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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

September 28, 2012

FEDERAL EXPRESS

Michael Constantino
Supervisor, Project Review Section
Illinois Department of Public Health
Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Final Project Cost Report - Silver Cross Renal Centers Proj. Nos. 11-117, 11-118 & 11-119

Dear Mr. Constantino:

Attached please find the final project cost report for the Silver Cross Renal Centers acquisition (Proj. Nos. 11-117, 11-118 & 11-119). For your convenience, we are submitting three signed copies of the cost report letter for each Silver Cross Renal Center.

If you have any questions or need any additional information regarding the transaction, please feel free to contact me.

Sincerely,

Anne M. Cooper

Attachments

cc: Penny D. Davis
064628 430140

Chicago Dallas Denver Edwardsville Jefferson City Kansas City Los Angeles
New York
Overland Park Phoenix St. Joseph St. Louis Springfield Topeka Washington, DC
Wilmington

In California, Polsinelli Shughart LLP.

September 27, 2012

ELECTRONIC MAIL

Michael Constantino
Supervisor, Project Review Section
Illinois Department of Public Health
Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Final Project Cost Report – Silver Cross Renal Centers Proj. Nos. 11-117, 11-118 & 11-119

Dear Mr. Constantino:

Pursuant to Section 1130.770 of the Illinois Health Facilities and Services Review Board (“HFSRB”) rules, I am writing on behalf of the permit holders DaVita Inc. and Total Renal Care, Inc. (collectively, “DaVita”) to submit the Final Project Cost Report for Project Nos. 11-117, 11-118, and 11-119. On June 5, 2012, the HFSRB approved the change of ownership of the Silver Cross Renal Centers (the “Transaction”). The Transaction closed on July 1, 2012 and the notice of project completion was submitted on July 30, 2012.

For your review, we are submitting the following information:

7. Project Costs and Sources of Funds

The Transaction involved an asset sale for the change of ownership of the three outpatient dialysis facilities formerly operated as Silver Cross Renal Centers. The \$30,000,000 purchase price for the three facilities was funded with cash at closing. Based on a discounted cash flow valuation for each center utilizing the seller’s most recent financial statements available at the time the purchase price was determined, the purchase price for the three Silver Cross Renal Centers was allocated for the CON applications as follows:

- Permit No. 11-117, Silver Cross Renal Center New Lenox - \$9,493,372
- Permit No. 11-118, Silver Cross Renal Center Morris - \$461,930
- Permit No. 11-119, Silver Cross Renal Center West - \$20,044,698

8. Certification of Final Realized Costs and Compliance

Pursuant to 77 Ill. Admin. Code §1130.770, DaVita certifies that no additional or associated costs or capital expenditures related to the Project will be submitted for reimbursement under Title XVIII or Title XIX of the Social Security Act. I further certify

DaVita has complied with all of the terms of the permit to date and all information submitted in this cost report for the Facility is true and correct.

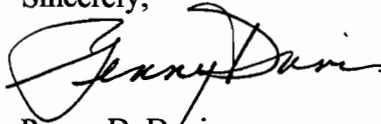
3. Final Application and Certification for Payment

The Project did not include any construction. Accordingly, no Application and Certification for Payment is available or required.

For ease of filing, we are submitting three signed copies of this cost report letter for each Silver Cross Renal Center.

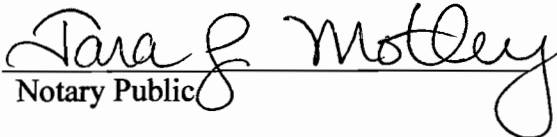
Thank you for your time and consideration. If you have any questions or need any additional information, please feel free to contact our legal counsel, Kara Friedman at 312/873-3639.

Sincerely,



Penny D. Davis
Division Vice President – Skyline
DaVita Inc.

Subscribed and sworn to me
This 27 day of September, 2012


Notary Public



September 27, 2012

ELECTRONIC MAIL

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Illinois Department of Public Health
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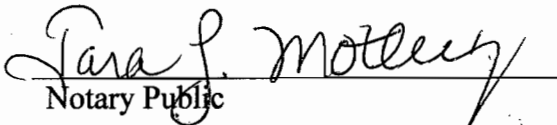
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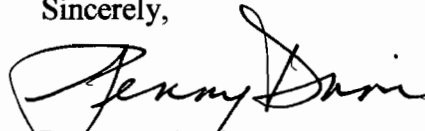
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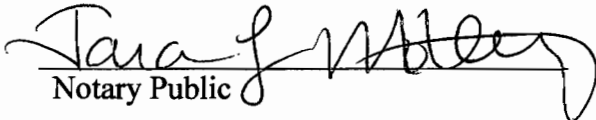
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