



**Capital Markets Day
December 9, 2013**

This presentation contains 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 dialysis centers and dialysis center acquisitions, government and commercial payment rates, revenue estimating risk and the impact of our level of indebtedness on our financial performance, including earnings per share, and incorporation of HCP's operating results into the Company's consolidated operating results.

Factors that could impact future results include the uncertainties associated with the risk factors set forth in our SEC filings, including our annual report on Form 10-K for the year ended December 31, 2012, our subsequent quarterly reports filed or to be filed on Form 10-Q, and our current reports on Form 8-K. The forward-looking statements should be considered in light of these risks and uncertainties.

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" as used throughout this presentation refer to DaVita HealthCare Partners Inc. and/or 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.



DaVita HealthCare Partners at a Glance

As of Q3'13

- LTM Revenue⁽¹⁾ \$11.2B
- LTM Adjusted OI^{(1) (2)} \$1.8B
- 2013 OI Guidance⁽²⁾ \$1.88 to 1.92B
- 2013 OCF Guidance \$1.6 to 1.7B

(1) Includes HCP Results as of 11/1/12

(2) Non-GAAP measure, excludes certain one-time items

What does it mean to be a Population Health Management enterprise?

- Longitudinal and holistic care of patients
- Continuous coordination of population health metrics
- Investment in support system care
- R&D to explore new care models

DaVita: Population Health Management

HealthCare Partners

- 760,000 capitated members
- ~1,000 group physicians
~3,000 IPA PCPs
~7,500 network specialists
- 5 states

DaVita: Population Health Management

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~7,500 network specialists
- 5 states

Kidney Care

- 166,000: 1/3 of U.S. dialysis patients
- 44 states, 10 countries
- VillageHealth
- DaVita Rx
- Lifeline Vascular Access

Demonstrated clinical / cost leadership



HealthCare Partners

- Big Questions
- Business Overview
- Building Blocks

HCP Summary

- Purchase price anticipated some cuts
- Performing at low end of expectations
 - Predominantly cuts exceeded expectations
 - Legacy business solid
 - Weak business development performance
- 7-8% cash-on-cash returns in 2014; Adjusted EPS 9% to 14% accretive (excluding amortization)
- New leadership complementary to legacy leadership
- Financial/capability progress will not come quickly
- Value-added remains strong; market opportunity remains huge

HCP – The Big Questions

1. What happened to 2013 performance?

What happened to 2013 performance?

- Weak business development performance
- Legacy business solid
- Sequestration

HCP – The Big Questions

1. What happened to 2013 performance?
2. What is driving 2014 decline?

What is driving 2014 decline?

- ~\$200M MA cut
- ~\$100M offset by operating performance and MA patient growth
- Still investing in infrastructure and growth capabilities

HCP – The Big Questions

1. What happened to 2013 performance?
2. What is driving 2014 decline?
3. Why no 2014 guidance earlier?

Why no 2014 guidance earlier?

- Expected more benefit plan design changes
- Payors trading margins for growth
- Slow in developing 2014 plan

HCP – The Big Questions

1. What happened to 2013 performance?
2. What is driving 2014 decline?
3. Why no 2014 guidance earlier?
4. What does 2015 look like?

What does 2015 look like?

- Outcome is binary
 - Most likely down if remaining risk recalibration phased-in in 2015
 - Most likely up if remaining risk recalibration not phased-in in 2015
- 2014 deals may bear fruit by 2015

HCP – The Big Questions

1. What happened to 2013 performance?
2. What is driving 2014 decline?
3. Why no 2014 guidance earlier?
4. What does 2015 look like?
5. What do the deal economics look like?

Financial Returns

- At time of deal:
 - 2013 Base Case: Neutral to modest GAAP accretion
 - 2013 Downside: Neutral to slightly dilutive on GAAP basis
- 2013 accretion projections (midpoint of guidance):

HCP OI:	\$390M
GAAP EPS Accretion / Dilution	9%
Adj. EPS ¹ Accretion / Dilution	20%

1: Excludes amortization of intangibles

Financial Returns

- 2014 accretion projections:

HCP OI:	Low End: \$250M	High End: \$310M
GAAP EPS Accretion / Dilution	(2%)	3%
Adj. EPS ¹ Accretion / Dilution	9%	14%

1: Excludes amortization of intangibles

HCP Tax Basis Step-up

- LLC structure provided opportunity for tax basis step-up
- NPV of tax benefits exceeds \$1 billion
- Annual cash tax savings of \$100 million for 15 years
- Same as generating \$160 million in pretax income
- Reflected in cash flows; will not impact reported income

Financial Returns

(\$ in millions)

HCP OI	Low End: \$250	High End: \$310
HCP EBITDA	\$415	\$475
Unlevered Free Cash Flow	\$365	\$400
Total Investments ¹	\$5,018	\$5,018
Cash-on-Cash	7.3%	8.0%

1: Includes earnouts and acquisitions

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Broader Economic Context

- Strategic rationale unchanged
- Cash generation at sustainable returns
- Long-term growth potential is huge

HCP – The Big Questions

1. What happened to 2013 performance?
2. What is driving 2014 decline?
3. Why no 2014 guidance earlier?
4. What does 2015 look like?
5. What do the deal economics look like?
6. What are we doing to drive improvement & growth?

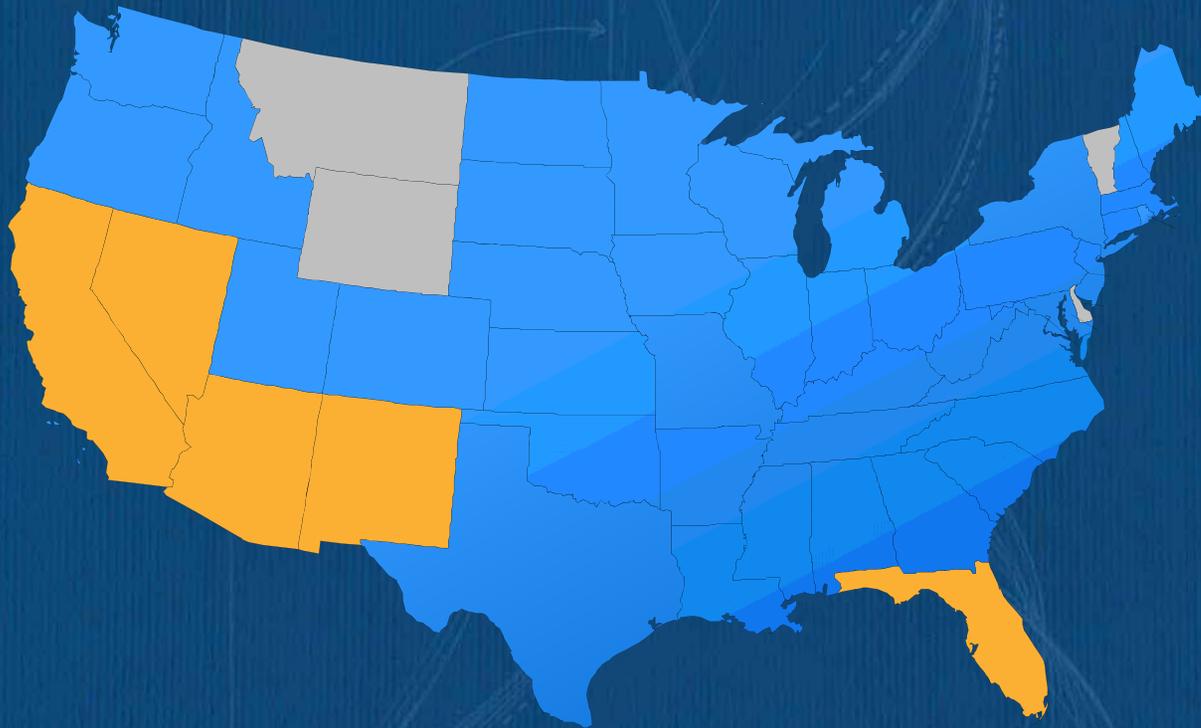
Steps We Are Taking

- Complementary leadership
- Holding company → operating company
- Deepening differentiation
- Hospital partnerships & expanded payor partnerships
- Policy advocacy

HealthCare Partners

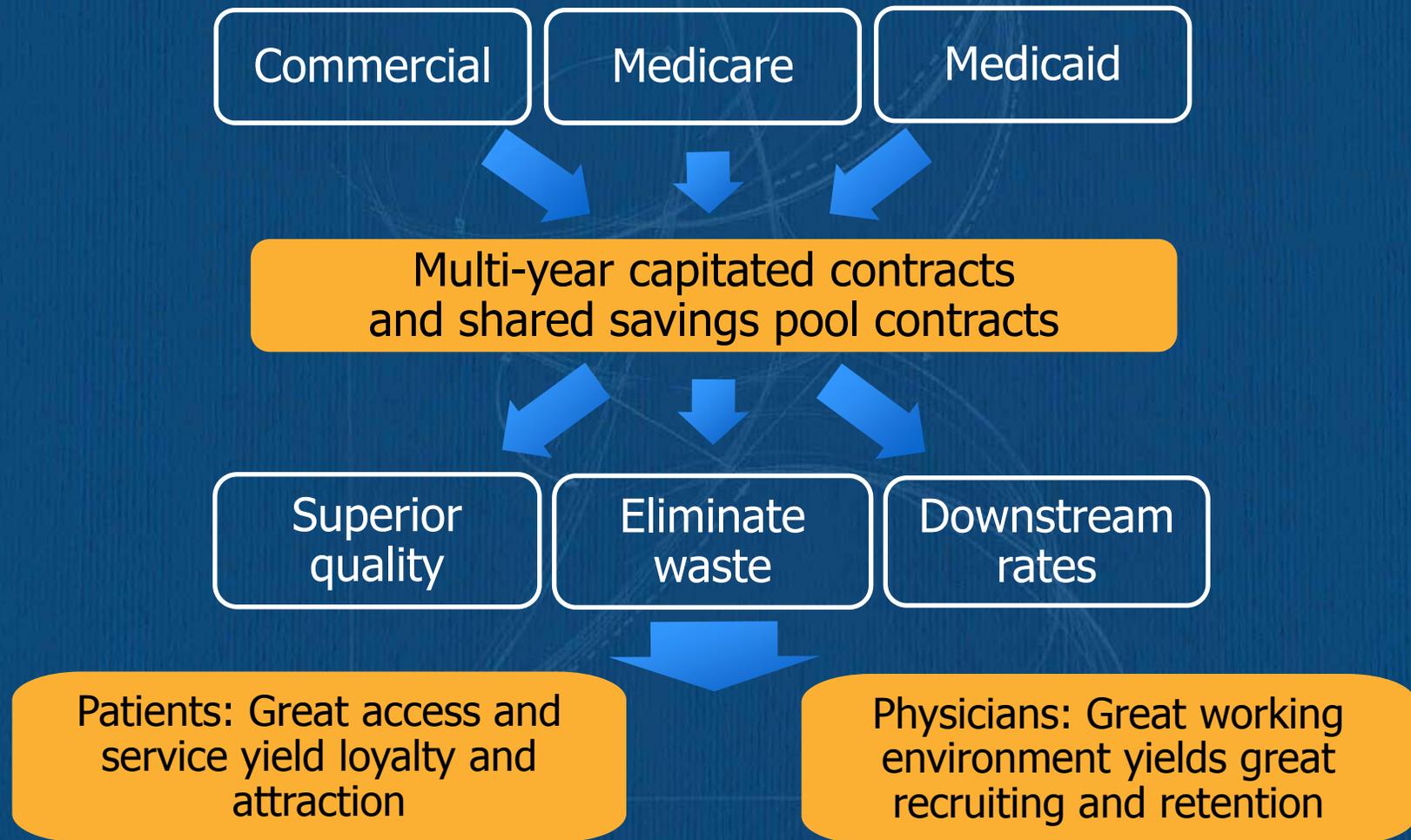
- Big Questions
- Business Overview
- Building Blocks

HealthCare Partners at a Glance



The largest multi-state physician group in the country
(plan & hospital independent)

Business Model

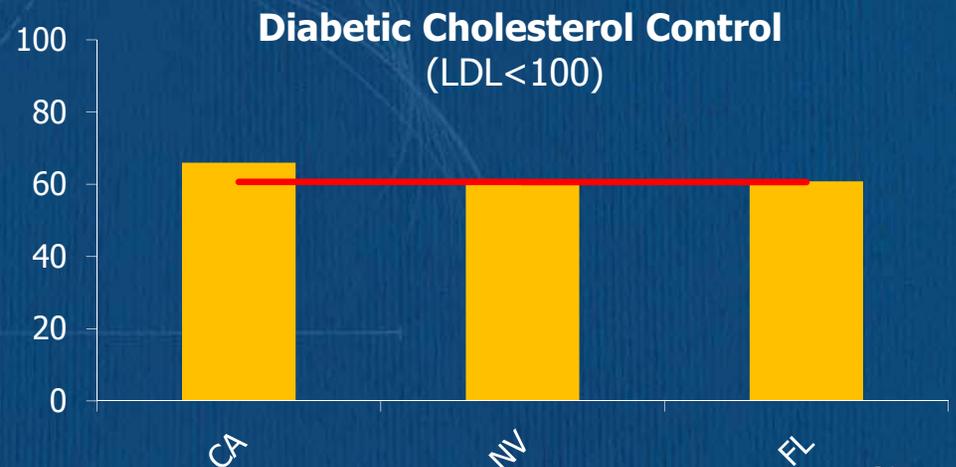
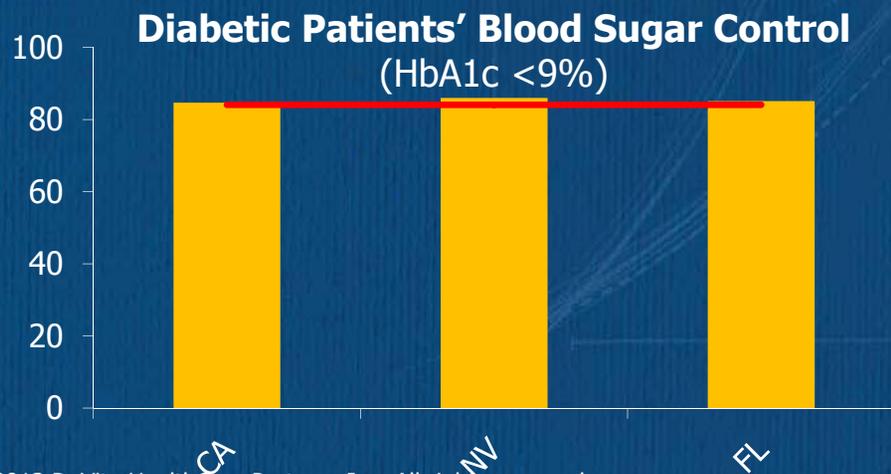
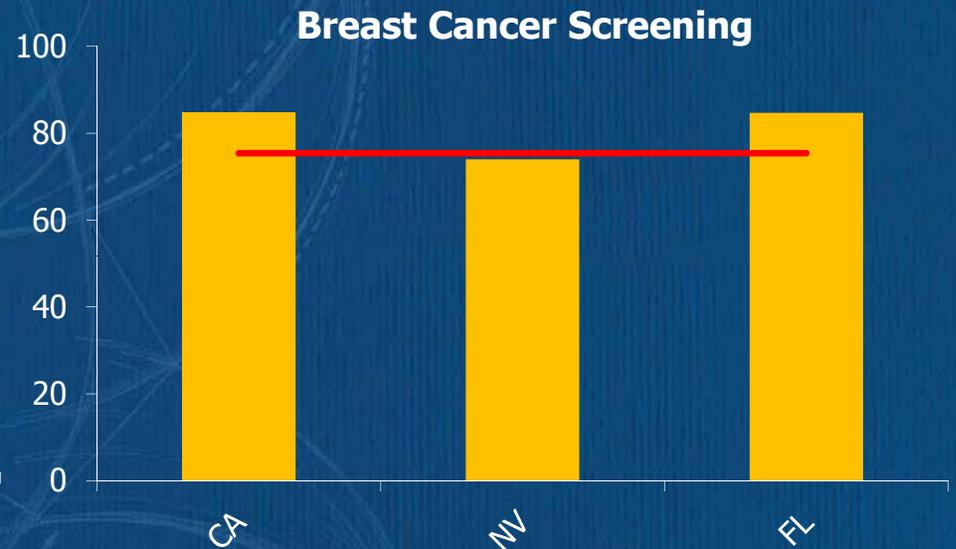
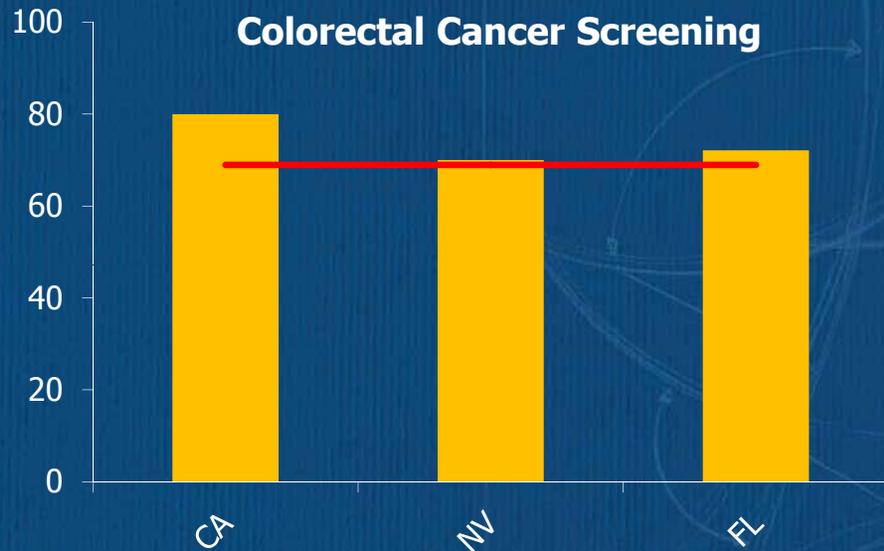


