



Capital Markets Day
May 25, 2017



The company and its representatives may from time to time make written and oral forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), including statements in this presentation, filings with the Securities and Exchange Commission ("SEC"), reports to stockholders and in meetings with investors and analysts. All such statements in or during this presentation or other meetings, other than statements of historical fact, are forward-looking statements and as such are intended to be covered by the safe harbor for "forward-looking statements" provided by the PSLRA. Without limiting the foregoing, statements including the words "expect," "will," "plan," "anticipate," "believe," "forecast," "guidance," "outlook," "goals" and similar expressions are intended to identify forward-looking statements.

These forward-looking statements could include but are not limited to statements that identify uncertainties or trends or discuss the possible future effects of uncertainties or trends and statements regarding our future operations, financial condition and prospects, including the expected impact of the policy change for Medicaid patients seeking Affordable Care Act (ACA) plans, including our future operating income and other impacts of this policy change, 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, estimated charges and accruals, our ability to recover any losses related to legal proceedings from third parties, 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.

Our actual results could differ materially from any forward-looking statements due to numerous factors that involve substantial known and unknown risks and uncertainties, including without limitation the concentration of profits generated by higher-paying commercial payor plans for which there is continued downward pressure on average realized payment rates, and a reduction in the number of patients under such plans, which may result in the loss of revenues; the extent to which the ongoing implementation of healthcare exchanges or changes in or new legislation, regulations or enforcement of regulations, including among other things those regarding the exchanges, results in a reduction in reimbursement rates for our services from and/or the number of patients enrolled in higher-paying commercial plans; a reduction in government payment rates under the Medicare End Stage Renal Disease program or other government-based programs; the impact of the Medicare Advantage benchmark structure; risks arising from potential federal and/or state legislation or regulation that could have an adverse effect on our operations and profitability; the impact of the 2016 Congressional and Presidential elections on the current health care marketplace and on our business, including with respect to the future of the ACA, the exchanges and many other core aspects of the current health care marketplace; changes in pharmaceutical or anemia management practice patterns, payment policies, or pharmaceutical pricing; legal compliance risks, including our continued compliance with complex government regulations and the provisions of our current corporate integrity agreement and current or potential investigations by various government entities and related government or private-party proceedings, and restrictions on our business and operations required by our corporate integrity agreement and other current or potential settlement terms, and the financial impact thereof and our ability to recover any losses related to such legal proceedings from third parties; continued increased competition from large- and medium-sized dialysis providers that compete directly with us; our ability to maintain contracts with physician medical directors, changing affiliation models for physicians, and the emergence of new models of care introduced by the government or private sector, that may erode our patient base and reimbursement rates, such as accountable care organizations, independent practice associations and integrated delivery systems; our ability to complete acquisitions, mergers or dispositions that we might be considering or announce, or to integrate and successfully operate any business we may acquire or have acquired, including DMG, or to successfully expand our operations and services to markets outside the United States, or to businesses outside of dialysis and DMG's business; the variability of our cash flows; the risk that we might invest material amounts of capital and incur significant costs in connection with the growth and development of our international operations, yet we might not be able to operate them profitably anytime soon, if at all; risks arising from the use of accounting estimates, judgments and interpretations in our financial statements; the risk that laws regulating the corporate practice of medicine could restrict the manner in which DMG conducts its business; the risk that the cost of providing services under DMG's agreements may exceed our compensation; the risk that reductions in reimbursement rates, including Medicare Advantage rates, and future regulations may negatively impact DMG's business, revenue and profitability; the risk that DMG may not be able to successfully establish a presence in new geographic regions or successfully address competitive threats that could reduce its profitability; the risk that a disruption in DMG's healthcare provider networks could have an adverse effect on DMG's business operations and profitability; the risk that reductions in the quality ratings of health maintenance organization plan customers of DMG could have an adverse effect on DMG's business; the risk that health plans that acquire health maintenance organizations may not be willing to contract with DMG or may be willing to contract only on less favorable terms; and uncertainties associated with the risk factors set forth in our most recent quarterly report on Form 10-Q for the quarter ended March 31, 2017, and the other risks discussed in our subsequent periodic and current reports filed with the SEC from time to time.

All forward-looking statements in this presentation are based on information available to us on the date of this presentation. We undertake no obligation to publicly update or revise any of our guidance, the assessment of the underlying assumptions or other forward-looking statements, whether as a result of changed circumstances, new information, future events or otherwise.

During this presentation we will discuss certain non-GAAP financial measures. A reconciliation of these non-GAAP measures to the most comparable GAAP financial measures can be found elsewhere in this presentation.



Introduction

U.S. Kidney Care

DaVita Medical
Group

DaVita
International

Enterprise
Summary



Introduction



Introduction

U.S. Kidney Care

DaVita Medical
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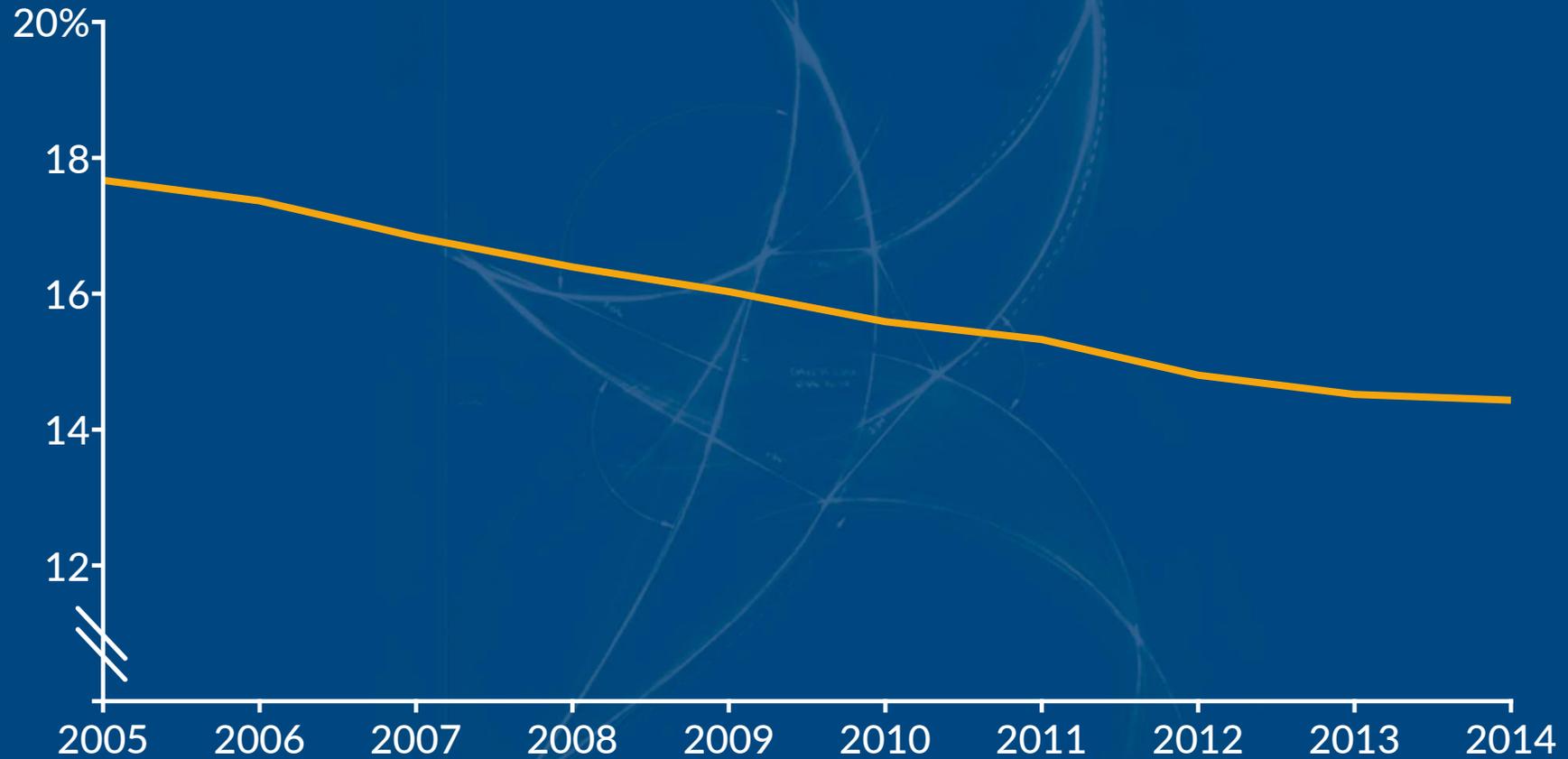
Enterprise
Summary



U.S. Kidney Care

- Industry overview
- Company overview
- Long-term optionality
- Outlook

Improved industry mortality rate



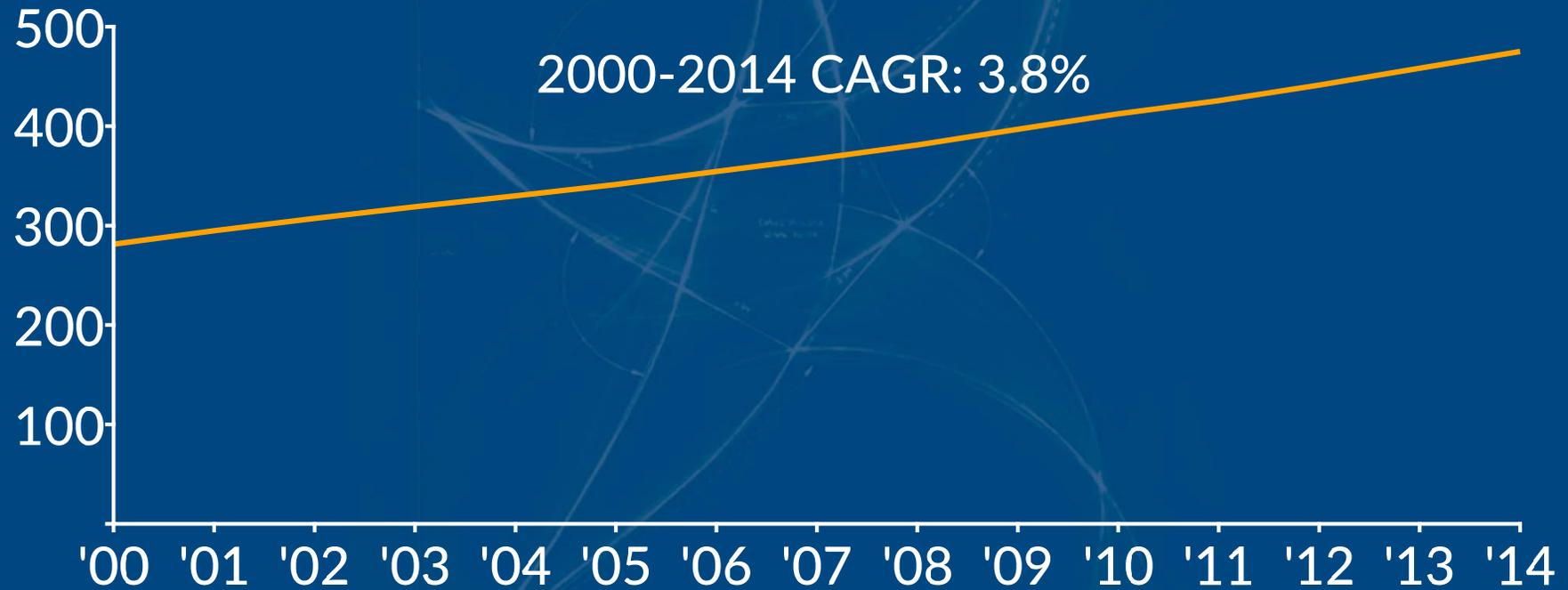
Note: Mortality rate calculated as mortalities divided by beginning-year prevalence plus incident patients.

Source: USRDS. Most recently available data is as of 2014.

