

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

-----  
FORM S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933  
-----

TOTAL RENAL CARE HOLDINGS, INC.  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	8092	51-0354549
(STATE OR OTHER	(PRIMARY STANDARD	(I.R.S. EMPLOYER
JURISDICTION OF	INDUSTRIAL	IDENTIFICATION NO.)
INCORPORATION OR	CLASSIFICATION CODE	
ORGANIZATION)	NUMBER)	

21250 HAWTHORNE BOULEVARD  
TORRANCE, CALIFORNIA 90503-5517  
(310) 792-2600  
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING  
AREA CODE OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

-----  
JOHN E. KING  
CHIEF FINANCIAL OFFICER  
TOTAL RENAL CARE HOLDINGS, INC.  
21250 HAWTHORNE BOULEVARD, SUITE 800  
TORRANCE, CALIFORNIA 90503-5517  
(310) 792-2600

(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,  
OF AGENT FOR SERVICE)

-----  
COPIES TO:

CYNTHIA M. DUNNETT	JONATHAN H. GRUNZWEIG
RIORDAN & MCKINZIE	SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
300 SOUTH GRAND AVENUE, 29TH FLOOR	300 SOUTH GRAND AVENUE, SUITE 3400
LOS ANGELES, CALIFORNIA 90071	LOS ANGELES, CALIFORNIA 90071
(213) 629-4824	(213) 687-5000

-----  
APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As promptly  
as practicable following the effective date of this Registration Statement.

If the only securities being registered on this Form S-3 are being offered  
pursuant to dividend or interest reinvestment plans, please check the  
following box. ☐

If any of the securities being offered on this Form are to be offered on a  
delayed or continuous basis pursuant to Rule 415 under the Securities Act of  
1933, as amended (the "Securities Act"), other than securities offered only in  
connection with dividend or interest reinvestment plans, check the following  
box. ☐

If this Form is filed to register additional securities for an offering  
pursuant to Rule 462(b) under the Securities Act, check the following box and  
list the Securities Act registration statement number of the earlier effective  
registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c)  
under the Securities Act, check the following box and list the Securities Act  
registration statement number of the earlier effective registration statement  
for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434,  
check the following box. ☐

-----  
CALCULATION OF REGISTRATION FEE  
-----

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
--	-------------------------------	---	--	----------------------------------

-----  
Common Stock, par value  
\$0.001 per share..... 2,750,000 shares      \$45.75      \$125,812,000      \$38,125  
-----  
-----

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(c) under the Securities Act of 1933, based on the average of the high and low sales prices, \$47.125 and \$44.375, respectively, on August 8, 1997, as reported on the New York Stock Exchange.  
-----

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.  
-----  
-----

+++++  
+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +  
+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +  
+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +  
+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +  
+BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +  
+THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +  
+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +  
+UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +  
+ANY SUCH STATE. +  
+++++

SUBJECT TO COMPLETION, DATED AUGUST 12, 1997

PROSPECTUS  
AUGUST , 1997

2,595,524 SHARES  
[LOGO OF TRC APPEARS HERE]

TOTAL RENAL CARE HOLDINGS, INC.  
COMMON STOCK

The 2,595,524 shares of Common Stock being offered hereby (the "Offering") are being sold by the Selling Stockholders. See "Selling Stockholders." Total Renal Care Holdings, Inc. (the "Company") will not receive any proceeds from the sale of Common Stock by the Selling Stockholders.

The Common Stock is listed on the New York Stock Exchange under the symbol "TRL." On August 8, 1997 the closing price for the Common Stock as reported on the New York Stock Exchange was \$45.3125 per share.

SEE "RISK FACTORS" BEGINNING ON PAGE 5 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE COMMON STOCK.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

- - - - -

	PRICE TO THE PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS(1)	PROCEEDS TO THE SELLING STOCKHOLDERS(2)
- - - - -			

Per Share.....	\$	\$	\$
Total.....	\$	\$	\$

- - - - -
- (1) The Company and the Selling Stockholders have agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."
- (2) Before deducting expenses estimated at \$200,000, all of which are payable by the Selling Stockholders.

The shares of Common Stock are being offered by the Underwriter, subject to prior sale when, as and if delivered to and accepted by the Underwriter and subject to various prior conditions, including their right to reject orders in whole or in part. It is expected that delivery of share certificates will be made in New York, New York on or about August , 1997.

DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE COMMON STOCK. SPECIFICALLY, THE UNDERWRITER MAY BID FOR AND PURCHASE SHARES OF COMMON STOCK IN THE OPEN MARKET. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

#### AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). A copy of the reports and other information filed by the Company with the Commission may be inspected without charge at the offices of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the following Regional Offices of the Commission: the Midwest Regional Office at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511; and the Northeast Regional Office at 13th Floor, 7 World Trade Center, New York, New York 10048. Copies of such material can be obtained from the Public Reference Section of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such reports and other information concerning the Company are also available for inspection at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. In addition the Commission maintains an Internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding registrants, including the Company, that file electronically with the Commission.

The Company has filed with the Commission a registration statement on Form S-3 (together with all amendments and exhibits thereto, the "Registration Statement") under the Securities Act. This Prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information, reference is made to the Registration Statement.

#### DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed by the Company with the Commission are incorporated herein by reference:

- (1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996;
- (2) The Company's Quarterly Report on Form 10-Q for the three-month period ended March 31, 1997;
- (3) The description of the Common Stock contained in the Company's Form 8-A dated October 23, 1995; and
- (4) All documents subsequently filed by the Company with the Commission pursuant to Section 13(a), (c), 14 or 15(d) of the Exchange Act and prior to the termination of this offering shall be deemed to be incorporated by reference in this Prospectus. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Copies of all documents which are incorporated herein by reference (not including the exhibits to such information, unless such exhibits are specifically incorporated by reference in such information) will be provided without charge to each person, including any beneficial owner, to whom this Prospectus is delivered, upon written or oral request. Copies of this Prospectus, as amended or supplemented from time to time, and any other documents (or parts of documents) that constitute part of the Prospectus under Section 10(a) of the Securities Act will also be provided without charge to each such person, upon written or oral request. Requests should be directed to Total Renal Care Holdings, Inc., Attention: John E. King, 21250 Hawthorne Boulevard, Suite 800, Torrance, California 90503-5517, telephone number (310) 792-2600.

## THE COMPANY

Total Renal Care Holdings, Inc. is the third largest provider of high-quality dialysis and related services in the United States for patients suffering from chronic kidney failure, also known as end stage renal disease ("ESRD"). As of the date of this Prospectus, the Company provides dialysis and ancillary services to more than 12,900 patients through a network of 167 outpatient dialysis facilities in 17 states, as well as Washington, D.C., Guam and the United Kingdom. In addition, the Company provides inpatient dialysis services at 117 hospitals. The Company has implemented an aggressive growth strategy since its recapitalization and change in ownership in August 1994, adding 130 outpatient dialysis facilities to its network as well as 61 hospital inpatient contracts. 33 of the outpatient dialysis facilities and 30 of these hospital inpatient contracts have been added in the first six months of 1997. The Company has also expanded its in-house ancillary services to include ESRD laboratory and pharmacy facilities, as well as vascular access management, transplant services programs and ESRD clinical research programs. The increase in the number of facilities and hospital contracts, combined with the enhancement of the Company's ancillary businesses, has resulted in an increase in net operating revenues of 68.8% to \$193.8 million in the six months ended June 30, 1997 as compared to the same period in the previous year. Since the Company's most recent equity offering in November 1996 the Company has acquired 79 facilities servicing 3,300 patients, including 3 facilities servicing approximately 230 patients since July 1, 1997.

The Company's growth strategy is focused on establishing strong regional networks of clustered facilities that provide comprehensive care for ESRD patients. The Company believes that this approach enhances its operating efficiency and positions the Company to be a leader in a health care environment increasingly influenced by managed care. The Company strives to continue its growth and margin improvement by (i) expanding its existing networks and by creating new regional facility networks through acquisitions, the development of new facilities ("de novo" developments) and the formation of hospital alliances, (ii) forming strategic alliances with physicians and managed care organizations, (iii) expanding the range of ancillary services it provides to patients, (iv) continuously improving the quality of care provided through the Company's Quality Management Program and (v) maximizing operating efficiencies and utilization. As part of the Company's growth strategy, it has begun development of operations in various overseas markets.

## RECENT EVENTS

**Six-Month Financial Results.** Revenues increased 69% to \$193.8 million in the first six months of 1997 from \$114.8 million in the corresponding period of 1996. Earnings increased 67% to \$16.7 million, up from \$10.0 million for the corresponding period of 1996, and earnings per share increased 53% to \$0.61 on 27.2 million weighted average shares outstanding for the six-month period ended June 30, 1997, compared with earnings per share of \$0.40 on 24.8 million weighted average shares outstanding for the six-month period ended June 30, 1996.

**Acquisitions/New Programs.** Since July 1, 1997, the Company has acquired 3 facilities servicing approximately 230 patients in separate transactions. The Company has also signed definitive agreements to acquire facilities servicing approximately 660 additional patients. In addition, the Company has entered into 7 agreements in principle to acquire facilities servicing approximately 1,100 patients. Although there can be no assurance that the transactions will be consummated, the Company currently expects that each transaction for which a definitive agreement has been signed will close in the third quarter and the balance over the remainder of the year.

The Company recently acquired the Drug Evaluation Unit from the Minneapolis Medical Research Foundation and thereby created Total Renal Pharmaceutical Research, Inc. ("TRR"). TRR is a leading ESRD clinical research company specializing in renal and renal-related studies. Headquartered in Minneapolis, Minnesota, TRR has its core clinical site in the Hennepin County Medical Center and plans to expand to multiple sites, initially throughout the U.S. TRR conducts tolerance and pharmacokinetics studies as well as Phase I through IV clinical trials.

The Company has recently committed to utilizing, system-wide and worldwide, Health Outcomes Management Evaluation and Research ("HOMER") software from SSI Health Systems, Inc. With its process-centered approach, HOMER relates treatment parameters to patient problems, creating a versatile and powerful outcomes database for clinical patient encounters. Management expects that managed care reporting, outcomes analysis and risk assessment will be natural extensions of HOMER.

**Credit Facilities.** In August 1997, the Company entered into a commitment to replace its \$400 million bank credit facility with an aggregate of \$1 billion in two senior bank facilities (the "Senior Credit Facilities"). The Senior Credit Facilities consist of a seven-year \$800 million revolving credit facility and a ten-year \$200 million term facility. The Company has also committed to enter into an additional forward interest swap agreement with a notional amount of \$200 million for a ten-year period beginning September 30, 1997. There can be no assurance that the Company will consummate the transactions related to the Senior Credit Facilities or the swap agreement. See "Underwriting."

**1997 Federal Budget.** The Balanced Budget Act signed August 5, 1997 by President Clinton included provisions: (1) providing for a permanent extension to thirty months of the Medicare secondary payor requirement for items and services furnished to ESRD patients by their existing Employer Group Health Plan; and (2) specifying that where payment for drugs (other than EPO (defined below)) is not made on a cost or prospective payment basis, the payment would equal 95% of the Average Wholesale Price (as defined in federal laws and regulations).

The Company is a Delaware corporation. The Company's offices are located at 21250 Hawthorne Boulevard, Torrance, California 90503-5517 and its telephone number is (310) 792-2600.

## RISK FACTORS

In evaluating the Company and its business, prospective investors should carefully consider the following risk factors in addition to the other information contained herein. This Prospectus and the materials incorporated herein by reference contain statements that constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relate to future events or the future financial performance of the Company and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, those discussed below, and such factors could cause actual results to differ materially from those indicated by such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained in this Prospectus or the materials incorporated herein by reference will in fact transpire.