HCP Advantages

- Proven team-based clinical programs
- Extensive informatics database
- Co-investment capacity in multiple markets
- Partner of choice for physicians
- Clear value for payors

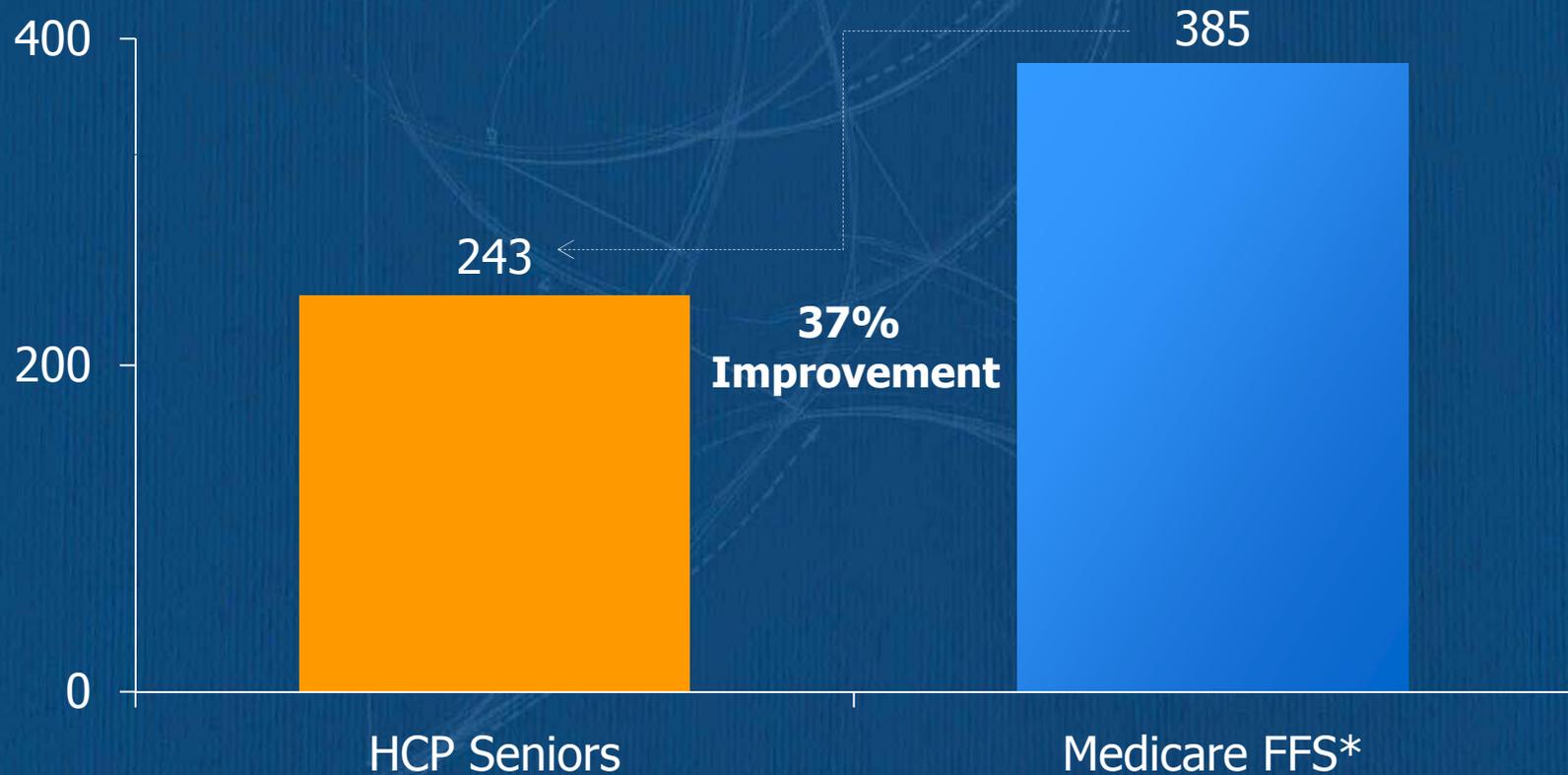
HCP Clinical Results

2012 HEDIS 2012 75th Percentile



Clinical Utilization – HCP Legacy Markets

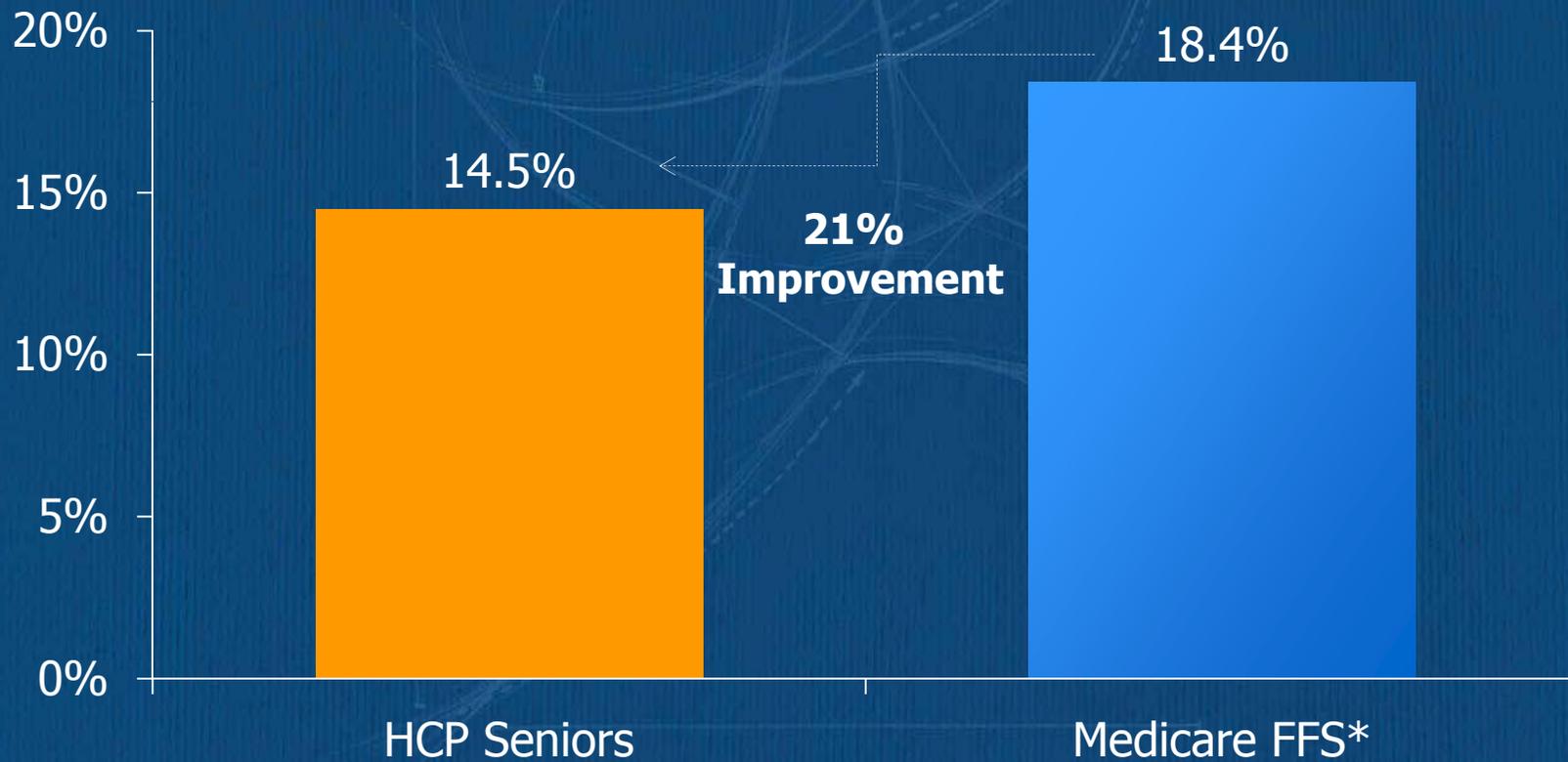
- Admission rate/1,000 pts (2012)



* Medicare National Reference Population as reported in Pioneer ACO Dashboard, April 2013
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Clinical Utilization – HCP Legacy Markets

- 30 day all cause re-admission rate (2012)



MA Aligns Cost and Quality

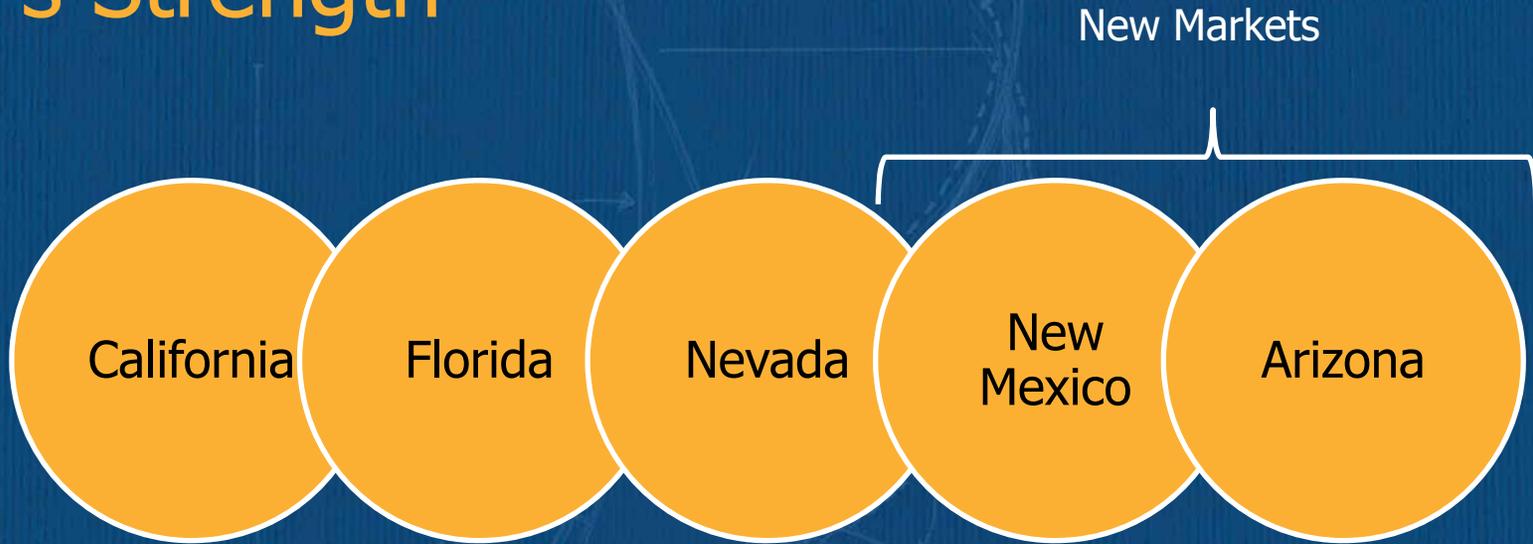
“Medicare Advantage patients had lower single-year mortality rates, shorter hospital stays, and fewer readmissions. They also received higher levels of recommended preventive care and had fewer disease-specific complications”

Boston Consulting Group study of claims for 3 million Medicare patients

The Atlantic Monthly

“This payment system creates a remarkable alignment of interests”

HCP's Strength



Leading Network	Yes	Yes	Yes	Yes	No
Group Physicians	527	104	146	108	-
IPA PCPs	1,531	409	124	-	936
Years with Largest Payors	26	21	7	-	-

HealthCare Partners

- Big Questions
- Business Overview
- Building Blocks

Enrollment

X

Rate

-

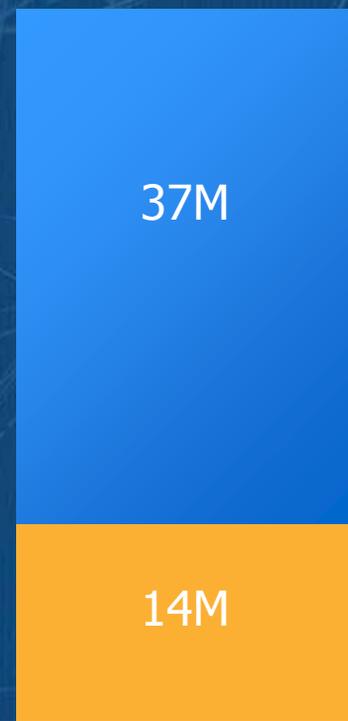
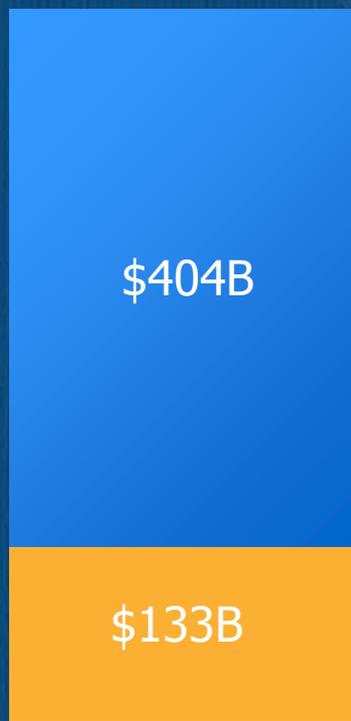
Cost

