

DAVITA HEALTHCARE PARTNERS INC.  
Form DEF 14A  
April 28, 2014  
Table of Contents

**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**

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 pursuant to § 240.14a-12

**DAVITA HEALTHCARE PARTNERS INC.**

(Name of Registrant as Specified in its Charter)

(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

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined.):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount previously paid:

(2) Form, schedule, or registration statement no.:

(3) Filing party:

(4) Date filed:

Table of Contents

**Invitation to Participate in the**

**Annual Meeting of Stockholders**

**May 8, 2014**

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 Tuesday, June 17, 2014, 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**

*Co-Chairman of the Board,*

*Chief Executive Officer*

*DaVita HealthCare Partners Inc.*

**Table of Contents**

**Notice of 2014 Annual Meeting of Stockholders**

**Tuesday, June 17, 2014**

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

*DaVita HealthCare Partners Inc.*

*2000 16<sup>th</sup> Street*

*Denver, Colorado 80202*

**The 2014 annual meeting of the stockholders of DaVita HealthCare Partners Inc., a Delaware corporation, will be held on Tuesday, June 17, 2014 at 5:30 p.m., Mountain Time, at DaVita HealthCare Partners Inc., 2000 16<sup>th</sup> 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 directors identified in the attached Proxy Statement to the Board of Directors to serve for a term of one year 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 2014;

To hold an advisory vote on executive compensation;

To adopt and approve an amendment and restatement of our 2011 Incentive Award Plan;

To consider and vote upon a stockholder proposal, 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 8, 2014, a Notice of Internet Availability of Proxy Materials to stockholders of record and beneficial owners as of the close of business on April 24, 2014. 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 Monday, June 16, 2014.

By order of the Board of Directors,

**Martha Ha**

*Corporate Secretary*

*DaVita HealthCare Partners Inc.*

**May 8, 2014**

**Table of Contents**

**Table of Contents**

<b><u>PROXY STATEMENT</u></b>	<b>1</b>
<u>General Information</u>	1
<u>Voting Information</u>	2
<u>Votes Required for Proposals</u>	2
<u>Proxy Solicitation Costs</u>	2
<u>Delivery of Proxy Statement and Annual Report</u>	3
<u>Admission to Annual Meeting</u>	3
<u>Electronic Availability of Proxy Materials for the 2014 Annual Meeting</u>	4
<u>Proposal 1 Election of Directors</u>	5
<u>Information Concerning Members of the Board Standing for Reelection</u>	6
<b><u>CORPORATE GOVERNANCE</u></b>	<b>11</b>
<u>Selection of Directors</u>	11
<u>Director Independence</u>	11
<u>Leadership Structure and Meetings of Independent Directors</u>	12
<u>Communications with the Board</u>	13
<u>Annual Meeting of Stockholders</u>	13
<u>Information Regarding the Board and its Committees</u>	13
<u>Committees of the Board</u>	13
<u>Overview of Committee Membership Qualifications</u>	15
<u>Risk Oversight</u>	15
<u>Board Share Ownership Policy</u>	16
<u>Code of Ethics and Codes of Conduct</u>	16
<u>Insider Trading Policy</u>	17
<u>Proposal 2 Ratification of Appointment of Independent Registered Public Accounting Firm</u>	18
<u>Independent Registered Public Accounting Firm</u>	18
<u>Pre-approval Policies and Procedures</u>	18
<u>Proposal 3 Advisory Vote on Executive Compensation</u>	19
<u>Proposal 4 Approval of the Amendment and Restatement of our 2011 Incentive Award Plan</u>	21
<u>Introduction</u>	21
<u>Purpose</u>	21
<u>Stockholder Approval Requirement</u>	22
<u>Compensation and Governance Best Practices</u>	22
<u>Administration</u>	23
<u>Eligibility</u>	23
<u>Limitation on Awards and Shares Available</u>	23
<u>Limitation on Full Value Award Vesting</u>	24
<u>Awards</u>	24
<u>Adjustment Provisions</u>	30
<u>Amendment and Termination</u>	31
<u>Federal Income Tax Consequences</u>	31
<u>Equity Compensation Plan Information</u>	32
<u>Proposal 5 Stockholder Proposal Regarding the Board Chairmanship</u>	33
<b><u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u></b>	<b>36</b>
<u>Information Concerning Our Executive Officers</u>	38

<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	40
<b><u>COMPENSATION DISCUSSION AND ANALYSIS</u></b>	<b>41</b>
<u>Table of Contents</u>	41
<u>Compensation Discussion and Analysis Information</u>	42



