

DAVITA HEALTHCARE PARTNERS INC.  
Form DEF 14A  
May 10, 2016

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**DAVITA HEALTHCARE PARTNERS INC.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
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o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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May 11, 2016

Dear Fellow Stockholder:

We are pleased to invite you to attend the DaVita HealthCare Partners Inc. annual meeting of stockholders. The annual meeting will be held on Monday, June 20, 2016, at 5:30 p.m., Mountain Time, at DaVita HealthCare Partners Inc., 2000 16<sup>th</sup> Street, Denver, Colorado 80202. The attached Notice of Annual Meeting and Proxy Statement will serve as your guide to the business to be conducted at the meeting.

Among other items, the Proxy Statement includes information about the qualifications of our director nominees and the compensation of our executive officers that is relevant to matters that will be presented at the annual meeting. During the meeting, we will also report to you on the Company and provide an opportunity for stockholders to engage in a dialogue with management.

We hope that you will participate in the annual meeting, either by attending and voting in person or voting by other available methods as promptly as possible. Voting by any of the available methods will ensure that you are represented at the annual meeting, even if you are not present. You may vote your proxy via the Internet, by telephone, or by mail. Please follow the instructions on the Notice of Internet Availability of Proxy Materials that you receive in the mail and/or your proxy card.

Your vote is very important to us and to our business. Please take the first opportunity to ensure that your shares are represented at the annual meeting.

Thank you very much for your continued interest in our business.

Sincerely,

Kent J. Thiry  
Chairman of the Board,  
Chief Executive Officer  
DaVita HealthCare Partners Inc., and  
Chief Executive Officer, HealthCare Partners

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**Monday, June 20, 2016**

**5:30 p.m., Mountain Time**

DaVita HealthCare Partners Inc.  
2000 16<sup>th</sup> Street  
Denver, Colorado 80202

**The 2016 annual meeting of the stockholders of DaVita HealthCare Partners Inc., a Delaware corporation, will be held on Monday, June 20, 2016 at 5:30 p.m., Mountain Time, at DaVita HealthCare Partners Inc., 2000 16th Street, Denver, Colorado 80202, for the following purposes, which are further described in the accompanying Proxy Statement:**

To vote upon the election of the ten director nominees identified in the attached Proxy Statement to the Board of Directors to serve until the 2017 annual meeting of stockholders of the Company or until their successors are duly elected and qualified;

To ratify the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2016;

To hold an advisory vote to approve executive compensation;

To adopt and approve proposed amendments to our Amended and Restated Bylaws to adopt proxy access;

To adopt and approve an amendment to increase the number of shares available under our Employee Stock Purchase Plan by 7,500,000 shares;

To consider and vote upon a stockholder proposal regarding action by written consent, if properly presented at the annual meeting; and

To transact such other business as may properly come before the annual meeting or any adjournment thereof.

We will mail, on or about May 11, 2016, a Notice of Internet Availability of Proxy Materials to stockholders of record and beneficial owners as of the close of business on April 22, 2016. On the date of mailing of the Notice of Internet Availability of Proxy Materials, the proxy materials will be accessible on a website referred to in the Notice of Internet Availability of Proxy Materials. These proxy materials will be available free of charge.

The Notice of Internet Availability of Proxy Materials will also identify the date, time, and location of the annual meeting; the matters to be acted upon at the annual meeting and the Board of Directors' recommendation with regard to each matter; a toll-free telephone number, an e-mail address, and a website where stockholders can request a paper or e-mail copy of the Proxy Statement, our Annual Report to Stockholders, and a form of proxy relating to the annual meeting; information on how to access the form of proxy over the Internet and how to vote over the Internet; and information on how to obtain directions to attend the annual meeting and vote in person. If you attend the annual meeting and previously used the telephone or Internet voting systems, or mailed your completed proxy card, you may vote in person at the meeting if you wish to change your vote in any way.

Please note that all votes cast via telephone or the Internet must be cast prior to 11:59 p.m., Eastern Time, on Sunday, June 19, 2016.

By order of the Board of Directors,

**Martha Ha**

Corporate Secretary  
DaVita HealthCare Partners Inc.

May 11, 2016

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## General Information

We are delivering this Proxy Statement in connection with the solicitation of proxies by our Board of Directors (the "Board"), for use at our 2016 annual meeting of stockholders, which we will hold on Monday, June 20, 2016 at 5:30 p.m., Mountain Time, at DaVita HealthCare Partners Inc. (the "Company"), 2000 16<sup>th</sup> Street, Denver, Colorado 80202. The proxies will remain valid for use at any meetings held upon adjournment of that meeting. The record date for the annual meeting is the close of business on April 22, 2016. All holders of record of our common stock on the record date are entitled to notice of the annual meeting and to vote at the annual meeting and any meetings held upon adjournment of that meeting. Our principal executive offices are located at 2000 16<sup>th</sup> Street, Denver, Colorado, 80202, and our telephone number is (303) 405-2100. To obtain directions to our annual meeting, visit our website, located at <http://www.davita.com>.

In accordance with rules and regulations adopted by the Securities and Exchange Commission (the "SEC"), instead of mailing a printed copy of our proxy materials to each stockholder of record or beneficial owner, we are furnishing the proxy materials to our stockholders over the Internet, which include this Proxy Statement and the accompanying Notice of Meeting, Proxy Card, and Annual Report to Stockholders. Because you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials, unless you have previously made a permanent election to receive these materials in paper copy. Instead, the Notice of Internet Availability of Proxy Materials instructs you as to how you may access and review all of the important information contained in the proxy materials, and how you may submit your vote by proxy on the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability of Proxy Materials. The Notice of Internet Availability of Proxy Materials will be first mailed on or about May 11, 2016 to all stockholders of record as of April 22, 2016.

Whether or not you plan to attend the annual meeting in person, please vote by telephone, Internet, or request a

Proxy Card to complete, sign, date and return by mail to ensure that your shares will be voted at the annual meeting. You may revoke your proxy at any time prior to its use by filing with our secretary an instrument revoking it or a duly executed proxy bearing a later date or by attending the annual meeting and voting in person.

**If you plan to attend the annual meeting in person, please so indicate when you submit your proxy by mail, by telephone or via the Internet and bring with you the items that are required pursuant to the Company's admission process for the 2016 Annual Meeting. A description of the admission process can be found below in this Proxy Statement under the heading "General Information Admission to Annual Meeting."**

Unless you instruct otherwise in the proxy, any proxy that is given and not revoked will be voted at the annual meeting:

For the election of the ten director nominees identified in this proxy statement to serve until the 2017 annual meeting of stockholders of the Company or until their successors are duly elected and qualified;

For the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2016;

For the approval, on an advisory basis, of executive compensation;

For the adoption and approval of the proposed amendments to our Amended and Restated Bylaws to adopt proxy access;

For the adoption and approval of an amendment to increase the number of shares available under our Employee Stock Purchase Plan by 7,500,000 shares;

Against the stockholder proposal regarding action by written consent, if properly presented at the annual meeting; and

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As determined by the proxy holders named in the Proxy Card in their discretion, with regard to all other matters as may properly come before the annual meeting or any adjournment thereof.

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## Voting Information

Our only voting securities are the outstanding shares of our common stock. At the record date, we had approximately 206,518,830 shares of common stock outstanding. Each stockholder is entitled to one vote per share on each matter that we will consider at this meeting. Stockholders are not entitled to cumulate votes. Under the rules of the New York Stock Exchange, your bank, broker, or other nominee may not vote your uninstructed shares in the election of directors and certain other matters on a discretionary basis. Accordingly, brokers holding shares of record for their customers generally are not entitled to vote on these matters unless their customers give them specific voting instructions. If the broker does not receive specific instructions, the broker will note this on the proxy form or otherwise advise us that it lacks voting authority. Thus, if you hold your shares in "street name," meaning that your shares are registered in the name of your bank,

broker, or other nominee, and you do not instruct your bank, broker, or other nominee how to vote, no votes will be cast on your behalf on any proposal other than the proposal for the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2016. The votes that the brokers would have cast if their customers had given them specific instructions are commonly called "broker non-votes." If the stockholders of record present in person or represented by their proxies and entitled to vote at the annual meeting hold at least a majority of our shares of common stock outstanding as of the record date, a quorum will exist for the transaction of business at the annual meeting. Stockholders attending the annual meeting in person or represented by proxy at the annual meeting who abstain from voting and broker non-votes are counted as present for quorum purposes.

## Votes Required for Proposals

Directors are elected by a majority of votes cast, which means that the number of shares voted "for" each of the ten nominees for election to the Board must exceed 50% of the number of votes cast with respect to each nominee's election. Abstentions and broker non-votes will not be counted as votes cast and will have no effect on the election of directors. In the event that the number of nominees exceeds the number of directors to be elected, which is a situation that we do not anticipate, directors will be elected by a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors.

The ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2016, the approval of the proposal regarding the advisory vote on executive compensation, the approval of the proxy amendments to our Bylaws, the approval of the amendment to our Employee Stock Purchase Plan, and the stockholder proposal, if properly brought before

the annual meeting, each require the affirmative vote of a majority of the shares of common stock present at the annual meeting in person or by proxy and entitled to vote thereon. Because your vote on executive compensation and the stockholder proposal is advisory, the results of those votes will not be binding on the Company or the Board. However, the Board and any applicable Board committee will consider the voting results as appropriate when making future decisions regarding executive compensation and matters related to the subject of the stockholder proposal. Abstentions are considered present and entitled to vote with respect to each of these proposals and will, therefore, have the same effect as votes against these proposals. Except for the proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2016, broker non-votes will not be considered as present and entitled to vote on these proposals, and will therefore have no effect on the number of affirmative votes needed to approve these proposals.

## Proxy Solicitation Costs

We will pay for the cost of preparing, assembling, printing and mailing of the Notice of Internet Availability of Proxy Materials, this Proxy Statement and the accompanying Notice of Meeting, Proxy Card, and Annual Report to Stockholders to our stockholders, as well as the cost of our solicitation of proxies relating to

the annual meeting. We may request banks and brokers to solicit their customers who beneficially own our common stock listed of record in names of nominees. We will reimburse these banks and brokers for their reasonable out-of-pocket expenses regarding these solicitations. We have also retained MacKenzie



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Proxy Statement 

Partners, Inc. ("MacKenzie") to assist in the distribution and solicitation of proxies and to verify records related to the solicitation at a fee of \$15,000 plus reimbursement for all reasonable out-of-pocket expenses incurred during the solicitation. MacKenzie and our officers, directors and employees may supplement the original solicitation by mail of proxies, by telephone,

facsimile, e-mail and personal solicitation. We will pay no additional compensation to our officers, directors and employees for these activities. We have agreed to indemnify MacKenzie against liabilities and expenses arising in connection with the proxy solicitation unless caused by MacKenzie's negligence or intentional misconduct.

## Delivery of Proxy Statement and Annual Report

Beneficial owners, but not record holders, of our common stock who share a single address may receive only one copy of the Notice of Internet Availability of Proxy Materials and, as applicable, an Annual Report to Stockholders and Proxy Statement, unless their broker has received contrary instructions from any beneficial owner at that address. This practice, known as "householding," is designed to reduce printing and mailing costs. If any beneficial owner at such an address wishes to discontinue householding and receive a separate copy of the Notice of Internet Availability of Proxy Materials and, if applicable, an Annual Report to Stockholders and Proxy Statement, they should notify their broker. Beneficial owners sharing an address to which a single copy of the Notice of Internet Availability

of Proxy Materials and, if applicable, an Annual Report to Stockholders and Proxy Statement was delivered can also request prompt delivery of a separate copy of the Notice of Internet Availability of Proxy Materials and, if applicable, an Annual Report to Stockholders and Proxy Statement by contacting Investor Relations at the following address or phone number: Attn: Investor Relations, DaVita HealthCare Partners Inc., 2000 16<sup>th</sup> Street, Denver, Colorado 80202, (888) 484-7505. Additionally, stockholders who share the same address and receive multiple copies of the Notice of Internet Availability of Proxy Materials and, if applicable, an Annual Report to Stockholders and Proxy Statement, can request a single copy by contacting us at the address or phone number above.

## Admission to Annual Meeting

Admission to the annual meeting will be limited to holders of the Company's common stock, family members accompanying holders of the Company's common stock, persons holding executed proxies from stockholders who held the Company's common stock as of the close of business on April 22, 2016 and such other persons as the chair of the annual meeting shall determine.

If you are a holder of the Company's common stock, you must bring certain documents with you in order to be admitted to the annual meeting and in order to bring family members with you. The purpose of this requirement is to help us verify that you are actually a holder of the Company's common stock. Please read the following procedures carefully, because they specify the documents that you must bring with you to the annual meeting in order to be admitted. The items that you must bring with you differ depending upon whether or not you were a record holder of the Company's common stock as of the close of business on April 22, 2016. A "record holder" of stock is someone whose shares of stock are registered in his or her name in the records of the Company's transfer agent. Many stockholders are not record holders because their shares of stock are held in "street name," meaning that the shares are registered in the name of their broker, bank or other nominee, and the broker, bank or other nominee is the record holder

instead. If you are unsure as to whether you were a record holder of the Company's common stock as of the close of business on April 22, 2016, please call the Company's transfer agent, Computershare, at (877) 889-2012.

If you were a record holder of the Company's common stock as of the close of business on April 22, 2016, then you must bring a valid personal photo identification (such as a driver's license or passport).

At the annual meeting, we will check your name for verification purposes against our list of record holders as of the close of business on April 22, 2016.

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If a broker, bank or other nominee was the record holder of your shares of the Company's common stock as of the close of business on April 22, 2016, then you must bring:

valid personal photo identification (such as a driver's license or passport); and

proof that you owned shares of the Company's common stock as of the close of business on April 22, 2016.

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Examples of proof of ownership include the following: (i) an original or a copy of the voting instruction from your bank or broker with your name on it, (ii) a letter from your bank or broker stating that you owned the Company's common stock as of the close of business on April 22, 2016, or (iii) a brokerage account statement indicating that you owned the Company's common stock as of the close of business on April 22, 2016.

If you acquired your shares of the Company's common stock at any time after the close of business on April 22, 2016, you do not have the right to vote at the annual meeting, but you may attend the meeting if you bring with you:

valid personal photo identification (such as a driver's license or passport); and

proof that you own shares of the Company's common stock.

Examples of proof of ownership include the following:

if a broker, bank or other nominee is the record holder of your shares of the Company's common stock: (i) a letter from your bank or broker stating that you acquired the Company's common stock after April 22, 2016, or (ii) a brokerage account statement as of a date after April 22, 2016 indicating that you own the Company's common stock; or

if you are the record holder of your shares of the Company's common stock, a copy of your stock certificate or a confirmation acceptable to the Company that you bought the stock after April 22, 2016.

If you are a proxy holder for a stockholder of the Company who owned shares of the Company's common stock as of the close of business on April 22, 2016, then you must bring:

the executed proxy naming you as the proxy holder, signed by a stockholder of the Company who owned shares of the Company's common stock as of the close of business on April 22, 2016;

valid personal photo identification (such as a driver's license or passport); and

if the stockholder whose proxy you hold was not a record holder of the Company's common stock as of the close of business on April 22, 2016, proof of the stockholder's ownership of shares of the Company's common stock as of the close of business on April 22, 2016, in the form of (i) an original or a copy of the voting instruction form from the stockholder's bank or broker with the stockholder's name on it, or (ii) a letter or statement from a bank, broker or other nominee indicating that the stockholder owned the Company's common stock as of the close of business on April 22, 2016.

No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted at the annual meeting. Shares may be voted in person at the annual meeting only by (a) the record holder as of the close of business on April 22, 2016 or (b) a person holding a valid proxy executed by such record holder.

## Electronic Availability of Proxy Materials for the 2016 Annual Meeting

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on June 20, 2016. This Proxy Statement and the Annual

Report to Stockholders and Form 10-K for fiscal year 2015 are available electronically at [www.proxyvote.com](http://www.proxyvote.com).





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Proxy Statement 

## Proposal 1 Election of Directors

At the annual meeting, you will elect ten directors to serve until the 2017 annual meeting of stockholders or until their respective successors are elected and qualified, subject to such director's earlier death, resignation, disqualification or removal.

Our bylaws require that each director be elected by the majority of votes cast with respect to such director in uncontested elections. In a contested election, where the number of nominees for director exceeds the number of directors to be elected, directors are elected by a plurality of shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. If a nominee for director who was in office prior to the election is not elected by a majority of votes cast, the director must promptly tender his or her resignation from the Board, and the Nominating and Governance Committee of the Board will make a recommendation to the Board about whether to accept or reject the resignation, or whether to take other action. The Board, excluding the director in question, will act on the recommendation of the Nominating and Governance Committee and publicly disclose its decision and its rationale within 90 days (or, if so extended by the Board in certain circumstances, within 180 days) from the date the election results are certified. If a nominee for director who was not already serving as a director does not receive a majority of votes cast in an uncontested election at the annual meeting, the nominee is not elected to the Board. All 2016 nominees are currently serving on the Board.

None of the nominees has any family relationship with any other nominee or with any of our executive officers and no arrangement or understanding exists between any nominee and any other person or persons pursuant

to which a nominee was or is to be selected as a director or nominee.

After a thorough evaluation and assessment, the Nominating and Governance Committee has recommended, and the Board has re-nominated, Pamela M. Arway, Charles G. Berg, Carol Anthony ("John") Davidson, Barbara J. Desoer, Paul J. Diaz, Peter T. Grauer, John M. Nehra, William L. Roper, Kent J. Thiry and Roger J. Valine for election as directors. Please see the section titled "Corporate Governance – Selection of Directors" below for more information about the re-nomination process.

Nine of the ten nominees for director have been determined to be independent under the listing standards of the New York Stock Exchange ("NYSE"). Please see the section titled "Corporate Governance – Director Independence" below for more information. Each nominee has consented to being named in this Proxy Statement as a nominee and has agreed to serve as a director if elected.

Unless the proxy indicates otherwise, the persons named as proxies in the accompanying proxy have advised us that at the annual meeting they intend to vote the shares covered by the proxies for the election of the nominees named above. If one or more of the nominees are unable or not willing to serve, the persons named as proxies may vote for the election of the substitute nominees that the Board may propose. The accompanying proxy contains a discretionary grant of authority with respect to this matter. The persons named as proxies may not vote for a greater number of persons than the number of nominees named above.

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## Information Concerning Members of the Board Standing for Election

A biography of each nominee, current as of March 31, 2016, setting forth his or her age, and describing his or her business experience during the past five years, including other prior relevant business experience is presented below.

**Pamela M. Arway**, 62, has been one of our directors since May 2009. From 2005 to 2007, Ms. Arway served as the president of American Express International, Japan, Asia-Pacific, Australia region, a global payment services and travel company. Ms. Arway joined the American Express Company in 1987 after which she served in various capacities, including as chief executive officer of American Express Australia Limited from 2004 to 2005 and as executive vice president of Corporate Travel, North America from 2000 to 2004. Prior to her retirement in October 2008, she also served as advisor to the American Express Company's chairman and chief executive officer. Ms. Arway has also been a member of the board of the Hershey Company, a chocolate and confectionary company, since May 2010. She currently serves as the Chair of the Governance Committee and as a member of the Audit and Executive Committees of Hershey Company's board. She joined the board of Iron Mountain Incorporated, an enterprise information management services company, in March 2014 and serves as chair of its Compensation Committee. Ms. Arway brings significant leadership experience as a global executive, with extensive management experience in the areas of marketing, international business, finance and government affairs.

**Charles G. Berg**, 58, has been one of our directors since March 2007. Mr. Berg served as executive chairman and as a member of the board of directors of WellCare Health Plans, Inc. ("WellCare"), a provider of managed care services for government-sponsored healthcare programs from January 2008 to December 2010. Mr. Berg served as non-executive chairman of the board of directors of WellCare from January 2011 until his retirement in May 2013. From January 2007 to April 2009, Mr. Berg was a senior advisor to Welsh, Carson, Anderson & Stowe, a private equity firm. From April 1998 to July 2004, Mr. Berg held various executive positions with Oxford Health Plans, Inc. ("Oxford"), a health benefit plan provider, which included chief executive officer from November 2002 to July 2004 when Oxford was acquired by UnitedHealth Group, president and chief operating officer from March 2001 to November 2002 and executive vice president, medical delivery from April 1998 to March 2001. From July 2004 to September 2006, Mr. Berg served as an executive of UnitedHealth Group and was primarily responsible for integrating the Oxford business. Mr. Berg currently serves on the Operating Council of Consonance Capital Partners, a private equity firm, and the board of directors of Justworks, Inc., a private human resources and payment company. Mr. Berg is an experienced business leader with significant experience in the healthcare industry and brings an understanding of the operational, financial and regulatory aspects of our industry and business.

