



DaVita HealthCare Partners

May 21, 2012



Certain statements in today's presentation contain 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, the impact of our related level of indebtedness on our financial performance, including earnings per share, HealthCare Partners current and future operations, and EBITDA and operating income projections for HealthCare Partners.

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 uncertainties associated with governmental regulations, general economic and other market conditions, competition, 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 under the Medicare ESRD program or other government-based programs, the impact of health care reform legislation that was enacted in the United States in March 2010, 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, current or potential investigations by various governmental entities and related government or private-party proceedings, continued increased competition from large and medium-sized dialysis providers that compete directly with us, our ability to complete any acquisitions, mergers or dispositions that we might be considering or announce, or integrate and successfully operate any business we may acquire, expansion of our operations and services to markets outside the United States, or to businesses outside of dialysis and the other risk factors discussed in the Company's most recent quarterly filings on Form 10-Q and our 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 any forward-looking statements, whether as a result of changes in underlying factors, new information, future events or otherwise. All references to "DaVita" and "DaVita Inc." as used throughout this presentation refer to DaVita Inc. and its subsidiaries. All references to "HealthCare Partners" and "HCP" as used throughout this presentation refer to HealthCare Partners Holdings, LLC and its related entities.

For a reconciliation of non-GAAP financial information included in this presentation to the most comparable measure calculated in accordance with GAAP, see the attached reconciliation schedule.



Deal Summary

About HealthCare
Partners

Integrated Care
Model

Outlook

Strategy Rationale

- ★ Combination of two unambiguous clinical leaders

- ★ Dialysis business solid
 - Strategically well-positioned
 - Team stronger than ever

- ★ Unique opportunity in exciting new platform
 - Market leader
 - Where the puck is headed
 - Additional growth avenue



Deal Rationale

- ★ Recurring revenue stream
- ★ Consistent cash flow
- ★ 20 year track record
- ★ Strong position in 3 markets
- ★ Substantial dramatic long-term shareholder upside
- ★ Distinctively attractive risk-reward profile



Deal Terms⁽¹⁾

Purchase Price

★ \$4.42 billion

Components

- ★ \$3.66 billion cash
- ★ 9.38 million DaVita shares
- ★ Earn out opportunity in 2012 and 2013

Deal Multiple

- ★ 8.4x 2011 EBITDA
- ★ 7.2x net of tax

Capital Structure

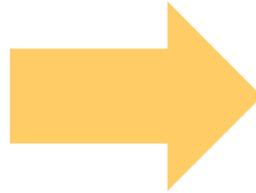
- ★ \$3.8 billion new debt
- ★ 3.7x pro forma

⁽¹⁾Stock price as of Friday, May 18, 2012



Why Now?

First of all . . .



. . . but importantly

★ Not an optimal time to buy

- Segment is hot
- Peak margin phase
- MA rate pressure

★ Unique opportunity

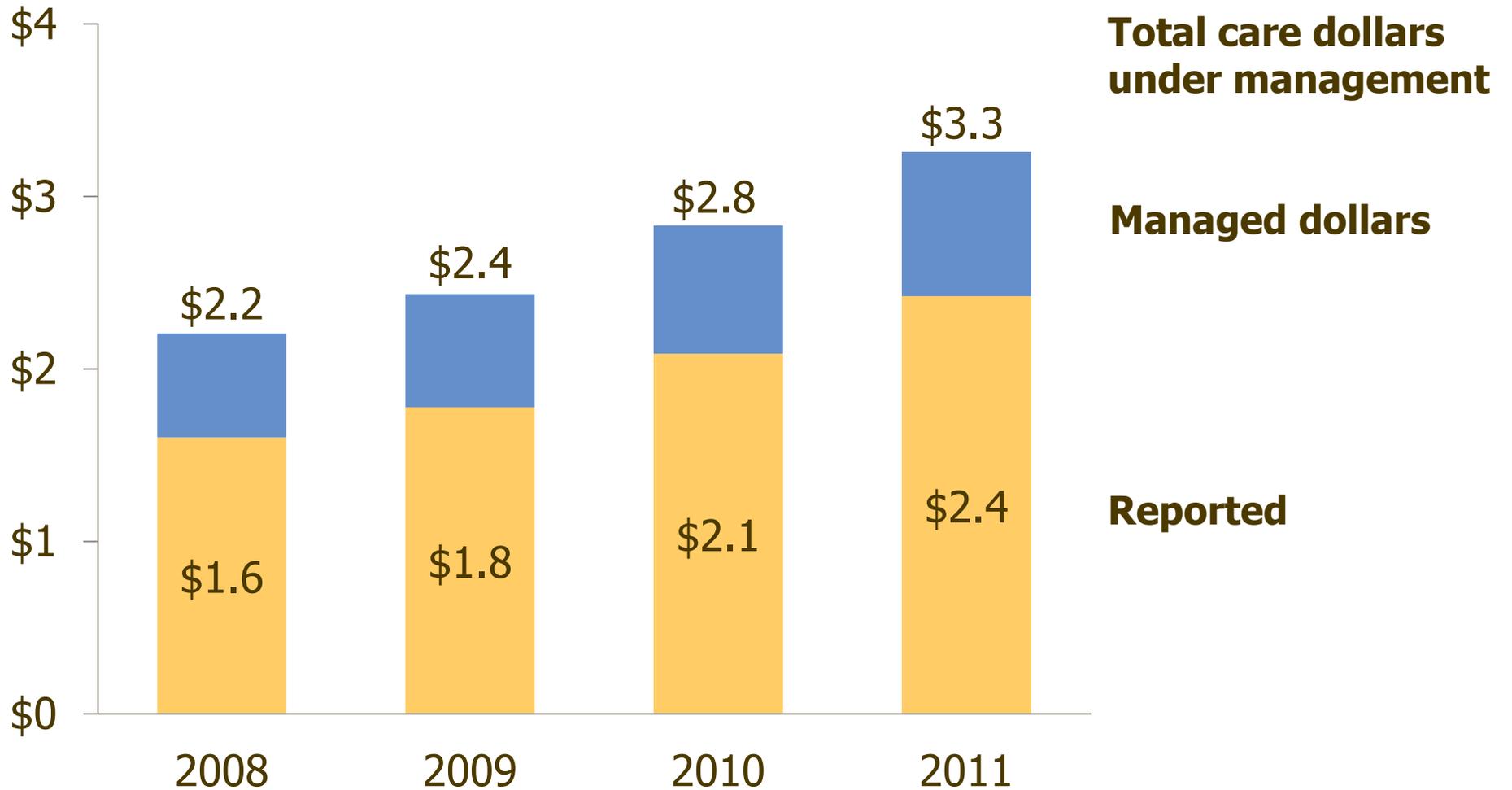
- Hot for a legitimate, long-term reason
- One of the best-positioned entities in the space

