NXSTAGE MEDICAL, INC.

FORM 10-Q
(Quarterly Report)

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 000-51567

NxStage Medical, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**04-3454702**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
350 Merrimack St., Lawrence, MA	**01843**
(Address of Principal Executive Offices)	*(Zip Code)*

(978) 687-4700

(*Registrant's Telephone Number, Including Area Code)*

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
☑ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
☐ Yes ☑ No

There were 64,562,414 shares of the registrant's common stock outstanding as of the close of business on July 28, 2016 .

NXSTAGE MEDICAL, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2016
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Note Regarding Nomenclature

For convenience, in this Quarterly Report “NxStage,” “we,” “us,” and “the Company” refer to NxStage Medical, Inc. and our consolidated subsidiaries, taken as a whole.

Note Regarding Trademarks

NxStage® is a registered trademark of NxStage Medical, Inc. PureFlow ™ and System One ™ are trademarks of NxStage Medical, Inc.

PART I - FINANCIAL INFORMATION

Item 1. ***Financial Statements***

NXSTAGE MEDICAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2016	December 31, 2015
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 58,459	$ 59,065
Accounts receivable, net	30,092	25,195
Inventory	41,309	38,391
Prepaid expenses and other current assets	5,921	6,254
Total current assets	135,781	128,905
Property and equipment, net	66,374	66,711
Field equipment, net	20,978	20,744
Deferred cost of revenues	34,065	33,068
Intangible assets, net	10,714	11,744
Goodwill	42,710	42,710
Other assets	3,074	2,992
Total assets	$ 313,696	$ 306,874
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 13,583	$ 10,767
Accrued expenses	26,616	27,266
Current portion of long-term debt	324	315
Other current liabilities	4,452	4,394
Total current liabilities	44,975	42,742
Deferred revenues	52,280	51,362
Long-term debt	1,602	1,664
Other long-term liabilities	16,911	17,367
Total liabilities	115,768	113,135
Commitments and contingencies (Note 9)		
Noncontrolling interests subject to put provisions	168	219
Stockholders' equity:		
Undesignated preferred stock: par value $0.001, 5,000,000 shares authorized; no shares issued and outstanding as of June 30, 2016 and December 31, 2015	—	—
Common stock: par value $0.001, 100,000,000 shares authorized; 65,443,862 and 64,873,038 shares issued as of June 30, 2016 and December 31, 2015, respectively	65	64
Additional paid-in capital	621,395	612,487
Accumulated deficit	(405,838)	(402,830)
Accumulated other comprehensive loss	(4,250)	(4,031)
Treasury stock, at cost: 901,013 and 822,059 shares as of June 30, 2016 and December 31, 2015, respectively	(15,334)	(13,864)
Total NxStage Medical, Inc. stockholders' equity	196,038	191,826
Noncontrolling interests not subject to put provisions	1,722	1,694
Total stockholders' equity	197,760	193,520
Total liabilities and stockholders' equity	$ 313,696	$ 306,874

See accompanying notes to these condensed consolidated financial statements.

NXSTAGE MEDICAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(In thousands, except per share data)			
Revenues	$ 92,207	$ 80,316	$ 181,414	$ 159,798
Cost of revenues	53,784	49,452	106,474	98,808
Gross profit	38,423	30,864	74,940	60,990
Operating expenses:				
Selling and marketing	16,116	14,518	31,370	29,066
Research and development	7,961	6,622	15,115	12,496
Distribution	7,015	6,255	14,068	12,626
General and administrative	8,511	8,585	16,542	17,497
Total operating expenses	39,603	35,980	77,095	71,685
Loss from operations	(1,180)	(5,116)	(2,155)	(10,695)
Other income (expense):				
Interest expense, net	(288)	(242)	(529)	(483)
Other (expense) income, net	(409)	37	(641)	301
	(697)	(205)	(1,170)	(182)
Net loss before income taxes	(1,877)	(5,321)	(3,325)	(10,877)
Provision for income taxes	348	273	683	580
Net loss	(2,225)	(5,594)	(4,008)	(11,457)
Less: Net loss attributable to noncontrolling interests	(493)	(267)	(1,000)	(472)
Net loss attributable to stockholders of NxStage Medical, Inc.	$ (1,732)	$ (5,327)	$ (3,008)	$ (10,985)
Net loss per share, basic and diluted	$ (0.03)	$ (0.08)	$ (0.05)	$ (0.17)
Weighted-average shares outstanding, basic and diluted	64,428	63,288	64,302	63,059
Other comprehensive loss, net of tax	(1,280)	(154)	(219)	(930)
Total comprehensive loss	(3,505)	(5,748)	(4,227)	(12,387)
Less: Comprehensive loss attributable to noncontrolling interests	(493)	(267)	(1,000)	(472)
Total comprehensive loss attributable to stockholders of NxStage Medical, Inc.	$ (3,012)	$ (5,481)	$ (3,227)	$ (11,915)

See accompanying notes to these condensed consolidated financial statements.

NXSTAGE MEDICAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2016	2015
	(In thousands)	
Cash flows from operating activities:		
Net loss	$ (4,008)	$ (11,457)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	15,649	15,473
Stock-based compensation	5,394	6,590
Other	(561)	813
Changes in operating assets and liabilities:		
Accounts receivable	(4,980)	(2,315)
Inventory	(12,533)	(8,023)
Prepaid expenses and other assets	150	169
Accounts payable	2,785	(641)
Accrued expenses and other liabilities	276	(2,036)
Deferred revenues	991	(957)
Net cash provided by (used in) operating activities	3,163	(2,384)
Cash flows from investing activities:		
Cash paid for acquisitions, net of cash acquired	(513)	—
Purchases of property and equipment	(5,466)	(4,181)
Net cash used in investing activities	(5,979)	(4,181)
Cash flows from financing activities:		
Issuance of shares under stock incentive plans, net of payroll taxes paid	1,897	1,974
Investment by noncontrolling interest holder	979	471
Proceeds from loans and lines of credit	—	1,275
Repayments on loans and lines of credit	(156)	(44)
Repayments on capital leases	(803)	(722)
Net cash provided by financing activities	1,917	2,954
Foreign exchange effect on cash and cash equivalents	293	(923)
Decrease in cash and cash equivalents	(606)	(4,534)
Cash and cash equivalents, beginning of period	59,065	52,884
Cash and cash equivalents, end of period	$ 58,459	$ 48,350

See accompanying notes to these condensed consolidated financial statements.

NXSTAGE MEDICAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Nature of Operations, Basis of Presentation and Principles of Consolidation

Nature of Operations

We are a medical technology company that develops, manufactures and markets innovative products and services for patients suffering from chronic or acute kidney failure. Our primary product, the System One, was designed to satisfy an unmet clinical need for a system capable of delivering the therapeutic flexibility and clinical benefits of traditional dialysis machines in a smaller, portable, easy-to-use form that can be used by healthcare professionals and trained lay users alike in a variety of settings, including patient homes, as well as more traditional care settings such as hospitals and dialysis centers. Given its design, the System One is particularly well-suited for home hemodialysis and a range of dialysis therapies that are more practical to deliver in the home setting, including more frequent hemodialysis and nocturnal hemodialysis. Clinical literature suggests such therapies provide patients better clinical outcomes and improved quality of life. We also operate several recently opened NxStage Kidney Care dialysis centers, independently and in some instances as joint ventures, that treat end-stage renal disease (ESRD) patients directly. Although small in scale, these centers provide us with valuable experience as a service provider to better meet and anticipate the needs of both our customers and patients, while optimizing our product technology. In addition, these centers provide us with the opportunity to innovate and foster new care delivery models to advance the standard of renal care across other markets, including skilled nursing facilities. More specifically, at NxStage Kidney Care we offer a range of treatment options, including home hemodialysis, peritoneal dialysis and in-center hemodialysis, including with our System One. These centers also help us to devise best practices for successful home dialysis programs and provide sites for future clinical trials. We are headquartered in Lawrence, Massachusetts, with manufacturing facilities in Mexico, Germany and Italy. Through our international network of affiliates and distribution partners, patients in over 23 countries have been treated with our products.

Basis of Presentation

The accompanying condensed consolidated financial statements as of June 30, 2016 and December 31, 2015 and for the three and six months ended June 30, 2016 and 2015 , and related notes, are unaudited but, in the opinion of our management, include all adjustments, consisting of normal recurring adjustments, that are necessary for fair statement of the interim periods presented. Our unaudited condensed consolidated financial statements have been prepared following the requirements of the Securities and Exchange Commission (SEC) for interim reporting. As permitted under these rules, we have condensed or omitted certain footnotes and other financial information that are normally required by U.S. generally accepted accounting principles (GAAP). Our accounting policies are described in the notes to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2015 (2015 Annual Report) and updated, as necessary, in this Quarterly Report on Form 10-Q. Operating results for any interim period are not necessarily indicative of results for the entire year or future periods. The December 31, 2015 condensed consolidated balance sheet contained herein was derived from audited financial statements, but does not include all disclosures that would be required for audited financial statements under GAAP. For further information, refer to the consolidated financial statements and footnotes thereto included in our 2015 Annual Report.

The preparation of our condensed consolidated financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

Our condensed consolidated financial statements include the accounts of NxStage Medical, Inc. and our wholly-owned subsidiaries and other entities in which we maintain a majority voting interests or for which we maintain effective control, including variable interest entities (VIEs) for which we are deemed the primary beneficiary. All significant intercompany balances and transactions have been eliminated. Noncontrolling interests represent the proportionate equity interests in the consolidated entities that are not wholly owned by us. Noncontrolling interests of acquired entities are recognized at their initial fair value.

2. Summary of Significant Accounting Policies

Concentration of Credit Risk

Concentration of credit risk with respect to accounts receivable is primarily limited to certain customers to whom we make substantial sales. No single customer represented more than 10% of accounts receivable at June 30, 2016 . One customer represented 12% of accounts receivable at December 31, 2015 .

Warranty Costs

We accrue estimated costs that we may incur under our product warranty programs at the time the product revenue is recognized, based on contractual rights and historical experience. Warranty expense is included in cost of revenues in the condensed consolidated statements of comprehensive loss. The following is a rollforward of our warranty accrual (in thousands):

Balance at December 31, 2015	$	389
Provision		233
Usage		(243)
Balance at June 30, 2016	$	379

Recent Accounting Pronouncements

Recently Implemented Accounting Pronouncements

In April 2015, the FASB issued ASU No. 2015-5, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): "Customer's Accounting for Fees Paid in a Cloud Computing Arrangement." Under this standard, if a cloud computing arrangement includes a software license, the software license element of the arrangement should be accounted for consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the arrangement should be accounted for as a service contract. The update was effective for us beginning January 1, 2016. The adoption of this standard did not impact our financial statements.

In September 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805): "Simplifying the Accounting for Measurement-Period Adjustments". The new standard requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined and sets forth new disclosure requirements related to the adjustments. The new standard was effective for us beginning January 1, 2016. The adoption of this standard did not impact our financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU No. 2014-9: “Revenue from Contracts with Customers,” which provides guidance for revenue recognition. The standard’s core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new guidance initially was effective for us beginning January 1, 2017, but on July 9, 2015 the FASB deferred the effective date and, as a result, the new guidance is effective for us beginning January 1, 2018. Companies may adopt the new revenue standard as of the original effective date. We are currently evaluating the method of adoption and the potential impact this standard will have on our financial statements.

In July 2015, the FASB issued ASU No. 2015-11, Inventory (Topic 330): "Simplifying the Measurement of Inventory." The update requires that an entity should measure in scope inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The amendments will be effective for us beginning January 1, 2017. The adoption of this update is not expected to have an impact on our financial statements.

In February 2016, the FASB issued ASU No. 2016-02: "Accounting for Leases" which amends the existing accounting standards for leases. The new standard requires lessees to record a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than twelve months. For lessees, leases will continue to be classified as either operating or financing in the income statement. This ASU is required to be applied with a modified retrospective approach and requires application of the new standard at the beginning of the earliest comparative period presented. The new guidance is effective for us beginning January 1, 2019 and early adoption is permitted. We are currently evaluating the potential impact this standard will have on our financial statements.

In March 2016, the FASB issued ASU No. 2016-09, “Improvements to Employee Share-Based Payment Accounting,” which simplifies several aspects of the accounting for employee share-based payment transactions for both public and nonpublic entities, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. The new guidance is effective for us beginning January 1, 2017 and early adoption is permitted. We are currently evaluating the method of adoption and the potential impact this standard will have on our financial statements and related disclosure.

3. Inventory

Inventory includes material, labor and overhead, and is stated at lower of cost (first-in, first-out) or market. The components of inventory are as follows (in thousands):

	June 30, 2016	December 31, 2015
Purchased components	$ 14,973	$ 15,294
Work in process	13,255	10,080
Finished goods	13,081	13,017
Total	$ 41,309	$ 38,391

4. Property and Equipment and Field Equipment

Accumulated depreciation on property and equipment was $42.6 million and $36.9 million at June 30, 2016 and December 31, 2015 , respectively. Accumulated depreciation on field equipment was $46.3 million and $44.1 million at June 30, 2016 and December 31, 2015 , respectively.

5. Intangible Assets

Accumulated amortization of intangible assets was $23.9 million and $22.9 million at June 30, 2016 and December 31, 2015 , respectively.

6. Net Loss per Share

Basic net loss per share is computed by dividing loss attributable to NxStage Medical, Inc. common stockholders (the numerator) by the weighted-average number of common shares outstanding (the denominator) for the period. The computation of diluted loss per share is similar to basic loss per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued.

