows.

As of December 31, 2007 we owned a controlling interest in numerous dialysis related joint ventures, which represented approximately 15% of our dialysis revenue. In addition, we also owned a noncontrolling interest in several other dialysis related joint ventures. We anticipate that we will continue to increase the number of our joint ventures during 2008. Many of our joint ventures with physicians or physician groups also have the physician owners providing medical director services to those centers or other centers we own and operate. Because our relationships with physicians are governed by the anti-kickback statute contained in the Social Security Act, we have sought to structure our joint venture arrangements to satisfy as many safe harbor requirements as we believe are reasonably possible. However, our joint venture arrangements do not satisfy all elements of any safe harbor under the federal anti-kickback statute. Based on the exceptions applicable to ESRD services, we believe that our joint venture arrangements and operations materially comply with the Stark II law. The subpoena we received from the United States Attorney's Office for the Eastern District of Missouri on March 4, 2005, and the related request for additional documents received in October 2005, include requests for documents related to our joint ventures.

If our joint ventures are found to be in violation of the anti-kickback statute or the Stark provisions, we could be required to restructure the joint ventures or refuse to accept referrals for designated health services from

the physicians with whom the joint venture centers have a financial relationship. We also could be required to repay amounts received from Medicare and certain other payors by the joint ventures pursuant to prohibited referrals, and we could be subject to monetary penalties and exclusion from government healthcare programs. If our joint venture centers are subject to any of these penalties, we could suffer severe consequences that would have a material adverse effect on our revenues, earnings and cash flows.

There are significant estimating risks associated with the amount of dialysis revenue that we recognize and if we are unable to accurately estimate our revenue, it could impact the timing of our revenue recognition or have a significant impact on our operating results.

There are significant estimating risks associated with the amount of dialysis revenue that we recognize for a reporting period. Ongoing insurance coverage changes, geographic coverage differences, differing interpretations of contract coverage, and other payor issues complicate the billing and collection process. Determining applicable primary and secondary coverage for our more than 107,000 patients at any point in time, together with the changes in patient coverage that occur each month, requires complex, resource-intensive processes and errors in determining the correct coordination of benefits may result in refunds to payors. Revenues associated with Medicare and Medicaid programs are also subject to estimating risk related to the amounts not paid by the primary government payor that will ultimately be collectible from other government programs paying secondary coverage, the patient's commercial health plan secondary coverage or the patient. Collections, refunds and payor retractions typically continue to occur for up to three years and longer after services are provided. If our estimates of dialysis revenue are materially inaccurate, it could impact the timing of our revenue recognition and have a significant impact on our operating results.

If the ancillary services we provide or the strategic initiatives we invest in are ultimately unsuccessful, we may have to write off our investment and incur other exit costs in one or more of these activities.

Our ancillary services and strategic initiatives include pharmacy services, vascular access services, disease management services, ESRD clinical research programs, ESRD full capitation demonstration projects, ESRD special needs plans, and administrative services provided to noncontrolling owned and third-party owned centers and clinics, each of which is related to our core business of providing dialysis services, as well as the provision of home infusion therapy services which is related to our core competencies. If any of our ancillary services or strategic initiatives do not perform at the level that we anticipate, we may be required to write off our investment in one or more of these activities. As an example, our existing investment in pharmacy services of approximately $17 million at the end of 2007 may be subject to future write-offs.

If a significant number of physicians were to cease referring patients to our dialysis centers, whether due to regulatory or other reasons, our revenues, earnings and cash flows would be substantially reduced.

Many physicians prefer to have their patients treated at dialysis centers where they or other members of their practice supervise the overall care provided as medical director of the center. As a result, the primary referral source for most of our centers is often the physician or physician group providing medical director services to the center. Neither our current nor former medical directors have an obligation to refer their patients to our centers. If a medical director agreement terminates, whether before or at the end of its term, and a new medical director is appointed, it may negatively impact the former medical director's decision to treat his or her patients at our center. If we are unable to enforce noncompetition provisions contained in the terminated medical director agreements, former medical directors may choose to provide medical director services for competing providers or establish their own dialysis centers in competition with ours. Also, if the quality of service levels at our centers deteriorates, it may negatively impact patient referrals and treatment volumes.