**Table of Contents**

<u>Executive Summary</u>	42
<u>Elements of Compensation</u>	55
<u>Process for Determining NEO Compensation</u>	62
<u>Compensation Policies and Practices</u>	67
<u>Tax and Accounting Considerations</u>	68
<b><u>COMPENSATION COMMITTEE REPORT</u></b>	<b>69</b>
<b><u>EXECUTIVE COMPENSATION</u></b>	<b>70</b>
<u>2013 Summary Compensation Table</u>	70
<u>2013 Grants of Plan-Based Awards</u>	72
<u>2013 Outstanding Equity Awards at Fiscal Year-End</u>	73
<u>2013 Option Exercises and Stock Vested</u>	74
<u>No Pension Benefits</u>	74
<u>Non-Qualified Deferred Compensation</u>	74
<u>2013 Nonqualified Deferred Compensation</u>	75
<u>Voluntary Deferral Plan</u>	76
<u>Executive Retirement Plan</u>	76
<u>Potential Payments Upon Termination or Change of Control</u>	77
<b><u>COMPENSATION OF DIRECTORS</u></b>	<b>83</b>
<b><u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u></b>	<b>88</b>
<b><u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u></b>	<b>89</b>
<b><u>AUDIT COMMITTEE REPORT</u></b>	<b>89</b>
<b><u>STOCKHOLDER PROPOSALS FOR 2015 ANNUAL MEETING</u></b>	<b>91</b>
<b><u>OTHER MATTERS</u></b>	<b>91</b>
<u>APPENDIX A</u>	92

**Table of Contents**

**PROXY STATEMENT**

**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 2014 annual meeting of stockholders, which we will hold on Tuesday, June 17, 2014 at 5:30 p.m., Mountain Time, at DaVita HealthCare Partners Inc. (the Company ), 2000<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 24, 2014. 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 8, 2014 to all stockholders of record as of April 24, 2014.

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 2014 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 each nominee to the Board identified in this Proxy Statement;

For the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2014;

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

For the approval of the amendment and restatement of our 2011 Incentive Award Plan;

Against the stockholder proposal, if properly presented at the annual meeting; and

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.

**DAVITA HEALTHCARE PARTNERS INC.** 2014 *Proxy Statement* **1**

## **Table of Contents**

### **Voting Information**

Our only voting securities are the outstanding shares of our common stock. At the record date, we had approximately 214,196,995 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 in the election of directors, the proposal regarding the advisory vote on executive compensation, the amendment and restatement of our 2011 Incentive Award Plan, or on the stockholder proposal, if properly brought before the annual meeting, no votes will be cast on your behalf. 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 2014, the approval of the proposal regarding the advisory vote on executive compensation, the approval of the amendment and restatement of our 2011 Incentive Award 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 the topic of the stockholder proposal. Abstentions are considered present and entitled to vote with respect to these proposals and will, therefore, have the same effect as votes against these proposals. Broker non-votes with respect to the approval of the proposal regarding the advisory vote on executive compensation, the approval of the amendment and restatement of our 2011 Incentive Award Plan, and the stockholder proposal 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 Partners, Inc. ( MacKenzie ) to assist in

**DAVITA HEALTHCARE PARTNERS INC.** 2014 *Proxy Statement* **2**

## **Table of Contents**

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: Attn: Investor Relations, DaVita HealthCare Partners Inc., 2000 16<sup>th</sup> Street, Denver, Colorado 80202, (888) 484-7505.

## **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 24, 2014 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 24, 2014. 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 24, 2014, please call the Company's transfer agent, Computershare, at (877) 899-2012.

If you were a record holder of the Company's common stock as of the close of business on April 24, 2014, then you must bring:

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 24, 2014.

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 24, 2014, 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 24, 2014.

**DAVITA HEALTHCARE PARTNERS INC. 2014 Proxy Statement 3**

**Table of Contents**

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 24, 2014, or (iii) a brokerage account statement indicating that you owned the Company's common stock as of the close of business on April 24, 2014.

If you acquired your shares of the Company's common stock at any time after the close of business on April 24, 2014, 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 24, 2014, or (ii) a brokerage account statement as of a date after April 24, 2014 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 24, 2014.

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 24, 2014, 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 24, 2014;

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 24, 2014, proof of the stockholder's ownership of shares of the Company's common stock as of the close of business on April 24, 2014, 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 24, 2014.

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 24, 2014 or (b) a person holding a valid proxy executed by such record holder.