The following potential common stock equivalents, as calculated using the treasury stock method, were not included in the computation of diluted net loss per share as their effect would have been anti-dilutive due to the net loss incurred (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Options to purchase common stock	550	752	529	824
Unvested restricted stock units	335	405	369	368
Total	885	1,157	898	1,192

7. Accrued Expenses, Other Current Liabilities and Other Long-Term Liabilities

The components of accrued expenses are as follows (in thousands):

	June 30, 2016	December 31, 2015
Payroll, compensation and related benefits	$ 12,411	$ 14,061
Distribution expenses	3,525	3,465
General and administrative expenses	2,334	2,309
Other manufacturing costs	2,458	2,097
Other	5,888	5,334
Total	$ 26,616	$ 27,266

The components of other current liabilities are as follows (in thousands):

	June 30, 2016	December 31, 2015
Capital lease obligations	$ 2,058	$ 2,184
Deferred revenue, current portion	1,609	1,363
Other	785	847
Total	$ 4,452	$ 4,394

The components of other long-term liabilities are as follows (in thousands):

	June 30, 2016	December 31, 2015
Capital lease obligations	$ 10,580	$ 10,815
Lease incentive obligations	3,379	3,743
Benefit plan obligations	1,747	1,681
Other	1,205	1,128
Total	$ 16,911	$ 17,367

8. Segment Disclosures

We have three reportable business segments: System One, In-Center, and Services and an Other category. The operating results of NxStage Kidney Care are included in our Services segment. We refer to our System One segment, In-Center segment, and Other category as our products business. We distribute our products in three markets: home, critical care and in-center.

Our System One segment includes revenues from the sale and rental of the System One and PureFlow SL dialysate preparation equipment and the sale of disposable products to customers, including NxStage Kidney Care, in the home and critical care markets. The home market is devoted to the treatment of ESRD patients in the home or a home-like setting, while the critical care market is devoted to the treatment of hospital-based patients with acute kidney failure or fluid overload. Some of our largest customers in the home market provide outsourced renal dialysis services to some of our customers in the critical care market. Sales of products to both markets are made primarily through dedicated sales forces and distributed directly to the customer, or the patient, with certain products sold through distributors.

Our In-Center segment includes revenues from the sale of blood tubing sets and needles for hemodialysis primarily for the treatment of ESRD patients at dialysis centers and needles for apheresis. Nearly all In-Center products are sold through national distributors.

The remainder of our products business, which is included within the Other category, relates to the manufacturing of dialyzers for sale to Asahi Kasei Kuraray Medical Co., Ltd. (Asahi) and research and development and general and administrative expenses that are excluded from the segment operating performance measures.

Our Services segment includes revenues from dialysis services provided to patients at our NxStage Kidney Care dialysis centers. Sales of the System One and related products to our NxStage Kidney Care dialysis centers are included in System One segment revenues, which are then eliminated upon consolidation.

The accounting policies of our reportable segments are described in Note 2 to the consolidated financial statements included in our 2015 Annual Report and updated, as necessary, in Note 2 to the condensed consolidated financial statements included in this Quarterly Report. Our chief operating decision maker allocates resources to our business segments and assesses segment performance based on segment profit (loss), which consists of revenues less cost of revenues, selling and marketing and distribution expenses.

The following summarizes the operating performance of our reportable segments (in thousands):

	System One	In-Center	Other	Services	Intersegment Elimination	Total
Three Months Ended June 30, 2016						
Revenues from external customers	$ 67,954	$ 16,731	$ 3,408	$ 4,114	$ —	$ 92,207
Intersegment revenues	1,893	—	—	—	(1,893)	—
Revenues	69,847	16,731	3,408	4,114	(1,893)	92,207
Segment profit (loss)	17,945	3,133	(16,089)	(5,949)	(220)	(1,180)
Depreciation and amortization	5,271	495	1,134	1,013	—	7,913
Three Months Ended June 30, 2015						
Revenues from external customers	$ 58,752	$ 18,563	$ 1,857	$ 1,144	$ —	$ 80,316
Intersegment revenues	668	—	—	—	(668)	—
Revenues	59,420	18,563	$ 1,857	1,144	(668)	80,316
Segment profit (loss)	13,518	3,155	(15,718)	(6,071)	—	(5,116)
Depreciation and amortization	5,208	547	1,208	830	—	7,793
Six Months Ended June 30, 2016						
Revenues from external customers	$ 135,527	$ 33,497	$ 5,589	$ 6,801	$ —	$ 181,414
Intersegment revenues	3,623	—	—	—	(3,623)	—
Revenues	139,150	33,497	5,589	6,801	(3,623)	181,414
Segment profit (loss)	36,169	5,692	(30,656)	(12,970)	(390)	(2,155)
Depreciation and amortization	10,455	989	2,227	1,978	—	15,649
Six Months Ended June 30, 2015						
Revenues from external customers	$ 117,850	$ 36,430	$ 3,704	$ 1,814	$ —	$ 159,798
Intersegment revenues	1,150	—	—	—	(1,150)	—
Revenues	119,000	36,430	$ 3,704	1,814	(1,150)	159,798
Segment profit (loss)	26,492	5,332	(30,666)	(11,853)	—	(10,695)
Depreciation and amortization	10,498	1,020	2,419	1,536	—	15,473

Substantially all of our revenues are derived from the sale of the System One and related products that cannot be used with any other dialysis system, and from needles and blood tubing sets in the U.S.

The following table summarizes the number of customers who individually make up greater than ten percent of total revenues:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
DaVita	20%	21%	20%	21%
Fresenius	18%	17%	17%	17%

Sales to DaVita HealthCare Partners Inc. (DaVita) and Fresenius Medical Care (Fresenius) are in the System One segment.

9. Commitments and Contingencies

Significant commitments and contingencies at June 30, 2016 are consistent with those discussed in Note 10 to the consolidated financial statements in our 2015 Annual Report.

10. Income Taxes

The provision for income taxes of $0.4 million and $0.3 million during the three months ended June 30, 2016 and 2015 , respectively, and $0.7 million and $0.6 million during the six months ended June 30, 2016 and 2015 , respectively, relates to the profitable operations of certain foreign subsidiaries.

As of June 30, 2016 , we had a liability for unrecognized tax benefits included in the balance sheet of approximately $0.4 million , including a nominal accrual for interest and penalties of less than $0.1 million . There have been no significant changes to these amounts during the three and six months ended June 30, 2016 .

11. Stock-Based Compensation

Stock-based Compensation Expense

The following table presents stock-based compensation expense included in our condensed consolidated statements of comprehensive loss (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015

Cost of revenues	$ 362	$ 242	$ 742	$ 507
Selling and marketing	951	1,151	1,781	2,530
Research and development	409	423	804	928
General and administrative	1,058	1,047	2,067	2,625
Total	$ 2,780	$ 2,863	$ 5,394	$ 6,590

Stock Options and Restricted Stock Units

The Company granted options to purchase 141,515 and 147,007 shares of common stock during the three months ended June 30, 2016 and 2015 , respectively, and options to purchase 1,314,000 and 1,061,554 shares of common stock during the six months ended June 30, 2016 and 2015 , respectively, which vest based on continued employment over a period of one to four years. The weighted-average fair value of options granted during the six months ended June 30, 2016 and 2015 was $5.84 and $6.13 per option, respectively.

The Company awarded 42,440 and 16,355 restricted stock units during the three months ended June 30, 2016 and 2015 , respectively, and 196,466 and 139,181 restricted stock units during the six months ended June 30, 2016 and 2015 , respectively, which vest based on continued employment over a period of three to four years. The weighted-average fair value of these restricted stock units awarded during the six months ended June 30, 2016 and 2015 was $16.75 and $16.94 per unit, respectively.

In March 2016, the Compensation Committee of our Board of Directors approved the grant of up to 434,850 restricted stock units subject to the achievement of certain Company financial performance metrics for the year ending December 31, 2016 . The restricted stock units, if earned, vest over a requisite service period of three years and have an average fair value of $15.57 per unit.

12. Stockholders' Equity

We received 78,954 and 43,506 shares of common stock that were surrendered in payment for the exercise of stock options during the six months ended June 30, 2016 and 2015 , respectively.

13. Noncontrolling Interest

Noncontrolling interests represent the third-party equity ownership interests in consolidated entities for which we have effective control, including VIEs for which we are deemed the primary beneficiary.

We assess the terms of our investment interests to determine if any of our investees meet the definition of a VIE. For any VIEs, we perform an analysis to determine whether our variable interests give us a controlling financial interest in a VIE. The analysis identifies the primary beneficiary of a VIE as the enterprise that has both 1) the power to direct activities of a VIE that most significantly impact the entity’s economic performance and 2) the obligation to absorb losses of the entity or the right to receive benefits from the entity.

As of June 30, 2016 , we have 7 VIEs included in our consolidated financial statements all of which are NxStage Kidney Care dialysis centers. We are the managing member or we have a majority seat on the entity’s board of managers, manage these entities through a management services agreement, and, together with our joint venture partners, provide operating and capital funding as necessary for the entities to accomplish their operational and strategic objectives which transfer substantial power over and economic responsibility for the entities to us.

The analysis upon which these consolidation determinations rest is complex, involves uncertainties, and requires significant judgment on various matters. At June 30, 2016 and December 31, 2015 , total assets of our VIEs were $11.2 million and $11.0 million , and total liabilities and noncontrolling interests of our VIEs were $9.5 million and $10.2 million , respectively.

We have potential obligations to purchase the noncontrolling interests held by third parties in certain of our consolidated subsidiaries. These obligations are in the form of put provisions and are exercisable at the third-party owners' discretion given specific facts and circumstances as outlined in each subsidiary's operating agreement. If these put provisions were exercised,

we would be required to purchase all the third-party owners' noncontrolling interests at a fair value at the time of exercise pursuant to the terms of the agreement. For the three and six months ended June 30, 2016 the Company's noncontrolling interests subject to put provisions were $0.2 million and none of the rights were exercisable.

The following table sets forth the changes in noncontrolling interest not subject to put provisions for the three and six months ended June 30, 2016 and 2015 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Balance at beginning of period	$ 1,500	$ 883	$ 1,694	$ 1,088
Capital contributions by noncontrolling interest	—	263	300	263
Sales of noncontrolling interests	679	208	679	208
Net loss attributable to noncontrolling interest in consolidated subsidiary	(457)	(267)	(951)	(472)
Balance at end of period	$ 1,722	$ 1,087	$ 1,722	$ 1,087

14 . Derivative Instruments and Hedging

We operate manufacturing and service facilities in Mexico, Germany, and Italy, and we purchase materials and pay our employees at those facilities in pesos and euros, and as such, we are potentially exposed to adverse as well as beneficial movements in currency exchange rates. We enter into foreign exchange forward contracts to minimize the impact of currency exchange rate fluctuations on these peso and euro denominated expenses. These contracts have a duration of up to twelve months and are designated as cash flow hedges. The counterparties to these foreign exchange forward contracts are creditworthy financial institutions; therefore, we do not consider the risk of counterparty nonperformance to be material. As of June 30, 2016 and December 31, 2015 , the notional amount of our outstanding contracts that are designated as cash flow hedges was $21.0 million and $22.1 million , respectively. The fair value of these contracts is recorded on the balance sheet within prepaid expenses and other current assets or accrued expenses depending on the gain (loss) position. The fair value of these contracts was a net liability of $1.0 million and $1.1 million at June 30, 2016 and December 31, 2015 , respectively. The cash flows related to our currency exchange contracts are classified as operating cash flows, which is consistent with the cash flow treatment of the underlying items being hedged.

Gains or losses related to hedge ineffectiveness recognized in earnings were not material during the six months ended June 30, 2016 and 2015 . Given the short-term nature of our contracts, any gains or losses recorded within accumulated other comprehensive income (loss) will be recognized in earnings within the next twelve months.

The following table presents the effect of these contracts designated as cash flow hedges on our condensed consolidated financial statements (in thousands):

	Gain (Loss) Recognized in OCI (Effective Portion)	Gain (Loss) Reclassified from OCI into Income (Effective Portion)	Classification within the Condensed Consolidated Statement of Comprehensive Loss
Three Months Ended June 30, 2016			
Foreign exchange forward contracts	$ (1,135)	$ (362)	Cost of revenues
Six Months Ended June 30, 2016			
Foreign exchange forward contracts	$ (952)	$ (1,049)	Cost of revenues
Three Months Ended June 30, 2015			
Foreign exchange forward contracts	$ (386)	$ (206)	Cost of revenues
Six Months Ended June 30, 2015			
Foreign exchange forward contracts	$ (731)	$ (684)	Cost of revenues

15. Accumulated Other Comprehensive (Loss) Income

The following additional information is provided with respect to the accumulated other comprehensive (loss) income as presented on the condensed consolidated balance sheets (in thousands):

	Unrealized gain (loss) on derivative instruments	Other (2)	Total
Balance, net of tax, as of December 31, 2015	$ (1,483)	$ (2,548)	$ (4,031)
Other comprehensive loss before reclassifications	(952)	(316)	(1,268)
Loss reclassified to earnings (1)	1,049	—	1,049
Total other comprehensive income (loss)	97	(316)	(219)
Balance, net of tax, as of June 30, 2016	$ (1,386)	$ (2,864)	$ (4,250)

(1) Reclassifications of gains (losses) on derivative instruments are included in cost of revenues on the consolidated statement of comprehensive loss. See Note 14 , *Derivative Instruments and Hedging* for further information.

(2) Other includes cumulative translation adjustments and, to a lesser extent, pension benefits.

16. Fair Value Measurements

We have certain financial assets and liabilities measured at fair value on a recurring and non-recurring basis recorded in our condensed consolidated balance sheets. The fair value measurements used are based on quoted prices, when available, or through the use of alternative approaches. The inputs used to determine fair value have been classified as Level 1, 2 or 3. Fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves for similar instruments and model-derived valuations whose inputs are observable. Fair values determined by Level 3 inputs utilize unobservable data points for the asset or liability.

We measure the fair value of our foreign exchange forward contracts classified as derivative instruments using an income approach, based on prevailing market forward rates less the contract rate multiplied by the notional amount. The product of this calculation is then adjusted for counterparty risk.