Our medical director contracts are for fixed periods, generally three to ten years. Medical directors have no obligation to extend their agreements with us. We may take actions to restructure existing relationships or take positions in negotiating extensions of relationships to assure compliance with the safe harbor provisions of the anti-kickback statute, Stark II law and other similar laws. These actions could negatively impact the decision of

physicians to extend their medical director agreements with us or to refer their patients to us. If the terms of any existing agreement are found to violate applicable laws, we may not be successful in restructuring the relationship which could lead to the early termination of the agreement, or cause the physician to stop referring patients to our centers. If a significant number of physicians were to cease referring patients to our dialysis centers, whether due to regulatory or other reasons, then our revenues, earnings and cash flows would be substantially reduced.

Delays in state Medicare and Medicaid certification of our dialysis centers could adversely affect our revenues, earnings and cash flows.

Before we can begin billing for patients treated in our outpatient dialysis centers who are enrolled in government-based programs, we are required to obtain state and federal certification for participation in the Medicare and Medicaid programs. As state governments face increasing budgetary pressure, certain states may have difficulty certifying dialysis centers in the normal course and significant delays may result. If state governments are unable to certify new centers in the normal course and we experience significant delays in our ability to treat and bill for services provided to patients covered under government programs, it could have an adverse effect on our revenues, earnings, and cash flows.

If we are not able to continue to make acquisitions on reasonable terms or if we face significant patient attrition to our competitors, it could adversely affect our business.

We are facing increased competition in the dialysis industry from large and medium-sized providers which compete directly with us for acquisition targets as well as for individual patients. Acquisitions and patient retention are an important part of our growth strategy. If we are not able to continue to make acquisitions on reasonable terms or if we face significant patient attrition to our competitors, it could adversely affect our business.

The level of our current and future debt could have an adverse impact on our business.

We have substantial debt outstanding and we may incur additional indebtedness in the future. The high level of our indebtedness, among other things, could:

- make it difficult for us to make payments on our debt securities;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes;
- expose us to interest rate fluctuations to the extent we have variable rate debt;
- limit our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds.

If additional debt financing is not available when required or is not available on acceptable terms, we may be unable to grow our business, take advantage of business opportunities, respond to competitive pressures or refinance maturing debt, any of which could have a material adverse effect on our operating results and financial condition.

We will require a significant amount of cash to service our indebtedness. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on our indebtedness and to fund planned capital expenditures and expansion efforts, including any strategic acquisitions we may make in the future, will depend on our ability to generate

cash. This, to a certain extent, is subject to general economic, financial, competitive, regulatory and other factors that are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations in the future, that our currently anticipated growth in revenue and cash flow will be realized on schedule or that future borrowings will be available to us in an amount sufficient to enable us to service our indebtedness, including the senior and senior subordinated notes, or to fund other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. Our Senior Secured Credit Facilities are secured by substantially all of our and our subsidiaries' assets. As such, our ability to refinance our debt or seek additional financing could be limited by such security interest. We cannot assure you that we will be able to refinance our indebtedness on commercially reasonable terms or at all.

If the current shortage of skilled clinical personnel continues or if we experience a higher than normal turnover rate, we may experience disruptions in our business operations and increases in operating expenses.

We are experiencing increased labor costs and difficulties in hiring nurses due to a nationwide shortage of skilled clinical personnel. We compete for nurses with hospitals and other health care providers. This nursing shortage may limit our ability to expand our operations. If we are unable to hire skilled clinical personnel when needed, or if we experience a higher than normal turnover rate for our skilled clinical personnel, our operations and treatment growth will be negatively impacted, which would result in reduced revenues, earnings and cash flows.

Our alliance and product supply agreement with Gambro Renal Products Inc. may limit our ability to achieve cost savings with respect to products and equipment we are required to purchase under this agreement.

We entered into an alliance and product supply agreement with Gambro Renal Products in October 2005 to supply dialysis equipment, machines, dialyzers and certain other products, which was subsequently amended in 2006, in part to permit the termination of our purchase obligations with respect to dialysis machines under certain circumstances. We are no longer obligated under the amended supply agreement to purchase dialysis machines from Gambro Renal Products. In addition, all other purchase obligations under the amended supply agreement remain the same and may limit our ability to realize future cost savings in regard to certain products for which we remain obligated to make purchases under the agreement. For the year ended December 31, 2007, our total spending on hemodialysis products, supplies and equipment with Gambro Renal Products was approximately 2% of our total operating costs.