- Organic growth
- Tuck-in acquisitions
- New geographies
- Emerging products

Large MA Market

Medicare Benefit Spend¹
\$537B

Medicare Enrollment²
51M



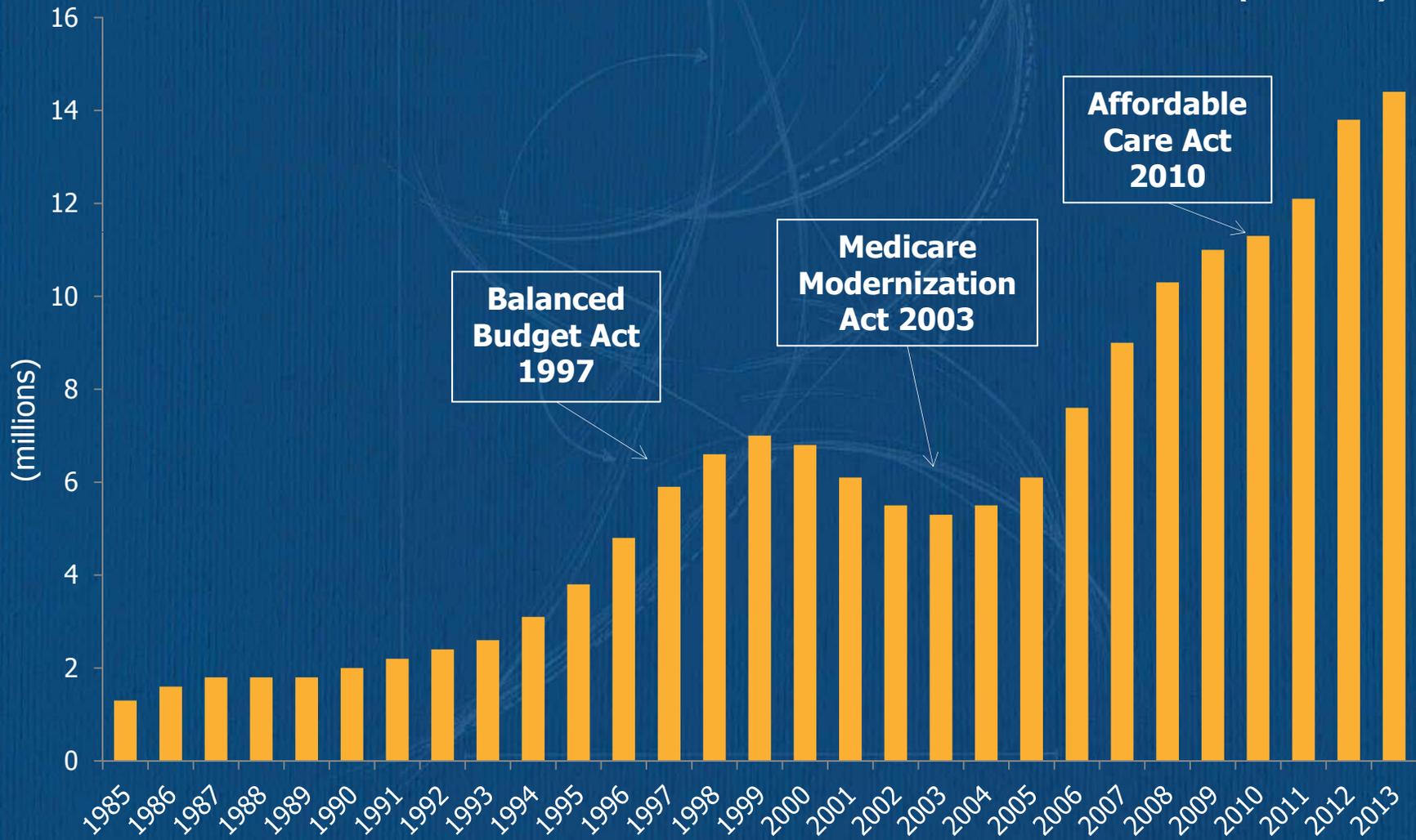
FFS

Medicare
Advantage

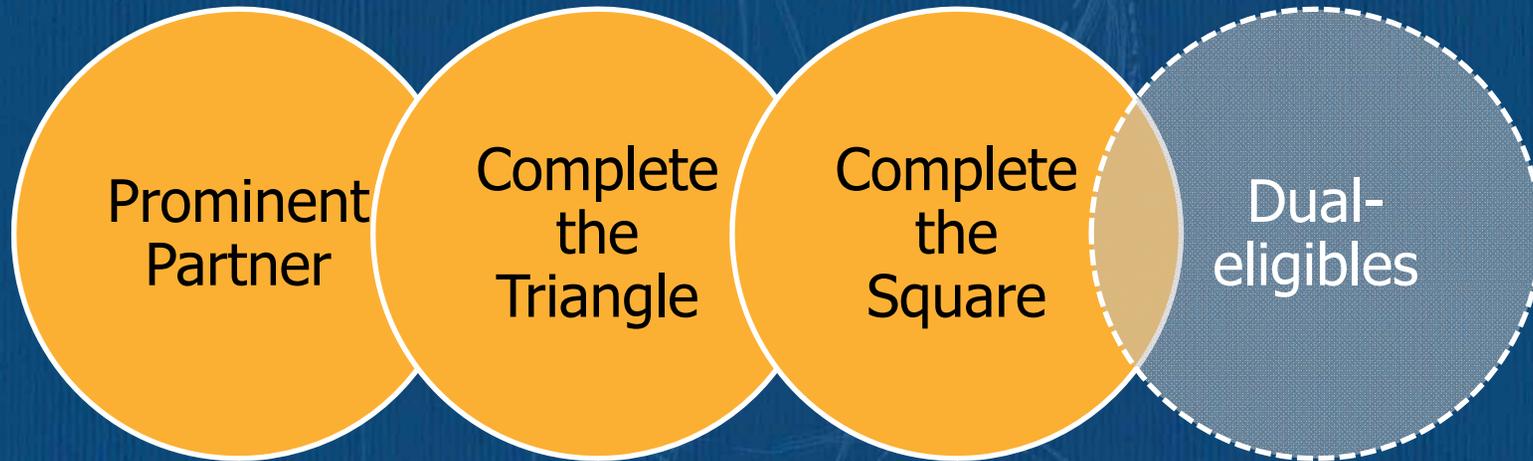
1: 2012 Data
2: 2013 Data

MA Enrollment Growing

CAGR ('85-'13): 9%



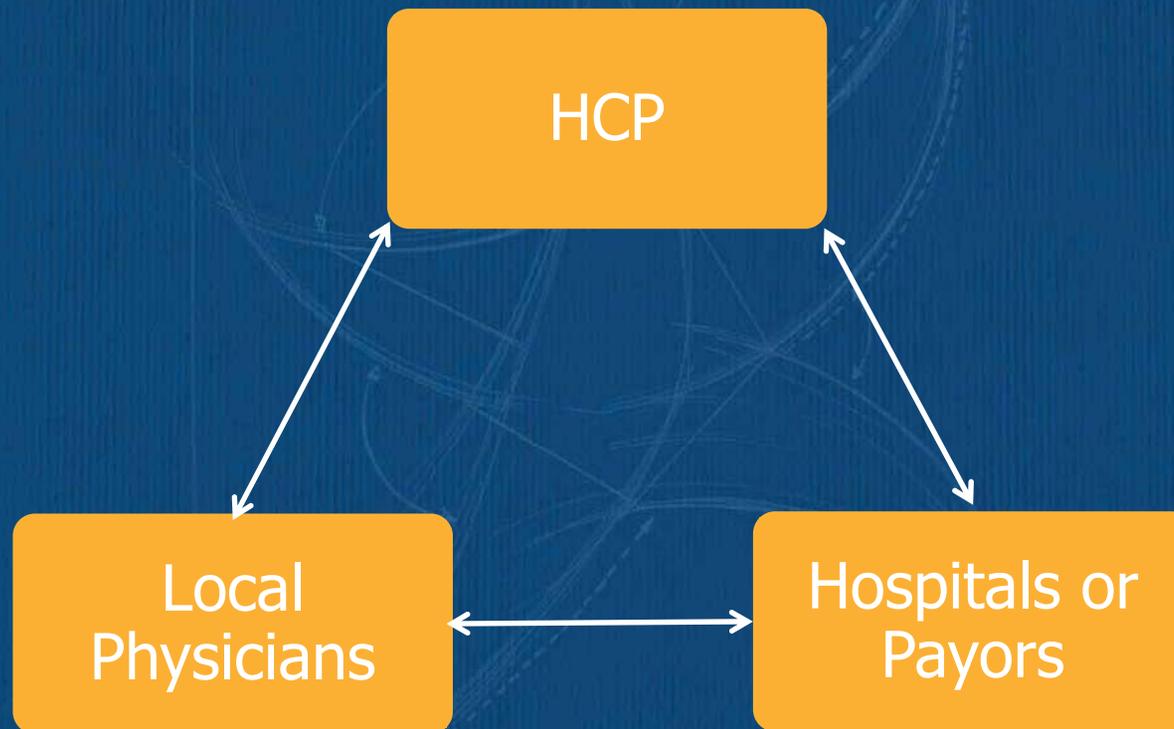
Business Development Models



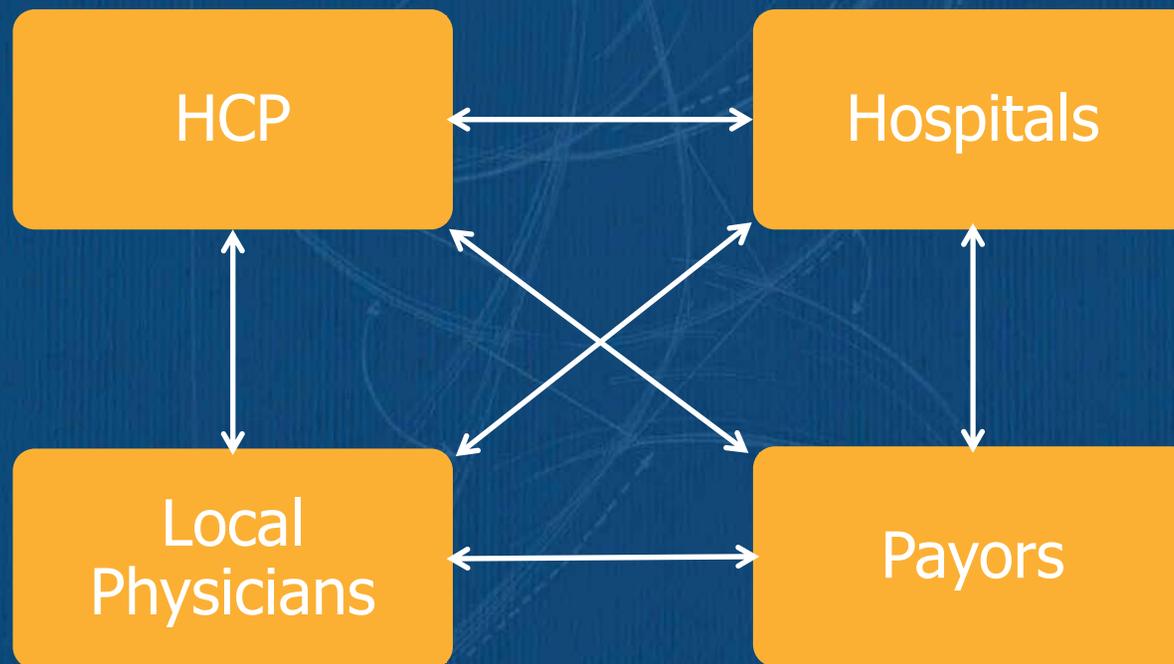
Prominent Partner



Complete the Triangle



Complete the Square



Duals Opportunity

- 80% higher cost than Medicare

9 million nationally

440K in LA
and Orange counties

\$11B Market

Enrollment

X

Rate

-

Cost

Medicare Advantage Headwinds

- ACA transition of MA premium to FFS Medicare levels (ends in 2015 for most HCP counties)
 - Offset by base rate increases
- Annualized impact of sequestration
- Premium tax
- Risk adjustment recalibration phased-in:
 - 2014: 75%
 - 2015(?): 25%

Impact of Star Ratings

- HCP helps plans increase Star rating
- In 2015
 - Plans 4 stars or greater: 5% bonus
 - Plans less than 4 stars: 0% bonus
- More than 80% of HCP's current MA patients in 4 star or greater plans for 2015

Enrollment

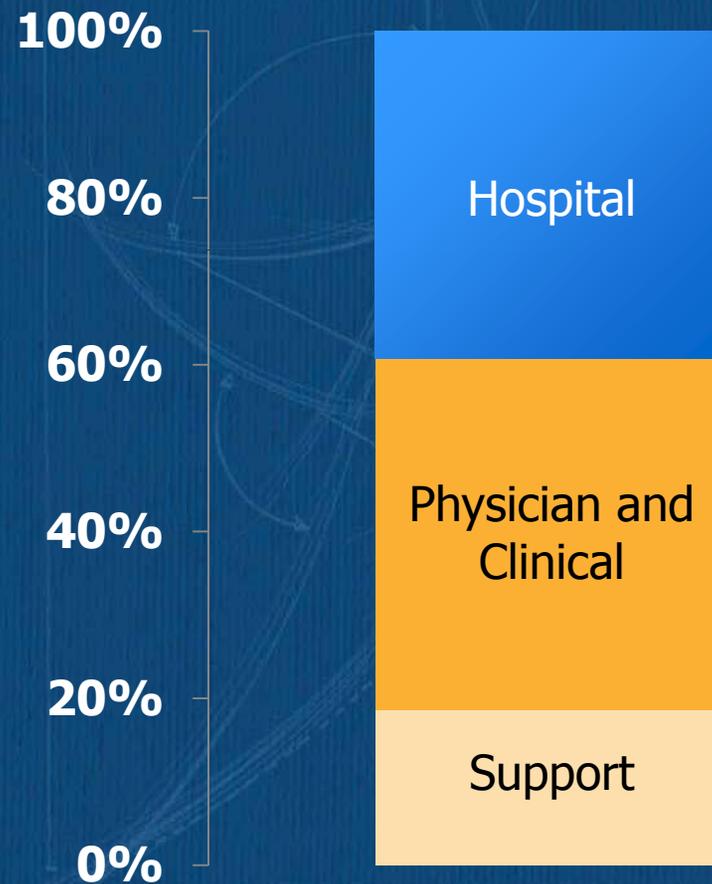
X

Rate

-

Cost

HCP Costs Composition



Enrollment

- Continued growth

X

Rate

- Negative pressure

-

Cost

- Normal dynamics



Margin compression vs. volume growth & new opportunities;
return on capital

HCP Business Outlook



- Big rate cuts
- Investment

- Rate cuts decelerate
- Continued investment
- Working BD pipeline

- More normal rate environment?
- Investments start to bear fruit



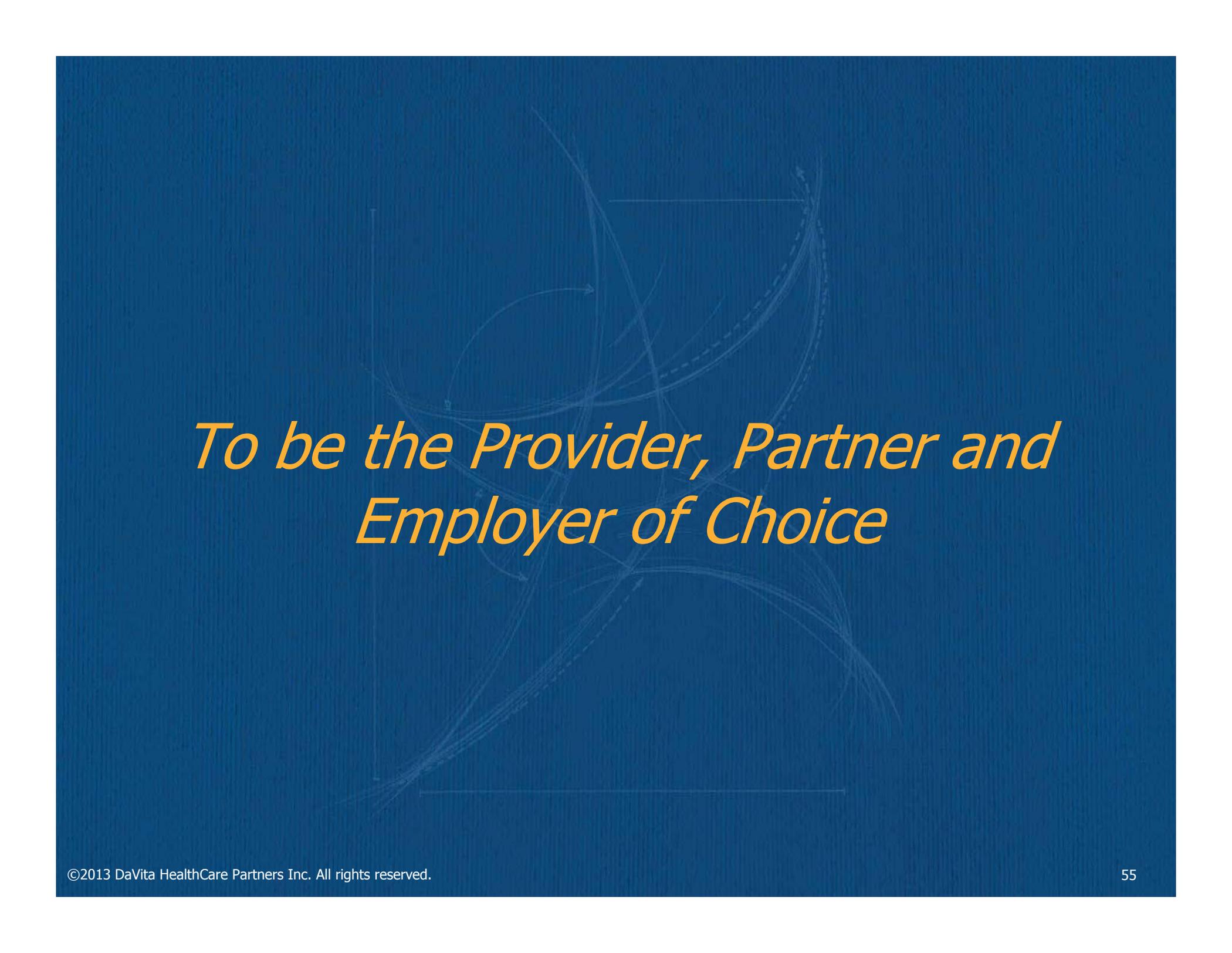
Where Healthcare Needs to Be

- Patient-centric policies
- Physicians prefer provider-centric partner
- Many ACOs will confront major strategic tension
- Many ACOs will decide they need a partner
- Competitive tension



Kidney Care

- At a Glance
- Investment Highlights
- Building Blocks
- Population Health Management Vision
- International
- Outlook