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Stable historical industry growth

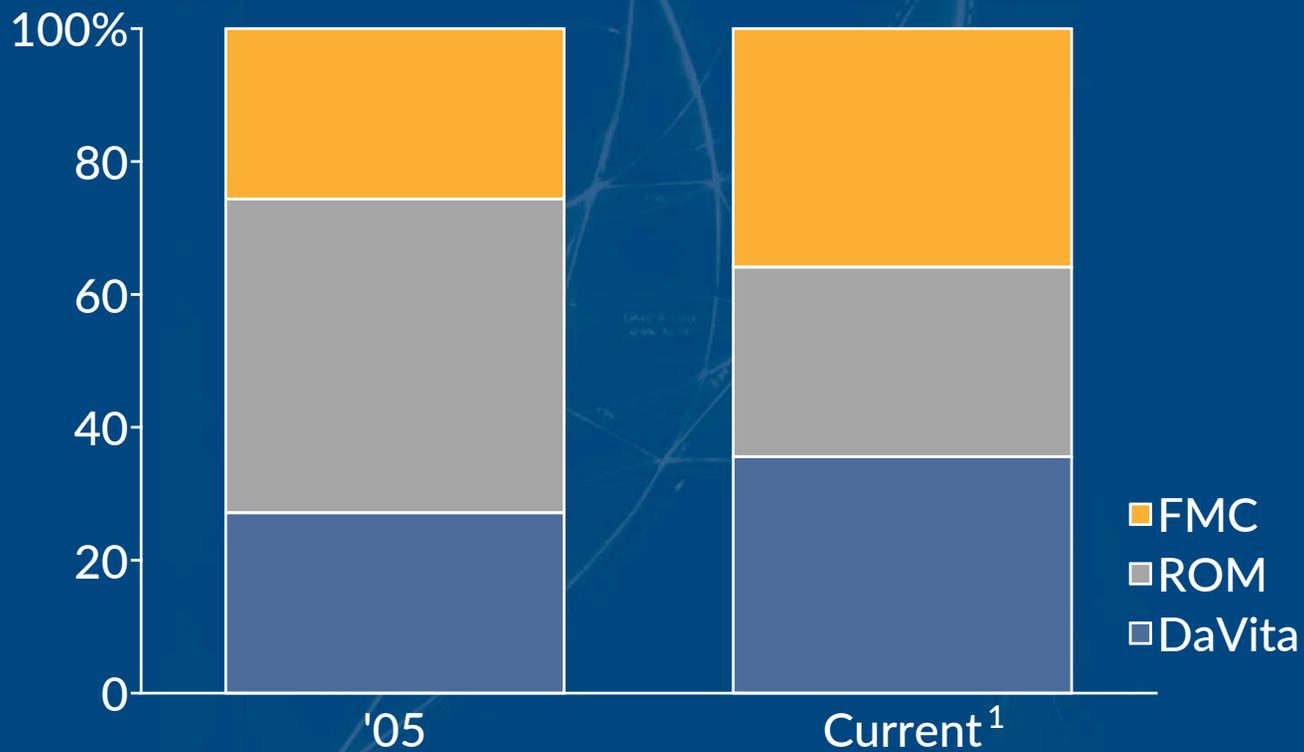
US dialysis patients (000s)



Source: USRDS 2016 Annual Data Report

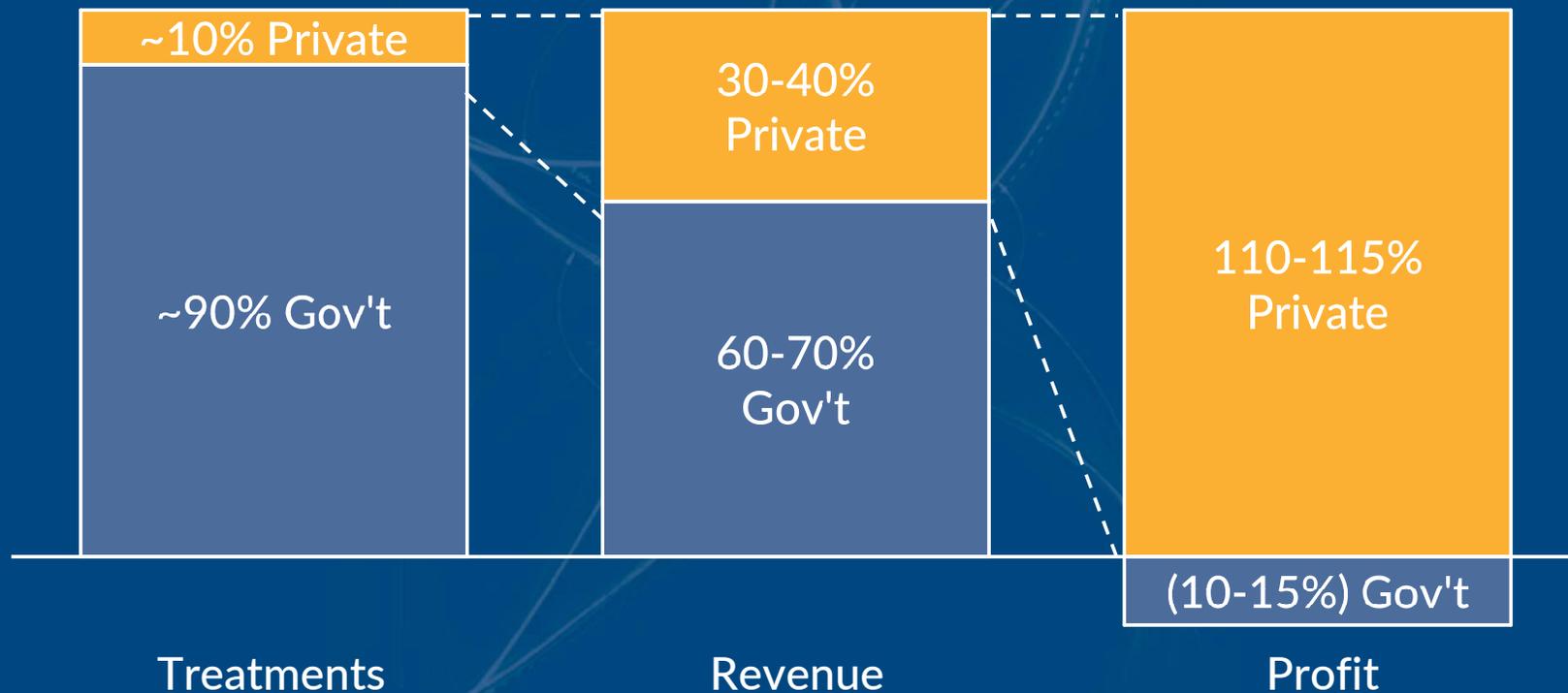
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Consolidated industry



Source: ESRD Networks.
1. Represents latest available data as of 2015.
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★ Private payors subsidize government



Medicare reimbursement outlook

- Forecasted:
 - 2017: market basket minus 1.25%
 - 2018: market basket minus 1.00%
 - 2019+: normal market basket
- Swing: Possible policy changes

Dynamic pharma landscape

Anemia Management

- Diversifying
- Innovations

Calcimimetics

- IV entry
- Likely bundled in '18
- Potential oral generics



U.S. Kidney Care

- Industry overview
- Company overview
- Long-term optionality
- Outlook

What remains consistent?

- Clinical excellence
- Commercial payor landscape
- Stable growth
- Capital-efficient treatment growth

What is more dynamic?

- Healthcare policy
- Pharma landscape (anemia, calcimimetics)
- Integrated care

★ Typical dialysis center

- 80 patients
- 17 teammates
 - 5 nurses
 - 8 techs
 - 4 other
- Medical Director
- 18 machines & chairs
- \$4M revenue



Kidney Care at a glance

• US Facilities ¹	2,382
• US Patients ¹	189k
• LTM Treatments (US) ²	27.3M
• Kidney Care LTM Net Revenue ²	\$10.7B
• Kidney Care 2017 Adjusted OI Guidance ³	\$1.525-\$1.625B

1. As of March 31, 2017

2. LTM as of March 31, 2017

3. Adjusted OI Guidance; excludes VA settlement gain, impairment charges and true-up of APAC JV gain.

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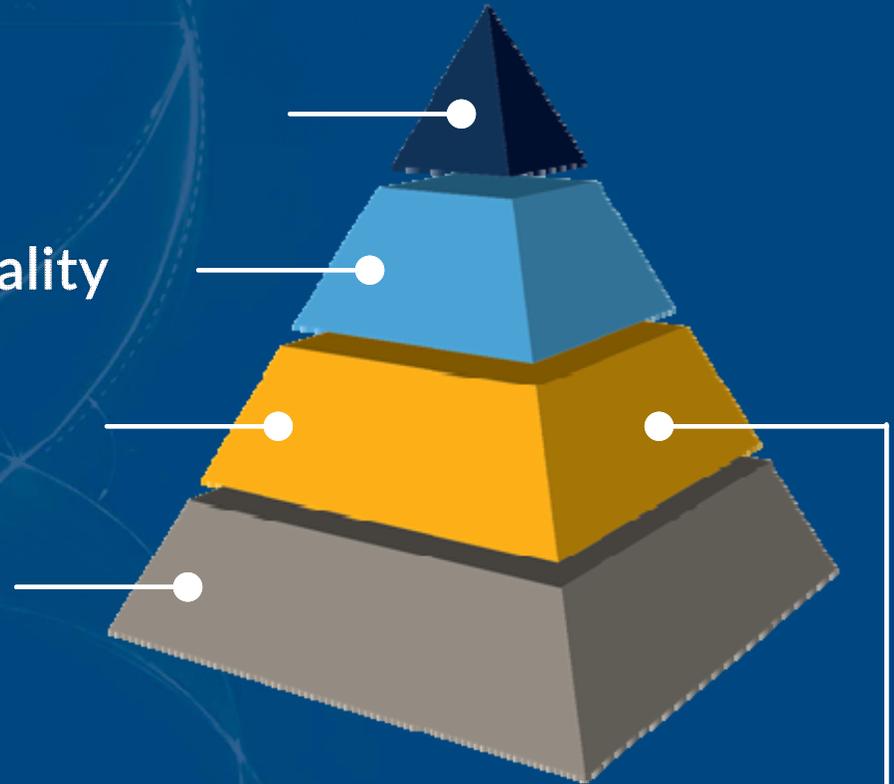
★ Patient-focused quality pyramid