We did not have any transfers between Level 1 and Level 2 and Level 3 during the six months ended June 30, 2016 .

The following table presents assets and liabilities measured at fair value on a recurring basis and their level within the value hierarchy (in thousands):

June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets				
Money market funds (1)	$ 34,785	$ —	$ —	$ 34,785
Foreign exchange forward contracts (2)	—	47	—	47
Liabilities				
Foreign exchange forward contracts (2)	$ —	$ 1,058	$ —	$ 1,058

December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets				
Money market funds (1)	$ 34,776	$ —	$ —	$ 34,776
Foreign exchange forward contracts (2)	—	51	—	51
Liabilities				
Foreign exchange forward contracts (2)	$ —	$ 1,192	$ —	$ 1,192

(1) Money market funds are included within cash and cash equivalents.

(2) Foreign exchange forward contracts are included within prepaid expenses and other current assets or accrued expenses depending on the gain (loss) position.

The carrying amount of our long-term debt approximates fair value at June 30, 2016 and December 31, 2015 . The fair value of our long-term debt was estimated using inputs derived principally from market observable data, including current rates offered to us for debt of the same or similar remaining maturities. Within the hierarchy of fair value measurements, these are Level 2 inputs.

The carrying amounts reflected in the consolidated balance sheets for cash and cash equivalents (including money market funds), accounts receivable, prepaid expenses and other current and non-current assets, accounts payable and accrued expenses approximate fair value due to their short-term nature.

17. Supplemental Cash Flow Information

The following additional information is provided with respect to the condensed consolidated statements of cash flows (in thousands):

	Six Months Ended June 30,	
	2016	2015
Noncash Investing and Financing Activities:		
Transfers from inventory to field equipment	$ 10,267	$ 8,772
Transfers from field equipment to deferred cost of revenues	7,136	6,268
Payment of corporate bonus in common stock	—	1,103
Market value of shares received in payment for exercise of stock options	1,470	745
Construction-in-process financed by construction liability	—	669
Property and equipment acquired under capital lease	—	354

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Cautionary Note Regarding Forward Looking Statements

The following discussion should be read with our unaudited condensed consolidated financial statements and notes included in Part I, Item 1 of this Quarterly Report, as well as the audited financial statements and notes and “Management's Discussion and Analysis of Financial Condition and Results of Operations” for the year ended December 31, 2015 , included in our 2015 Annual Report.

This Quarterly Report and certain information incorporated by reference herein contain forward-looking statements concerning our business, operations and financial condition, including statements with respect to:

- the growth of our business;
- the ability of our product pipeline and other initiatives to help us expand existing markets and enter new ones;
- achieving greater operating leverage and improved financial results in the future;
- expectations about the profitability of our products business and company as a whole;
- financial performance of our NxStage Kidney Care dialysis centers and our continued investments in them;
- estimates of the number of end-stage renal disease (ESRD) patients that could be treated at home with the System One;
- our strategic initiatives to grow home hemodialysis adoption, expand globally, enhance our product offerings, expand into high growth adjacencies and enter the peritoneal dialysis market and their ability to unlock market opportunity;
- access to home and more frequent hemodialysis;
- the market opportunity within and outside the U.S.;
- the development and commercialization of new products and improvements to existing products;
- sales to our key customers, including DaVita HealthCare Partners Inc. and Fresenius Medical Care;
- the adequacy of our funding;
- expectations with respect to future demand for our products and revenue growth and the components of such revenue growth;
- future financial results for our System One, In-Center and Services segments and total company;
- expectation of sustaining gross profit as a percentage of revenue in our System One segment above 50%;
- future selling and marketing, research and development, distribution, and general and administrative expenses;
- our manufacturing operations and supply chain;
- expectations with respect to our working capital levels and requirements;
- global economic conditions;
- the timing and cost of our remediation efforts concerning a software anomaly affecting certain System One cyclers;
- expectations with respect to achieving positive operating margins and positive cash flows;
- volatility of our stock price;
- expectations with respect to product reliability;
- anticipated benefits of manufacturing dialyzers for sale to Asahi Kasei Kuraray Medical Co. (Asahi) and future sales to Asahi;
- expected impact of changes to accounting standards and policies;
- the availability of, and impact of changes in, reimbursement for home and more frequent hemodialysis, including home nocturnal hemodialysis; and
- the financial, commercial and operational impact of any of the above.

All statements other than statements of historical facts included in this Quarterly Report regarding our strategies, prospects, financial condition, costs, plans and objectives are forward-looking statements. When used in this Quarterly Report, the words “expect”, “anticipate”, “intend”, “plan”, “believe”, “seek”, “estimate”, “potential”, “continue”, “predict”, “may”, "will" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Because these forward-looking statements involve risks and uncertainties, actual results could differ materially from those expressed or implied by these forward-looking statements.

Readers should carefully review the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in this Quarterly Report, as these sections describe important factors that could cause actual results to differ materially from those indicated by our forward-looking statements. We undertake no obligation to revise or update publicly any forward-looking statement.

Introduction

We are a medical technology company that develops, manufactures and markets innovative products and services for patients suffering from chronic or acute kidney failure. Since our initial public offering in 2005, we have built a strong business that we believe serves as a solid foundation for future growth. As a leader in home hemodialysis, we remain committed to not only growing this and our other existing markets, but also expanding to new markets, including skilled nursing facilities, where we believe our current and future technology has the ability to deliver value for both patients and our customers.

We report our operating results through three segments: System One, In-Center and Services. We sell our products in and provide our services to three markets: home, critical care and in-center. Our other business activities excluded from segment operating performance measures are reported in an Other category. The operating results of NxStage Kidney Care are included in our Services segment. For convenience, we use the term “products business” to refer collectively to our System One segment, In-Center segment, and Other category.

Segment and Market Highlights

Our customers in the System One segment are highly concentrated. DaVita and Fresenius own and operate the two largest chains of dialysis centers in the U.S. Collectively, they provide treatment to more than approximately two-thirds of U.S. dialysis patients and a similar portion of our home patients, and account for the majority of our System One segment revenues. Increased sales to DaVita and Fresenius have driven a large portion of our historical revenue growth and will be important to future growth. Our home market agreements with DaVita and Fresenius are intended to support the continued expansion of patient access to home hemodialysis with the System One, but like all our agreements with home market customers, these agreements are not requirements contracts and contain no minimum purchase volumes. Our home market agreement with DaVita extends through December 31, 2018, with monthly renewals thereafter unless terminated by either party with 30 days’ prior notice. Our home market agreement with Fresenius expires at the end of 2016 and is similarly designed to have evergreen renewals unless we and Fresenius choose to modify the terms with an amendment or new agreement providing for purchases under a different structure.

Our In-Center segment revenues are highly concentrated in several significant purchasers. Gambro AB (a subsidiary of Baxter International, Inc.) accounted for 20% and 35% of our In-Center segment revenues for the three months ended June 30, 2016 and 2015 , respectively, and 23% and 40% for the six months ended June 30, 2016 and 2015 , respectively, with all of Gambro's sales of our products being to DaVita. We expect to see a decline in our In-Center revenue as a result of an expected reduction in blood tubing sales to Gambro over the remainder of this year, compared to 2015. Henry Schein accounted for 22% and 23% of our In-Center segment revenues for the three months ended June 30, 2016 and 2015 , respectively, and 24% and 21% for the six months ended June 30, 2016 and 2015 , respectively.

We offer certain distributors rebates based on sales to specific end users. Our revenues are presented net of these rebates. For our System One segment, as of June 30, 2016 , we had $2.8 million reserved against trade accounts receivable for future distributor rebates and recorded $3.5 million and $2.5 million during the three months ended June 30, 2016 and 2015 , respectively, and $7.2 million and $5.0 million during the six months ended June 30, 2016 and 2015 , respectively, as a reduction of revenues in connection with distributor rebates. For the In-Center segment, as of June 30, 2016 , we had $2.4 million reserved against trade accounts receivable for future estimated distributor rebates and recorded $1.8 million and $2.1 million during the three months ended June 30, 2016 and 2015 , respectively, and $3.4 million and $4.1 million during the six months ended June 30, 2016 and 2015 , respectively, as a reduction of revenues in connection with distributor rebates.

Our Services segment revenues are derived from open centers treating patients and will fluctuate based on payor mix, patient volume and timing of certain payments. Sales of the System One and related products to our NxStage Kidney Care dialysis centers are included in System One segment revenues, and more specifically home market revenues, which are then eliminated upon consolidation.

Financial Performance

The table below provides a summary of the financial results for the products business (which includes the results of our System One segment, In-Center segment and Other category) and Services segment and in total (in thousands, except percentages). For detail below this summary level, please see further segment discussion below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Products Business (System One Segment, In-Center Segment & Other)				
Revenues	$ 89,986	$ 79,840	$ 178,236	$ 159,134
Gross profit	$ 42,097	$ 34,781	$ 83,433	$ 68,487
Gross margin percentage	47%	44%	47%	43%
Income from operations	$ 4,989	$ 955	$ 11,205	$ 1,158
Services				
Revenues	$ 4,114	$ 1,144	$ 6,801	$ 1,814
Gross profit	$ (3,454)	$ (3,917)	$ (8,103)	$ (7,497)
Gross margin percentage	n/a	n/a	n/a	n/a
Loss from operations	$ (5,949)	$ (6,071)	$ (12,970)	$ (11,853)
Eliminations				
Elimination of intersegment revenues	$ (1,893)	$ (668)	$ (3,623)	$ (1,150)
Elimination of intersegment gross profit	$ (220)	$ —	$ (390)	$ —
Total Company				
Revenues	$ 92,207	$ 80,316	$ 181,414	$ 159,798
Gross profit	$ 38,423	$ 30,864	$ 74,940	$ 60,990
Gross margin percentage	42%	38%	41%	38%
Loss from operations	$ (1,180)	$ (5,116)	$ (2,155)	$ (10,695)

For several years, we have focused on operating and financial improvements. During the three and six months ended June 30, 2016 these efforts resulted in revenues increasing by 15% to $92.2 million and by 14% to $181.4 million , respectively, versus the prior year comparable periods with sales in the home and critical care markets each driving growth. Driving continued improvements will remain an area of focus in 2016 and beyond within our products business and, at the same time, we expect to continue making significant investments in our Services segment. We expect that these investments will have a negative impact on our total operating performance in the near term and may offset performance improvements we expect in our products business.

Comparison of the Three and Six Months Ended June 30, 2016 and 2015

Revenues

Our revenues for the three and six months ended June 30, 2016 and 2015 were as follows (in thousands, except percentages):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016		2015		2016		2015	
System One segment								
Home	$ 51,102	56 %	$ 44,789	56 %	$ 100,638	56 %	$ 88,287	55 %
Critical Care	18,745	20 %	14,631	18 %	38,512	21 %	30,713	19 %
Total System One segment	69,847	76 %	59,420	74 %	139,150	77 %	119,000	74 %
In-Center segment	16,731	18 %	18,563	23 %	33,497	18 %	36,430	23 %
Other	3,408	4 %	1,857	2 %	5,589	3 %	3,704	3 %
Products subtotal	89,986	98 %	79,840	99 %	178,236	98 %	159,134	100 %
Services segment	4,114	4 %	1,144	2 %	6,801	4 %	1,814	1 %
Elimination of intersegment revenues	(1,893)	(2)%	(668)	(1)%	(3,623)	(2)%	(1,150)	(1)%
Total	$ 92,207	100 %	$ 80,316	100 %	$ 181,414	100 %	$ 159,798	100 %

In the home market, revenues increased $6.3 million , or 14% and $12.4 million , or 14% for the three and six months ended June 30, 2016 versus the prior year comparable periods, respectively, driven primarily by the increase in the number of patients prescribed to use the System One both in the U.S. and internationally. We expect future demand for our products and revenue

growth in the home market to be strong as we further penetrate this market, both in the U.S. and internationally, and leverage the annuity nature of our business. We further expect that our System One segment revenue will be susceptible to fluctuations in equipment sales, changes in inventory levels at our international distributors and changes in currency exchange rates.

Critical Care market revenues increased $4.1 million , or 28% and $7.8 million , or 25% during the three and six months ended June 30, 2016 versus the prior year comparable period, respectively, driven by higher sales of System One disposables and equipment. We expect future demand for our products and revenue growth to be strong as we seek to further penetrate this market and leverage the annuity nature of our business. However, sales of our System One equipment in the critical care market may fluctuate due to timing of sales and the overall capital spending environment of our customers.

In-Center segment revenues decreased $1.8 million , or 10% , and $2.9 million , or 8% for the three and six months ended June 30, 2016 , versus the prior year comparable period, respectively, due to changing demand for our blood tubing sets from Gambro offset in part by variations in inventory management policies at both our distributors and end users. We anticipate In-Center segment revenues will continue to decrease over the remainder of this year due to changing demand for our blood tubing sets from Gambro.

Other revenues for the three and six months ended June 30, 2016 and 2015 relate to dialyzers sold to Asahi. The increase in revenues was due to increased volume, partially offset by unfavorable changes in currency exchange rates. Sales to Asahi may fluctuate due to timing of sales, inventory management policies at Asahi and changes in currency exchange rates.

Service segment revenues for the three and six months ended June 30, 2016 and 2015 relate to dialysis services provided to patients at our recently opened NxStage Kidney Care dialysis centers. We expect future revenues to increase modestly as we grow these new centers.