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**Carol Anthony ("John") Davidson**, 60, has been one of our directors since December 2010. From January 2004 until his retirement in September 2012, Mr. Davidson served as the senior vice president, controller and chief accounting officer of Tyco International Ltd. ("Tyco"), a provider of diversified industrial products and services. Prior to joining Tyco in January 2004, he spent six years at Dell Inc., a computer and technology services company, where he held various leadership roles, including vice president, audit, risk and compliance, and vice president, corporate controller. In addition, he previously spent 16 years at Eastman Kodak Company, a provider of imaging technology products and services, in a variety of accounting and financial leadership roles. Mr. Davidson is a director of Pentair Plc., a provider of products and solutions in water, fluids, thermal management and equipment protection, Legg Mason Inc., a global asset management firm, and TE Connectivity Ltd., a technology company that was spun off by Tyco. From 2010 to 2015, Mr. Davidson was a member of the Board of Trustees of the Financial Accounting Foundation which oversees financial accounting and reporting standards setting processes for the United States. Mr. Davidson also serves on the Board of Governors of the Financial Industry Regulatory Authority. Mr. Davidson is a CPA with more than 30 years of leadership experience across multiple industries and brings a strong track record of building and leading global teams and implementing governance and controls processes.

**Barbara J. Desoer**, 63, has been one of our directors since October 2015. Ms. Desoer currently serves as the chief executive officer and a member of the board of directors of Citibank, N.A., a wholly owned subsidiary of Citigroup Inc. and a diversified global financial services company, since April 2014. Ms. Desoer previously served as the chief operating officer of Citibank, N.A. from October 2013 to April 2014. In addition to her chief executive officer responsibilities, Ms. Desoer leads Citigroup's comprehensive capital analysis and review process. Prior to Citibank, Ms. Desoer spent 35 years at Bank of America, a diversified global financial services company, most recently as president, Bank of America Home Loans, where she led the integration of Countrywide, the largest mortgage originator and servicer in the United States. In previous Bank of America roles, Ms. Desoer was a Global Technology & Operations executive, an international market-focused position leading teams in the United Kingdom, Asia and Latin America. She also served as president, Consumer Products. She serves on the board of visitors at the University of California at Berkeley. Ms. Desoer also has served on the board of directors of various non-profit and privately held corporations. Ms. Desoer is an experienced business leader with extensive management experience, and brings a deep understanding of regulated businesses.

**Paul J. Diaz**, 54, has been one of our directors since July 2007. Mr. Diaz serves as the executive vice chairman of Kindred Healthcare, Inc. ("Kindred"), a provider of long-term healthcare services in the United States, a position he has held since March 2015. Since August 2014, Mr. Diaz has served as a partner at Guidon Partners LP, an investment strategy partnership. He served as chief executive officer of Kindred from January 2004 to March 2015, as well as president from January 2002 to May 2012 and as chief operating officer from January 2002 to December 2003. Prior to joining Kindred, Mr. Diaz was the managing member of Falcon Capital Partners, LLC, a private investment and consulting firm, and from 1996 to July 1998, Mr. Diaz served in various executive capacities with Mariner Health Group, Inc., a health care facility operator, including as executive vice president and chief operating officer. Mr. Diaz serves on the boards of Kindred and Patterson Medical Holdings, Inc., a private medical supply distribution company, and the board of visitors of Georgetown University Law Center and previously served on the board of PharMerica Corporation. Mr. Diaz is an experienced business leader with significant experience in the healthcare industry and brings an understanding of the operational, financial and regulatory aspects of our industry and business.

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**Peter T. Grauer**, 70, has been one of our directors since August 1994 and our lead independent director since 2003. Mr. Grauer has been chairman of the board of Bloomberg, Inc., a business and financial information company, since April 2001, treasurer since March 2001 and was its chief executive officer from March 2002 until July 2011. Mr. Grauer has also served as a non-executive director of Glencore plc, a global mining and commodities firm listed on the London Stock Exchange, since June 2013. From November 2000 until March 2002, Mr. Grauer was a managing director of Credit Suisse First Boston, a financial services firm. From September 1992 until November 2000, upon the merger of Donaldson, Lufkin & Jenrette ("DLJ"), a financial services firm, into Credit Suisse First Boston, Mr. Grauer was a managing director and founding partner of DLJ Merchant Banking Partners. Mr. Grauer serves as a director of Blackstone Group, L.P., a publicly traded global investment and advisory firm. Mr. Grauer has significant experience as a business leader and brings a deep understanding of our business and industry through his over 20 years of service as a member of the Board.

**John M. Nehra**, 67, has been one of our directors since November 2000. From 1989 until his retirement in August 2014, Mr. Nehra was affiliated with New Enterprise Associates ("NEA"), a venture capital firm, including, from 1993 until his retirement, as general partner of several of its affiliated venture capital limited partnerships. Mr. Nehra also served as managing general partner of Catalyst Ventures, a venture capital firm, from 1989 to 2013. Mr. Nehra served on the boards of a number of NEA's portfolio companies until his retirement in August 2014 and remains a retired special partner of NEA. Mr. Nehra is an experienced business leader with approximately 44 years of experience in investment banking, research and capital markets and he brings a deep understanding of our business and industry through his nearly 15 years of service as a member of the Board as well as significant experience in the healthcare industry through his involvement with NEA's healthcare-related portfolio companies.

**Dr. William L. Roper**, 67, has been one of our directors since May 2001. Dr. Roper has been chief executive officer of the University of North Carolina ("UNC") Health Care System, dean of the UNC School of Medicine and vice chancellor for medical affairs of UNC since March 2004. Dr. Roper also continues to serve as a professor of health policy and administration in the UNC School of Public Health and a professor of pediatrics and of social medicine in the UNC School of Medicine. From 1997 until March 2004, he was dean of the UNC School of Public Health. Before joining UNC in 1997, Dr. Roper served as senior vice president of Prudential Health Care. He also served as director of the Centers for Disease Control and Prevention from 1990 to 1993, on the senior White House staff in 1989 and 1990 and as the administrator of Centers for Medicare & Medicaid Services from 1986 to 1989. Dr. Roper was a member of and is the immediate past chairman of the board of the National Quality Forum, a non-profit organization that aims to improve the quality of healthcare. From December 2007 to November 2011, Dr. Roper served on the board of Medco Health Solutions, Inc., a pharmacy benefits management company, and since November 2011 has served on the board of its successor company, Express Scripts Holding Company. Dr. Roper brings substantial expertise in the medical field, an in-depth understanding of the regulatory aspects of our business as well as clinical, financial and operational experience.

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**Kent J. Thiry**, 60, has been our chairman of the Board since June 2015 and from October 1999 until November 2012, and our chief executive officer since October 1999. In October 2014, Mr. Thiry also became chief executive officer of our integrated care business, HealthCare Partners ("HCP"). From November 2012 until June 2015, Mr. Thiry served as our co-chairman of the Board. From June 1997 until he joined us in October 1999, Mr. Thiry was chairman of the board and chief executive officer of Vivra Holdings, Inc., which was formed to operate the non-dialysis business of Vivra Incorporated ("Vivra") after Gambro AB acquired the dialysis services business of Vivra in June 1997. From September 1992 to June 1997, Mr. Thiry was the president and chief executive officer of Vivra, a provider of renal dialysis and other healthcare services. From April 1992 to August 1992, Mr. Thiry was president and co-chief executive officer of Vivra, and from September 1991 to March 1992, he was president and chief operating officer of Vivra. From 1983 to 1991, Mr. Thiry was associated with Bain & Company, first as a consultant, and then as vice president. Mr. Thiry previously served on the board of Varian Medical Systems, Inc. from August 2005 to February 2009 and served as the non-executive chairman of Oxford Health Plans, Inc. until it was sold to UnitedHealth Group in July 2004. As a member of management, Mr. Thiry provides significant healthcare industry experience and unique expertise regarding the Company's business and operations as well as executive leadership and management experience.

**Roger J. Valine**, 67, has been one of our directors since June 2006. From January 1992 to his retirement in June 2006, Mr. Valine served as both the president and chief executive officer of Vision Service Plan ("VSP"), the nation's largest provider of eyecare wellness benefits. Upon his retirement, Mr. Valine had worked for VSP for 33 years and provided consulting services to VSP through December 2008. Mr. Valine previously served on the boards of American Specialty Health Incorporated and SureWest Communications. Mr. Valine is an experienced business leader with significant experience in the healthcare industry and brings an understanding of the operational, financial and regulatory aspects of our business as well as extensive management experience.

**The Board recommends a vote FOR the election of each of the named nominees as directors.**

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The general governance framework for the Company is provided by its bylaws, corporate governance guidelines, the charters for each of the Board's committees, the corporate governance code of ethics and corporate code of conduct. These governance documents are available under the Corporate

Governance section of our website, located at <http://www.davita.com/about/corporate-governance>. The Board adopted the corporate governance guidelines to assist the Board and its committees in performing their duties and serving the best interests of the Company and our stockholders.

## Selection of Directors

In making recommendation to the Board, the Nominating and Governance Committee considers a number of factors and assesses the overall mix of qualifications, individual characteristics, experience level, and diverse perspectives and skills that are most beneficial to our Company. The committee also considers the mix of different tenures of the directors, taking into account the benefits of directors with longer tenures, including greater board stability and continuity of organizational knowledge, and the benefits of directors with shorter tenures, and takes steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to re-examine the status quo. In connection with the re-nomination of current directors, it is the committee's responsibility to determine in each case whether re-nomination is appropriate. The committee assesses each director's performance and contributions to the Board, as well as his or her skills, experience and qualifications, including the continued value to the Company in light of current and future needs, including whether the Company's needs for the director's experience and background have changed. If the incumbent director has not performed or contributed in a meaningful way, the committee should consider whether re-nomination is

appropriate in light of any other relevant facts and circumstances. Another integral part of this process is the individual director evaluations by the Board members. The Company does not have a specific diversity policy. However, as noted in our corporate governance guidelines, when selecting nominees the committee considers diversity of skills, experience, perspective and background. The Nominating and Governance Committee will consider nominees for director recommended by stockholders upon submission in writing to our Corporate Secretary of the names and qualifications of such nominees at the following address, within the timeframe and subject to the other requirements set forth in our bylaws: Corporate Secretary, DaVita HealthCare Partners Inc., 2000 16th Street, Denver, Colorado 80202. The committee will evaluate candidates based on the same criteria regardless of whether the candidate was recommended by the Company or a stockholder.

In March 2016, the Nominating and Governance Committee recommended the candidates standing for election at the 2016 annual meeting of stockholders.

## Director Independence

Under the listing standards of the NYSE, a majority of the members of the Board must satisfy the NYSE criteria for "independence." No director qualifies as independent under the NYSE listing standards unless the Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). In addition, the Board has adopted a formal set of standards used to determine director independence. The full text of our director independence standards is available under the Corporate Governance section of our website, located at

<http://www.davita.com/about/corporate-governance>.

The Board evaluates the independence of our directors annually and will review the independence of individual directors on an interim basis to consider changes in employment, relationships and other factors. The Board has determined that all of the individuals currently serving, or who served at any time during 2015, as members of the Board, other than Mr. Thiry, are independent under the NYSE listing standards and the Company's independence standards. In evaluating each director's independence, the Board considered the nature of any executive officer's personal investment interest in director affiliated entities (active or passive), the level of involvement by the director or executive officer as a partner in any such director affiliated entities, any special arrangements between the





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Corporate Governance 

parties which would lead to a personal benefit, any personal benefits derived as a result of business relationships with the Company, any other personal benefit derived by any director or executive officer as a result of the disclosed relationships or any other relevant factors.

In assessing director independence, the Board considered investments made in the past by some Board members and executive officers of the Company in certain funds of a venture capital firm of which Mr. Nehra is a retired special partner or that are managed directly or indirectly by the firm of which Mr. Nehra is a retired special partner. The Board also considered transactions in which WellCare has made payments to us for services rendered in the ordinary course of business in the last three years which did not exceed the greater of \$1 million or 2% of WellCare's consolidated gross revenue in each such year. Mr. Berg was a director and non-executive chairman of WellCare until May 2013 and holds less than a 10% beneficial interest in WellCare. The Board also considered the \$465,000 of additional fees in the aggregate paid to Mr. Berg in his role as a member of the Board's Compliance Committee in 2013 and 2014, in overseeing the 2010 U.S. Attorney physician relationship investigation and the 2011 U.S. Attorney physician relationship investigation ("PRI"), at the request of the Board, as well as the \$59,000 additional fees paid to Mr. Berg in 2015 in his role as the chairman of the Board's Compliance Committee, in overseeing matters related to the subpoenas received by HCP and the five-year Corporate Integrity Agreement

entered into between the Company and the United States Department of Health and Human Services, Office of Inspector General, in connection with the resolution of PRI (the "Corporate Integrity Agreement"). In addition, the Board considered the transactions in which Kindred has made payments to us for services rendered in the ordinary course of business in the last three years which did not exceed the greater of \$1 million or 2% of Kindred's consolidated gross revenue in each such year. Mr. Diaz is Kindred's executive vice chairman and director, and has less than a 10% beneficial interest in Kindred.

The Board maintains a policy whereby the Board will evaluate the appropriateness of the director's continued service on the Board in the event that the director retires from his or her principal job, changes his or her principal job responsibility or experiences a significant event that could negatively affect his or her service to the Board. In such event, the policy provides that the affected director shall promptly submit his or her resignation to the chairman of the Board and the lead independent director. The members of the Board, excluding the affected director, will determine whether the affected director's continued service on the Board is in the best interests of our stockholders and will decide whether or not to accept the resignation of the director. In addition, the policy provides that prior to accepting an invitation to serve on the board of directors of another public company, a director must advise the chairman of the Board and the lead independent director so that the remaining members of the Board may evaluate any potential conflicts of interest.

## Leadership Structure and Meetings of Independent Directors

Mr. Thiry is the chairman of our Board and the chief executive officer of the Company. Since October 2014, Mr. Thiry has also served as chief executive officer of HCP. Mr. Thiry brings over 15 years of experience with our Company and deep institutional knowledge and experience to the combined role.

We believe that Mr. Thiry's experience and knowledge as CEO and chairman are essential to the chairman role and are counterbalanced appropriately by the significant role of the lead independent director. Our lead independent director, Mr. Grauer, who was elected by and from the independent board members, plays a significant role in Board leadership and meetings of the independent directors. Mr. Grauer also chairs our Nominating and Governance Committee, and as chairman of the Nominating and Governance

Committee, Mr. Grauer has the authority to call meetings of the committee, whose primary purpose, as outlined in its charter, includes overseeing the evaluation of the Company's management, including the CEO.

As lead independent director, Mr. Grauer serves as liaison between the chairman and the independent directors, approves information sent to the Board, confers with the CEO/chairman in setting and thereafter approving meeting agendas for the Board, approves meeting schedules to assure that there is sufficient time for discussion of all agenda items, and presides at all meetings of the Board at which the chairman is not present, including executive sessions of independent directors. Additionally, Mr. Grauer facilitates discussions outside of scheduled Board meetings among the independent directors on key issues as required, and

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decides when to engage independent advisors for the Board or a Board committee. Mr. Grauer, in his capacity as lead independent director, also has the authority to call meetings of the Board and the independent directors and, if requested by major stockholders, makes himself available for consultation and direct communication with them.

Independent directors meet regularly in executive sessions without management. Executive sessions are held in conjunction with each regularly scheduled meeting of the Board.

## Communications with the Board

Any interested party who desires to contact the lead independent director, Mr. Grauer, may do so by sending an email to [leaddirector@davita.com](mailto:leaddirector@davita.com). In addition, any interested party who desires to contact the Board or any member of the Board may do so by writing to: Board of Directors, c/o Corporate Secretary, DaVita HealthCare Partners Inc., 2000 16<sup>th</sup> Street, Denver, Colorado 80202. Copies of any such written

communications received by the Corporate Secretary will be provided to the full Board or the appropriate member depending on the facts and circumstances described in the communication unless they are considered, in the reasonable judgment of the Secretary, to be improper for submission to the intended recipient(s).

## Annual Meeting of Stockholders

We do not have a policy requiring that directors attend the annual meeting of stockholders. At the last annual meeting of stockholders, our chairman and CEO, Mr. Thiry, attended the meeting.

## Information Regarding the Board and its Committees

The Board has established the following committees: the Audit Committee, the Compensation Committee, the Nominating and Governance Committee, the Compliance Committee, the Public Policy Committee, and the Clinical Performance Committee. The Board met

9 times during 2015. Each of our directors attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings held by all committees of the Board on which he or she served during 2015.

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Corporate Governance 

## Committees of the Board

The following chart sets out the current members of our Board Committees and describes the principal functions of each committee of our Board. The charter for each committee is available under the Corporate Governance section of our website, located at <http://www.davita.com/about/corporate-governance>.

### Audit

10

Carol Anthony ("John")

Davidson *Chair*

Charles G. Berg

Roger J. Valine

Monitors the quality and integrity of our consolidated financial statements including the financial reporting and disclosure processes and the integrity and effectiveness of our system of internal control over financial reporting.

Monitors our compliance with legal and regulatory requirements, including healthcare compliance in coordination with the Board's Compliance Committee.

Monitors the independence, qualifications and performance of our independent registered public accounting firm, including a review of the scope and results of their audit, as well as our internal audit function.

Together with the Compliance Committee, assists the Board with oversight of compliance with legal and regulatory requirements, including those that may have a material impact on the Company's financial statements.

Appoints and engages our independent registered public accounting firm, and pre-approves the firm's annual audit services (including related fees), audit-related services, and all other services in accordance with our pre-approval policy.

Monitors our disclosure controls and procedures and compliance with ethical standards.

Provides an avenue of communication among the independent registered public accounting firm, management, internal audit department and the Board.

**Compensation**

Pamela M. Arway *Chair*

Paul J. Diaz

Peter T. Grauer

Roger J. Valine

Reviews the performance of our chief executive officer and other executives and makes specific recommendations and decisions regarding their compensation.

Establishes policies relating to the compensation of our executive officers and other key employees that further the goal of ensuring that our compensation system for our chief executive officer and our other executives, as well as our philosophy for compensation for all employees and the Board, is aligned with the long-term interests of our stockholders.

Conducts an evaluation of our chief executive officer's performance and the Company's performance and considers a self-assessment prepared by our chief executive officer. Periodically, the Compensation Committee engages an outside consultant to conduct an in-depth analysis of our chief executive officer's performance as a manager during the year.

Has sole authority and discretion to retain or replace its independent compensation consultants, independent legal counsel and other advisors, and is directly responsible for hiring, overseeing and compensating such advisors.

Annually reviews and approves the long-term corporate goals and objectives applicable to compensation for our chief executive officer, evaluates our chief executive officer's performance in light of those goals and objectives, and determines and approves, subject to ratification by the independent members of the Board, all elements of our chief executive officer's total compensation, including the chief executive officer's compensation level based on this evaluation.

Works closely with and considers the recommendations of our chief executive officer to determine the compensation of our other executive officers.

Reviews the goals and objectives and summary performance assessments applicable to the compensation of our other executive officers, and reviews and approves all elements of total compensation of our other executive officers and considers the recommendations of the chief executive officer who conducts a performance and compensation review of each other executive officer and reviews his detailed assessments of the performance of each of the other executive officers with the Compensation Committee.

Reviews the results of advisory stockholder votes and other stockholder feedback on the compensation of our executive officers and considers whether to make adjustments to our compensation policies and practices as a result of such votes.

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**Nominating and  
Governance**

2

Peter T. Grauer *Chair*

Reviews and makes recommendations to the Board about our governance processes.

Pamela M. Arway

Carol Anthony ("John")  
Davidson

Roger J. Valine

Assists in identifying and recruiting candidates for the Board.

Annually reviews the performance of the individual members of the Board.

Proposes a slate of nominees for election at the annual meeting of stockholders.

Makes recommendations to the Board regarding the membership and chairs of the committees of the Board.

**Compliance Committee<sup>1</sup>**

7

Charles G. Berg *Chair*

Barbara J. Desoer<sup>2</sup>

Paul J. Diaz

Dr. William L. Roper

Reviews and oversees compliance with Federal health care program requirements and the Corporate Integrity Agreement.

Oversees and monitors the effectiveness of our healthcare regulatory compliance program, reviews significant healthcare regulatory compliance risk areas, and reviews the steps management is taking to monitor, control and report these risk exposures.

Together with the Audit Committee, assists the Board with oversight of enterprise risk management and healthcare legal and regulatory compliance.

Has primary responsibility for oversight of healthcare regulatory requirements and for directing the Company's response to certain pending governmental investigations.

## Edgar Filing: DAVITA HEALTHCARE PARTNERS INC. - Form DEF 14A

Meets at least once each quarter in executive sessions with our chief compliance officer to discuss, among other things, our compliance program and to receive an update on compliance activities initiated or completed during the quarter.