Quality of life

Hospitalizations / Experience / Mortality

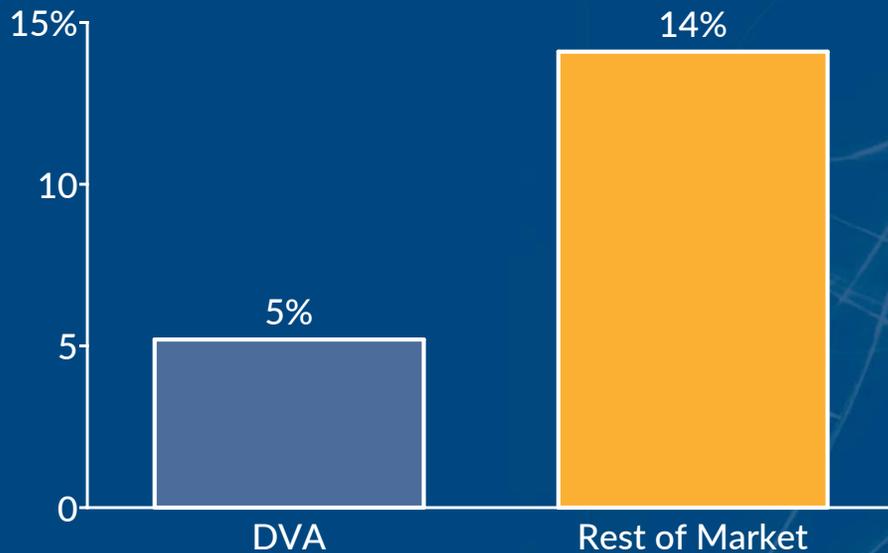
→ Complex Programs

The Fundamentals



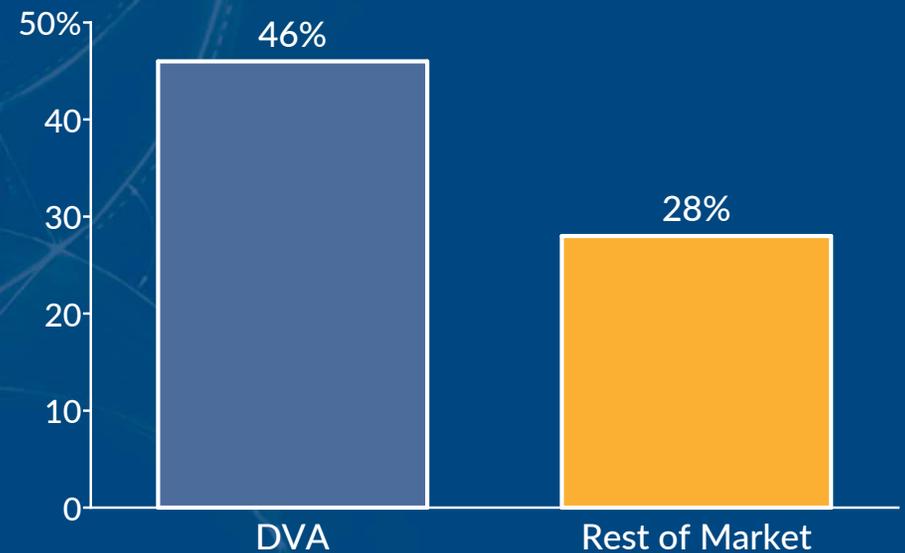
Strong clinical outcomes

QIP Penalty Facilities



~3x better

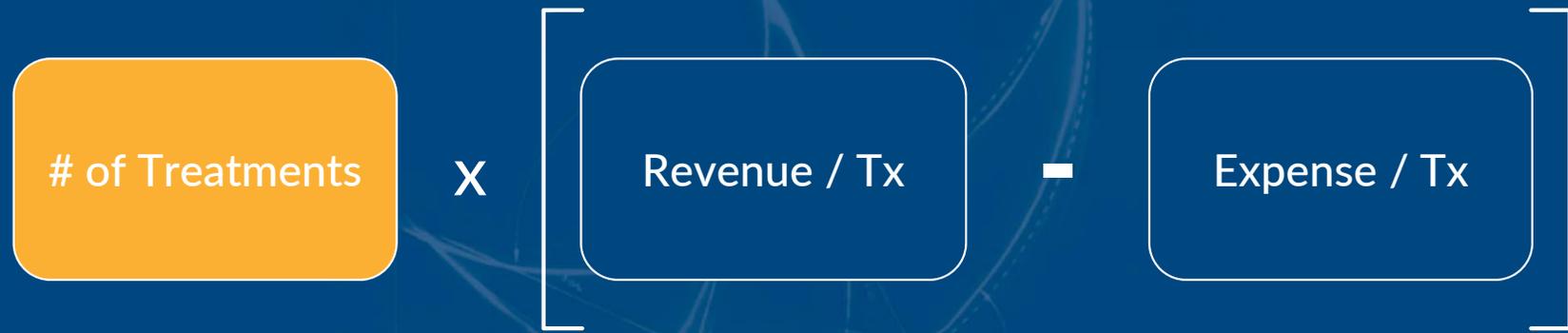
% of Four- and Five-Star Centers



~2x better

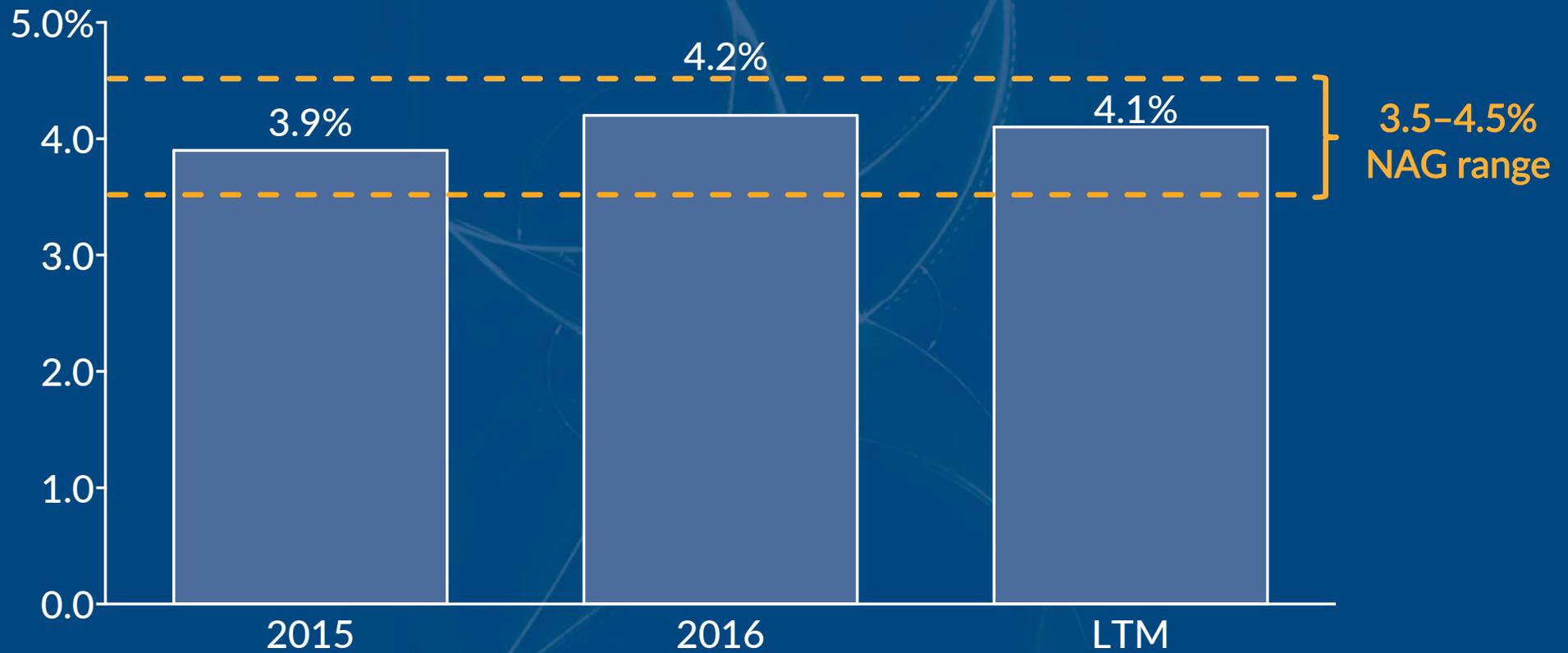
Note: Data are based on 2013-2015 outcomes and CMS chain ownership, which are obtained via CROWNWeb and do not reflect acquisitions that did not have a change of direct ownership.

Financial trilogy



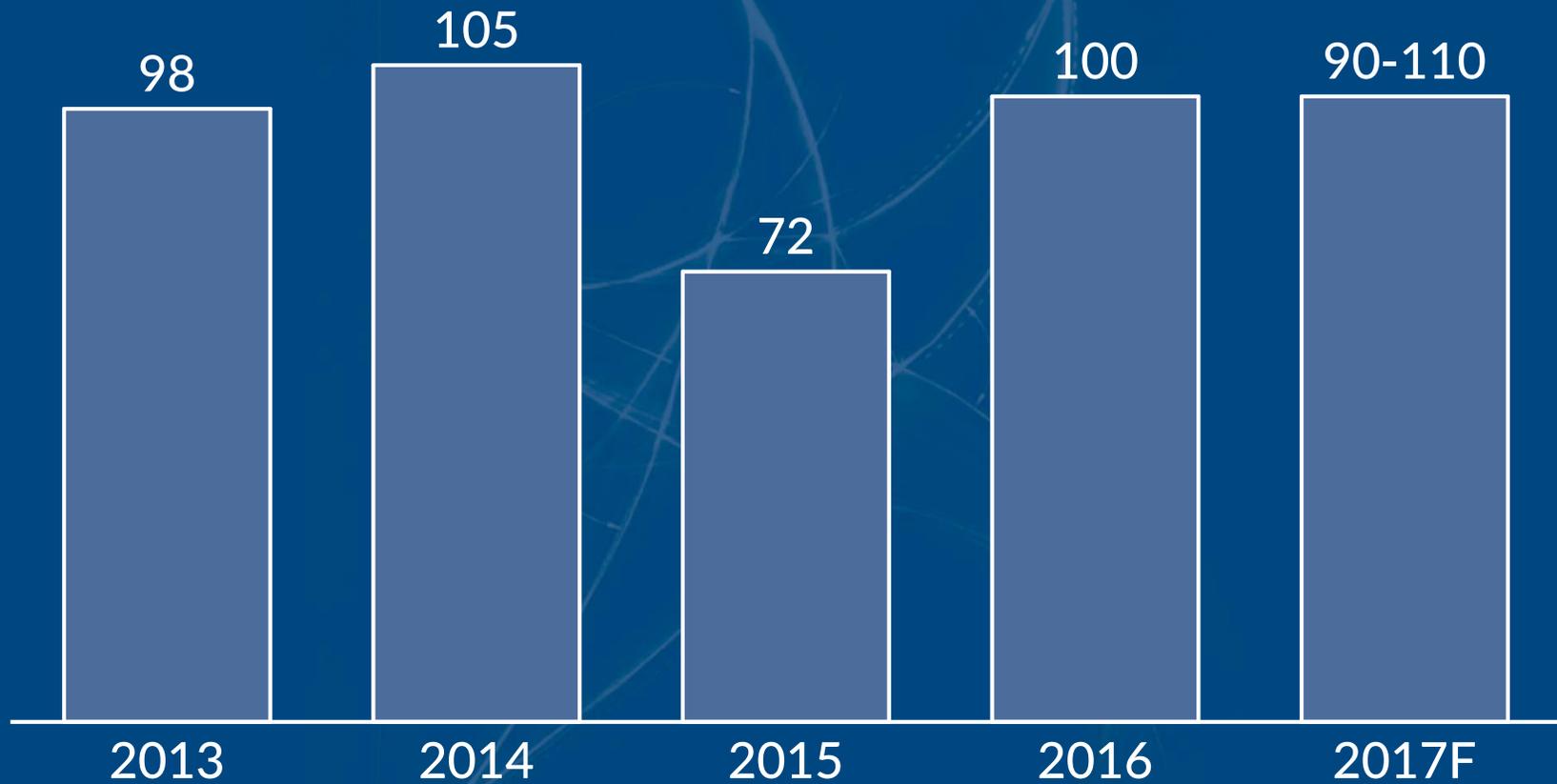
- 4.0% - 5.0%

★ Normalized non-acquired growth (NAG)

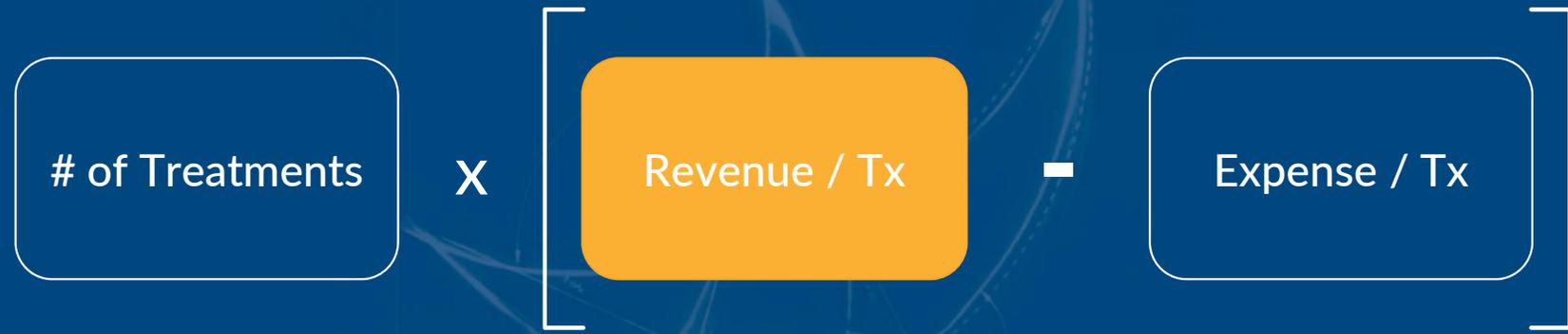


Note: Normalized for treatment day mix
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Continuing DeNovo focus