Planned upgrades to our billing and collections systems and complications associated with the integration of our billing and collections systems could have a material adverse effect on our revenues, cash flows and operating results.

In 2007, we completed the integration of our billing systems into one system and system upgrades will continue in 2008. We may experience difficulties in our ability to successfully bill and collect for services rendered as a result of the integration of our billing and collection systems and as we complete planned upgrades to our billing and collection systems. Complications related to the integration of our billing and collections systems and associated with the upgrade of our billing and collections systems could result in a slow-down of collections, a reduction in the amounts we expect to collect, increased risk of retractions from and refunds to commercial and government payors and noncompliance with reimbursement regulations, could have an adverse impact on the claims review required by the corporate integrity agreement applicable to the centers acquired from Gambro Healthcare, described above. The failure to successfully complete the upgrades to the billing and collection systems could have a material adverse effect on our revenues, cash flows and operating results.

If DVA Renal Healthcare does not comply with the corporate integrity agreement applicable to the centers acquired from Gambro Healthcare, or DVA Renal Healthcare otherwise has failed or fails to comply with government regulations applicable to its operations, we could be subject to additional penalties and otherwise may be materially harmed.

In 2004, Gambro Healthcare entered into a settlement agreement with the Department of Justice and certain agencies of the United States government relating to the Department of Justice's investigation of Gambro Healthcare's Medicare and Medicaid billing practices and its relationships with physicians and pharmaceutical manufacturers. If DVA Renal Healthcare (formerly Gambro Healthcare) does not comply with the terms of the corporate integrity agreement applicable to the centers acquired from Gambro Healthcare, or otherwise has failed or fails to comply with the extensive federal, state and local government regulations applicable to its operations, we could be subject to additional penalties, including monetary penalties or exclusion from participation in government programs, and otherwise may be materially harmed. The costs associated with compliance with the corporate integrity agreement and cooperation with the government are substantial and may increase. In addition, as a result of the settlement agreement, some commercial payors and other third parties have initiated legal proceedings against DVA Renal Healthcare related to the billing practices and other matters covered by the settlement agreement and we could receive similar claims in the future.

Our ability to effectively provide the services we offer could be negatively impacted if certain of our suppliers are unable to meet our needs or if we are unable to effectively access new technology, which could substantially reduce our revenues, earnings and cash flows.

We have significant suppliers that are either the sole or primary source of products critical to the services we provide or to which we have committed obligations to make purchases, including Amgen, Fresenius Medical Care, Gambro Renal Products, Baxter Healthcare Corporation, as well as others. If any of these suppliers are unable to meet our needs for the products they supply and we are not able to find adequate alternative sources, our revenues, earnings and cash flows could be substantially reduced. For example, in July 2007, we notified Gambro Renal Products that we were electing to be permanently relieved of our obligation to purchase dialysis machines which remained subject to an import ban by the FDA. In addition, the technology related to the products critical to the services we provide is subject to new developments and may result in superior products. If we are not able to access superior products on a cost-effective basis or if suppliers are not able to fulfill our requirements for such products, we could face patient attrition which could substantially reduce our revenues, earnings and cash flows.

We may be subject to liability claims for damages and other expenses not covered by insurance that could reduce our earnings and cash flows.

The administration of dialysis and related services to patients may subject us to litigation and liability for damages. Our business, profitability and growth prospects could suffer if we face negative publicity or we pay damages or defense costs in connection with a claim that is outside the scope of any applicable insurance coverage, including claims related to contractual disputes and professional and general liability claims. In addition, we have received several notices of claims from commercial payors and other third parties related to our historical billing practices and the historical billing practices of the centers acquired from Gambro Healthcare and other matters related to their settlement agreement with the Department of Justice. Although the ultimate outcome of these claims cannot be predicted, an adverse result with respect to one or more of these claims could have a material adverse effect on our financial condition, results of operations, and cash flows. We currently maintain programs of general and professional liability insurance. However, a successful claim, including a professional liability, malpractice or negligence claim which is in excess of our insurance coverage could have a material adverse effect on our earnings and cash flows.

