



TEAM  
MAGELLAN

# Transaction Playbook Process

# eREADER USER KEY

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Enter terms to **search content**

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A close-up of the navigation bar icons. The icons include a list icon, a document icon, a grid icon, a magnifying glass icon, and a speaker icon. A tooltip labeled "Fullscreen" is visible above the magnifying glass icon. A yellow box highlights the magnifying glass icon, with an arrow pointing to it from the text "Click to zoom in and out on content".

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# Transaction Playbook

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### General Guidelines

- Do not re-purpose materials you have used for past deals—always take templates from this playbook, as they will be continuously updated for compliance, legal and best practices.
- When in doubt, contact Conduit/JLD for guidance on transaction steps.
- Do not share confidential information, send legal documents or propose deal terms/structure without JLD input.



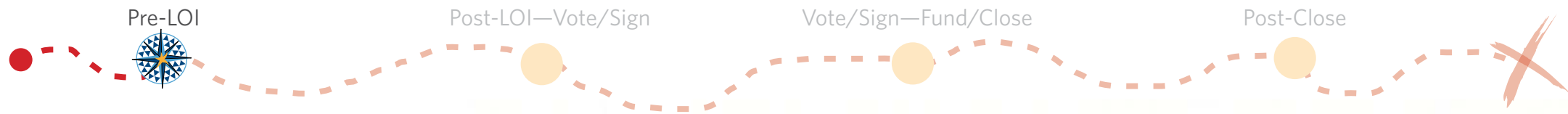


## Pre-LOI

At this stage, we are in early discussions with potential acquisition targets. Market Presidents and Recon (our sourcing and relationship team) vets and brings forth possible opportunities. The execution team gets engaged, and preliminary valuation and diligence are conducted. The Seller may be interested in learning more about the DaVita Medical Group, visiting our campuses and talking to our teammates. If so, this will be handled on a case-by-case basis by Magellan and Supporting teams.

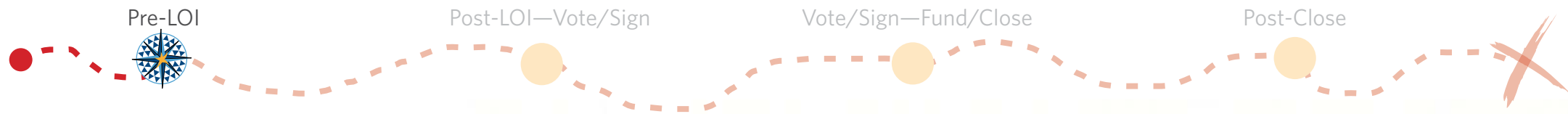
**It is important to maintain confidentiality and discretion during this stage and involve only a limited team.** Care must be taken when communicating transaction details, including timing, process and operating/transaction assumptions. JLD and Conduit should be consulted prior to offering details on any of those topics.

The pre-LOI process can take quite a bit of time. The Recon team will need to keep the rest of Magellan updated as the LOI signing gets closer. A number of approvals must be obtained to proceed further and start to engage the full Transaction/Diligence team.



Sourcing	Transaction	Approvals	Legal	Communication/ Information/Education	Integration
Determine strategic fit and alignment with top DMG priorities—R		Meet with Market Leadership to gain buy-in for proceeding further with the Seller—R, TD			Provide the market/ transaction sponsors with an overview of the integration process, best practices and do's and don'ts (link) and the seller education templates for integration (links 1.7 and X.X)—C or TD
Pitch using an <b>approved deck</b> and <b>physician FAQs</b> —R			<ul style="list-style-type: none"> <li>Consult Regulatory Guardrails on Transactions early in the process—R, TD</li> </ul>		
<ul style="list-style-type: none"> <li>Assign Transaction Director/Analyst to review opportunity—R</li> </ul>	Send the Seller an initial request for documents/ information to build valuation (link 1.5)—TD		Send NDA and BAA (link 1.4) to the Seller, obtain signatures, save to shared drive and send an executed copy to JLD—R or TD	<ul style="list-style-type: none"> <li>Recon and Market lead to use these guidelines when discussing possible transaction timing—R, ML</li> </ul>	
<ul style="list-style-type: none"> <li>Update BD Pipeline status (link 1.20) to "30 days to Bid/LOI"—R</li> </ul>	Prepare initial valuation consulting Deloitte guidelines for market standard metrics (link 1.23)—TD		<ul style="list-style-type: none"> <li>Discuss and vet preliminary transaction terms, structure and approvals with JLD prior to discussing them with the Seller—TD, R</li> </ul>		
Develop a <b>one- or two-page profile</b> if no CIM exists to share with appropriate parties—TD	Obtain initial compensation range using the compliance Compass Tool (link 1.24), as needed—TD				
	Meet with the market team to go over financial model and assumptions—R, TD	Market CFO and TD to vet financial model and assumptions with National FP&A (prior to sharing with the Pricing Committee)—TD, R	<ul style="list-style-type: none"> <li>If you need a Term Sheet to propose initial terms to the Seller, use this template (link 1.15). Vet the terms with JLD prior to any sharing with the Seller—TD</li> </ul>		