### DEPENDENCE ON MEDICARE, MEDICAID AND OTHER SOURCES OF REIMBURSEMENT

The Company is reimbursed for dialysis services primarily at fixed rates established in advance under the Medicare End Stage Renal Disease program. Under this program, once a patient becomes eligible for Medicare reimbursement, Medicare is responsible for payment of 80% of the composite rates determined by the Health Care Financing Administration ("HCFA") for dialysis treatments. Since 1972, qualified patients suffering from ESRD have been entitled to Medicare benefits regardless of age or financial circumstances. The Company estimates that approximately 61% of its net patient revenues during its fiscal year ended December 31, 1996, and approximately 59% during the six months ended June 30, 1997 were funded by Medicare. Since 1983, numerous Congressional actions have resulted in changes in the Medicare composite reimbursement rate from a national average of \$138 per treatment in 1983 to a low of \$125 per treatment on average in 1986 and to approximately \$126 per treatment on average at present. The Company is not able to predict whether future rate changes will be made. Reductions in composite rates could have a material adverse effect on the Company's revenues and net earnings. Furthermore, increases in operating costs that are subject to inflation, such as labor and supply costs, without a compensating increase in prescribed rates, may adversely affect the Company's earnings in the future. The Company is also unable to predict whether certain services, as to which the Company is currently separately reimbursed, may in the future be included in the Medicare composite rate.

Since June 1, 1989, the Medicare ESRD program has provided reimbursement for the administration to dialysis patients of erythropoietin ("EPO"). EPO is beneficial in the treatment of anemia, a medical complication frequently experienced by dialysis patients. Many of the Company's dialysis patients receive EPO. Revenues from EPO (the substantial majority of which are reimbursed through Medicare and Medicaid programs) were approximately \$55.1 million, or 20% of net patient revenues, in its fiscal year ended December 31, 1996, and were \$38.9 million, or 20% of net patient revenues, during the six months ended June 30, 1997. EPO reimbursement significantly affects the Company's net income. Medicare reimbursement for EPO was reduced from \$11 to \$10 per 1,000 units for services rendered after December 31, 1993. EPO is produced by a single manufacturer, and any interruption of supply or product cost increases could adversely affect the Company's operations. Prices paid for EPO by the Company, its public competitors, and other dialysis providers are presently the subject of a pricing survey being conducted on behalf of HCFA.

All of the states in which the Company currently operates dialysis facilities provide Medicaid (or comparable) benefits to qualified recipients to supplement their Medicare entitlement. The Company estimates that approximately 6% of its net patient revenues during the fiscal year ended December 31, 1996 and 8% of its net patient revenues during the six month period ended June 30, 1997 were funded by Medicaid or comparable state programs. The Medicaid programs are subject to statutory and regulatory changes, administrative rulings, interpretations of policy and governmental funding restrictions, all of which may have the effect of decreasing program payments, increasing costs or modifying the way the Company operates its dialysis business.

Approximately 33% of the Company's net patient revenues during the fiscal year ended December 31, 1996, and 33% of the Company's net patient revenues during the six months ended June 30, 1997 were from sources other than Medicare and Medicaid. These sources include payments from third-party, non-government payors, at rates that generally exceed the Medicare and Medicaid rates, and payments from hospitals with which the Company has contracts for the provision of acute dialysis treatments. Any restriction or reduction of the Company's ability to charge for such services at rates in excess of those paid by Medicare would adversely affect the Company's net operating revenues and net income. The Company is unable to quantify or predict the degree, if any, of the risk of reductions in payments under these various payment plans. The Company is a party to non-exclusive agreements with certain third-party payors and termination of such third-party agreements could have an adverse effect on the Company.

#### OPERATIONS SUBJECT TO GOVERNMENT REGULATION

The Company is subject to extensive regulation by both the federal government and the states in which the Company conducts its business. The Company is subject to the illegal remuneration provisions of the Social Security Act and similar state laws, which impose civil and criminal sanctions on persons who solicit, offer, receive or pay any remuneration, directly or indirectly, for referring a patient for treatment that is paid for in whole or in part by Medicare, Medicaid or similar state programs. In July 1991 and November 1992, the federal government published regulations that provide exceptions or "safe harbors" for certain business transactions. Transactions that are structured within the safe harbors are deemed not to violate the illegal remuneration provisions. Transactions that do not satisfy all elements of a relevant safe harbor do not necessarily violate the illegal remuneration statute, but may be subject to greater scrutiny by enforcement agencies. Neither the arrangements between the Company and the physician directors of its facilities ("Medical Directors") nor the minority ownership interests of referring physicians in certain of the Company's dialysis facilities meet all of the necessary requirements to obtain full protection afforded by these safe harbors. Although the Company has never been challenged under these statutes and believes it complies in all material respects with these and all other applicable laws and regulations, there can be no assurance that the Company will not be required to change its practices or relationships with its Medical Directors or with referring physicians holding minority ownership interests or that the Company will not experience material adverse effects as a result of any such challenge.

The Omnibus Budget Reconciliation Act of 1989 includes certain provisions ("Stark I") that restrict physician referrals for clinical laboratory services to entities with which a physician or an immediate family member has a "financial relationship." In August 1995, HCFA published regulations interpreting Stark I. The regulations specifically provide that services furnished in an ESRD facility that are included in the composite billing rate are excluded from the coverage of Stark I. The Company believes that the language and legislative history of Stark I indicate that Congress did not intend to include laboratory services provided incidental to dialysis services within the Stark I prohibition; however, laboratory services not included in the Medicare composite rate could be included within the coverage of Stark I. Violations of Stark I are punishable by civil penalties which may include exclusion or suspension of a provider from future participation in Medicare and Medicaid programs and substantial fines. Due to the breadth of the statutory provisions, it is possible that the Company's practices might be challenged under this law. A broad interpretation of Stark I would apply to the Company's competitors as well.

The Omnibus Budget Reconciliation Act of 1993 includes certain provisions ("Stark II") that restrict physician referrals for certain "designated health services" to entities with which a physician or an immediate family member has a "financial relationship." The Company believes that the language and legislative history of Stark II indicate that Congress did not intend to include dialysis services and the services and items provided incident to dialysis services within the Stark II prohibitions; however, certain services, including the provision of, or arrangement and assumption of financial responsibility for, outpatient prescription drugs, including EPO, and clinical laboratory services, could be construed as designated health services within the meaning of Stark II. Violations of Stark II are punishable by civil penalties, which may include exclusion or suspension of the provider from future participation in Medicare and Medicaid programs and substantial fines. Due to the breadth of the statutory provisions and the absence of regulations or court decisions addressing the specific arrangements

by which the Company conducts its business, it is possible that the Company's practices might be challenged under these laws. A broad interpretation of Stark II to include dialysis services and items provided incident to dialysis services would apply to the Company's competitors as well.

A California statute that became effective January 1, 1995 makes it unlawful for a physician who has, or a member of whose immediate family has, a financial interest with or in an entity to refer a person to that entity for, among other services, laboratory services. The Company currently operates centers in California, which account for a significant percentage of net operating revenues. Although the Company does not believe that the statute is intended to apply to laboratory services that are provided incident to dialysis services, it is possible that the statute could be interpreted to apply to such laboratory services. If the California statute were so interpreted, the Company would be required to restructure some or all of its relationships with referring physicians who serve as Medical Directors of the Company's facilities and with the physicians who hold minority interests in certain of the Company's facilities. The Company also operates dialysis facilities and provides laboratory services in Virginia, Georgia, Florida, Illinois, Minnesota, Maryland, Michigan, New York and Puerto Rico all of which have so-called "fraud and abuse" statutes which regulate the Company's relationships with physicians.

At present, ESRD patients eligible for California's Medicaid program, MediCal, are reimbursed for their transportation costs relating to ESRD treatments. If this practice is deemed to violate applicable federal or state law, the Company may be forced to halt this practice and the Company cannot predict the effect the foregoing would have on the desire of such patients to use the Company's services.

The Company's two licensed clinical laboratories are also subject to extensive federal and state regulation of performance standards, including the provisions of The Clinical Laboratory Improvement Act of 1967 and The Clinical Laboratory Improvement Amendments of 1988 Act, as well as the federal and state regulations described above. The Company's laboratory subsidiary is presently the subject of a third-party carrier review and a State of Florida Medicaid review. The reviewing entities have requested medical and billing records for certain patients, and the Company has provided the requested records. Neither the third-party carrier nor Florida Medicaid has informed the Company of the reason for or the nature or scope of its review.

A number of proposals for health care reform have been made in recent years, some of which have included radical changes in the health care system. Health care reform could result in material changes in the financing and regulation of the health care business, and the Company is unable to predict the effect of such changes on its future operations. It is uncertain what legislation on health care reform, if any, will ultimately be implemented or whether other changes in the administration or interpretation of governmental health care programs will occur. There can be no assurance that future health care legislation or other changes in the administration or interpretation of governmental health care programs will not have a material adverse effect on the results of operations of the Company.

#### RISKS INHERENT IN GROWTH STRATEGY

Beginning after the recapitalization in August 1994, which effected a change in ownership, the Company has had an aggressive growth strategy. This growth strategy is dependent on the continued availability of suitable acquisition candidates and subjects the Company to the risks inherent in assessing the value, strengths and weaknesses of acquisition candidates, the operations of acquired companies and identifying suitable locations for additional facilities. The Company's growth is expected to place significant demands on the Company's financial and management resources. In recent years, acquisition prices and competition for facilities has increased. To the extent the Company is unable to acquire or develop facilities in a cost-effective manner, its ability to expand its business and enhance results of operations would be adversely affected. In addition, although the Company believes it has a demonstrable track record of integrating the operations of acquired companies with its historic operations, the process for integrating acquired operations, particularly for newly acquired regional clusters, presents a significant challenge to the Company's management and may lead to unanticipated costs or a diversion of management's attention from day-to-day operations. There can be no assurance that the Company will be able to continue its growth strategy or that this strategy will ultimately prove successful. A failure to successfully continue its growth strategy could have an adverse effect on the Company's results of operations.

## COMPETITION

The dialysis industry is fragmented and highly competitive, particularly in terms of acquisitions of existing dialysis facilities and developing relationships with referring physicians. Certain of the Company's competitors have substantially greater financial resources than the Company and may compete with the Company for acquisitions of facilities in markets targeted by the Company. Competition for acquisitions has increased the cost of acquiring existing dialysis facilities. The Company has from time to time experienced competition from referring physicians who have opened their own dialysis facilities. A portion of the Company's business consists of monitoring and providing supplies for ESRD treatments in patients' homes. Certain physicians also provide similar services and, if the number of such physicians were to increase, the Company could be adversely affected.

## DEPENDENCE ON KEY PERSONNEL

The Company is dependent upon the services and management experience of the Company's executive officers, and accordingly has entered into employment agreements with, and provided a variety of equity incentives to, each of these executives. The Company's continued growth depends upon its ability to attract and retain skilled employees, in particular highly skilled nurses, for whom competition is intense. The Company believes that its future success will also be significantly dependent on its ability to attract and retain qualified physicians to serve as Medical Directors of its dialysis facilities. The Company does not carry key-man life insurance on any of its officers.

## DEPENDENCE ON PHYSICIAN REFERRALS

The Company's facilities are dependent upon referrals of ESRD patients for treatment by physicians specializing in nephrology and practicing in the communities served by the Company's dialysis facilities. As is generally true in the dialysis industry, at each facility one or a few physicians account for all or a significant portion of the patient referral base. The loss of one or more key referring physicians at a particular facility could have a material adverse effect on the operations of that facility and could adversely affect the Company's overall operations. Referring physicians own minority interests in certain of the Company's dialysis facilities. If such interests are deemed to violate applicable federal or state law, such physicians may be forced to dispose of their ownership interests. The Company cannot predict the effect such dispositions would have on its business. See "--Operations Subject to Government Regulation."

## POSSIBLE VOLATILITY OF STOCK PRICE

The trading price and volume of the Common Stock historically has been and could in the future be subject to significant fluctuations in response to many factors, including quarter-to-quarter variations in operating results, changes in earnings estimates by analysts, changes in federal or state regulation of services provided by the Company or reimbursement rates for such services, competition, general market conditions and other events or factors.

## ANTITAKEOVER PROVISIONS

The Company's Certificate of Incorporation and Bylaws include several provisions which may have the effect of deterring hostile takeovers, delaying or preventing changes in control or changes in management of the Company, or limiting the ability of stockholders to approve transactions that they may deem to be in their best interests, including (i) a provision requiring that any action required or permitted to be taken by stockholders of the Company must be effected at a duly called annual or special meeting of stockholders and may not be effected by written consent, and (ii) a provision requiring at least 60 days' advance notice by a stockholder of a proposal or director nomination which such stockholder desires to present at any annual or special meeting of stockholders. In addition, pursuant to the Company's Certificate of Incorporation the Board of Directors has the authority to issue up to 5,000,000 shares of Preferred Stock and to determine the rights and preferences of such Preferred Stock without the need for further stockholder approval. The Company has no present plans to issue any shares of Preferred Stock.