In addition, if our costs of insurance and claims increase, then our earnings could decline. Market rates for insurance premiums and deductibles have been steadily increasing. Our earnings and cash flows could be materially and adversely affected by any of the following:

- further increases in premiums and deductibles;
- increases in the number of liability claims against us or the cost of settling or trying cases related to those claims; and
- an inability to obtain one or more types of insurance on acceptable terms.

If businesses we acquire have liabilities that we are not aware of, we could suffer severe consequences that would substantially reduce our revenues, earnings and cash flows.

Our business strategy includes the acquisition of dialysis centers and businesses that own and operate dialysis centers, as well as other ancillary businesses. Businesses we acquire may have unknown or contingent liabilities or liabilities that are in excess of the amounts that we estimated. Although we generally seek indemnification from the sellers of businesses we acquire for matters that are not properly disclosed to us, we are not always successful. In addition, even in cases where we are able to obtain indemnification, we may discover liabilities greater than the contractual limits or the financial resources of the indemnifying party. In the event that we are responsible for liabilities substantially in excess of any amounts recovered through rights to indemnification, we could suffer severe consequences that would substantially reduce our revenues, earnings and cash flows.

Provisions in our charter documents, compensation programs and Delaware law may deter a change of control that our stockholders would otherwise determine to be in their best interests.

Our charter documents include provisions that may deter hostile takeovers, delay or prevent changes of control or changes in our management, or limit the ability of our stockholders to approve transactions that they may otherwise determine to be in their best interests. These include provisions prohibiting our stockholders from acting by written consent, requiring 90 days advance notice of stockholder proposals or nominations to our Board of Directors and granting our Board of Directors the authority to issue preferred stock and to determine the rights and preferences of the preferred stock without the need for further stockholder approval. In addition, on November 14, 2002, the Board of Directors approved a shareholder rights plan that would substantially dilute the interest sought by an acquirer that our Board of Directors does not approve.

Most of our outstanding employee stock options include a provision accelerating the vesting of the options in the event of a change of control. We also maintain a change of control protection program for our employees who do not have a significant number of stock awards, which provides for cash bonuses to the employees in the event of a change of control which has been in place since September 2001. Based on the shares of our common stock outstanding and the market price of our stock on December 31, 2007, these cash bonuses would total approximately $234 million if a change of control transaction occurred at that price and our Board of Directors did not modify this program. These compensation programs may affect the price an acquirer would be willing to pay for our Company.

We are also subject to Section 203 of the Delaware General Corporation Law that, subject to exceptions, would prohibit us from engaging in any business combinations with any interested stockholder, as defined in that section, for a period of three years following the date on which that stockholder became an interested stockholder.

These provisions may discourage, delay or prevent an acquisition of our Company at a price that our stockholders may find attractive. These provisions could also make it more difficult for our stockholders to elect directors and take other corporate actions and could limit the price that investors might be willing to pay for shares of our common stock.

Selected Financial Data

The following table presents selected consolidated financial and operating data for the periods indicated. The operating results of DVA Renal Healthcare are included in our operating results from October 1, 2005, and the operating results of the historical DaVita divested centers are reflected as discontinued operations in our consolidated statements of income for 2005 and prior.