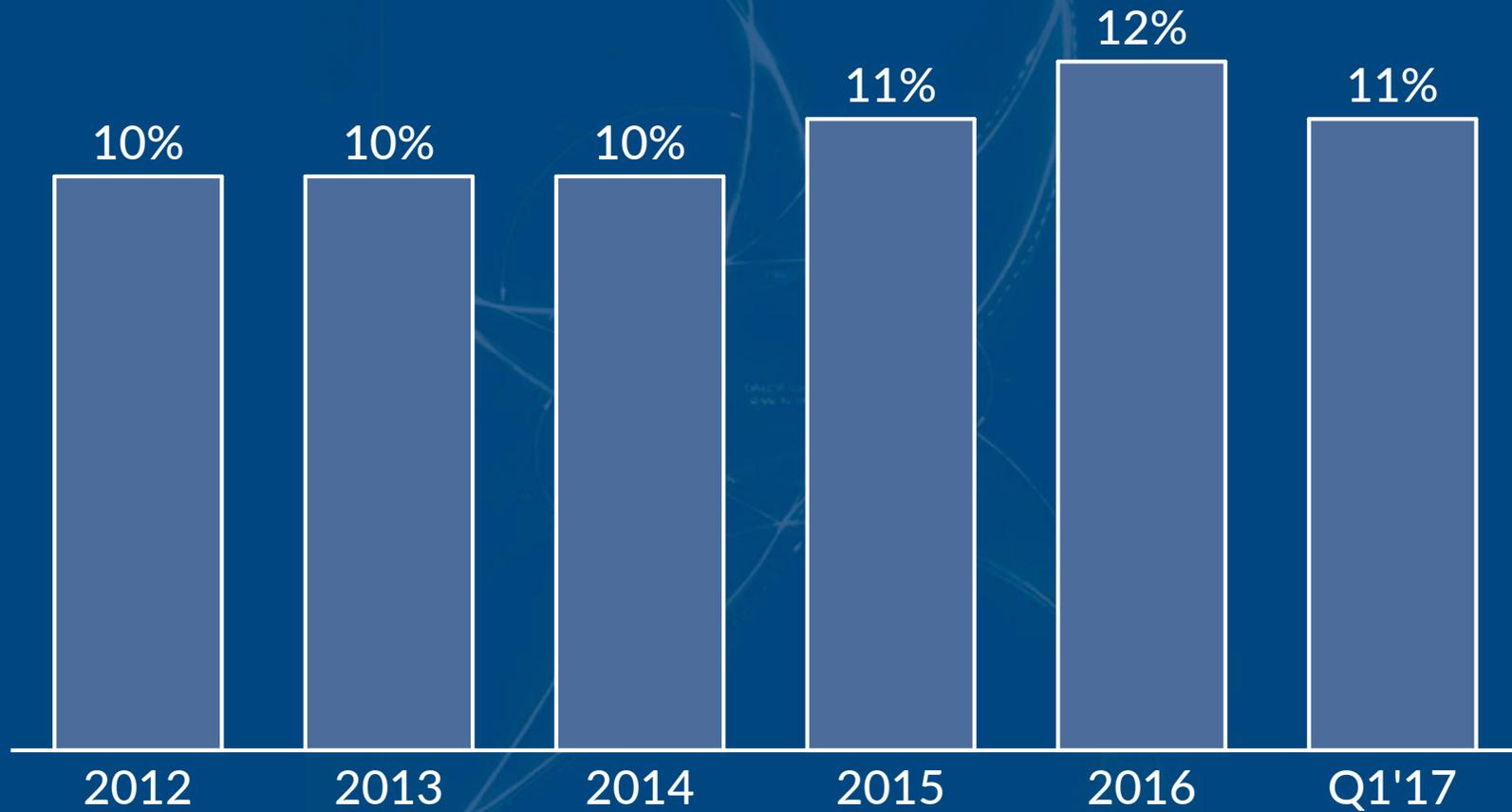
Financial trilogy



• 0.5% - 2.0%

Note: Excludes calcimimetics.
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Commercial treatment mix



Payor landscape

- Seeking comprehensive solutions
- Benefit and network designs, CPA
- Policy: ACA, bundle

ACA plan update

- Remaining CPA risk: \$45-90M
- Remaining patient characteristics:
 - Virtually all continuity of care
 - Virtually no Medicaid secondary

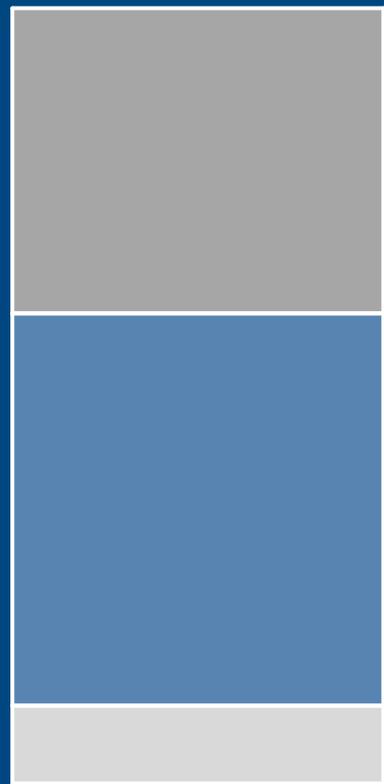
Financial trilogy



• 0.0% - 1.5%

Note: Excludes calcimimetics.
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Cost per treatment

	<u>Component</u>	<u>Outlook</u>
	<ul style="list-style-type: none">• Teammate costs	<ul style="list-style-type: none">• ~2-3%/yr
	<ul style="list-style-type: none">• Other costs	<ul style="list-style-type: none">• ~(1%)/yr
	<ul style="list-style-type: none">• G&A and other corporate	<ul style="list-style-type: none">• ~in-line with tx



U.S. Kidney Care

- Industry overview
- Company overview
- Long-term optionality
- Outlook

Need for care coordination



Angelica



50%+ crash into dialysis

Need for care coordination



Angelica

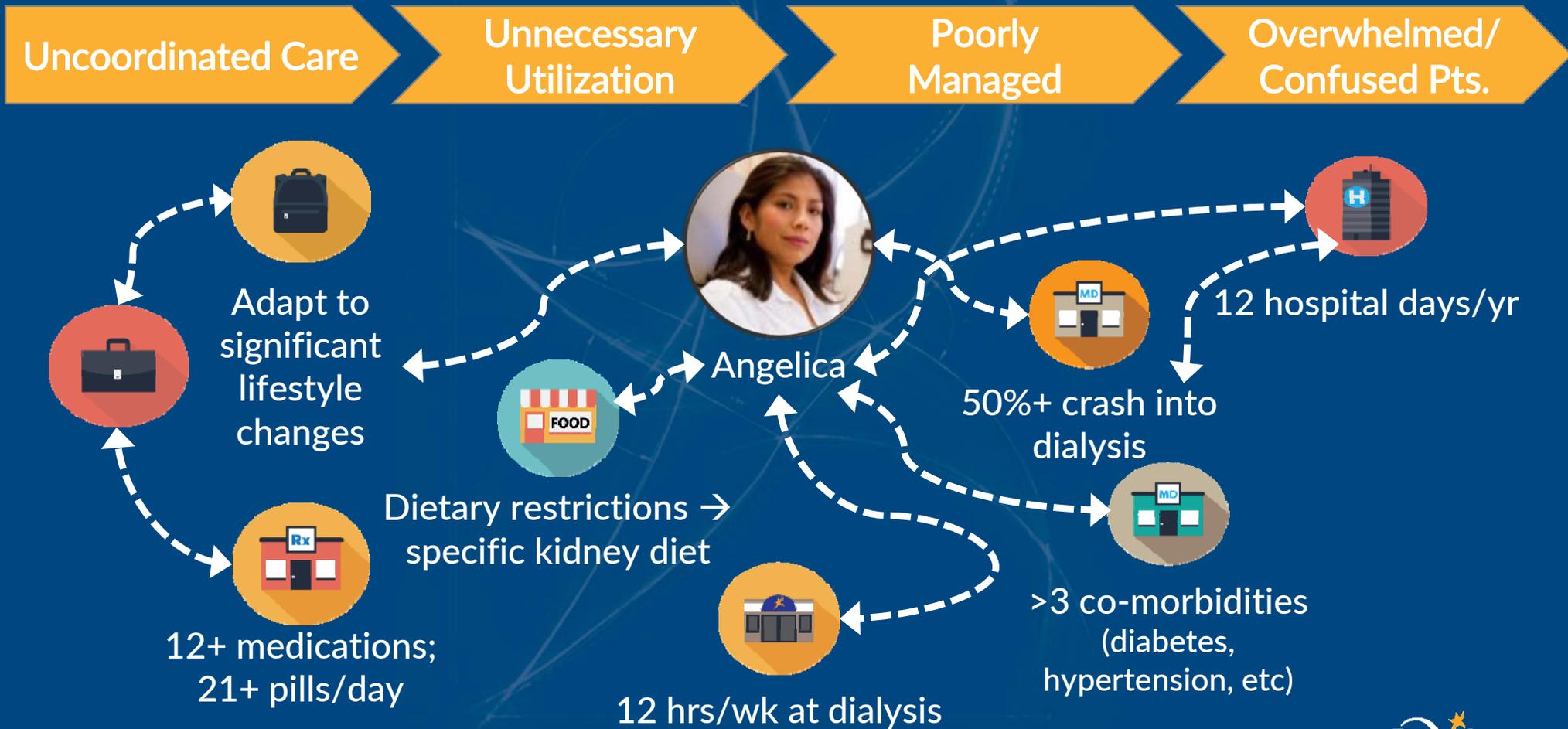


50%+ crash into dialysis



12 hrs/wk at dialysis

★ Need for care coordination

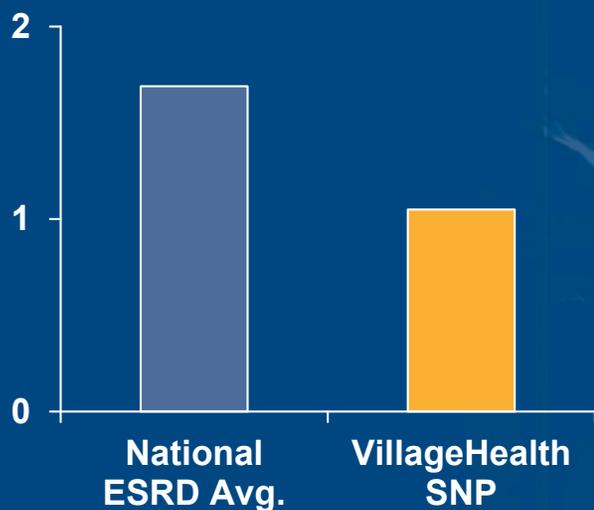




- Mission
- Outlook

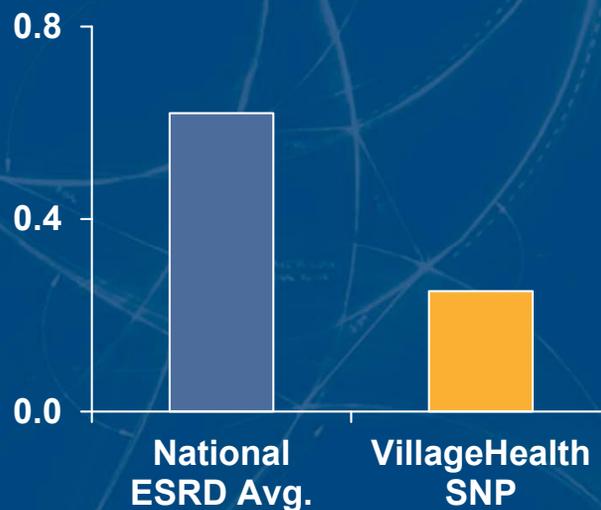
Success with coordinated care

Hospitalizations



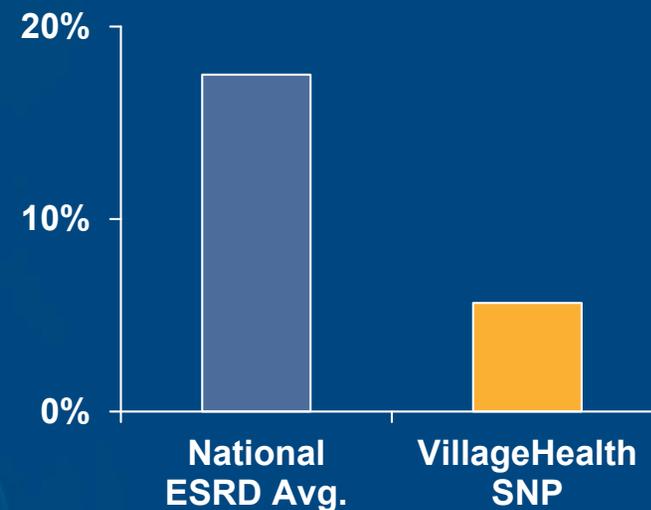
38% Better

Readmissions



59% Better

Catheters



68% Better

Sources: 2016 USRDS Annual Report, ESRD National Coordinating Center ("Fistula First Catheter Last" Dashboard data); VH-DMG SNPs

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U.S. Kidney Care

- Industry overview
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Outlook



2% - 7% OI Growth¹

1. U.S. Kidney Care outlook based on growth from midpoint of 2017 adjusted OI guidance excluding VA settlement gain and impairment charges.