Transaction	Approvals	Legal	Diligence	Communication/ Information/Education	Integration
Create a transaction SharePoint folder and project name (link 1.26)—TD	Prepare an overview deck (link 1.27) for the Pricing Committee; present the deck and get approval—TD, R			Seller education: transaction (link 1.6)—R, TD, ML (C as needed)	
Download checklist (link 1.14), save it to a shared drive (link 1.26) and keep it updated—TD, C		Complete the LOI Intake Form (link 1.9) to send to JLD—TD, R		Seller education: DVA programming (link); WHQ tour, interviews with physicians, academy, PLM (link)—TD, R, ML	Educate the Seller on the integration process (link 1.7)—C or TD
Update the BD Pipeline status (link 1.20) as “30 days to LOI signing”—R		Schedule a call with JLD to discuss the LOI Intake Form—TD, R			
Start the wall list (link 1.1) over	Prepare an overview deck (link 1.28) for LASER; present the deck and get approval—TD, R	JLD to draft the LOI and then vet it with tax, regulatory and other SMEs as needed)—L			
Update the Diligence team leads on the pending transaction and send an overview—C		JLD to send the LOI to the Transaction team for review and distribution—L			





Transaction	Approvals	Legal	Diligence	Communication/ Information/Education	Integration
<p>Develop a working group list (link 1.29) for the Seller and DMG—TD</p>	<p>Send final LOI to BESS and inform them of the timing of the transaction—TD &amp; R &amp; L</p>	<p>Send the draft LOI to the Seller; receive comments and vet them with JLD—TD, R, L</p> <p>Confirm with the Seller and its counsel the approval process and documentation needed (e.g., board or shareholder approvals)—TD, R, L</p> <p>Sign the LOI (link 1.16; DVA and the Seller), send it to JLD and save it to the SharePoint folder—TD, R, L</p>	<p>Engage Conduit to start preparing for diligence—TD</p> <p>Tailor full due diligence request list (link 2.2) to transaction—C</p> <p>Determine if JLD and regulatory will need external party, then engage—C</p> <p>Determine if Regulatory needs an upfront FMV; draft SOW then engage—C</p> <p>Develop a detailed transaction timeline with diligence checkpoints (link 1.12)—TD, C</p>		





## Post-LOI—Vote/Sign

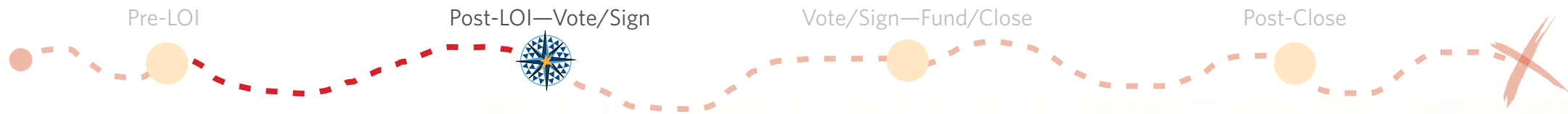
This stage can take anywhere from 90 to 120 days, depending heavily on the Diligence team's capacity, data availability and ease of negotiation.

During this stage, a number of simultaneous activities take place, and the transaction has a clear quarterback assigned. The broader Diligence team is engaged and guided by Conduit, JLD works closely with the Transaction team and the Seller to put together the necessary documents, and the integration/operating philosophy and plans are developed. The Seller may feel overwhelmed with data and meeting requests; being sensitive to this is important for a successful diligence process.

Good communication and a good cadence of information-sharing among the different parties involved are crucial to the success of this stage. Flexibility also needs to be messaged, as this stage may uncover unknown difficulties or additional work required.