### Public Policy

2

John M. Nehra *Chair*

Pamela M. Arway

Paul J. Diaz

Advises the Board on public policy and government relations matters and makes recommendations to the Board as to policies and procedures relating to issues of public policy and government relations.

Oversees the Company's government affairs activity and political spending.

### Clinical Performance

2

Dr. William L. Roper *Chair*

Carol Anthony ("John")  
Davidson

Barbara J. Desoer<sup>2</sup>

Advises the Board on clinical performance issues facing the Company.

Makes recommendations to management and to the Board as to policies and procedures relating to issues of clinical performance.

1

Mr. Nehra served on the Compliance Committee until March 31, 2016.

2

Ms. Desoer was appointed to the Clinical Performance Committee and Compliance Committee on March 31, 2016.

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## Overview of Committee Membership Qualifications

<b>Pamela M. Arway</b> <sup>1</sup>	Yes	2
<b>Charles G. Berg</b> <sup>2</sup>	Yes	0
<b>Carol Anthony ("John") Davidson</b> <sup>2</sup>	Yes	3
<b>Barbara J. Desoer</b>	Yes	0
<b>Paul J. Diaz</b> <sup>1</sup>	Yes	1
<b>Peter T. Grauer</b> <sup>1,3</sup>	Yes	2
<b>John M. Nehra</b>	Yes	0
<b>Dr. William L. Roper</b>	Yes	1
<b>Kent J. Thiry</b>	No	0
<b>Roger J. Valine</b> <sup>1,2</sup>	Yes	0

1 Member of the Compensation Committee and is (a) independent under the listing standards of the NYSE and the Company's independence standards, (b) a "nonemployee director" under Rule 16b-3 of the Securities Exchange Act of 1934 (the "Exchange Act"), and (c) an "outside director" as defined in Internal Revenue Service regulations.

2 Member of the Audit Committee and qualifies as an "audit committee financial expert" within the meaning of the rules of the SEC and each is "independent" and "financially literate" under the listing standards of the NYSE and the Company's independence standards.

3 Mr. Grauer is our Lead Independent Director.

\* Current as of March 31, 2016.

## Risk Oversight

The Board's involvement in risk oversight involves the Audit Committee, the Compliance Committee and the full Board. Each of the Audit Committee and Compliance Committee are comprised of independent non-executive directors. The Audit Committee is responsible for legal and regulatory risk oversight and the Compliance Committee has primary responsibility for oversight of healthcare legal and regulatory compliance requirements. The Audit Committee and the Compliance Committee meet regularly with our chief legal officer or the corporate secretary, as the case may be, and chief compliance officer, and work together to assist the Board with oversight of legal and compliance enterprise risk management and to ensure that management identifies, monitors, controls and reports such compliance risk exposures. The Compliance Committee reviews significant healthcare legal and regulatory compliance risk areas, and meets on a regular basis and reports directly to the Board on its findings. The Audit Committee receives materials on enterprise risk management on an annual basis. These materials include identification of top enterprise risks for

the Company, the alignment of management's accountability and reporting for these risks, and mapping of the Board's and Audit Committee's oversight responsibilities for key risks. In addition, the Audit Committee and the full Board periodically receive materials to address the identification and status of major risks to the Company. The Audit Committee discusses significant risk areas and the actions management has taken to monitor, control, and report such exposures. The Audit Committee also reviews with the Company's chief legal officer or corporate secretary, as the case may be, legal matters that may have a material impact on the Company's financial statements, the Company's compliance with applicable laws and regulations, and material reports or inquiries received from governmental agencies, including such matters identified by the Compliance Committee or the chief compliance officer. At each meeting of the full Board, the chairman of the Audit Committee reports on the activities of the Audit Committee, including risks identified and risk oversight.

## Board Share Ownership Policy

We have a share ownership policy that applies to all non-employee members of the Board. The purpose of the policy is to align the financial interests of our

non-employee Board members with those of our stockholders.

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Both shares owned directly and shares underlying vested but unexercised stock appreciation rights ("SARs"), including stock-settled stock appreciation rights ("SSARs"), restricted stock units ("RSUs"), direct stock issuances ("DSIs") and stock options are included in the determination of whether the share ownership guidelines have been met. The total net realizable share value retained must have a current market value of not less than the lower of:

25% of the total equity award value realized by the Board member to date in excess of \$100,000; or

three times the annual Board retainer of \$80,000, or \$240,000.

As of December 31, 2015, each of our non-employee members of the Board had met the requirements of our share ownership guidelines. See "Compensation Discussion and Analysis Compensation Policies and Practices Management Share Ownership Policy" on page 51 of this Proxy Statement for more information regarding our management share ownership policy.

## Code of Ethics and Codes of Conduct

We have a code of ethics that applies to our chief executive officer, chief financial officer, controller and chief accounting officer, chief legal officer, and all professionals involved in the accounting and financial reporting functions. We also have a code of conduct that applies to all of our employees, officers and the Board. The code of ethics and the code of conduct are available under the Corporate Governance section of our website, located at <http://www.davita.com/about/corporate-governance>. If the Company amends or waives the code of ethics or the code of conduct with respect to our chief executive officer, chief financial officer, controller or chief accounting officer, chief legal

officer, or persons performing similar functions, we will post the amendment or waiver at the same location on our website.

HCP also has a code of conduct that applies to its officers, employees, affiliated physicians, and persons serving on the board of directors of its subsidiaries, and other contracted providers, vendors and all third parties conducting business on behalf of HCP. The HCP code of conduct is available under the Corporate Governance section of our website, located at <http://www.davita.com/about/corporate-governance>.

## Insider Trading Policy

We have adopted an Insider Trading Policy applicable to our directors, executive officers and employees that is intended to ensure that those individuals do not benefit financially from buying or selling shares of our common stock while in the possession of material non-public information. Under our Insider Trading Policy, pre-clearance by our chief legal officer is required for equity and 401(k) plan transactions entered into by our executives and Board members, such as an option or stock appreciation right exercise, or electing to invest in or divest shares of our common stock, as well as certain

other transactions involving our common stock. In addition, quarterly trading blackouts are imposed under the Insider Trading Policy upon our directors, executive officers and certain other employees who are deemed to have access to the Company's financial results prior to their becoming final and being publicly disclosed. The Insider Trading Policy strictly prohibits hedging transactions. Moreover, our directors, executive officers and other employees are prohibited from pledging Company securities as collateral for a loan.

Table of ContentsCorporate Governance **Proposal 2 Ratification of the Appointment of our Independent Registered Public Accounting Firm****Independent Registered Public Accounting Firm**

The Audit Committee has appointed KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016. Representatives of KPMG LLP are expected to attend the annual meeting in person and will be available to respond to appropriate questions and to make a statement if they so desire. If KPMG LLP should decline to act or otherwise become incapable of acting, or if KPMG LLP's engagement is discontinued for any reason, the Audit Committee will appoint another independent registered public accounting firm to serve as our independent registered public accounting firm for 2016. Although we are not required to seek stockholder ratification of this appointment, the Board believes that doing so is consistent with corporate governance best practices. If the appointment is not ratified, the Audit Committee will explore the reasons for stockholder rejection and will reconsider the appointment.

The following table sets forth the aggregate professional fees billed to us for the years ended December 31,

2015 and 2014 by KPMG LLP, our independent registered public accounting firm:

Audit fees <sup>1</sup>	\$5,063,695	\$4,760,714
Audit-related fees <sup>2</sup>	\$539,789	\$487,185
Tax fees <sup>3</sup>	\$589,551	\$445,429
All other fees		
<b>Total</b>	<b>\$6,193,035</b>	<b>\$5,693,328</b>

1

Includes aggregate fees for the audit of our consolidated financial statements and the effectiveness of our internal control over financial reporting and the three quarterly reviews of our consolidated financial statements included in our Form 10-Q and other SEC filings. In addition, audit fees include statutory audits in several international countries.

2

Includes fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported as "Audit Fees." The audit-related fees in 2015 and 2014 include fees for audits of our employee benefit plans, an audit of a majority-owned entity, audits of HCP's risk bearing organizations, and fees of \$101,009 and \$264,297 in 2015 and 2014, respectively, for due diligence services relating to potential acquisitions.

3

Includes fees for professional services rendered for tax advice and tax planning. None of these fees were for tax compliance or tax preparation services.

## Pre-approval Policies and Procedures

The Audit Committee is required to pre-approve the audit, audit-related, tax and all other services provided by our independent registered public accounting firm in order to assure that the provision of such services does not impair the auditor's independence. The Audit Committee's pre-approval policy provides for pre-approval of all audit, audit-related, tax and all other services provided by the independent registered public accounting firm, KPMG LLP. The Audit Committee

pre-approved all such services in 2015 and concluded that such services performed by KPMG LLP were compatible with the maintenance of that firm's independence in the conduct of its auditing functions.

**The Board recommends a vote FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2016.**

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## Proposal 3 Advisory Vote on Executive Compensation

Pursuant to Section 14A of the Exchange Act, we are providing stockholders with a vote to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with SEC rules. The advisory vote on executive compensation described in this proposal is commonly referred to as a "say-on-pay vote."

The Company intends to include in its proxy statement on an annual basis an advisory vote regarding named executive officer compensation.

As disclosed in the Compensation Discussion and Analysis, the Company believes that its executive compensation program is reasonable, competitive and strongly focused on pay-for-performance principles. We design our executive officer compensation program to attract and retain outstanding leaders who possess the skills and talent necessary to achieve our business goals and objectives. Our ultimate objective is to continue to create long-term stockholder value by being a leader in clinical outcomes, generating strong overall revenue growth, market share increases, operating margin growth, increases in Medicare Advantage enrollment and consistently strong total stockholder return ("TSR"). In order to achieve this objective, we have established an executive compensation program that we believe:

rewards superior clinical outcomes;

rewards strong Company performance;

aligns our executives' interests with our stockholders' interests; and

is competitive within the health care services, diagnostics, managed care and solutions markets, so that we can attract and retain outstanding executives.

We believe that the compensation of our named executive officers during fiscal 2015 is consistent with the following achievements and financial performance for 2015:

improved clinical outcomes in our U.S. dialysis operations, including second year in a row as leader of the Five-Star Quality Rating System created by the Centers for Medicare and Medicaid Services;

consolidated net revenue growth of 7.7%;

net revenue growth of 5.2% related to our U.S. dialysis segment operations as a result of an increase in revenue per treatment of \$6;

an increase in HCP's net revenue of 9.6% related to an increase of its fee-for-service business and senior capitated revenue;

an increase in other ancillary services and strategic initiatives net revenue of 21.3%;

U.S. dialysis treatment growth of 4.1%;

normalized non-acquired U.S. dialysis treatment growth of 3.9%;

net addition of 72 U.S. dialysis centers and 27 international dialysis centers;

strong operating cash flows of \$1.557 billion, which have been reduced by approximately \$304 million of after-tax payments made in connection with the settlement of the Vainer private civil suit; and

a \$1.5 billion financing to lower interest rate, extend maturities and enhance liquidity.

The Company's TSR from the first quarter of 2000 (our CEO's first full quarter with the Company) through the fourth quarter of 2015 was approximately 3,298%, putting the Company in the top 10 of all current S&P 500 companies over that period.

The Compensation Committee has developed and approved an executive compensation philosophy to provide a framework for the Company's executive compensation program featuring the following policies and practices:

strong pay-for-performance alignment, with equity awards ranging up to 65% of our named executive officers' compensation in 2015, and with short-term cash bonuses and long-term incentive awards of cash and equity tied to the achievement of various performance metrics;

a stock ownership policy that requires our executives to accumulate a meaningful ownership stake in the Company over time to strengthen the alignment of our named executive officers' and stockholders' interests;

a clawback policy that permits the Board to recover bonuses, incentive and equity-based compensation from executive officers and members of the Board whose fraud or intentional misconduct was a significant contributing factor to the Company having to restate all or a portion of its financial statements; and

equity incentive plans that prohibit repricing or replacing underwater stock options or stock appreciation rights without prior stockholder approval.

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This proposal gives our stockholders the opportunity to express their views on the overall compensation of our named executive officers and the philosophy, policies and practices described in this Proxy Statement. For the reasons discussed above, we are asking our stockholders to indicate their support for our named executive officer compensation by voting FOR the following resolution at the annual meeting:

"RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission (which disclosure includes the Compensation Discussion and Analysis, the

2015 Summary Compensation Table and the other related tables and disclosure)."

The say-on-pay vote is an advisory vote only, and therefore it will not bind the Company or the Board. However, the Board and the Compensation Committee will consider the voting results as appropriate when making future decisions regarding executive compensation, as they did following the 2015 annual meeting of stockholders.

**The Board recommends a vote FOR the approval of the advisory resolution relating to the compensation of our named executive officers as disclosed in this Proxy Statement.**

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## Proposal 4 Approval of Proposed Amendments to our Amended and Restated Bylaws to Adopt Proxy Access

The Board is recommending that stockholders approve amendments to the Company's Amended and Restated Bylaws that would permit certain stockholders to include qualified stockholder-nominated director candidates in the Company's proxy materials ("proxy access"). The proposed amendments to be approved by stockholders are contained in Section 12(a), Section 12(c) and Section 13 of Article III of the Company's Amended and Restated Bylaws, a copy of which is attached to this Proxy Statement as Appendix A ("Amendments"). Additions to the Bylaws are indicated by underlining, and deletions are indicated by strikethrough text.

### Introduction

Proxy access allows eligible stockholders to include their own nominees for director in the Company's proxy materials for an annual meeting of stockholders, along with the candidates nominated by the Board. A non-binding stockholder proposal submitted by the UAW Retiree Medical Trust, which requested that we adopt and present a proxy access bylaw for stockholder approval, received the support of 43% of our stockholders at the 2015 annual meeting of stockholders. Even though the stockholder proposal was supported by less than a majority of the votes cast by our stockholders, the Board moved forward with the consideration of proposed amendments to our Amended and Restated Bylaws to implement a proxy access right. In determining the terms of the proxy access right to be proposed for stockholder approval. We reached out to the holders of a majority of our outstanding shares to obtain their feedback on proxy access, and the Board considered feedback from our stockholders gathered during engagement, including in relation to the ownership threshold and duration, the limitation on the number of stockholders that can comprise a nominating group, and the maximum number of proxy access nominees. The Board believes that the proposed Amendments include requirements and provisions designed to provide meaningful rights of proxy access while reducing some risks of abuse.

### Description of Proposed Amendments

The following description of the proposed Amendments is a summary only and is qualified in its entirety by reference to the complete text of the Amendments which is attached to this Proxy Statement as Appendix A. You are urged to read the Amendments in their entirety.

#### Eligibility of Stockholders to Nominate Directors

Any stockholder or group of up to 20 stockholders who have maintained continuous qualifying ownership of at least 3% of the shares of the Company's outstanding common stock for at least the previous three years would be permitted to include a specified number of director nominees in the Company's proxy materials for its annual meeting of stockholders.

#### Calculation of Qualifying Ownership

To ensure that the interests of stockholders seeking to include director nominees in the Company's proxy materials are aligned with those of other stockholders, a nominating stockholder would be deemed to own only those shares of outstanding common stock of the Company as to which the stockholder possesses both (i) the full voting and investment rights pertaining to the shares and (ii) the full economic interest in such shares, including the opportunity for profit and the risk of loss. With respect to the stockholder or any of the stockholder's affiliates, the following shares would not count as "owned" shares for purposes of the Amendments:

shares sold in any transaction that has not been settled or closed, including any short sale;

shares borrowed for any purposes or purchased pursuant to an agreement to resell; or

shares subject to any option, warrant, forward contract, swap, contract of sale or other derivative or similar agreement, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of

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stock, which instrument or agreement has, or is intended to have, or if exercised by either party thereto would have, the purpose or effect of (a) reducing in any manner, to any extent or at any time in the future, the full right to vote or direct the voting of any such shares, and/or (b) hedging, offsetting or altering to any degree any gain or loss arising from the full economic ownership of such shares, other than any such arrangements solely involving a national or multi-national multi-industry market index.

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A stockholder will be deemed to "own" shares held in the name of a nominee or other intermediary so long as the stockholder retains the right to instruct how the shares are voted with respect to the election of directors and the right to direct the disposition thereof and possesses the full economic interest in the shares. A stockholder's ownership of shares will be deemed to continue during any period in which the stockholder has loaned such shares or delegated any voting power over such shares by means of a proxy, power of attorney or other instrument or arrangement which in either case is revocable at any time by the stockholder; provided that in the event of a loan, the stockholder has the power to recall such loaned shares on five or less business days' notice.

Funds under common management and investment control, funds under common management and funded primarily by the same employer, and/or certain investment company families or groups, would be treated as one eligible stockholder or one member of a nominator group under certain circumstances.

**Number of Stockholder-Nominated Candidates**

The maximum number of candidates nominated by all eligible stockholders that the Company would be required to include in the Company's proxy materials for an annual meeting of stockholders is that number of directors constituting the greater of two or 20% of the total number of directors (rounded down to the nearest whole number) on the last day on which a nomination notice may be submitted to the Company (as described below under the section captioned "Nomination Window"). If one or more vacancies occur on the Board, or the Board decides to reduce the size of the Board in connection with the annual meeting, after the nomination deadline, the nominee limit would be calculated based on the reduced number of directors. Any stockholder-nominated candidate who is either subsequently withdrawn or included by the Board in the Company's proxy materials as a Board-nominated candidate would be counted against the nominee limit.

**Procedure for Electing Candidates if Nominee Limit Exceeded**

Any nominating stockholder submitting more than one stockholder nominee for inclusion in the Company's proxy materials would be required to rank such nominees based on the order that the nominating stockholder desires such nominees to be selected for inclusion in the Company's proxy materials. If the number of stockholder-nominated candidates exceeds the maximum number of stockholder nominees, the highest ranking stockholder nominee from each nominating stockholder would be selected for inclusion

in the Company's proxy materials until the nominee limit is reached, going in order of the amount (largest to smallest) of shares of stock of the Company that each nominating stockholder disclosed as owned in its respective nomination notice submitted to the Company. This selection process would continue with the next highest ranked nominees as many times as necessary, following the same order each time, until the nominee limit is reached.

**Nomination Window**

In order to provide adequate time to assess stockholder-nominated candidates, requests to include stockholder-nominated candidates in the Company's proxy materials must be delivered to or mailed and received at the Company's principal executive offices no earlier than 150 days and no later than 120 days before the first anniversary of the date that the Company distributed its proxy statement to stockholders for the previous year's annual meeting of stockholders.

**Information Required of All Nominating Stockholders**

Each stockholder seeking to include a director nominee in the Company's proxy materials would be required to provide certain information to the Company, including:

verification of the stockholder's ownership of shares of the Company's common stock;

an undertaking to provide immediate notice if the stockholder ceases to own the minimum number of shares prior to the date of the annual meeting;

a copy of the stockholder's notice on Schedule 14N that has been filed with the SEC;

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the stockholder nominee's consent to being named in the Company's proxy materials and serving as a director, if elected;

the information, questionnaire, representation and agreement required pursuant to the advance notice requirements for stockholder nominees set forth in the Company's Amended and Restated Bylaws;

a description of communications by the nominating stockholder with any other stockholder or beneficial owner of Company securities regarding the stockholder nominee;

a description of certain relationships that might have existed within the past three years between or among the nominating stockholder, the nominator group, the stockholder nominee and/or the Company or any of its affiliates;

the details of any position of the stockholder nominee as an officer or director of any competitor of the Company within the three years preceding the submission of the nomination notice; and

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in the case of a nomination by a group of stockholders, the designation of one authorized group member.

Nominating stockholders would also be required to make certain representations and warranties to and agreements with the Company, including:

no intent to change or influence control of the Company;

not nominating any person for election to the Board other than the stockholder's nominees submitted through the proxy access process;

not engaging and/or participating in the solicitation of support for any person other than the stockholder's nominees or Board nominees;

not engaging in any exempt solicitation or certain communications regarding voting intentions, other than with respect to the nominating stockholder's nominees or Board nominees;

not distributing any proxy card for the annual meeting in connection with the election of a stockholder nominee other than the form distributed by the Company;

no violation of applicable law or stock exchange requirements as a result of the nominee's candidacy or Board membership (if elected);

the nominee's independence and other qualifications;

satisfaction of the eligibility requirements and intent to maintain qualifying ownership through the annual meeting date;

compliance with applicable laws, rules and regulations in connection with the nomination, solicitation and election, including filing with the SEC certain communications with stockholders relating to any director, director nominee or stockholder nominee;

assuming liabilities related to and indemnifying the Company and its officers, directors and employees against losses arising out of the nomination or relevant communications; and

promptly notifying the Company if certain information ceases to be true and accurate in all material respects.