	Year ended December 31,				
	2007	2006	2005	2004	2003
	(in thousands, except share data)				
Income statement data:					
Net operating revenues(1)	$ 5,264,151	$ 4,880,662	$ 2,973,918	$ 2,177,330	$ 1,919,278
Operating expenses and charges	4,401,942	4,141,230	2,508,547	1,796,204	1,559,347
Operating income	862,209	739,432	465,371	381,126	359,931
Debt expense(2)	(257,147)	(276,706)	(139,586)	(52,411)	(66,821)
Swap valuations gain, net(3)	—	—	4,548	—	—
Refinancing charges(4)	—	—	(8,170)	—	(26,501)
Other income, net	22,460	13,033	8,934	4,125	3,042
Income from continuing operations before income taxes	627,522	475,759	331,097	332,840	269,651
Income tax expense	245,744	186,430	123,675	128,332	105,173
Income from continuing operations	381,778	289,329	207,422	204,508	164,478
Income from discontinued operations, net of tax (5)	—	—	13,157	17,746	11,313
Gain on disposal of discontinued operations, net of tax (5)	—	362	8,064	—	—
Net income	$ 381,778	$ 289,691	$ 228,643	$ 222,254	$ 175,791
Basic earnings per common share from continuing operations(5)(6)	$ 3.61	$ 2.79	$ 2.06	$ 2.07	$ 1.74
Diluted earnings per common share from continuing operations(5)(6)	$ 3.55	$ 2.73	$ 1.99	$ 1.99	$ 1.56
Weighted average shares outstanding:(6)(8)					
Basic	105,893,000	103,520,000	100,762,000	98,727,000	94,346,000
Diluted	107,418,000	105,793,000	104,068,000	102,861,000	113,760,000
Ratio of earnings to fixed charges(7)	2.92:1	2.38:1	2.86:1	5.26:1	3.98:1
Balance sheet data:					
Working capital	$ 889,754	$ 597,324	$ 664,675	$ 426,985	$ 242,238
Total assets	6,943,960	6,491,816	6,279,762	2,511,959	1,945,530
Long-term debt	3,683,887	3,730,380	4,085,435	1,322,468	1,117,002
Shareholders' equity(8)	1,732,250	1,245,924	850,609	523,134	306,871

(1) Net operating revenues include $3,771 in 2005, $8,293 in 2004, and $24,000 in 2003 of Medicare lab recoveries relating to prior years' services.

(2) Debt expense in 2007 and 2006 includes the write-off of approximately $4.4 million and $3.3 million of deferred financing costs associated with our principal prepayments on the Term loans.

(3) The swap valuation net gains of $4,548 in 2005 represented the accumulated fair value on several swap instruments that were ineffective as cash flow hedges, as a result of the repayment of our Senior Secured Credit Facilities, as well as changes in the fair values of these swaps until they were redesignated as hedges, and represent changes in the fair value of the swaps during periods in which there was no matching variable rate LIBOR-based interest payments.

(4) Refinancing charges of $8,170 in 2005 represented the write-off of deferred financing costs associated with the extinguishment of our prior Senior Secured Credit Facilities. Refinancing charges of $26,501 in 2003 represented the consideration paid to redeem the $125,000 5⅝% Convertible Subordinated Notes due 2006 and the $345,000 7% Convertible Subordinated Notes due 2009 in excess of book value, the write-off of related deferred financing costs and other financing fees associated with the amendment of the prior Senior Secured Credit Facilities.

(5) During 2005, we divested a total of 71 outpatient dialysis centers in conjunction with a consent order issued by the Federal Trade Commission on October 4, 2005 in order for us to complete the acquisition of DVA Renal Healthcare. In addition, we completed the sale of three additional centers that were previously pending state regulatory approval in January 2006. The operating results of the historical DaVita divested and held for sale centers were reflected as discontinued operations in our consolidated financial statements for 2005 and prior.

(6) All share and per-share data for all periods presented prior to 2005 have been adjusted to retroactively reflect the effects of a 3-for-2 stock split that occurred in the second quarter of 2004.

(7) The ratio of earnings to fixed charges was computed by dividing earnings by fixed charges. Earnings for this purpose is defined as pretax income from continuing operations adjusted by adding back fixed charges expensed during the period. Fixed charges include debt expense (interest expense and the write off and amortization of deferred financing costs), the estimated interest component of rental expense on operating leases, and capitalized interest.

(8) Share repurchases consisted of 111,300 shares of common stock for $6,350 in 2007, 3,350,100 shares of common stock for $96,540 in 2004 and 5,162,850 shares of common stock for $107,162 in 2003. Debt of $124,700 and $526 was converted into 7,302,528 and 24,045 shares of common stock in 2003. Shares issued in connection with stock awards amounted to 2,480,899 in 2007, 2,620,125 in 2006, 3,303,451 in 2005, 5,106,783 in 2004, and 3,539,919 in 2003.

Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is traded on the New York Stock Exchange under the symbol "DVA". The following table sets forth, for the periods indicated, the high and low closing prices for our common stock as reported by the New York Stock Exchange.