Gross Profit (Loss)

Our gross profit (loss) (in thousands, except as percentages of revenues) for the three and six months ended June 30, 2016 and 2015 were as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016		2015		2016		2015	
System One segment	$ 36,611	52%	$ 30,163	51%	$ 72,747	52%	$ 59,785	50%
In-Center segment	5,103	31%	5,129	28%	9,685	29%	9,375	26%
Other	383	11%	(511)	n/a	1,001	18%	(673)	n/a
Products subtotal	42,097	47%	34,781	44%	83,433	47%	68,487	43%
Services segment	(3,454)	n/a	(3,917)	n/a	(8,103)	n/a	(7,497)	n/a
Elimination of intersegment gross profit	(220)	n/a	—	n/a	$ (390)	n/a	$ —	n/a
Gross profit	$ 38,423	42%	$ 30,864	38%	$ 74,940	41%	$ 60,990	38%

Gross profit as a percentage of revenues for the System One segment improved versus the same period last year primarily driven by favorable product mix and contractual price improvements. We expect to sustain gross profit as a percentage of revenue in our System One segment above 50% as we continue to work to lower costs through process improvements, increase volume and improve our manufacturing operations.

Gross profit as a percentage of revenues for the In-Center segment increased for the three and six months ended June 30, 2016 , versus the prior year comparable period, driven primarily by product mix. We expect gross profit as a percentage of revenues will decrease as a result of lower volumes and changes in pricing and product mix.

The Other category relates to costs associated with the manufacturing of dialyzers for sale to Asahi, which should provide us with long-term cost efficiencies through increased dialyzer production volumes. In the first half of 2016, we received reimbursements from Asahi for $0.7 million related to additional startup costs incurred in 2015 with the build out of the manufacturing facility in Germany which was recorded as a reduction of cost of revenues.

The negative gross profit as a percentage of revenues incurred by our Services segment was driven by costs associated with the startup and support of our NxStage Kidney Care dialysis centers; however, the margin percentage improved versus the prior year comparable periods due to continued revenue growth. We expect the Services segment gross margin will continue to be negatively impacted by costs associated with the development and operation of our NxStage Kidney Care dialysis centers.

In aggregate, total company gross profit as a percentage of revenues will be negatively impacted by costs associated with our continued investment in our Services segment.

Selling and Marketing

Our selling and marketing expenses (in thousands, except as percentages of revenues) for the three and six months ended June 30, 2016 and 2015 were as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016		2015		2016		2015	
System One segment	$ 12,094	17%	$ 10,863	18%	$ 23,424	17%	$ 21,631	18%
In-Center segment	1,527	9%	1,501	8%	3,079	9%	3,079	8%
Services segment	2,495	n/a	2,154	n/a	4,867	n/a	4,356	n/a
Total Selling and marketing	$ 16,116	17%	$ 14,518	18%	$ 31,370	17%	$ 29,066	18%

Selling and marketing expenses increased $1.6 million , or 11% , and $2.3 million , or 8% for the three and six months ended June 30, 2016 versus the prior year comparable period, respectively, but remained relatively consistent as a percentage of revenues.

Selling and marketing expenses for the System One segment increased due to increased personnel and personnel-related costs but decreased as a percentage of revenues due to our ability to continue to leverage our infrastructure. Selling and marketing for the In-Center segment remained consistent both in dollar value as well as a percentage of revenue.

Selling and marketing expenses for our Services segment increased $0.3 million , or 16% , and $0.5 million , or 12% for the three and six months ended June 30, 2016 versus the prior year comparable period, respectively, due to increased expenses for personnel and other costs associated with our market development activities to establish, develop and operate our NxStage Kidney Care dialysis centers, including administrative support functions directly related to the startup and support of this initiative.

We anticipate that selling and marketing expenses will continue to increase but remain relatively consistent as a percentage of revenues in the near term.

Research and Development

Our research and development expenses (in thousands, except as percentages of revenues) for the three and six months ended June 30, 2016 and 2015 were as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016		2015		2016		2015	
Research and development	$ 7,961	9%	$ 6,622	8%	$ 15,115	8%	$ 12,496	8%

Research and development expenses increased for the three and six months ended June 30, 2016 versus the prior year comparable period. The increase was primarily due to increased personnel and personnel-related costs and increased project related spending.

For the near term, we expect research and development expenses will increase but remain consistent as a percentage of revenues as we seek to further develop and enhance the System One through our investment in our next-generation hemodialysis system, and invest in our peritoneal dialysis product development program to expand our product portfolio.

Distribution

Our distribution expenses (in thousands, except as percentages of revenues) for the three and six months ended June 30, 2016 and 2015 were as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016		2015		2016		2015	
System One segment	$ 6,572	9%	$ 5,782	10%	$ 13,154	9%	$ 11,662	10%
In-Center segment	443	3%	473	3%	914	3%	964	3%
Total Distribution	$ 7,015	8%	$ 6,255	8%	$ 14,068	8%	$ 12,626	8%

Distribution expenses increased $0.8 million , or 12% , and $1.4 million , or 11% for the three and six months ended June 30, 2016 versus the prior year comparable period, respectively, driven mainly by higher shipment volumes in the System One segment; however, it has remained relatively consistent as a percentage of revenues in both segments. We expect that distribution expenses will remain consistent as a percentage of revenues at least in the near term.

General and Administrative

Our general and administrative expenses (in thousands, except as percentages of revenues) for the three and six months ended June 30, 2016 and 2015 were as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016		2015		2016		2015	
General and administrative	$ 8,511	9%	$ 8,585	11%	$ 16,542	9%	$ 17,497	11%

General and administrative expenses remained consistent and decreased by $1.0 million , or 5% for the three and six months ended June 30, 2016 versus the prior year comparable period, respectively . The decrease for the six month period was primarily due to the suspension of the medical device tax, offset by increased personnel related costs and professional service fees. We expect general and administrative expenses as a percentage of revenue to decline modestly compared to prior periods as we continue to leverage our infrastructure, and as a result of the suspension of the medical device tax.

Other Expense

Interest expense includes interest costs and other fees related to our debt obligations, including capital leases.

Other (expense) income, net includes foreign currency gains and losses.

Provision for Income Taxes

The provision for income taxes of $0.4 million and 0.3 million during the three months ended June 30, 2016 and 2015 , respectively, and $0.7 million and $0.6 million during the six months ended June 30, 2016 and 2015 , respectively, relates to the profitable operations of certain foreign subsidiaries.

Liquidity and Capital Resources

We have operated at a loss since our inception in 1998. As of June 30, 2016 , our accumulated deficit was $405.8 million and we had cash and cash equivalents of $58.5 million , with substantially all of that cash located in the U.S., and working capital of $90.8 million .

Over the long term we expect to generate positive cash flow. We believe, based on current projections and the current nature of our business, that we have the required resources to fund our ongoing operating requirements, which include selling and marketing activities to increase public awareness of the System One, our research and development activities to develop new products and enhance our existing products, and our planned investments in NxStage Kidney Care. If we determine that additional investment in these or any other initiatives would be beneficial, we may choose to access the credit or capital markets to provide additional liquidity. However, we may not be successful in securing such additional financing.

Our ongoing cash requirements include funding normal working capital needs including inventory and field equipment assets. Field equipment assets include System One equipment rented to customers in the home market and our "service pool" of equipment, which is equipment owned and maintained by us that is swapped for equipment owned or rented by our customers that needs repair or maintenance. While a majority of our home market customers have committed to purchase, rather than rent, the significant majority of their future System One equipment requirements thereby reducing our working capital cash requirements, we may be unable to continue to expand or sustain this level of equipment placements that are purchased rather than rented. Additionally, any excess rental or service swap equipment would increase our working capital requirements.

We have a revolving credit facility with Capital One Financial Corporation and Silicon Valley Bank that allows for borrowing up to $35 million and expires in June 2019. Availability of credit is subject to a borrowing base that is calculated with reference to certain of our accounts receivable, inventory and equipment, and adjustments to such borrowing base are at the discretion of the lenders. The revolving credit facility requires that we comply with certain covenants while borrowings are outstanding, contains events of default customary for a transaction of this type and is secured by substantially all of our assets. As of June 30, 2016 , there were no outstanding borrowings under the revolving credit facility, we were in compliance with all applicable covenants and, subject to the lenders' adjustments described above, we had approximately $29 million of credit commitment available for borrowing.

We maintain post-employment benefit plans for employees in certain foreign subsidiaries. The plans provide lump sum benefits, payable based on statutory regulations for voluntary or involuntary termination. Where required, we obtain an annual actuarial valuation of the benefit plans. We have recorded a liability of $1.7 million at June 30, 2016 for costs associated with these plans. The expense recorded in connection with these plans was not significant during the period ended June 30, 2016 or 2015 .

The following table sets forth the components of our cash flows for the periods indicated (in thousands):

	Six Months Ended June 30,	
	2016	2015
Net cash provided by (used in) operating activities	$ 3,163	$ (2,384)
Net cash used in investing activities	(5,979)	(4,181)
Net cash provided by financing activities	1,917	2,954
Foreign exchange effect on cash and cash equivalents	293	(923)
Net cash flow	$ (606)	$ (4,534)

Net cash provided by (used in) operating activities . Net cash flows from operating activities improved by $5.5 million during the six months ended June 30, 2016 , versus the prior year comparable period, driven by improved net loss after adjustments for non-cash items such as depreciation and amortization and stock-based compensation partially offset by higher working capital requirements including timing of accounts receivable collections, and payments to our vendors. We expect working capital to fluctuate due to various factors including inventory requirements and timing of payments from our customers and to our vendors.

Cash flow from deferred revenues improved by $1.9 million during the six months ended June 30, 2016 versus the prior year comparable period, as a result of increased System One equipment sales. Amortization of deferred revenues into revenues relating to sales of home equipment was $8.8 million and $8.9 million during the six months ended June 30, 2016 and 2015 , respectively.

Net cash used in investing activities . For each of the periods above, net cash used in investing activities reflected purchases of property and equipment, primarily for the build-out of NxStage Kidney Care dialysis centers, coupled with expenditures for our manufacturing facilities as a result of our efforts to rationalize and expand our manufacturing operations, along with purchases of equipment for research and development and information technology. For the six months ended June 30, 2016 , cash used in investing activities also includes $0.5 million related to our 2015 acquisition of controlling interest in a dialysis center.

The increase of $1.3 million in purchases of property and equipment was driven primarily by spending associated with our NxStage Kidney Care dialysis centers and our manufacturing facilities. Capital expenditures for our Kidney Care centers were $2.9 million and $2.2 million during the six months ended June 30, 2016 and 2015 , respectively.

Net cash provided by financing activities . During the six months ended June 30, 2016 and 2015 we received $1.9 million and $2.0 million , respectively, of net cash flows from stock plan activities. Proceeds from stock incentive plans are subject to fluctuation based primarily on the number of options exercised and, to a lesser extent, the weighted-average exercise price. During the six months ended June 30, 2016 and 2015 , we received $1.0 million and $0.5 million , respectively, in investments by noncontrolling interest holders. Cash provided by financing activities during both 2016 and 2015 was reduced by cash used to pay our capital lease obligations.

Summary of Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. These items are regularly monitored and analyzed by management for changes in facts and circumstances, and material changes in these estimates could occur in the future. Changes in estimates are recorded in the period in which they become known. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ substantially from our estimates.

The significant accounting policies used in preparation of these condensed consolidated financial statements for the three and six months ended June 30, 2016 are described in Note 2 to the consolidated financial statements included in our 2015 Annual Report and updated as necessary in Note 2 to the condensed consolidated financial statements included in this Quarterly Report. The critical accounting policies and the significant judgments and estimates used in the preparation of our condensed consolidated financial statements for the three and six months ended June 30, 2016 are consistent with those described in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our 2015 Annual Report.

Recent Accounting Pronouncements

A discussion of recent accounting pronouncements is included in Note 2 to the consolidated financial statements included in our 2015 Annual Report and updated as necessary in Note 2 to the condensed consolidated financial statements included in this Quarterly Report.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

We are subject to market risks in the normal course of our business, including changes in interest rates and exchange rates. A discussion of market risk affecting us is included in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of our 2015 Annual Report. There have been no material changes to our market risks or to our management of such risks during the three and six months ended June 30, 2016 .

Item 4. ***Controls and Procedures***

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2016 . The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2016 , our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective to achieve their stated purpose.

No change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three and six months ended June 30, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1A. ***Risk Factors***

We face a number of risks and uncertainties that are difficult to predict and many of which are outside of our control. In this section, we describe what we believe are the material risks to our business and future development. This is not an exhaustive list of risks affecting our business. There may be other risks that are not currently known to us or that we currently believe are immaterial but turn out to be material in the future. If any of these risks were to materialize, it could adversely affect our business, financial condition, results of operation, reputation and growth prospects, and cause actual results to differ materially from those projected in any of our forward-looking statements. In that case, the value of our common stock could decline substantially.

Investors should carefully consider the risk factors described below together with the other cautionary statements included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report.

Risks Related to our Business

The home dialysis market may not expand sufficiently to support our growth prospects.

While we believe our largest growth opportunity currently is within the home dialysis market, home dialysis therapies have not been extensively adopted. With our current technology, we believe that approximately 10-15% of end-stage renal disease patients in the U.S. would be appropriate candidates for home hemodialysis. However, only 2% of U.S. chronic dialysis patients receive hemodialysis treatments at home.

Our growth requires that we continue to shift patients' and the medical community's understanding and view of home hemodialysis, and will require further increases in the number of patients who adopt home hemodialysis from current levels, physicians who are willing to prescribe home hemodialysis, and dialysis centers that are willing to support home hemodialysis growth. Most dialysis centers presently do not have the infrastructure to support a significant home hemodialysis patient population, including the availability of home hemodialysis training nurses, and may not be motivated to invest in home

hemodialysis programs due, in part, to certain Medicare reimbursement policies. We will need to continue to devote significant resources to expanding the home dialysis market, but these efforts ultimately may not be successful.

Medicare reimbursement policies may limit patient access to our home hemodialysis products.