*To be the Provider, Partner and
Employer of Choice*

Kidney Care at a Glance

As of Q3'13

- LTM Revenue: \$8.3B
- LTM OI¹: \$1.5B
- U.S. Facilities: 2,042
- International Facilities: 66 (10 countries)
- Patients: ~166k (U.S. & International)
- LTM Treatments: 23.6M

(1) Non-GAAP measure, excludes certain one time items
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Typical Dialysis Center

- \$4M revenue
- ~\$700K OI
- 78 patients
 - 90% Government
 - 10% Private
- Number of teammates
 - 5 nurses
 - 8 techs
 - 4 other
- 16 machines and chairs





Kidney Care

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Investment Highlights

Industry

- Stable demand growth
- Steady cash flows
- Significant government accountability

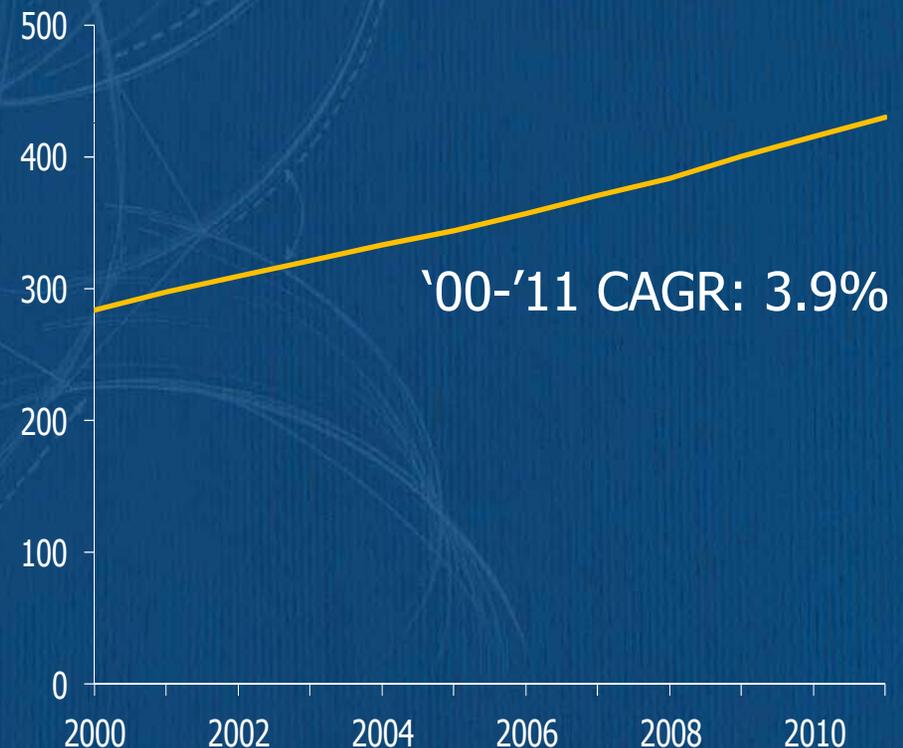
DaVita

- Strong clinical outcomes
- Scale provider
- Strong compliance culture
- Consistent operating track record
- Experienced management team

Favorable Industry – Stable Demand Growth

- Steady industry demand
 - Not cyclical or seasonal
 - Limited therapeutic alternatives
 - Strong center loyalty
- No clinical controversy

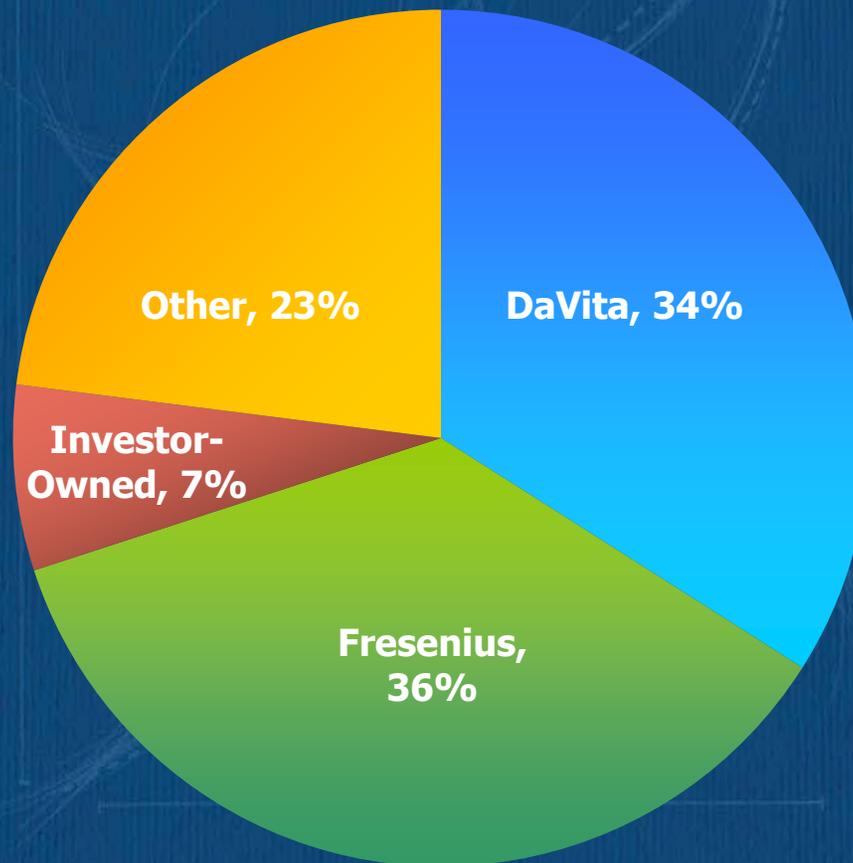
U.S. Dialysis Patients (000's)



Leading Provider with Scale

2012

- Serving over one-third of U.S. dialysis patients



Strong Clinical Outcomes

★ As of Q3'13

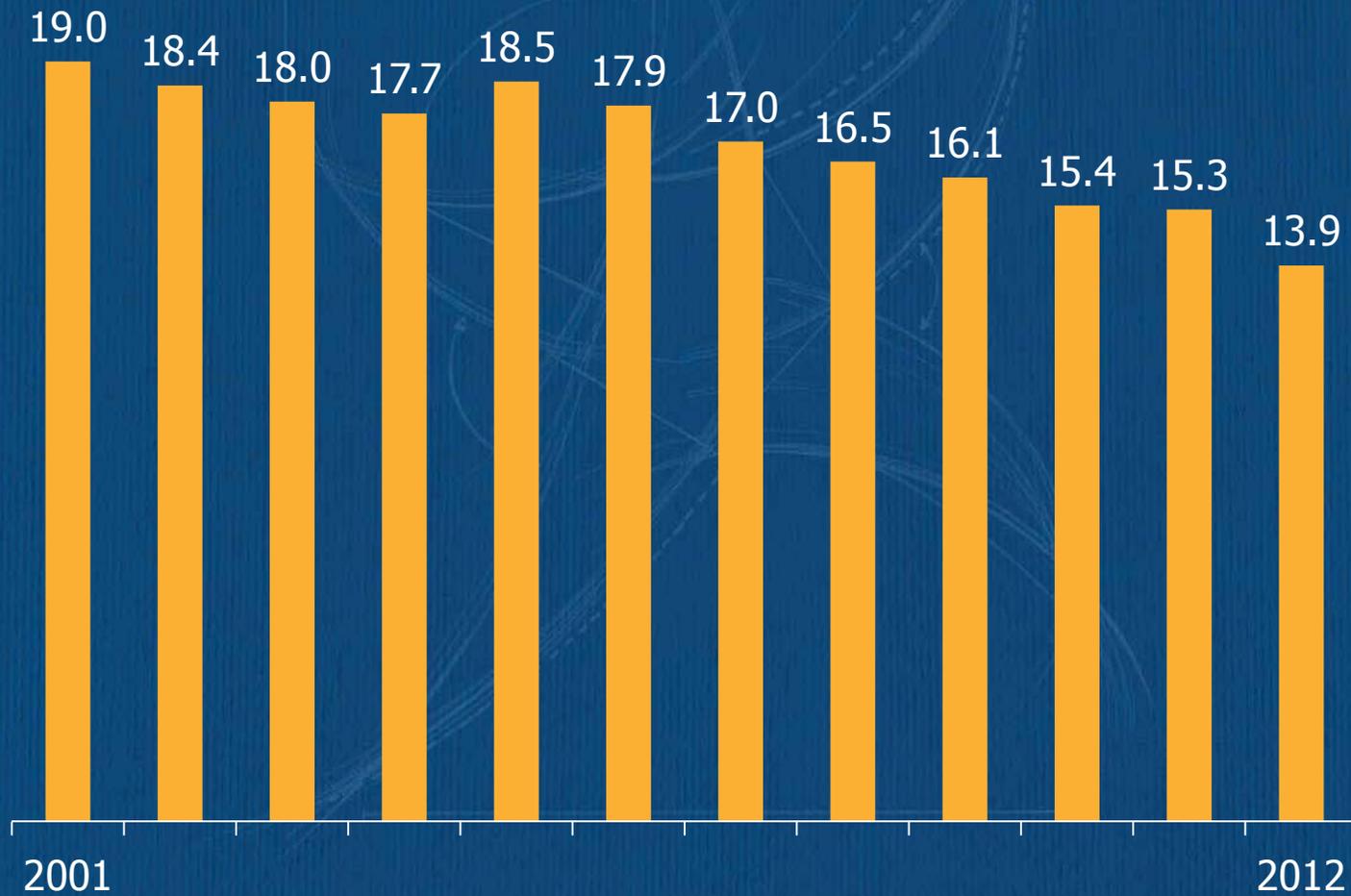
- Kt/V > 1.2 98%
- % Fistulas Placed 72%
- Ca ≤ 10.2 98%
- Phos ≤ 5.5 82%
- CVC use (Day 90) 13%

A Quality Leader



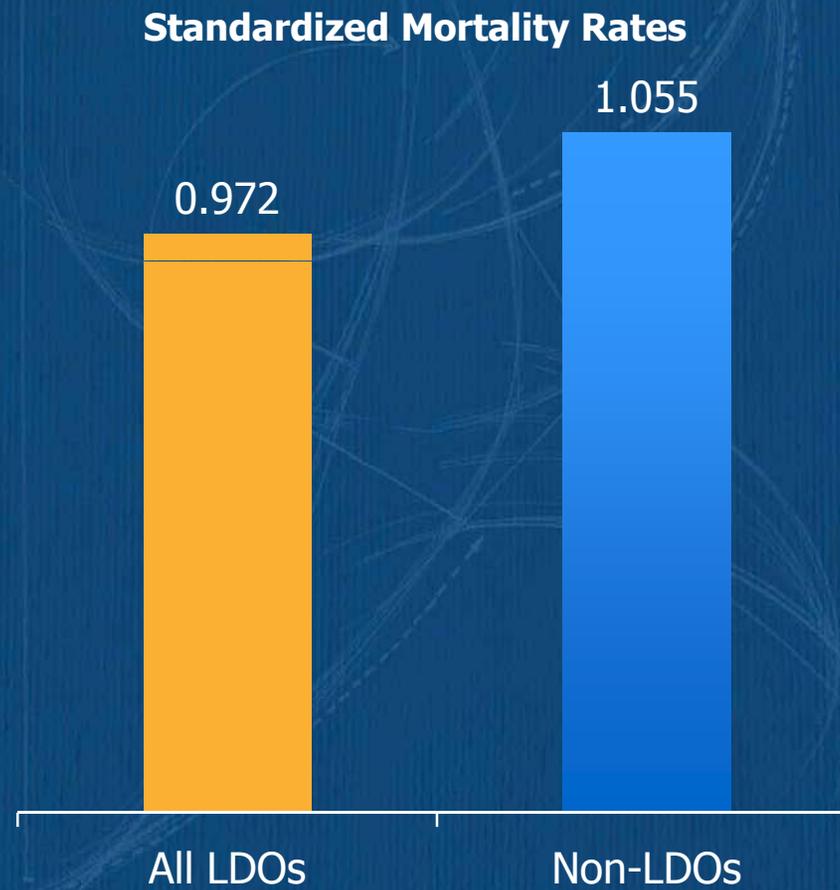
Improved Mortality

DaVita Gross Mortality (%)



LDOs Have Superior Mortality

★ 2011



PRI - Loss Contingency Reserve

U.S. Attorney Physician Relationship Investigations spanning 8 years:

- Good faith discussions
- Accrued loss contingency reserve of \$397M
- No certainty about timing or likelihood of a definitive agreement

Strong Compliance Culture

- Current leadership instituted:
 - Board compliance committee
 - Chief Compliance Officer - reports jointly to Board & CEO
- ~50 full-time teammates
- All teammates must pass annual award-winning compliance training

Strong Operating Track Record

<u>OI</u>	<u>We Said</u> ⁽¹⁾	<u>We Did</u> ⁽²⁾⁽³⁾⁽⁶⁾	<u>In or Above Range</u>
• 2003:	\$292-312M	\$355M	✓
• 2004:	\$356-380M	\$402M	✓
• 2005:	\$410-435M ⁽⁴⁾	\$462M	✓
• 2006:	\$575-645M ⁽⁵⁾	\$701M	✓
• 2007:	\$680-750M	\$800M	✓
• 2008:	\$790-850M	\$822M	✓
• 2009:	\$870-930M ⁽⁶⁾	\$940M	✓
• 2010:	\$950-1,020M	\$997M	✓
• 2011:	\$1,040-1,100M	\$1,155M	✓
• 2012:	\$1,100-1,200M	\$1,347M	✓

(1) First guidance.

(2) Non-GAAP measure; excludes one-time charges and reported prior period recoveries.

(3) 2010 and prior represents the original amounts as reported; OI has not been adjusted for the required divestitures that occurred in connection with the Gambro and DSI acquisitions. In addition, 2010 and prior amounts presented have not been adjusted for the divestiture of HomeChoice Partners.

(4) Gambro acquisition completed October 2005.

(5) Includes stock compensation expense; Original guidance excluded stock compensation.

(6) Effective January 1, 2009, we were required to change the presentation of minority interests (noncontrolling interests) in our consolidated statement of income, which changed the presentation of operating income as well. All prior amounts have not been adjusted to reflect the application of this requirement.