**Exclusion of Stockholder Nominees**

The Company would not be required to include a stockholder nominee in the Company's proxy materials if:

the Company receives a notice that a stockholder intends to nominate any candidate for election to the Board at the annual meeting pursuant to the

advance notice requirements for stockholder nominees set forth in Article III, Section 12(a) of the Company's Amended and Restated Bylaws;

the nominating stockholder has engaged in a solicitation, exempt solicitation or other communication regarding voting intentions, other than with respect to any stockholder nominee or Board nominee;

the nomination or election to the Board would result in the Company violating or failing to be in compliance with its Amended and Restated Bylaws or Amended and Restated Certificate of Incorporation, as amended, any stock exchange requirements or any other

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applicable state or federal laws, rules or regulations;

the nominee has been an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, as amended, within the past three years;

the nominating stockholder has failed to continue to satisfy the eligibility requirements, or the nominee becomes unwilling or unable to serve on the Board; or

any of the representations and warranties made in the nomination notice ceases to be true and accurate in all material respects, or any violation or breach occurs of any of the obligations, agreements, representations or warranties of the nominating stockholder or stockholder nominee under or pursuant to the Amendments, including, without limitation, if the nominee (a) does not qualify as independent, (b) becomes a party to an undisclosed voting commitment or compensation arrangement, or (c) is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past ten years.

The Board or the chairman of the annual meeting would declare a director nomination by a stockholder to be defective, and such nomination would be disregarded, if (i) the director nominee or the stockholder breaches any of their respective obligations under the Amendments or (ii) the nominating stockholder does not appear at the annual meeting to present the nomination.

### **Supporting Statement and Other Information**

A nominating stockholder would be permitted to include in the Company's proxy statement for the applicable annual meeting a 500-word statement in support of its nominee(s).

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The Company would be permitted to omit, or may supplement or correct, any information or statement if such information or statement (a) is not true in all material respects, (b) impugns without factual foundation a person's or entity's character, integrity or personal reputation, or makes charges concerning improper, illegal or immoral conduct or associations without factual foundation, (c) would violate any applicable law or regulation, or (d) would impose a material risk of liability upon the Company.

The Company would be permitted to include in its proxy statement any information that the Company or the Board determines, in its discretion, to include relating to the nomination, including without limitation any statement in opposition to the nomination, information relating to any compensation arrangement and/or voting commitment, and any of the information provided to the Company pursuant to the proxy access right.

**Solicitation by the Company Against Stockholder Nominees**

The Company would be permitted to solicit support for its position in opposition to any stockholder nominee.

**Interpretation**

The Board (and any other person or body authorized by the Board, including, without limitation, the chairman of the relevant annual meeting) would have the power and authority to interpret certain of the Amendments and to make any and all determinations necessary or advisable to apply those provisions to any persons, facts or circumstances, including the power to determine the eligibility of a nominating stockholder and/or stockholder nominee, and whether any and all requirements have been satisfied.

**Stockholder Approval Requirement**

The affirmative vote of a majority of the shares of common stock which are present at the annual meeting or by proxy and entitled to vote thereon is required for the approval of the proposed Amendments. The proposed Amendments would become effective upon the required approval by our stockholders.

**The Board recommends a vote FOR the approval of the proposed amendments to the Amended and Restated Bylaws to adopt proxy access.**

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## Proposal 5 Amendment to Increase the Number of Shares Available Under our Employee Stock Purchase Plan by 7,500,000 Shares

### General

The Board is proposing for stockholder approval the amendment and restatement (the "ESPP Amendment") of our Employee Stock Purchase Plan (the "ESPP"). If approved by stockholders, the ESPP Amendment would add an additional 7,500,000 shares of common stock to the number of shares authorized for issuance under the ESPP. The ESPP encourages ownership of our common stock by eligible employees by permitting them to purchase, subject to the terms and conditions included in the ESPP, a limited number of shares at a discount rate. The Board approved the ESPP Amendment on March 31, 2016, subject to stockholder approval.

### Reason for Proposing the ESPP Amendment

Under the ESPP, 5,000,000 shares of common stock are authorized for issuance. As of March 31, 2016, eligible employees have purchased 4,577,603 shares under the ESPP and 422,397 shares remain available for purchase under the ESPP. At current participation levels, we estimate that, in the absence of an amendment to increase the number of shares of common stock authorized under the ESPP, all currently authorized shares will be purchased by June 2016. If the ESPP Amendment is approved, the number of shares available for purchase under the ESPP will be increased by 7,500,000 shares, which would be approximately 3.6% of the Company's shares outstanding as of March 31, 2016. This increase in the number of shares available for purchase under the ESPP will enable eligible employees to purchase shares under the ESPP for an additional period of time.

### History of the ESPP

The ESPP was originally adopted by the Board of Directors on October 24, 1995 and was approved by stockholders on June 6, 1996. Initially, the maximum number of shares of common stock that we could issue under the ESPP was 200,000 shares. On September 26, 1997, the Board adjusted the total number of shares available for issuance under the ESPP to 333,333 shares, to reflect the payment of a dividend on our common stock of two shares for every three shares then outstanding. An amendment to increase the number of shares available for purchase under the ESPP

by 800,000 shares was adopted by the Board and was approved by stockholders on December 17, 1999. The Board approved an amendment and restatement of the ESPP, effective July 10, 2002, to change the name of the ESPP to reflect our new corporate name and to make certain other clarifying changes. On May 21, 2004, our Board adjusted the total number of shares available for issuance under the ESPP to 1,699,999 shares to reflect a three-for-two stock split of our common stock. An amendment to increase the number of shares available for purchase under the ESPP by 800,001 shares was adopted by the Board and was approved by stockholders on May 29, 2007. The Board approved an amendment on December 13, 2007, and the Company amended the ESPP pursuant to the approval by the Board on November 1, 2008, to permit the Company to distribute directly to the participant the balance of a participant's account on the date of purchase of shares if the balances exceeds the purchase price of a whole number of shares to be acquired, in lieu of applying such amount to the next purchase right period, in either case, in the discretion of the Company. On October 6, 2011, pursuant to the approval by the Compensation Committee of the Board, the ESPP was amended to provide that employees that are citizens or residents of a foreign jurisdiction (i) whose laws prohibit their participation in the ESPP, (ii) whose participation would cause the ESPP to not meet the eligibility requirements of section 423 of the Internal Revenue Code, or (iii) where the burden to the Company of complying with local tax, securities and employment law does not warrant extending participation in the ESPP in such foreign jurisdiction, who would otherwise be eligible to participate in the ESPP, may be deemed by the Compensation Committee as not eligible to participate. On August 12, 2013, our Board adjusted the total number of shares available for issuance under the ESPP to 5,000,000 shares to reflect the two-for-one stock split of our common stock.

### Description of the ESPP

The following is a description of the terms of the ESPP, as proposed to be amended and restated. This description is qualified in its entirety by reference to the plan document, as proposed to be amended and restated, a copy of which is attached to this proxy statement as Appendix B and incorporated herein by reference.





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*Administration.* The Compensation Committee administers the ESPP. Pursuant to the ESPP, members of the Compensation Committee have the authority to interpret the ESPP and to prescribe the rules and procedures relating to the ESPP and to take all other actions necessary or appropriate in connection with the administration of the ESPP. The Company pays all costs and expenses of administering the ESPP.

*Shares Subject to the ESPP.* The maximum number of shares of common stock authorized for issuance under the ESPP is 5,000,000 shares, subject to adjustment in the event of certain changes to our capital structure as described in the ESPP. As noted above, 4,577,603 shares have already been purchased by eligible employees under the ESPP and 422,397 shares remain available for purchase as of March 31, 2016. If stockholders approve the amendment to increase the number of shares available under the ESPP by 7,500,000 shares, a total of 12,500,000 shares would be authorized for issuance under the ESPP subject to adjustment in the event of certain changes to our capital structure. The shares of common stock sold under the ESPP may be authorized and unissued shares or shares reacquired by the Company.

*Eligibility.* Except as described above with respect to certain employees in foreign jurisdictions, any employee of the Company or any of its authorized subsidiaries who is scheduled to work at least twenty hours per week is eligible to participate in the ESPP, provided such employee has completed at least three months of continuous employment prior to the first day of the applicable purchase right period (as described below). Notwithstanding anything to the contrary contained in the ESPP, no employee may be granted purchase rights under the ESPP if the employee would, after the grant of the purchase rights, be deemed to own 5% or more of the combined voting power or value of all classes of stock of the Company or of a subsidiary. As of March 31, 2016, we have approximately 65,700 employees and approximately 56,900 employees are eligible to participate in the ESPP.

*Participation and Payroll Deductions.* Eligible employees may purchase shares of common stock under the ESPP through payroll deductions during each purchase right period with amounts accumulated during each purchase right period or by lump sum contribution by the participant at the beginning of the purchase right period. An eligible employee may enroll in the ESPP by executing prior to the commencement of each purchase right period a form provided by the Company stating the amount of the requested payroll deduction or lump sum contribution. The minimum dollar amount that may be deducted and contributed per payroll period is \$10.

Once a participant has designated the amount of his or her contribution for a purchase right period, the participant cannot change the amount for such purchase right period without terminating his or her purchase right.

The amounts contributed by a participant (whether by means of payroll withholding or a lump sum advance contribution) will be deposited into a separate account maintained for the participant. No interest is paid on the amounts credited to a participant's account. Notwithstanding anything to the contrary in the ESPP, a participant may not accrue a right to purchase common stock under the ESPP at a rate that exceeds an aggregate fair market value of \$25,000 per calendar year.

*Purchase Right Periods.* Shares of common stock will be offered under the ESPP through two purchase right periods each year, from January 1 to December 31, and from July 1 to December 31. Which purchase right period will apply to a participant will depend on when a participant elects to start making contributions for the year. Participating employees are required to elect how much they will contribute toward their purchase rights prior to the start of the purchase right period.

*Exercise of Purchase Rights.* Unless earlier terminated, purchase rights will be exercised automatically on the last day of each purchase right period. Funds held in a participant's account on the last day of the purchase right period will be used to purchase shares of common stock for the participant. Shares purchased at the end of a purchase right period will be credited to electronic share accounts established for each participant at a broker designated by the Compensation Committee. The shares will be held in such accounts until the holding period set forth in section 423(a) of the Internal Revenue Code has been satisfied. After the expiration of the holding period required by section 423(a) of the Internal Revenue Code, which is two years after the first day of the purchase right period, or one year after the last day of the purchase right period, whichever is later, participants may move the shares to other brokers of their choice or have the shares transferred to them.

*Purchase Right Price.* The price at which a participating employee will purchase each share covered by a purchase right will be the lesser of (i) 100% of the fair market value of a share of common stock on the first day of the applicable purchase right period, or (ii) 85% of the fair market value of a share of common stock on the last day of that purchase right period. The fair market value of a share of common stock on any relevant date under the ESPP will be the last reported sale price of our common stock on the

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NYSE on the particular day, or if the NYSE is closed on a particular day, then the last reported sale price for the preceding day. On March 31, 2016, the fair market value per share of our common stock was \$73.38. Purchases are subject to the aggregate limitation on the number of shares that are available under the ESPP and the ESPP limitations applicable to individual participants.

*Termination of Purchase Rights.* A participant may elect to terminate his or her purchase right at any time prior to the last day of the purchase right period. To do so, the participant must complete the form provided by the Company for this purpose, and submit it to our people services department. A participant's purchase right will terminate automatically if the participant ceases to be our employee for any reason (including death, disability or retirement) prior to the last day of the purchase right period. A transfer of employment or service between the Company and a subsidiary or between different subsidiaries is not considered a termination for purposes of the ESPP. Furthermore, an approved leave of absence is not treated as termination of employment for this purpose if it does not exceed 90 days (unless the participant's rights to reemployment are guaranteed by statute or contract). Upon the termination of a participant's purchase right, all amounts held in a participant's account will be refunded to the participant.

*Termination Events.* Notwithstanding anything to the contrary in the ESPP, all purchase rights shall be automatically exercised immediately preceding (i) a transaction in which the Company will cease to be an independent publicly-owned corporation, (ii) a sale or other disposition of all or substantially all the assets of the Company, or (iii) a termination of the ESPP. In the case of a termination event described in (i) or (ii) above, the fair market value of our common stock on the last day of the purchase right period will be deemed to be equal to the per share consideration received in the transaction by the holders of the common stock.

*Adjustment Upon Changes in Capitalization.* If the outstanding shares of our common stock are increased, decreased, or exchanged for different securities through a reorganization, merger, consolidation, recapitalization, reclassification, stock split, reverse stock dividend, or other similar transaction, a proportionate adjustment will be made by the Compensation Committee to (i) the number, price, and kind of shares subject to outstanding purchase rights, and (ii) the maximum number and kind of shares that are available for issuance under the ESPP.

*Proration of Purchase Rights.* If the total number of shares of common stock to be purchased pursuant to outstanding purchase rights on any particular date

exceeds the number of shares then available for issuance under the ESPP, then (i) the Compensation Committee will make a pro-rata allocation of the available shares on a uniform and nondiscriminatory basis; and (ii) the payroll deductions of each participant, to the extent in excess of the aggregate purchase price payable for the common stock pro-rated to such individual, will be refunded to the participant.

*Nontransferability.* A participant's rights under the ESPP are not transferable.

*Indemnification of the Board.* To the maximum extent permitted by law and subject to certain exceptions, we will indemnify each member of the Board and any other employee with duties under the ESPP against expenses (including any amount paid in settlement or in satisfaction of a judgment) reasonably incurred by the individual in connection with any claims against the individual by reason of the performance of the individual's duties under the ESPP.

*Amendment and Termination of the ESPP.* The Board may terminate or amend the ESPP at any time. However, the Board may not, without the approval of our stockholders, adopt any amendment that relates to (i) the class of individuals eligible to participate in the ESPP, or (ii) the aggregate number of shares to be granted under the ESPP.

## **Federal Income Tax Consequences**

The following is a brief summary of the United States federal income tax consequences under the ESPP.

The ESPP is intended to qualify as an "Employee Stock Purchase Plan" within the meaning of section 423 of the Internal Revenue Code. Under section 423, an eligible employee who elects to participate in the ESPP will not realize any taxable income at the time common stock is purchased under the ESPP for such eligible employee.

If a participant disposes of common stock purchased under the ESPP two years or more after the date the purchase right is exercised, which is the last day of the purchase right period, a participant will recognize long-term capital gain or loss. The Company will not be entitled to any deduction with respect to a disposition of common stock occurring under the circumstances described in this paragraph.



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If a participant disposes of common stock purchased under the ESPP within two years after the date the purchase right is exercised, the participant will recognize ordinary income, and the Company will be entitled to a corresponding deduction, in an amount equal to the excess of the fair market value of the common stock on the last day of the purchase right period over the purchase price of the common stock under the ESPP. The participant's cost basis in the common stock will be increased by the amount of the ordinary income recognized by the participant. In addition, upon the disposition of the common stock, a participant will recognize capital gain or loss equal to the difference between the price at which the common stock is disposed of and the cost basis in the common stock, as so increased. The Company will not be entitled to any deduction with respect to the amount recognized by the participant as capital gain.

The affirmative vote of a majority of the shares of common stock present at the 2016 annual meeting, in person or by proxy and entitled to vote thereon, is required for the approval of the proposed amendment and restatement of our ESPP, including an increase in the number of shares of common stock available for issuance under the ESPP, and total votes cast on this proposal must represent over 50% of all outstanding shares.

**The Board recommends a vote FOR the approval of the proposed amendment to our ESPP to increase the number of shares of common stock available for issuance under the ESPP by 7,500,000 shares.**

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## Proposal 6 Stockholder Proposal Regarding Action by Written Consent

We expect the following proposal, sponsored by James McRitchie and Myra K. Young, 9295 Yorkship Court, Elk Grove, California 95758, and holders of 100 shares of the Company's common stock, to be presented at the annual meeting. **The Board has recommended a vote**

**AGAINST this proposal for the reasons set forth following the proposal.** The Board disclaims any responsibility for the content of the proposal and the supporting statement, which are presented exactly in the form received by the Company.

### Stockholder Proposal and Supporting Statement

#### Proposal 6 Right to Act by Written Consent

Resolved, Shareholders request that our board of directors undertake such steps as may be necessary to permit written consent by shareholders entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all shareholders entitled to vote thereon were present and voting. This written consent is to be consistent with applicable law and consistent with giving shareholders

the fullest power to act by written consent consistent with applicable law. This includes shareholder ability to initiate any topic for written consent consistent with applicable law.

This proposal topic won majority shareholder support at 13 major companies in a single year. This included 67% support at both Allstate and Sprint. Hundreds of major companies enable shareholder action by written consent.

Taking action by written consent in lieu of a meeting is a means shareholders can use to raise important matters outside the normal annual meeting cycle. A shareholder right to act by written consent and to call a special meeting are 2 complimentary ways to bring an important matter to the attention of both management and shareholders outside the annual meeting cycle. Taking action by written consent saves the expense of holding a special shareholder meeting.

Please vote to enhance shareholder value:

Right to Act by Written Consent Proposal 6

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Corporate Governance 

**The Company's Statement in Opposition to Proposal 6**

**The Board recommends you vote AGAINST the proposal.**

*We have a track record of strong corporate governance.* We have had a long-standing commitment to sound corporate governance practices, and have a number of corporate governance policies and practices that enhance the accountability of the Board of Directors to our stockholders, including:

- Our stockholders' right to call special meetings at a 10% threshold;
- A majority vote standard in uncontested director elections;
- No non-stockholder-approved pill;
- Annual election of all directors (no "staggered board" or "classified board"); and
- Simple majority vote for amendment of Bylaws.

We continue to be committed to good corporate citizenship and accountability to our stockholders. Our continual process of evaluating and making appropriate changes as needed to our corporate governance structure underscores our commitment to sound corporate governance and, we believe, enhances stockholder value. Last year, although proxy access received only 43% support from our stockholders, the Board of Directors proceeded, nonetheless, to consider amendments to our Bylaws to implement proxy access. We reached out to the holders of a majority of our outstanding shares to obtain their feedback on proxy access and, based on feedback gathered during the engagement, we are proposing amendments to our Bylaws which we believe provide meaningful rights of proxy access while reducing risks of abuse. In short, we continually evaluate our business, stockholder feedback, the competitive landscape and developments in corporate governance and implement appropriate changes to our corporate governance policies and practices when they appear to be in the best interests of our stockholders and our business.

*The proposal is unnecessary given that our stockholders already have the right to call special meetings.* Our stockholders already have the ability "to raise important matters outside the normal annual meeting cycle." Our bylaws were amended in 2011 to allow stockholders holding 10% or more of our outstanding common stock to call a special meeting to propose, debate and vote on matters outside the normal annual meeting cycle.

Notably, our 10% threshold for calling a special meeting is lower than the threshold at many S&P 500 companies and is substantially lower than the majority threshold that would be required to take action by written consent under this proposal.

*Addressing matters that are significant to the Company at a meeting of the stockholders, rather than through the consent solicitation process, ensures that information about proposed stockholder actions will be disseminated to all stockholders and allows for the transparent, public, orderly and deliberate consideration of issues facing the Company.* Acting on matters at a meeting of stockholders is more democratic and transparent than doing so by written consent. Requiring action to be taken at a stockholder meeting allows all stockholders to express their views openly, rather than allowing a subset of the stockholder constituency to take action without the knowledge or participation by the rest of the Company's stockholders and impose the results of that action on other stockholders. The special meeting process that is already available to the Company's stockholders provides a more meaningful opportunity for all stockholders to be involved in our corporate governance and, specifically, to receive notice of and participate in actions taken on behalf of the company's stockholders. On the contrary, action by written consent would permit a group of stockholders to initiate action without any notice and opportunity for other stockholders to review, analyze and formulate an opinion on the issue(s) being raised for vote by written consent. Action by written consent could also lead to hasty decision-making and could be costly and disruptive for the Company because it forecloses the opportunity for stockholders to have a robust, open and real time consideration and deliberation. Different stockholders could act on different matters by written consent for any purpose, at any time, and as often as they wish, causing significant disruption and confusion. This could lead to a chaotic and potentially coercive state of corporate affairs rather than the orderly and democratic stockholder meeting process currently in place.

The affirmative vote of a majority of the shares of common stock present at the annual meeting, in person or by proxy and entitled to vote thereon, is required for the approval of this proposal.



For all of the foregoing reasons, the Board recommends that you vote **AGAINST** this proposal.

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The following table sets forth information regarding the ownership of our common stock as of March 31, 2016 by (a) all persons known by us to own beneficially more than 5% of our common stock, (b) each of our directors and named executive officers, and (c) all of our directors and executive officers as a group. We know of no agreements among our stockholders which relate to voting or investment power over our common stock or any arrangement the operation of which may at a subsequent date result in a change of control of the Company.