**Electronic Availability of Proxy Materials for the 2014 Annual Meeting**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on June 17, 2014. This Proxy Statement and the Annual Report to Stockholders and Form 10-K for fiscal year 2013 are available electronically at [www.proxyvote.com](http://www.proxyvote.com).**

**DAVITA HEALTHCARE PARTNERS INC. 2014 *Proxy Statement* 4**

**Table of Contents****Proposal 1** Election of Directors

At the annual meeting, you will elect ten directors to serve until the 2015 annual meeting of stockholders or until their respective successors are elected and qualified. 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 2014 nominees are currently serving on the Board.

Eight 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. The Nominating and Governance Committee has recommended, and the Board has nominated, Pamela M. Arway, Charles G. Berg, Carol Anthony ( John ) Davidson, Paul J. Diaz, Peter T. Grauer, Dr. Robert J. Margolis, John M. Nehra, William L. Roper, Kent J. Thiry and Roger J. Valine for election as directors. 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 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.

No arrangement or understanding exists between any nominee and any other person or persons pursuant to which any nominee was or is to be selected as a director or nominee, with the exception of Dr. Margolis. Pursuant to the Agreement and Plan of Merger, as amended, by and between the Company and HealthCare Partners Holdings, LLC ( HCP LLC ) pursuant to which the Company acquired HCP LLC on November 1, 2012 (the HCP Merger Agreement ), for a minimum period of four consecutive annual meetings of stockholders of the Company after his initial appointment to the Board in November 2012, the Company's Nominating and Governance Committee shall assess Dr. Margolis' re-nomination for election to the Board in the same manner as every other incumbent director on the Board and shall determine which directors it will select as nominees or recommend to the Company's Board for nomination for election to the Company's Board at its annual meeting of stockholders. In addition, pursuant to the HCP Merger Agreement, for a minimum period of four consecutive annual meetings of stockholders following his appointment in November 2012, Dr. Margolis will hold the office of Co-Chairman until the expiration of his term of office or until his successor is duly elected and qualified, subject to his earlier death, resignation, disqualification, or removal in accordance with the Company's bylaws and/or applicable law. None of the nominees has any family relationship with any other nominee or with any of our executive officers.

**Table of Contents**

**Information Concerning Members of the Board**

**Standing for Reelection**

A biography of each nominee, current as of March 31, 2014, 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***

**Director since 2009**

Age 60

Pamela M. Arway 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 in March 2014 and serves on its Compensation Committee. Ms. Arway is an experienced business leader, with extensive management experience.

***Charles G. Berg***

**Director since 2007**

Age 56

Charles G. Berg 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 to 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 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.

**DAVITA HEALTHCARE PARTNERS INC.** 2014 *Proxy Statement* **6**

**Table of Contents**

***Carol Anthony ( John ) Davidson***

**Director since 2010**

Age 58

Carol Anthony ( John ) Davidson has been one of our directors since December 2010. From January 2004 to 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 Ltd., a provider of products and solutions in water, fluids, thermal management and equipment protection. Mr. Davidson is 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 (FINRA). Mr. Davidson is a CPA with more than 30 years of leadership experience across multiple industries and he brings a strong track record of building and leading global teams and implementing governance and controls processes.

***Paul J. Diaz***

**Director since 2007**

Age 52

Paul J. Diaz has been one of our directors since July 2007. Mr. Diaz has been the chief executive officer of Kindred Healthcare, Inc. ( Kindred ), a provider of long-term healthcare services in the United States, since January 2004. Mr. Diaz joined Kindred in January 2002 as president and chief operating officer. 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 board of Kindred 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.



**Table of Contents**

***Peter T. Grauer***

**Director since 1994**

Age 68

Peter T. Grauer 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 Xstrata 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 has significant experience as a business leader and brings a deep understanding of our business and industry through his nearly 20 years of service as a member of the Board.

***Dr. Robert J. Margolis***

**Director since 2012**

Age 68

Dr. Robert J. Margolis became our co-chairman of the Board in November 2012 in connection with our acquisition of HCP LLC. He served as the chief executive officer of HCP LLC, from May 1982 to November 2012, and as the chief executive officer of our integrated care business, HealthCare Partners ( HCP ), from November 2012 to March 2014. Dr. Margolis is board certified in internal medicine and medical oncology having trained at Duke University Medical School and the National Cancer Institute. Dr. Margolis serves on the boards of the Martin Luther King Hospital, the National Committee for Quality Assurance, the California Association of Physician Groups, and the California Hospital Medical Center Foundation, Los Angeles. Dr. Margolis also serves as a member of HealthCare Policy Advisory Council for Harvard Medical School and as a member of the advisory board of the USC Schaeffer Center for Health Policy and Economics. Dr. Margolis previously served as the chairman of the boards of the American Medical Group Association, the National Committee for Quality Assurance, and the Unified Medical Group Association. Dr. Margolis has a national reputation in the managed care industry with over 40 years of industry experience. He works extensively on issues of quality improvement, pay for performance, coordinated care and access to care issues and speaks frequently on these and related subjects at national and regional meetings.