Fundamental Forces of Change

- ★ Physicians moving to larger entities
- ★ Government and private payors creating increased incentives for quality & cost and are desperate for savings
- ★ Healthcare consumers becoming more “consumer-like”

★ Revenue and Managed Dollars

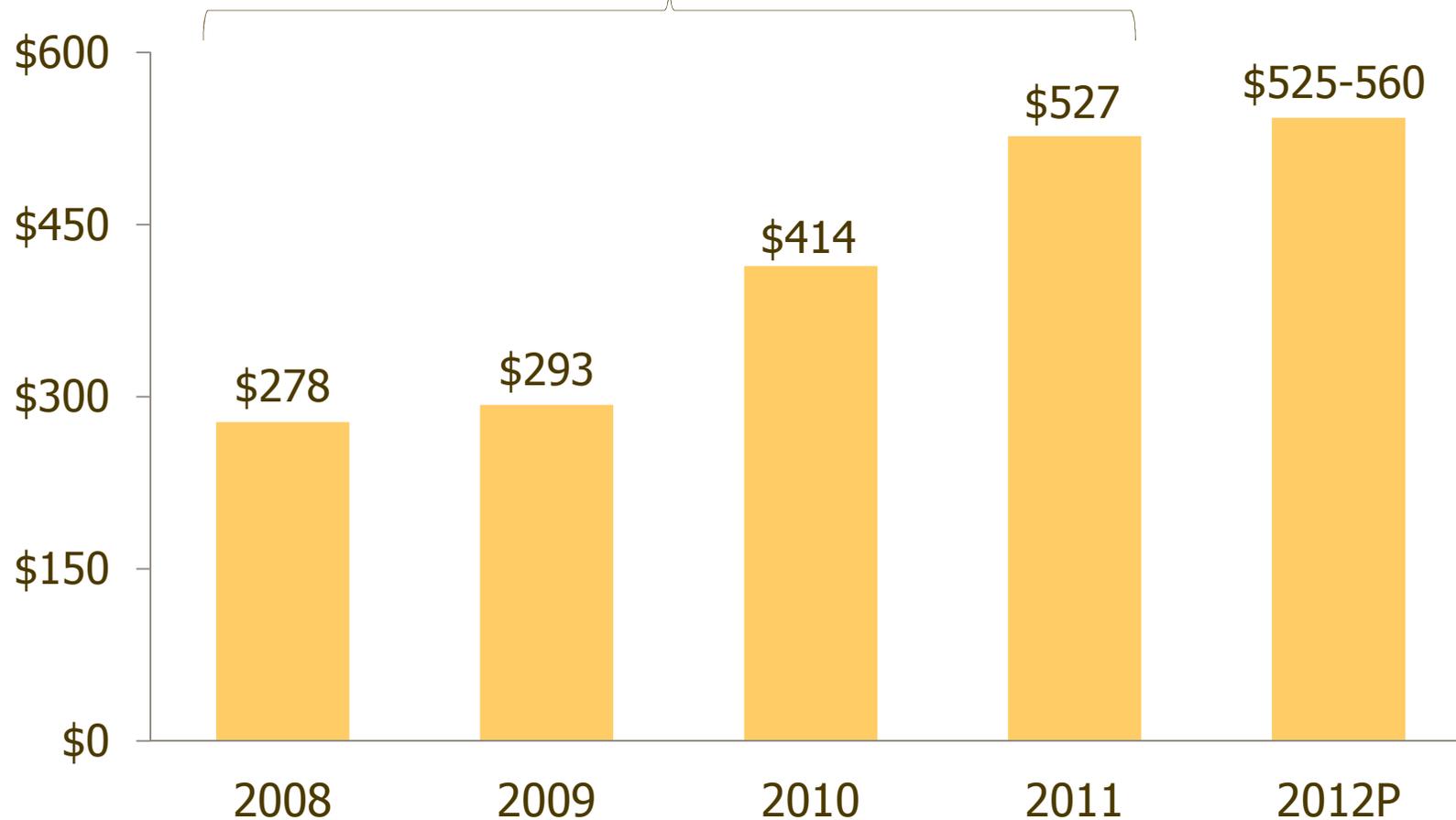
★ \$ in Billions



★ Adjusted EBITDA⁽¹⁾

★ \$ in Millions

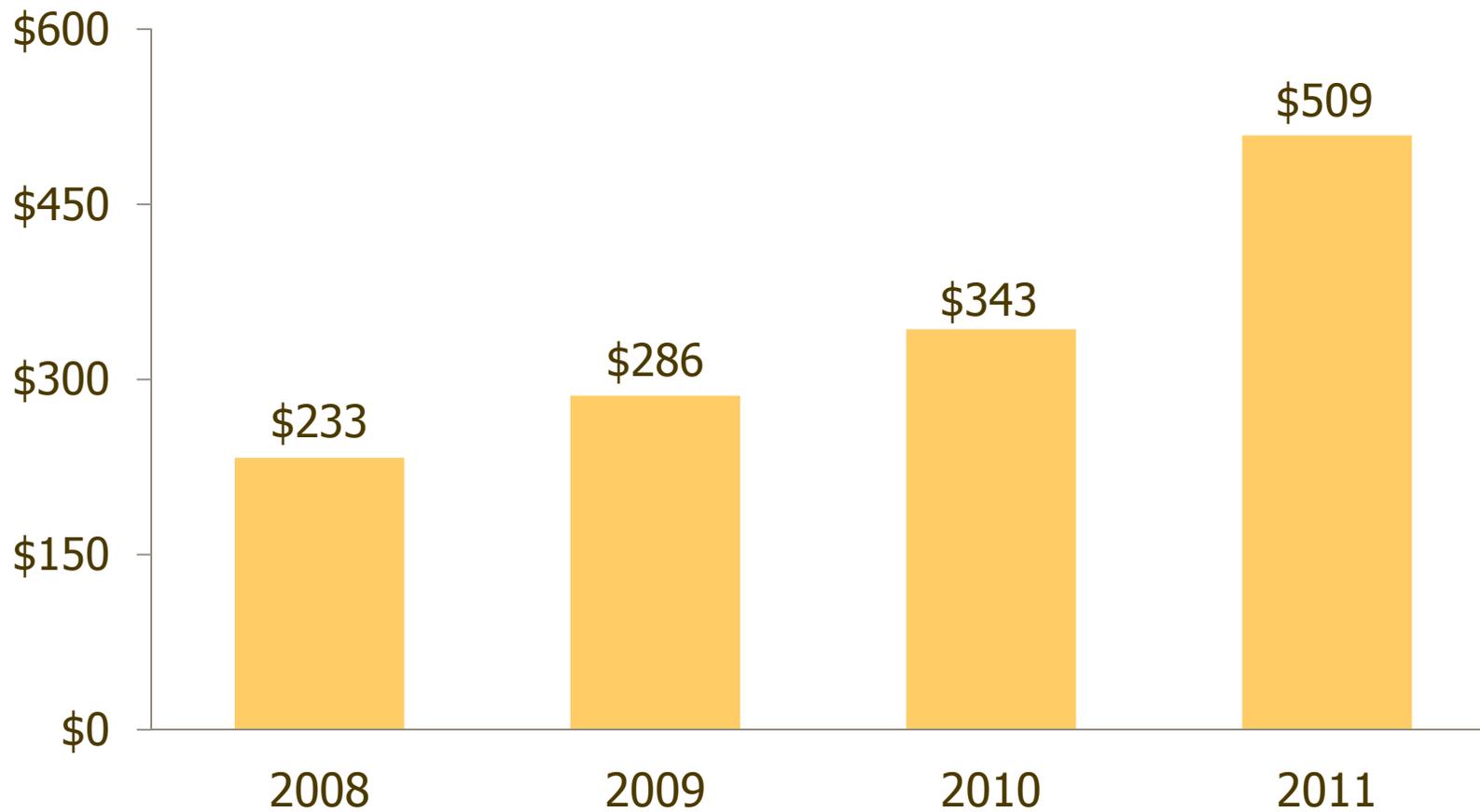
A Great Run



⁽¹⁾EBITDA excluding stock-based compensation expense; see Non-GAAP reconciliation

Operating Cash Flow

 \$ in Millions





Economics of Growth

- ★ Favorable working capital
 - Receives payments before incurring expenses

- ★ Low fixed assets (last 4 years' average)
 - \$20M maintenance capex



2013 EPS Impact

- ★ Dependent on:
 - Earnings trajectory
 - Interest rates
 - Annual amortization expense

- ★ Neutral to modestly accretive on a GAAP basis
 - Includes \$0.70 - \$0.90 of amortization expense



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What is HealthCare Partners?