<b>Warren E. Buffett</b> <sup>2</sup> Berkshire Hathaway Inc. 1440 Kiewit Plaza Omaha, Nebraska 68131	38,565,570	18.69%
<b>The Vanguard Group, Inc.</b> <sup>3</sup> 100 Vanguard Blvd. Malvern, PA 19355	14,380,779	6.97%
<b>BlackRock Inc.</b> <sup>4</sup> 55 East 52nd Street New York, NY 10055	12,297,950	5.96%
<b>Kent J. Thiry</b> <sup>5</sup>	2,053,122	*
<b>Javier J. Rodriguez</b> <sup>6</sup>	686,363	*
<b>Michael D. Staffieri</b> <sup>7</sup>	152,747	*
<b>Dennis L. Kogod</b> <sup>8</sup>	629,782	*
<b>James K. Hilger</b> <sup>9</sup>	67,166	*
<b>Pamela M. Arway</b> <sup>10</sup>	89,808	*
<b>Charles G. Berg</b> <sup>11</sup>	77,437	*
<b>Carol Anthony ("John") Davidson</b> <sup>12</sup>	49,697	*
<b>Barbara J. Desoer</b>	642	*
<b>Paul J. Diaz</b> <sup>13</sup>	13,094	*
<b>Peter T. Grauer</b> <sup>14</sup>	154,921	*

<b>John M. Nehra</b> <sup>15</sup>	186,117	*
<b>Dr. William L. Roper</b> <sup>16</sup>	85,306	*
<b>Roger J. Valine</b> <sup>17</sup>	101,842	*
<b>All directors and executive officers as a group (18 persons)</b> <sup>18</sup>	4,419,926	2.1%

\*

Amount represents less than 1% of our common stock.

1

Unless otherwise set forth in the footnotes below, the address of each beneficial owner is 2000 16th Street, Denver, Colorado, 80202.

2

Based solely on information contained in Amendment No. 4 to Schedule 13G filed with the SEC on February 17, 2015, Berkshire Hathaway Inc., a diversified holding company which Mr. Buffett may be deemed to control. Mr. Buffett and Berkshire Hathaway Inc. share voting and dispositive power over 38,565,570 shares of the Company's common stock, which include shares beneficially owned by certain subsidiaries of Berkshire Hathaway Inc. as a result of being a parent holding company or control person.

3

Based solely upon information contained in Amendment No. 5 to Schedule 13G filed with the SEC on February 10, 2016, The Vanguard Group, Inc., an investment adviser, has sole voting power with respect to 308,622 shares, shared voting power with respect to 16,700 shares, sole dispositive power with respect to 14,047,851 shares and shared dispositive power with respect to 332,928 shares.

4

Based solely upon information contained in Schedule 13G filed with the SEC on January 28, 2016, BlackRock, Inc., an investment advisor, has sole voting power with respect to 10,691,404 shares and sole dispositive power with respect to 12,297,950 shares.

5

Includes 458,994 shares held in a family trust and 1,450,000 shares issuable upon the exercise of SSARs and 72,064 restricted stock units, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

6

Includes 549,167 shares issuable upon the exercise of SSARs and 36,466 restricted stock units, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

7

Includes 130,600 shares issuable upon the exercise of SSARs and 4,934 restricted stock units, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

8

Includes 84,350 shares held in trust and 472,500 shares issuable upon the exercise of SSARs and 36,466 restricted stock units, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

9

Includes 47,000 shares issuable upon the exercise of SSARs and 3,983 restricted stock units, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

10

Includes 77,414 shares issuable upon the exercise of SSARs, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.



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Security Ownership of Certain Beneficial Owners and Management 

- 11 Includes 14,095 shares held in trust and 53,414 shares issuable upon the exercise of SSARs, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.
- 12 Includes 41,414 shares issuable upon the exercise of SSARs, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.
- 13 Includes 5,414 shares issuable upon the exercise of SSARs, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.
- 14 Includes 115,908 shares issuable upon the exercise of SSARs, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.
- 15 Includes 72,379 shares in trust and 113,414 shares issuable upon the exercise of SSARs, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.
- 16 Includes 77,414 shares issuable upon the exercise of SSARs, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.
- 17 Includes 83,414 shares issuable upon the exercise of SSARs, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.
- 18 Includes 3,284,585 shares issuable upon the exercise of SSARs and 154,451 restricted stock units, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

*Continues on next page*

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## Information Concerning Our Executive Officers

<b>Kent J. Thiry</b>	60	Chairman of the Board, Chief Executive Officer and Chief Executive Officer, HealthCare Partners
<b>Javier J. Rodriguez</b>	45	Chief Executive Officer, Kidney Care
<b>Michael D. Staffieri</b>	42	Chief Operating Officer, Kidney Care
<b>Dennis L. Kogod</b>	56	President, HealthCare Partners, and Chief Executive Officer, International
<b>Joseph C. Mello</b>	57	Chief Operating Officer, HealthCare Partners
<b>James K. Hilger</b>	54	Interim Chief Financial Officer and Chief Accounting Officer
<b>Kathleen A. Waters</b>	48	Chief Legal Officer
<b>Jeanine M. Jiganti</b>	56	Chief Compliance Officer
<b>LeAnne M. Zumwalt</b>	57	Group Vice President, Purchasing and Public Affairs

Our executive officers are appointed by, and serve at the discretion of, the Board. Set forth below is a brief description as of March 31, 2016 of the business experience of all executive officers other than Mr. Thiry, who is also a director and whose business experience is set forth above in the section of this Proxy Statement entitled "Information Concerning Members of the Board Standing for Election."

*Javier J. Rodriguez* became our chief executive officer, Kidney Care in March 2014. Since joining the Company in 1998, Mr. Rodriguez has served in a number of different capacities. From February 2012 to March 2014, he served as our president. From April 1, 2006 through February 2012, he served as our senior vice president. Before that, from 2000 to 2006 he served as a vice president of operations and payor contracting. Mr. Rodriguez joined the Company in 1998 as a director of value management. Prior to joining the Company, Mr. Rodriguez worked for Baxter Healthcare Corporation in Finance from 1995 to 1996. He also previously served as director of operations for CBS Marketing Inc. in Mexico City.

*Michael D. Staffieri* became our chief operating officer, Kidney Care, in March 2014. From July 2011 to February 2014, he served as a senior vice president, Kidney Care. From March 2008 to July 2011, he served as our vice president of operations and new center development. Mr. Staffieri joined the Company in July 2000 and has served in several different roles. Prior to joining us, Mr. Staffieri worked for Arthur Andersen LLP in Finance from 1999 to 2000.

*Dennis L. Kogod* became our president, HealthCare Partners, and our chief executive officer, International, effective January 2015. From March 2014 through December 2014, he served as chief operating officer of our HealthCare Partners division. From January 2009 to March 2014, he served as our chief operating officer, and prior to that, he served as our president-west beginning in October 2005. From January 2004 until joining us, Mr. Kogod served as president and chief operating officer-west of Gambro Healthcare, Inc., which we acquired in October 2005. From July 2000 to January 2004, Mr. Kogod served as president, west division of Gambro Healthcare, Inc. From June 1999 to July 2000, Mr. Kogod was president of Teleflex Medical Group, a medical original equipment manufacturer of medical delivery systems. From January 1996 to June 1999, Mr. Kogod was corporate vice president of Teleflex Surgical Group, a surgical device and service organization. Mr. Kogod previously served on the board of Arbios Systems, Inc., a medical device and cell-based therapy company.

*Joseph C. Mello* became our chief operating officer, HealthCare Partners, in January 2015. From April 2012 to April 2014, Mr. Mello served on the Board of CapitalSource Inc., a commercial lender, Mr. Mello previously served as our chief operating officer emeritus from January 2009 to

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December 2012, and chief operating officer from June 2000 to December 2008. From April 1998 to June 2000, Mr. Mello served as president and chief executive officer of Vivra Asthma & Allergy. From August 1994 to April 1998, Mr. Mello held various positions with MedPartners, Inc.,

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Security Ownership of Certain Beneficial Owners and Management

including senior vice president/chief operating officer-southeastern region from March 1997 to April 1998. Prior to joining MedPartners, from 1984 to 1994, Mr. Mello was associated with KPMG LLP, where he became a partner in 1989.

*James K. Hilger* became our interim chief financial officer in March 2015, a position he previously held from April 2012 until November 2013. Mr. Hilger continues to serve as our chief accounting officer, a position he has held since April 2010. Prior to April 2010, Mr. Hilger served as our vice president and controller since May 2006, after having served as our vice president, finance beginning in September 2005. Mr. Hilger was our acting chief financial officer from November 2007 through February 2008. From September 2003 to September 2005, Mr. Hilger served as vice president, finance and administration and chief financial officer of Pyramid Breweries, a brewer of specialty beverages. From December 1998 to July 2003, Mr. Hilger served as chief executive officer and chief financial officer of WorldCatch, Inc., a seafood industry company. From 1987 until joining WorldCatch, Inc., Mr. Hilger held a variety of senior financial positions in the food industry. Mr. Hilger began his career in public accounting with Ernst & Whinney.

*Kathleen A. Waters* became our chief legal officer in May 2016. Prior to joining the Company, Ms. Waters was senior vice president, general counsel and secretary of Health Net, Inc., a publicly traded managed care organization from April 2015 to March 2016. She was a partner in Morgan, Lewis & Bockius LLP's litigation practice from 2003 to 2015. She also was the leader of that firm's Los Angeles litigation group and co-leader of the healthcare group. Before that, Ms. Waters was a partner at Brobeck, Phleger & Harrison LLP in Los Angeles.

*Jeanine M. Jiganti* became our chief compliance officer in March 2013. From July 2012 to March 2013, she

served as our vice president, international chief compliance officer and deputy chief compliance officer. Prior to joining us, she served as chief compliance officer for Takeda Pharmaceuticals North America, a subsidiary of a Japanese pharmaceutical company, from October 2005 to March 2012. Additionally, she served as chief compliance officer for several of Takeda Pharmaceutical Company Limited's affiliates including Takeda Global Research and Development and Takeda Pharmaceuticals International Operations. During Ms. Jiganti's career, she has served as general counsel for the Illinois Department of Commerce and Economic Opportunity from September 2003 to September 2005, general counsel of Near North Insurance Company from September 2002 to September 2003 and vice president of litigation at Caremark Inc., a pharmaceutical services company, from 1996 to 2002.

*LeAnne M. Zumwalt* became our group vice president-purchasing and public affairs in July 2011. From January 2000 to July 2011, Ms. Zumwalt served as our vice president in many capacities. From January 2000 to October 2009, she served as our vice president, investor relations while having other responsibilities. From 1997 to 1999, Ms. Zumwalt served as chief financial officer of Vivra Specialty Partners, Inc. a privately held health care service and technology firm. From 1991 to 1997, Ms. Zumwalt held various executive positions, including chief financial officer, at Vivra Incorporated, a publicly held provider of dialysis services. Prior to joining Vivra Incorporated, Ms. Zumwalt was a senior manager at Ernst & Young, LLP. Ms. Zumwalt serves on the board of The Advisory Board Company.

None of the executive officers has any family relationship with any other executive officer or with any of our directors.

## Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires "insiders," including our executive officers, directors and beneficial owners of more than 10% of our common stock, to file reports of ownership and changes in ownership of our common stock with the SEC and the NYSE, and to furnish us with copies of all Section 16(a) forms they

file. Based solely on our review of the copies of such forms received by us, or written representations from reporting persons, we believe that our insiders complied with all applicable Section 16(a) filing requirements during 2015.



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Compensation Discussion and Analysis 

## Compensation Discussion and Analysis Information

This Compensation Discussion and Analysis (the "CD&A") describes our executive compensation program for the following named executive officers ("NEOs"):

Kent J. Thiry	Chairman and Chief Executive Officer, DaVita HealthCare Partners, and Chief Executive Officer, HealthCare Partners
Javier J. Rodriguez	Chief Executive Officer, Kidney Care
Michael D. Staffieri	Chief Operating Officer, Kidney Care
Dennis L. Kogod	President, HealthCare Partners, and Chief Executive Officer, International
James K. Hilger	Interim Chief Financial Officer (effective March 30, 2015) and Chief Accounting Officer
Dr. Garry E. Menzel	Chief Financial Officer through March 30, 2015 <sup>1</sup>

1

Dr. Menzel served as the Company's Chief Financial Officer from November 7, 2013 to March 30, 2015.

## Executive Summary

### Our Business

The Company consists of two major divisions, Kidney Care and HealthCare Partners (HCP). Our Kidney Care division is comprised of our U.S. dialysis and related lab services, our ancillary services and strategic initiatives, including our international operations, and our corporate administrative support.

Our largest line of business is our U.S. dialysis and related lab services business, which is a leading provider of kidney dialysis services in the United States. As of December 31, 2015, we operated or provided administrative services through a network of 2,251 outpatient dialysis centers in the U.S., serving a total of approximately 180,000 patients in 46 states and the District of Columbia. We also provide acute inpatient dialysis services in approximately 900 hospitals. In 2015, our overall network of U.S. outpatient dialysis centers increased by 72 centers primarily as a result of opening new centers and acquisitions. In addition, the overall number of patients that we serve in the U.S. increased by approximately 4.1% from 2014.

Our other major line of business is HCP, a patient-and physician-focused integrated health care delivery and management company with over two decades of experience providing coordinated, outcomes-based

medical care in a cost-effective manner. Through capitation contracts with some of the nation's leading health plans, HCP had approximately 807,400 members under its care in southern California, Colorado, central and south Florida, southern Nevada, central New Mexico and central Arizona as of December 31, 2015. In addition to its managed care business, HCP provides care in all of its markets to over 612,200 patients whose health coverage is structured on a fee-for-service basis, including patients enrolled through traditional Medicare and Medicaid programs, preferred provider organizations and other third party payors.

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The HCP patients as well as the patients of HCP's associated physicians, physician groups and independent practice associations benefit from an integrated approach to medical care that places the physician at the center of patient care. As of December 31, 2015, HCP delivered services to its members via a network of 547 associated group full-time primary care physicians, over 2,900 associated group and other network primary care physicians, 240 network hospitals, and several thousand associated group and network specialists. Together with hundreds of case managers, registered nurses and other care coordinators, these medical professionals utilize a comprehensive information technology system, sophisticated risk

*Continues on next page*

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management techniques and clinical protocols to provide high-quality, cost-effective care to HCP's members.

Our executive compensation program is best understood within the context of the business environment in which we currently operate. This includes increasing regulation by numerous federal, state and local government entities, reductions in reimbursements under federal and state healthcare programs, including Medicare and Medicaid, continued downward pressure on our commercial payment rates, and the continued integration of HCP into the enterprise.

### **Our Executive Compensation Structure**

Our executive compensation program is designed to align our executive compensation structure with our strategic and financial objectives in creating stockholder value. Our executive compensation structure is comprised of both short- and long-term incentives, which include challenging performance goals that we believe are aligned with our strategic objectives to provide high quality care to our patients, increase profitability, maximize growth and increase stockholder value.

The 2015 short- and long-term criteria, described in further detail starting on page 40, emphasized our objectives as a Company, and our resulting compensation structure incorporated incentives tied to clinical care, profit and growth.

We will continue our ongoing engagement with our stockholders on corporate governance issues that are of interest to them or that our Board might be evaluating. The Compensation Committee will consider the feedback we receive from our stockholders in making future compensation decisions for our NEOs. We also believe it is important to maintain consistency with our compensation philosophy and approach, described in further detail below in the section entitled "Our Compensation Design and Philosophy," to continue to incentivize management toward short and long-term financial and operating goals, which are intended to create long-term stockholder value.

### **Consideration of Say-on-Pay Results and Pay for Performance**

In June 2015, approximately 96% of the votes cast by stockholders at the annual meeting were voted in favor of the compensation program applicable to our NEOs, as described in the 2015 proxy statement. We believe the votes reflect support for our executive compensation

program, particularly the scope and effectiveness of the changes we initially adopted in March 2014, and strong pay for performance alignment. We reached out to our largest institutional stockholders in late 2015 to discuss our existing compensation structure. During these discussions, stockholders expressed general satisfaction with our executive compensation program, and emphasized continued pay-for-performance. While we did not modify our executive compensation program in response to the prior year say-on-pay vote, based on the feedback we received from our stockholders, we refined our short-term incentive and long-term incentive programs to tailor the programs to each NEO by adding performance measures reflective of the particular NEO's business division.

### **Our Compensation Design and Philosophy**

Our ability to recruit and retain highly qualified executives is essential to our long-term success. An important goal in the design of our executive compensation program, in addition to clinical differentiation and creating stockholder value, is to attract and retain outstanding leaders who possess the skills and talent necessary to achieve our business goals and objectives, and who embody our mission and values. We believe it is in the best interests of our stockholders to attract and retain talented leaders, and we strive to do so by providing compensation that we believe is reasonable, provides the best value for our stockholders, aligns incentives, and is sufficient to achieve our recruitment and retention objectives.

Our ultimate objective is to continue to create long-term stockholder value by being a leader in clinical differentiation, generating strong overall revenue growth, increasing market share, improving clinical outcomes, growing operating margins, increasing Medicare Advantage enrollment, and delivering consistently strong total stockholder return.

In order to achieve this objective, we have established an executive compensation program that we believe:

- (i) rewards superior clinical outcomes;
- (ii)

rewards strong Company performance;

(iii)

aligns our executives' interests with our stockholders' interests; and

(iv)

is competitive within the health care services, diagnostics, managed care and solutions markets so that we can attract and retain outstanding executives.

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Compensation Discussion and Analysis 

**2015 Financial and Performance Highlights**

Our overall financial and operating performance was strong for 2015 despite the challenges we faced with Medicare reimbursement and a large increase in pharmaceutical costs in the Kidney Care division and Medicare Advantage reimbursement in the HCP division. We believe that the NEOs were instrumental in achieving these results, including the following major achievements and financial operating performance indicators in 2015:

improved clinical outcomes in our U.S. dialysis operations, including second year in a row as leader of the Five-Star Quality Rating System created by the Centers for Medicare and Medicaid Services;

consolidated net revenue growth of 7.7%;

net revenue growth of 5.2% related to our U.S. dialysis segment operations as a result of an increase in revenue per treatment of \$6;

an increase in HCP's net revenue of 9.6% related to an increase of its fee-for-service business and senior capitated revenue;

an increase in other ancillary services and strategic initiatives net revenue of 21.3%;

U.S. dialysis treatment growth of 4.1%;

normalized non-acquired U.S. dialysis treatment growth of 3.9%;

net addition of 72 U.S. dialysis centers and 27 international dialysis centers;

strong operating cash flows of \$1.557 billion, which have been reduced by approximately \$304 million of after-tax payments made in connection with the settlement of the Vainer private civil suit; and

a \$1.5 billion financing to lower interest rate, extend maturities and enhance liquidity.

The Company's TSR from the first quarter of 2000 (our CEO's first full quarter with the Company) through the fourth quarter of 2015 was approximately 3,298%, putting the Company in the top 10 of all current S&P 500 companies over that period.

We believe our U.S. dialysis and related lab services clinical outcomes compare favorably with other dialysis providers in the United States and generally exceed the dialysis outcome quality indicators of the National Kidney Foundation. Our clinical outcomes mean better quality of life for approximately 180,000 dialysis patients we serve.

**Linking 2015 NEO Compensation to Performance**

Our compensation program for our NEOs emphasizes compensation based on performance and is designed to align our NEOs' interests with those of our stockholders, and to permit individuals who have performed well in creating and protecting significant long-term value for the Company and its stockholders to share in the value generated. To this end, our compensation program emphasizes variable compensation in the form of cash and equity awards over fixed compensation.

When establishing the compensation for our NEOs for 2015, the Compensation Committee gave significant weight to our sustained record of strong operating performance as highlighted above, our improvement in strategic positioning and our continued strong clinical performance, particularly in light of ongoing general economic volatility and significant industry regulatory challenges and uncertainty. In 2015, we continued to lead industry public policy efforts, achieving favorable outcomes for the industry and the Company. The Compensation Committee balanced its evaluation of the Company's financial and clinical performance by also considering the Company's implementation of the Corporate Integrity Agreement with the United States Department of Health and Human Services, Office of Inspector General, healthcare reform, changes to government reimbursement policies, other significant healthcare regulatory changes, as well as the government investigations affecting the Company. The Compensation Committee also took into account Kidney Care's strong performance and HCP's underperformance. HCP has

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experienced declines in its financial performance, thereby partially offsetting Kidney Care's strong financial performance. HCP's underperformance is primarily driven by government reimbursement cuts and our inability to mitigate those cuts in their entirety. When establishing 2015 compensation for our NEOs, the Compensation Committee considered these and other factors in the context of evaluating the impact that individual NEO performance had in achieving these

*Continues on next page*

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results and responding to these challenges. The following table shows the 2015 total direct compensation (base salary, annual performance-based cash award and long-term incentive award) determined by the Compensation Committee for each NEO who remained an executive officer on December 31, 2015. This table is not a substitute for the information disclosed in the 2015 Summary Compensation Table and related footnotes, which begin on page 54.

