



Current Agreements

Dealdoc

Merger agreement for DaVita and Healthcare Partners

DaVita

Healthcare Partners

DaVita HealthCare Partners

May 21 2012

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Companies:	DaVita Healthcare Partners DaVita HealthCare Partners
Announcement date:	May 21 2012
Deal value, US\$m:	4420 : sum of transaction

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Details

Announcement date:	May 21 2012
Industry sectors:	Medical device Services
Therapy areas:	Genitourinary

Financials

Deal value, US\$m:	4420 : sum of transaction The purchase price consists of \$3.66 billion in cash and approximately 9.38 million shares of DaVita common stock (which had a value of \$758 million based on the closing price of DaVita's common stock on May 18, 2012).
More details:	

Termsheet

DaVita and HealthCare Partners announced that they have entered into a definitive merger agreement.

The two companies expect to close the transaction early in the fourth quarter of this year.

Upon closing, the combined company will be named DaVita HealthCare Partners Inc.

The purchase price to be paid by DaVita is approximately \$4.42 billion, subject to post-close adjustments and contingent consideration.

The purchase price consists of \$3.66 billion in cash and approximately 9.38 million shares of DaVita common stock (which had a value of \$758 million based on the closing price of DaVita's common stock on May 18, 2012).

DaVita expects to fund the cash portion of the purchase price through a combination of available cash, additional borrowings under DaVita's existing senior secured credit facilities (which are expected to be amended to permit these borrowings), and additional debt financing.

HealthCare Partners has leading operations in the Southern California, Central Florida, and Southern Nevada areas.

It takes clinical and economic accountability and management responsibility for nearly all of the healthcare needs of a patient population.

Press Release

DaVita and HealthCare Partners Announce Merger Agreement

DENVER & TORRANCE, Calif.--(BUSINESS WIRE)--DaVita Inc. (NYSE: DVA), a leading provider of kidney care services for those diagnosed with chronic kidney disease (CKD), and HealthCare Partners, the country's largest operator of medical groups and physician networks, announced today that they have entered into a definitive merger agreement. The two companies expect to close the transaction early in the fourth quarter of this year. Upon closing, the combined company will be named DaVita HealthCare Partners Inc.

The purchase price to be paid by DaVita is approximately \$4.42 billion, subject to post-close adjustments and contingent consideration. The purchase price consists of \$3.66 billion in cash and approximately 9.38 million shares of DaVita common stock (which had a value of \$758 million based on the closing price of DaVita's common stock on May 18, 2012). DaVita expects to fund the cash portion of the purchase price through a combination of available cash, additional borrowings under DaVita's existing senior secured credit facilities (which are expected to be amended to permit these borrowings), and additional debt financing.

HealthCare Partners has leading operations in the Southern California, Central Florida, and Southern Nevada areas. It takes clinical and economic accountability and management responsibility for nearly all of the healthcare needs of a patient population. This includes the provision of professional services rendered by primary care and specialty physicians as well as the coordination of hospital and other services. It provides and coordinates these services to over 667,000 managed care patients on a comprehensive capitated basis through a team of over 700 physicians that are employed by the company or its affiliated medical groups. The company operates an extensive network and offers thousands of access points including its 152 medical clinic locations and a network of over 8,300 independent physicians.

HealthCare Partners' 2011 revenue was approximately \$2.4 billion. Total care dollars under management were approximately \$3.3 billion. Its 2011 EBITDA was \$527 million and operating income was \$488 million. This represents an operating income margin of 15% on total care dollars under management.

Kent Thiry, Chairman and CEO of DaVita, stated, "We believe our combined enterprise will offer new and exciting levels of clinical quality, service, and consumer/taxpayer savings. DaVita currently executes on its integrated care mission with thousands of physician partners across the country for specialized kidney care services. HealthCare Partners executes on that same mission across a full and deep array of healthcare services in three geographic markets. This combination will create a unique patient- and physician-focused organization."

Robert Margolis, MD, the Chairman and CEO of HealthCare Partners, said, "The entire HealthCare Partners leadership team is excited to find in DaVita a partner who shares our passion for and commitment to clinical quality. We were also attracted to its highly respected culture and demonstrated ability to grow in this time of unparalleled opportunity for accountable care organizations. We look forward to working with DaVita to extend our patient-focused and physician-led integrated care model to serve the needs of patients, physicians, and payors in new markets and in new ways. DaVita's vision 'to build the greatest healthcare community the world has ever seen' and HealthCare Partners' aspiration to lead the transformation of American healthcare to higher quality, efficiency, and value are absolutely complementary to each other."

Upon completion of the merger, HealthCare Partners will operate as a separate subsidiary of DaVita HealthCare Partners. The current HealthCare Partners senior management team has committed to stay and continue to manage the existing business, and Dr. Margolis will join the board of directors and become Co-Chairman of the combined enterprise alongside Mr. Thiry. The transaction is subject to receipt of Hart-Scott-Rodino approval, obtaining the approval of HealthCare Partners' owners, and other customary closing conditions.

The merger agreement provides that as additional consideration, DaVita will pay to the owners of HealthCare Partners a total of up to an additional \$275 million in cash if certain performance targets are achieved in 2012 and 2013 by the HealthCare Partners subsidiary of DaVita HealthCare Partners.

JP Morgan Securities, LLC. served as financial advisor, Morrison & Forrester LLP served as lead counsel, and Sheppard Mullin Richter & Hampton LLP served as regulatory counsel to DaVita on the transaction. Munger, Tolles & Olson, LLP and Nossaman LLP served as legal advisors to HealthCare Partners on the transaction.

DaVita will discuss this transaction on an investor conference call. This call is also being webcast and can be accessed at the DaVita IR web page or over CCBN's Investor Distribution Network. You can join this call on:

May 21, 2012 Starting at 8:30 a.m. EDT Dial in number: 800-399-4406 Webcast: www.davita.com or www.fulldisclosure.com

When calling in, please refer to the "DaVita HealthCare Partners" call and provide the operator with your name and company affiliation. Investors who are unable to listen to the conference call will be able to access a replay via our website at www.davita.com. There will be no telephone replay.

A presentation to accompany this call will be available for download starting May 21, 2012, at 7:00 a.m. EDT at www.davita.com.

Filing Data

Not available.

Contract

Not available.