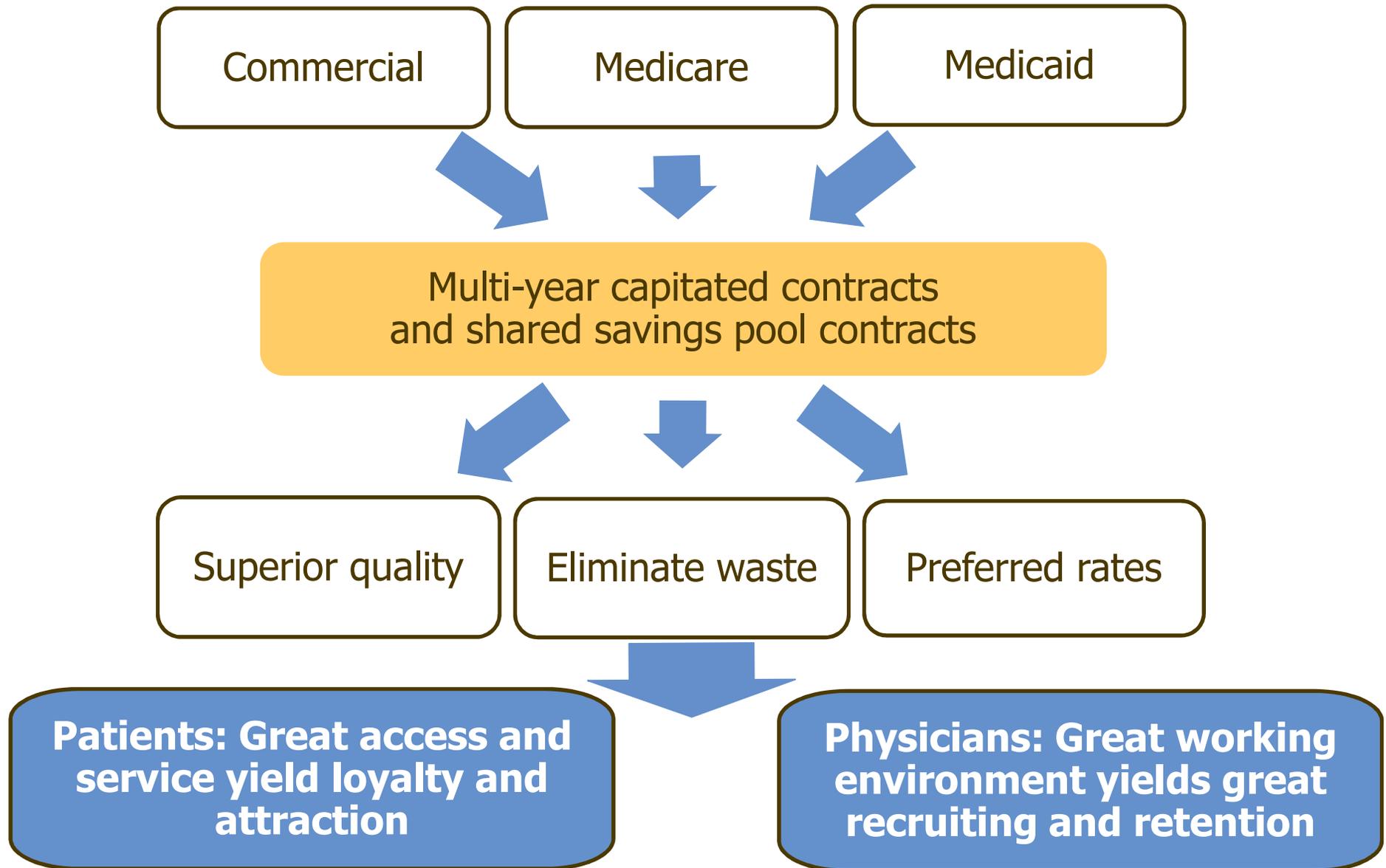
- ★ Patient-focused, physician-centric leader of integrated care
- ★ Focused on quality outcomes
- ★ Receives a capitated payment and is clinically and financially accountable for all healthcare care needs for an enrolled population of patients
- ★ Successfully manages risk through innovative care programs



**Physician-led care teams helping and
empowering patients!**



Business Model



HealthCare Partners at a Glance

- ★ Operates in 3 states: California, Florida, Nevada
- ★ Senior patients: 180,000
- ★ Commercial patients: 461,000
- ★ Medicaid patients: 26,000
- ★ Group primary care physicians: 395
- ★ Affiliated primary care physicians: 1,190
- ★ Group specialists: 320
- ★ Affiliated specialists: 6,180
- ★ Affiliated hospitals: 111



HCP's Strength

CALIFORNIA

FLORIDA

NEVADA



Share of key payors' MA lives

30-40%

50%+

~100%

Physicians

Leading physician group

Payor relations

Strong and long-term relationships

Hospitals

Strong and long-term relationships



6 Largest Payors

Payor	State	Length of Relationship (Years) ⁽¹⁾
A	CA	20
B	CA	20
C	CA	20
D	FL	19
E	CA	15
F	NV	5

⁽¹⁾Excludes years with predecessor organizations



Management Overview

Name	Role	Age	Years w/ HCP ⁽¹⁾	Staying
Sherif Abdou, MD	NV Market President	51	15	✓
Sherri Allen	NV Chief Operating Officer	53	3	✓
Amir Bacchus, MD	NV Medical Director	48	15	✓
Zan Calhoun	Chief Operating Officer	65	7	✓
William Chin, MD	Executive Medical Director	71	32	✓
Lorie Glisson	FL Market President	48	16	✓
Robert Margolis, MD	Chairman of the Board, CEO, Managing Partner	66	37	✓
Matthew Mazdyasni	EVP, CAO, CFO	55	30	✓
Lance Lieberman, MD	FL Market Medical Director	57	9	✓
Tom Paulsen, MD	CA Market Medical Director	56	26	✓

⁽¹⁾Includes years with predecessor organizations



Management Team

- ★ Committed to success of DaVita HealthCare Partners
- ★ Employment contracts for top management
- ★ Up to 33% equity consideration with lock-ups for up to 4 years
- ★ Bob Margolis, MD
 - Remains CEO of HealthCare Partners
 - Joins DaVita HealthCare Partners BOD as Co-Chairman