#### SHARES ELIGIBLE FOR FUTURE SALE; REGISTRATION RIGHTS

Substantially all of the shares of Common Stock that are outstanding are available for immediate sale in the public market (subject to certain resale limitations under Rule 144 of the Securities Act). Sales of substantial amounts of Common Stock into the public market or the perception that such sales could occur, could adversely affect the prevailing market price for the Common Stock and the ability of the Company to raise equity capital. The Company can make no prediction as to the effect, if any, that sales of shares of its Common Stock, or the availability of shares for future sale, will have on the market price of the Common Stock prevailing from time to time. Such sales may also make it more difficult for the Company to sell equity securities or equity-related securities at a time and price that it deems appropriate. Certain stockholders of the Company are also entitled to registration rights. See "Selling Stockholders."

#### USE OF PROCEEDS

All of the Shares offered hereby being offered by the Selling Stockholders and, accordingly, the Company will receive none of the proceeds therefrom.

# THE SELLING STOCKHOLDERS

The following table sets forth, with respect to the Selling Stockholders, the number of shares of Common Stock owned by each Selling Stockholder prior to this offering, the number of shares of Common Stock offered for each Selling Stockholder's account and the number of shares held by each Selling Stockholder after the anticipated completion of this offering.

NAME OF SELLING STOCKHOLDER	SHARES OF COMMON STOCK OWNED PRIOR TO THIS OFFERING		SHARES OF COMMON STOCK OFFERED	SHARES AFTER COMPLETION OF THIS OFFERING	
	NUMBER	PERCENTAGE	NUMBER	NUMBER	PERCENTAGE
Victor M.G. Chaltiel					
(1).....	910,514	3.4%	350,000	560,514	2.1%
Leonard W. Frie (2).....	87,441	*	40,000	47,441	*
Mary Ellen Chambers					
(3).....	76,316	*	50,000	26,316	*
Barry C. Cosgrove (4)...	80,670	*	60,000	20,670	*
Sidney J. Kernion (5)...	32,693	*	15,000	17,693	*
John E. King (6).....	24,112	*	15,000	9,112	*
Stan M. Lindenfeld, M.D.					
(7).....	30,402	*	21,290	9,112	*
Lois A. Mills, R.N.					
(8).....	36,047	*	20,000	16,047	*
DLJ Merchant Banking Partners, L.P. and related stockholders (9)					
DLJ Merchant Banking Partners, L.P. ....	951,588	3.6%	951,588	0	--
DLJ International Partners, C.V. ....	427,134	1.6%	427,134	0	--
DLJ Offshore Partners, C.V. ....	24,765	*	24,765	0	--
DLJ First ESC, LLC....	237,711	*	237,711	0	--
DLJ Merchant Banking Funding, Inc. ....	383,036	1.4%	383,036	0	--

- - - - -

\* Amount represents less than 1% of the Company's Common Stock.

- (1) Mr. Chaltiel has been the Chairman, CEO and President and a director of the Company since August 1994.
- (2) Mr. Frie has been Executive Vice President and Chief Operating Officer of the Company since August 1994.
- (3) Ms. Chambers has been Vice President, Managed Care for the Company since August 1994.
- (4) Mr. Cosgrove has been Vice President, General Counsel and Secretary of the Company since August 1994.
- (5) Mr. Kernion has served as Vice President, Operations--Eastern Division of the Company since August 1994.
- (6) Mr. King has been Vice President, Finance and Chief Financial Officer of the Company since April 1994.
- (7) Dr. Lindenfeld has served as Vice President, Quality Management and Integrated Programs of the Company since January 1995 and has served as a Medical Director for the Company or its subsidiary since 1981.
- (8) Ms. Mills has been a Vice President, Operations--Western Division of the Company since August 1994.
- (9) Each of these stockholders is a related investor (collectively, the "Related Investors") and is affiliated with Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ"). The Company, DLJ Merchant Banking Partners, L.P. ("DLJMBP"), certain members of management and NME Properties Corp. ("NME"), a wholly-owned subsidiary of Tenet Healthcare Corporation ("Tenet"), entered into a shareholders' agreement (as amended, the "Shareholders' Agreement") in August 1994 pursuant to which, among other provisions, DLJMBP had the right to nominate four of the five members of the Company's board of directors. Although this right has terminated, an affiliate of DLJMBP continues to serve on the Company's board of directors. The Shareholders' Agreement further provides for certain registration rights (including in favor of the Related Investors) and for restrictions on transfers of Common Stock, certain rights of first refusal in favor of DLJMBP in the event NME proposes to transfer shares of Common Stock and certain rights and obligations of NME to participate in transfers of shares by DLJMBP (which have been waived in connection with this offering). DLJ and certain of its affiliates from time to time perform various investment banking and other services for the Company, for which the Company pays customary consideration. See "Underwriting."

SELECTED FINANCIAL AND OPERATING DATA

The following table presents selected consolidated financial and operating data of the Company for the periods indicated. The consolidated financial data as of May 31, 1992, 1993, 1994 and 1995 and as of December 31, 1995 and 1996 and for each of the years in the four year period ended May 31, 1995, the seven month period ended December 31, 1995, and the year ended December 31, 1996 have been derived from the Company's audited consolidated financial statements. The consolidated financial data as of June 30, 1997 and for the seven months ended December 31, 1994, the year ended December 31, 1995 and the six month periods ended June 30, 1996 and 1997 are unaudited and include all adjustments consisting solely of normal recurring adjustments necessary to present fairly the Company's results of operations for the period indicated. The results of operations for the six month periods ended June 30, 1996 and 1997 are not necessarily indicative of the results which may occur for the full fiscal year. The following financial and operating data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's Consolidated Financial Statements and the notes thereto and the other information incorporated herein by reference. See "Documents Incorporated by Reference."

	YEARS ENDED MAY 31,				SEVEN MONTHS ENDED DECEMBER 31, (1)		YEAR ENDED DECEMBER 31,		SIX MONTHS ENDED JUNE 30,	
	1992	1993	1994	1995	1994	1995	1995	1996	1996	1997
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)										
INCOME STATEMENT										
DATA:(2)										
Net operating revenues.....	\$63,888	\$71,576	\$80,470	\$98,968	\$53,593	\$89,711	\$134,843	\$272,947	\$114,820	\$193,782
Facility operating expenses.....	45,599	49,440	56,828	65,583	36,012	57,406	86,977	183,987	76,647	130,007
General and administrative expenses(3).....	4,819	5,292	7,457	9,115	4,916	7,645	11,844	19,267	8,701	13,383
Provision for doubtful accounts.....	2,118	2,050	1,550	2,371	1,363	1,811	2,819	5,496	2,333	3,881
Depreciation and amortization.....	3,167	3,434	3,752	4,740	2,586	4,383	6,537	15,368	6,032	11,761
Total operating expenses.....	55,703	60,216	69,587	81,809	44,877	71,245	108,177	224,118	93,713	159,032
Operating income...	8,185	11,360	10,883	17,159	8,716	18,466	26,666	48,829	21,107	34,750
Interest expense, net.....	110	9	13	7,203	3,300	5,584	9,244	5,175	2,537	4,212
Income before income taxes, minority interests and extraordinary item.....	8,075	11,351	10,870	9,956	5,416	12,882	17,422	43,654	18,570	30,538
Income taxes.....	2,875	4,129	4,106	3,511	1,933	4,631	6,209	16,351	7,151	11,504
Income before minority interests and extraordinary item.....	5,200	7,222	6,764	6,445	3,483	8,251	11,213	27,303	11,419	19,034
Minority interests in income of consolidated subsidiaries.....	535	775	1,046	1,593	833	1,784	2,544	3,578	1,417	2,343
Income before extraordinary item.....	\$ 4,665	\$ 6,447	\$ 5,718	\$ 4,852	\$ 2,650	\$ 6,467(4)	\$ 8,669(4)	\$ 23,725(4)	\$ 10,002	\$ 16,691
Income per share before extraordinary item.....				\$ 0.22(5)	\$ 0.08(5)	\$ 0.36(4)	\$ 0.52(4)	\$ 0.92(4)	\$ 0.40	\$ 0.61

YEARS ENDED MAY 31,				SEVEN MONTHS ENDED DECEMBER 31, 1995(1)	YEAR ENDED DECEMBER 31, 1996	SIX MONTHS ENDED JUNE 30, 1997
1992	1993	1994	1995			

#### OPERATING DATA:

Outpatient facilities (at period end).....	35	36	37	57	68	134	166
Treatments(6).....	349,736	379,397	423,353	481,537	390,806	1,169,023	826,714
Hospitals receiving inpatient services (at period end).....	33	32	28	48	55	87	117

MAY 31,				DECEMBER 31,		JUNE 30,
1992	1993	1994	1995	1995	1996	1997

(DOLLARS IN THOUSANDS)

#### BALANCE SHEET DATA:(2)

Working capital.....	\$8,508	\$14,609	\$20,064	\$14,971	\$54,691	\$99,299	\$118,951
Total assets.....	32,509	36,003	43,621	77,558	163,998	374,080	486,196
Long-term debt (including current portion).....	437	267	198	88,142	55,894	104,616	193,180
Mandatorily redeemable Common Stock(7).....				3,990			
Stockholders' equity (deficit).....	22,568	29,015	34,733	(30,879)(8)	82,804	230,966	250,305

- (1) In 1995, the Company changed its fiscal year end to December 31 from May 31.
- (2) The organization of the holding company and sale of approximately 75% of the Company in August 1994 by Tenet to DLJMBP and certain of its affiliates, management of the Company and certain holders of debt securities of the Company (the "August 1994 Transaction") and subsequent acquisitions had a significant impact on the Company's capitalization and equity securities and on the Company's results of operations. Consequently, the Balance Sheet Data as of May 31, 1995, as of December 31, 1995 and 1996 and as of June 30, 1997 and the Income Statement Data for the fiscal year ended May 31, 1995, for the seven months ended December 31, 1995, the year ended December 31, 1996 and the six month periods ended June 30, 1996 and 1997 are not directly comparable to corresponding information as of prior dates and for prior periods, respectively.
- (3) General and administrative expenses for the fiscal years ended May 31, 1992, 1993 and 1994 include overhead allocations by the Company's former parent of \$662,000, \$235,000 and \$1,458,000, respectively. The overhead allocations for the fiscal years ended May 31, 1992 and 1993 were made using a different methodology than that used in the fiscal year ended May 31, 1994 and the substantial increase in that year reflects this change in methodology rather than a change in the level of services provided. No overhead allocation was made for the period from March 1, 1994 through the closing of the August 1994 Transaction, at which time the Company began to record general and administrative expenses as incurred on a stand-alone basis. General and administrative expenses for the fiscal year ended May 31, 1994 reflect \$458,000 in expenses relating to a terminated equity offering.
- (4) In December 1995, the Company recorded an extraordinary loss of \$2,555,000, or \$0.14 per share, net of tax, on the early extinguishment of debt. In July and September 1996, the Company recorded a combined extraordinary loss of \$7,700,000 or \$0.30 per share, net of tax, on the early retirement of the remaining outstanding Senior Subordinated Discount Notes.
- (5) Income per share before extraordinary item for the year ended May 31, 1995 and for the seven months ended December 31, 1994 is presented on a pro forma basis to give effect to the August 1994 Transaction as if it had occurred on June 1, 1994.
- (6) Represents dialysis treatments provided in outpatient facilities, at home and in acute care hospitals. Home dialysis treatments are stated in hemodialysis equivalents. Only treatments rendered by the Company after the acquisition of a facility are included.
- (7) Mandatorily redeemable Common Stock represents shares of Common Stock issued in certain acquisitions subject to put options that terminated upon the completion of its initial public offering of Common Stock in October 1995.
- (8) In connection with the August 1994 Transaction, the Company paid a dividend to Tenet of \$75.5 million.