Key takeaways

- Strong platform
- Integrated care potential
- Dynamic policy environment



Introduction

U.S. Kidney Care

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DaVita Medical Group

- Clinical leadership
- Strong positions
- Strong cash contribution

Strong clinical quality

STAR Measure	DMG avg (2015 DOS)	DMG avg (2016 DOS) ¹	MA Nat'l Avg ²
Body mass index (BMI)	5	5	4
Colorectal cancer	4	4	3
Diabetes: Blood sugar	5	5	4
Diabetes: Nephropathy	4	5	4
Diabetes: Eye exam	4	4	3
Osteoporosis	4	5	3
Rheumatoid arthritis	3	5	4
Breast cancer	5	5	4
Blood pressure	5	5	4



1. Preliminary data as of May 2017
 2. Medicare FFS Benchmark 2015 DOS

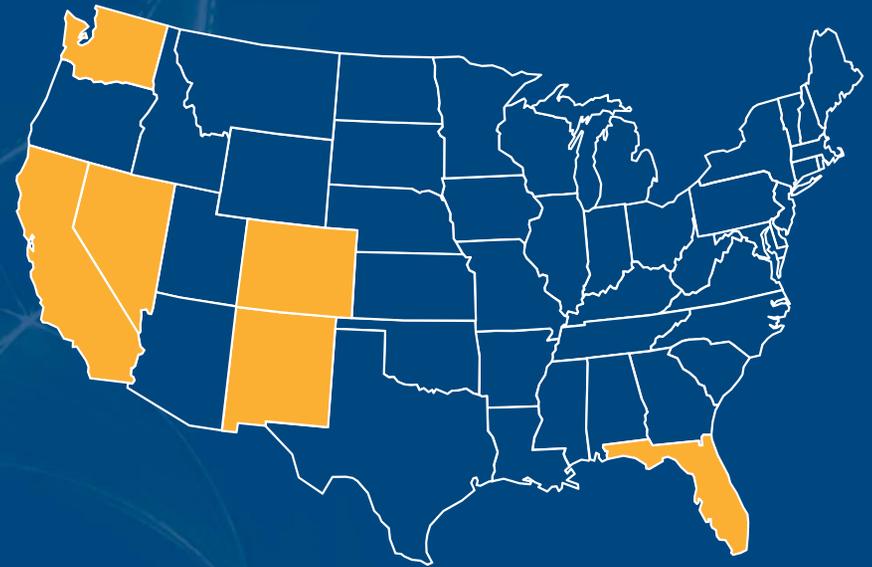
Improving affiliates

California

STAR Measure	2014	2015	2016
Body mass index (BMI)	2	4	4
Colorectal cancer	3	4	4
Diabetes: Blood sugar	4	4	4
Diabetes: Nephropathy	4	4	4
Diabetes: Eye exam	2	3	4
Osteoporosis	3	4	5
Rheumatoid arthritis	2	2	4
Breast cancer	5	5	5
Blood pressure	2	4	4

National position

- 2K team clinicians
- 13K affiliates
- 735K value lives
- 270+ clinics
- \$5.3B care dollars under management¹

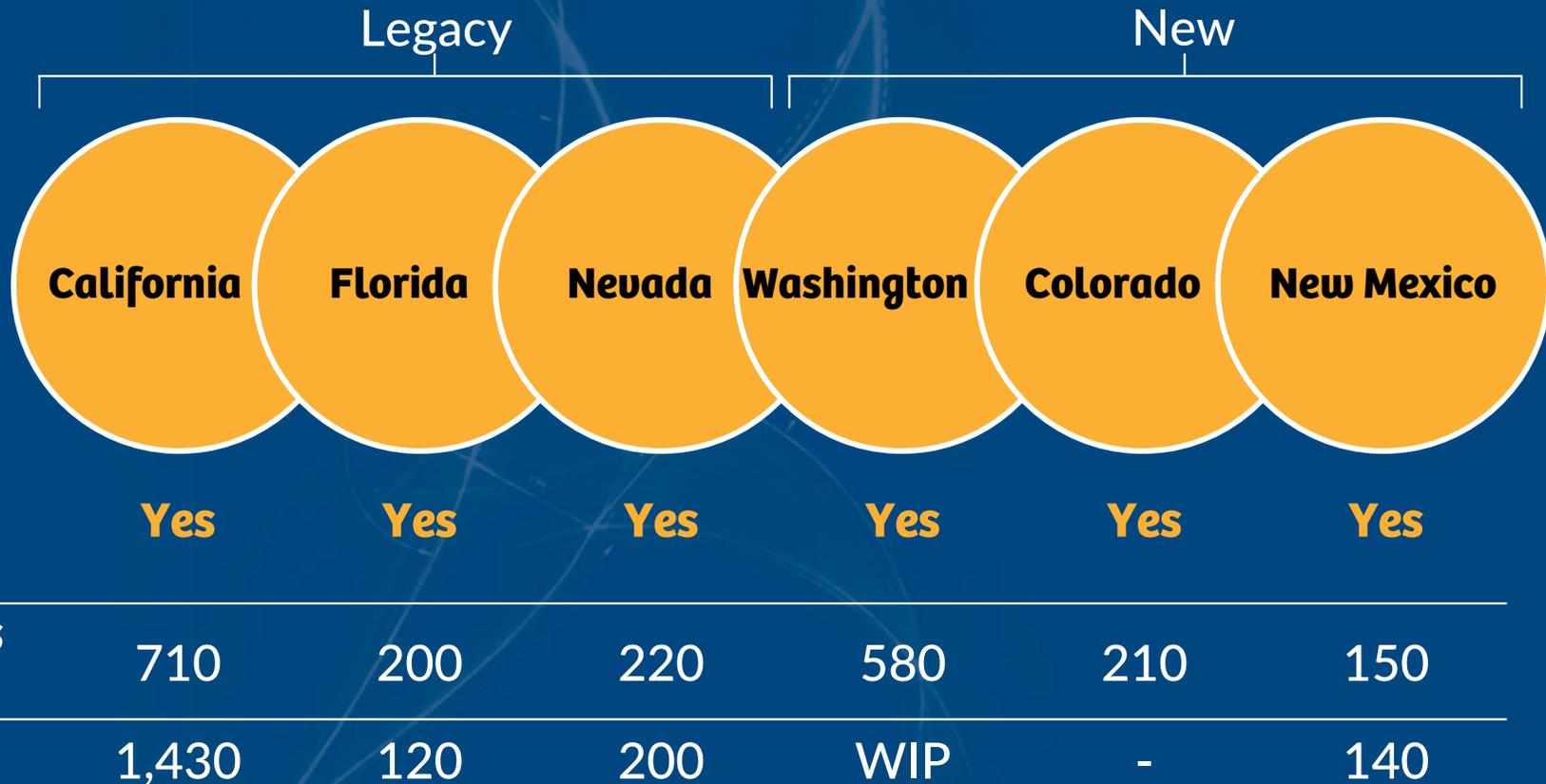


Data as of March 2017

1. LTM period 3/31/17; Care dollars under management is a non-GAAP measure.

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Medical groups



As of March 2017. Team Physicians & Extenders includes employed PCPs, specialists, hospitalists, and physician extenders.

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2016 adjusted EBITDA

Adjusted OI¹ \$135M

D&A \$211M

\$346M

Pre-tax step up benefit of \$167M in equivalent OI related to DMG acquisition not in adjusted OI.

1. Non-GAAP measure, excludes certain items, including goodwill impairment charges, accrual for legal matters and net gain on ownership changes.

★ Reminder: economic drivers



Senior bed days per K



★ Commercial member growth

CA

2

- Co-branded
- Differentiated PX
- Price competitive
- April '17 launch



Value conversion on track

New

3

- Active pipeline
- 200+ new network clinicians
- Senior wellness visits >95%

Efficiency gains

'17-'19 incremental OI scenarios

- 1 Medical margin:
- 2 Member growth:
- 3 Value conversion:
- 4 Net efficiencies:

★ '17-'19 incremental OI scenarios

1 Medical margin:	(\$50M) - \$40M
2 Member growth:	\$30M - \$50M
3 Value conversion:	\$20M - \$40M
4 Net efficiencies:	\$40M - \$50M

Midpoint

\$110M

DaVita Medical Group

- Clinical leadership
- Strong positions
- Strong cash contribution



Introduction

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Executive summary

- On track, solid trajectory
- Growth platform

Contents

① Our journey thus far

② Where we are headed

Evolution of international

Place bets

2012 – 2016

Grow + mature

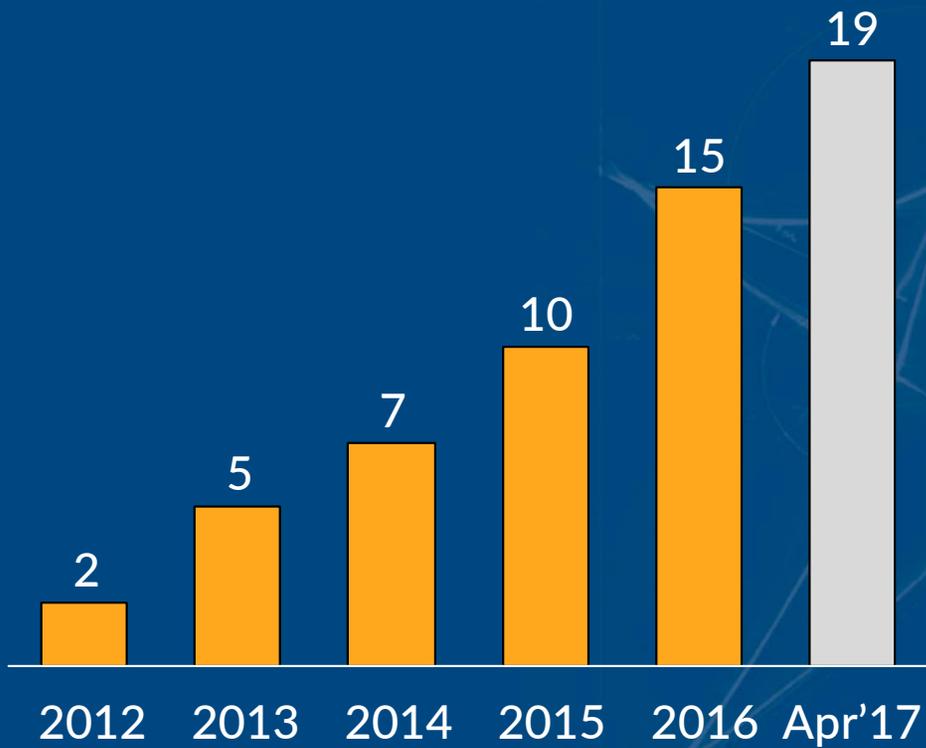
2017 – 2020

Achieve scale

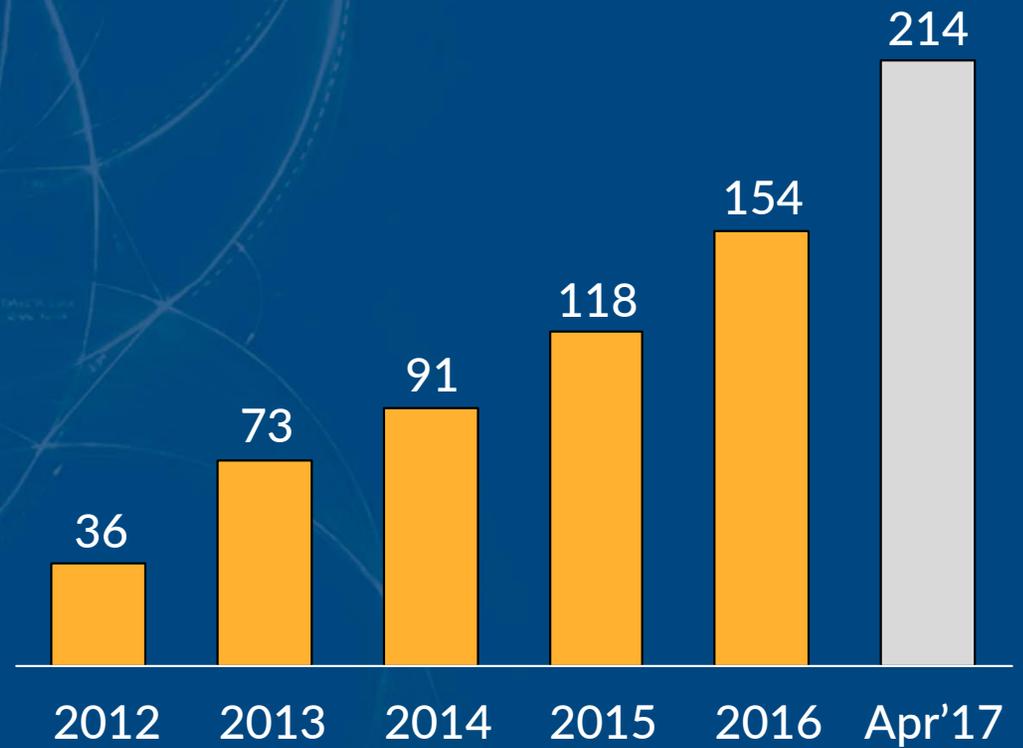
2020 & beyond

Growth trajectory

Patients (in 000s)