Deal Summary

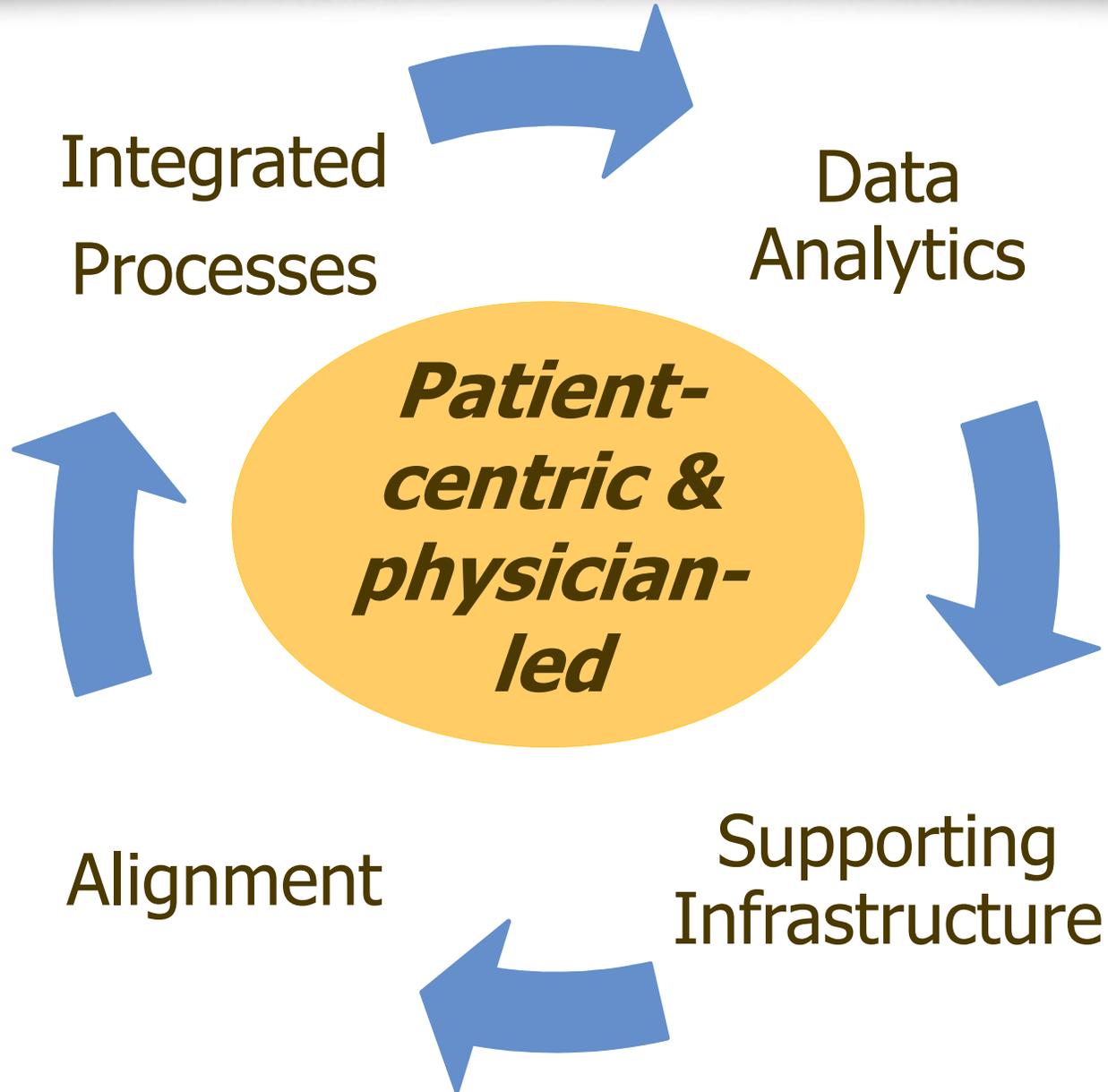
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Integrated Care





Alignment

Traditional fee for service

- ★ Volume not outcomes

HealthCare Partners

- ★ Focus on care needs of patients
- ★ Accountability for cost and quality of care