**Table of Contents**

***John M. Nehra***

**Director since 2000**

Age 65

John M. Nehra has been one of our directors since November 2000. Mr. Nehra has been affiliated with New Enterprise Associates ( NEA ), a venture capital firm, since 1989, including, since 1993, 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 serves on the boards of a number of NEA s portfolio companies. Mr. Nehra is an experienced business leader with approximately 43 years experience in investment banking, research and capital markets and he brings a deep understanding of our business and industry through his more than 10 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***

**Director since 2001**

Age 65

Dr. William L. Roper 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 is a member of and the immediate past chairman of the board of the National Quality Forum. 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.

**Table of Contents**

***Kent J. Thiry***

**Director since 1999**

Age 58

Kent J. Thiry became our co-chairman of the Board in November 2012 in connection with our acquisition of HCP LLC and continues to serve as our chief executive officer, a role he has held since October 1999. From October 1999 until November 2012, Mr. Thiry served as our chairman of the Board. From June 1997 until he joined us, 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***

**Director since 2006**

Age 65

Roger J. Valine has been one of our directors since June 2006. From 1993 to his retirement in July 2006, Mr. Valine served as the chief executive officer of Vision Service Plan ( VSP ), the nation's largest provider of eyecare wellness benefits. From January 1991 to February 2006, Mr. Valine served as both the president and chief executive officer of VSP. Upon his retirement, Mr. Valine had worked for VSP for 33 years and provided consulting services to VSP through January 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.**

**DAVITA HEALTHCARE PARTNERS INC.** 2014 *Proxy Statement* **10**

## **Table of Contents**

### **CORPORATE GOVERNANCE**

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**

The Nominating and Governance Committee does not have a specifically defined set of criteria for membership on the Board. In making its recommendations, it considers the mix of characteristics, experience, diverse perspectives and skills that is 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 directors with shorter tenures, which helps ensure that the Board maintains an openness to new ideas and a willingness to re-examine the status quo. 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 Secretary of the names and qualifications of such nominees at the following address: Corporate Secretary, DaVita HealthCare Partners Inc., 2000 16<sup>th</sup> Street, Denver, Colorado 80202. The committee does not intend to alter the manner in which it evaluates candidates based on whether the candidate was recommended by a stockholder.

In March 2014, the Nominating and Governance Committee recommended the candidates standing for election at the 2014 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 us (either directly or as a partner, stockholder or officer of an organization that has a relationship with us). 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 2013, as members of the Board, other than Mr. Thiry and Dr. Margolis, 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 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 making determinations of independence, the Board considered that certain Board members have in the past invested in certain funds of a venture capital firm of which Mr. Nehra is a special partner or that are managed directly or indirectly by the firm of which Mr. Nehra is a partner. The Board also considered transactions in which

**DAVITA HEALTHCARE PARTNERS INC.** 2014 *Proxy Statement* **11**

## **Table of Contents**

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 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 overseeing the 2010 U.S. Attorney physician relationship investigation and the 2011 U.S. Attorney physician relationship investigation, at the request of the Board. 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 the chief executive officer of and has less than 10% beneficial interest in Kindred.

The Board also 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 their principal job, changes their principal job responsibility or experiences a significant event that could negatively affect their 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**

Since the completion of our acquisition of HCP LLC, Mr. Thiry and Dr. Margolis have served as co-chairmen of our Board. Mr. Thiry is the chief executive officer of the Company and brings nearly 15 years of experience with our Company and deep institutional knowledge and experience to the combined role. Dr. Margolis served as the chief executive officer of HCP LLC from May 1982 to November 2012, and the chief executive officer of HCP from November 2012 to March 2014, and brings experience and extensive knowledge of our integrated care business.

We believe that Mr. Thiry's experience and knowledge, and the significant role of the lead independent director, provide a counterbalance to the combined co-chairman and CEO role. 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 chairs our Nominating and Governance Committee. 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 co-chairmen and the independent directors, approves information sent to the Board, confers with the CEO/Co-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 co-chairmen are 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 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.

