
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): June 19, 2019

DAVITA INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-14106
(Commission File Number)

No. 51-0354549
(IRS Employer
Identification No.)

2000 16th Street
Denver, CO 80202
(Address of principal executive offices including Zip Code)

(720) 631-2100
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 240.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of exchange on which registered</u>
Common Stock, \$0.001 par value	DVA	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On June 19, 2019, DaVita Inc., a Delaware corporation (“DaVita”), completed its previously announced disposition of all of the issued and outstanding equity interests of DaVita Medical Holdings, LLC, which together with its direct and indirect subsidiaries and certain affiliates constitutes the DaVita Medical Group division of DaVita, pursuant to that certain Equity Purchase Agreement, dated as of December 5, 2017 (the “EPA”), as amended by that certain First Amendment, dated as of September 20, 2018 (the “First Amendment”), and by that certain Second Amendment, dated as of December 11, 2018 (the “Second Amendment”) (the EPA as amended by the First Amendment and the Second Amendment, the “Purchase Agreement”), by and among DaVita, Collaborative Care Holdings, LLC, a Delaware limited liability company and a wholly owned subsidiary of Optum, Inc. (“Optum” or “Buyer”), and, solely with respect to Section 9.3 and Section 9.18 of the Purchase Agreement, UnitedHealth Group Incorporated, a Delaware corporation.

Pursuant to the Purchase Agreement, Buyer paid DaVita an aggregate purchase price of \$4,340,000,000, subject to certain customary purchase price adjustments specified in the Purchase Agreement.

The description above is a summary of the Purchase Agreement and the transactions contemplated thereby and is subject to, and qualified in its entirety by, reference to the full text of (i) the EPA, a copy of which was filed as Exhibit 10.1 to the Current Report on Form 8-K filed by DaVita with the Securities and Exchange Commission (“SEC”) on December 6, 2017, (ii) the First Amendment, a copy of which was filed as Exhibit 10.1 to the Current Report on Form 8-K filed by DaVita with the SEC on September 24, 2018, and (iii) the Second Amendment, a copy of which was filed as Exhibit 10.1 to the Current Report on Form 8-K filed by DaVita with the SEC on December 17, 2018, each of which is incorporated herein by reference.

DaVita’s incorporation by reference of the Purchase Agreement into this report is not intended to provide any other information about DaVita or Buyer or their respective subsidiaries and affiliates. For example, the representations and warranties made by each of DaVita and Buyer therein were made solely for the benefit of the other parties to the Purchase Agreement and should not be relied upon by stockholders as characterizations of the actual state of facts or condition of DaVita or Buyer or their respective subsidiaries and affiliates.

In connection with the closing of the transactions contemplated by the Purchase Agreement, DaVita is filing herewith certain pro forma financial information related to the disposition of the DaVita Medical Group division, which is attached hereto as Exhibit 99.1.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of the federal securities laws. All such statements in this report, other than statements of historical fact, are forward-looking statements and include, among other things, statements about intentions for the use of the net proceeds from the sale of DMG. Words such as “expect,” “intend,” “will,” “plan,” “anticipate,” “believe,” “continue,” and similar expressions are intended to identify forward-looking statements. Actual results could differ materially from forward-looking statements due to numerous factors that involve substantial known and unknown risks and uncertainties. These risks and uncertainties include, among other things, the risk factors set forth in DaVita’s most recent quarterly report on Form 10-Q and the other risks discussed in any subsequent reports filed by it with the Securities and Exchange Commission from time to time, all of which are expressly incorporated herein by reference. DaVita bases its forward-looking statements on information available to it on the date of this report, and undertakes no obligation to update or revise any forward-looking statements, whether as a result of changed circumstances, new information, future events or otherwise.

Item 7.01. Regulation FD Disclosure.

On June 19, 2019, DaVita and Optum issued a joint press release announcing the completion of the disposition contemplated by the Purchase Agreement, a copy of which is filed as Exhibit 99.2 hereto and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.**(b) Pro Forma Financial Information.**

The unaudited pro forma financial statements of DaVita reflecting the closing of the disposition of the DaVita Medical Group division are filed as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

(i) Unaudited Pro Forma Consolidated Balance Sheets as of March 31, 2019.

(ii) Unaudited Pro Forma Consolidated Statements of Income for the year ended December 31, 2018 and three months ended March 31, 2019.