Clinics



Revenue

\$M

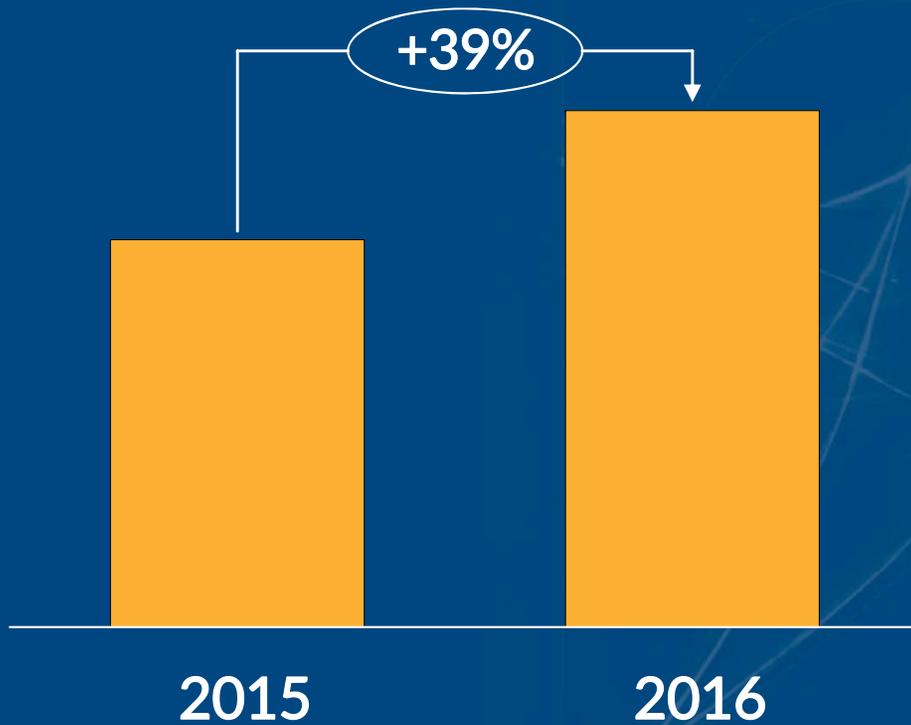


Note: Effective 8/1/2016 excludes APAC JV revenue due to deconsolidation

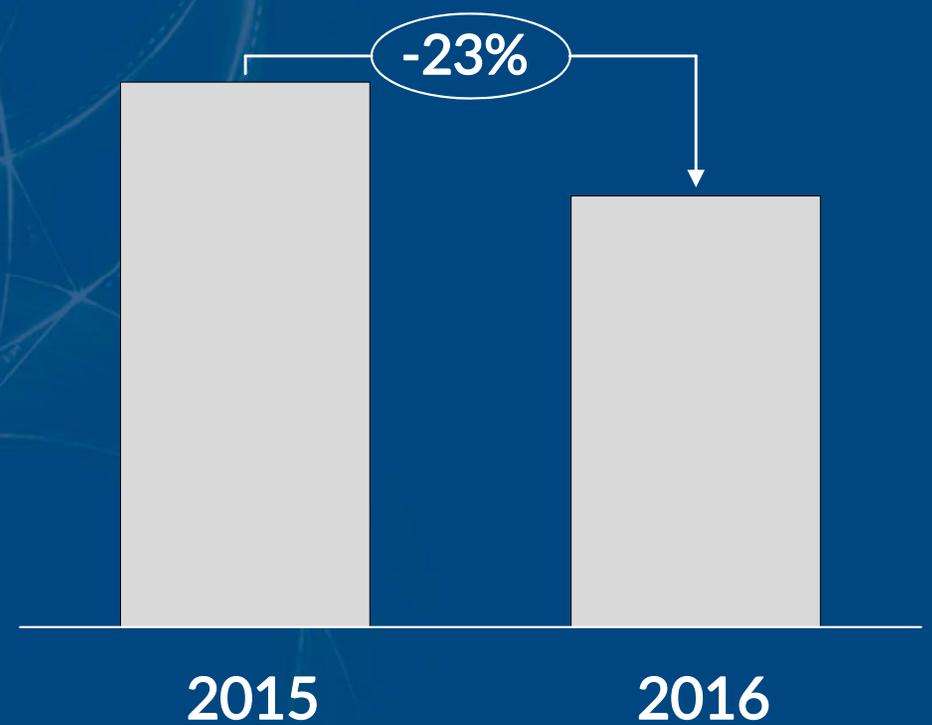
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Path to profitability

Clinic-level EBITDA margin (%)



G&A per treatment (\$)



Clinical impact

Germany

26%

reduction in CVC
rates

Saudi Arabia

100%

of patients referred
for transplant
evaluation

India

24%

improvement in
adequacy¹

1. Change in proportion of patients with KT/V <1.45

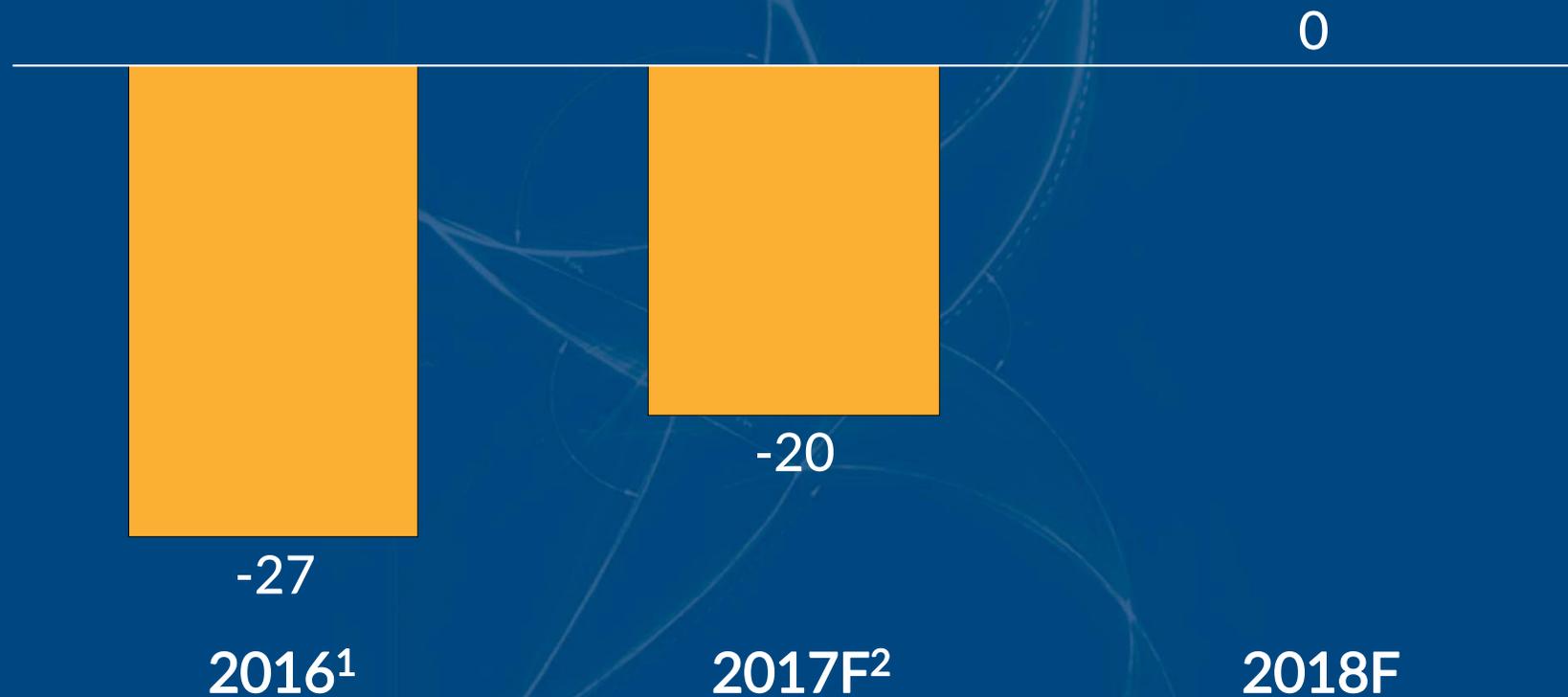
Contents

① Our journey thus far

② Where we are headed

Adjusted OI trajectory

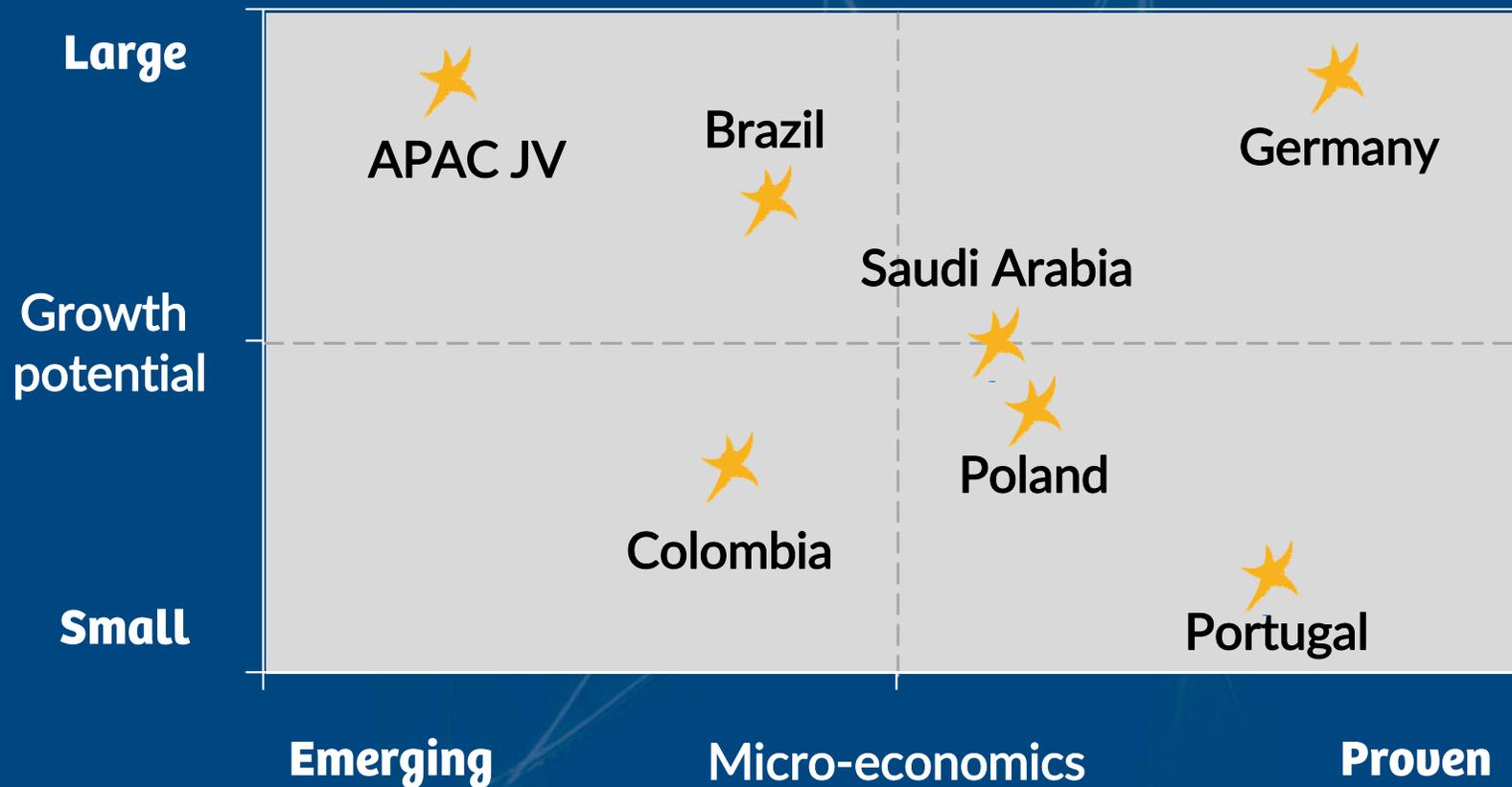
\$M



1. Non-GAAP measure, excludes certain items including an impairment charge and APAC JV gain. 2016 adjusted operating loss includes a foreign exchange gain of \$7M.
2. Guidance excludes certain items including a true-up of the APAC JV gain and foreign exchange gain / loss.