## DESCRIPTION OF CAPITAL STOCK

The following summary is a description of certain provisions of the Company's Certificate of Incorporation, as amended and restated (the "Certificate of Incorporation"). Such summary does not purport to be complete and is subject to, and is qualified in its entirety by, all of the provisions of the Certificate of Incorporation.

The Company's authorized capital stock consists of 55,000,000 shares of Common Stock, \$0.001 par value, and 5,000,000 shares of Preferred Stock, \$0.001 par value ("Preferred Stock").

### COMMON STOCK

As of August 1, 1997, there were 26,662,657 shares of Common Stock issued and outstanding. The Company does not anticipate paying any cash dividends on the Common Stock in the foreseeable future. The Company is subject to certain restrictions on its ability to pay dividends on the Common Stock under the Senior Credit Facility.

Holders of Common Stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. There are no cumulative voting rights applicable to the Common Stock.

Subject to the preferences applicable to shares of Preferred Stock outstanding at any time, holders of shares of Common Stock are entitled to dividends, if, when and as declared by the Board of Directors from funds legally available therefor and are entitled, in the event of liquidation, to share ratably in all assets remaining after payment of liabilities and preferred stock preferences, if any.

The authorized but unissued shares of Common Stock are available for issuance without further action by the Company's stockholders, unless such action is required by applicable law or the rules of any stock exchange on which the Common Stock may be listed. Shares of Common Stock are not redeemable and there are no sinking fund provisions.

### PREFERRED STOCK

The Certificate of Incorporation authorizes the Company's Board of Directors to establish series of Preferred Stock and to determine, with respect to any series of Preferred Stock, the voting powers, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as are stated in the resolutions of the Board of Directors providing for such series.

The authorized but unissued shares of Preferred Stock are available for issuance without further action by the Company's stockholders. This will allow the Company to issue shares of Preferred Stock without the expense and delay of a special stockholders' meeting, unless such action is required by applicable law or the rules of any stock exchange on which the Company's securities may be listed. The Company believes that the Preferred Stock will provide flexibility in structuring possible future financing and acquisitions, and in meeting other corporate needs. Although the Company's Board of Directors has no intention at the present time of doing so, it could issue a series of Preferred Stock, the terms of which, subject to certain limitations imposed by the securities laws, impede the completion of a merger, tender offer or other takeover attempt. The Company's Board of Directors will make any determination to issue such shares based on its judgment as to the best interests of the Company and its stockholders at the time of issuance. The Company's Board of Directors, in so acting, could issue Preferred Stock having terms that could discourage an acquisition attempt or other transaction that some, or a majority, of the stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over the then market price of such stock.

### TRANSFER AGENT

The Company's registrar and transfer agent for the Common Stock is The Bank of New York.

## UNDERWRITING

Subject to the terms and conditions contained in the Underwriting Agreement (the "Underwriting Agreement"), DLJ (the "Underwriter") has agreed to purchase from the Selling Stockholders an aggregate of 2,595,524 shares of Common Stock.

The Underwriting Agreement provides that the obligations of the Underwriter to accept delivery of the shares of Common Stock offered hereby are subject to approval of certain legal matters by counsel and to certain other conditions. If any shares of Common Stock are purchased by the Underwriter pursuant to the Underwriting Agreement, all such shares must be purchased.

The Underwriter has advised the Selling Stockholders that it proposes to offer the shares of Common Stock in part directly to the public initially at the Price to the Public set forth on the cover page of this Prospectus and in part to certain dealers at such price less a concession not in excess of \$ per share; that the Underwriter may allow, and such dealers may realow, a concession not in excess of \$ per share on sales to other dealers; and that after this offering, the Price to the Public, concession and discount to dealers may be changed by the Underwriter.

The Company and the Selling Stockholders have agreed to indemnify the Underwriter against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Underwriter may be required to make in respect thereof.

Subject to certain exceptions (including certain issuances by the Company of Common Stock in connection with acquisitions), the Company, all of its executive officers and directors and certain stockholders of the Company each have agreed not to, directly or indirectly, offer, sell, contract to sell, grant any option to purchase or otherwise dispose of any Common Stock or any securities convertible into or exercisable or exchangeable for such Common Stock or cause to be filed with the Securities and Exchange Commission a registration statement under the Securities Act to register any shares of the Common Stock or, in any manner, transfer all or a portion of the economic consequences associated with the ownership of the Common Stock without the prior written consent of DLJ for a period of 90 days after the date of this Prospectus.

The provisions of Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc. (the "NASD") apply to this offering. Under such rules, when a NASD member such as DLJ distributes an affiliated company's equity securities, one of the following two criteria must be met: (1) the price of such equity security can be no higher than that recommended by a "qualified independent underwriter" or (2) the offering is of a class of equity securities for which a "bona fide independent market" exists. See "Selling Stockholders." Because the shares of Common Stock are traded on the New York Stock Exchange, the aggregate trading volume for the twelve months immediately preceding the filing of the registration statement of which this Prospectus forms a part was at least 100,000 shares and the Company had outstanding for the twelve month period immediately preceding the filing of such registration statement a minimum of 250,000 publicly held shares, a "bona fide independent market" exists. Accordingly, the price of the Common Stock will not be passed upon by a "qualified independent underwriter."

Pursuant to the provisions of Rule 2720 of the Conduct Rules, NASD members may not execute transactions in the shares of Common Stock offered hereby in discretionary accounts without the prior written approval of the customer.

DLJ and certain of its affiliates from time to time perform various investment banking and other services for the Company, for which the Company pays customary consideration. See "Selling Stockholders." An affiliate of DLJ is presently a participant in and/or co-lead agent for certain of the Company's bank financing arrangements, for which it received customary consideration, and expects to do so in connection with certain proposed refinancings thereof. See "The Company."

In connection with this offering, the Underwriter may engage in transactions that stabilize, maintain or otherwise affect the price of the Common Stock. Specifically, the Underwriter may bid for and purchase shares

of Common Stock in the open market to stabilize the price of the Common Stock. These activities may stabilize or maintain the price of the Common Stock. These activities may stabilize or maintain the price of the Common Stock above independent market levels. The Underwriter is not required to engage in these activities, and may end these activities at any time.

#### LEGAL MATTERS

Certain legal matters with respect to the legality of the Shares offered hereby will be passed upon for the Company by Barry C. Cosgrove, General Counsel of the Company. Certain legal matters will be passed upon for the Underwriter by Skadden, Arps, Slate, Meagher & Flom LLP, Los Angeles, California.

#### EXPERTS

The financial statements incorporated in this Prospectus by reference to the Annual Report on Form 10-K of Total Renal Care Holdings, Inc. for the year ended December 31, 1996 have been so incorporated in reliance on the report of Price Waterhouse LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The consolidated statements of income, stockholders' equity and cash flows of Total Renal Care Holdings, Inc. and subsidiaries for the year ended May 31, 1994 and the related financial statement schedule have been incorporated by reference herein and in the Registration Statement in reliance on the reports of KPMG Peat Marwick LLP, independent certified public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, ANY SELLING STOCKHOLDER OR ANY UNDERWRITER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES TO WHICH IT RELATES, NOR DOES IT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

TABLE OF CONTENTS

	PAGE
Available Information.....	2
Documents Incorporated by Reference.....	2
The Company.....	3
Risk Factors.....	5
Use of Proceeds.....	9
The Selling Stockholders.....	10
Selected Financial and Operating Data.....	11
Description of Capital Stock.....	13
Underwriting.....	14
Legal Matters.....	15
Experts.....	15

2,595,524 SHARES

[LOGO OF TOTAL RENAL CARE HOLDINGS, INC. APPEARS HERE]

TOTAL RENAL CARE HOLDINGS, INC.

COMMON STOCK

PROSPECTUS

DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION

AUGUST , 1997

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

SEC registration fee.....	\$ 38,125
NASD filing fee.....	13,082
Blue Sky fees and expenses.....	5,000*
Accounting fees and expenses.....	20,000*
Legal fees and expenses.....	75,000*
Miscellaneous.....	48,793*
	-----
Total.....	\$200,000
	=====

All such expenses will be borne by the Selling Stockholders.

- -----

\* Estimated

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware Corporation Law provides that a Delaware corporation may indemnify any person against expenses, judgments, fines and settlements actually and reasonably incurred by any such person in connection with a threatened, pending or completed action, suit or proceeding in which he is involved by reason of the fact that he is or was director, officer, employee or agent of such corporation, provided that (i) he acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation and (ii) with respect to any criminal action or proceeding, he had no reasonable cause to believe his conduct was unlawful. If the action or suit is by or in the name of the corporation, the corporation may indemnify any such person against expense actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification may be made in respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation for negligence or misconduct in the performance of his duty to the corporation, unless and only to the extent that the Delaware Court of Chancery or the court in which the action or suit is brought determines upon application that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expense as the court deems proper.

Article XI, Section 1 of the Company's By-Laws provides for indemnification of its directors and officers to the fullest extent permitted by the Delaware Corporation Law. In accordance with the Delaware Corporation Law, the Company's Certificate of Incorporation, as amended, limits the personal liability of its directors for violations of their fiduciary duty. The Certificate of Incorporation eliminates each director's liability to the Company or its stockholders for monetary damages except (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under the section of the Delaware law providing for liability of directors for unlawful payment of dividends or unlawful stock purchases or redemptions, or (iv) for any transaction from which a director derived any improper personal benefit. The effect of this provision is to eliminate the personal liability of directors for monetary damages for actions involving a breach of their fiduciary duty of care, including any such actions involving gross negligence.

This provision will not, however, limit in any way the liability of directors for violations of the Federal officers to indemnify them to the maximum extent permitted by Delaware law.

The form of Underwriting Agreement, filed as Exhibit 1 hereto, provides for the indemnification of the Company, its control persons, its directors and certain of its officers by the Underwriters against certain liabilities, including liabilities under the Securities Act.

ITEM 16. EXHIBITS.

EXHIBIT NUMBER -----	DESCRIPTION -----
1	Form of Underwriting Agreement.+
5	Opinion of Barry C. Cosgrove.+
23.1	Consent of Price Waterhouse LLP.+
23.2	Consent of KPMG Peat Marwick LLP.+
23.3	Consent of Barry C. Cosgrove (included in Exhibit 5).
24	Power of Attorney with respect to the Company (see page II-4).
27	Financial Data Schedule.

- -----  
+ Included in this filing.

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act");

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

Provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Securities and Exchange Commission by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) To deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Exchange Act.

(6) That for purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective; and

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

## SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-3 AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED IN THE CITY OF TORRANCE, STATE OF CALIFORNIA ON THE 11TH DAY OF AUGUST, 1997.

TOTAL RENAL CARE HOLDINGS, INC.

By /s/ John E. King

-----  
JOHN E. KING Vice President,  
Finance and Chief Financial  
Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Victor M.G. Chaltiel, Barry C. Cosgrove and John E. King, and each of them his true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Registration Statement, including any post-effective amendments as well as any related registration statement (or amendment thereto) filed in reliance upon Rule 462(b) under the Securities Act of 1933, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE -----	TITLE -----	DATE ----
/s/ Victor M.G. Chaltiel ----- VICTOR M.G. CHALTIEL	Chairman of the Board, Chief Executive Officer, President and Director (Principal Executive Officer)	August 11, 1997
/s/ John E. King ----- JOHN E. KING	Vice President, Finance and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	August 11, 1997
/s/ Maris Andersons ----- MARIS ANDERSONS	Director	August 11, 1997
/s/ Peter T. Grauer ----- PETER T. GRAUER	Director	August 11, 1997
/s/ Regina E. Herzlinger ----- REGINA E. HERZLINGER	Director	August 11, 1997
/s/ Shaul G. Massry ----- SHAUL G. MASSRY, M.D	Director	August 11, 1997

# INDEX TO EXHIBITS

EXHIBIT NUMBER -----	DESCRIPTION -----
1	Form of Underwriting Agreement.
5	Opinion of Barry C. Cosgrove.
23.1	Consent of Price Waterhouse LLP.
23.2	Consent of KPMG Peat Marwick LLP.
23.3	Consent of Barry C. Cosgrove (included in Exhibit 5).
24	Power of Attorney with respect to the Company (see page II-4).
27	Financial Data Schedule.