Example: COPD Program

- ★ 30% more frequent physician visits
- ★ Care team
- ★ Immediate intervention

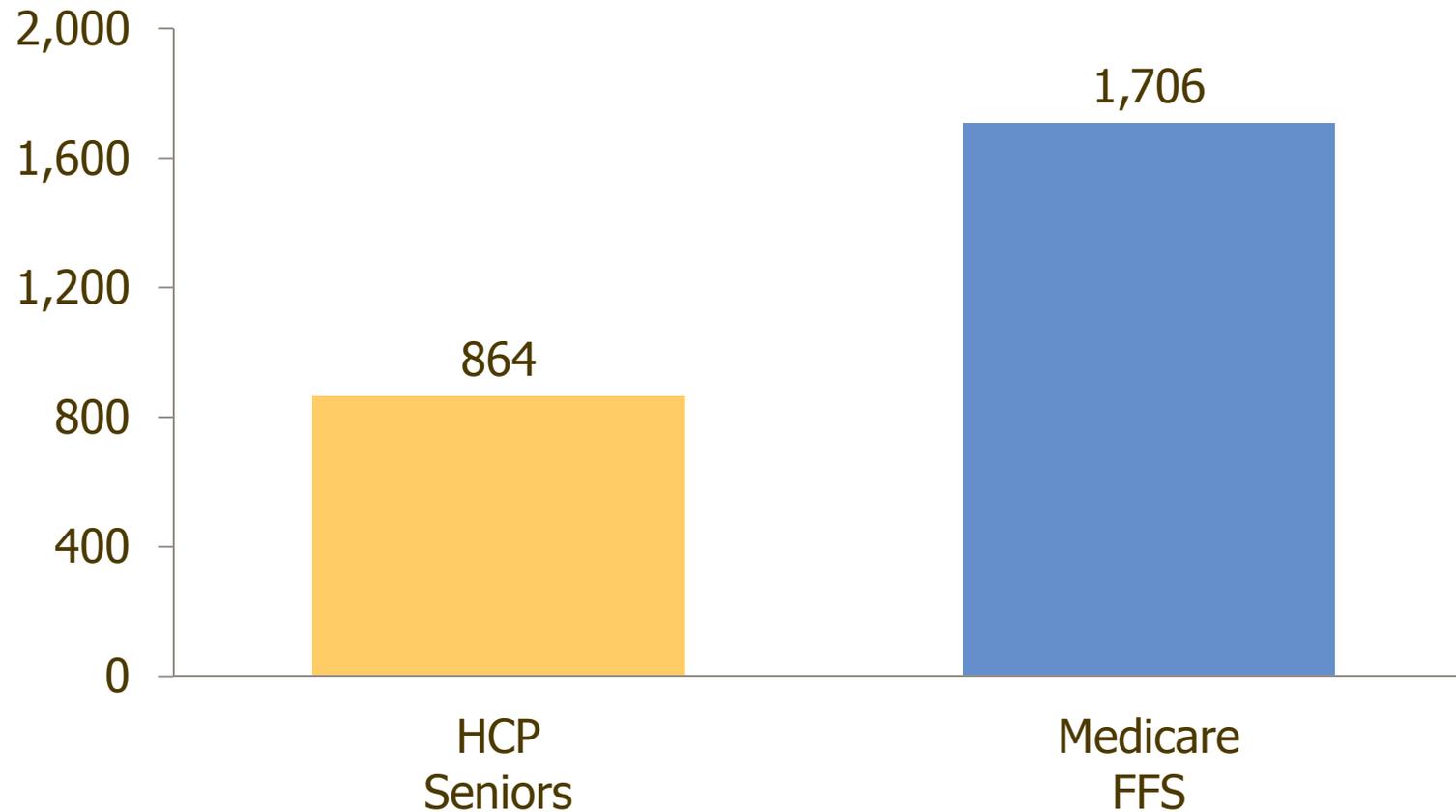
	% Change
Drug cost est.	3%
Total admits	30%
Total bed days	39%
Total ED visits	23%
Cost of care (all paid-pmpm)	34%



Patient: improved care, higher satisfaction
Payor: significant cost savings

★ Clinical Utilization – CA Example

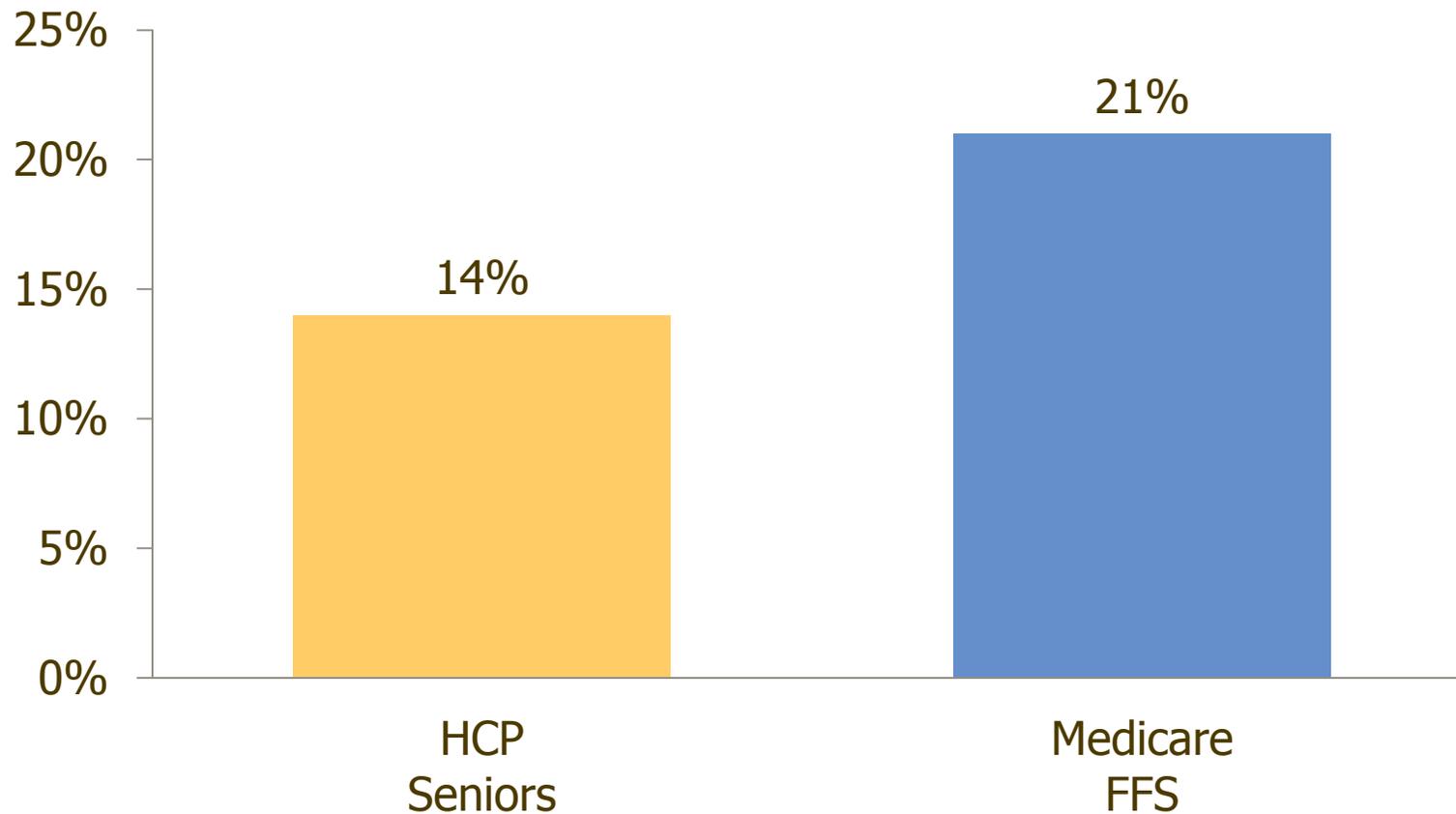
★ *Inpatient Acute Bed Days/1000/year (2010)*