(d) Exhibits

Exhibit No.**Description**

99.1	Unaudited pro forma consolidated balance sheets as of March 31, 2019 and unaudited pro forma consolidated statements of income for the year ended December 31, 2018 and three months ended March 31, 2019.
99.2	Joint Press Release issued by DaVita Inc. and Optum, Inc., dated as of June 19, 2019.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DAVITA INC.

By: /s/ Kathleen A. Waters

Name: Kathleen A. Waters

Title: Chief Legal Officer

Date: June 19, 2019

Unaudited Pro Forma Financial Information

The unaudited pro forma consolidated balance sheet of DaVita Inc. (the "Company") as of March 31, 2019 is based on the Company's historical consolidated financial statements as of March 31, 2019, after giving effect to the June 19, 2019 sale of its DaVita Medical Group division ("DMG") as if it had occurred on March 31, 2019. The unaudited pro forma consolidated statements of income for the quarter ended March 31, 2019 and the year ended December 31, 2018 are based on the Company's historical consolidated financial statements for such periods after giving effect to the June 19, 2019 sale of DMG as if it had occurred immediately prior to January 1, 2018.

The preparation of this unaudited pro forma consolidated financial information is based on financial statements prepared in accordance with accounting principles generally accepted in the United States, or "GAAP" standards, which are subject to change and interpretation. These principles require the use of estimates that affect the reported amounts of liabilities and expenses, and actual results could differ materially from those estimates.

The pro forma adjustments to those financial statements prepared under GAAP are based on available information and certain assumptions that the Company believes are reasonable as of the date of this Current Report on Form 8-K. Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma consolidated financial statements. Actual results could differ materially as a result of changes to these assumptions.

These pro forma consolidated financial statements are presented for informational purposes only and do not purport to represent what the results of operations or financial condition would have been had the June 19, 2019 sale of DMG actually occurred on the dates indicated, nor do they purport to project the results of operations or financial condition of the Company for any future period or as of any future date.

In addition, the pro forma consolidated financial statements were based on and should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2018 and related notes thereto included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 22, 2019, as well as the Company's unaudited condensed consolidated financial statements as of and for the quarter ended March 31, 2019 and related notes thereto included in the Company's Quarterly Report on Form 10-Q filed with the SEC on May 7, 2019.

DAVITA INC.
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEETS
As of March 31, 2019
(dollars in thousands, except per share data)

	<u>As Reported</u>	<u>Pro Forma Adjustments</u>	<u>As Adjusted</u>
ASSETS			
Cash and cash equivalents	\$ 459,242	— ⁽¹⁾	\$ 459,242
Restricted cash and equivalents	102,192		102,192
Short-term investments	4,035		4,035
Accounts receivable, net	1,953,422		1,953,422
Inventories	104,236		104,236
Other receivables	489,581		489,581
Income tax receivable	42,650		42,650
Prepaid and other current assets	64,770		64,770
Current assets held for sale, net	6,004,948	(6,004,948) ⁽²⁾	—
Total current assets	9,225,076		3,220,128
Property and equipment, net of accumulated depreciation of \$3,538,992 and \$3,524,098	3,392,266		3,392,266
Operating lease right-of-use assets	2,736,536		2,736,536
Intangible assets, net of accumulated amortization of \$82,265 and \$80,566	118,324		118,324
Equity method and other investments	226,309		226,309
Long-term investments	34,414		34,414
Other long-term assets	73,651		73,651
Goodwill	6,799,368		6,799,368
	<u>\$ 22,605,944</u>		<u>\$ 16,600,996</u>
LIABILITIES AND EQUITY			
Accounts payable	\$ 365,192		\$ 365,192
Other liabilities	572,944	40,000 ⁽³⁾	612,944
Accrued compensation and benefits	495,327		495,327
Current portion of operating leases liabilities	367,413		367,413
Current portion of long-term debt	4,676,691	(3,848,176) ⁽⁴⁾	828,515
Current liabilities held for sale	1,753,310	(1,753,310) ⁽²⁾	—
Total current liabilities	8,230,877		2,669,391
Long-term operating leases liabilities	2,625,776		2,625,776
Long-term debt	5,787,013	(604,050) ⁽⁴⁾	5,182,963
Other long-term liabilities	143,756		143,756
Deferred income taxes	588,805		588,805
Total liabilities	17,376,227		11,210,691
Commitments and contingencies:			
Noncontrolling interests subject to put provisions	1,143,044		1,143,044
Equity:			
Preferred stock (\$0.001 par value, 5,000,000 shares authorized; none issued)	—		—
Common stock (\$0.001 par value, 450,000,000 shares authorized; 166,387,307 and 182,462,278 shares issued and outstanding, respectively)	166		166
Additional paid-in capital	990,380		990,380
Retained earnings	2,932,359	177,734 ⁽⁵⁾	3,110,093
Accumulated other comprehensive loss	(47,551)		(47,551)
Total DaVita Inc. shareholders' equity	3,875,354		4,053,088
Noncontrolling interests not subject to put provisions	211,319	(17,146) ⁽⁶⁾	194,173
Total equity	<u>4,086,673</u>		<u>4,247,261</u>
	<u>\$ 22,605,944</u>		<u>\$ 16,600,996</u>