\_\_\_\_\_ Shares

TOTAL RENAL CARE HOLDINGS, INC.

Common Stock

UNDERWRITING AGREEMENT

-----

August , 1997

DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION  
277 Park Avenue  
New York, New York 10172

Dear Sirs:

The stockholders of Total Renal Care Holdings, Inc., a Delaware corporation (the "Company"), named in Schedule I hereto (collectively, the "Selling Stockholders"), severally propose to sell an aggregate of \_\_\_\_\_ shares (the "Shares") of Common Stock, par value \$0.001 per share, of the Company (the "Common Stock") to Donaldson, Lufkin & Jenrette Securities Corporation (the "Underwriter").

1. Registration Statement and Prospectus. The Company has prepared

-----  
and filed with the Securities and Exchange Commission (the "Commission") in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively called the "Act"), a registration statement on Form S-3 (File no. 333-\_\_\_\_) including a prospectus relating to the Shares, which may be amended. The registration statement as amended at the time when it becomes effective, including a registration statement (if any) filed pursuant to Rule 462(b) under the Act increasing the size of the offering registered under the Act and information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430A or Rule 434 under the Act, is hereinafter referred to as the "Registration Statement"; and the prospectus (including any prospectus subject to completion meeting the requirements of Rule 434(b), under the Act provided by the Company with any term sheet meeting the requirements of Rule 434(b) as the prospectus provided to meet the requirements of Section 10(a) of the Act) in the form first used to confirm sales of Shares is hereinafter referred to as the "Prospectus." As used herein, the terms Registration Statement and Prospectus shall be deemed to include documents incorporated by reference therein.

2. Agreements to Sell and Purchase. On the basis of the

-----  
representations and warranties contained in this Agreement, and subject to its terms and conditions, (i) each Selling Stockholder agrees, severally and not jointly, to sell the number of Shares set forth opposite such Selling Stockholder's name in Schedule I hereto and (ii) the Underwriter agrees to purchase from each Selling Stockholder at a price per share of \$\_\_\_\_ (the "Purchase Price")

such number of Shares.

The Company and the Selling Stockholders hereby agree, severally and not jointly, and the Company shall, concurrently with the execution of this Agreement, deliver an agreement executed by (i) each of the directors and officers of the Company and (ii) each other person listed on Annex I hereto, pursuant to which each such person agrees, not to offer, sell, contract to sell,

grant any option to purchase, or otherwise dispose of any common stock of the Company or any securities convertible into or exercisable or exchangeable for such common stock or in any other manner transfer all or a portion of the economic consequences associated with the ownership of any such common stock, except to the Underwriter pursuant to this Agreement, for a period of 90 days (which, to the extent applicable, shall also be the "lock-up" period for purposes of Section 5.3 of the Shareholders Agreement (the "Shareholders Agreement") dated as of August 11, 1994, as amended on June 30, 1994) after the date of the Prospectus without the prior written consent of the Underwriter. Notwithstanding the foregoing, during such period the Company may (i) grant stock options or securities pursuant to equity incentive plans approved by the Company's Board of Directors, (ii) issue options or stock as consideration in connection with acquisitions and (iii) issue shares of its common stock upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof or issued in accordance with clause (i) or (ii) above.

3. Terms of Public Offering. The Company and the Selling

-----

Stockholders are advised by the Underwriter that it proposes (i) to make a public offering of the Shares as soon after the effective date of the Registration Statement as in your judgment is advisable and (ii) initially to offer the Shares upon the terms set forth in the Prospectus.

4. Delivery and Payment. Delivery to the Underwriter of and payment

-----

for the Shares shall be made at 10:00 A.M., New York City time, on the third or fourth business day (the "Closing Date") unless otherwise permitted by the Commission pursuant to Rule 15c6-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") following the date of the initial public offering, at the offices of Riordan & McKinzie, 300 South Grand Avenue, Los Angeles, California. The Closing Date and the location of delivery of and the form of payment for the Shares may be varied by agreement between you, the Company and the Selling Stockholders.

Certificates for the Shares shall be registered in such names and issued in such denominations as you shall request in writing not later than two full business days prior to the Closing Date. Such certificates shall be made available to you for inspection not later than 9:30 A.M., New York City time, on the business day next preceding the Closing Date. Certificates in definitive form evidencing the Shares shall be delivered to you on the Closing Date with any transfer taxes thereon duly paid by the Selling Stockholder, for your account against payment of the Purchase Price therefor by wire transfer of federal or other immediately available funds to the account of the Custodian (as hereafter defined) as shall be specified in writing by the Custodian, no later than the Business Day immediately preceding the Closing Date.

5. Agreements of the Company. The Company agrees with you:

-----

(a) To use its best efforts to cause the Registration Statement to become effective at the earliest possible time.

(b) To advise you promptly and, if requested by you, to confirm such advice in writing, (i) when the Registration Statement has become effective and when any post-effective amendment to it becomes effective, (ii) of any request by the Commission for amendments to the Registration Statement or amendments or

supplements to the Prospectus or for additional information, (iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the suspension of qualification of the Shares for offering or sale in any jurisdiction, or the initiation of any proceeding for such purposes, and (iv) of the happening of any event during the period referred to in paragraph (e) below which makes any statement of a material fact made in the Registration Statement or the Prospectus untrue or which requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, the Company will make every reasonable effort to obtain the withdrawal or lifting of such order at the earliest possible time.

(c) To furnish to you, without charge, four signed copies of the Registration Statement as first filed with the Commission and of each amendment to it, including all exhibits and documents incorporated by reference, and to furnish to you and each Underwriter designated by you such number of conformed copies of the Registration Statement as so filed and of each amendment to it, without exhibits, as you may reasonably request. The terms "supplement" and "amendment" or "amend" as used in this Agreement shall include all documents subsequently filed by the Company with the Commission pursuant to the Exchange Act that are deemed to be incorporated by reference in the Prospectus.

(d) Not to file any amendment or supplement to the Registration Statement, whether before or after the time when it becomes effective, or to make any amendment or supplement to the Prospectus (including the issuance or filing of any term sheet within the meaning of Rule 434) of which you shall not previously have been advised or to which you shall reasonably object; and to prepare and file with the Commission, promptly upon your reasonable request, any amendment to the Registration Statement or supplement to the Prospectus (including the issuance or filing of any term sheet within the meaning of Rule 434) which may be necessary or advisable in connection with the distribution of the Shares by you, and to use its best efforts to cause the same to become promptly effective.

(e) Promptly after the Registration Statement becomes effective, and from time to time thereafter for such period as in the opinion of counsel for the Underwriter a prospectus is required by law to be delivered in connection with sales by an Underwriter or a dealer, to furnish to each Underwriter and dealer as many copies of the Prospectus (and of any amendment or supplement to the Prospectus) as such Underwriter or dealer may reasonably request.

(f) If during the period specified in paragraph (e) any event shall occur as a result of which, in the opinion of counsel for the Underwriter it becomes necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Prospectus to comply with any law, forthwith to prepare and file with the Commission an appropriate amendment or supplement to the Prospectus so that the statements in the Prospectus, as so amended or supplemented, will not in the light of the circumstances when it is so delivered, be misleading, or so that the Prospectus will comply with law, and to furnish to each Underwriter and to such dealers as you shall specify, such number of copies thereof as such Underwriter or dealers may reasonably request.

(g) Prior to any public offering of the Shares, to cooperate with you and counsel for the Underwriter in connection with the registration or qualification of the Shares for offer and sale by the Underwriter and by dealers under the state securities or Blue Sky laws of such jurisdictions as you may request, to continue such qualification in effect so long as required for distribution of the Shares and to file such consents to service of process or other documents as may be necessary in order to effect such registration or qualification; provided, however, that the Company shall not be obligated

-----  
to file any general consent to service of process or to qualify as a foreign corporation in any jurisdiction in which it is not already subject generally to service of process or so qualified.

(h) To mail and make generally available to its stockholders as soon as reasonably practicable an

earnings statement covering a period of at least twelve months after the effective date of the Registration Statement (but in no event commencing later than 90 days after such date) which shall satisfy the provisions of Section 11(a) of the Act, and to advise you in writing when such statement has been so made available.

(i) During the period of five years after the date of this Agreement, (i) to mail as soon as reasonably practicable after the end of each fiscal year to the record holders of its Common Stock a financial report of the Company and its subsidiaries on a consolidated basis (and a similar financial report of all unconsolidated subsidiaries, if any), all such financial reports to include a consolidated balance sheet, a consolidated statement of operations, a consolidated statement of cash flows and a consolidated statement of shareholders' equity as of the end of and for such fiscal year, together with comparable information as of the end of and for the preceding year, certified by independent certified public accountants, and (ii) to mail and make generally available as soon as practicable after the end of each quarterly period (except for the last quarterly period of each fiscal year) to such holders, a consolidated balance sheet, a consolidated statement of operations and a consolidated statement of cash flows (and similar financial reports of all unconsolidated subsidiaries, if any) as of the end of and for such period, and for the period from the beginning of such year to the close of such quarterly period, together with comparable information for the corresponding periods of the preceding year.

(j) During the period referred to in paragraph (i), to furnish to you as soon as available a copy of each report or other publicly available information of the Company mailed to the holders of Common Stock or filed with the Commission and such other publicly available information concerning the Company and its subsidiaries as you may reasonably request.

(k) To use its best efforts to maintain the listing of the Common Stock on the New York Stock Exchange (or on another national securities exchange or included in the Nasdaq National Market) for a period of five years after the effective date of the Registration Statement.

(l) To use its best efforts to do and perform all things required or necessary to be done and performed under this Agreement by the Company prior to the Closing Date and to satisfy all conditions precedent to the delivery of the Shares.

6. Representations and Warranties of the Company. The Company  
-----  
represents and warrants to the Underwriter that:

(a) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or threatened by the Commission.

(b) (i) Each document, if any, filed or to be filed pursuant to the Exchange Act and incorporated by reference in the Prospectus complied or will comply when so filed in all material respects with the Exchange Act and the applicable rules and regulations of the Commission thereunder, (ii) each part of the Registration Statement, when such part became effective, did not contain and each such part, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply in all material respects with the Act and (iv) the Prospectus does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph (b) do not apply to statements or omissions in the Registration Statement or the Prospectus based upon information relating to the Underwriter furnished to the Company in writing by the Underwriter expressly for use therein.

(c) Any term sheet and prospectus subject to completion provided by the Company to the Underwriter for use in connection with the offering and sale of the Shares pursuant to Rule 434 under the Act together are not materially different from the prospectus included in the Registration Statement (exclusive of any information deemed a part thereof pursuant to Rule 434(d)).

(d) Each preliminary prospectus filed as part of the registration statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Act, and each registration statement filed pursuant to Rule 462(b) under the Act, if any,

complied when so filed in all material respects with the Act; and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) Each of the Company and its subsidiaries as defined in Rule 405 of Regulation C under the Act (each a "Subsidiary") has been duly incorporated or formed, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation or as a partnership duly formed and has the corporate or partnership power and authority, as the case may be, to carry on its business as it is currently being conducted and to own, lease and operate its properties as described in the Registration Statement and Prospectus, and each corporate Subsidiary is duly qualified and is in good standing as a foreign corporation and each Subsidiary is authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification or authorization, except here the failure to be so qualified and be in good standing could not, in the aggregate, reasonably be expected to have a material adverse effect on the business, operations, properties, or financial or other condition of the Company and its Subsidiaries, considered as a whole.

(f) Except as disclosed in the Prospectus, (i) all of the outstanding shares of capital stock of each the Company's corporate Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable and, in the case of Total Renal Care, Inc., a California corporation ("TRC"), are wholly owned by the Company or are otherwise owned directly indirectly by the Company, free and clear of any security interest, claim, lien, encumbrance or adverse interest of any nature ("Liens") and (ii) all of the outstanding partnership interests in each of the Company's partnership Subsidiaries have been duly authorized by its respective partnership agreement and validly issued and the partnership interests in such partnerships that are not owned by unaffiliated third parties are owned directly or indirectly by the Company, free and clear of any Liens, and any partnership capital contribution obligations of

the Company in each partnership Subsidiary have been satisfied.