Medicare regulations that, directly or indirectly, have a disproportionate impact on home hemodialysis therapy may limit patient access to our home hemodialysis products. In 2011, the Centers for Medicare and Medicaid Services implemented a prospective payment system for dialysis treatment. Under this prospective payment system, the Centers for Medicare and Medicaid Services makes a single bundled payment to the dialysis center for each dialysis treatment that covers all renal dialysis services, inclusive of home dialysis and most drugs frequently administered to dialysis patients. This payment system replaced the former system which paid centers a composite rate for a defined set of items and services, while paying separately for drugs, laboratory tests, and other services that were not included in the composite rate. A stated goal of the new prospective payment system was to encourage home dialysis. To date, this reimbursement structure has not had a positive impact on the adoption of home or more frequent hemodialysis or the price of our products. However, the prospective payment system has had a significant positive impact on the adoption of peritoneal dialysis as evidenced by the significantly increased rates of training for peritoneal dialysis. We believe this increased focus on peritoneal dialysis growth and peritoneal dialysis training has been to the detriment of home hemodialysis training rates, as home training resources, including home training nurses in particular, have been more devoted to peritoneal dialysis training, leaving less time for home hemodialysis training.

Medicare provides broad and well-established reimbursement in the U.S. for treating end-stage renal disease patients with hemodialysis three times a week. Most patients using the System One in the home, however, have been prescribed to dialyze more than three times per week to attain the clinical benefits of more frequent dialysis. Given the increased provider costs associated with providing more frequent dialysis, access to our home hemodialysis products will be impacted by whether dialysis centers receive or pursue adequate reimbursement for the additional dialysis treatments. Reimbursement for more frequent hemodialysis requires medical justification provided by the dialysis center based on information from the patient's physician, which increases the center's administrative burden. In addition, there is no national standard for what constitutes medical justification, thus reimbursement for more frequent hemodialysis varies due to differing Medicare contractor policies and center billing practices. Dialysis centers may be unwilling to support more frequent home hemodialysis in the absence of predictable Medicare reimbursement for additional treatments per week based on submitted claims for medical justification.

Currently, only four of the twelve Medicare contractor jurisdictions have issued formal local coverage determinations that describe medical justification for more frequent hemodialysis. In the remaining jurisdictions, medical justification is determined on a case-by-case basis. One Medicare contractor without such a local coverage determination, Noridian Healthcare Solutions, has issued a Medicare coverage article discussing considerations for hemodialysis frequency. Certain language in the coverage article is unclear or inconsistent with long-standing Medicare policy, including that reiterated in recent Medicare payment rules, but it may suggest a limitation to coverage of more frequent hemodialysis, even with medical justification. In partnership with other provider, patient, and professional organizations, we have actively engaged Noridian and the Centers for Medicare and Medicaid Services on this question. Many clinics have reported that they have continued to bill, and be paid for, additional treatments under this article; however, certain clinics have chosen at least at this time not to bill for more frequent dialysis sessions and this has impacted new patient access at those clinics. It remains unclear how this article will be implemented and what its impact will be in the long term.

In June 2016, the Centers for Medicare & Medicaid Services issued a proposed rule to update the payment policies and rates under the end-stage renal disease prospective payment system for 2017. Among other things, CMS has proposed to increase the home and self-dialysis training add-on payment, improve its collection of cost data to further refine payment adequacy over time, and create an equivalency payment for hemodialysis when more than three treatments are furnished per week without medical justification. We anticipate submitting comments to CMS, together with other dialysis providers and industry groups, regarding certain aspects of the proposed rule that we believe introduce unnecessary complexity and ambiguity into the process of billing for more frequent hemodialysis and may interfere with the physician-patient relationship in determining the proper course of care.

Measures to reduce healthcare costs may hurt our business.

Our customers are healthcare providers who depend upon reimbursement by government and commercial insurance payors for dialysis treatments. With a vast majority of U.S. patients with end-stage renal disease covered by Medicare, the Medicare reimbursement rate is an important factor in a customer's decision to use the System One or our other products and limits the prices we may charge for our products. The Centers for Medicare and Medicaid Services issued the 2016 final rule for the end-stage renal disease prospective payment system, which reduces the base reimbursement rate by about 4% over last year. Commercial insurance payors may also exert downward pressure on payment rates for dialysis services. A reduction in reimbursement rates for dialysis treatments may adversely affect our customers' businesses and cause them to enact cost reduction measures that may include reducing the scope of their home hemodialysis programs.

In recent years, there have been numerous initiatives on the federal and state levels for comprehensive reforms affecting the availability of and reimbursement for healthcare services. For example, in 2010, comprehensive U.S. health care reform legislation was passed that had imposed a 2.3% excise tax on domestic sales of certain medical devices, including our products, which reduced our profitability. In December 2015, this tax was suspended for two years, but will continue to have a negative financial impact when it is imposed again starting in 2018, unless permanently suspended or repealed. Rising healthcare costs have led many European and other foreign countries to adopt healthcare reform proposals and medical cost containment measures, including government-imposed industry-wide price reductions, mandatory pricing systems, reference pricing systems, and payors limiting access to treatments based on cost-benefit analysis. Any of these measures, including the uncertainty in the medical community regarding their nature and effect, could have an adverse effect on our customers' purchasing decisions regarding our products and treatments, as well as limit the prices we may charge for our products.

We sell a limited number of products.

We derive most of our revenues from the sale or rental of the System One and the related products used with the System One, with the remainder of our revenues largely coming from the sale of a few key disposable products, including blood tubing sets and needles. Although we are working on initiatives that should diversify our future revenues, including our next-generation hemodialysis system, a system for peritoneal dialysis, and our NxStage Kidney Care dialysis centers, our present business continues to be exposed to risks that are concentrated in a small number of products. As a result, any event that adversely affects these products or the markets for these products could have a significant adverse impact on our business.

Our relationships with DaVita and Fresenius are important to our business.

DaVita and Fresenius collectively provide treatment to over two-thirds of U.S. dialysis patients and are our two largest customers. Sales to these two customers have driven a large portion of our historical revenue growth. Any adverse change in either customer's ordering or clinical practices, including in response to the establishment of our NxStage Kidney Care dialysis centers, would have an adverse impact on our revenues. In addition, these large dialysis providers have significant purchasing power and we may be required to grant them favorable pricing and other terms for our products that reduce our gross margins and have an adverse effect on our operating results.

Our home market agreements with DaVita and Fresenius are intended to support the continued expansion of patient access to home hemodialysis with the System One, but like all our agreements with home market customers, these agreements are not requirements contracts and they contain no minimum purchase volumes. Our home market agreement with DaVita extends through December 31, 2018, with monthly renewals thereafter unless terminated by either party with 30 days' prior notice. Our home market agreement with Fresenius expires at the end of 2016 and is similarly designed to have evergreen renewals unless we and Fresenius choose to modify the terms with an amendment or new agreement providing for purchases under a different structure.

We may be unable to achieve or sustain profitable operations.

Since inception, we have incurred negative operating margins and losses every quarter. Currently, we have a significant accumulated deficit. Although we are working towards achieving profitability, we continue to invest in our operations, in particular with respect to our NxStage Kidney Care dialysis centers and product pipeline, to drive future growth. Accordingly, while we expect to leverage our future operating expenses, we expect those expenses to continue to increase as we grow our business, and we cannot ensure the timing, extent or sustainability of our future profitability.

Our NxStage Kidney Care dialysis centers introduce significant new risks to our business.

As health care providers and participants in federal health care programs, our NxStage Kidney Care dialysis centers must comply with complex regulations that are, in some instances, new to our business, including:

- Medicare and Medicaid payment rules, including coverage rules that limit the clinical circumstances under which payment will be made for more frequent dialysis treatments;
- anti-kickback and related laws prohibiting payments and other remuneration intended to influence the referral of health care business or selection of a provider;
- prohibitions on submitting false claims for government reimbursement;
- laws regulating the use and disclosure of patient health information; and
- laws regulating the storage and administration of pharmaceuticals and medical devices.

If we violate such laws and regulations, we may face criminal and civil sanctions, including fines and civil monetary penalties and exclusion from participation in Medicare, Medicaid and other government programs. If we are found to have submitted improper claims for reimbursement to the government, we may also have to repay amounts received from government payors and pay additional damages and interest.

Joint ventures have become common vehicles within the dialysis services industry and are designed to improve the quality of care while managing healthcare costs by sharing clinical expertise, management experience and industry knowledge in an efficient manner. A few of our NxStage Kidney Care dialysis centers are structured as joint ventures in which physicians hold an interest. These physician owners may also provide medical director services and refer patients to our dialysis centers. There has been growing governmental scrutiny of joint ventures and other financial arrangements with physicians or physician groups. Although we seek to structure our joint ventures in compliance with all regulatory requirements, the applicable laws are broadly written and it is often difficult to determine precisely how these laws will be applied in specific circumstances. Regulatory authorities may challenge our joint ventures on the ground that they are intended to induce patient referrals and, if successful, may require that we restructure or terminate our joint ventures, repay to Medicare amounts received by them pursuant to any prohibited referrals, and incur the types of penalties described in the preceding paragraph.

Before any NxStage Kidney Care dialysis center may bill and receive payment for dialysis services provided to patients covered by Medicare and certain private insurers, it must enroll in the Medicare Program. Medicare enrollment requires, among other things, that a center successfully complete a certification process conducted by individual state agencies on behalf of the Centers for Medicare and Medicaid Services. Our NxStage Kidney Care dialysis centers may be unable to obtain Medicare certification in a timely manner, if at all.

Our NxStage Kidney Care dialysis centers are focused on supporting home therapy and developing innovative care delivery models with our products and solutions within the home and across the renal care market. Our customers may, however, perceive these centers to be directly competing with their business which could and may have already negatively impacted product sales.

We face competition from many sources.

The dialysis therapy market is mature and we face competition from many sources, including those that are listed in the section of our 2015 Annual Report entitled “Business - Our Competition.” Our competitors may have a significant competitive advantage by:

- offering products and services that are more widely recognized by physicians, patients and providers;
- offering broader product lines which enable them to offer a broader bundle of products;
- having significantly more financial and human resources, more established service and customer support infrastructures and spending more on product development and marketing;
- having more established sales forces and distribution channels; and
- having more established relationships with the providers of dialysis therapy, including Fresenius which is the world’s largest provider of dialysis services and products and may at any time reduce its promotion of our dialysis products to its dialysis patients in favor of its own dialysis products.

Further consolidation within the highly competitive dialysis industry may exacerbate these risks.

Our in-center business is increasingly subject to pricing and other competitive pressures within the highly consolidated U.S. dialysis services industry. A meaningful portion of that business was lost when our needle purchase agreement with DaVita expired in December 2014 and we anticipate that demand for our blood tubing sets will continue to decrease over the remainder of this year. While we believe our in-center products offer benefits over competing products, our customers often regard blood tubing sets and needles as commodities and we are vulnerable to large changes in purchasing patterns for these products. Unless we can successfully demonstrate to customers the differentiating features of our blood tubing sets and needles, we may continue to be susceptible to pressures to reduce our product pricing and more vulnerable to the loss of our blood tubing set and needle business to competitors in the dialysis industry.

As we attain greater commercial success, our competitors are likely to develop products that offer features and functionality similar to the System One and our other products. Improvements in existing competitive products or the introduction of new competitive products may make it more difficult for us to compete for sales, particularly if those competitive products demonstrate better reliability, convenience or effectiveness or are offered at lower prices.

The development of viable medical, pharmacological and technological advances in treating or preventing kidney failure may also limit the market for our products and services. While kidney transplantation is the treatment of choice for most patients with end-stage renal disease, it is not currently a viable treatment for most patients due to the limited number of donor kidneys, the high incidence of kidney transplant rejection and the higher surgical risk associated with older patients. This may change, however, with the development of new medications designed to reduce the incidence of kidney transplant rejection, progress in using kidneys harvested from genetically engineered animals as a source of transplants, and other advances in kidney transplantation.

We need to maintain strong product reliability to grow our business.

We need to maintain strong reliability for our existing products to achieve our growth and profitability objectives. Poor product reliability could lead to customer dissatisfaction, adversely affect our reputation and revenues, and increase our service and distribution costs and working capital requirements. We also need to establish strong product reliability for all new products we offer. With new products, we are more exposed to risks relating to product quality and reliability until the manufacturing processes for these new products mature. From time to time, we may transition the manufacturing and supply of products and components to different suppliers or locations. As we make these changes, we are more exposed to risks relating to product quality and reliability until the manufacturing processes mature. Like all transitions of this nature, they could increase our costs in the near-term.

We need to develop and commercialize new products to grow our business.

Our future growth requires that we develop and commercialize new products to address changing market requirements, such as our next generation hemodialysis system, peritoneal dialysis system, and next generation critical care system. Otherwise, we may lose revenues or market share to our competitors, which may be difficult to regain. Developing innovative products and bringing them to market is a highly costly, lengthy and uncertain process. Our efforts may not produce commercially viable products due to the many technological, regulatory, operational and other risks associated with product development, including:

- the new product may not perform as intended and may have safety concerns;
- the FDA and other regulatory authorities may not approve the new product or the facilities in which it is manufactured in a timely manner or at all;
- payors may not reimburse the new product sufficiently or at all;
- competing products may be safer, more effective or easier to use; we may be unable to manufacture sufficient quantities of the new product for development or commercialization activities in a timely and cost-effective manner; and
- market demand for the new product may fall below expectations.

General economic and financial market conditions may exacerbate our business risks.

Global macro-economic conditions and the world's financial markets remain susceptible to significant stresses, resulting in reductions in available credit and government spending, economic downturn or stagnation, foreign currency fluctuations and volatility in the valuations of securities generally. Our customers and distributors may respond to such economic pressures by reducing or deferring their capital spending or reducing staff. As a result, they may choose to rent rather than purchase our equipment or enter into other less-capital intensive purchase structures with us, which may reduce our cash flows, and have fewer personnel available to train new patients for home hemodialysis. Our international business is particularly vulnerable to global macro economic conditions. Furthermore, unfavorable changes in currency exchange rates would reduce revenues or increase our costs which would reduce our operating profit.