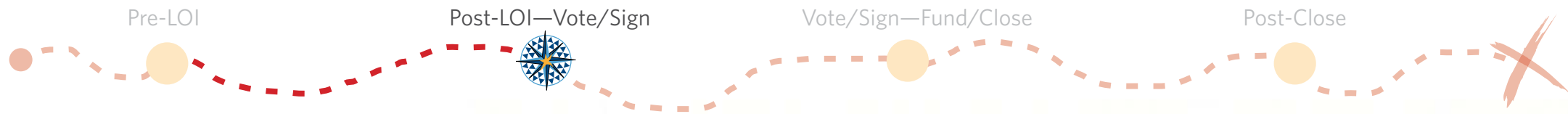
As with other stages, confidentiality is of the utmost importance. Bring in only those who must be involved to conduct analysis and support the transaction. More teammates will be brought on in the next stage of the transaction process.





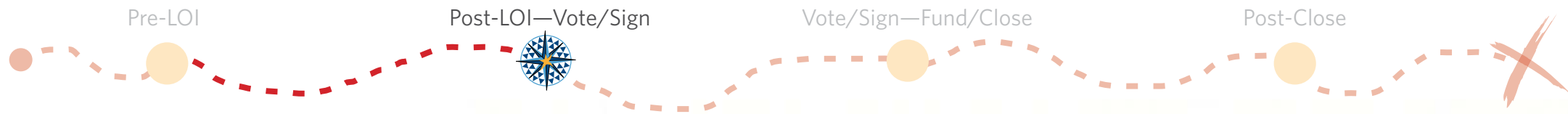


Transaction	Approvals	Legal	Diligence	Communication/ Information/Education	Integration
<p>Confirm what is needed to finalize the transaction structure (as this influences diligence and therefore must be done ASAP)—TD, ML</p> <p>Determine which areas of valuation/model need to be diligenced/vetted, and then provide this guidance to the Diligence team—TD</p> <p>★ Send the model to finance, regulatory, tax (if needed)—TD</p> <p>Start a weekly call with the Transaction team and Conduit—TD</p> <p>Start a weekly call with the Transaction team, Conduit and the Seller—TD</p>	<p>Determine if the Seller will need to disclose the transaction to shareholders/staff. If so, discuss steps to maintain confidentiality with JLD prior to the Seller making any disclosure—TD, L, ML</p>	<p>Schedule a call between the Seller and JLD to discuss major issues and timeline—TD</p> <p>Engage JLD to start drafting the Purchase Agreement and the required disclosure schedules; determine which other documents will be required for structure—TD</p> <p>Engage JLD and People Services (link) to draft employment agreements and non-competes (for clinicians)—TD, L, PS</p>	<p>Schedule and lead a kick-off meeting with the Seller, in person if possible, using a standard template (link 2.12)—C</p> <p>★ Schedule a Management Presentation meeting with the internal Diligence team and the Seller—C</p> <p>Schedule all internal diligence check-ins—C</p> <p>Discuss the full diligence list with the Seller, mark what is NA and determine the timing of document availability—C</p> <p>★ Set up data room structure, tracker, make some folders restricted access—C, TD</p> <p>Contact the coding third party (FTI) and get an SOW started (will need coding data from the Seller to finalize the SOW)—C</p>	<p>Share Management Presentation Guidelines (link 2.3) with the Seller—C</p> <p>★ Schedule and lead an internal kick-off meeting using a standard template (link 2.11)—C</p> <p>★ Open the data room internally (suggest doing this after ample data have been uploaded)—C</p> <p>Send the Seller long lead requests (coding template, link 2.7) and the FMV template (link 2.6); ask for contracts (payor, provider, leases, etc.)—C</p> <p>Grant the Seller access to the data room—C, TD</p>	<p>★ Determine if the Seller's disclosing the pending transaction to shareholders will require informing the rest of the support staff and potentially external parties. If so, prior to engaging Communications team, get a recommendation from JLD about whether to issue a press release at that time—TD, L, ML</p> <p>★ Develop a straw man post-close operating model for the acquisition—TD, ML</p> <p>★ Establish a Diligence/Integration approval team</p> <p>★ Assign an Integration Coordination Lead from the market for pre- and post-close integration management</p>