	High	Low
Year ended December 31, 2007:		
1st quarter	$58.54	$51.54
2nd quarter	57.48	52.56
3rd quarter	63.18	52.78
4th quarter	66.53	55.63
Year ended December 31, 2006:		
1st quarter	$60.27	$51.52
2nd quarter	58.75	47.59
3rd quarter	58.79	48.32
4th quarter	59.36	51.89

The closing price of our common stock on February 1, 2008 was $54.27 per share. According to The Bank of New York, our registrar and transfer agent, as of February 1, 2008, there were 5,521 holders of record of our common stock. We have not declared or paid cash dividends to holders of our common stock since 1994. We have no current plans to pay cash dividends and we are restricted from paying dividends under the terms of our Senior Secured Credit Facilities and the indentures governing our senior and senior subordinated notes. Also, see the heading "Liquidity and capital resources" under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and the notes to our consolidated financial statements.

Stock Repurchases

The following table summarizes our repurchases of our common stock during 2007:

There were no repurchases of our common stock during 2007 prior to the third quarter of 2007.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
July 1—31, 2007	—	$ —	—	$249.1
August 1—31, 2007	111,300	57.05	111,300	242.8
September 1—December 31, 2007	—	—	—	242.8
Total	111,300	$ —	111,300	$ —

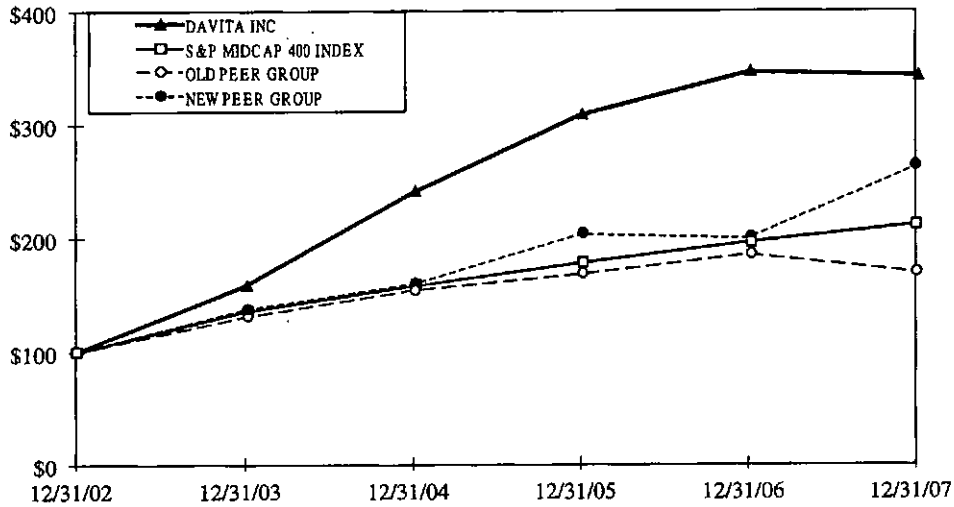
(1) On September 11, 2003, we announced that the Board of Directors authorized the repurchase of up to $200 million of our common stock, with no expiration date. On November 2, 2004, we announced that the Board of Directors approved an increase in our authorization to repurchase shares of our common stock by an additional $200 million. We are authorized to make purchases from time to time in the open market or in privately negotiated transactions, depending upon market conditions and other considerations. However, we are subject to share repurchase limitations under the terms of the Senior Secured Credit Facilities and the indentures governing our senior and senior subordinated notes.

Stock Price Performance

The following graph shows a comparison of our cumulative total returns, the Standard & Poor's MidCap 400 Index and an old and new peer group index. The graph assumes that the value of an investment in our common stock and in each such index was $100.00 on December 31, 2002 and that all dividends have been reinvested. The new peer group index consists of the following companies: Apria Healthcare Group Inc., Express Scripts, Inc., Health Management Associates, Inc., Laboratory Corporation of America Holdings, Lincare Holdings Inc., Medco Health Solutions, Inc., Omnicare, Inc., Pediatrix Medical Group, Inc., Quest Diagnostics Incorporated, Universal Health Services, Inc., and WebMD Health Corp. The old peer group consists of these companies except Express Scripts, Inc., Medco Health Solutions, Inc., Pediatrix Medical Group, Inc., and WebMD Health Corp. and with the addition of Triad Hospitals, Inc. The companies in these peer groups are other providers of healthcare-related services which we believe are most comparable to us. These peer group indices are weighted for the market capitalization of each company within the group.