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of Treatments

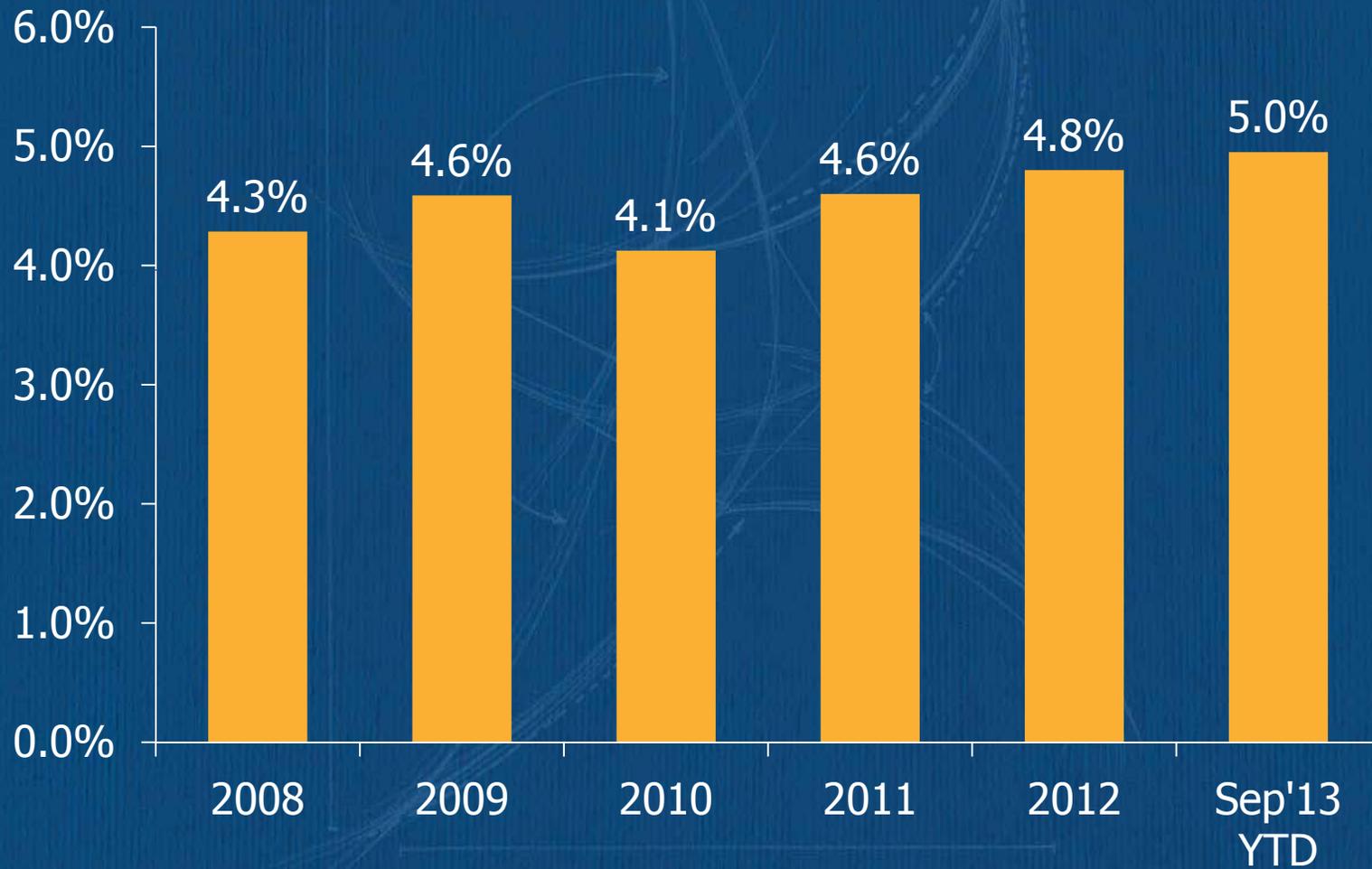
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Revenue / Tx

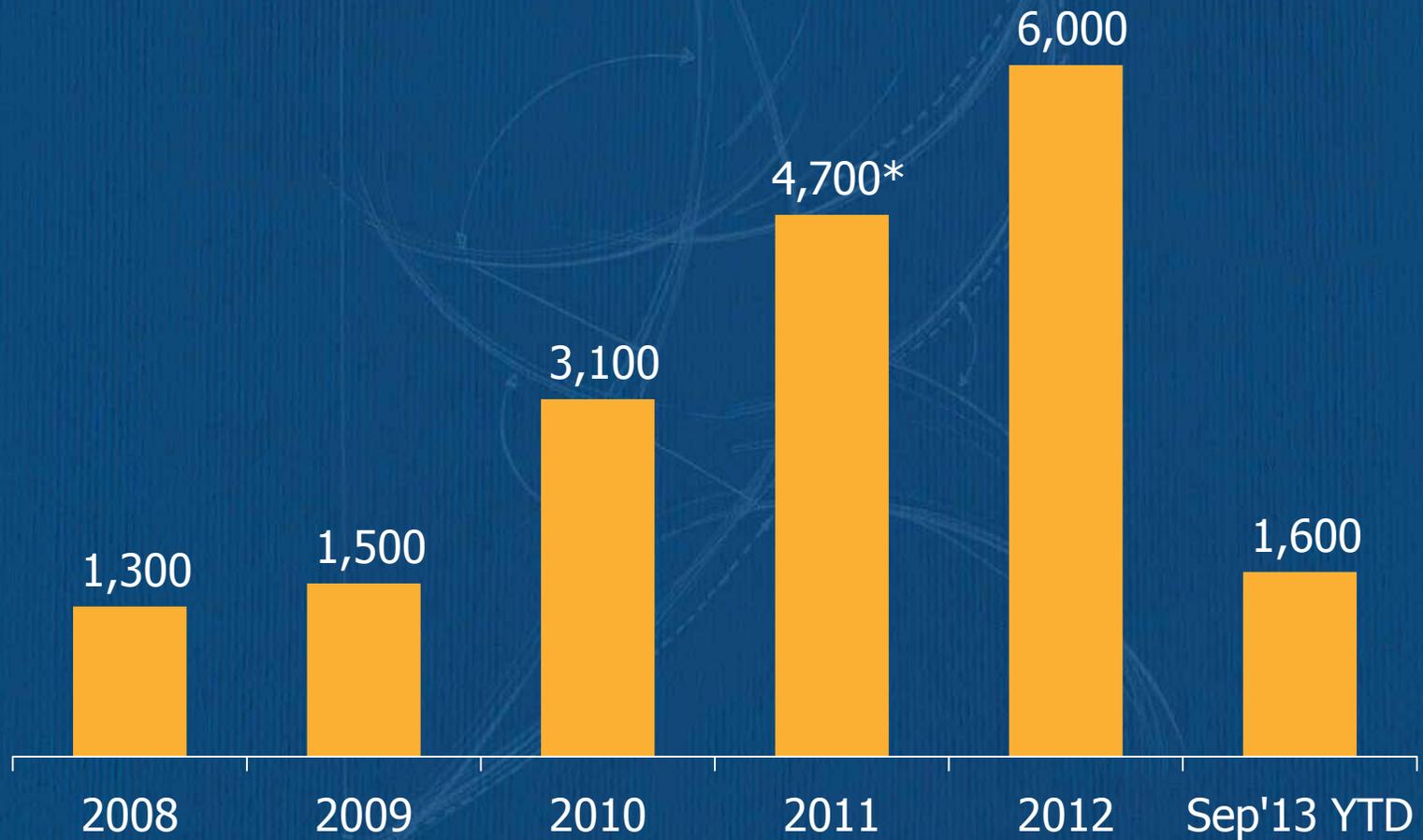
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Expense / Tx

Non-Acquired Growth (NAG)

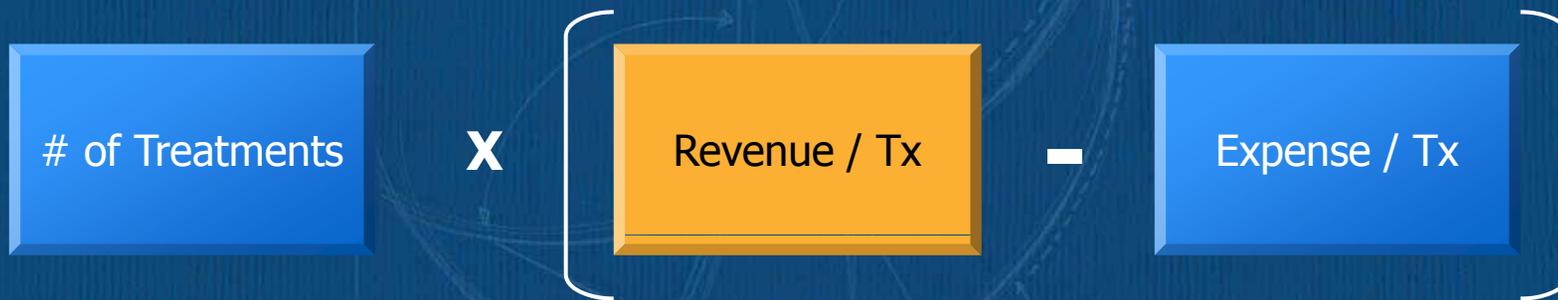


Census of Acquired Centers

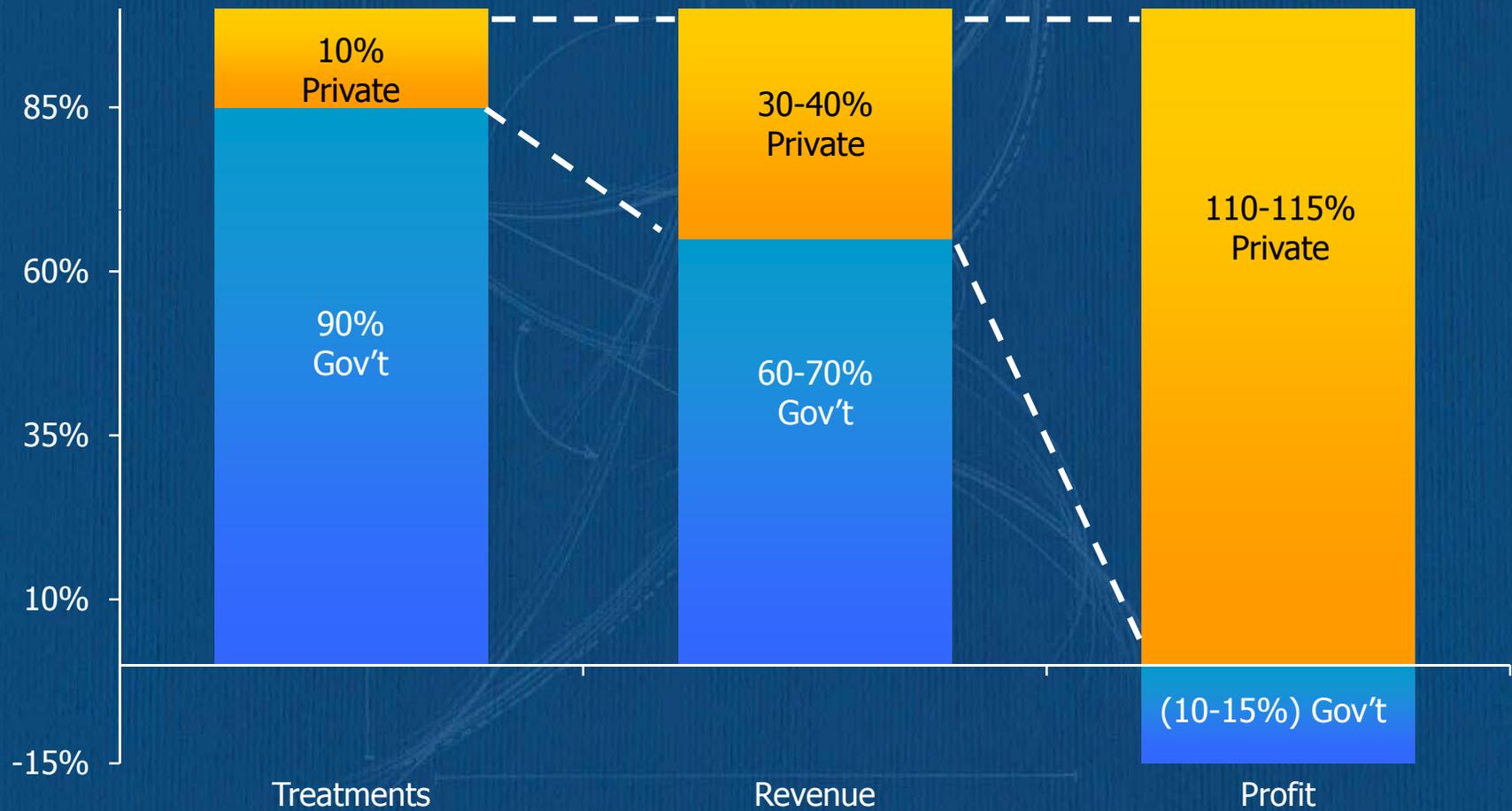


*Excludes DSI. ~11k patients acquired including DSI

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Profit Concentration



Rebasing: Bad News / Good News

The Bad News

- Payment flat in 2014 and 2015 despite increasing cost
- CMS did not reduce magnitude of the cut, only timing
- Remainder implemented in 2016 or 2016-2017

The Good News

- 3-4 year phase-in
- Time to work with Congress and CMS to ensure payment adequately covers cost of care
- Many reimbursement variables in play

Rebasing

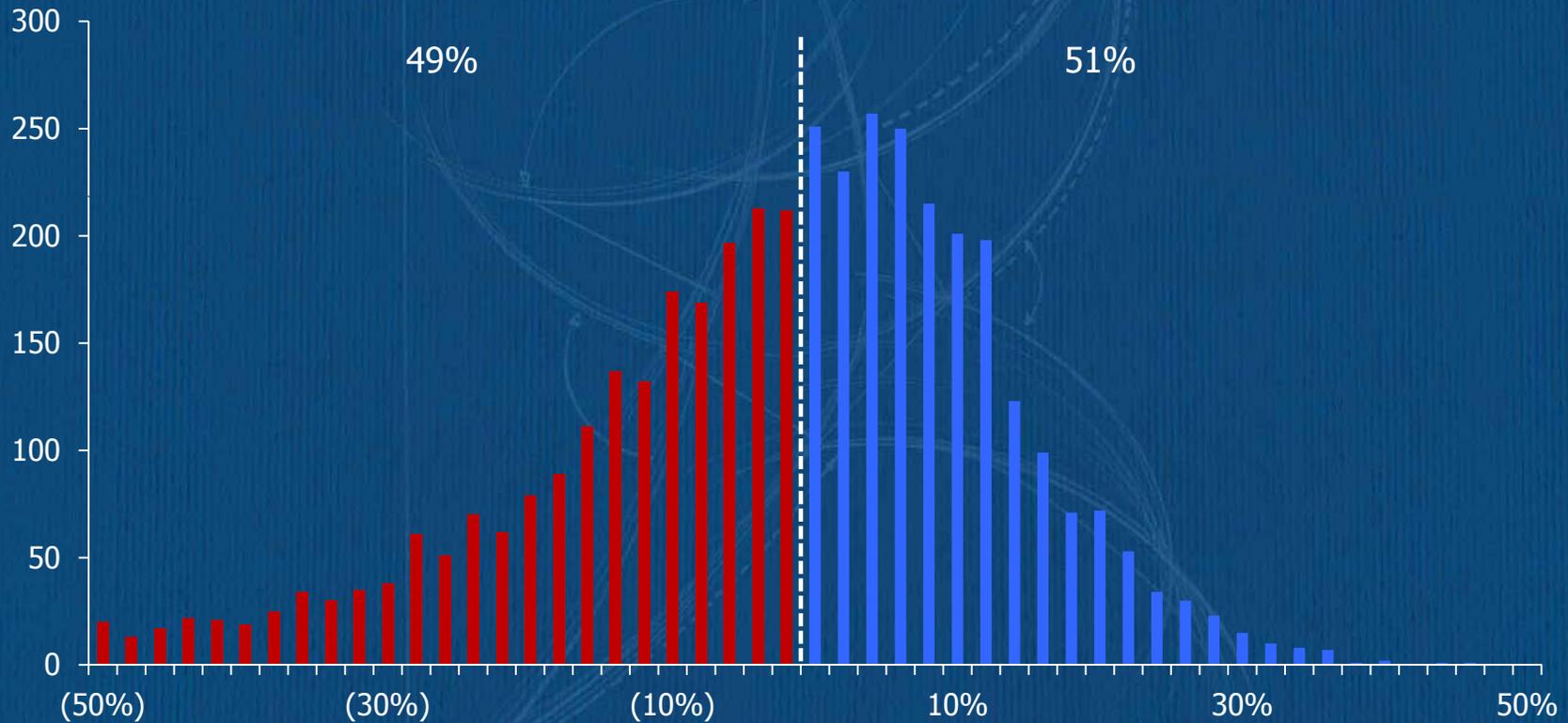
- Absent CMS' modifications in final ruling, many centers would have closed in the near term
- Now far fewer centers will close

Cost Report Does Not Reflect Full Cost



Artificial View: Medicare Cost Report Data

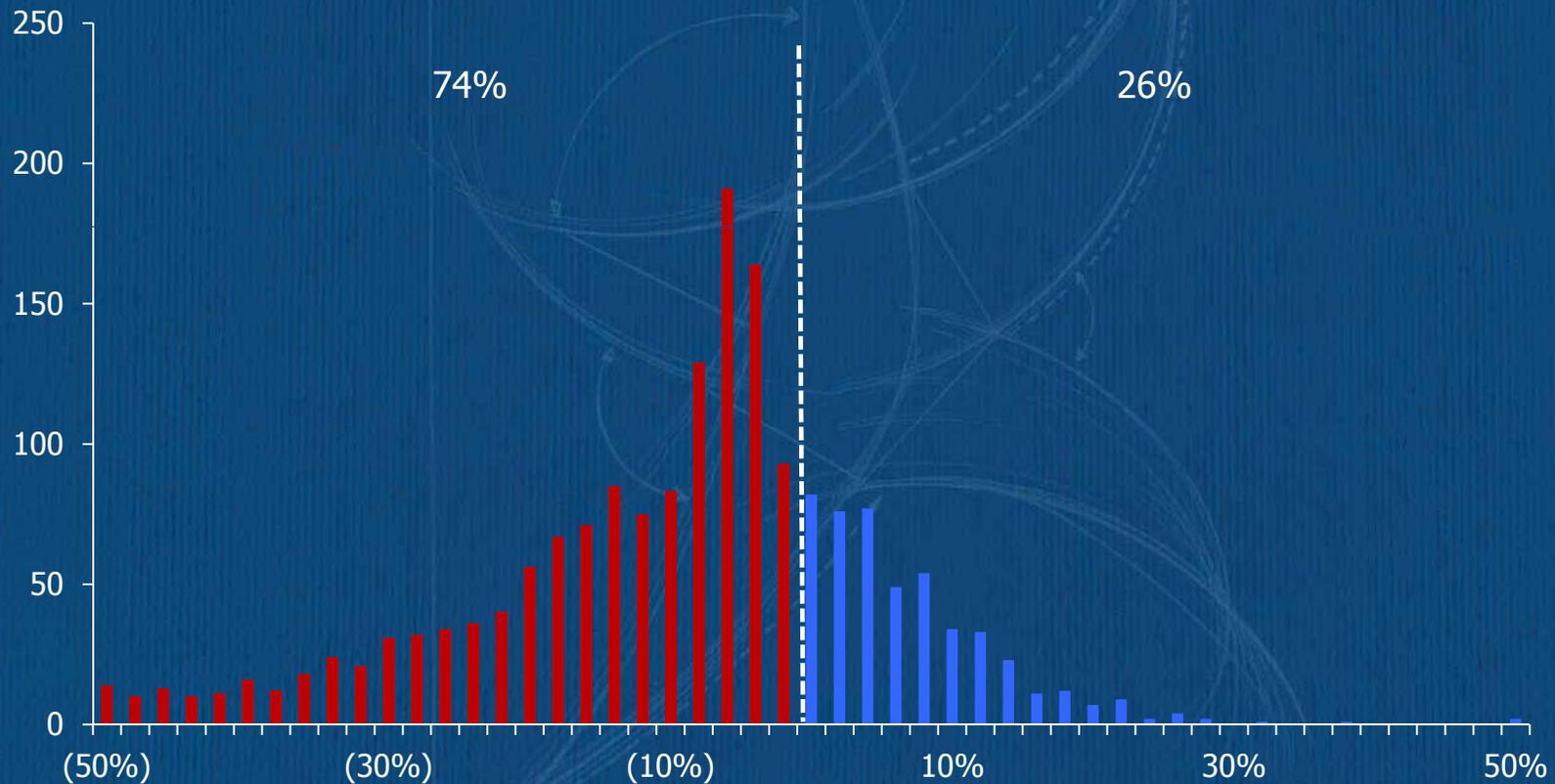
Estimated Industry Medicare Margin in 2014



* Source: The Moran Company Analysis of 2012 Cost Report Data adjusted for 2% cost increase in CY14 and 2% sequestration impact. Excludes centers with less than (50%) margin.