DAVITA INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
For the quarter ended March 31, 2019
(dollars in thousands, except per share data)

	As Reported	Pro Forma Adjustments	As Adjusted
Dialysis and related lab patient service revenues	\$ 2,635,152		\$ 2,635,152
Provision for uncollectible accounts	(5,463)		(5,463)
Net dialysis and related lab patient service revenues	2,629,689		2,629,689
Other revenues	113,423		113,423
Total revenues	2,743,112		2,743,112
Operating expenses and charges:			
Patient care costs	1,964,935		1,964,935
General and administrative	250,813		250,813
Depreciation and amortization	148,528		148,528
Provision for uncollectible accounts	—		4,484
Equity investment income	(2,708)		(2,708)
Goodwill impairment charges	41,037		41,037
Total operating expenses and charges	2,402,605		2,402,605
Operating income	340,507		(7) 340,507
Debt expense	(131,519)	56,076	(8) (75,443)
Other income, net	6,940		6,940
Income from continuing operations before income taxes	215,928		272,004
Income tax expense	56,746	14,433	(8) 71,179
Net income from continuing operations	159,182		200,825
Net income from discontinued operations, net of tax	30,305	(30,305)	(9) —
Net income	189,487		200,825
Less: Net income attributable to noncontrolling interests	(40,198)	1,270	(10) (38,928)
Net income attributable to DaVita Inc.	\$ 149,289		\$ 161,897
Earnings per share attributable to DaVita Inc.:			
Basic net income from continuing operations per share	\$ 0.72		\$ 0.97
Basic net income per share	\$ 0.90		\$ 0.97
Diluted net income from continuing operations per share	\$ 0.72		\$ 0.97
Diluted net income per share	\$ 0.90		\$ 0.97
Weighted average shares for earnings per share:			
Basic	166,387,958		166,387,958
Diluted	166,780,657		166,780,657
Amounts attributable to DaVita Inc.:			
Net income from continuing operations	\$ 120,254	41,643	(8) \$ 161,897
Net income from discontinued operations	29,035	(29,035)	(11) —
Net income attributable to DaVita Inc.	\$ 149,289		\$ 161,897

DAVITA INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
For the year ended December 31, 2018
(dollars in thousands, except per share data)

	As Reported	Pro Forma Adjustments	As Adjusted
Dialysis and related lab patient service revenues	\$ 10,709,981		\$ 10,709,981
Provision for uncollectible accounts	(49,587)		(49,587)
Net dialysis and related lab patient service revenues	10,660,394		10,660,394
Other revenues	744,457		744,457
Total revenues	11,404,851		11,404,851
Operating expenses and charges:			
Patient care costs and other costs	8,195,513		8,195,513
General and administrative	1,135,454		1,135,454
Depreciation and amortization	591,035		591,035
Provision for uncollectible accounts	(7,300)		(7,300)
Equity investment income	4,484		4,484
Investment and other asset impairments	17,338		17,338
Goodwill impairment charges	3,106		3,106
Gain on changes in ownership interest, net	(60,603)		(60,603)
Total operating expenses and charges	9,879,027		9,879,027
Operating income	1,525,824	(7)	1,525,824
Debt expense	(487,435)	204,971 (8)	(282,464)
Other income, net	10,089		10,089
Income from continuing operations before income taxes	1,048,478		1,253,449
Income tax expense	258,400	52,760 (8)	311,160
Net income from continuing operations	790,078		942,289
Net loss from discontinued operations, net of tax	(457,038)	457,038 (9)	—
Net income	333,040		942,289
Less: Net income attributable to noncontrolling interests	(173,646)	7,889 (10)	(165,757)
Net income attributable to DaVita Inc.	\$ 159,394		\$ 776,532
Earnings per share attributable to DaVita Inc.:			
Basic net income from continuing operations per share	\$ 3.66		\$ 4.55
Basic net income per share	\$ 0.93		\$ 4.55
Diluted net income from continuing operations per share	\$ 3.62		\$ 4.51
Diluted net income per share	\$ 0.92		\$ 4.51
Weighted average shares for earnings per share:			
Basic	170,785,999		170,785,999
Diluted	172,364,581		172,364,581
Amounts attributable to DaVita Inc.:			
Net income from continuing operations	\$ 624,321	152,211 (8)	\$ 776,532
Net loss from discontinued operations	(464,927)	464,927 (11)	—
Net income attributable to DaVita Inc.	\$ 159,394		\$ 776,532