We may not effectively manage our growth.

Our business growth will strain our administrative and operational infrastructure unless we:

- increase our manufacturing capacity to meet customer demand;
- expand our sales and marketing and on-going development capabilities;
- improve our information technology infrastructure, operational, financial and management controls and reporting systems and procedures; and
- manage the increased complexity and scope of our relationships with various partners, distributors, suppliers, manufacturers and other organizations.

We may be unable to implement such changes in an efficient and timely manner, and in the process of expansion may discover deficiencies in our existing systems and controls.

We need to effectively manage our field equipment.

Our home market relies upon an equipment service swap model and, for some of our customers, an equipment rental model that requires us to effectively manage our System One and PureFlow SL field equipment. While a majority of our home market customers currently purchase rather than rent our equipment, this may change due to pressures within the healthcare industry to reduce capital spending and other factors. Increases in our rental or service swap equipment would increase our ongoing cash requirements to fund working capital. In addition, our gross margins may be negatively impacted if we have excess equipment deployed and unused in the field. If we are unable to successfully track, service and redeploy equipment, we could incur

increased costs, realize increased cash requirements and have material write-offs of equipment. This would negatively impact our working capital requirements and future profitability.

We may be subject to litigation claims from time to time.

From time to time, we are threatened with individual actions involving our business, including without limitation products liability, employment, intellectual property, commercial and tort claims. The manufacture and marketing of medical devices, in particular, has an attendant risk of product liability claims. If any of our employees or products is found to have caused or contributed to injuries or deaths, we could be held liable for substantial damages. Any claims made against us could adversely affect our reputation and damage our position in the market. Claims can also be time consuming, distracting, and expensive to defend and could result in a diversion of management and financial resources away from our primary business, in which case our business may suffer. Any investigation into alleged unlawful conduct could increase our expenses, damage our reputation, and divert management time and attention from operating our business. While we maintain insurance at levels deemed adequate by management, future claims may exceed our insurance coverage or may not be covered by any insurance.

Acquiring or developing businesses, technologies or products may present us with new challenges.

In the course of evaluating growth opportunities, we may acquire or develop businesses, technologies or products, as we did in 2007 with the acquisition of Medisystems and in 2013 with the introduction of our NxStage Kidney Care dialysis centers. We may also devote resources to potential acquisitions that are never completed or may fail to realize the anticipated benefits of such efforts. There are substantial risks and uncertainties associated with any growth or change in business lines or strategy that may prevent us from realizing the anticipated benefits of such opportunities or adversely affect our business, including:

- need for significant investment without assurance of success;
- potential disruption of our ongoing business;
- need for involvement of senior management to develop the acquired businesses, technologies or products, which will take away from the time they ordinarily spend on the remainder of our business;
- entry into markets or types of businesses in which we have limited experience;
- impairment of relationships with key partners, customers or suppliers of ours or any acquired business;
- addition of new complex compliance obligations;
- difficulty in managing geographically remote units both in the United States and internationally;
- difficulty in successfully implementing, upgrading and deploying in a timely and effective manner new operational information systems and upgrades of our finance, accounting and product distribution systems;
- difficulty in incorporating acquired technology and rights into our product and service offerings;
- unanticipated expenses and delays in completing acquired development projects and technology integration;
- difficulty in transitioning and integrating the operations and personnel of an acquired businesses, including with respect to differing and complex accounting and financial reporting systems;
- customers delaying purchases of our products pending resolution of product integration between our existing and our newly acquired products;
- loss of key employees of an acquired company; and
- inaccurate assumptions of an acquired company's product or service quality.

Further, any acquired technology or product may require additional development efforts prior to commercial sale, including clinical testing and approval by the FDA and applicable foreign regulatory authorities. All technology and product candidates are prone to risks of failure typical of medical device product development, including the possibility that a product candidate will not be shown to be sufficiently safe and effective for approval by regulatory authorities.

We have international operations that introduce a number of risks and uncertainties.

We operate manufacturing facilities in Germany, Italy and Mexico, and purchase components, products and supplies from foreign vendors. We also sell our products internationally. We are subject to a number of risks and challenges that specifically relate to these international operations, including:

- foreign exchange risk, in particular with respect to the euro and peso, which could adversely affect our financial results and our ability to maintain mutually beneficial and profitable relationships with foreign vendors and distributors, and increase our costs to attract and retain international personnel;

- costs and challenges associated with sourcing and shipping goods internationally and importing and exporting goods;
- difficulty managing operations in multiple locations;
- local regulations that may restrict or impair our ability to conduct our operations, increase compliance costs, and make it more expensive and complex to manage our workforce;
- fluctuations in local economic conditions;
- health issues, such as pandemic disease risk, and natural disasters, such as flooding, hurricanes and earthquakes, which could disrupt our manufacturing and logistical and import activities; and
- in certain locations, risks associated with local instability, including threats of violence, which could lead to disruptions in supply at our manufacturing facilities or key vendors.

These risks and uncertainties may materially impact our growth strategy in these markets and overall operating profits. Risks associated with our international operations may increase where we sell our products and services directly rather than through distributors, as we do in the United Kingdom and Canada.

Our In-Center and international business relies heavily upon third-party distributors.

Substantially all of our blood tubing sets and needles are sold through distributors. We also use distributors to sell our products in most of our international markets. Relying on third-party distributors exposes us to many risks, including competitive pressure, compliance risks, credit risk and concentration. Distributors may sell products that compete with our products, and we may be unable to motivate them to focus their efforts on selling our products. The trend toward consolidation among distributors may yield greater purchasing leverage, which may increase the pricing pressures facing our business. If our distributors don't comply with applicable laws in the sale and marketing of our products or fulfill any responsibilities they may have to protect the intellectual property rights underlying our products, our revenues may decline and we may become involved in legal proceedings. Distributors may face financial difficulties, including bankruptcy, which could harm our collection of accounts receivable and financial results. Moving any of this business to other distributors would involve switching costs that may be material in the near-term.

We rely on the expertise of a concentrated group of employees.

Our success depends upon the skills, experience and efforts of our senior executives and other key personnel, including our research and development and manufacturing executives and managers. Much of our expertise is concentrated in relatively few employees, the loss of whom for any reason could negatively affect our business. Competition for our highly skilled employees is intense and we cannot prevent the future resignation of any employee.

Risks Related to the Regulatory Environment

Our products and business are subject to extensive regulation.

We need regulatory approvals to market new products and, in some cases, modifications to existing marketed products. Regulatory approval pathways for medical devices may be complex, time consuming and difficult to define, and they may become more onerous through additional regulation. We may be unable to obtain the necessary approvals to market our new products and modifications to marketed products in a timely manner, if at all. Foreign markets are particularly challenging as the regulatory approval procedure varies from country to country and requires that we comply with numerous regulatory requirements that differ from the FDA approval process and are not superseded by obtaining approval from the FDA or another country's regulatory authority. As these regulatory requirements become increasingly more stringent, it may become more difficult and costly for us to expand into new markets. In certain foreign markets, some of our products are classified as drugs rather than medical devices, which require us to demonstrate compliance with separate regulations applicable to drug manufacturers and distributors. These complex regulations may impose additional approval, manufacturing, surveillance and reporting requirements. Compliance with these additional requirements may increase our costs of doing business in new foreign markets and delay or prevent our entry into such markets.

Following marketing approval, we must comply with numerous ongoing regulatory requirements, industry codes of conduct and consensus standards, including those described in the section of our 2015 Annual Report entitled "Business - Government Regulation." Noncompliance with applicable regulations can result in, among other things:

- violation letters;
- fines, injunctions, and civil penalties;
- recall or seizure of products;
- administrative detention, which is the detention by regulatory authorities of medical devices believed to be adulterated or misbranded;
- operating restrictions, partial suspension or total shutdown of production;
- failure of the government to grant pre-market clearance or pre-market approval for devices;
- withdrawal of marketing clearances or approvals; and
- criminal prosecution.

Such enforcement measures would require unanticipated expenditures to address or defend such actions and may adversely affect our business.

New regulations, codes and standards are periodically adopted which may require us to change our existing product technologies, operating procedures or marketing practices in order to continue selling our products. This may expose us to increased costs, as well as risks that we may be unable to satisfy the new regulations, codes or standards and have to suspend, curtail or otherwise modify our selling and marketing efforts.

Our products may be recalled from the market.

Medical devices can experience performance problems in the field that require review and possible corrective action. The occurrence of component failures, manufacturing errors, software errors, design defects or labeling inadequacies affecting a medical device could lead to a government-mandated or voluntary recall by the device manufacturer, in particular when such deficiencies may endanger health. Product recalls may materially divert management attention and financial resources, expose us to product liability or other claims, harm our reputation with customers, and potentially adversely impact our financial results.

From time to time we have chosen to voluntarily recall certain products that we believed were mislabeled or otherwise defective. In October 2015, we notified our customers about a voluntary recall to mitigate the potential risks associated with a software anomaly affecting approximately 15% of System One cyclers. There have been no serious injuries reported in connection with this anomaly. We reported this software anomaly to the FDA and other regulatory authorities and have concluded our discussions with them. Our remediation efforts are well under way and we expect to complete these during 2016. Remediation costs are expected to be less than $1 million over the total period of remediation.

We need to protect the privacy of patient health and other personal information.

In the course of performing our business we obtain, from time to time, confidential patient health information and other personal information. Federal and state laws, as well as the laws of foreign countries, protect the confidentiality of certain patient health information, in particular individually identifiable information, and other personal information, and restrict the use and disclosure of that information. A description of these laws is included in the section of our 2015 Annual Report entitled “Business - Government Regulation - Privacy and Security.” Complying with the privacy and security requirements of such laws imposes compliance related costs, subjects us to potential regulatory audits, and may restrict our business operations. These various laws may be subject to varying interpretations by courts and government agencies creating potentially complex compliance issues for our business. If we were to violate any of our legal obligations to safeguard any confidential patient health or other personal information against improper use and disclosure, we could lose customers and be exposed to liability, including potential civil and criminal penalties and contractual liabilities, and our reputation and business could be harmed. Concerns or allegations about our practices with regard to the privacy or security of personal health information or other privacy-related matters, even if unfounded, could damage our reputation and harm our business.

We must comply with fraud and abuse laws.

Various federal and state laws, as well as the laws of foreign countries, prohibit payments to induce the referral of healthcare products or services and require medical device companies to monitor and report certain payments to health care professionals. These anti-kickback, public reporting and aggregate spend laws affect our sales, marketing and other promotional activities by limiting the kinds of financial arrangements, including sales programs, we may have with hospitals, physicians or other potential purchasers or users, including patients, of medical devices and services. They also impose additional administrative and compliance burdens on us. In particular, these laws influence, among other things, how we structure our sales and rental offerings, including discount practices, customer support, education and training programs and physician consulting and other service arrangements. For our NxStage Kidney Care dialysis centers, they also affect our arrangements with any joint venture partners in a position to refer patients, our medical directors and our patient billing and collection practices. If we were to offer or pay inappropriate inducements to purchase, order or use our products or services, or to refer patients to our NxStage Kidney Care dialysis centers, we could be subject to a claim under the federal healthcare program Anti-Kickback Statute, the federal patient inducement prohibition or similar state laws. If we fail to comply with particular reporting requirements, we could be subject to penalties under applicable federal or state laws. A shifting and diverse regulatory environment increases the associated compliance risks since different jurisdictions may have different reporting requirements.

Other federal and state laws, as well as the laws of foreign countries, generally prohibit individuals or entities from knowingly presenting, or causing to be presented, claims for payments to government or commercial payors that are false or fraudulent, or for items or services that were not provided as claimed. Medical device manufacturers can be held liable under these laws if they are deemed to “cause” the submission of false or fraudulent claims by providing inaccurate billing or coding information to customers, by providing improper financial inducements, or through certain other activities. In providing billing and coding information to customers, we make every effort to ensure that the billing and coding information furnished is

accurate and that treating physicians understand that they are responsible for all prescribing decisions, including the decision as to whether to order dialysis services more frequently than three times per week. In addition, our NxStage Kidney Care dialysis centers are directly subject to these laws with respect to the reimbursement claims they file with government payors. Potential false or fraudulent claim risk can arise from promoting and billing for services the government deems excessive or not medically necessary, as well as from other billing improprieties and from failure to timely return any identified overpayments. We are making every effort, including adhering strictly to guidelines in any local coverage determinations issued by Medicare contractors with jurisdiction over claims from any of our NxStage Kidney Care dialysis centers, to ensure that billing by our NxStage Kidney Care dialysis centers is proper and that physicians who order NxStage Kidney Care dialysis services fully document medical need for patients for whom more frequent than thrice weekly therapy is ordered. Nevertheless, we cannot provide assurance that the government will regard any billing errors that may be made as inadvertent or that the government will not examine our role in providing information to our customers, physicians and patients concerning the benefits and potential coverage of more frequent therapy. Likewise, our financial relationships with customers, physicians, patients or others in a position to influence the purchase or use of our products may be subject to government scrutiny or be alleged or found to violate applicable fraud and abuse laws. False claims laws prescribe civil, criminal and administrative penalties for noncompliance, which can be substantial, and given the possibility of exclusion from participation in government health care programs, potentially crippling to the line of business involved. Moreover, any investigation into our practices could cause adverse publicity and require a costly and time consuming response.

Foreign governments tend to impose strict price controls.

We have begun to market the System One and certain of our other products internationally. In some foreign countries, particularly in the European Union, the pricing of medical devices is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after a device has been CE marked. To obtain reimbursement or pricing approval in some countries, we may be required to supply data that compares the cost-effectiveness of our products to other available therapies. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, it may not be profitable to sell our products outside of the United States, which would negatively affect the long-term growth of our business. Furthermore, reimbursement provided for our products in other jurisdictions could change, positively or negatively. If reimbursements were to be negatively changed, such as in the United Kingdom where we sell our products directly, our ability to sell our products could be impaired.

