

RENAL CARE GROUP, INC.

CORPORATE GOVERNANCE GUIDELINES

Purpose of Guidelines

The Board of Directors of Renal Care Group, Inc. ("RCG" or the "Company") has adopted these Corporate Governance Guidelines. These Guidelines have been adopted by a resolution of the Board and will replace all previous Board guidelines, formal or informal, on this subject. The Nominating and Governance Committee of the Board will review these Guidelines at least once a year and will recommend modifications as needed. Any modifications will be subject to the review and approval of the full Board of Directors including a majority of the independent directors.

Standards of Conduct and Compliance Program

The Board of Directors has approved the Renal Care Group Standards of Conduct and Compliance Program (the "Compliance Program"), which establishes standards of conduct and ethical and legal behavior for all directors, officers, affiliates, associates and related professionals of the Company. All members of the Board and all senior officers of the Company are subject to the Compliance Program and are expected to act at all times in compliance with its letter and spirit.

Composition of the Board

The Board of Directors will, at all times from and after the Company's Annual Meeting of Stockholders for the year 2004, have a majority of independent directors. For purposes of these Guidelines, there are three types of directors: inside directors, outside directors and independent directors. Directors will be considered "independent" if they meet the objective criteria for independence set forth in the listing standards of the New York Stock Exchange and the Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). Directors who do not qualify as independent directors, but who are not employed by the Company, will be considered "outside" directors. Directors who are employed by the Company will be considered "inside" directors, except as provided below.

If (1) the positions of Chairman of the Board and Chief Executive Officer are held by different people, (2) the Chairman of the Board was not an employee of the Company before his or her election to that position and (3) the Chairman of the Board is an employee of the Company for income tax purposes on account of the time he or she devotes to the affairs of the Company, then the Board may determine that the Chairman is an outside director at the time of his or her selection or at any time after selection.

Board Compensation

It is the general policy of the Board of Directors that members of the Board should receive compensation that is a mix of cash and equity-based compensation. Independent directors and outside directors receive cash and equity based compensation for serving as directors. Independent directors may not receive consulting, advisory or other compensatory fees from the Company in addition to their Board compensation. To the extent practicable, independent directors who are affiliated with parties with whom the Company has a contractual or other financial relationship will undertake to ensure that their compensation from such parties does not include amounts connected to payments by the Company and to monitor the scope of any such relationship to ensure that it does not jeopardize the independence of such director. Inside directors will not be paid for Board membership in addition to their regular employee compensation.

To align the interests of directors more closely with those of shareholders of the Company, directors are encouraged to own common stock in the Company in an amount equal to three times the annual Board retainer fees, with one-half of shares issuable upon exercise of vested options being deemed owned for these purposes. Directors should consider these holdings as long-term investments and should be achieved within five years after joining the Board. The Company generally discourages directors from trading in the Company's stock. Directors will also receive grants of options to purchase Company stock in accordance with the Renal Care Group, Inc. Stock Option Plan for Outside Directors as amended from time to time.

Board Retirement and Resignation Policy

An inside director who resigns from full-time service as an employee of the Company shall tender to the Board a letter of proposed resignation from the Board. Each outside or independent director will submit his or her resignation from the Board at any time he or she changes employers or if there is another material change in that director's full-time position or responsibilities. The Nominating and Governance Committee shall review the continuation on the Board or any director tendering his resignation in accordance with this paragraph, and the Nominating and Governance Committee will recommend to the Board whether, in light of all the circumstances, the Board should accept such proposed resignation or request that the director continue to serve.

A director will retire from the Board no later than the annual meeting of shareholders next following his or her attaining the age of 75.

Responsibilities of Board Members

The primary responsibilities of the Board of Directors are oversight, counseling and direction to the management of the Company in the interest and for the benefit of the Company's stockholders. The Board's detailed responsibilities include:

- (a) Selecting, regularly evaluating the performance of Chief Executive Officer and other senior executives;

- (b) Planning for succession with respect to the position of Chief Executive Officer and monitoring management's succession planning for other senior executives;
- (c) Reviewing and, where appropriate, approving the Company's major financial objectives, strategic and operating plans and actions;
- (d) Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed; and
- (e) Overseeing the processes for maintaining the integrity of the Company with regards to its financial statements and other public disclosures, and compliance with law (particularly those applicable to health care companies) and ethics.

The Board of Directors has delegated to the Chief Executive Officer, working with the other executive officers of the Company, the authority and responsibility for managing the business of the Company in a manner consistent with the standards and practices of the Company, and in accordance with any specific plans, instructions or directions of the Board. The Chief Executive Officer and management are responsible to seek the advice and, in appropriate situations, the approval of the Board with respect to extraordinary actions to be undertaken by the Company.

Director Orientation and Continuing Education

The Chairman of the Board acting in conjunction with members of management is responsible for new-director orientation programs and for director continuing education programs. The orientation programs are designed to familiarize new directors with the Company's businesses, strategies and challenges and to assist new directors in developing and maintaining skills necessary or appropriate for the performance of their responsibilities. Continuing education programs for Board members may include a mix of in-house and third-party presentations and programs. The costs of all director orientation and continuing education will be paid or reimbursed by the Company.