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Portfolio mix



Conclusions

- Thesis remains intact
- Differentiation: Clinical, Brand, Culture
- Platform
- Exciting upside



Introduction

U.S. Kidney Care

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Enterprise Summary

- Capital availability
- Capital allocation
- Summary

Strong cash flows

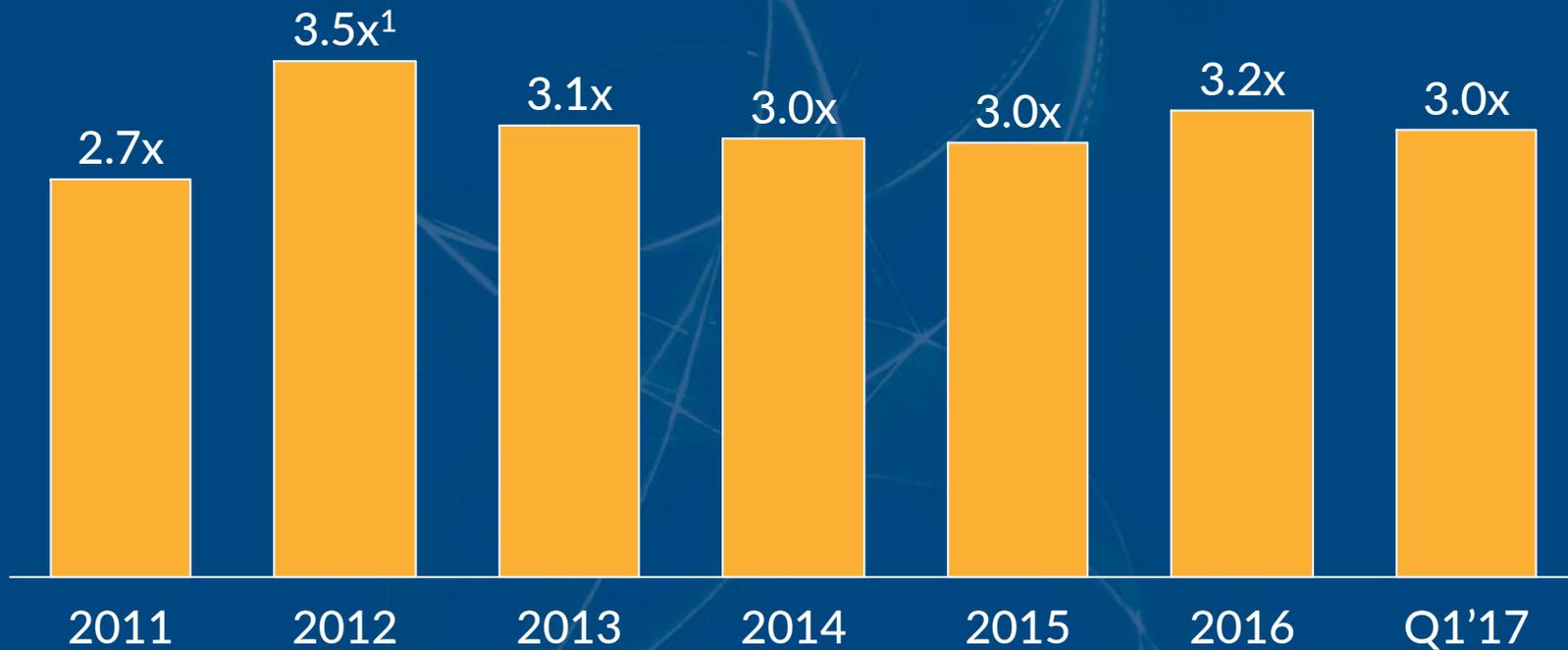


1. Includes the ~\$269M after-tax impact of 2010 and 2011 US Attorney Physician Relationship Investigations payment

2. Includes the ~\$304M after-tax impact of private civil suit

3. 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.

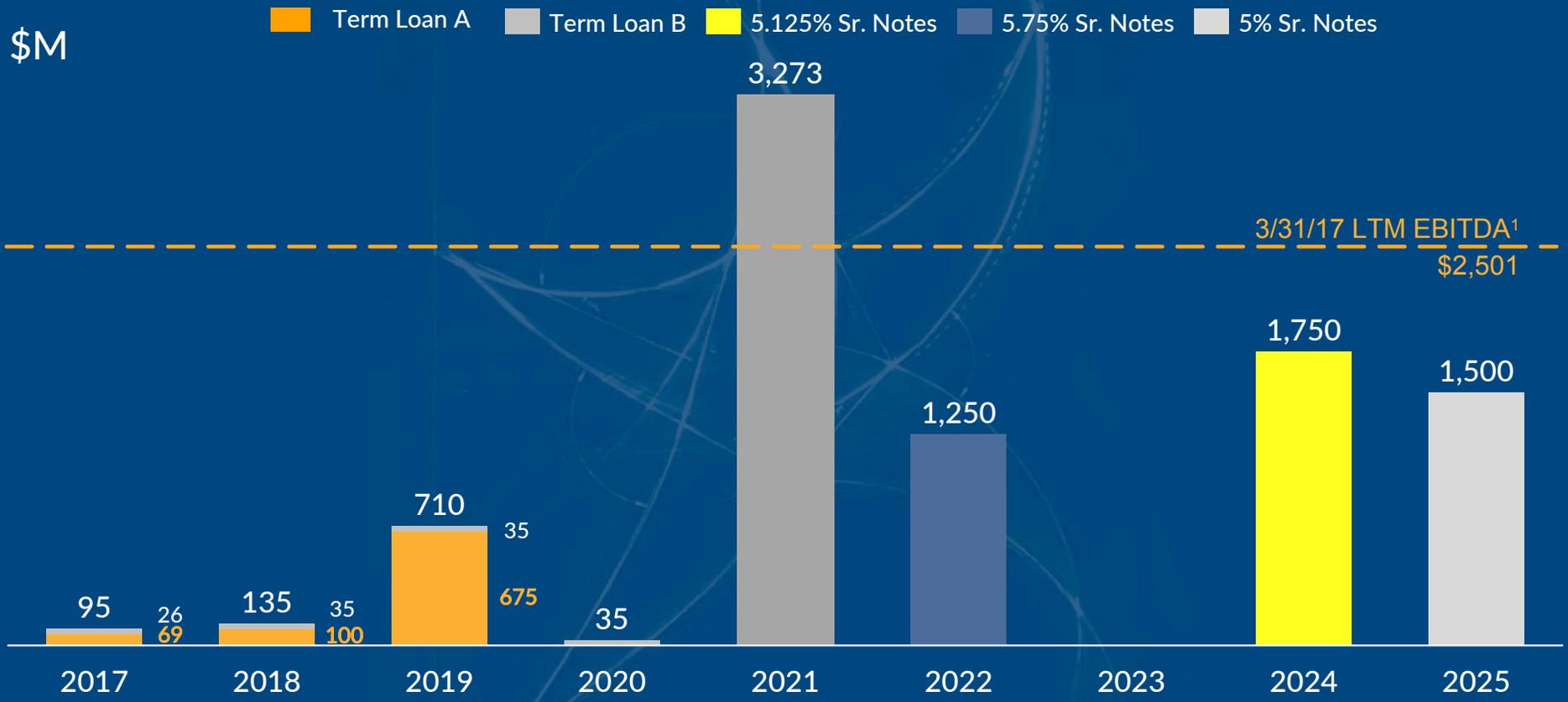
Leverage ratio



Note: leverage ratio as defined in Credit Agreement

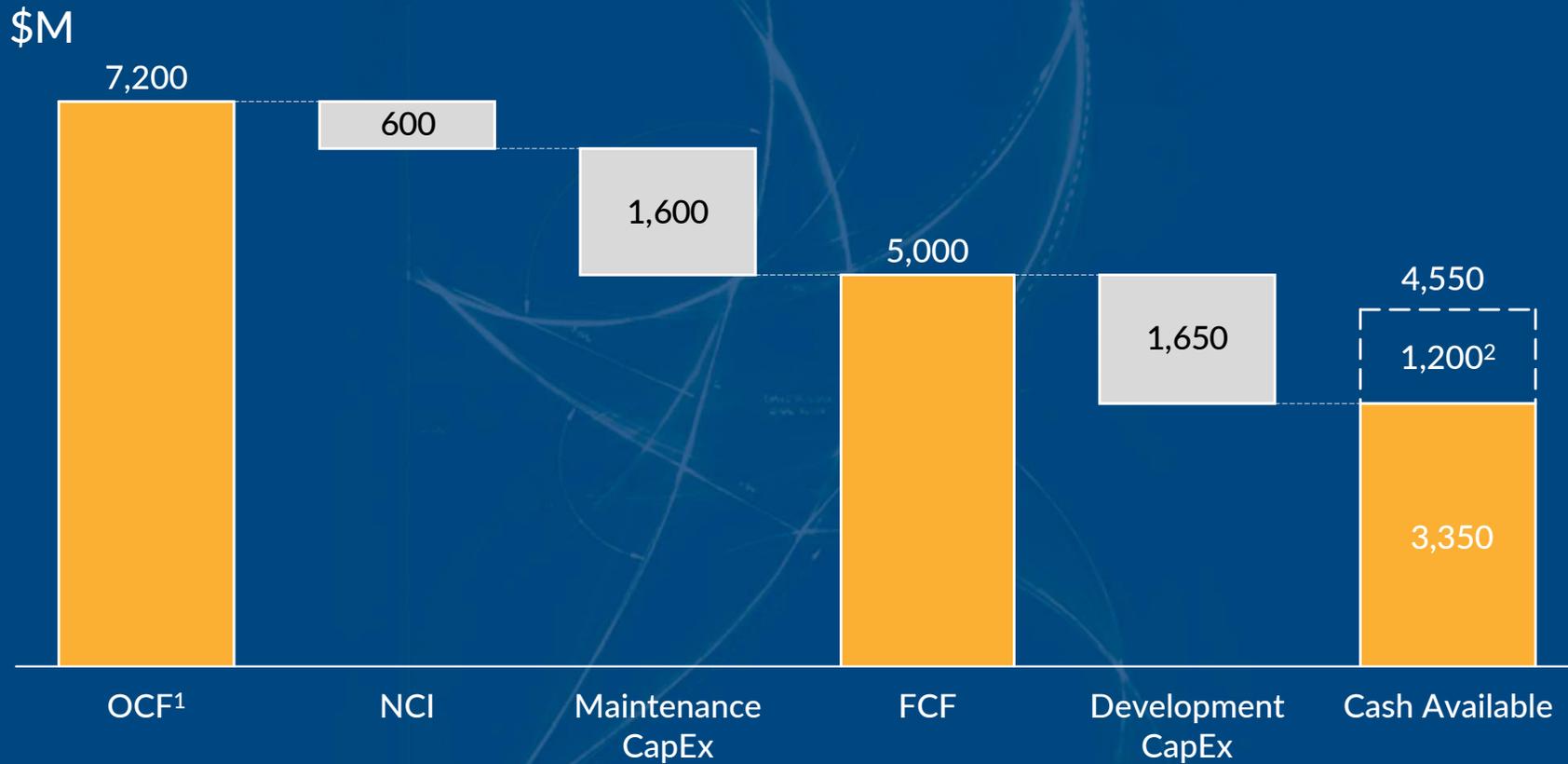
1. HCP acquisition - November 2012

Debt maturities



1. EBITDA as defined per the Credit Agreement
 2. \$1,000 revolver expires in 2019
 Note: Does not include maturities of other debt of \$417