We must comply with import and export laws.

We import into the United States disposable medical supplies from our manufacturing facilities and vendors located outside the United States. We have manufacturing facilities in Mexico, Germany and Italy and export various components and assemblies related to those operations. To a lesser but increasing degree, we also export finished goods from the United States to foreign countries. The import and export of these items are subject to extensive and complex laws and regulations. If we fail to comply with these laws or regulations, or fail to interpret our obligations accurately, we may be subject to significant fines, liabilities, import holds and a disruption in our ability to deliver product. If there are modifications to the Generalized System of Preferences or cancellation of the Nairobi Protocol tariff classifications that apply to our products such that our products would be subject to duties, our profitability would also be negatively impacted.

We must comply with anti-bribery laws.

We are subject to the U.S. Foreign Corrupt Practices Act which generally prohibits U.S. companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business and requires companies to maintain accurate books and records and internal controls, including at foreign controlled subsidiaries. Through our international activities, we are also subject to the UK Anti-Bribery Act and other similar anti-bribery laws in other countries. While we have policies and procedures in place designed to promote compliance with such laws, our employees or other agents may nonetheless engage in prohibited conduct under these laws for which we might be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations.

We must comply with environmental and occupational safety laws.

Our research and development programs as well as our manufacturing operations involve the controlled use of hazardous materials, and our NxStage Kidney Care dialysis centers produce medical waste in connection with providing dialysis services. Accordingly, we are subject to federal, state and local laws, as well as the laws of foreign countries, governing the use, handling and disposal of these materials. In the event of an accident or failure to comply with environmental or occupational safety laws, we could be held liable for resulting damages, and any such liability could exceed our insurance coverage.

Our business may be affected by U.S. government contracting risks.

We have agreements with Veterans Health Administration facilities and are one of the key subcontractors on a government contract to develop a portable medical device to treat sepsis. As a result, we must comply with and are affected by laws and

regulations relating to the award, administration and performance of U.S. government contracts which, among other things, impose additional costs on our business. If we violate any of these laws or regulations, we may be liable for fines, penalties and any additional costs the government incurs in procuring replacement services, and we may be excluded from future U.S. government contracting.

Risks Related to Operations

We obtain some of our raw materials and production services from a single source.

We depend upon a number of single-source suppliers for certain of our raw materials, components and finished goods, including the fiber used in our System One filters, our needles, premixed dialysate and sterile bags, as well as sterilization services. Some of our most critical single-source supply relationships are with Membrana GmbH and Laboratorios PiSA S.A. de C.V.

Membrana is our only supplier of the fiber used in our filters for System One products under an agreement that expires in December 2023, and contractually we cannot obtain an alternative source of fiber for our System One products. While our relationship with Asahi could afford us back-up supply in the event of supply disruptions at Membrana, we do not have the regulatory approvals necessary to use Asahi fiber in our System One cartridge in the United States and the performance of Asahi fiber in our System One has not yet been validated.

Laboratorios PiSA is our only supplier of premixed dialysate. Our supply agreement with Laboratorios PiSA extends through December 2019. We have committed to purchase from Laboratorios PiSA a minimum quantity of premixed dialysate over the term of the agreement. While we can purchase premixed dialysate from other qualified suppliers, any significant disruption in Laboratorios PiSA's ability to supply premixed dialysate to us would impair our business, at least in the near term.

Our dependence upon these and other suppliers of raw materials, components, finished goods and sterilization services exposes us to several risks, including disruptions in supply, price increases, late deliveries, failure to meet quality and compliance requirements, and an inability to meet customer demand. This could lead to customer dissatisfaction, damage to our reputation, or customers switching to competitive products. Any interruption in supply could be particularly damaging to our customers using the System One to treat chronic end-stage renal disease and who need access to the System One and related disposables to continue their therapy.

Finding alternative sources for these raw materials, components, finished goods and sterilization services would be difficult and in many cases entail a significant amount of time, disruption and cost. Although we believe our supply chain has sufficient inventory of raw materials, components and finished goods to withstand a temporary disruption in supply from any single source supplier, any permanent or long-term disruption in supply from any single source supplier could lead to supply delays or interruptions which would damage our business and impair our reputation, at least in the near term.

We do not have long-term supply contracts with many of our third-party suppliers.

We purchase raw materials and components from third-party suppliers, including some single-source suppliers, through purchase orders and do not have long-term supply contracts with many of our suppliers. Many of our suppliers are not obligated to perform services or supply products for any specific period, in any specific quantity or at any specific price, except as may be provided in a particular purchase order. We do not maintain large volumes of inventory from most of our suppliers. If we inaccurately forecast demand for finished goods, we may be unable to meet customer demand which could harm our competitive position and reputation. In addition, if we fail to effectively manage our relationships with our suppliers, we may be required to change suppliers, which may be time consuming and lead to disruptions in our product supply. Although we believe our supply chain has sufficient inventory of raw materials, components and finished goods to withstand a temporary disruption in supply from any single-source supplier, any permanent or long-term disruption in supply from any single-source supplier could lead to supply delays or interruptions which would damage our business and impair our reputation, at least in the near term.

We may experience manufacturing disruptions.

We rely on our manufacturing facilities in Mexico, Italy and Germany for the production of our equipment and disposables. The loss of any of these facilities due to fire, natural disaster, war, power failure or other cause beyond our control could cause significant production delays, prevent us from meeting customer demand for our products, increase our product costs, impair our product quality or reliability, and result in substantially decreased revenues.

While we have labor agreements with our production employees in Mexico and Italy, we may experience strikes, work stoppages, work slowdowns, grievances, complaints, claims of unfair labor practices, other collective bargaining disputes, anti-union behavior, or other labor disputes at our manufacturing facilities. Some of our key single-source suppliers also have labor agreements in place, but nonetheless may be subject to similar risks related to labor disputes. Any such activity likely would cause production delays and prevent us from delivering our production commitments to customers, which could adversely affect our reputation and cause our business and operating results to suffer.

Commodity price increases may adversely affect our financial results.

Resin is a key material in the manufacture of our products, including the System One cartridge. We currently source resin from a small number of suppliers. Periods of rising prices for crude oil, natural gas and other petrochemical intermediates from which resin is produced have resulted in significant price increases for this material, and similar periods of rising resin prices may occur in the future. Our contracts with customers restrict our ability to immediately pass on these price increases, and future pricing to customers may be insufficient to accommodate increasing resin costs. In addition, our overall cost reduction plans may not sufficiently offset the impact of increased resin costs, which could result in declining margins and operating results.

We currently incur significant inbound and outbound distribution costs, which are dependent upon fuel prices. Increases in fuel prices could lead to increases in our distribution costs, which could impair our ability to achieve profitability.

Our business is dependent upon the security and uninterrupted operation of our information technology infrastructure.

We rely on information technology and telephone networks and systems, including the Internet, to process and transmit sensitive electronic information, including confidential patient health information, and to manage or support a variety of business processes and activities, including sales, billing, customer service, procurement and supply chain, manufacturing, and distribution. We use enterprise information technology systems to record, process, and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory, financial reporting, legal, and tax requirements. Our information technology systems, many of which are managed by third-parties and are highly interconnected, may be susceptible to damage, disruptions or shutdowns due to computer viruses, attacks by computer hackers, failures during the process of installing, upgrading or replacing software, databases or components thereof, power outages, hardware failures, telecommunication failures, user errors or catastrophic events. In addition, these systems can require significant resources to ensure their continuous operation. Despite the precautionary measures we have taken to prevent breakdowns in our information technology and telephone systems, if our systems suffer severe damage, disruption or shutdown and we are unable to effectively resolve the issues in a timely manner, we may be subject to material remediation expenses, reputational harm, and litigation.

Risks Related to Intellectual Property

We have to protect our intellectual property.

We rely on patent protection, as well as a combination of copyright, trade secret and trademark laws, to protect our proprietary technology and prevent others from duplicating our products. However, these means may afford only limited protection and may not:

- prevent our competitors from duplicating our products;
- prevent our competitors from gaining access to our proprietary information and technology; or
- permit us to gain or maintain a competitive advantage.

These risks may increase in foreign countries whose laws do not protect intellectual property rights effectively or to the same extent as U.S. laws.

Any of our patents, including those we may license, may be challenged, invalidated, rendered unenforceable or circumvented. We may not prevail if our patents are challenged by competitors or other third parties. The U.S. federal courts or equivalent national courts or patent offices elsewhere may invalidate our patents, find them unenforceable, or narrow their scope. Furthermore, competitors may be able to design around our patents, or obtain patent protection for more effective technologies, designs or methods for treating kidney failure. If these developments were to occur, our products may become less competitive and sales of our products may decline.

We have filed numerous patent applications seeking protection of products and other inventions originating from our research and development. Our patent applications may not result in an issued patent, and any patents that are issued may not provide meaningful protection against competitors or competitive technologies.

Our products could infringe the intellectual property rights of others.

The medical device industry has been characterized by extensive litigation and administrative proceedings regarding patent infringement and intellectual property rights. Products to provide kidney replacement therapy have been available for more than 30 years and our competitors hold a significant number of patents relating to kidney replacement devices, therapies, products and supplies. Competitors and other third parties may allege that our products or methods infringe their patents or other intellectual property rights, and the possibility of such infringement claims may increase as our business expands into new markets.

Infringement and other intellectual property claims and proceedings brought against us, whether successful or not, could result in substantial costs and harm to our reputation. Such claims and proceedings can also divert management and key personnel from other tasks important to the success of the business. In addition, intellectual property litigation or claims could require us to:

- cease selling or using any of our products that incorporate the asserted intellectual property, which would adversely affect our revenues;
- pay substantial damages for past use of the asserted intellectual property;
- obtain a license from the holder of the asserted intellectual property, which license may not be available on reasonable terms, if at all and which could reduce profitability; and
- redesign or rename, in the case of trademark claims, our products to avoid infringing the intellectual property rights of third parties, which may not be possible and could be costly and time consuming if it is possible to do so.

Disclosure of trade secrets and other proprietary information may harm our business.

In order to protect our proprietary technology and processes, we rely in part on confidentiality agreements with our corporate partners, employees, consultants, outside scientific collaborators and sponsored researchers, advisors and others. These agreements may not effectively prevent disclosure of confidential information and trade secrets and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover or reverse engineer trade secrets and proprietary information, and in such cases we may be unable to assert any trade secret rights against such party. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

Many of our employees have worked at other medical device companies focused on the development of dialysis products, including our competitors. We may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in defending against these claims, litigation could result in substantial costs and harm to our reputation and be a distraction to management.

Risks Related to our Common Stock

Our stock price may fluctuate significantly.

There may be periods of volatility in the market price of our common stock that delay or prevent you from selling your common stock at or above the price you paid for it. Some of the factors that may cause the market price of our common stock to fluctuate include:

- timing of market launch and market acceptance of our products;
- timing of achieving profitability from operations;
- changes in estimates of our financial results or recommendations by securities analysts or the failure to meet or exceed securities analysts' expectations;
- actual or anticipated variations in our quarterly operating results;
- future debt or equity financings;
- developments or disputes with key vendors or customers, or adverse changes to the purchasing patterns of key customers and distributors;

- disruptions in product supply for any reason, our failure to appropriately forecast supply or demand, difficulties in moving products across international borders, or the failure of third party suppliers to produce needed products or components;
- reports by officials or health, medical or regulatory authorities or the general media regarding the potential benefits of the System One, similar dialysis products distributed by other companies, or more frequent or home dialysis;
- delays or failures to obtain marketing approval for new products or modifications to marketed products;
- product recalls and withdrawals;
- defaults under our material contracts, including without limitation our credit agreement;
- regulatory developments in the United States and foreign countries;
- changes in third-party healthcare reimbursements, particularly a decline in the level of Medicare reimbursement for dialysis treatments, or the willingness of Medicare contractors to pay for more than three treatments a week where medically justified;
- litigation involving our company or our general industry;
- announcements of technical innovations or new products by our competitors;
- developments or disputes concerning our patents or other proprietary rights;
- our ability to manufacture and supply our products to commercial standards;
- significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors;
- departures of key personnel;
- investors' general perception of our company, our products, the economy and general market conditions; and
- the other risks and uncertainties described in these *"Risk Factors . "*

The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of individual companies. These broad market fluctuations may adversely affect the trading price of our common stock. Periods of volatility in the market price of company securities may engender class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm our profitability and reputation.

Provisions in our governing documents and under Delaware law may discourage potential acquisition proposals and changes in management that stockholders may favor.

Provisions in our charter and bylaws and under the corporation law of Delaware, where we are incorporated, may delay or prevent a takeover attempt that could be viewed as beneficial to stockholders who wish to receive a premium for their shares from a potential bidder. These provisions may also discourage stockholders from attempting to replace or remove members of our board of directors, which in turn may delay or prevent changes in our current management team that stockholders may favor. These provisions include:

- a prohibition on stockholder actions by written consent;
- the ability of our board of directors to issue preferred stock without stockholder approval, which could be used to institute a "poison pill" that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors;
- advance notice requirements for nominations of directors or stockholder proposals;
- the requirement that board vacancies be filled by a majority of our directors then in office; and
- the prohibition on a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

If we obtain additional financing for acquisitions and other growth initiatives, it may reduce the market value of our common shares.

As part of our growth strategy, we may acquire other businesses and technologies and pursue additional business opportunities. To finance such activity, we may issue equity securities, which may dilute our existing stockholders, and incur debt, which may place restrictions on our business operations. Such financing activity may reduce the market value of our common shares and other securities, in particular if the initiatives being funded are not viewed favorably by our stockholders

and are ultimately unsuccessful. We cannot assure you that additional financing will be available on terms favorable to us, or at all, particularly in light of the volatility in the financial markets and the valuations of securities generally.