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma consolidated financial statements reflect the adjustments described below.

Unaudited Pro Forma Consolidated Balance Sheets

“As Reported” represents the historical consolidated balance sheet of DaVita Inc. as of March 31, 2019. Adjustments presented in the pro forma consolidated balance sheet give effect to the transaction as if it had occurred on March 31, 2019 but using the preliminary purchase price at which the transaction was actually consummated on June 19, 2019. See additional explanations in the footnotes and additional Note below.

Explanatory footnotes to these pro forma adjustments are as follows:

1. To adjust cash and cash equivalents for the receipt of approximately \$4,465 million in preliminary net cash proceeds from the sale of DMG, reduced by approximately \$4,465 million preliminary net cash proceeds used to pay down a portion of the Company's senior secured term debt, as further described in footnote 4 below.
2. Reflects the sale of the DMG business, which was previously classified as a discontinued operation held for sale.
3. Reflects an accrual for estimated transaction costs and other net obligations associated with the transaction not paid at closing.
4. Reflects pro-rata partial principal prepayments of \$583 million on Term Loan A, \$892 million of Term Loan A-2, and \$2,990 million of Term Loan B under the Company's senior secured credit facilities using preliminary net cash proceeds from the sale of DMG, as well as a write-down of debt discount and deferred financing costs classified within long-term debt of \$13 million. The terms of the Company's senior secured credit agreement as amended require that net cash proceeds from the sale in excess of \$750 million be used to prepay debt outstanding under the Company's credit facilities. The Company intends to use all of the net cash proceeds from the sale (not only the amount in excess of \$750 million) to prepay debt outstanding under its credit facilities at or soon after the closing of the sale.
5. This amount represents the difference between (i) preliminary net cash proceeds received on the June 19, 2019 closing of the DMG sale, net of estimated remaining transaction costs and other obligations not paid at closing, and (ii) the sum of net assets classified as held for sale related to the DMG business as of March 31, 2019 and debt discount and deferred financing costs written down of \$13 million (see footnote 4 above), that difference then increased by the elimination of noncontrolling interests attributable to DMG (see footnote 6 below).

The preliminary net cash proceeds included in these unaudited pro forma adjustments were based on an estimate of working capital purchase price adjustments as of the transaction's closing date, while the cost bases of held for sale assets and liabilities sold are presented as of a different date in these unaudited pro forma balance sheet adjustments. As a result, the net gain or loss ultimately recognized on the sale of the DMG business is expected to differ significantly from the amount presented here.

In addition, the final sale price remains subject to certain post-closing adjustments, including final reconciliations of net working capital and other balances as of the transaction's closing date. Accordingly, the ultimate amount of net cash proceeds received and retained from the sale may differ significantly from that presented above.

6. Reflects the elimination of noncontrolling interests attributable to DMG.

Unaudited Pro Forma Consolidated Statements of Income

“As Reported” represents the historical consolidated statements of income of DaVita Inc. for the quarter ended March 31, 2019 and year ended December 31, 2018. Adjustments presented in these unaudited pro forma consolidated statements of income give effect to the transaction as if it had occurred immediately prior to January 1, 2018.