***Investing in care in the most appropriate setting
reduces spend in the most expensive setting***

Clinical Utilization – CA Example

★ 30 day all cause re-admit rate



HCP in-patient re-admit days 20% better



Works for All Stakeholders

Patients

- ★ CA primary care physician rating near 90th percentile

Physicians

- ★ 95% of group physicians would recommend HCP to a colleague

Payors &
Taxpayers

- ★ Savings and improved health outcomes



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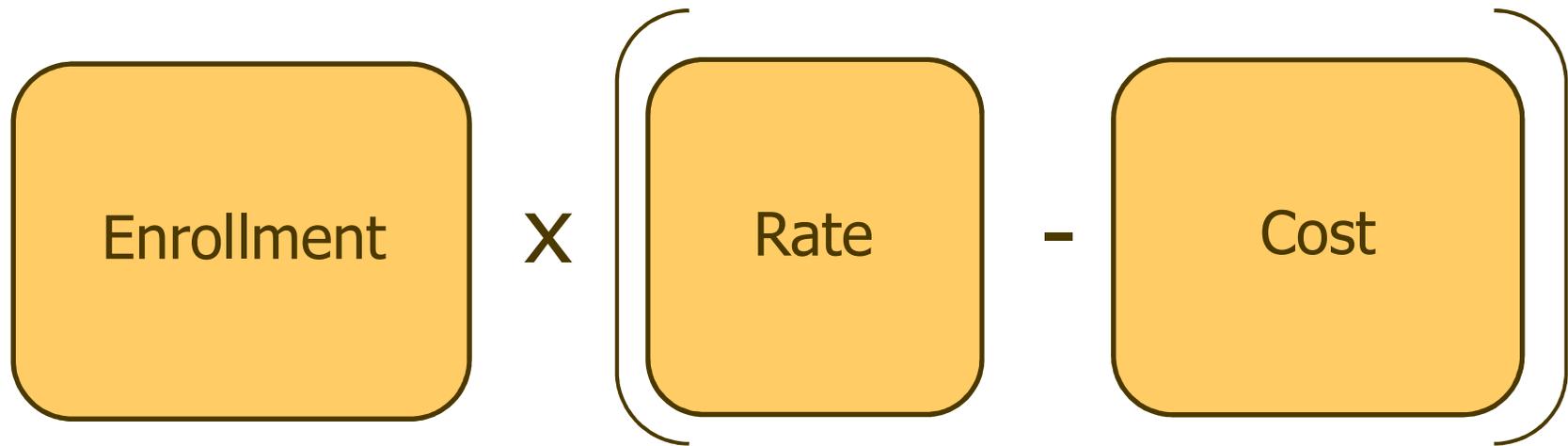
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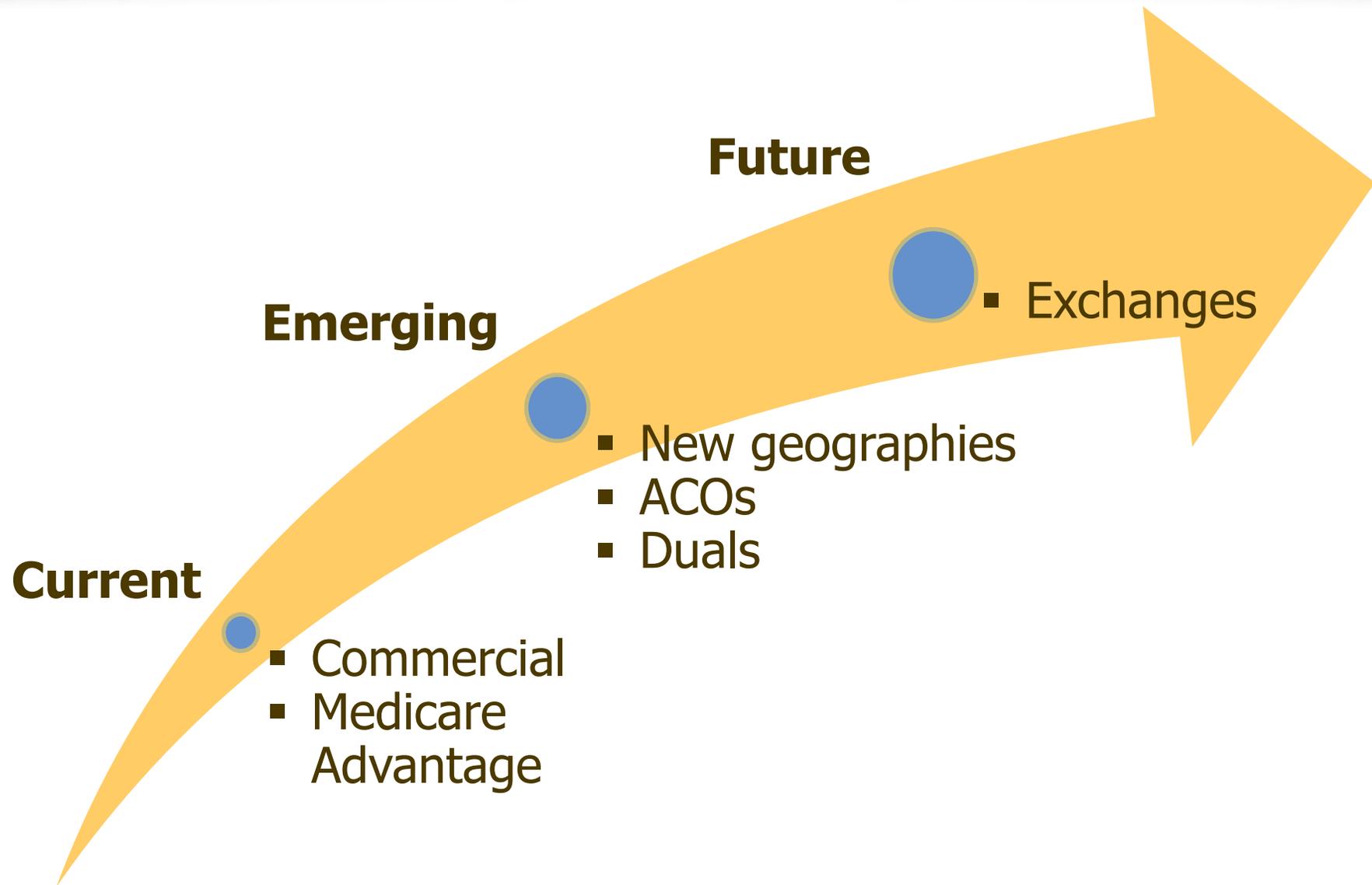