(g) All the outstanding shares of capital stock of the Company (including the Shares) have been duly authorized and validly issued and are fully paid, non-assessable and not subject to any preemptive or similar rights.

(h) The authorized capital stock of the Company, including the Common Stock, conforms as to legal matters to the description thereof contained in the Prospectus.

(i) Neither the Company nor any of its Subsidiaries is in violation of its respective charter, by-laws or partnership agreement, as the case may be, or in default in any material respect, and no condition exists that with notice or lapse of time or both would constitute a material default in the performance of any material obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any other material agreement, indenture or instrument to which the Company or any of its Subsidiaries is a party or by which it or any of its Subsidiaries or their respective property is bound except to the extent such violation or default, if any, could not reasonably be expected to have a material adverse effect on the business, operations, properties or financial or other condition of the Company and its Subsidiaries, considered as a whole.

(j) The execution, delivery and performance of this Agreement, compliance by the Company with all the provisions hereof and the consummation of the transactions contemplated hereby will not require any consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental body (except as such may be required under the securities or Blue Sky laws of the various states) and will not conflict with or constitute a breach of any

of the terms or provisions of, or a default under, the charter or by-laws of the Company or any of its subsidiaries or any agreement, indenture or other instrument to which it or any of its subsidiaries is party or by which it or any of its subsidiaries or their respective property is bound, or violate or conflict with any laws, administrative regulations or rulings or court decrees applicable to the Company, any of its subsidiaries or their respective property.

(k) Except as otherwise set forth in the Prospectus, there are no material legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any of their respective property is the subject, and, to the best of the Company's knowledge, no such proceedings are threatened or contemplated. No contract or document of a character required to be described in the Registration Statement or the Prospectus or to be filed as an exhibit to the Registration Statement is not so described or filed as required.

(l) Neither the Company nor any of its subsidiaries has violated any foreign, federal, state or local law or regulation relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), nor any federal or state law relating to discrimination in the hiring, promotion or pay of employees nor any applicable federal or state wages and hours laws, nor any provisions of the Employee Retirement Income Security Act or the rules and regulations promulgated thereunder, which in each case might result in any material adverse change in the business, prospects, financial condition or results of operation of the Company and its subsidiaries, taken as a whole.

(m) The Company and each of its subsidiaries has such permits, licenses, franchises and authorizations of governmental or regulatory authorities ("permits") including, without limitation, under any applicable Environmental Laws, as are necessary to own, lease and operate its respective properties and to conduct its business; the Company and each of its subsidiaries has fulfilled and performed all of its material obligations with respect to such permits and no event has occurred which allows, or after notice or lapse of time

would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such permit; and, except as described in the Prospectus, such permits contain no restrictions that are materially burdensome to the Company or any of its subsidiaries.

(n) In the ordinary course of its business, the Company conducts a periodic review of the effect of Environmental Laws on the business, operations and properties of the Company and its subsidiaries, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review, the Company has reasonably concluded that such associated costs and liabilities would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(o) Except as otherwise set forth in the prospectus or such as are not material to the business, prospectus, financial condition or results of operation of the Company and its Subsidiaries, taken as a whole, the Company and each of its Subsidiaries has good and marketable title, free and clear of all Liens, claims, encumbrances and restrictions except Liens for taxes not yet due and payable, to all property and assets described in the Registration Statement as being owned by it. All leases to which the Company or any of its subsidiaries is a party are valid and binding and no default has occurred or is continuing thereunder, which might result in any material adverse change in the business, prospects, financial condition or results of operation of the Company and its Subsidiaries taken as a whole, and the Company and its Subsidiaries enjoy a peaceful and undisturbed possession under all such leases to which any of them is a party as lessee with such exceptions as do not materially interfere with the use made by the Company or such Subsidiary.

(p) The Company and each of its Subsidiaries maintains reasonably adequate insurance.

(q) Price Waterhouse LLP is, and during the fiscal years ended May 31, 1994 and 1993, KPMG Peat Marwick, LLP was, an independent public accountant with respect to the Company as required by the Act.

(r) The financial statements, together with related schedules and notes forming part of the Registration Statement and the Prospectus (and any amendment or supplement thereto), present fairly the consolidated financial position, results of operations and changes in financial position of the Company and its subsidiaries on the basis stated in the Registration Statement at the respective dates or for the respective periods to which they apply; such statements and related schedules and notes have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved, except as disclosed therein; and the other financial and statistical information and data set forth in the Registration Statement and the Prospectus (and any amendment or supplement thereto) is, in all material respects, accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Company.

(s) The Company and each of its Subsidiaries has such permits, licenses, franchises and authorizations of governmental or regulatory authorities ("permits") as are necessary to own, lease and operate its respective properties and to conduct its business in the manner described in the Prospectus, subject to such qualifications as may be set forth in the Prospectus; the Company and each of its Subsidiaries has fulfilled and performed all of its material obligations with respect to such permits and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such permit, subject in each case to such qualification as may be set forth in the Prospectus; and, except as described in the Prospectus, such permits contain no restrictions that are materially burdensome to the Company or any of its Subsidiaries.

(t) The Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(u) Except as disclosed in the Prospectus or the Shareholders Agreement, no holder of any security of the Company has any right to require registration of shares of Common Stock or any other security of the Company and with respect to the offer of the Shares all such rights have been satisfied or waived.

7. Representations and Warranties of the Selling Stockholders. Each  
-----  
Selling Stockholder severally represents and warrants to each Underwriter that:

(a) Such Selling Stockholder is the lawful owner of the Shares to be sold by such Selling Stockholder pursuant to this Agreement and has, and on the Closing Date will have, good and clear title to such Shares, free of all restrictions on transfer, Liens, encumbrances, security interests and claims whatsoever.

(b) Upon delivery of and payment for such Shares pursuant to this Agreement, good and clear title to such Shares will pass to the Underwriter, free of all restrictions on transfer, Liens, encumbrances, security interests and claims whatsoever.

(c) Such Selling Stockholder has, and on the Closing Date will have, full legal right, power and authority to enter into this Agreement and the Custody Agreement, if any, between such Selling Stockholder and The Bank of New York, as Custodian (the "Custody Agree-

ment") and to sell, assign, transfer and deliver which Shares in the manner provided herein and therein, and this Agreement and the Custody Agreement, if any, have been duly authorized, executed and delivered by such Selling Stockholder and each of this Agreement and the Custody Agreement is a valid and binding agreement such Selling Stockholder enforceable in accordance with its terms, except as rights to indemnity and contribution hereunder may be limited by applicable law.

(d) The power of attorney signed by such Selling Stockholder appointing Leonard W. Frie, Barry C. Cosgrove and John E. King, or any one of them, as his attorney-in-fact to the extent set forth therein with regard to the transactions contemplated hereby and by the Registration Statement and the Custody Agreement, if any, has been duly authorized, executed and delivered by or on behalf of such Selling Stockholder and is a valid and binding instrument of such Selling Stockholder enforceable in accordance with its terms, and, pursuant to such power of attorney, such Selling Stockholder has authorized Leonard W. Frie, Barry C. Cosgrove and John. E. King, or any one of them, to execute and deliver on his behalf this Agreement and any other document necessary or desirable in connection with transactions contemplated hereby and to deliver the Shares to be sold by such Selling Stockholder pursuant to this Agreement.

(e) Such Selling Stockholder has not taken, and will not take, directly or indirectly, any action designed to, or which might reasonably be expected to, cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares pursuant to the distribution contemplated by this Agreement, and other than as permitted by the Act, such Selling Stockholder has not distributed and will not distribute any prospectus or other offering material in connection with the offering and sale of the Shares.

(f) The execution, delivery and performance of this Agreement by such Selling Stockholder, compliance by such Selling Stockholder with all the provisions thereof and the consummation of the transactions contemplated hereby will not require any consent, approval, authorization or other order of any court, regulatory body, administrative agency or other govern-

mental body (except as such may be required under the Act, state securities laws or Blue Sky laws) and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, organizational documents of such Selling Stockholder, if not an individual, or any agreement, indenture or other instrument to which such Selling Stockholder is a party or by which such Selling Stockholder or property of such Selling Stockholder is bound, or violate or conflict with any laws, administrative regulation or ruling or court decree applicable to such Selling Stockholder or property of such Selling Stockholder.

(g) Such parts of the Registration Statement under the caption "Principal and Selling Stockholders" which specifically relate to such Selling Stockholder do not, and will not on the Closing Date, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein in light of circumstances under which they were made, not misleading.

(h) At any time during the period described in paragraph 5(e) hereof, if there is any change in the information referred to in paragraph 7(g) above, the Selling Stockholders will promptly notify you of such change.

8. Indemnification. (a) The Company hereby agrees to indemnify and hold

-----  
harmless the Underwriter and each person, if any, who controls the Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages, liabilities and judgments caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or judgments are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to the Under-

writer furnished in writing to the Company by the Underwriter expressly for use therein.

(b) The Selling Stockholders hereby severally and not jointly agree to indemnify and hold harmless the Underwriter and each person, if any, who controls the Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages, liabilities and judgments caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that such agreement of each Selling Stockholder to indemnify

-----  
and hold harmless shall be limited to losses, claims, damages, liabilities or judgments caused by any untrue statement or omission or alleged untrue statement or omission based upon information furnished in writing to the Company by or on behalf of such Selling Stockholder expressly for use in the Registration Statement; provided, further, that the aggregate liability of any Selling

-----  
Stockholder pursuant to the provisions of this paragraph shall be limited to an amount equal to the aggregate purchase price received by such Selling Stockholder from the sale of such Selling Stockholder's Shares hereunder.

(c) In case any action shall be brought against the Underwriter or any person controlling the Underwriter, based upon any preliminary prospectus, the Registration Statement or the Prospectus or any amendment or supplement thereto and with respect to which indemnity may be sought against the Company or the Selling Stockholders, the Underwriter shall promptly notify the Company and the Selling Stockholders in writing and the Company and/or the Selling Stockholders shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such indemnified party and payment of all fees and expenses. The Underwriter or any such controlling person shall have the right to employ separate counsel in any such action and partici-

pate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Underwriter or such controlling person unless (i) the employment of such counsel shall have been specifically authorized in writing by the Company, (ii) the Company and/or the Selling Stockholders shall have failed to assume the defense and employ counsel or (iii) the named parties to any such action (including any impleaded parties) include both the Underwriter or such controlling person and the Company or any Selling Stockholder, as the case may be, and the Underwriter or such controlling person shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Company or the Selling Stockholders, as the case may be (in which case the Company and the Selling Stockholders shall not have the right to assume the defense of such action on behalf of the Underwriter or such controlling person, it being understood, however, that the Company and the Selling Stockholders shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for the Underwriter and its controlling persons, which firm shall be designated in writing by the Underwriter and that all such fees and expenses shall be reimbursed as they are incurred). Neither the Company nor a Selling Stockholder shall be liable for any settlement of any such action effected without its written consent, but if settled with its written consent, the Company and/or such Selling Stockholder agrees to indemnify and hold harmless the Underwriter and any such controlling person from and against any loss or liability by reason of such settlement, subject in the case of the Selling Stockholders to the limits set forth in subsection (b) above. Notwithstanding the immediately preceding sentence, if in any case where the fees and expenses of counsel are at the expense of the indemnifying party and an indemnified party shall have requested the indemnifying party to reimburse the indemnified party for such fees and expenses of counsel as incurred, such indemnifying party agrees that it shall be liable for any settle-

ment of any action effected without a written consent if (i) such settlement is entered into more than ten business days after the receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall have failed to reimburse the indemnified party in accordance with such request for reimbursement prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) The Underwriter agrees to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement, any person controlling the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, each Selling Stockholder and each person, if any, controlling such Selling Stockholder within the meaning of Section 15 of the Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity to the Underwriter but only with reference to information relating to the Underwriter furnished in writing by Underwriter expressly for use in the Registration Statement, the Prospectus or any preliminary prospectus. In case any action shall be brought against the Company, any of its directors, any such officer or and person controlling the Company or any Selling Stockholder or any person controlling such Selling Stockholder based on the Registration Statement, the Prospectus or any preliminary prospectus and in respect of which indemnity may be sought against the Underwriter, the Underwriter shall have the rights and duties given to the Company and/or the Selling Stockholders (except that if the Company or any Selling Stockholder shall have assumed the defense thereof, the Underwriter shall not be required to do so, but may employ separate counsel therein and participate in the defense thereof but the fees and expenses of such counsel shall be at the expense of the Underwriter), and the Company, its directors, any such officers and any person controlling the Company and the Selling Stockhold-

ers and any person controlling such Selling Stockholders shall have the rights and duties given to the Underwriter, by Section 8(c) hereof.