Explanatory footnotes to these unaudited pro forma adjustments are as follows:

7. The gain directly attributable to the sale of the DMG operations classified as discontinued operations does not have an impact on the Company's operating income as presented on the unaudited pro forma consolidated statements of income.
8. To reflect the reduction of debt expense (including interest expense and amortization of debt discount and deferred financing costs) resulting from the pro forma prepayment in full of \$775 million on Term Loan A, \$3,378 million on Term Loan B, and \$300 million on the revolving line of credit under the Company's senior secured credit facilities, and related increase in income tax expense, based on the preliminary net cash proceeds from the June 19, 2019 sale of DMG described in footnote 1 above as if these debt principal payments were made immediately prior to January

1, 2018 using actual interest rates in effect for each of the quarter ended March 31, 2019 and year ended December 31, 2018.

9. To eliminate net income (loss) from DMG discontinued operations, net of tax.

10. To eliminate net income attributable to noncontrolling interests related to DMG.

11. To eliminate net income (loss) from discontinued operations attributable to DaVita Inc.



NEWS RELEASE

Optum completes acquisition of DaVita Medical Group from DaVita

- *DaVita Medical Group's high-quality practices in California, Colorado, Florida, New Mexico and Washington are now part of OptumCare*
- *Combination will improve care quality and patient experiences and lower costs for 16 million people; and serve more than 80 health plans.*

EDEN PRAIRIE, Minn. and DENVER (June 19, 2019) - Optum, a leading health services company, completed its acquisition of DaVita Medical Group, one of the nation's leading independent medical groups, from DaVita Inc. (NYSE: DVA). As part of the transaction, HealthCare Partners Nevada, DaVita Medical Group's primary care practice in southern Nevada will become part of Intermountain Healthcare.

DaVita Medical Group joins OptumCare, which serves more than 80 health plans, and will provide quality care to a combined 16 million patients.

"We are excited to take this important step in building a next-generation comprehensive, coordinated health care organization. Together we will improve patient health and experiences while lowering costs across the continuum of care - including primary, specialty, urgent and surgical care," said Andrew Witty, CEO of Optum.

"In joining Optum, DaVita Medical Group begins an exciting new chapter, helping physicians further advance patient care," said Kent Thiry, Executive Chairman of DaVita Inc.

"DaVita will continue its focus on improving quality of life for patients and expanding access to integrated care in the kidney care space," said Javier Rodriguez, CEO of DaVita Inc.

DaVita Inc. will continue to own and operate its U.S. and international kidney care businesses.

About DaVita Inc.

DaVita is a Fortune 500® health care provider focused on transforming care delivery to improve quality of life for patients around the globe. The company is the largest provider of kidney care services in the U.S. and has been a leader in clinical quality and innovation for 20 years. Through DaVita Kidney Care, the company treats patients with chronic kidney failure and end stage renal disease. DaVita is committed to bold, patient-centric care models, implementing the latest technologies and moving toward integrated care offerings for all. As of March 31, 2019, DaVita serves 203,500 patients at 2,689 outpatient dialysis centers in the United States. The company also operates 234 outpatient dialysis centers in nine countries across the world. DaVita has reduced hospitalizations, improved mortality, and worked collaboratively to propel the kidney care industry to adopt an equitable and high-quality standard of care for all patients, everywhere. To learn more about how DaVita is leading the health care evolution, please, visit DaVita.com/About.

About Optum

Optum is a leading information and technology-enabled health services business dedicated to helping make the health system work better for everyone. With more than 165,000 people worldwide, Optum delivers intelligent, integrated solutions that help to modernize the health system and improve overall population health. Optum is part of UnitedHealth Group (NYSE: UNH). For more information, visit www.optum.com.

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Cautionary Statement Regarding Forward Looking Statements

This release contains forward-looking statements within the meaning of the federal securities laws. All such statements in this release, other than statements of historical fact, are forward-looking statements and include, among other things, statements about expectations, beliefs, intentions and/or strategies for the future. Words such as "expect," "intend," "will," "plan," "anticipate," "believe," "continue," and similar expressions are intended to identify forward-looking statements. Actual results could differ materially from forward-looking statements due to numerous factors that involve substantial known and unknown risks and uncertainties. With respect to DaVita, these risks and uncertainties include, among other things, the risk factors set forth in DaVita's most recent quarterly report on Form 10-Q and the other risks discussed in any subsequent reports filed by it with the Securities and Exchange Commission from time to time, all of which are expressly incorporated herein by reference. DaVita bases its forward-looking statements on information available to it on the date of this release, and undertakes no obligation to update or revise any forward-looking statements, whether as a result of changed circumstances, new information, future events or otherwise.

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