<b>Kent J. Thiry</b>	\$1,200,000	\$2,225,186	\$7,142,616	
<b>Javier J. Rodriguez</b>	\$800,000	\$1,700,000	\$6,407,089	\$2,363,661
<b>Michael D. Staffieri</b>	\$583,270	\$1,020,000	\$3,674,047	\$1,240,922
<b>Dennis L. Kogod</b>	\$800,000	\$200,000		
<b>James K. Hilger</b>	\$366,635	\$195,000	\$489,141	

1

The amounts reported here reflect the base salary amounts actually paid during the 2015 fiscal year.

2

The amounts reported under the Annual LTI Award column consist of the grant date fair value of all 2015 equity awards (both SSARs and PSUs) as well as the target value of the 2015 performance-based cash awards.

Given the emphasis on variable compensation, the Compensation Committee determined to limit increases to fixed compensation amounts in 2015 such that the base salaries of our NEOs were retained at 2014 levels, other than Mr. Staffieri's base salary, which was increased in 2015 pursuant to the Compensation Committee's review of his performance as the Chief Operating Officer of Kidney Care and consideration of comparative market data provided by the committee's outside compensation consultant, Compensia, and Mr. Hilger's base salary, which was increased in 2015 in connection with his expanded role as the Interim Chief Financial Officer. The following pie charts illustrate the allocation of the total direct compensation that the NEOs above earned or, in the case of the long-term incentives, were granted with respect to 2015:

**Compensation Summary**  
CEO

**Compensation Summary**  
Other NEOs



The Compensation Committee believes that the above compensation structure struck an appropriate balance by promoting long-term stockholder value creation without motivating or rewarding excessive risk-taking.

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Table of ContentsCompensation Discussion and Analysis **Stockholder Interest Alignment**

Our executive compensation is designed to focus on pay-for-performance and to align the interests of our executives with the long-term interests of our stockholders. Our incentive criteria focus on performance-based compensation that aligns with our strategic, operational and financial objectives in creating stockholder value. Our CEO receives all long-term compensation in the form of equity compensation, while other executives receive long-term compensation in the form of both equity compensation and cash-based incentive compensation. Our long-term equity compensation is comprised of stock-settled stock appreciation rights ("SSARs") and performance stock units ("PSUs"). At least 50% of our CEO's equity awards and at least 25% of the other executive

officers' awards are in the form of PSUs. To create close alignment with stockholder value creation, relative TSR was selected as the performance criteria for 50% of the PSUs granted to each of our participating NEOs in 2015. The equity awards are further subject to time vesting equity awards granted in 2015 vest 50% on each of the third and fourth anniversaries of the grant date. The combination of performance-based metrics and extended vesting schedules is intended to assist in the long-term retention of executives and further the alignment of the interests of our executives with the long-term interests of our stockholders. A key component of our executive compensation philosophy and design is that stock-based compensation creates an incentive for the executives to contribute to the overall success of the Company and to take actions that result in the creation of long-term stockholder value.

**Key Features of Our Executive Compensation Program**

Have double trigger change of control provisions for acceleration of equity award vesting	Provide excise tax gross-ups on change of control payments for new or materially amended agreements entered into since 2008 <sup>1</sup>
Limit severance payments to not more than three times base salary and bonus	Re-price or replace underwater stock options or stock appreciation rights
Provide for multi-year vesting periods for equity award grants to reinforce a culture in which the Company's long-term success takes precedence over volatile short-term results	Have our Compensation Committee's independent compensation consultant provide any other services to the Company
Have our Compensation Committee use an independent compensation consultant	Have a defined benefit pension plan
Have a clawback policy that permits recovery of bonuses, incentive and equity-based compensation from executives	Allow hedging of the Company's securities by directors, executives and other employees
Seek stockholder feedback on our executive compensation program	Allow directors, executives and other employees to pledge the Company's securities as collateral for a loan
Apply meaningful stock ownership guidelines to strengthen alignment of executives' and stockholders' interests	

1

We have not provided for tax gross-ups in any employment agreements or amended employment agreements entered into after July 2008. Our CEO has the only remaining legacy agreement that contains a tax gross-up; however, no gross-up would have been payable under his agreement in any of the prior five years if a change of control had occurred. See "Potential Payments Upon Termination or Change of Control" on pages 61 to 66.

*Continues on next page*



Table of Contents**Elements of Compensation**

The elements of direct compensation offered under our executive compensation program include both fixed (base salaries) and variable (annual and long-term incentives) compensation.

**Base Salary**

We compensate our executives with a base salary because we believe it is appropriate that some portion of compensation be provided in a form that is liquid and assured. Base salaries are initially established at levels necessary to enable us to attract and retain highly qualified executives with reference to comparative pay within the Company for executives with similar levels of responsibility, the prior experience of the executive, and expected contributions to Company performance.

We do not guarantee salary adjustments on an annual basis. During March of each year, the Compensation Committee considers adjustments to base salary as part of the overall annual compensation assessment for our executives. Our CEO typically provides the Compensation Committee with his recommendation regarding merit-based increases for each executive officer other than himself. The CEO's base salary is recommended by the Compensation Committee with input from Compensia, the Compensation Committee's independent compensation consultant, and Compensia's analysis of CEO compensation of our comparator peer group, and approved by the independent members of the Board of Directors.

Consistent with our emphasis on performance-based compensation and the Compensation Committee's decision to limit increases to fixed compensation amounts in 2015, the Compensation Committee maintained the base salaries of Mr. Thiry, Mr. Rodriguez and Mr. Kogod at 2014 levels. Mr. Staffieri's base salary was increased in 2015 pursuant to the Compensation Committee's review of his performance as Chief Operating Officer of the Company's Kidney Care division and consideration of comparative market data provided by the Compensation Committee's outside compensation consultant, Compensia. Mr. Hilger's base salary was also increased in 2015 in connection with the increasing accounting complexity of the Company's business operations and transactions. The base salaries for 2014 and 2015 for our NEOs who remained executive officers on December 31, 2015 are shown in the following table.

Kent J. Thiry	\$1,200,000	\$1,200,000
Javier J. Rodriguez	\$800,000	\$800,000
Michael D. Staffieri	\$550,000	\$600,000
Dennis L. Kogod	\$800,000	\$800,000
James K. Hilger	\$350,000	\$375,000

1 The amounts reported reflect the annual base salaries approved in March 2014.

2 The amounts reported reflect the annual base salaries approved in April 2015.

**Short-Term Incentive Program (STI Program) for 2015**

The STI program awards in 2015 were granted pursuant to the DaVita HealthCare Partners Inc. 2011 Incentive Award Plan, as amended and restated (the "2011 Plan"), which permits the issuance of stock options, stock appreciation rights, restricted stock, restricted stock units, performance stock units, equity and cash-based performance awards, as well as other forms of equity awards.

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Under the STI program in 2015, each NEO was eligible for a maximum annual performance-based bonus potential calculated as a multiple of the annual salary approved in March 2015 by the Compensation Committee, and with respect to the CEO, the Board, as summarized in the table below. Since Mr. Hilger is the Interim Chief Financial Officer, he is not subject to the terms of the 2015 STI program. Instead, for 2015, Mr. Hilger received a discretionary cash bonus equal to \$195,000 in recognition of his performance as Interim Chief Financial Officer during 2015.

Kent J. Thiry	\$1,200,000	3.0x	\$3,600,000
Javier J. Rodriguez	\$800,000	2.5x	\$2,000,000
Michael D. Staffieri	\$600,000	2.0x	\$1,200,000
Dennis L. Kogod	\$800,000	2.5x	\$2,000,000

Each performance metric under our STI program was assigned a relative weight to determine the percentage of the maximum bonus potential for which each executive was eligible. The percentage of the maximum bonus potential was determined based on results achieved in 2015, and the Compensation Committee could then exercise negative discretion to reduce the annual bonus payment based on changed or special circumstances, or factors that may not have been anticipated when the criteria range for the metrics was established.

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The tables below summarize the relative weights, criteria range, maximum performance based eligibility range, actual performance and maximum eligible payout achieved for each of the 2015 STI performance metrics, as well as the actual payout percentage and amount for each NEO who remained an executive officer as of December 31, 2015, other than Mr. Hilger.

*Kent J. Thiry*

			Maximum Performance Based Eligibility Range			Maximum Eligible Payout Achieved	
Enterprise Adjusted Operating Income	50%	\$1,788 million to \$1,900 million <sup>1</sup>	25% - 100%	\$450,000 - \$1,800,000	\$1,898 million	75%	\$1,350,000
HCP Adjusted Operating Income	20%	\$238 million to \$275 million <sup>1</sup>	25% - 100%	\$180,000 - \$720,000	\$240 million	25%	\$180,000
Kidney Care Catheter Rate	5%	13.35% to 13.15% (lower is better) and 15% better than industry	50% - 100%	\$90,000 - \$180,000	13.06%	100%	\$180,000
Kidney Care Non Acquired Growth	10%	4.3% to 4.9% <sup>2</sup>	50% - 100%	\$180,000 - \$360,000	3.9%	0%	\$0
HCP Star Metrics	5%	Customized index range	30% - 100%	\$54,000 - \$180,000	Internal index value	86.2%	\$155,186
HCP Medicare Advantage Enrollment Growth	10%	5% to 20% above industry	25% - 100%	\$90,000 - \$360,000	>20%	100%	\$360,000
					Total Eligible STI Bonus	61.8%	\$2,225,186
					<b>Total Actual STI Bonus</b>	<b>61.8%</b>	<b>\$2,225,186</b>

The percentage of maximum bonus for which Mr. Thiry is eligible is determined based on the top 75% of the guidance ranges for fiscal year 2015 provided to our investors with our fourth quarter 2014 earnings release, the latest guidance ranges available to the Compensation Committee at the time it approved this performance condition.

2

For relative context, overall industry growth in 2013 (the latest information available as of 3/31/16) was 3.5% and the compound annual growth rate from 2009 to 2013 was 3.6%. The foregoing data are based on the 2015 Annual Data Report, United States Renal Data System, Table D.1 "Percentages and counts of reported ESRD patients: by treatment modality." This includes the results of our Company, without which the industry growth rates would be lower.

*Javier J. Rodriguez*

			<b>Maximum Performance Based Eligibility Range</b>			<b>Maximum Eligible Payout Achieved</b>
Core Kidney Care Adjusted Operating Income	70%	\$1,550 million to \$1,625 million <sup>1</sup>	25% - \$350,000 to 100% - \$1,400,000	\$1,658 million <sup>1</sup>	100%	\$1,400,000
Kidney Care Catheter Rate	15%	13.35% to 13.15% (lower is better) and 15% better than industry	50% - \$150,000 to 100% - \$300,000	13.06%	100%	\$300,000
Kidney Care Non Acquired Growth	15%	4.3% to 4.9% <sup>2</sup>	50% - \$150,000 to 100% - \$300,000	3.9%	0%	\$0
<b>Total Eligible STI Bonus</b>					85%	\$1,700,000
<b>Total Actual STI Bonus</b>					85%	\$1,700,000

1

Criteria range represents the top 75% of the public guidance range for fiscal year 2015 for our Kidney Care division at the time this performance metric was developed. Core Kidney Care Adjusted Operating Income is a subset of Kidney Care Adjusted Operating Income that excludes certain non-core business units. Actual Performance represents actual Adjusted Operating Income for our Kidney Care division.

2

For relative context, overall industry growth in 2013 (the latest information available as of 3/31/16) was 3.5% and the compound annual growth rate from 2009 to 2013 was 3.6%. The foregoing data are based on the 2015 Annual Data Report, United States Renal Data System, Table D.1 "Percentages and counts of reported ESRD patients: by treatment modality." This includes the results of our Company, without which the industry growth rates would be lower.

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Table of Contents*Michael D. Staffieri*

			<b>Maximum Performance Based Eligibility Range</b>			<b>Maximum Eligible Payout Achieved</b>
Core Kidney Care Adjusted Operating Income	70%	\$1,550 million to \$1,625 million <sup>1</sup>	25% - 100%	\$210,000 - \$840,000	\$1,658 million <sup>1</sup>	100% \$840,000
Kidney Care Catheter Rate	15%	13.35% to 13.15% (lower is better) and 15% better than industry	50% - 100%	\$90,000 - \$180,000	13.06%	100% \$180,000
Kidney Care Non Acquired Growth	15%	4.3% to 4.9% <sup>2</sup>	50% - 100%	\$90,000 - \$180,000	3.9%	0% \$0
					<b>Total Eligible STI Bonus</b>	85% \$1,020,000
					<b>Total Actual STI Bonus</b>	<b>85% \$1,020,000</b>

1

Criteria range represents the top 75% of the public guidance range for fiscal year 2015 for our Kidney Care division at the time this performance metric was developed. Core Kidney Care Adjusted Operating Income is a subset of Kidney Care Adjusted Operating Income that excludes certain non-core business units. Actual Performance represents actual Adjusted Operating Income for our Kidney Care division.

2

For relative context, overall industry growth in 2013 (the latest information available as of 3/31/16) was 3.5% and the compound annual growth rate from 2009 to 2013 was 3.6%. The foregoing data are based on the 2015 Annual Data Report, United States Renal Data System, Table D.1 "Percentages and counts of reported ESRD patients: by treatment modality." This includes the results of our Company, without which the industry growth rates would be lower.

*Dennis L. Kogod*

**Maximum Performance Based  
Eligibility Range**

**Maximum Eligible  
Payout Achieved**

HCP Adjusted Operating Income	30%	\$238 million to \$275 million <sup>1</sup>	25% - 100%	\$150,000 - \$600,000	\$240 million	25%	\$150,000
Specified HCP Market Adjusted Operating Income	30%	Range related to internal budget	25% - 100%	\$150,000 - \$600,000	Below budget	0%	\$0
International Adjusted Operating Income	20%	Range related to internal budget	25% - 100%	\$100,000 - \$400,000	Below budget	0%	\$0
HCP Star Metrics	20%	Customized index range	30% - 100%	\$120,000 - \$400,000	Internal index value	86.2%	\$344,859
					Total Eligible STI Bonus	24.7%	\$494,859
					<b>Total Actual STI Bonus</b>	<b>10%</b>	<b>\$200,000<sup>2</sup></b>

1

The percentage of maximum bonus for which Mr. Kogod is eligible is determined based on the top 75% of the guidance range for fiscal year 2015 for our HealthCare Partners division provided to our investors with our fourth quarter 2014 earnings release, the latest guidance range available to the Compensation Committee at the time it approved this performance condition.

2

The Compensation Committee exercised negative discretion to reduce Mr. Kogod's STI bonus to \$200,000 as a result of underperformance in our HealthCare Partners division and our international business.

### Supplemental STI Program for 2015

The 2015 Supplemental STI Program is a one-time program created under the 2011 Plan to provide our non-CEO NEOs cash incentive award opportunities that are: (1) tied to 2015 operating results in the dialysis and related lab services operating segment and (2) comparable to that of other non-NEO executives. Mr. Thiry was not eligible to participate in the 2015 Supplemental STI Program because his LTI awards are all equity-based.

The cash-based LTI Program the Company created in early 2013 contemplated a payout of at least 50% of target to the program participants if the 2015 adjusted operating income for the dialysis and related lab services operating segment exceeded \$1,597 million, and a payout of at least 150% if the 2015 adjusted operating income was at least or exceeded \$1,742 million.

Under the 2013 cash-based LTI Program, the maximum payout an NEO could receive was 150%, whereas other non-NEO executives could receive additional amounts by participating in a funding pool, the size of which was a function of 2015 adjusted operating income for the dialysis and related lab services operating segment in excess of \$1,742 million. The reason for this restriction on NEOs was that any payout beyond 150% under the program was to be based on a retrospective non-formulaic assessment of each individual participant of the program, and payment based on such a retrospective non-formulaic assessment for NEOs would not be tax-deductible to the Company.

When it became clear that the Kidney Care NEOs were the primary drivers of the 2015 adjusted operating income for the dialysis and related lab services operating segment, the Compensation Committee implemented the 2015 Supplemental STI Program to



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give the Kidney Care NEOs an opportunity to earn additional compensation comparable to non-NEO executives. Each NEO was eligible for an incremental 0% to 250% payout (in addition to the 150% formulaically earned under the 2013 cash-based LTI Program) to the extent the 2015 adjusted operating income for the dialysis and related lab services operating segment exceeded \$1,742 million (the threshold for 150% payout under the 2013 cash-based LTI Program). To be eligible for the maximum 250% payout under the 2015 Supplemental STI Program, the 2015 adjusted operating income for the dialysis and related lab services operating segment would have to be at least \$2,143 million. Since the 2015 adjusted operating income for the dialysis and related lab services operating segment was \$1,857 million, the NEOs were eligible for an incremental 72% payout. Specifically, Messrs. Rodriguez and Kogod each had a target under the 2013 cash-based LTI Program of \$3,300,000 and earned 150%, or \$4,950,000, based on the 2015 adjusted operating income for the dialysis and related lab services operating segment exceeding the threshold for 150% payout, payable 50% in 2016 and 50% in 2017. In addition, each was eligible for an incremental 72%, or \$2,363,661, under the 2015 Supplemental STI Program. Similarly, Mr. Staffieri had a target under the 2013 cash-based LTI Program of \$1,732,500 and earned 150%, or \$2,598,750, payable 50% in 2016 and 50% in 2017. In addition, he was eligible for an incremental 72%, or \$1,240,922 under the 2015 Supplemental STI Program. Messrs. Rodriguez and Staffieri received the maximum eligible amounts under the 2015 Supplemental STI Program because both NEOs were determined to be instrumental in driving the results for the 2015 dialysis and related lab services operating segment. The Compensation Committee exercised its negative discretion for Mr. Kogod, who transitioned from Kidney Care to HCP in March 2014, given his minimal role in dialysis and related lab services, resulting in Mr. Kogod receiving no amount under the 2015 Supplemental STI Program. All amounts under the 2015 Supplemental STI Program were paid to Messrs. Rodriguez and Staffieri in 2016.

**Long-Term Incentive Program (LTI Program) for 2015**

LTI program awards are granted pursuant to the 2011 Plan. Our LTI program is designed to provide a link to long-term stockholder value through equity awards for all executives, while also providing a more direct tie to our various lines of business for which executives are responsible through cash-based performance awards targeting internal operating performance metrics consistent with our existing compensation philosophy.

*Equity Awards*

While we emphasize stock-based compensation, we do not designate a target percentage of total compensation as stock-based. We instead maintain discretion to respond to changes in executives and Company performance and related objectives, as well as to changes in remaining relative values that have yet to be vested. We believe that our emphasis on stock-based compensation creates an alignment of interests between our executives and our stockholders. Grants of equity awards also serve as an important tool for attracting and retaining executives. To vest in equity awards and earn the full benefit of the award, executives must remain employed for a multi-year vesting period, typically over four years, which reinforces a culture in which the Company's long-term success takes precedence over volatile and unsustainable short-term results.

Each year, the Compensation Committee recommends to the full Board an aggregate equity award pool that will be available for grants to all eligible recipients of equity awards, based on (i) the historical amounts granted, (ii) the amount of equity held by participants that is currently in-the-money, (iii) the number of shares we expect to be forfeited due to anticipated departures, and (iv) the number of shares that will likely be required both to retain and incentivize our highest-potential and highest-performing employees and to attract new employees we expect to hire during the coming year. The Compensation Committee may also recommend the establishment of special purpose share budgets for proposed interim grants. After considering such recommendations, the Board approves a budget and delegates authority to the Compensation Committee to make awards to our executive officers and other employees. The equity awards that are granted to our executives are generally made annually (typically in the first half of the year). Discretionary interim awards to our executives may be made during the year to address special circumstances, such as retention concerns, promotions and special performance recognition awards, and new hire awards. Our annual equity awards are generally awarded upon the completion of performance reviews and in connection with the Compensation Committee's decision and review process regarding other forms of direct compensation. The timing of the interim grants is contingent upon individual circumstances. Under the terms of the 2011 Plan, awards are granted with an exercise or base price not less than the closing price of our common stock on the date of grant. Furthermore, the 2011 Plan prohibits repricing or replacing underwater stock options or stock appreciation rights without prior stockholder approval.

*Continues on next page*



Table of Contents*Stock-settled Stock Appreciation Rights*

The majority of our equity awards to executives are in the form of stock-settled stock appreciation rights, which only derive value if the market value of our common stock increases. The economic value and tax and accounting treatment of SSARs are comparable to those of stock options, but SSARs are less dilutive to our stockholders because only shares with a total value equal to the grantee's gain (the difference between the fair market value of the base shares and their base price) are ultimately issued. SSARs are granted with a base price not less than the closing price of our common stock on the date of grant and vest based on the passage of time. SSARs granted in 2015 vest 50% on each of June 2, 2018 and June 2, 2019.