Transaction	Approvals	Legal	Diligence	Communication/ Information/Education	Integration
<ul style="list-style-type: none"> <li>★ Update the model for diligence findings (integration costs, synergy estimates, model assumption changes)—TD</li> </ul>	<ul style="list-style-type: none"> <li>★ Distribute the draft Purchase Agreement, disclose schedules and employment agreements with BESS (or smaller group as advised by JLD). Do not send to the Seller prior to internal review—TD, L</li> </ul>	<ul style="list-style-type: none"> <li>Submit the draft Purchase Agreement, disclosure schedules and employment agreement to the Seller—L</li> <li>★ Receive Seller comments on the Purchase Agreement, Employment Agreement and other Agreements and review internally—TD, L</li> </ul>	<ul style="list-style-type: none"> <li>★ Schedule site visits for the functional diligence leads—C</li> <li>★ Conduct first Diligence team check-in—C</li> <li>Conduct final diligence team check-in with market leadership and Executive Steering Committee (discuss key issues, findings and proposed remediation)—C</li> <li>★ Finalize the list of contracts requiring notice or assignment pre-closing—C, TD, SME, L</li> <li>Schedule follow-up calls for functional diligence leads—C</li> <li>Consolidate follow-up diligence requests and send to the Seller—C</li> </ul>	<ul style="list-style-type: none"> <li>Help the Seller put together a Shareholder presentation (provide template, link 2.15) with DMG value proposition; work with the Seller on the operating commitments (what we can and cannot commit to)—TD, L, ML</li> <li>Determine if a town hall with DVA executives is needed post-announcement. If so, schedule the town hall and prepare materials for the executives—TD, ML, L</li> </ul>	<ul style="list-style-type: none"> <li>★ Determine if the acquisition is deemed “in scope” for SOX—C</li> <li>★ (6) After the first diligence check-in, consolidate all pre-close integration activities; discuss appropriateness and vet completeness with the Diligence/Integration Approval team (bless the pre-close plan)—C, IC</li> <li>After the final diligence check-in, consolidate all longer-term, post-close proposed integration; discuss appropriateness and vet completeness with the Diligence/Integration Approval Team (bless the post-close plan)—C, IC</li> </ul> <div style="text-align: right;">   </div>



Transaction	Approvals	Legal	Diligence	Communication/ Information/Education	Integration
	<p>Send the final transaction documents to BESS—TD</p> <p>★ Receive approval from BESS on transaction documents—TD</p> <p>Receive shareholder vote/approval; have all shareholders sign employment agreements—TD</p>	<p>Finalize key transaction documents (Purchase Agreement, Employment Agreements, Disclosure Schedules)—TD, L</p> <p>Sign transaction documents, including the Purchase Agreement (link 1.16) (both DVA and Seller). Send them to JLD and to BESS—TD, L</p>		<p>★ Engage Communications (link) to prepare internal announcement, press release and FAQs—TD</p> <p>★ Internal announcement, press release—TD</p>	<p>Finalize the operating framework (Market President and the Seller), for which the main focus is functional/people integration, office/site consolidation, management/leadership and reporting lines—TD, ML, C</p> <p>Schedule a pre-close integration kick-off for right after vote/sign—IC</p>



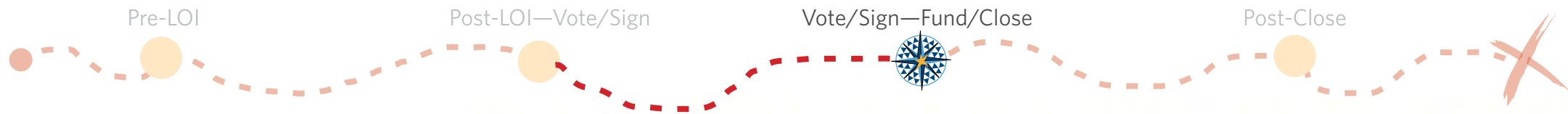


## Vote/Sign—Fund/Close

This stage can take anywhere from 30 to 60 days or longer. Timing is influenced by external parties (consents from payors/landlords, certification, etc.) as well as by the type of transaction and the heavy lifting required prior to closing/Day 1.

During this stage, most of the organization becomes informed of the pending transaction and more teammates come into the fold to start planning/executing on integration and pre-close activities. There will be heavy involvement by Treasury, Finance and Accounting teams to get to Funding/Closing. Regular check-ins on progress are key to determining the timing of closing (organizationally, we prefer the first of the month). Planning for a Day 1 celebration for the soon-to-be teammates is also in full swing.

While post-close integration planning can begin during this stage, the priority is on all the pre-close activities that must take place pre-close for a successful Day 1!



