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February 24, 2012

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

Re: DaVita Inc. Purchase Price Valuation for Silver Cross Hospitals and Medical Centers, Inc. Dialysis Facilities

Dear Mr. Galassie:

This letter provides additional information in support of the Certificate of Need applications filed in connection with the planned acquisition of the Silver Cross Hospitals and Medical Centers, Inc. ("Silver Cross") dialysis facilities by DaVita Inc. As stated, the purchase price of the three facilities is \$30 million. DaVita participated in a competitive bidding process and the purchase price is the result of a negotiated transaction with Silver Cross. In assessing an offer price to initiate the negotiations, DaVita relied on its standard valuation methods including discounted cash flow ("DCF") analysis to provide this valuation. DCF projects the future cash flows of a business, and discounts these cash flows at a discount rate which reflects the riskiness associated with achieving these cash flows. Since the projections were for a limited period of time, all future cash flows beyond the projection period are assumed to be worth a certain multiple of the terminal year's cash flow, reflecting the discount rate and a perpetual growth assumption. Individual center valuations reflect the cash flows at the respective center.

Thank you for your time and attention to this matter. We appreciate all of staff's efforts to keep these applications on track for prompt consideration by the Illinois Health Facilities and Services Review Board.

Very truly yours,

A handwritten signature in blue ink, appearing to read "DRF".

David R. Finn
Vice President, Mergers & Acquisitions