*Performance Stock Units*

As part of our compensation program, we also award PSUs to our top executives who become one of the NEOs in any given year. PSUs are granted under the 2011 Plan and typically vest based on a combination of accomplishment of performance metrics and passage of time over a period of three or more years, but the Compensation Committee may approve alternative vesting schedules based on performance, timing of vesting of individual outstanding grants and other retention related factors.

A minimum of 50% of the CEO's equity compensation and 25% of each of Messrs. Rodriguez and Staffieri's equity compensation is awarded in the form of PSUs, which fully vest in four years (50% on June 2, 2018, and 50% on June 2, 2019) so long as performance goals have been met. Based on the level of achievement, more or less than 100% of the target PSUs can vest based on the achievement of the underlying performance. Mr. Hilger was not granted PSUs due to his interim status as Chief Financial Officer.

The tables below summarize the criteria range and percent range of target PSUs for each of the 2015 PSU performance metrics and detail the relative weightings of each 2015 PSU performance metric for Messrs. Thiry, Rodriguez and Staffieri. The performance periods for these metrics run through 2017, or in the case of Relative TSR through March 31, 2019 and, therefore, we are not able to present performance against these metrics at this time. Given the market and operating conditions at the time the targets were set, the target vesting levels were designed to be achievable with strong management performance, while maximum vesting levels were designed to be difficult to achieve.

Kidney Care Quality Incentive Program	10% to 40% (below rest of industry)	50% - 100%
Kidney Care Non Acquired Growth	3.95% to 4.70%	50% - 150%
HCP New Market Success	2 to 6 markets that meet threshold	50% - 200%
HCP New Market Adjusted Operating Income	50% to 200% of internal goal	50% - 200%
DaVita Rx Specialty Drugs Contracts	50% to 200% of internal goal	50% - 200%
Paladina Members	180% to 541% growth over 3 years	50% - 200%
Village Health Hospital Admission Rate	Range tied to internal goal	50% - 200%
Relative TSR	40th percentile to 90th percentile	50% - 200%

**Performance Metrics Weightings**

Kidney Care Quality Incentive Program	10%	20%	20%
Kidney Care Non Acquired Growth	10%	20%	20%
HCP New Market Success	7.5%		
HCP New Market Adjusted Operating Income	7.5%		
DaVita Rx Specialty Drugs Contracts	5%		
Paladina Members	5%		
Village Health Hospital Admission Rate	5%	10%	10%
Relative TSR	50%	50%	50%

Table of ContentsCompensation Discussion and Analysis **Cash-Based Performance Awards**

In 2015, the Compensation Committee granted cash-based performance awards to Messrs. Rodriguez, and Staffieri. Mr. Thiry received all of his 2015 LTI awards in the form of equity (SSARs and PSUs). Mr. Kogod's cash-based performance award for 2014 and his cash-based and equity awards for 2015 were delayed to 2016, when cash-based performance awards for 2014 and cash and equity-based awards for 2015 will be made to other executives of the Company's HCP division. Since there was no long-term cash-based incentive plan at HCP, and no such plan had previously existed at HCP, the grant of cash-based performance awards to HCP executives was delayed to allow time for the proper structuring of a long-term cash-based incentive plan. In addition, because the value of the cash-based award is linked to the value of the equity-based awards, the 2015 equity awards to HCP executives were also delayed to 2016. As a result, LTI awards for HCP executives in 2016, including Mr. Kogod, will appear greater than a typical annual grant since they will effectively represent grants for multiple years.

The Compensation Committee determines the target award value for NEOs' cash-based performance awards in a manner similar to how it determines the amount of equity awards to grant; that is, based on individual and Company historical and expected performance, including an executive's ability to influence the targeted performance measure. The aggregate target value of cash-based performance awards available for allocation to our executives is approved by the full Board for administration by the Compensation Committee along with the aggregate equity award pool.

The cash-based performance awards granted in 2015 will vest on April 1, 2018, subject to the NEO's continued employment and the achievement of performance conditions relating to adjusted operating income of the Company's dialysis and related lab services segment in 2017. Under the terms of the 2011 Plan, the maximum annual amount of any cash-based performance awards payable to any executive is \$10,000,000 in a 12 month period. However, the Compensation Committee established target award values for each of Messrs. Rodriguez, Staffieri and Hilger at the time of grant, at amounts substantially lower than the maximum under the 2011 Plan.

In early 2016, Messrs. Rodriguez, Staffieri, Kogod and Hilger received payouts under the 2013 long-term cash-based performance awards granted under the

Company's 2011 Plan. Payouts under the 2013 long-term cash-based performance awards are paid 50% in early 2016 and 50% in early 2017. The payment in 2017 is not subject to any incremental performance conditions, but only to continued employment at the time of vesting, April 1, 2017. Mr. Rodriguez and Mr. Kogod each earned \$4,950,000. Mr. Staffieri earned \$2,598,750, and Mr. Hilger earned \$309,375 for performance exceeding the maximum 150% payout level as a result of adjusted operating income achieved for the dialysis and related lab services operating segment of \$1,857 million for fiscal year 2015 compared to a target of \$1,669 million at the 100% payout level. These earned amounts were paid 50% in 2016, and the remaining 50% will be paid in 2017. In addition, as discussed above under "Supplemental STI Program for 2015," Messrs. Rodriguez, Kogod and Staffieri were eligible for additional amounts subject to negative discretion based on exceptional performance above the maximum 150% payout level under the 2013 long-term cash-based incentive program. They became eligible for these additional amounts through the 2015 STI program put in place in early 2015 to make their incentive award opportunity tied to 2015 operating results in the dialysis and related lab services operating segment comparable to that of other non-NEO executives, while maintaining the additional discipline of negative discretion by the Compensation Committee. Please see "Supplemental STI Program for 2015" for further information regarding these payouts.

**Determining LTI Program Award Amounts**

The Compensation Committee reviews the annual LTI program award recommendations for our NEOs and other executives in advance of the grant date with the input of our CEO and the committee's outside compensation consultant, Compensia. Based upon a review of equity award shares available, their dilutive effect on stockholders, long-term share budgeting restrictions, cash-based performance award dollars available and recommendations from management, the Compensation Committee recommends for Board approval the aggregate equity and cash LTI program award pools for the year. In considering how to distribute the equity and cash-based performance award units in the respective LTI program award pools, our CEO, together with a team that includes other senior executives, gives differential attention to high-potential individuals whom the Company believes will be the future senior leaders of the Company, and to other high-performing individuals whose performance in their current positions exceeded expectations.

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Each such high-potential and/or high-performing employee is then individually reviewed, from a holistic perspective, starting with a review of such employee's historical compensation, including his or her initial base salary, any base salary increases during his or her tenure with the Company and performance cash bonuses and equity and long-term cash-based incentive award grants over his or her career at the Company. A determination is then made as to the amount and number of cash and equity LTI program award units that should be granted and the appropriate vesting schedules and performance conditions that should be implemented for such awards in order to retain and continue to motivate these high-quality, high-performing individuals. Our goal is to achieve fairness in compensation and motivate performance over the course of multiple years, which is the reason we take into account all compensation that has been awarded to such individuals over their respective careers at the Company when making prospective award decisions.

The Compensation Committee also evaluates the market competitiveness of the Company's compensation for its NEOs and other executive officers by analyzing its historical and proposed compensation changes in light of compensation practices among its comparator peer group as provided in an annual assessment by Compensia, the Compensation Committee's independent compensation consultant.

After taking into account the elements set forth above, the Compensation Committee approved LTI program award grants to our NEOs in 2015, except for Mr. Thiry, whose LTI program award grant was approved by the independent members of the Board as required by the committee's charter. All of the SSARs, PSUs and cash-based performance awards granted to our NEOs were granted in June 2015 after the completion of the review and approval by the Compensation Committee, and with respect to Mr. Thiry, by the independent members of the Board. The table below shows the aggregate number of shares subject to SSARs and PSUs, and the base target value of the cash-based performance awards granted to each of our NEOs in 2015, who remained executive officers as of December 31, 2015.

<b>Kent J. Thiry</b>	179,041	48,323	
<b>Javier J. Rodriguez</b>	46,551	12,564	4,550,000
<b>Michael D. Staffieri</b>	40,284	3,624	2,625,000
<b>Dennis L. Kogod</b>			
<b>James K. Hilger</b>	5,968	1,492	250,000

The 2015 SSAR, PSU and RSU awards above vest 50% on each of June 2, 2018 and June 2, 2019, the third and fourth anniversaries, respectively, of the grant date. In each case, vesting is subject to the NEO's continued employment and, in the case of PSUs, the achievement of the underlying performance conditions. The cash-based performance awards vest 100% on April 1, 2018, subject to the NEO's continued employment and the achievement of performance conditions relating to adjusted operating income of the Company's dialysis and related lab services segment in 2017. Given the market and operating conditions at the time the targets were set, the target vesting levels were designed to be achievable with strong management performance.

### Executive Compensation Program for 2016

We are using performance metrics consistent with 2015 for our 2016 STI Program. We are currently in the process of finalizing the 2016 LTI Program, and anticipate that the broad structure will remain the same as for 2015. Consistent with our practice, we also plan to reach out to our stockholders for feedback on compensation of our executive officers and consider any changes and adjustments to our compensation policies and practices suggested by our stockholders.

### Personal Benefits and Perquisites

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As described above, our compensation program for NEOs emphasizes compensation based on performance and compensation which serves to align our NEOs' interests with those of our stockholders. As a result, the Compensation Committee has determined that the Company should provide few perquisites to NEOs. We believe that the perquisites and personal benefits that we provide support important attraction and retention objectives. We also consider the extent to which the perquisite or personal benefit provided serves to enhance the performance of our NEOs in light of the demands on these individuals' time. The perquisites and personal benefits available to our NEOs are reviewed annually by the Compensation Committee.

The Compensation Committee has authorized the personal use of fractionally-owned or chartered corporate aircraft by some of our NEOs. The Compensation Committee believes that access to an aircraft for personal travel enables our NEOs to maximize their work hours, particularly in light of their demanding business travel schedules. One of the Compensation Committee's objectives is to ensure that our NEOs are afforded adequate flexibility to allow for sufficient personal time in light of the significant demands of the Company. The Compensation Committee and our CEO allocate a fixed number of

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Compensation Discussion and Analysis 

hours for personal use by identified NEOs and consider the allocated amount as part of the NEO's total compensation. The Compensation Committee and our CEO use their discretion when determining the number of allocated hours and displace other forms of compensation that otherwise would have been awarded to the NEO.

Our CEO is authorized by the Compensation Committee to use a fractionally-owned or chartered corporate aircraft for business purposes and long-distance commuting, and for a fixed number of hours per year for personal use instead of additional cash compensation that would have otherwise been paid. Other executives of the Company are authorized on a limited basis to use a fractionally-owned or chartered corporate aircraft for a fixed number of hours for business purposes and to a much lesser extent for a fixed number of hours per year for personal use. As part of our CEO's aggregate compensation package, the Compensation Committee approves a fixed number of hours for personal use each year and unused hours from the prior year are available for use the following year. When determining the number of hours of personal use of aircraft to award, the Compensation Committee takes into consideration Mr. Thiry's overall compensation package. If Mr. Thiry were to exceed the fixed number of hours for personal use that is unrelated to business or long-distance commuting in a given year, the excess hours of personal use would offset the number of hours approved by the Compensation Committee the following year for personal use or Mr. Thiry would be required to compensate us directly, although historically he has not exceeded the hours authorized for personal use. The Compensation Committee reviews all business and personal use of the aircraft annually, including detailed passenger logs with special attention to mixed business and personal use and required reimbursements to the Company.

### Deferred Compensation Program

Our deferred compensation program permits certain employees, including our NEOs, to defer compensation at the election of the participant or at the election of the Company. We maintain a Deferred Compensation Plan which allows certain employees, including our NEOs, to defer a percentage of their base salary, cash bonus and other compensation as identified by the Company. We do not utilize deferred compensation as a significant component of compensation and there are no Company contributions thereto or above-market returns available thereunder.

### Severance and Change of Control Arrangements

We have entered into employment agreements with each of our NEOs. These agreements, among other things, provide for severance benefits in the event of a termination of employment in certain circumstances, including, with respect to certain NEOs, the departure of the NEO following a change of control of our Company. Each agreement is individually negotiated and the terms vary. When entering into employment agreements with our NEOs, we attempt to provide severance and change of control benefits which strike a balance between providing sufficient protections for the NEO while still providing post-termination compensation that we consider reasonable and in the interests of the Company and our stockholders. See "Potential Payments Upon Termination or Change of Control" beginning on page 61 of this Proxy Statement for a description of the severance and change of control arrangements set forth in our employment agreements with the NEOs.

The terms of individual agreements vary but under our current stock-based award agreements, accelerated vesting of stock-based awards is generally triggered when a change of control event occurs and either the acquiring entity fails to assume, convert or replace the stock-based award or the grantee's employment is terminated following a change of control or if the executive resigns for "good reason" or is terminated by the Company without "cause" as provided in his or her applicable employment agreement, all within a certain period of time after the effective date of the change of control event. The additional acceleration provisions in our stock-based award agreements further serve to secure the continued employment and commitment of our NEOs prior to or following a change of control. See "Potential Payments Upon Termination or Change of Control" beginning on page 61 of this Proxy Statement for more information regarding accelerated vesting under our stock-based award agreements.

Dr. Menzel stepped down as our Chief Financial Officer effective March 30, 2015, and in accordance with his then-existing compensation arrangement, received his base salary of \$510,000 over a 12-month period beginning on May 5, 2015.

*Continues on next page*

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## Process for Determining NEO Compensation

### Role of Independent Compensation Committee

Our executive compensation and benefits programs are designed and administered under the direction and control of the Compensation Committee. Our Compensation Committee, composed solely of independent directors, reviews and approves our overall executive compensation program, strategy and policies and sets the compensation of our executive officers.

When recruiting new executives, the Compensation Committee and our CEO evaluate the comparative compensation of executives within the Company with similar levels of responsibility, the prior experience of the executive and expected contributions to Company performance. Thereafter, each executive's compensation is reviewed annually by the Compensation Committee and CEO, and considered for adjustment based on individual performance and other factors.

When evaluating performance, we base compensation decisions on an assessment of Company and individual performance over the year, taking individual accomplishments into consideration in light of the totality of circumstances together with individual potential to contribute to the Company's future growth. We believe that all of our NEOs have the ability to influence overall Company policies and performance and, accordingly, should be accountable for Company-wide performance as well as the areas over which they have direct influence. The differences in total annual compensation levels among the NEOs are based on their individual roles and responsibilities within the Company and their relative individual performance. The Compensation Committee uses its judgment in awarding compensation to our NEOs in accordance with the overall objectives of the Company's compensation program.

The Compensation Committee takes into consideration a number of factors when determining the elements and amounts of compensation awarded to our NEOs, including individual performance, overall financial and non-financial performance of the Company for the year, individual skill sets and experience relative to industry peers, readiness for promotion, past and expected future performance, the importance and difficulty of achieving future Company and individual objectives, the value of

each executive's outstanding equity awards, aggregate historical compensation, levels of responsibility and performance relative to other executives within the Company, importance to the Company and difficulty of replacement. The Compensation Committee also gives significant weight to our clinical performance and quality of patient care. Accordingly, Company-wide patient clinical outcomes and improvements in quality of patient care, and each NEO's contributions in those areas, can have a significant impact on NEO compensation.

The Company-wide factors taken into consideration by the Compensation Committee include, but are not limited to, the following:

overall revenue growth, increases in our treatment volume, market share increases, improvements in controlling treatment costs, operating income growth, operating margin growth and increases in earnings per share;

healthcare regulatory compliance initiatives;

improved strategic positioning;

improved positioning of the Company for continued growth and diversification;

improved organizational capabilities;

patient growth and geographic expansion;

relationships with private payors;

improved clinical outcomes, vaccination rates and other measures of quality of care;

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relationships with medical directors and other physicians involved in our patient care;

selection and implementation of improved financial, operating and clinical information systems;

management performance in attracting and retaining high-performing employees throughout our organization and succession planning;

implementation of successful public policy efforts;

good corporate citizenship; and

advancement of strategic business initiatives supporting our mission to be the provider, partner and employer of choice.

The Compensation Committee retains discretion as to how to weigh these factors. There is no formal weighting of the individual elements considered and no particular elements are required to be considered with respect to a given individual or in any particular year.

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Compensation Discussion and Analysis 

When determining annual compensation for our NEOs, other than for our CEO, the Compensation Committee works closely with our CEO to review each individual's performance for the year and determine such NEO's compensation. Shortly following the end of each year, our CEO provides his assessment of each NEO's performance during the year based on his personal experience with the individual, the NEO's achievement of success in areas determined to be significant to the Company, and any changes in responsibility levels. The Compensation Committee also considers performance discussions that have taken place at the Board and Compensation Committee level regarding the NEOs, retention objectives and the future growth potential of the individual executive. Our CEO recommends to the Compensation Committee the amounts of cash and stock-based compensation for each of the NEOs. The Compensation Committee considers the recommendations made by the CEO regarding the other NEOs but retains the discretion to deviate from those recommendations. Neither the CEO nor other members of management provide a recommendation to the Compensation Committee with regard to the CEO's compensation.

The Compensation Committee evaluates our CEO's performance at the same time it sets the compensation of the other NEOs. When evaluating the performance of our CEO and making decisions about his compensation, the Compensation Committee considers overall Company performance as part of the assessment of our CEO's performance, in addition to the achievement of specific objectives to determine his compensation. The Compensation Committee also considers a self-assessment prepared by our CEO. As part of this self-assessment, our CEO reviews with the Compensation Committee the overall annual management objectives of the Company and his participation in the attainment, or level of responsibility for the shortfall, of such objectives. Approximately every other year, the Compensation Committee engages an outside independent consultant to conduct an in-depth analysis of our CEO's performance as a manager during the year. The most recent assessment took place in 2015. This evaluation involves a rigorous assessment of our CEO's

performance by members of the senior management team. This assessment is reviewed by the Board and the Compensation Committee and is one of the many factors considered when making compensation decisions. As further described below, the Compensation Committee's independent compensation consultant provides the Compensation Committee with an analysis of comparative market data on the cash, stock-based compensation and total compensation for senior executives, including the CEO, at a group of comparable companies within our industry. The compensation package for our CEO is approved by the independent members of the Board after the Compensation Committee's recommendation for approval.

### **Role of Independent Compensation Consultant**

The Compensation Committee has selected and directly retains the services of Compensia, an independent national compensation consulting firm. The Compensation Committee has the sole authority to retain or replace Compensia in its discretion. Compensia does not provide consulting services to the Company and may not provide such services without prior approval of the chair of the Compensation Committee. Accordingly, Compensia only provides compensation consulting services to the Compensation Committee, and works with the Company's management only on matters for which the Compensation Committee provides direction and is responsible. The Compensation Committee has assessed the independence of Compensia pursuant to the rules of the SEC and NYSE and concluded that Compensia's work for the Compensation Committee does not raise any conflicts of interest. The Compensation Committee periodically seeks input from Compensia on a range of external market factors, including evolving compensation trends, appropriate peer companies and market survey data. Compensia also provides general observations on the Company's compensation program, but it does not determine or recommend the amount or form of compensation for the NEOs.

*Continues on next page*

Table of Contents**Market Competitiveness**

We evaluate the overall competitiveness of our executives' total direct compensation each year in order to assist in executive retention. In 2014 and 2015, the Compensation Committee retained Compensia to perform a comprehensive market analysis of our executive compensation programs and pay levels and based upon the recommendation of Compensia adopted a revised comparator peer group in late 2014 to be used to evaluate 2014 bonus payouts and 2015 compensation decisions.