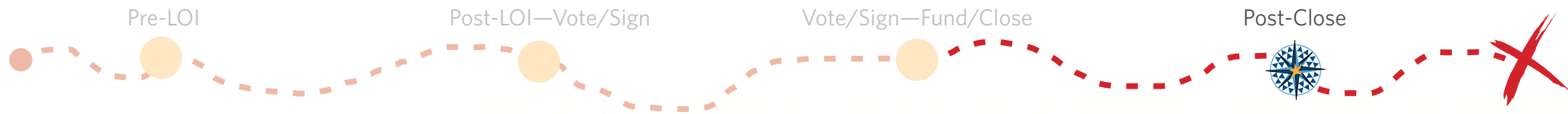
Transaction	Approvals	Legal	Day 1 Planning	Integration
<p>Engage FP&amp;A to develop a detailed budget for the acquisition—TD</p>	<p>If any documents have substantial changes (e.g., new transaction documents were added post-signing and pre-close), BESS approval needs to be received again (contact Shelley Gerrits to verify)—TD</p>	<p> Begin work on all pre-closing conditions—TD, L, C</p> <p>Obtain account information and create funds flow to be approved by JLD and the Seller—TD, L</p> <p>Obtain all transaction document signatures from the Seller and DMG/send to JLD to hold until closing—TD, L</p> <p>Meet all pre-closing conditions</p> <p>Send funds flow, final transaction documents and BESS signatures to Treasury (including sign-off from TD and VP)—TD</p> <p>Fund/Close</p>	<p> Begin planning for Day 1 Celebrations—C</p> <p> Engage the Communications team for Day 1 announcements and creation of FAQs—C</p> <p>Schedule town halls with DMG executives for the first week—C</p>	<p> Kick off the Pre-Close Integration (with both sides)—C, IC</p> <p>Vet the post-close integration buckets/plans with National FP&amp;A to prioritize and slot based on cost and benefit—C, IC, TD, ML</p> <p>Pre-close integration leads need to develop training and change management plan to be implemented at close for anything that changes the way the Seller's teammates operate (think new boss, reporting structure, IDs, emails, laptops, protocol—anything that integration does affects users)—C, IC</p> <p>Given approved post-close integration plan (by Integration Approval Team and National FP&amp;A), schedule a post-close integration kickoff in the first 1-2 weeks post-close to kick off integration process, governance, timeline, cadence of check-ins, etc.—C, IC</p> <p></p> <p>Draft post-close integration kick-off materials—C, IC</p> <p></p>



## Post-Close

Post-Closing is an exciting and overwhelming time for our new teammates. They may be going through a lot of changes and have yet to learn all about the DaVita culture, programming and how we do business. All those involved in the transactions should be sensitive to this and make an effort to be helpful, proactive and patient.

Integration planning will kick off, and subject matter leads will be working closely together to develop plans, prioritize and execute.



Transaction	Day 1 Planning	Integration
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Request a data file for this project's data room and send to Conduit—TD

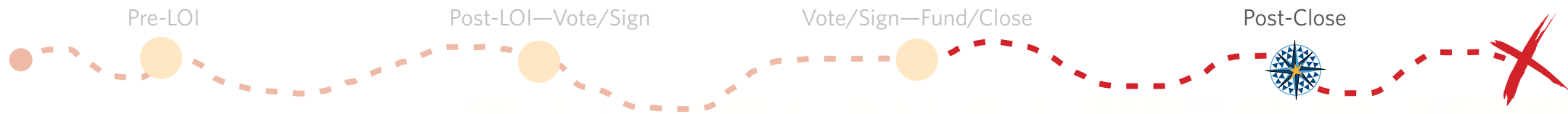
Work with finance, accounting, real estate and legal to make sure all post-closing adjustments and activities are drawn to a close—TD

Day 1 Celebrations

Host HR presentation for onboarding of employees

Host town halls for Q&A





Transaction	Day 1 Planning	Integration
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Conduct the kick-off integration (message adherence to reporting cadence, process, accountability, etc.). Message prioritization of integration initiatives and ask for functional leads to jointly develop detailed plans, cost/benefit, resourcing needs, etc., to add to an already begun pre-close worksheet/workplan—IC, C

Receive all timelines, resourcing and cost and do a final check with National FP&A and give go ahead to functional teams to begin work—IC

Schedule and conduct check-in/reporting calls for integration leads to present to market president/leadership team/DMG executives (as applicable), so as to monitor progress, resolve issues, etc.—IC