Actual Medicare Economics: DVA Facilities

Estimated DaVita Medicare Margin in 2014



* Source: DaVita 2012 Cost Report Data adjusted for 2% cost increase in CY14 and 2% sequestration impact. Includes disallowed medical director fees, network fee and unrecovered bad debt. Excludes centers with less than (50%) margin.

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Shared Financial Reality

- 10% of patients (private) must subsidize the other 90% (government)
- Vast majority of dialysis owners understand this reality
- Patients move to Medicare after 30 months

Commercial Contracting Status

- ↑ Multi-year contracting
- ? Mix
- ? Dialysis patient equal rights
- ↓ Uncertainty of exchanges
- ↓ Narrow networks/benefit design dynamics

What has not changed?

- Quality patient care → lower total costs
- Lifetime & life-saving therapy – delicate
- Many referrals are network-independent
- Tight physician – patient – center bond
- Network adequacy needs
- Few patients per payor per geography

ESRD Contracting Reality

- Low fixed costs
- High variable costs
- Significant stickiness
- 30 months or less



Lowering price for volume: rarely prudent

Private Mix Drivers

Decrease

- Unemployment
- Mortality trends / time on dialysis
- Exchanges

Increase

- Economic recovery
- Dialysis patient equal rights = good policy
- Medicare needs savings

Insurance Exchanges

**Patients Who Move
from Private to Exchange**

X

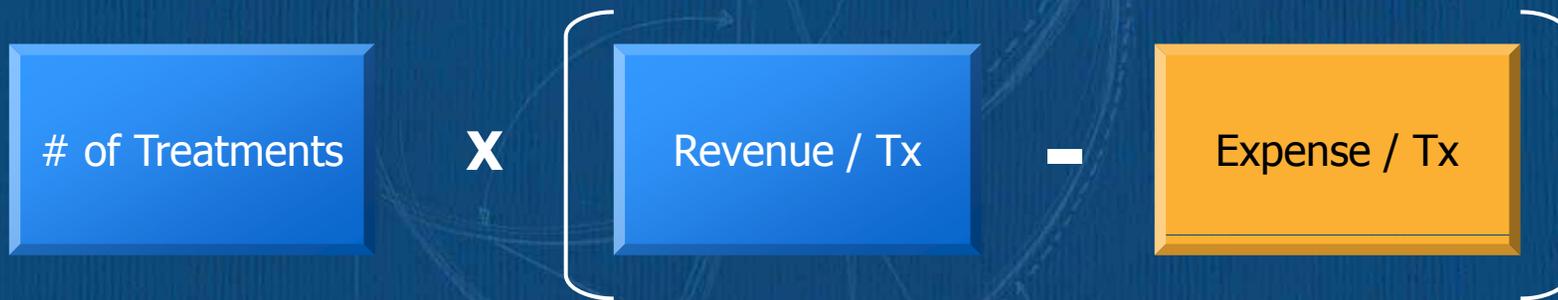
**Private Rates –
Exchange Rates**

minus

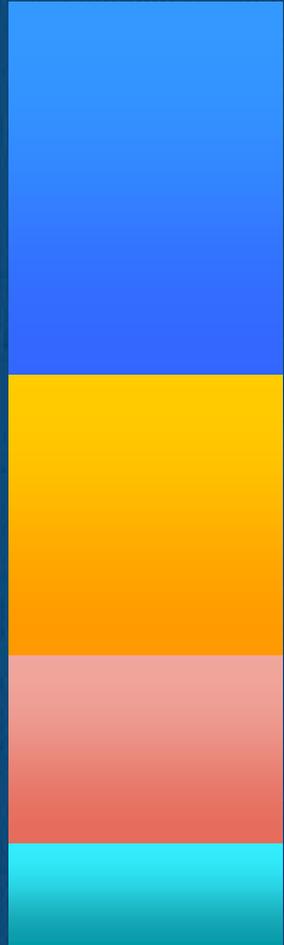
**Patients lost to more narrow
networks**

=

Downside



Cost per Treatment



Component	Historical
• Teammate Costs	• 1 – 2 %/yr
• Pharma and supplies	• Dynamic
• Other center-level costs	• 1 – 2 %/yr
• G&A	• ~In-line/tx



Kidney Care

- At a Glance
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- Population Health Management Vision
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Population Health Management Vision

DaVita[®]
Dialysis

 **VillageHealth**[®]
Care Management

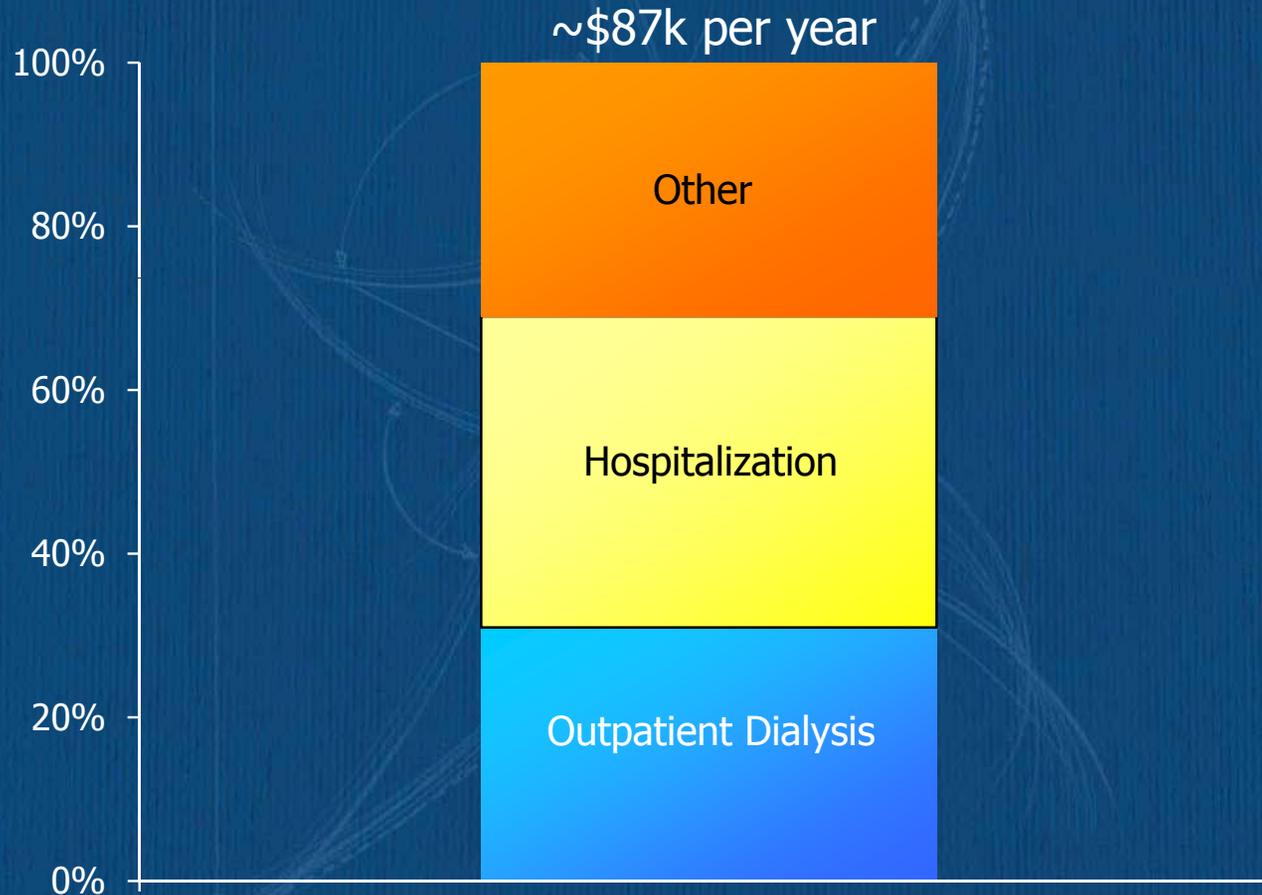


 **Lifeline**
Vascular AccessSM

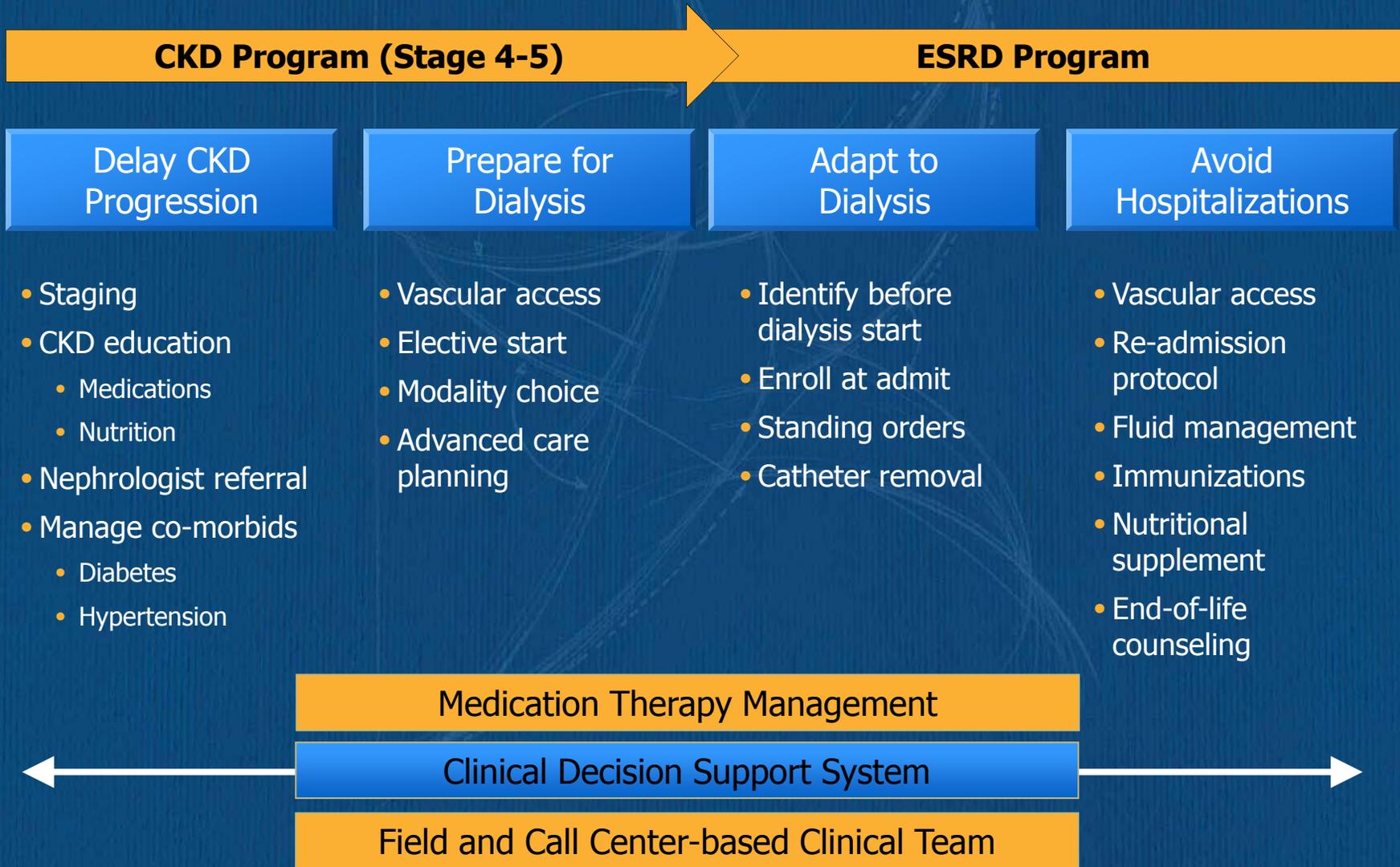
 **DaVita | Rx**SM
Medication Management