Compensia provided the Compensation Committee with an analysis of comparative market data on the cash, stock-based compensation and total compensation for senior executives at the companies within our comparator peer group. In addition to public executive compensation data, the Compensation Committee reviewed the compensation practices of our comparator peer group for purposes of benchmarking and understanding the general compensation practices of our peers. Our comparator peer group consists of the following companies, which are all in the health care services, diagnostics, managed care and solutions markets:

<b>Abbott Laboratories<sup>4</sup></b>	-13.6%	5.9%	\$55,740	\$4,423	\$20,405
<b>Aetna<sup>4</sup></b>	11.9%	29.7%	\$35,593	\$2,390	\$60,227
<b>Anthem<sup>4</sup></b>	-1.7%	28.4%	\$34,089	\$2,560	\$79,156
<b>Baxter International<sup>4</sup></b>	-3.1%	2.0%	\$20,044	\$968	\$9,968
<b>Centene Corp.</b>	13.7%	42.2%	\$7,468	\$355	\$22,760
<b>Community Health Systems, Inc.</b>	-54.4%	-17.6%	\$2,422	\$158	\$19,437
<b>HCA Holdings, Inc.</b>	-1.7%	22.7%	\$27,744	\$2,129	\$39,678
<b>Laboratory Corporation of America Holdings</b>	-2.1%	7.9%	\$11,381	\$437	\$8,680
<b>Molina Healthcare, Inc.</b>	7.9%	24.1%	\$3,075	\$143	\$14,178
<b>Quest Diagnostics Incorporated</b>	-5.6%	6.5%	\$9,391	\$709	\$7,493
<b>Tenet Healthcare, Inc.</b>	-35.9%	-11.3%	\$2,671	\$(140)	\$18,634
<b>Thermo Fisher Scientific<sup>4</sup></b>	6.0%	23.0%	\$52,775	\$1,975	\$16,965
<b>Universal Health Services, Inc.</b>	10.2%	26.1%	\$11,072	\$681	\$9,042
<b>WellCare Health Plans<sup>4</sup></b>	4.3%	14.4%	\$3,352	\$119	\$13,890



## Summary Statistics:

75th Percentile	7.4%	25.6%	\$32,503	\$2,091	\$22,171
50th Percentile	-1.7%	18.6%	\$11,227	\$695	\$17,800
25th Percentile	-5.0%	6.0%	\$4,381	\$207	\$10,949
DaVita	-10.6%	5.2%	\$14,079	\$270	\$13,782
DaVita Percentage Rank	18%	22%	56%	27%	31%

1

The Company's peer group was compiled by Compensia and approved by the Compensation Committee. The following companies were deleted from the Company's 2014 peer group in late 2015 due to differences in size and/or business model or the peer group company ceasing to be an independent publicly-traded company: Catamaran, Health Net, HealthSouth, Humana, MEDNAX and Omnicare. These companies, however, were included in the Company's peer group at the beginning of the year to evaluate initial 2015 compensation decisions.

2

Data as of January 29, 2016.

3

Financial data generally publicly available as of January 29, 2016.

4

Added to the Company's comparator peer group in late 2015.

Our 2015 comparator peer group includes a diverse representation of various health care services, diagnostics, managed care, and solutions markets because we compete in these broad industry groups for executive talent. The Compensation Committee, in conjunction with Compensia, reviews the composition of

this group annually and makes adjustments to the composition of the group as it deems appropriate in order to provide a fairly consistent measure for comparing executive compensation. We believe that our comparator peer companies are comparable to us in their size, as measured by market capitalization, net

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Compensation Discussion and Analysis 

income and revenues. Compensation paid by this comparator peer group is representative of the compensation we believe is required to attract, retain and motivate our executive talent.

The Compensation Committee considered the comparator peer group together with market data information analysis from Compensia and other factors, in determining 2015 base salary amounts and LTI program awards granted in April and June 2015, respectively. The comparator peer group together with market data and analysis from Compensia and other factors were considered by the Compensation Committee in determining 2016 base salary amounts and 2015 performance bonuses, and will be used in determining LTI program awards expected to be granted in 2016.

The Compensation Committee considered Compensia's analysis (based on publicly disclosed compensation practices) of the compensation of executives serving in similar positions at comparable companies to obtain a general understanding of current compensation practices in our industry. The analysis provided by Compensia was used to provide context for the compensation decisions made by the Compensation Committee, but the Compensation Committee's decisions were not directly related to or otherwise based upon the comparative data. Instead, the Compensation Committee used this comparative data as one of many factors considered to set the compensation for our NEOs. The Compensation Committee also used the analysis as a tool to assess how well the Company is implementing its core compensation objective of awarding compensation weighted heavily in favor of variable compensation tied to performance.

In approving executive compensation, the Compensation Committee considered the Company's market capitalization, which is at the 56th percentile of our

comparator peer group, and the Company's size, in terms of net income and revenue, which is at the 27th and 31st percentiles, respectively, of our comparator peer group. The Compensation Committee also considered each NEO's roles and responsibilities within the Company, individual performance, Company performance and internal pay equity in addition to the results of the competitive pay analysis.

### **Risk Considerations in Our Compensation Program**

The Compensation Committee, with the assistance of Compensia, conducted a review of the Company's material compensation policies and practices applicable to its employees, including its executive officers. Based on this review, the Compensation Committee concluded that these policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. The key features of the executive compensation program that support this conclusion include:

a balance between cash and equity compensation;

a balance between short-term and long-term performance focus;

short-term incentive opportunities are capped and are not linked to any one specific goal;

severance payments are limited to 3x base salary and bonus;

equity awards have meaningful vesting requirements;

a clawback policy that permits the Board to recover annual bonuses and longer-term incentive and equity-based compensation from executive officers and members of the Board;

stock ownership guidelines; and

significant independent Compensation Committee oversight.

### **Compensation Policies and Practices**

We are committed to strong governance standards with respect to our compensation program, procedures and practices. We believe that the following aspects of our compensation program are indicative of this commitment.

### **Management Share Ownership Policy**

We have a share ownership policy that applies to members of our management team at the executive level. The management share ownership policy is similar to our share ownership policy that applies to all non-employee members of the Board described on

page 15 of this Proxy Statement. The purpose of the policy is to ensure that our executive officers accumulate a meaningful ownership stake in the Company over time by retaining a specified financial interest in our common stock. Both shares owned directly and shares underlying vested but unexercised stock appreciation rights, restricted stock units, and stock options are included in

*Continues on next page*

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the determination of whether the share ownership guidelines are met. The total net realizable share value retained must have a current market value of not less than the lower of 25% of the total equity award value in excess of \$100,000 realized to date by the executive (since promotion to Vice President); or a specific multiple of the executive's base salary. The salary multiple requirement for our current NEOs is 5.0 for Mr. Thiry, and 3.0 for Mr. Rodriguez, Mr. Kogod, and Mr. Staffieri. Mr. Hilger is not subject to the requirements under this policy because he is serving as our chief financial officer on an interim basis. As of December 31, 2015, all of the NEOs met or exceeded the guidelines under our share ownership policy.

### **Policy Regarding Clawback of Bonuses and Incentive Compensation**

In 2010, the Board adopted a clawback policy that permits the Board to recover annual bonuses and longer-term incentive and equity-based compensation from executive officers and non-employee members of the Board whose fraud or intentional misconduct was a significant contributing factor to the Company having to restate all or a portion of its financial statements. In December 2014, the policy was further amended to add significant misconduct as another possible clawback triggering event, in accordance with the executive financial compensation recoupment requirements under the Corporate Integrity Agreement.

This new provision applies to all senior vice presidents and above of the Company's domestic dialysis business, in addition to the executive officers and non-employee members of the Board. The clawback policy allows for the recovery of any bonus or incentive compensation paid to those executive officers or directors, the cancellation of restricted or deferred stock awards and outstanding stock awards granted to those executive officers or directors, and the reimbursement of any gains realized that are attributable to such awards to the fullest extent permitted by law. The policy allows for the foregoing actions to the extent that the amount of incentive compensation was calculated based upon the achievement of certain financial results that were subsequently reduced due to a restatement; the executive officer or director engaged in any fraud or intentional misconduct that was a significant contributing factor to the Company having to restate its financial statements; where the amount of the bonus or incentive compensation that would have been awarded to the officer had the financial results been properly reported would have been lower than the amount actually awarded; and, where the amount of the bonus or incentive compensation that was awarded to the officer would not have been awarded had any significant misconduct been known. The Company will not seek to recover bonuses or incentive or equity-based compensation paid or vested more than three years prior to the date the applicable restatement is disclosed or the significant misconduct is discovered.

## **Tax and Accounting Considerations**

### **Deduction Limit**

When reviewing compensation matters, the Compensation Committee considers the anticipated tax treatment of various payments and benefits to the Company and, when relevant, to its executives. Section 162(m) of the Internal Revenue Code generally disallows a tax deduction for compensation in excess of \$1 million paid to the chief executive officer and the three other most highly compensated NEOs employed at the end of the year (other than the chief financial officer), such executives are referred to as "covered employees."

Certain compensation is specifically exempt from the deduction limit to the extent that it is "performance-based" as defined in Section 162(m). While the Compensation Committee recognizes the desirability of preserving and strives to maintain the deductibility of

payments made to the NEOs, the Compensation Committee believes that it must maintain flexibility in its approach in order to structure a program that it believes to be the most effective in attracting, motivating and retaining the Company's key executives.

### **Accounting for Stock-Based Compensation**

The Company accounts for stock-based compensation in accordance with FASB ASC Topic 718, which requires the Company to recognize compensation expense for share-based payments (including SSARs, RSUs, PSUs and other forms of equity compensation). FASB ASC Topic 718 is taken into account by the Compensation Committee in determining to issue various types of equity awards, considering the natural economic exchange ratios implied by their approximate respective fair values.



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The Compensation Committee of the Board is currently composed of four independent directors. The Compensation Committee oversees the Company's compensation program on behalf of the Board. The Compensation Committee reviewed and discussed the Compensation Discussion and Analysis set forth in this Proxy Statement with management.

Based on the Compensation Committee's review and discussion with management, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Company's Proxy Statement for the Company's 2016 annual meeting of stockholders and the Company's annual report on Form 10-K.

**COMPENSATION COMMITTEE**

*Pamela M. Arway, Chair*

*Paul J. Diaz*

*Peter T. Grauer*

*Roger J. Valine*

The information contained above under the caption "Compensation Committee Report" will not be considered "soliciting material" or to be "filed" with the SEC, nor will that information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate it by reference into a filing.

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## 2015 Summary Compensation Table

<b>Kent J. Thiry</b>	2015	1,200,000		3,720,140	3,422,476	2,225,186	471,020	11,038,822
Chairman of the Board of Directors,	2014	1,200,000		4,905,159	4,558,730	2,610,000	517,134	13,791,023
Chief Executive Officer and Chief Executive Officer, HealthCare Partners	2013	1,148,077			12,272,760	3,000,000	678,420	17,099,257
<b>Javier J. Rodriguez</b>	2015	800,000		967,239	889,850	9,013,661	164,816	11,835,566
Chief Executive Officer, Kidney Care	2014	800,000		1,376,459	1,279,239	8,142,500	151,140	11,749,338
	2013	765,385			3,780,980	1,600,000	13,245	6,159,610
<b>Michael D. Staffieri</b>	2015	583,270	3,415	278,994	770,053	4,859,672	64,719	6,560,123
Chief Operating Officer, Kidney Care	2014	515,385	38,363	450,495	418,657	3,392,500	29,981	4,845,381
<b>Dennis L. Kogod</b>	2015	800,000				5,150,000	120,441	6,070,441
President,	2014	800,000	200,000	667,422	1,860,796	6,142,500	104,792	9,775,510
HealthCare Partners and Chief Executive Officer, International	2013	800,000			2,970,770	1,100,000	90,042	4,960,812
<b>James K. Hilger</b>	2015	366,635	195,000	125,059	114,082	309,375	360	1,110,511
Interim Chief Financial Officer,	2014	350,000	225,000	124,953	116,302	1,092,500	336	1,909,091
and Chief Accounting Officer	2013	350,000	300,000		189,049		544	839,593
<b>Garry E. Menzel</b>	2015	188,308					510,204	698,512

Former Chief Financial Officer	2014	510,000	44,548		480	555,028
	2013	147,115	66,484	1,624,716	45	1,838,360

1

The amounts reported in this column for 2015 represent annual performance bonuses for non-STIP participants, namely Mr. Hilger, discretionary bonuses, including relocation bonuses, earned with respect to 2015. The cash component of our 2015 short-term incentive program (the "2015 STI program") under the DaVita HealthCare Partners Inc. 2011 Incentive Award Plan is included in the "Non-Equity Incentive Plan Compensation" column.

2

The amounts shown in this column reflect restricted and performance stock unit awards and represent the aggregate grant date fair value of all such awards granted to the executive during the year as estimated by the Company in accordance with FASB ASC Topic 718. In accordance with SEC rules, the amounts included in the Stock Awards column for the performance stock unit awards granted during 2015 are calculated based on the most probable outcome of the performance conditions for such awards on the grant date. If the most probable outcome of the performance conditions as of grant date had been maximum performance, then the grant date fair value of the PSUs would have been as follows: Mr. Thiry \$5,137,787; Mr. Rodriguez \$1,191,700; and Mr. Staffieri \$343,750. See Note 19 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015 for a discussion of the relevant assumptions used in calculating these amounts pursuant to FASB ASC Topic 718.

3

The amounts shown in this column reflect SSAR awards and represent the aggregate grant date fair value of all such awards granted to the executive during the year as estimated by the Company in accordance with FASB ASC Topic 718. See Note 19 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015 for a discussion of the relevant assumptions used in calculating these amounts pursuant to FASB ASC Topic 718.

4

For 2013, the amounts shown in this column constitute amounts earned under the Company's expired employee incentive program (EIP). For 2014 and 2015, the amounts shown in this column represent amounts earned for performance periods ending in 2014 and 2015, respectively. For 2015, these amounts include the 2015 STI program and 2013 Cash LTI program. In early 2016, Messrs. Rodriguez, Staffieri, Kogod and Hilger received payouts under the 2013 long-term cash-based performance awards and the 2015 Supplemental STI program which was put in place in early 2015 to make their incentive award opportunity tied to 2015 operating results in the dialysis and related lab services operating segment comparable to that of other non-NEO executives, while maintaining the additional discipline of negative discretion by the Compensation Committee, all granted under the Company's 2011 Incentive Award Plan. As a result of these two performance-based cash awards, Mr. Rodriguez earned \$7,313,661 for performance at the 221.6% payout level, Mr. Kogod earned \$4,950,000 for performance at the 150% payout level as the Compensation Committee exercised negative discretion to reduce the payout, Mr. Staffieri earned \$3,839,672 for



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performance at the 221.6% payout level, all as a result of adjusted operating income achieved for the dialysis and related lab services operating segment of \$1,857 million for fiscal year 2015 compared to a target of \$1,669 million at the 100% payout level.

<b>Kent J. Thiry</b>	\$2,225,186			\$2,225,186
<b>Javier J. Rodriguez</b>	\$1,700,000	\$2,363,661	\$4,950,000	\$9,013,661
<b>Michael D. Staffieri</b>	\$1,020,000	\$1,240,922	\$2,598,750	\$4,859,672
<b>Dennis L. Kogod</b>	\$200,000		\$4,950,000	\$5,150,000
<b>James K. Hilger</b>			\$309,375	\$309,375

**Dr. Garry E. Menzel**

The awards are reported for the year with respect to which they were earned, regardless of when the award is paid. Please see "Compensation Discussion and Analysis Elements of Compensation Short-Term Incentive Program (STI Program) for 2015" in this Proxy Statement for a discussion of the performance criteria under the 2015 STI program.

5

Amounts included in this column are set forth by category below. The amounts disclosed, other than use of a fractionally-owned or chartered corporate aircraft, are the actual or share of actual costs to the Company of providing these benefits. Because a fractionally-owned or chartered corporate aircraft is used primarily for business purposes, we do not include in incremental cost the fixed costs that do not change based on usage. The incremental cost to us of personal use of a fractionally-owned or chartered corporate aircraft, including use for commuting, is calculated based on the variable operating costs related to the operation of the aircraft, including fuel costs and landing fees, trip-related repairs and maintenance, catering and other miscellaneous variable costs. Fixed costs that do not change based on usage, such as pilot salaries, training, utilities, depreciation, management fees, taxes and general repairs and maintenance are excluded. The value of the personal use of a fractionally-owned or chartered corporate aircraft by our NEOs is included in their personal income in accordance with applicable tax regulations.

<b>Kent J. Thiry</b>	2015	\$469,867	\$1,153	\$471,020
<b>Javier J. Rodriguez</b>	2015	\$164,336	\$480	\$164,816

<b>Michael D. Staffieri</b>	2015	\$64,239	\$480		\$64,719
<b>Dennis L. Kogod</b>	2015	\$119,879	\$562		\$120,441
<b>James K. Hilger</b>	2015		\$360		\$360
<b>Dr. Garry E. Menzel</b>	2015		\$204	\$510,000	\$510,204

\*

For purposes of calculating the incremental costs to the Company of each NEO's personal use of Company aircraft, the total cost of the flight is allocated to personal use based upon the relative ratio of personal mileage to total mileage. Costs for fuel, ground costs, catering costs, landing fees, domestic passenger fees and federal excise tax charges are also included, if applicable.

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The following table sets forth information concerning awards made to each of the NEOs under the Company's equity compensation plans during 2015.

**2015 Grants of Plan-Based Awards**

	<b>Estimated Future Payouts Under Non-Equity Incentive Plan Awards</b>		<b>Estimated Future Payouts Under Equity Incentive Plan Awards<sup>4</sup></b>		
1	2,225,186	3,600,000			
6/2/2015			36,243	48,323	65,236
6/2/2015					179,041
1	1,700,000	2,000,000			
2	2,363,661	8,250,000			
6/2/2015 <sup>3</sup>	2,275,000	4,550,000	10,000,000		
6/2/2015			9,424	12,564	15,077
6/2/2015					46,551
1	1,020,000	1,200,000			
2	1,240,922	4,331,250			
6/2/2015 <sup>3</sup>	1,312,500	2,625,000	10,000,000		
6/2/2015			2,719	3,624	4,349
6/2/2015					40,284
1	200,000	2,000,000			

2			8,250,000		
6/2/20153	125,000	250,000	1,000,000		
6/2/2015				1,492	
6/2/2015					5,968

1

Represents applicable amounts for our 2015 short-term incentive program (2015 STI program) under the Company's 2011 Incentive Award Plan. The amount in the "Maximum" column represents the maximum amount the executive was eligible to earn under the 2015 STI Program if all performance criteria were achieved at their highest payout level. Since 2015 is now complete, the amount in the "Target" column represents the payout amounts awarded under the 2015 STI program, considering both the formulaic criteria and any further negative discretion the Committee applied thereunder. Since the Committee may use discretion to reduce amounts awarded to zero, there are no fixed threshold amounts under the 2015 STI Program. Accordingly this table reflects a zero amount in the "Threshold" column.

2

Represents applicable amounts for our 2015 Supplemental STI Program as described in further detail beginning on page 42.

3

Represents long-term cash-based performance awards granted in June 2015 (2015 cash LTI program awards) under the Company's 2011 Incentive Award Plan. For a description of these 2015 cash LTIP awards, see "Compensation Discussion and Analysis Elements of Compensation Long-term Incentive Program (LTI Program) for 2015" in this Proxy Statement.

4

This number represents performance stock unit awards awarded under the Company's 2011 Incentive Award Plan. The PSU awards above vest 50% each on June 2, 2018 and June 2, 2019, subject to the NEO's continued employment and the achievement of the underlying performance conditions. For a description of the PSUs, see "Compensation Discussion and Analysis Elements of Compensation Long-Term Incentive Program (LTI Program) for 2015 Equity Awards Performance Stock Units" in this Proxy Statement.

5

This number represents SSARs awarded under the Company's 2011 Incentive Award Plan. The SSARs vest 50% each in the third and fourth years from the date of grant, subject to the NEO's continued employment. For a description of the SSARs, see "Compensation Discussion and Analysis Elements of Compensation Long-Term Incentive Program (LTI Program) for 2015 Equity Awards Stock-settled Stock Appreciation Rights" in this Proxy Statement.

6

The amounts for SSARs and performance stock unit awards are the aggregate grant date fair values of each award determined pursuant to FASB ASC Topic 718 and, in the case of the performance stock unit awards, are based upon the probable outcome of the applicable performance conditions on the grant date. See Note 19 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015 for a discussion of the relevant assumptions used in calculating grant date fair value pursuant to FASB ASC Topic 718.

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Mr. Kogod received no LTI program awards during the year ended December 31, 2015 and Dr. Menzel received no grants of plan-based awards for the year ended December 31, 2015.



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Executive Compensation ■

The following table sets forth information concerning outstanding SSARs and unvested stock awards held by each of the NEOs at December 31, 2015.

**2015 Outstanding Equity Awards at Fiscal Year-End**

<b>Option Awards</b>				<b>Stock Awards</b>	
12/18/2012	500,000	500,000 <sup>4</sup>	\$55.34	12/18/2017	
3/20/2013		900,000 <sup>3</sup>	\$59.52	3/20/2018	
4/24/2014		282,339 <sup>3</sup>	\$69.38	4/24/2019	
6/2/2015		179,041	83.82	6/2/2020	
12/18/2012				72,064 <sup>5</sup>	5,023,581 <sup>5</sup>
4/24/2014					63,022 <sup>2</sup> 4,393 <sup>2</sup>
6/2/2015					48,323 <sup>8</sup> 3,368 <sup>8</sup>
4/13/2011	216,667 <sup>3</sup>		\$43.35	4/13/2016	
12/8/2011	80,000 <sup>6</sup>	6	\$36.96	12/8/2016	
12/18/2012	56,250 <sup>4</sup>	56,250 <sup>4</sup>	\$55.34	12/18/2017	
3/19/2013		280,000 <sup>3</sup>	\$58.94	3/19/2018	

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79,2283 \$69.38 4/24/2019