Business Model





Upside





Downside Scenario for HCP

MA rate & commercial
enrollment pressure

+ Increasing expenses

= **Declining EBITDA**



Downside Scenario for HCP

MA rate & commercial
enrollment pressure

+ Increasing expenses

= **Declining EBITDA**

+ Utilize HCP's \$80M/year of
FCF for acquisitions

= **Flat EBITDA**



Downside Scenario for HCP

MA rate & commercial enrollment pressure

+ Increasing expenses

= **Declining EBITDA**

+ Utilize HCP's \$80M/year of FCF for acquisitions

= **Flat EBITDA**



Still

★ We can

- Pay interest
- \$150 - \$200M FCF/yr
- De-lever
- After-tax cash-on-cash return of 8%



Downside Scenario for HCP

MA rate & commercial enrollment pressure

+ Increasing expenses

= **Declining EBITDA**

+ Utilize HCP's \$80M/year of FCF for acquisitions

= **Flat EBITDA**



Still

★ We can

- Pay interest
- \$150 - \$200M FCF/yr
- De-lever
- After-tax cash-on-cash return of 8%

AND

- ★ EPS remains neutral to slightly dilutive on a GAAP basis
- ★ 10% accretive excluding amortization

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Reconciliations for Non-GAAP measures

Reconciliation for Non-GAAP measures (unaudited)

Reconciliation of HealthCare Partners' Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization and excluding stock-based compensation expense)

We believe that adjusted EBITDA enhances a user's understanding of HealthCare Partners' income from operations for these periods by presenting consistent operating income items that we believe provide another means of understanding HealthCare Partners' operating performance excluding stock-based compensation expense. Adjusted EBITDA also serves as a measure of liquidity of HealthCare Partners in that it provides information about the ability of HealthCare Partners to generate cash from operations. This measure is not a measure of financial performance under GAAP and should not be considered as an alternative to operating income, net income or operating cash flow.

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
	(in millions)			
Net income	\$ 409	\$ 330	\$ 220	\$ 203
Income taxes.....	71	49	40	30
Debt expense, net.....	9	(1)	—	8
Depreciation and amortization.....	31	29	26	24
Impairments.....				5
Stock-based compensation expense.....	<u>7</u>	<u>7</u>	<u>7</u>	<u>8</u>
Adjusted EBITDA	527	414	293	278
Less depreciation and amortization	(31)	(29)	(26)	(24)
Less stock-based compensation expense	(7)	(7)	(7)	(8)
Less total other income, net.....	<u>(1)</u>	<u>—</u>	<u>(1)</u>	<u>—</u>
Operating income	<u>\$ 488</u>	<u>\$ 378</u>	<u>\$ 259</u>	<u>\$ 246</u>



Additional Information and Where to Find It:

In connection with the merger, DaVita intends to file with the SEC a Registration Statement on Form S-4 to register the DaVita common stock issuable in the merger. Investors and security holders are urged to read the S-4 and any other relevant documents to be filed with the SEC because they will contain important information about DaVita and HealthCare Partners and the proposed merger. Investors and security holders may obtain a free copy of the S-4 and other documents when filed by DaVita with the SEC at www.sec.gov or www.davita.com.