 **Kidney Smart**SM
ESRD Awareness

Medicare Cost – ESRD Patient

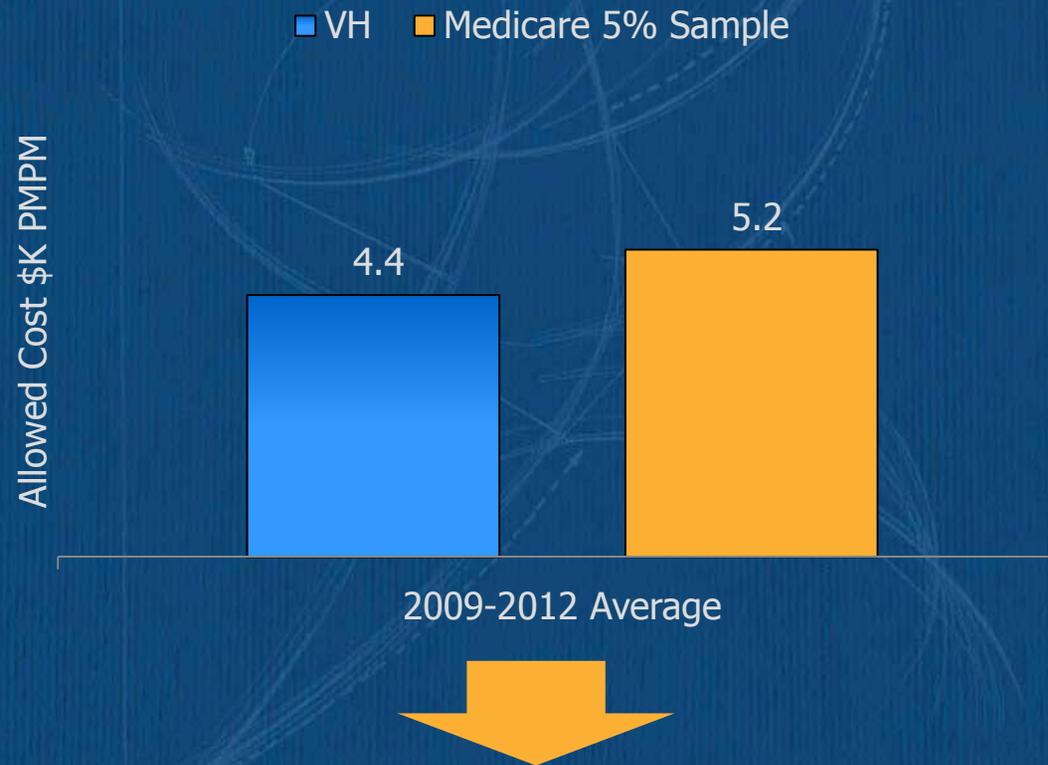


Specific Clinical Interventions



Proven Results

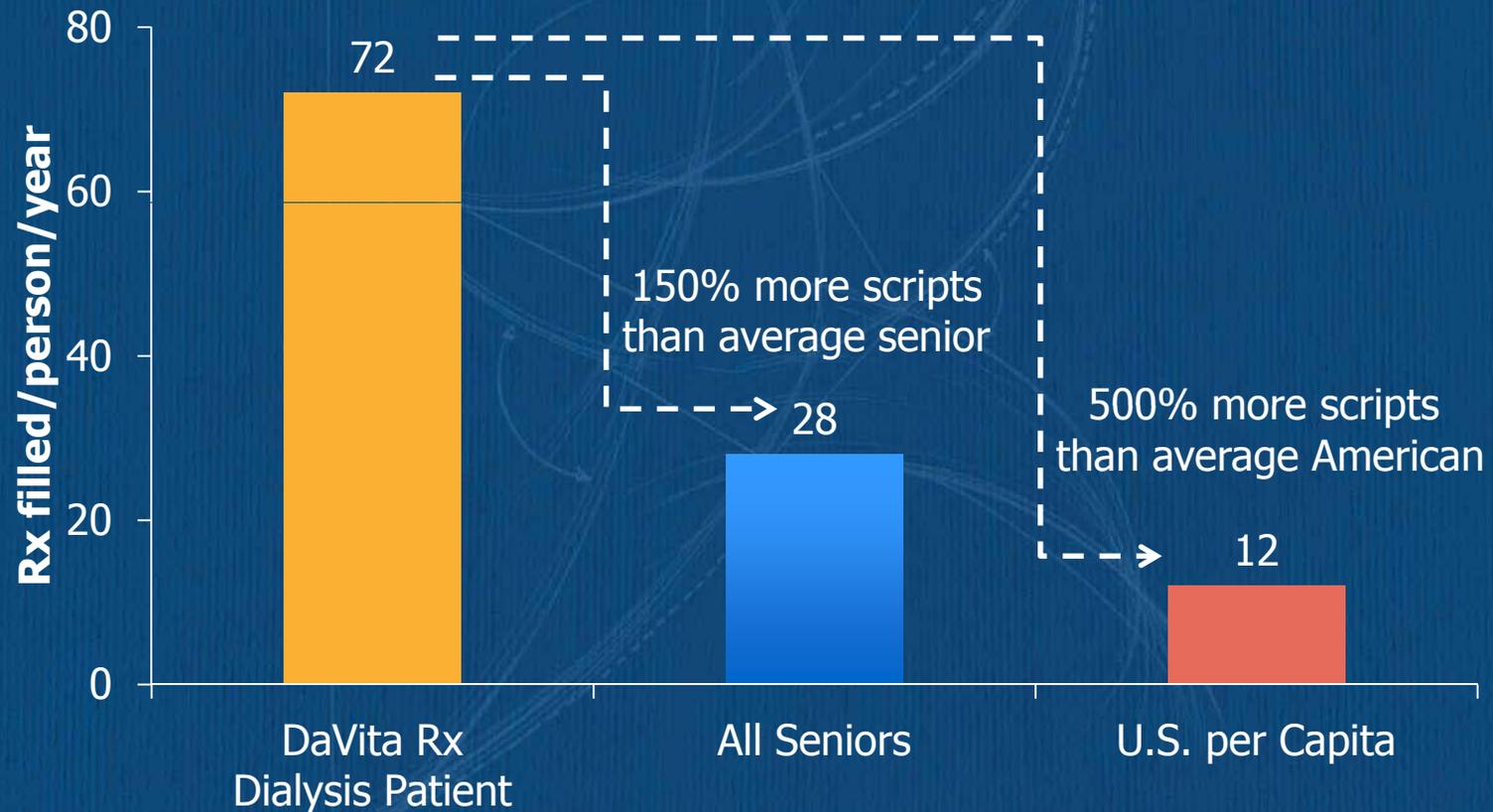
VillageHealth Savings vs. 5% Medicare FFS Sample



Non-dialysis cost savings of 15% over 4 years; still learning

Note: VillageHealth vs. Medicare FFS analysis performed by an independent actuarial firm; p-value for 2009 = 0.04, 2011 = <0.01
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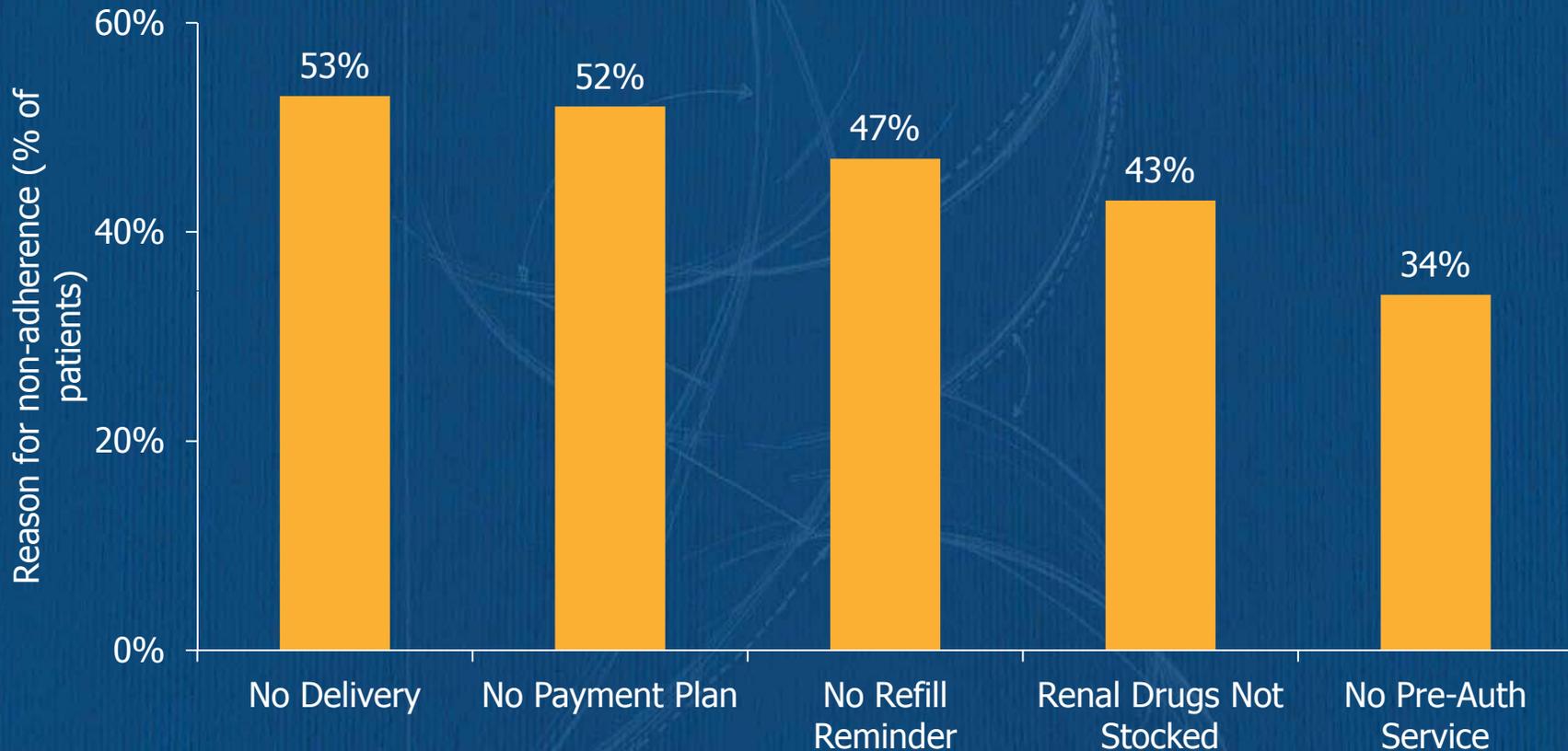
ESRD Patients' Oral Meds are Complex



Source: DaVita Rx 2010 internal data; www.statehealthfacts.org (2009 data)

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DaVita Rx Addresses Adherence Barriers



DaVita
Rx

No Charge
Clinic Delivery

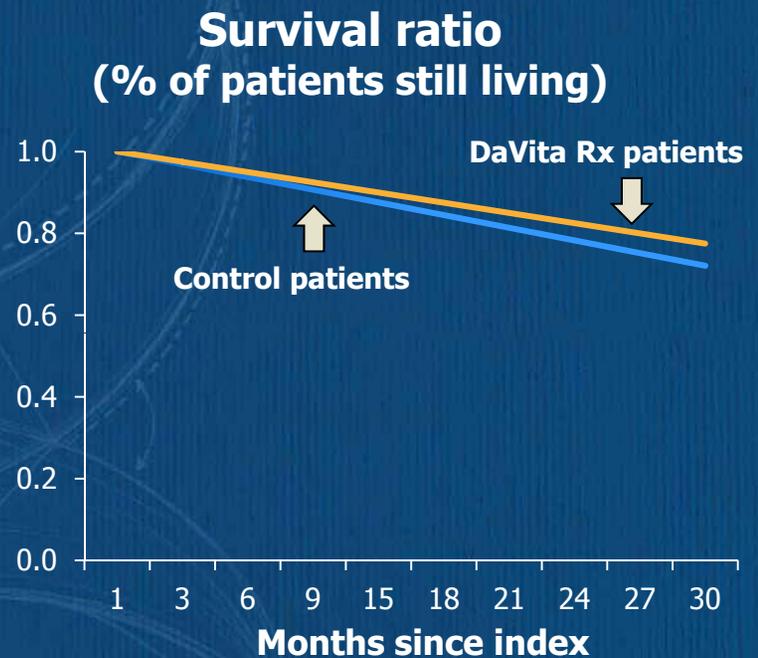
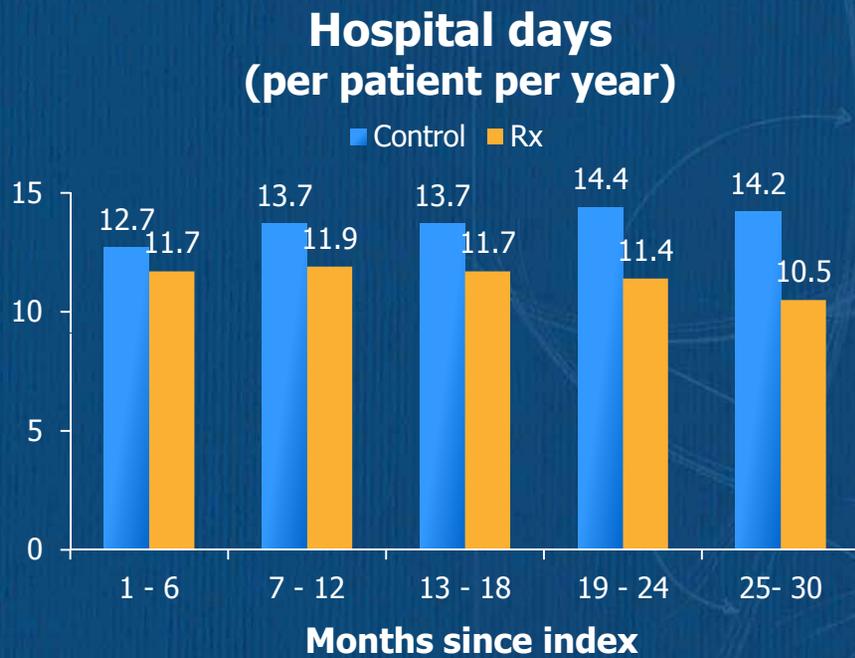
Flexible
Payment
Options

Refill Mgmt
System

Complete Renal
Formulary

Pre-Auth
Teams

Clinical Differentiation from Rx



13% fewer days spent in the hospital
21% improvement in survival

DaVita Rx Growth

Patients (thousands)



Revenue (\$ millions)



Population Health - ROI

- Commercial plan cost savings
- Preferred partner for Medicare Advantage
- Value-added CMS partner
- Preferred partner: ACOs and physicians
- Capitated relationships



Kidney Care

- At a Glance
- Investment Highlights
- Building Blocks
- Population Health Management Vision
- International
- Outlook

International

Where are we?

- Evaluated opportunities
- Subscale across 10 countries
- Clinical/compliance culture

Challenges

- Upfront investment
- Bandwidth
- We will make mistakes



Long-term upside

Global Footprint



66 clinics in 10 countries outside the U.S.

Caring for ~4,900 patients



Kidney Care

- At a Glance
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- Population Health Management Vision
- International
- Outlook

of Treatments

X

Revenue / Tx

-

Expense / Tx

- Normal growth

- Rate risk

- Normal dynamics

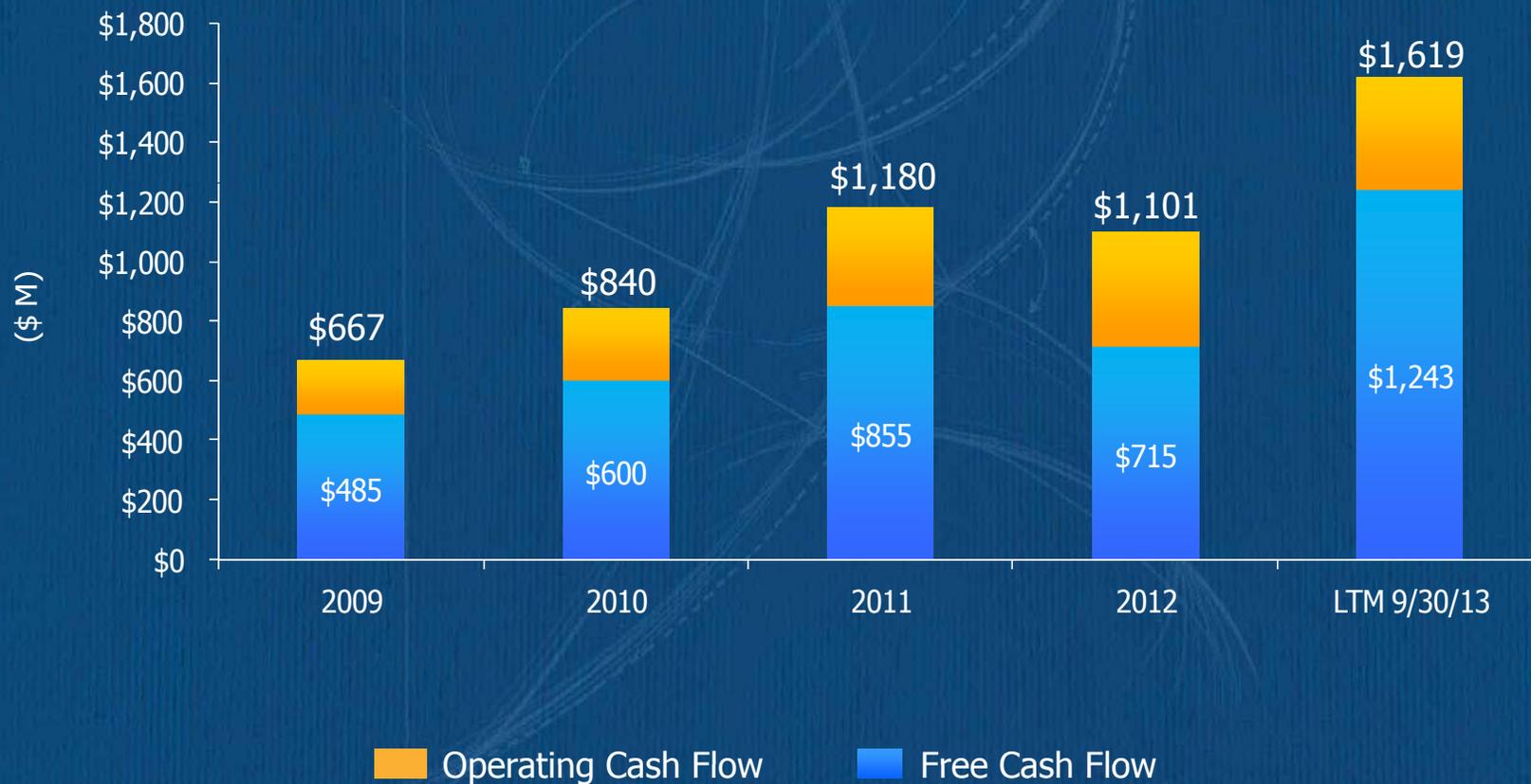
Kidney Care Summary

- ACA turmoil
- Population health
- Clinical excellence
- Treatment growth
- Strategic investments