Annual Board Evaluation

The Board must perform a self-evaluation on an annual basis. The Nominating and Governance Committee is responsible to report annually to the Board an assessment of the Board's performance. The assessment will include a review of the Board's overall effectiveness and the areas in which the Board or management believes the Board can make a positive impact on the Company. The purpose of the evaluation is to increase the effectiveness of the Board, not to focus on the performance of individual Board members.

Access to Management and Outside Consultants

Directors shall be free to contact the Chief Executive Officer at any time to discuss any aspect of the Company's business. Directors shall also have complete access to other employees of the Company. The Board expects that there will be frequent opportunities for directors to meet

with the Chief Executive Officer and other members of management in Board and Committee meetings, or in other formal or informal settings. In performing its functions the Board shall be entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. If appropriate, Management of the Company will coordinate access between Board members and the Company's outside advisors.

Board Meetings

The Board of Directors will meet at least four times each year. One meeting will generally be an extended meeting focusing on long-range strategies for the Company and may be held away from the Company's headquarters. The Chief Executive Officer, the Chief Financial Officer, the Chief Medical Officer, if any, the Chief Operating Officer, if any, and the Secretary will be invited to each meeting of the Board. The Chief Executive Officer, Chairman or lead director (if there is one) may invite any other appropriate officer of the Company to attend all or a portion of any meeting.

Prior to each regular meeting of the Board, the Chairman of the Board or the Secretary will send to all directors an agenda for the meeting and any informational material for review prior to the meeting. The Chairman of the Board or lead director (if there is one) will prepare the agenda for the meeting in consultation with the Chief Executive Officer and the Chairman of the Nominating and Governance Committee. Directors may request that additional subjects be placed on the agenda.

At each regular meeting of the Board, there will be an executive session of the Board. Only outside and independent directors and the Chairman will participate in these executive sessions. The other outside and independent directors may request that the Chairman not attend all or any portion of an executive session. In addition, the independent directors will meet in executive session at least once a year. At any portion of any executive session at which the Chairman is not present, the Chairs of the Nominating and Governance Committee, Audit and Compliance Committee, and Compensation Committee will act as chair of the executive session in rotation, unless a lead director has been elected.

Chairman of the Board and Chief Executive Officer

The Board of Directors does not have a firm policy as to whether the position of Chairman of the Board and the position of Chief Executive Officer should be separate, the Board choosing to retain the flexibility to decide what is in the best interest of the Company at any particular time. The Board strongly endorses the concept of outside directors being in positions of leadership. Therefore, if at any time the same person holds the positions of Chairman of the Board and Chief Executive Officer, the Nominating and Governance Committee will recommend, and the Board, will elect a "lead director" from among the independent directors of the Company. The lead director will chair executive sessions of the Board and act as a spokesperson of the outside directors in dealing with management. The lead director will perform such other tasks as the outside directors may delegate to him or her from time to time.

The principal duties of the Chairman of the Board are attached as **Exhibit A**.

Management Succession and Chief Executive Officer Evaluations

The Board, acting through the Nominating and Corporate Committee, shall review and concur in a management succession plan, developed by the Chief Executive Officer, to ensure continuity in senior management. This plan, on which the Chief Executive Officer shall report at least annually, shall address:

- Emergency Chief Executive Officer succession;
- Chief executive Officer succession in the ordinary course of business; and
- Succession and career development for the other members of senior management. The plan shall include an assessment of senior management experience, performance, skills, career development and planned career paths.

The Board, acting through the Nominating and Corporate Governance Committee, shall annually conduct an evaluation of the performance of the Chief Executive Officer. The chairperson of the Nominating and Corporate Governance Committee shall communicate such evaluation to the Chief Executive Officer and the chairperson of the Compensation Committee.

Committees of the Board

The Board of Directors will have the following standing committees:

- Nominating and Governance Committee;
- Audit and Compliance Committee; and
- Compensation Committee.

Each committee will have a charter approved by the committee and the Board to govern its actions and delineate its responsibilities. The current charters of the Nominating and Governance Committee, the Audit and Compliance Committee, and the Compensation Committee are attached as **Exhibits B, C and D**, respectively.

Each committee will consist only of independent directors and will have a chair elected by the Board. Other members of the Board may attend any meeting of a committee of the Board, but will not be entitled to vote at any such meeting and shall exclude themselves from executive sessions of such committees.

This Corporate Governance Guidelines and the charters for each of the standing committees of the Board of Directors will be posted on the Company's website.

Nominating and Governance Committee

At all times there will be a committee of the Board of Directors known as the Nominating and Governance Committee. The Nominating and Governance Committee will consist of at least three independent directors.

The principal responsibilities of the Nominating and Governance Committee are as follows:

- Evaluating the Company's corporate governance policies;
- Reviewing and evaluating these Guidelines;
- Recommending to the Board of Directors, when necessary, one or more candidates for the positions of Chairman and Chief Executive Officer;
- Developing and periodically reviewing and updating a succession plan for the Chief Executive Officer and other key corporate officers;
- Identifying individuals qualified to serve on the Board of Directors and recommending director nominees for selection by the full Board of Directors or shareholders of the Company;
- Periodically evaluating the performance of the Chairman of the Board, the Chief Executive Officer and the Board of Directors; and
- Making a decision on the tendered resignation of any director triggered by reason of a change of employment.

The Nominating and Governance Committee will review its charter at least once a year and will recommend modifications as needed. Any modifications will be subject to the review and approval of the full Board of Directors.