(e) If the indemnification provided for in this Section 8 is unavailable to an indemnified party in respect of any losses, claims, damages, liabilities or judgments referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities and judgments (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Stockholders on the one hand and the Underwriter on the other hand from the offering of the Shares or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, the Selling Stockholders and the Underwriter in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or judgments, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Stockholders and the Underwriter shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Selling Stockholders, and the total underwriting discounts and commissions received by the Underwriter, bear to the total price to the public of the Shares, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Company and the Selling Stockholders and the Underwriter shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Company, the Selling Stockholders or the Underwriter and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Selling Stockholders and the Underwriter agree that it would not be just and equitable if contribution pursuant

to this Section 8(e) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or judgments referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, (a) the Underwriter shall not be required to contribute any amount in excess of the amount by which the total price at which the Shares were offered to the public exceeds the amount of any damages which the Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission and (b) no Selling Stockholder shall be required to contribute any amount in excess of the amount of the aggregate purchase price received by such Selling Stockholder for the sale of such Selling Stockholder's Shares hereunder. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Selling Stockholders' obligations to contribute pursuant to this Section 8(e) are several in proportion to the respective number of such Selling Stockholder's Shares sold hereunder.

(f) Each Selling Stockholder hereby designates the Company as its authorized agent, upon which process may be served in any action, suit or proceeding which may be instituted in any state or federal court in the State of New York by the Underwriter or person controlling the Underwriter asserting a claim for indemnification or contribution under or pursuant to this Section 8, and each Selling Stockholder will accept the jurisdiction of such court in such action, and waives, to the fullest extent permitted by applicable law, any defense based upon lack of personal

jurisdiction or venue. A copy of any such process shall be sent or given to such Selling Stockholder, at the address for notices specified in Section 13 hereof.

9. Conditions of Underwriter's Obligations. The obligations of the  
-----

Underwriter to purchase the Shares under this Agreement are subject to the satisfaction of each of the following conditions:

(a) All the representations and warranties of the Company contained in this Agreement shall be true and correct on the Closing Date with the same force and effect as if made on and as of the Closing Date.

(b) The Registration Statement shall have become effective not later than 5:00 P.M. (and in the case of any registration statement filed pursuant to Rule 462(b) of the Act, not later than 10 P.M.), New York City time, on August, 1997 or at such later date and time as you may approve in writing, and at the Closing Date no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been commenced or shall be pending before or contemplated by the Commission.

(c)(i) Since the date of the latest balance sheet included in the Registration Statement and the Prospectus, there shall not have been any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, affairs or business prospects, whether or not arising in the ordinary course of business, of the Company, (ii) since the date of the latest balance sheet included in the Registration Statement and the Prospectus there shall not have been any change, or any development involving a prospective material adverse change, in the capital stock or in the long-term debt of the Company from that set forth in the Registration Statement and Prospectus, (iii) the Company and its subsidiaries shall have no liability or obligation, direct or contingent, which is material to the Company and its subsidiaries, taken as a whole, other than those reflected in the Registration Statement and the Prospectus and (iv) on the Closing Date you shall have received a certificate dated the Closing Date,

signed by Victor Chaltiel and John E. King, in their capacities as the Chief Executive Officer and Chief Financial Officer of the Company, confirming the matters set forth in paragraphs (a), (b), and (c) of this Section 8.

(d) All the representations and warranties of the Selling Stockholders contained in this Agreement shall be true and correct on the Closing Date (and any Option Closing Date) with the same force and effect as if made on and as of the Closing Date (or any Option Closing Date).

(e) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Underwriter), dated the Closing Date, of Riordan & McKinzie, outside counsel for the Company, to the effect that:

i) this Agreement has been duly authorized, executed and delivered by the Company;

ii) the authorized capital stock of the Company, including the Common Stock, conforms as to legal matters to the description thereof contained in the Prospectus;

iii) such counsel has been advised by the Commission by telephone that the Registration Statement has become effective under the Act, and to such counsel's knowledge after due inquiry no stop order suspending its effectiveness has been issued and no proceedings for that purpose are pending before or contemplated by the Commission;

iv) the statements under the caption "Description of Capital Stock" in the Prospectus and Item 15 of Part II of the Registration Statement

insofar as such statements constitute a summary of legal matters, documents or proceedings referred to therein, fairly present the information called for with respect to such legal matters, documents and proceedings;

v) the execution, delivery and performance of this Agreement by the Company, compliance by the Company with all the provisions hereof and the consummation of the transactions contemplated hereby will not require any consent, approval, authorization or other order of any California or Federal court, regulatory body, administrative agency or other governmental body (except as such may be required under the Act or other securities or Blue Sky laws) and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or by-laws, as the case may be, of the Company or TRC;

vi) the Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended; and

vii)(1) The Company's Annual Report on Form 10-K for its fiscal year ended December 31, 1996 (the "1996 Form 10-K") and its Quarterly Reports on Form 10-Q for the periods ended March 31, 1997 and June 30, 1997, which were filed pursuant to the Exchange Act and are incorporated by reference in the Prospectus (except for financial statements, schedules and other financial data as to which no opinion need be expressed), complied when so filed as to form in all material respects with the Exchange Act and the applicable rules and regulations of the Commission thereunder, (2) the Registration Statement and the Prospectus and any supplement or amendment thereto (except for financial data, as aforesaid) comply as to form in all material respects with the Act, and (3) such counsel believes that (except for financial data, as aforesaid) the Registration Statement (including the documents incorporated by reference therein) and the prospectus included therein at the time the Registration Statement became effective did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that the Prospectus (including the documents incorpo-

rated by reference therein), as amended or supplemented, if applicable (except for financial statements, as aforesaid) does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In giving the opinion specified in (v) above, such counsel may rely upon an opinion or opinions of McDermott, Will & Emery, regulatory counsel for the Company rendered pursuant to paragraph (h) below. In giving such opinion with respect to the matters covered by clause (vii) such counsel may state that their opinion and belief are based upon their participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto and documents incorporated therein by reference and review and discussion of the contents thereof, but are without independent check or verification except as specified.

(f) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Underwriter), dated the Closing Date, of counsels to each of the Selling Stockholders named in Schedule I hereto, to the effect that:

i) this Agreement has been duly authorized, executed and delivered by such Selling Stockholder;

ii) the execution, delivery and performance of this Agreement by such Selling Stockholder, compliance by such Selling Stockholder with all the provisions hereof and the consummation of the transactions contemplated hereby will not require any consent, approval, authorization or other order of any California or Federal court, regulatory body, administrative agency or other governmental body (except as such may be required under the Act or other securities or Blue Sky laws) and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter, by-laws or partnership agreement, as the case may be, of such Selling Stockholder;

iii) except as disclosed in the Prospectus or the Shareholders Agreement, no such Selling Stockholder has any right to require registration of

shares of Common Stock or any other security of the Company and with respect to the offer of the Shares all such rights have been satisfied or waived;

iv) the Custody Agreement has been duly authorized, executed and delivered by such Selling Stockholder and is a valid and binding agreement of such Selling Stockholder;

v) such Selling Stockholder has full legal right, power and authority, and any approval required by law (other than any approval imposed by the applicable state securities and Blue Sky laws) to sell, assign, transfer and deliver the Shares to be sold by him in the manner provided in this Agreement and the Custody Agreement;

vi) such Selling Stockholder will be, immediately prior to the closing on the Closing Date, the sole registered owner of the Shares to be sold by such Selling Stockholder at such time pursuant to this Agreement; upon delivery and payment for such Shares, and assuming the Underwriter acquired such Shares in good faith and without notice of any adverse claim, the Underwriter will acquire all rights and interests in such Shares free of any adverse claim; and

vii) the power of attorney signed by such Selling Stockholder appointing Leonard W. Frie, Barry C. Cosgrove and John E. King, or any one of them, as his attorney-in-fact to the extent set forth therein with regard to the transactions contemplated hereby and by the Registration Statement has been duly authorized, executed and delivered by or on behalf of such Selling Stockholder and is a valid and binding instrument of such Selling Stockholder, and pursuant to such power of attorney, such Selling Stockholder has authorized Leonard W. Frie, Barry C. Cosgrove and John E. King, or any one of them, to execute and deliver on his behalf this Agreement and any other document necessary or desirable in connection with the transactions contemplated hereby and to deliver the Shares to be sold by such Selling Stockholder pursuant to this Agreement.

In giving the opinion specified in (ii) above, such counsel may rely upon an opinion or opinions of

McDermott, Will & Emery, regulatory counsel for the Company rendered pursuant to paragraph (h) below.

(g) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Underwriter), dated the Closing Date, of Barry C. Cosgrove, General Counsel of the Company, to the effect that:

i) the Company is duly incorporated, validly existing and in good standing as a corporation under the laws of the State of Delaware and has the corporate power and authority required to carry on its business as it is currently being conducted and to own, lease and operate its properties;

ii) each Subsidiary of the Company has been duly incorporated or formed, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation or as a partnership duly formed and has the corporate or partnership power and authority, as the case may be, to carry on its business as it is currently being conducted and to own, lease and operate its properties, and, to such counsel's knowledge after due inquiry, each corporate Subsidiary is duly qualified and is in good standing as a foreign corporation and each Subsidiary is authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification or authorization, except where the failure to be so qualified or authorized and be in good standing could not, in the aggregate, reasonably be expected to have a material adverse effect on the business, operations, properties, or financial or other condition of the Company and its Subsidiaries, considered as a whole;

iii) except as disclosed in the Prospectus, (i) all of the outstanding shares of capital stock of each of the Company's corporate Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable and to such counsel's knowledge after due inquiry, in the case of TRC, are wholly owned by the Company or are otherwise, owned directly or indirectly by the Company, free and clear of any Liens and (ii) all of the outstanding partnership interests in each of the Company's partnership Subsidiaries have been duly authorized by its respective partner-

ship agreement and validly issued and to such counsel's knowledge after due inquiry the partnership interests in such partnerships that are not owned by unaffiliated third parties are owned directly or indirectly by the Company, free and clear of any Liens and, to such counsel's knowledge, any partnership capital contribution obligations of the Company in each partnership Subsidiary have been satisfied;

iv) all the outstanding shares of Common Stock have been duly authorized and validly issued and are fully paid, non-assessable and not subject to any preemptive or similar rights;

v) neither the Company nor any of its Subsidiaries is in violation of its respective charter, by-laws or partnership agreement, as the case may be, and, to the best of such counsel's knowledge after due inquiry, neither the Company nor any of its Subsidiaries is in default in any material respect, and no condition exists that with notice or lapse of time or both would constitute a material default, in the performance of any material obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any other agreement, indenture or instrument to which the Company or any of its Subsidiaries is a party or by which it or any of its Subsidiaries or their respective property is bound except to the extent such violation or default, if any, could not reasonably be expected to have a material adverse effect on the business, operations, properties or financial or other condition of the Company and its Subsidiaries, considered as a whole;

vi) the execution, delivery and performance of this Agreement, compliance by the Company with all the provisions hereof and the consummation of the transactions contemplated hereby will not conflict with or constitute a breach of any of the terms or provisions of, or a default under any agreement, indenture or other instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or their respective properties are bound, or violate or conflict with any laws, administrative regulations or rulings or court decrees applicable to the Company or any of its subsidiaries or their respective properties, except to the extent such violation,

conflict, breach or default, if any, could not reasonably be expected to have a material adverse effect on the business, operations, properties or financial or other condition of the Company and its Subsidiaries, considered as a whole;

vii) after due inquiry, such counsel does not know of any legal or governmental proceeding pending or threatened to which the Company or any of its Subsidiaries is a party or to which any of their respective property is subject which is required to be described in the Registration Statement or the Prospectus and is not so described, or of any contract or other document which is required to be described in the Registration Statement or the Prospectus or is required to be filed as an exhibit to the Registration Statement which is not described or filed as required;