Strong Cash Flows

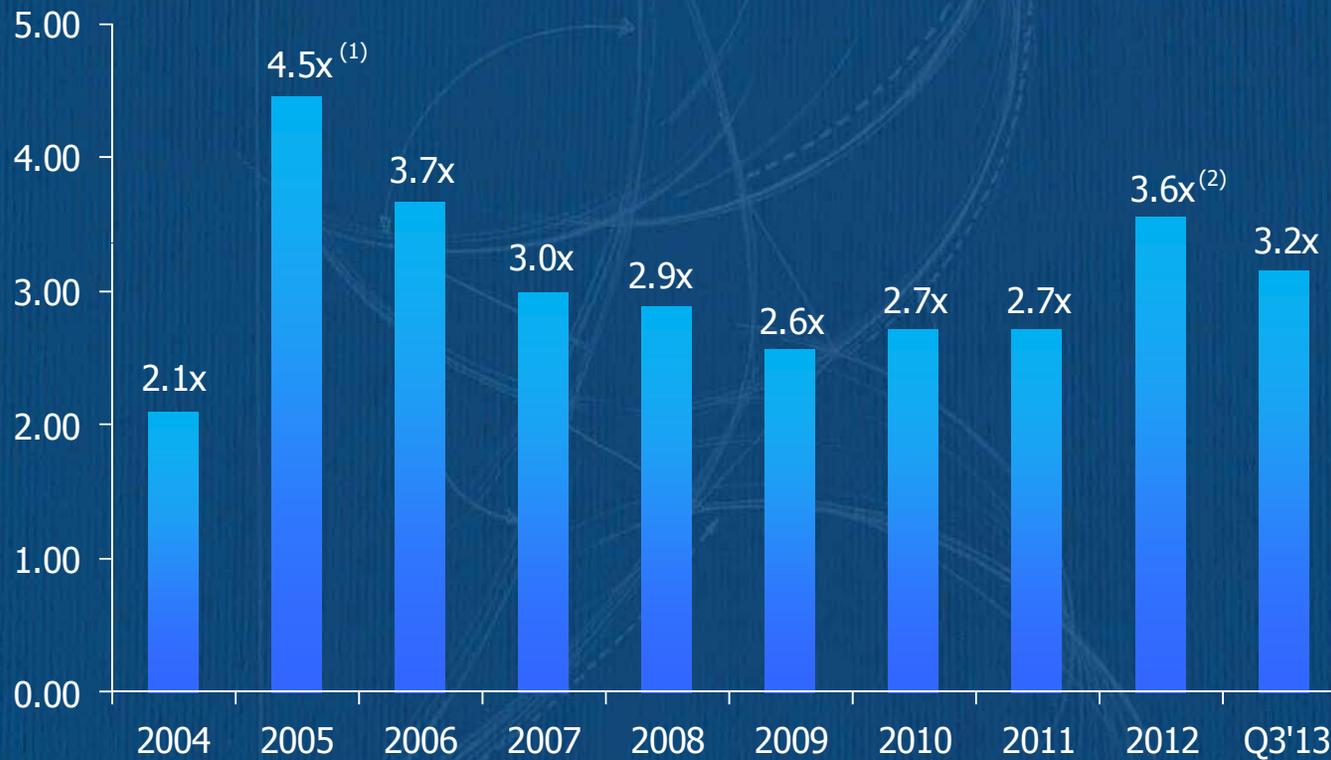
27% CAGR



Free Cash Flow is a non-GAAP measure. Free cash flow is defined as cash flow from operations less income distributions to non-controlling interests and capital expenditures for routine maintenance and information technology.

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Leverage Ratio



Leverage ratio as defined in Credit Agreement.

(1) Gambro Healthcare acquisition – October 2005.

(2) HCP acquisition – November 2012

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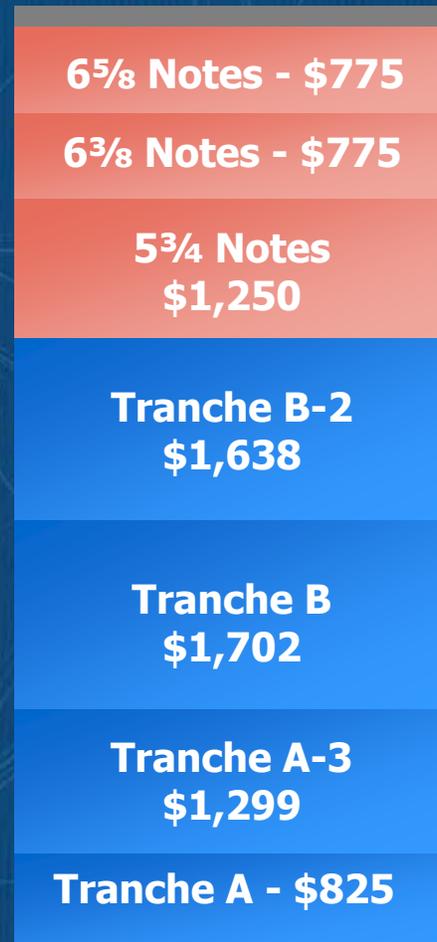
Capital Structure

As of 9/30/13

\$ millions

Total Debt: \$8,460

Other – \$196



Notes

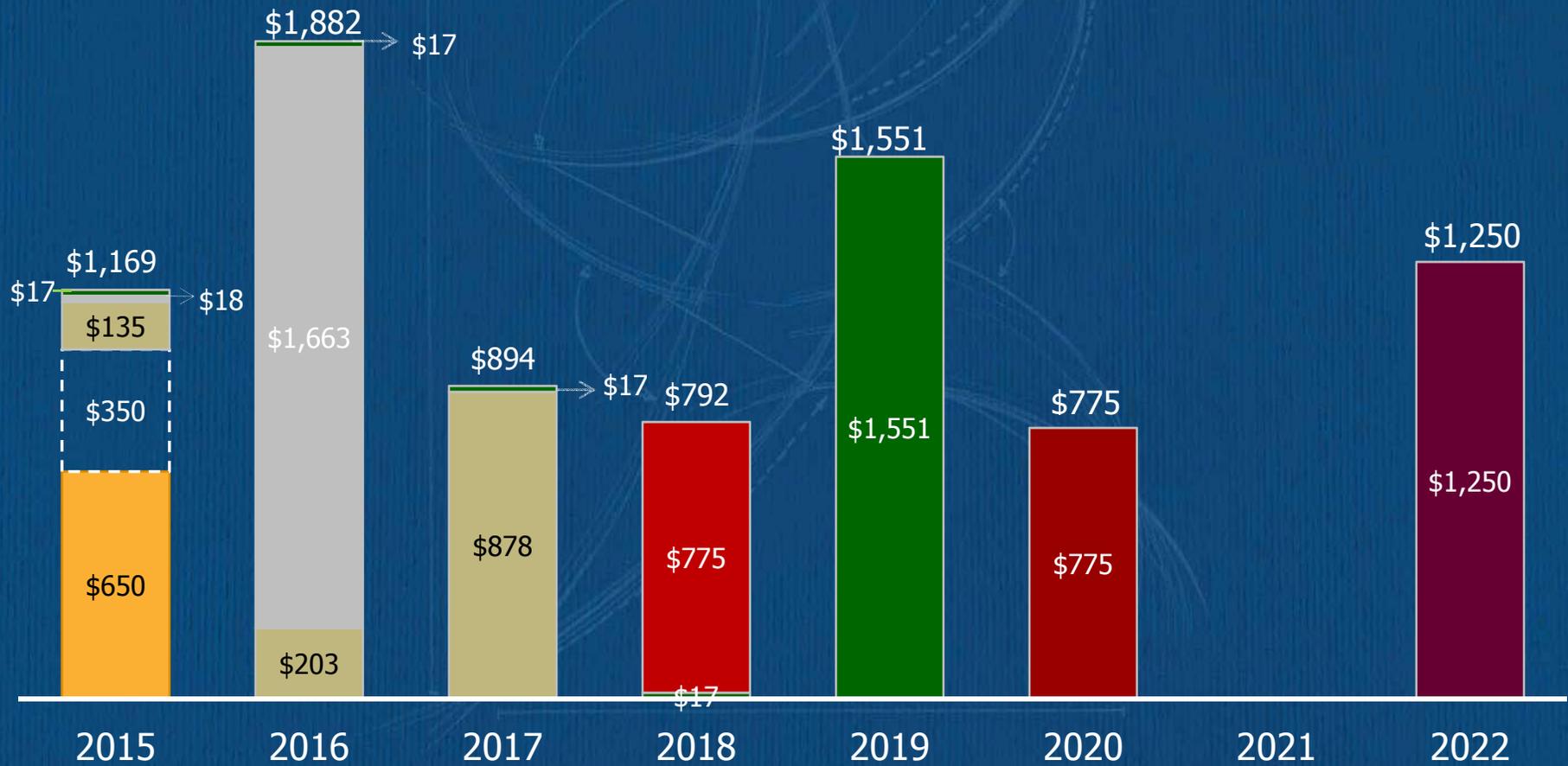
Term Loans

Note: Excludes \$18.6M of debt discounts
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Debt Maturities

\$ millions

- Term Loan A
- \$350mm Revolver
- Term Loan A-3
- Term Loan B
- Term Loan B-2
- 6.375% sr. notes
- 6.625% sr. notes
- 5.75% sr. notes





Consolidated Outlook

2014

2015 - 2016+

- HCP \$250 - \$310M Risk recalibration swing factor
- Kidney Care \$1.425 - \$1.540B Rate risk
- Consolidated \$1.675 - \$1.850B



Fundamentals

Kidney Care

HealthCare Partners

Cash Flows	Strong, stable	Strong, stable
Capital Requirements	Low	Very low
Industry Consolidation	High	Low
Growth Opportunity	Solid	Huge

Available Cash - Scenario

\$ millions

Operating Cash Flow	\$1,500
Minority Interest	125
Maintenance Capex	325
Free Cash Flow	<hr/> 1,050
Debt Repayment	250
Cash Available to Deploy	<hr/> \$800

Bad News / Good News

Bad News

- Rate risk
- ACA uncertainty
- Compliance risk/investigations

Good News

- Clinical excellence
- Stable demand & cash flow
- Population health capability
- Market leadership
- “Where the puck is headed”



**Capital Markets Day
December 9, 2013**

Reconciliations for Non-GAAP Measures

Operating income excluding a pre-tax contingent earn-out obligation adjustment, a pre-tax loss contingency reserve, pre-tax transaction expenses associated with the acquisition of HCP, a pre-tax legal settlement and related expenses and an adjustment to reduce a tax asset associated with the HCP acquisition escrow provisions.

We believe that operating income excluding a pre-tax contingent earn-out obligation adjustment, a pre-tax loss contingency reserve, pre-tax transaction expenses associated with the acquisition of HCP, a pre-tax legal settlement and related expenses and an adjustment to reduce a tax asset associated with the HCP acquisition escrow provisions enhances a user's understanding of our normal operating income for these periods by providing a measure that is meaningful because it excludes unusual amounts that include an adjustment for HCP's contingent earn-out obligation, a loss contingency reserve related to the 2010 and 2011 U.S. Attorney Physician Relationship Investigations, transaction expenses associated with the acquisition of HCP, legal settlement and related expenses to settle federal program claims relating to our historical Epogen practices and an adjustment to reduce a tax asset associated with the HCP acquisition escrow provisions that was established as a receivable to offset any potential tax liabilities, and accordingly, is comparable to prior periods and indicative of consistent operating income. This measure is not a measure of financial performance under GAAP and should not be considered as an alternative to operating income.

Consolidated

(\$ in millions)	Three months ended				Rolling twelve months ended September 30, 2013
	December 31, 2012	March 31, 2013	June 30, 2013	September 30, 2013	
Operating income	\$ 388	\$ 167	\$ 522	\$ 377	\$ 1,454
Contingent earn-out obligation adjustment			(57)		(57)
Loss contingency reserve		300		97	397
Transaction expenses associated with the acquisition of HCP	13				13
Legal settlement and related expenses	6				6
Adjustment to reduce tax asset associated with the HCP acquisition escrow provision				8	8
Adjusted operating income	\$ 407	\$ 467	\$ 465	\$ 482	\$ 1,821

Reconciliations for Non-GAAP Measures

Kidney Care operations (\$ in millions)

	Three months ended				Rolling twelve months ended September 30, 2013
	December 31, 2012	March 31, 2013	June 30, 2013	September 30, 2013	
Operating income	\$ 321	\$ 59	\$ 441	\$ 279	\$ 1,100
Contingent earn-out obligation adjustment			(57)		(57)
Loss contingency reserve		300		97	397
Transaction expenses associated with the acquisition of HCP	13				13
Legal settlement and related expenses	6				6
Adjustment to reduce tax asset associated with the HCP acquisition escrow provision				8	8
Adjusted operating income	\$ 340	\$ 359	\$ 384	\$ 384	\$ 1,467

Reconciliations for Non-GAAP Measures

We believe that operating income excluding Medicare lab recoveries related to prior years' services, gains from insurance settlements, the valuation gain on the Product Supply Agreement, legal settlement and related expenses, transaction expenses associated with the acquisition of HCP and noncontrolling interests enhances a user's understanding of our operating income for these periods by providing a measure that is more meaningful because it excludes Medicare lab recoveries related to prior years' services, insurance settlement gains related to insurance proceeds from Hurricane Katrina and from a fire that destroyed one of our centers, a non-recurring non-cash item that resulted from the termination of our purchase obligation for dialysis machines from Gambro Renal Products Inc. under the Product Supply Agreement, an unusual charge for a legal settlement that was reached to settle federal program claims relating to our historical Epogen practices, an unusual amount of transaction expenses associated with the acquisition of HCP and noncontrolling interests that were originally deducted from operating income, and accordingly, is more comparable to prior periods as originally reported and indicative of consistent operating income. This measure is not a measure of financial performance under United States generally accepted accounting principles and should not be considered as an alternative to operating income.

<i>(\$ in millions)</i>	<u>2003^(*)</u>	<u>2004⁽²⁾</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Operating income	\$ 386	\$ 395	\$ 489	\$ 778	\$ 909	\$ 869	\$ 940	\$ 997	\$ 1,155	\$ 1,230
Less: Medicare lab recoveries related to prior years' services	(24)	(8)	(4)	-	-	-	-	-	-	-
Gains on insurance settlements	-	-	-	-	(7)	-	-	-	-	-
Valuation gain on the product supply agreement	-	-	-	(38)	(55)	-	-	-	-	-
Add: Legal settlement and related expenses	-	-	-	-	-	-	-	-	-	86
Add: Transaction expenses associated with the acquisition of HCP	-	-	-	-	-	-	-	-	-	31
	362	387	485	740	847	869	940	997	1,155	1,347
Noncontrolling interests	(7)	(14)	(23)	(39)	(47)	(47)	-	-	-	-
	\$ 355	\$ 373	\$ 462	\$ 701	\$ 800	\$ 822	\$ 940	\$ 997	\$ 1,155	\$ 1,347

*2003 operating income is as originally reported and has not been adjusted for the required divestitures related to the Gambro acquisition.

(2) Operating income for 2004 excluding the operating income impact of the required divestitures' related to the Gambro acquisition of \$29 million and Medicare lab recoveries related to prior years' services, would have been \$402 million. In addition the amounts from 2005 through 2010 have not been adjusted for the effects of the required divestitures in connection with DSI and HomeChoice Partners.

Reconciliations for Non-GAAP Measures

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 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 flows.

<i>(\$ in millions)</i>	Low end of the range	High end of the range
Net income	\$ 42	\$ 78
Intercompany Interest expense allocation	178	178
Intercompany allocation of income taxes	30	54
Depreciation and amortization	161	161
Stock based compensation	4	4
Adjusted EBITDA	\$ 415	\$ 475

Reconciliations for Non-GAAP Measures

Free cash flow represents net cash provided by operating activities less distributions to noncontrolling interests and capital expenditures for routine maintenance and information technology. We believe free cash flow is a useful adjunct to cash flow from operating activities and other measurements under GAAP, since free cash flow is a meaningful measure of our ability to fund acquisition and development activities and meet our debt service requirements. In addition, free cash flow excluding distributions to noncontrolling interests provides an investor with an understanding of free cash flows that are attributable to DaVita HealthCare Partners Inc. Free cash flow is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing or financing activities, as an indicator of cash flows or as a measure of liquidity.

<i>(\$ in millions)</i>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	Rolling twelve months ended September 30, 2013
Cash provided by operating activities	\$ 667	\$ 840	\$ 1,180	\$ 1,101	\$ 1,619
Less: Distributions to noncontrolling interests	<u>(68)</u>	<u>(84)</u>	<u>(101)</u>	<u>(114)</u>	<u>(131)</u>
Cash provided by operating activities attributable to DaVita HealthCare Partners Inc.	599	756	1,079	987	1,488
Less: Expenditures for routine maintenance and information technology	<u>(114)</u>	<u>(156)</u>	<u>(224)</u>	<u>(272)</u>	<u>(245)</u>
	<u>\$ 485</u>	<u>\$ 600</u>	<u>\$ 855</u>	<u>\$ 715</u>	<u>\$ 1,243</u>