The comparison in the graph below is based solely on historical data and is not intended to forecast the possible future performance of our common stock.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN AMONG DAVITA INC., S&P MIDCAP 400 INDEX AND OLD AND NEW PEER GROUPS



	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07
DAVITA INC	$100.0	$158.1	$240.4	$307.9	$345.8	$342.6
S&P MIDCAP 400 INDEX	$100.0	$135.6	$157.9	$177.7	$196.1	$211.7
OLD PEER GROUP	$100.0	$130.9	$154.1	$168.1	$185.0	$169.1
NEW PEER GROUP	$100.0	$137.2	$159.4	$203.2	$199.7	$262.2

Note: Assumes an initial investment of $100.00 on December 31, 2002. Total return includes reinvestment of dividends. Triad Hospitals, Inc. is included in the old peer group until June 30, 2007, the company was acquired during July 2007.

Quantitative and Qualitative Disclosures About Market Risk

Interest rate sensitivity

The tables below provide information about our financial instruments that are sensitive to changes in interest rates. For our debt obligations the table presents principal repayments and current weighted average interest rates on our debt obligations as of December 31, 2007. The variable rates presented reflect the weighted average LIBOR rates plus margins in effect at the end of 2007 including the economic effects of our swap agreements. Term loan A and revolving line of credit interest rate margins are subject to adjustment depending upon changes in certain of our financial ratios including a leverage ratio. The margins currently in effect at December 31, 2007 were 1.50%. For our interest rate swap agreements, the table below presents the notional amounts by contract maturity date and the related interest rate terms of the agreements (to pay fixed rates, and to receive LIBOR).

	Expected maturity date								
	2008	2009	2010	2011	2012	Thereafter	Total	Fair Value	Average interest rate
	(dollars in millions)								
Long-term debt:									
Fixed rate	$ 4	$ 1	$ 1	$ 1	$ 0	$1,753	$ 1,760	$ 1,755	6.89%
Variable rate	$ 20	$ 63	$ 88	$ 66	$1,706	$ —	$ 1,943	$ 1,943	5.91%

	Notional amount	Contract maturity date					Pay fixed	Receive variable	Fair value
		2008	2009	2010	2011	2012			
	(dollars in millions)								
Swaps:									
Pay-fixed swaps	$968	$378	$401	$189	$ —	$ —	3.08% to 4.27%	LIBOR	$ 2.2
Forward pay-fixed swaps	$200	$—	$—	$200	$ —	$ —	4.05% to 4.70%	LIBOR	$(2.7)

As of December 31, 2007, we maintained a total of nine interest rate swap agreements, with amortizing notional amounts totaling $968 million. These agreements had the economic effect of modifying the LIBOR-based variable interest rate on an equivalent amount of our debt to fixed rates ranging from 3.08% to 4.27%, resulting in an overall weighted average effective interest rate of 5.37% on the hedged portion of our Senior Secured Credit Facilities, including the term loan B margin of 1.50%. The swap agreements expire in 2008 through 2010 and require quarterly interest payments. In addition, we maintain two forward interest rate swap agreements with notional amounts totaling $200 million. These forward interest rate swaps will have the economic effect of modifying the LIBOR-based interest rates to fixed rates of 4.05% and 4.70% on our term loan B outstanding debt. These forward interest rate swaps agreements take effect September 30, 2008, require quarterly interest payments beginning in December 2008, and expire in 2010. During 2007, we accrued net cash benefits of $14.5 million from these swaps which is included in debt expense. As of December 31, 2007, the total fair value of these swaps was a net liability of $0.5 million. During 2007, we recorded $16.0 million, net of tax, as a reduction to other comprehensive income for valuation losses, net of amounts reclassified into income.

As of December 31, 2007, the interest rates were economically fixed on approximately 50% of our variable rate debt and approximately 74% of our total debt.

As a result of the swap agreements, the overall effective weighted average interest rate on the Senior Secured Credit Facilities was 5.90%, based upon the current margins in effect of 1.50% as of December 31, 2007.

Our overall average effective interest rate during 2007 was 6.49% and as of December 31, 2007 was 6.37%.