viii) other than as set forth in the Shareholders Agreement or otherwise described in the Prospectus, to the best of such counsel's knowledge, after due inquiry, no holder of any security of the Company has any right to require registration of shares of Common Stock or any other security of the Company;

ix) to the best of such counsel's knowledge, after due inquiry, all leases to which the Company or any of its subsidiaries is a party are valid and binding and no default has occurred or is continuing thereunder, which might result in any material adverse change in the business, prospects, financial condition or results of operation of the Company and its subsidiaries taken as a whole, and the Company and its subsidiaries enjoy peaceful and undisturbed possession under all such leases to which any of them is a party as lessee with such exceptions as do not materially interfere with the use made by the Company or such subsidiary;

x) each of the Facilities has such licenses, certifications and authorizations of governmental or regulatory authorities which are required in connection with the provision by the Facilities of dialysis services under applicable licensure, Medicare or Medicaid laws in the manner described in the Prospectus and which are required to be held by the Facilities as providers of dialysis services under the Medicare or Medicaid programs; and

xi)(1) each document filed pursuant to the Exchange Act and incorporated by reference in the Registration Statement and the Prospectus (except for financial statements, schedules and other financial data as to which no opinion need be expressed) complied when so filed as to form in all material respects with the Exchange Act and the applicable rules and regulations of the Commission thereunder, (2) the Registration Statement and the Prospectus and any supplement or amendment thereto (except for financial statements, schedules and other financial data as to which no opinion need be expressed) comply as to form in all material respects with the Act, and (3) such counsel believes that (except for financial data, as aforesaid) the Registration Statement (including the documents incorporated by reference therein) and the prospectus included therein at the time the Registration Statement became effective did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that the Prospectus (including the documents incorporated by reference therein), as amended or supplemented, if applicable (except for financial statements, as aforesaid) does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In giving the opinions specified in (vi), (vii) and (x) above, such counsel may rely upon an opinion or opinions of McDermott, Will & Emery, regulatory counsel for the Company rendered pursuant to paragraph (h) below. In giving such opinion with respect to the matters covered by clause (xi) such counsel may state that such counsel's opinion and belief are based upon their participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto and documents incorporated therein by reference and review and discussion of the contents thereof, but are without independent check or verification except as specified.

(h) You shall have received on the Closing Date an opinion (satisfactory to you and to our counsel), dated the Closing Date, of McDermott, Will & Emery, regulatory counsel for the Company, to the effect that:

i) the statements under the captions "Risk Factors--Dependence on Medicare, Medicaid and Other Sources of Reimbursement" and "--Operations Subject to Government Regulation" in the Prospectus and "Business--Operations--Medicare Reimbursement" and "Business--Governmental Regulation" in the 1996 Form 10-K, insofar as such statements constitute a summary of legal matters, documents or proceedings referred to therein, are fair summaries in all material respects of the information called for with respect to such legal matters, documents and proceedings; and

ii) the execution, delivery and performance of this Agreement by the Company will not require any consent, approval, authorization or order of any court, regulatory body, administrative agency or other governmental body in connection with the provision by the dialysis facilities owned by the Company or its Subsidiaries (the "Facilities") of dialysis services under applicable licensure, Medicare and Medicaid laws in the manner described in the Prospectus and the 1996 Form 10-K or which could affect the status of the Facilities as providers of dialysis services under the Medicare or Medicaid programs other than presently effective actions, consents disclosures or filings that have already been made on or prior to the date hereof.

The opinions of Riordan & McKinzie, counsels for the Selling Stockholders, Barry C. Cosgrove and McDermott, Will & Emery, described in paragraphs (e), (f), (g) and (h) above shall be rendered to you at the request of the Company and shall so state therein.

(i) You shall have received on the Closing Date an opinion, dated the Closing Date, of Skadden, Arps, Slate, Meagher & Flom LLP counsel for the Underwriter, as to the matters referred to in clauses (i), (iii), (iv) (but only with respect to the statements under the captions "Description of Capital Stock") and (vii)(3) of the foregoing paragraph (e). In giving such opinion with respect to the matters covered by clause (vii)(3) such counsel may state that their opinion and belief are

based upon their participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto (other than the documents incorporated by reference) and review and discussion of the contents thereof (including documents incorporated by reference), but are without independent check or verification except as specified.

(j) You shall have received letters on and as of the Closing Date, in form and substance satisfactory to you, from Price Waterhouse, LLP and KPMG Peat Marwick, LLP, independent public accountants, with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus and substantially in the form and substance of the letter delivered to you by such accountants on the date of this Agreement.

(k) The Company shall not have failed at or prior to the Closing Date to perform or comply with any of the agreements herein contained and required to be performed or complied with by the Company at or prior to the Closing Date.

10. Effective Date of Agreement and Termination. This Agreement shall

-----  
become effective upon the later of (i) execution of this Agreement and (ii) when notification of the effectiveness of the Registration Statement has been released by the Commission.

This Agreement may be terminated at any time prior to the Closing Date by you by written notice to the Company if any of the following has occurred:

(i) since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change or development involving a prospective material adverse change in the condition, financial or otherwise, of the Company and its Subsidiaries, taken

as a whole, or the earnings, affairs, or business prospects of the Company and its Subsidiaries, taken as a whole, whether or not arising in the ordinary course of business, which would, in your judgment, make it impracticable to market the Shares on the terms and in the manner contemplated in the Prospectus, (ii) any outbreak or escalation of hostilities or other national or international calamity or crisis or change in economic conditions the effect of which on the financial markets of the United States or elsewhere, in your judgment, is material and adverse and would, in your judgment, make it impracticable to market the Shares on the terms and in the manner contemplated in the Prospectus, (iii) the suspension or material limitation of trading in securities on the New York Stock Exchange, the American Stock Exchange or the Nasdaq Stock Market or limitation on prices for securities on any such exchange or the National Market System, (iv) the enactment, publication, decree or other promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority that in your opinion materially and adversely affects, or will materially and adversely affect, the business or operations of the Company and its Subsidiaries, taken as a whole, (v) the declaration of a banking moratorium by either federal or New York State authorities or (vi) the taking of any action by any federal, state or local government or agency in respect of its monetary or fiscal affairs which in your opinion has a material adverse effect on the financial markets in the United States.

11. Agreements of the Selling Stockholders. Each Selling Stockholder

-----

severally agrees with you and the Company:

(a) To pay or to cause to be paid all transfer taxes with respect to the Shares to be sold by such Selling Stockholder; and

(b) To take all reasonable actions in cooperation with the Company and the Underwriter to cause the Registration Statement to become effective at the earliest possible time, to do and perform all things to be done and performed under this Agreement prior to

the Closing Date and to satisfy all conditions precedent to the delivery of the Shares pursuant to this Agreement.

12. Miscellaneous. Notices given pursuant to any provision of this

-----

Agreement shall be addressed as follows: (a) if; to the Company, to TOTAL RENAL CARE HOLDINGS, INC., 21250 Hawthorne Blvd. Suite 800, Torrance, California 90503-5517, and (b) if to the Underwriter, to Donaldson, Lufkin & Jenrette Securities Corporation, 277 Park Avenue, New York, New York 10172, Attention: Syndicate Department, or in any case to such other address as the person to be notified may have requested in writing.

The respective indemnities, contribution agreements, representations, warranties and other statements of the Selling Stockholders, the Company, its officers and directors and of the Underwriter set forth in or made pursuant to this Agreement shall remain operative and in full force and effect, and will survive delivery of and payment for the Shares, regardless of (i) any investigation, or statement as to the results thereof, made by or on behalf of the Underwriter or by or on behalf of the Selling Stockholders, the officers or directors of the Company or any controlling person of the Company or the Selling Stockholders, (ii) acceptance of the Shares and payment for them hereunder and (iii) termination of this Agreement.

If this Agreement shall be terminated by the Underwriter because of any failure or refusal on the part of the Company or the Selling Stockholders to comply with the terms or to fulfill any of the conditions of this Agreement, the Company agrees to reimburse the Underwriter for all out-of-pocket expenses (including the fees and disbursements of counsel) reasonably incurred by them.

Except as otherwise provided, this Agreement has been and is made solely for the benefit of and shall be binding upon the Company, the Selling Stockholders, the Underwriter, any controlling persons referred to herein and their respective successors and assigns, all as and to the extent provided

in this Agreement, and no other person shall acquire or have any rights under or by virtue of this Agreement. The term "successors and assigns" shall not include a purchaser of any of the Shares from the Underwriter merely because of such purchase.

This Agreement shall be governed and construed in accordance with the laws of the State of New York.

This Agreement may be signed in various counterparts which together shall constitute one and the same instrument.

Please confirm that the foregoing correctly sets forth the agreement among the Company, the Selling Stockholders and the Underwriter.

Very truly yours,

TOTAL RENAL CARE  
HOLDINGS, INC.

By: \_\_\_\_\_  
Title:

THE SELLING STOCKHOLDERS NAMED  
IN SCHEDULE I HERETO

By: \_\_\_\_\_

[Attorney-in-fact]

DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION

By: \_\_\_\_\_  
Title:

SCHEDULE I  
-----  
Selling Stockholders  
-----

ANNEX I

-----

Required Lock-ups

-----

Victor M.G. Chaltiel  
Leonard W. Frie  
Mary Ellen Chambers  
Barry C. Cosgrove  
Sidney J. Kernion  
John E. King  
Stan M. Lindenfeld  
Lois A. Mills  
Maris Andersons  
Peter T. Grauer  
Tenet Healthcare Corporation

Total Renal Care Holdings, Inc.  
21250 Hawthorne Boulevard, Suite 800  
Torrance, California 90503-5517

August 11, 1997

21-163-001

Ladies and Gentlemen:

I am the General Counsel of Total Renal Care Holdings, Inc., a Delaware corporation (the "Company"). I am delivering this opinion in connection with the registration under the Securities Act of 1933, as amended (the "1933 Act"), of the sale in an underwritten public offering of up to 2,750,000 shares of the Common Stock, \$0.001 par value per share up (the "Shares"). This opinion is delivered in connection with that certain Registration Statement on Form S-3 (the "Registration Statement") to be filed with the Securities and Exchange Commission (the "Commission") under the 1933 Act.

In rendering the opinion set forth herein, I have made such investigations of fact and law, and examined such documents and instruments, or copies thereof established to my satisfaction to be true and correct copies thereof, as I have deemed necessary under the circumstances.

Based upon the foregoing and such other examination of law and fact as I have deemed necessary, and in reliance thereon, I am of the opinion that the Shares have been duly authorized and are validly issued, fully paid and nonassessable.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to me under the caption "Legal Matters" in the Prospectus which is a part of the Registration Statement. In giving such consent, I do not thereby admit that I am in the category of persons whose consent is required under Section 7 of the 1933 Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Barry C. Cosgrove

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of this Registration Statement on Form S-3 of our report dated February 13, 1997 appearing on page F-1 of Total Renal Care Holdings, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1996. We also consent to the reference to us under the heading "Experts" in such Prospectus.

Price Waterhouse LLP

Seattle, Washington  
August 11, 1997

CONSENT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors  
Total Renal Care Holdings, Inc.:

We consent to the use of our reports on the consolidated financial statements and related financial statement schedule of Total Renal Care Holdings, Inc. and subsidiaries incorporated herein by reference and to the reference to our firm under the heading "Experts" in the prospectus.

KPMG Peat Marwick LLP

Seattle, Washington  
August 11, 1997



6-MOS			
	DEC-31-1997		
	JAN-01-1997		
	JUN-30-1997		
		6,039,000	
		0	
	122,363,000		
		0	
	1,876,000		
	152,229,000		
		78,851,000	
		0	
	486,196,000		
33,278,000			
		0	
	0		
		0	
		27,000	
	250,278,000		
486,196,000			
		0	
	193,782,000		
		0	
	159,032,000		
		0	
	3,881,000		
	5,183,000		
	28,195,000		
	11,504,000		
16,691,000			
		0	
		0	
		0	
	16,691,000		
		0.61	
		0.61	