Cash scenario 2017-2020



- 1. Includes VA settlement
- 2. Cash and ST investments balance as of 12/31/16



Enterprise Summary

- Capital availability
- Capital allocation
- Summary

Capital allocation

Business mix

Capital return

Business mix

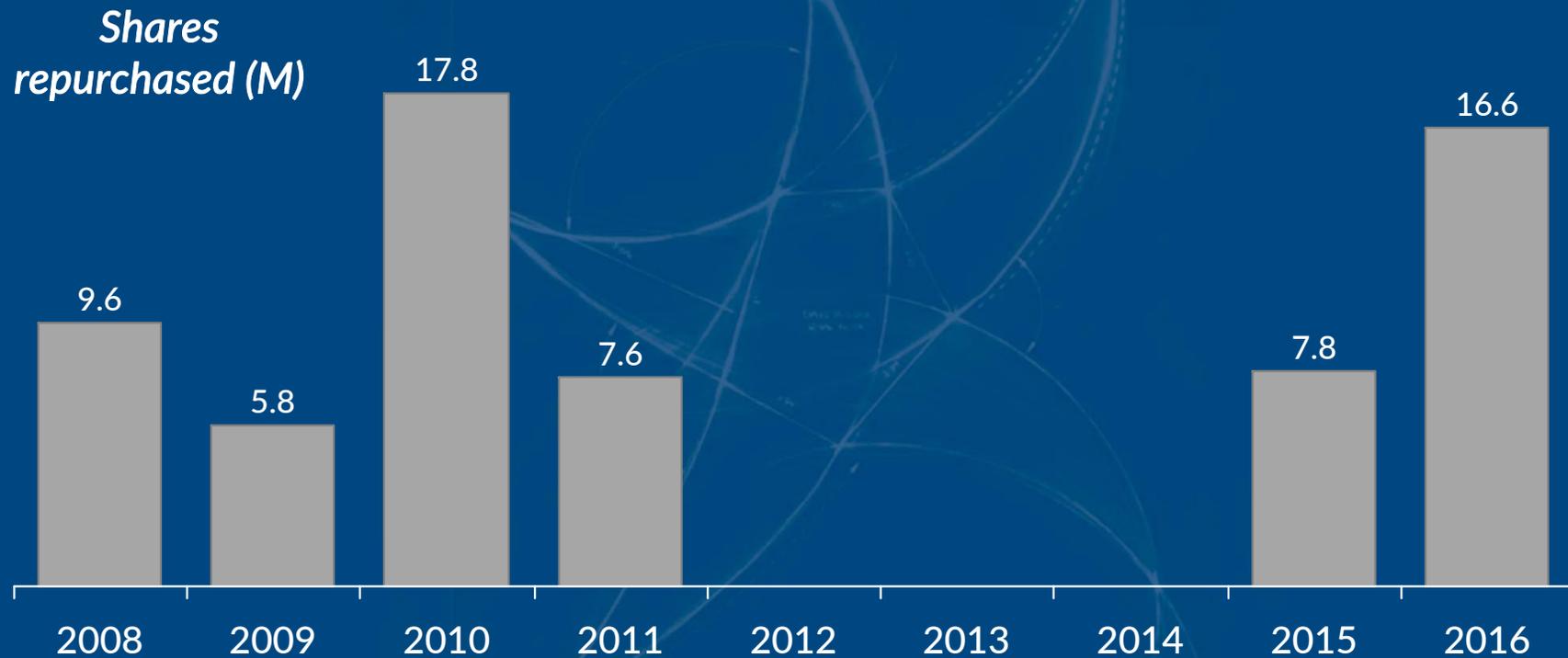
Criteria

- Return on capital
- OI growth

Priorities

1. DeNovos
2. Tuck in acquisitions
3. Adjacencies
4. Pruning

\$3 billion of share repurchases

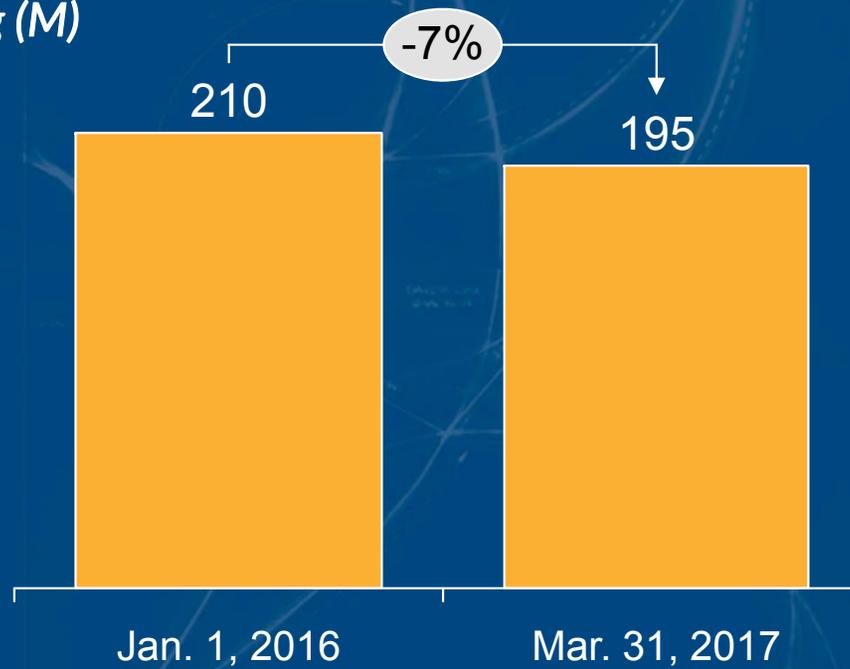


Note: The Company performed a stock split in 2013 and all prior periods have been adjusted for the stock split.

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Net share count reduction

Shares
outstanding (M)





Enterprise Summary

- Capital availability
- Capital allocation
- Summary

Capital expectation

- Free cash flow
- Leverage
- Acquisitions and divestitures
- Stock buybacks

EPS scenario

Consolidated OI Growth ¹ + Financial Leverage	3% - 8%
Net Income Growth ¹ + Share Repurchase	4% - 9%
<hr/> EPS Growth ¹	<hr/> 5% - 12%

1. Growth on midpoint of 2017 guidance excluding VA settlement gain, impairment charges and true-up of APAC JV gain.



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Reconciliations for non-GAAP measures

Free Cash Flow

(in millions)

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 acquisitions and development activities and meet our debt service requirements. In addition, free cash flow excluding distributions to noncontrolling interests provides a user with an understanding of free cash flows that are attributable to DaVita 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.

	December 31,					
	2011	2012	2013	2014	2015	2016
Cash provided by operating activities	\$ 1,180	\$ 1,101	\$ 1,773	\$ 1,459	\$ 1,557	\$ 1,963
Less: Distributions to noncontrolling interests	(101)	(114)	(139)	(149)	(175)	(192)
Cash provided by operating activities attributable to DaVita Inc.	1,079	987	1,634	1,310	1,382	1,771
Less: Expenditures for routine maintenance and information technology	(224)	(272)	(268)	(265)	(327)	(359)
Free cash flow	\$ 855	\$ 715	\$ 1,366	\$ 1,045	\$ 1,055	\$ 1,412



Reconciliations for non-GAAP measures

Adjusted operating income
(in millions)

Adjusted operating income is defined as operating income before certain items we do not believe are indicative of ordinary results, including a gain on the APAC JV ownership changes, a gain on sale of Tandigm ownership interest, a loss on sale of DMG Arizona, goodwill and other asset impairment charges, adjustments to reduce receivables associated with the DMG acquisition escrow provision relating to income tax items, and estimated accruals for certain legal matters.

We use adjusted operating income as a measure to assess operating and financial performance. We believe that this measure enhances a user's understanding of the normal operating income and of our consolidated enterprise and of our individual reportable segments.

Adjusted operating income is not a measure of financial performance computed in accordance with GAAP and should not be considered in isolation nor as a substitute for operating income, net income, cash flows from operations, or other statement of operations or cash flow data prepared in conformity with GAAP, or as a measure of profitability or liquidity. In addition, the calculation of adjusted operating income is susceptible to varying interpretations and calculations, and the amounts presented may not be comparable to similarly titled measures of other companies. Adjusted operating income may not be indicative of historical operating results, and we do not intend these calculations to be predictive of future results of operations or cash flows.

	Year ended
	December 31, 2016
Kidney Care:	
U.S. dialysis and related lab services:	
Segment operating income	\$ 1,777,014
Operating income	<u>1,777,014</u>
Other - Ancillary services and strategic initiatives:	
U.S. ancillary services and strategic initiatives	
Segment operating loss	(65,586)
Add:	
Goodwill impairment charges	28,415
Accruals for legal matters	15,770
Adjusted operating loss	<u>(21,401)</u>
International dialysis	
Segment operating loss	331,910
Add: Impairment of minority equity investment	14,993
Less: Gain on APAC JV ownership changes	(374,374)
Adjusted International operating loss	<u>(27,471)</u>
Adjusted operating loss	<u>(48,872)</u>
Corporate administrative support:	
Segment operating loss	(44,562)
Add: Reduction in the receivable associated with the DMG acquisition escrow provision	30,934
Adjusted operating loss	<u>(13,628)</u>
Kidney Care adjusted operating income	<u>1,714,514</u>
DMG:	
Segment operating loss	(104,233)
Add:	
Goodwill impairment charges	253,000
Accruals for legal matters	16,000
Loss on sale of DMG Arizona	10,489
Add: Gain on sale of Tandigm ownership interest	(40,280)
DMG adjusted operating income	<u>134,976</u>
Consolidated adjusted operating income	<u>\$ 1,849,490</u>

Reconciliations for non-GAAP measures

DMG: Schedule of total care dollars under management (in millions)

In California, as a result of our managed care administrative services agreements with hospitals and health plans, DMG does not assume the direct financial risk for institutional (hospital) services in most cases, but is responsible for managing the care dollars associated with both the professional (physician) and institutional services being provided for the Per Member Per Month (PMPM) fee attributable to both professional and institutional services. In cases where DMG does not assume the direct financial risk, DMG recognizes the surplus of institutional revenue less institutional expense as DMG net revenue recorded as capitated revenues. In addition to revenues recognized for financial reporting purposes, DMG measures its total care dollars under management, which includes the PMPM fee payable to third parties for institutional services where DMG manages the care provided to its members by the hospitals and other institutions, which are not included in GAAP revenues. DMG uses total care dollars under management as a supplement to GAAP revenues as it allows DMG to measure profit margins on a comparable basis across both the global capitation model (where DMG assumes the full financial risk for all services, including institutional services) and the risk sharing models (where DMG operates under managed care administrative services agreements where DMG does not assume the full risk). DMG believes that presenting amounts in this manner is useful because it presents its operations on a unified basis without the complication caused by models that DMG has adopted in its California market as a result of various regulations related to the assumption of institutional risk. Total care dollars under management is not a measure of financial performance computed in accordance with GAAP and should not be considered in isolation or as a substitute for revenues calculated in accordance with GAAP. Total care dollars under management includes PMPM payments received from third parties that are recorded net of expenses in our accounting records. The following table reconciles total care dollars under management to medical revenues for the periods indicated.

	Three months ended				Rolling 12- months ended
	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	March 31, 2017
Medical revenues	\$ 1,043	\$ 1,013	\$ 1,017	\$ 1,069	\$ 4,142
less: Risk share revenue, net	(50)	(26)	(37)	(9)	(122)
Add: Institutional capitation amounts	343	313	315	282	1,253
Total care dollars under management	\$ 1,336	\$ 1,300	\$ 1,295	\$ 1,342	\$ 5,273

Reconciliations for non-GAAP measures

EBITDA and adjusted EBITDA

EBITDA is defined as operating income before depreciation and amortization. Adjusted EBITDA is defined as operating income before certain charges, including a gain on the APAC JV ownership changes, a gain on sale of Tandigm ownership interest, a loss on sale of DMG Arizona, goodwill impairment charges, an impairment of a minority equity investment, adjustments to reduce the receivables associated with the DMG acquisition escrow provision relating to income tax items, and estimated accruals for certain legal matters, further adjusted to exclude depreciation and amortization.

We use EBITDA and adjusted EBITDA as measures to assess operating and financial performance. We believe that these measures enhance a user's understanding of normal operating income excluding certain charges, depreciation and amortization.

Neither EBITDA nor adjusted EBITDA is a measure of financial performance computed in accordance with GAAP and should not be considered in isolation nor as a substitute for operating income, net income, cash flows from operations, or other statement of operations or cash flow data prepared in conformity with GAAP, or as a measure of profitability or liquidity. In addition, the calculation of EBITDA and adjusted EBITDA is susceptible to varying interpretations and calculations, and the amounts presented may not be comparable to similarly titled measures of other companies. EBITDA and adjusted EBITDA may not be indicative of historical operating results, and we do not intend these measures to be predictive of future results of operations.

EBITDA:

	Year ended December 31, 2016		
	Consolidated	Kidney Care	DMG
Net income attributable to DaVita Inc.	\$ 879,874		
Noncontrolling interests	153,208		
Income taxes	455,813		
Other income	(8,734)		
Debt expense	414,382		
Operating income (loss)	\$ 1,894,543	\$ 1,998,776	\$ (104,233)
Depreciation and amortization	720,252	509,497	210,755
EBITDA	\$ 2,614,795	\$ 2,508,273	\$ 106,522

Adjusted EBITDA:

	Year ended December 31, 2016		
	Consolidated	Kidney Care	DMG
Net income attributable to DaVita Inc.	\$ 879,874		
Noncontrolling interests	153,208		
Income taxes	455,813		
Other income	(8,734)		
Debt expense	414,382		
Operating income (loss)	\$ 1,894,543	\$ 1,998,776	\$ (104,233)
Accruals for legal matters	31,770	15,770	16,000
Goodwill impairment charges	281,415	28,415	253,000
Impairment of minority equity investment	14,993	14,993	
Gain on APAC JV ownership changes	(374,374)	(374,374)	
Gain on sale of Tandigm ownership interest	(40,280)		(40,280)
Loss on sale of DMG Arizona	10,489		10,489
Reduction in the receivable associated with the DMG acquisition escrow provision	30,934	30,934	
Adjusted operating income (loss)	1,849,490	1,714,514	134,976
Depreciation and amortization	720,252	509,497	210,755
Adjusted EBITDA	\$ 2,569,742	\$ 2,224,011	\$ 345,731