One means of assessing exposure to debt-related interest rate changes is a duration-based analysis that measures the potential loss in net income resulting from a hypothetical increase in interest rates of 100 basis

points across all variable rate maturities (referred to as a "parallel shift in the yield curve"). Under this model, with all else constant, it is estimated that such an increase would have reduced net income by approximately $5.5 million, $6.8 million, and $3.2 million, net of tax, for the years ended December 31, 2007, 2006, and 2005, respectively.

Exchange rate sensitivity

We are currently not exposed to any foreign currency exchange rate risk.

CORPORATE INFORMATION

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Independent Registered Public Accounting Firm
KPMG LLP
Seattle, Washington

Stock Registrar and Transfer Agent
The Bank of New York Mellon
New York, New York

Annual Meeting of Stockholders
Monday, June 9, 2008
Hyatt Regency San Francisco Airport
1333 Old Bayshore Highway
Burlingame, CA 94010

Common Stock Listing
New York Stock Exchange (NYSE)
Symbol: DVA

NYSE Certification
On June 28, 2007 the Company submitted to the NYSE a certification signed by the Chief Executive Officer that he was not aware of any violation by DaVita of the NYSE corporate governance listing standards.

Section 302 Certifications
Certifications of the Chief Executive Officer and Acting Chief Financial Officer have been included as Exhibit 31 in DaVita's annual report on Form 10-K for the year ended December 31, 2007.

Form 10-K Request
For a free copy of DaVita's annual report on Form 10-K for the year ended December 31, 2007 please send a written request to LeAnne Zumwalt, Vice President of Investor Relations at DaVita's corporate address.

Corporate Governance Guidelines
DaVita's corporate governance guidelines, Code of Ethics and Board Committee Charters are located on DaVita's website and can be obtained free of charge, upon request from LeAnne Zumwalt at DaVita's corporate address.

DIRECTORS

Charles G. Berg
Executive Chairman
WellCare Health Plans, Inc.

Senior Advisor
Welsh, Carson, Anderson & Stowe

Former Chief Executive Officer
Oxford Health Plans, Inc.

Willard W. Brittain, Jr.
Chairman and Chief Executive Officer
Preod Corporation

Former Chief Operating Officer
PwC Consulting and PricewaterhouseCoopers LLP

Nancy-Ann DeParle
Managing Director, Healthcare
CCMP Capital

Former Senior Advisor
JPMorgan Partners, LLC

Former Administrator
Centers for Medicare and Medicaid Services

Paul J. Diaz
President and Chief Executive Officer
Kindred Healthcare, Inc.

Former Managing Member
Falcon Capital Partners, LLC

Former Executive Vice President and Chief Operations Officer
Mariner Health Group, Inc.

Peter T. Grauer
Chairman of the Board,
Chief Executive Officer and Treasurer
Bloomberg, Inc.

John M. Nehra
General Partner in affiliates of
New Enterprise Associates

Managing General Partner
Catalyst Ventures

William L. Roper, M.D.
Chief Executive Officer
University of North Carolina Health Care System

Dean, School of Medicine
Vice Chancellor for Medical Affairs
University of North Carolina at Chapel Hill

Former Director
Centers for Disease Control and Prevention

Former Administrator
Centers for Medicare and Medicaid Services

Roger J. Valine
Former President and Chief Executive Officer
Vision Service Plan

Richard C. Vaughan
Chairman of the Audit Committee

Former Executive Vice President and Chief Financial Officer
Lincoln Financial Group

Kent J. Thiry
Chairman of the Board and Chief Executive Officer
DaVita Inc.

SECTION 16 OFFICERS

Kent J. Thiry
Chairman of the Board and Chief Executive Officer

Joseph C. Mello
Chief Operating Officer

Richard K. Whitney
Chief Financial Officer

Thomas O. Usilton, Jr.
Senior Vice President

James K. Hilger
Vice President and Controller

Joseph Schohl
Vice President, General Counsel and Secretary

Christopher J. Riopelle
Chief Compliance Officer

Mary R. Kowenhoven
Vice President, Strategy

Georgina Randolph
Senior Vice President

Dennis Kogod
President-West

Javier Rodriguez
Senior Vice President

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DaVita
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EARTH FRIENDLY KIDNEY CARE

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Product group from well-managed forests, controlled sources and recycled wood or fiber
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30%