Item 6. ***Exhibits***

Exhibit Number	Description
10.1*†	Amendment to Second Amended and Restated National Service Provider Agreement dated as of June 13, 2016 between the Registrant and DaVita Healthcare Partners Inc.
10.2*#	Director Compensation Policy.
10.3*#	Form of Stock Option Agreement under the 2014 Omnibus Incentive Plan.
10.4*#	Form of Restricted Stock Unit Agreement under the 2014 Omnibus Incentive Plan.
31.1*	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(b) or 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(b) or 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

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* Filed herewith.

** Furnished herewith.

Management contract or compensatory plan or arrangement.

† Confidential treatment requested as to certain portions, which portions are omitted and filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NXSTAGE MEDICAL, INC.

By: /s/ Matthew W. Towse

Matthew W. Towse

Chief Financial Officer
(Duly authorized officer and principal financial officer)

August 4, 2016

Exhibit 10.1

Confidential portions of this Exhibit, denoted by bracketed asterisks, have been omitted and filed separately with the Securities and Exchange Commission in reliance on Rule 24b-2 of the Securities Exchange Act of 1934.

THIRD AMENDMENT TO
SECOND AMENDED AND RESTATED NATIONAL SERVICE PROVIDER AGREEMENT

This Third Amendment (this " **Third Amendment** ") to the Second Amended and Restated National Service Provider Agreement between DaVita Healthcare Partners Inc. (" **Customer** "), and NxStage Medical, Inc. (" **NxStage** "), is made as of June 13, 2016 (the " **Third Amendment Effective Date** ").

WHEREAS, Customer and NxStage are parties to a Second Amended and Restated National Service Provider Agreement executed as of March 1, 2013, Agreement #2013-753, as amended on November 20, 2014 to incorporate the Nx2me Solution and on February 20, 2015 with respect to Customer's Active NxStage Home Patient Census (collectively, the " **Agreement** ")

WHEREAS, by a letter dated March 16, 2015, NxStage notified Customer of the availability of the NxStage System One S and its associated products;

WHEREAS, the parties desire to further amend the Agreement to, among other things, change the pricing structure for Monthly Dialysis Supplies for home hemodialysis patients; and

NOW THEREFORE, in consideration of the foregoing and mutual agreements set forth hereinafter, the parties hereto agree as follows:

1. Information Sheet . The Information Sheet is deleted in its entirety and replaced with a new Information Sheet attached to this Third Amendment.

2. Defined Terms . Certain defined terms shall be amended as follows:

   (a) The definition of "Patient Noncompliance Event" is deleted from Section 1 of the Agreement.

   (b) The definition of "Cycler" (in Section 2 of the Agreement) is amended and restated as follows:

   ""Cycler" means the System One Cycler or the System One S Cycler."

3. [**] . A new Section 2(A) entitled "[**]" shall be added to the Agreement as follows:

   "2A. [**]

   (a) Equipment [**] . On or prior to the [**] day of each [**], Customer will provide NxStage with a [**], consistent with Customer's commercially reasonable expectations, after due inquiry of Authorized Customer Locations, setting forth expected [**] over each of the following [**] for use with [**] patients for which Customer expects to [**] (each, a " HHD System [**] "). The quantities set forth in the [**] of each HHD System [**] shall be [**] (the " [**] Period "). NxStage must [**] for Systems that are consistent with [**] set forth in the [**] Portion of the HHD System [**], provided that (i) NxStage is not obligated to [**] to the extent that the [**] during any [**] of the [**] Period exceeds [**] of the average monthly [**] during the immediately preceding [**] period, (ii) Customer may elect to fulfill its obligation to [**] for any [**] in the [**] Period at any time during the [**] period following such [**], and (iii) NxStage may [**] during any [**] at any time during the [**] period following the [**] in which such [**] is placed.

   (b) Other [**] . On or prior to the [**] day of each [**], Customer will provide NxStage with a [**] setting forth, consistent with Customer's commercially reasonable expectations, after due inquiry of Authorized Customer Locations, (i) the number of [**] patients Customer expects to [**] by the end of each of the following [**] by submitting [**], and (ii) the aggregate number of [**] patients for which Customer expects to have [**] across all Authorized Customer Locations at the end of each of the following [**] (each such [**], a " Patient [**] ")." NxStage will use commercially reasonable efforts to [**] that are consistent with any Patient [**].

4. Pricing .

1. Section 3 of the Agreement is amended and restated as follows:

"As of the Effective Date, the pricing for each Product purchased during the Term is set forth on Schedule B attached (each, a " Purchase Price " and collectively, the " Purchase Prices ").

2. Schedule B (Program and Pricing) is deleted in its entirety and replaced with the attached Schedule B (Program and Pricing). Attachment B-1 to Schedule B-1 is deleted in its entirety.

3. Exhibit B (Pricing Covenant Example) is hereby deleted in its entirety.

5. Expedited Delivery . Section 5(b) shall be amended by deleting the following sentence:

"Customer agrees that each of the Authorized Customer Locations' patients must use their reasonable efforts to accurately report the inventory of Monthly Dialysis Supplies that each such patient has on a monthly basis to NxStage's customer service department."

6. Taxes . Section 8 (Taxes) shall be amended by deleting all sentences except for the first two (2) sentences.

7. Billing of Monthly Dialysis Supplies. Section 10(a) shall be amended by deleting the following two sentences:

"NxStage shall use its reasonable efforts to notify the applicable Authorized Customer Location in the event NxStage becomes aware of a specific Patient Noncompliance Event through monthly customer service inventory calls with patients. Notwithstanding any of the foregoing, Customer understands and agrees that NxStage does not represent to the completeness or the accuracy of the information so provided regarding any Patient Noncompliance Event at any time hereunder."

8. Cycler Log Files . Section 16(b) shall be amended by adding the following new paragraph to the end:

"NxStage hereby represents and warrants to Customer that during the Term, the Cycler Log Files generated by Cyclers then purchased or rented by Customer will not contain [**]. During the Term, NxStage shall not (i) [**] in the Cycler Log Files generated by Cyclers then purchased or rented by Customer that is materially different from the [**] in the Cycler Log Files generated by Cyclers purchased or rented by Customer as of the Third Amendment Effective Date; (ii) alter the manner by which NxStage [**] Cycler Log Files generated by Cyclers then purchased or rented by Customer from the manners of [**] existing as of the Third Amendment Effective Date; or (iii) [**] as of the Third Amendment Effective Date. In the case of (i) and (ii) NxStage may seek the prior written consent of Customer to make the changes set forth in those sections. If Customer withholds consent, NxStage will not make the aforementioned changes in subsections (i) or (ii) with respect to the Cyclers purchased by Customer unless such changes are required, in the reasonable opinion of NxStage, as part of the implementation of a Product Recall, in which case the parties shall negotiate in good faith a mutually agreeable solution. For the sake of clarity, nothing herein shall prevent NxStage from [**] Cycler Log Files contained in Cyclers then purchased or rented by Customer for [**]. Nothing herein shall restrict NxStage from selling other products not covered by this Agreement that (x) [**] that are different from the types of [**] in the Cycler Log Files as of the Third Amendment Effective Date or (y) alter the manner by which NxStage [**] from its products."

9. Audit Right . Section 36 (Audit Right) is hereby deleted in its entirety and replaced with the following:

"If Customer disagrees with any [**] (as defined in Section [**] of Schedule B-1 titled "Chronic Outpatient Therapy Monthly Dialysis Supplies"), Customer may, within [**] days after its receipt of such [**], notify NxStage in writing of its intent to audit such [**] (each, an " Audit "). Within [**] days after receiving such written notice from Customer, NxStage shall provide or otherwise make available to Customer the following documentation relating solely to the applicable calendar quarter to which the [**] relates: (a) orders for Monthly Dialysis Supplies, (b) documentation relating to credits provided, and (c) invoices for Monthly Dialysis Supplies (collectively, the " Documentation "). In the [**] day period after NxStage provides or otherwise makes available to Customer the Documentation (the " Audit Period "), Customer may, at its sole cost and expense, conduct any Audit during NxStage's normal business hours or at such other times as may be mutually agreed to by the parties hereto. Prior to the expiration of the Audit Period, if Customer continues to disagree with the [**], Customer shall deliver a written notice to NxStage setting forth in detail any and all items of disagreement related to such [**] (an " Objection Notice "). If

Customer does not deliver an Objection Notice prior to the expiration of the Audit Period, the calculation of the [**] set forth in the [**] shall be deemed final, conclusive, and binding on the parties hereto. NxStage and Customer will use their commercially reasonable efforts to resolve any disagreements relating to any [**] following NxStage's receipt of an Objection Notice, but if they do not obtain a final resolution within [**] days after NxStage has received the Objection Notice from Customer, then either NxStage or Customer may refer the items in dispute to a nationally recognized firm of independent public accountants as to which Customer and NxStage mutually agree (the " Firm ") to resolve any remaining disagreements. NxStage and Customer will direct the Firm to render a determination within [**] days of its retention or such other longer period of time as is mutually agreed to by Customer, NxStage, and the Firm, and NxStage and Customer and their respective agents and employees will cooperate with the Firm during its engagement. The determination of the Firm will be conclusive and binding upon Customer and NxStage, and each party will make any payment owed to the other party, if any, within [**] business days of the Firm's determination. The Firm shall execute a confidentiality agreement in a form reasonably acceptable to NxStage and Customer. Customer and NxStage shall bear that percentage of the fees and expenses of the Firm equal to the proportion of the dollar value of the unresolved disputed issues determined in favor of the other party hereto. By way of example, if the amount in dispute equals ten thousand dollars ($10,000.00) and the Firm determines that NxStage owes Customer four thousand dollars ($4,000.00), then in such event, NxStage will be responsible for forty percent (40%) of the fees and expenses of the Firm and Customer will be responsible for sixty percent (60%) of the fees and expenses of the Firm."

10. Obligation to Reasonably Allocate Product . The following subsection (c) is added to Section 37 of the Agreement:

"(c) Obligation to Reasonably Allocate Product . At a minimum, NxStage shall always allocate Products to the Authorized Customer Locations consistent with Customer's and the Authorized Customer Locations' then-current share of NxStage's aggregate Patient Census (as defined below) across all NxStage customers, consistent with the then-effective prescription items included in Customer's and each Authorized Customer Locations' Monthly Dialysis Supplies (hereinafter referred to as " Reasonably Allocate "). For the sake of this Section 37, " Patient Census " means the number of [**] patients that have an active Patient Prescription Monthly Standing Order and are then receiving dialysis with the System One. NxStage's allocations to Customer pursuant to this section will be calculated in the aggregate across all Authorized Customer Locations, and Customer's method of allocating Products to its Authorized Customer Locations is within Customer's sole discretion and control."

11. Failure to Reasonably Allocate Product after Change of Control . The following subsection (d) is added to Section 37 of the Agreement:

"(d) Failure to Reasonably Allocate Product after Change of Control . If (i) NxStage undergoes a change-in-control with, or otherwise assigns this Agreement in connection with the sale of substantially all of the business related to this Agreement (a " Change of Control ") and (ii) after such Change of Control, the entity surviving such Change of Control (the " Surviving Entity ") fails to Reasonably Allocate Product, then [**] will not apply to [**] of the Surviving Entity."

12. [**] . The following subsection (e) is added to Section 37 of the Agreement:

"(e) [**] . If there is a [**] (as defined below), NxStage will act in good faith and use all commercially reasonable efforts to resolve the [**]. Until NxStage can resolve the [**], Customer shall [**] (as defined in [**]) at the [**] applicable to the [**] (as defined in [**]) achieved by Customer in the [**] immediately preceding the [**] in which the [**] occurred (the " Prior [**] "). If NxStage has not resolved the [**] within [**] days of its inception (as measured from the date the [**] could not continue with or begin [**] in accordance with the [**] set forth in their Patient Prescription Monthly Standing Orders), then Customer shall [**], as a [**], the [**] applicable to the Prior [**] notwithstanding Customer's actual [**] even after NxStage resolves the [**]. This Section 37(e) sets forth Customer's sole and exclusive remedy for a [**]; provided however that this Section is not Customer's sole and exclusive remedy in the event that NxStage is in breach of its obligation to [**] in accordance with Section [**]. For the duration of any [**], the Purchase Prices for Monthly Dialysis Supplies (as identified in Schedule B-1) shall be [**] in effect at the time the [**] begins, and step-ups for new [**] shall not take effect.

" [**] " means that any [**] across all Authorized Customer Locations cannot continue with or begin [**] in accordance with the [**] set forth in their active Patient Prescription Monthly Standing Orders or new Patient Prescription Monthly Standing Orders, respectively, and consistent with the Patient [**] submitted pursuant to Section 2(A)(b) , solely based on NxStage's [**] Monthly Dialysis Supplies in a reasonably timely fashion for any reason, including because of a Force Majeure Event or a Product Recall, provided that there shall never be a [**] solely because of NxStage's [**] in a reasonably timely fashion.

If NxStage notifies Customer that NxStage has or reasonably expects to have constraints on its [**] Monthly Dialysis Supplies in a reasonably timely fashion, which constraints might result in or have already resulted in a [**], then Customer will, in order to assist NxStage in avoiding a [**] or resolving the [**], as applicable: (i) use commercially reasonable efforts to manage, as clinically appropriate, its inventory of and requirements for, and its Authorized Customer Locations' patients' inventory of and requirements for Monthly Dialysis Supplies; and (ii) in coordination with NxStage, regularly inform prescribing physicians and Customer teammates regarding the [**] and any clinically appropriate [**] (including, without limitation, [**]) available to the prescribing physicians, provided that those [**] are available at no additional cost to Customer. Customer's obligations under this paragraph shall last only for so long as NxStage has constraints on its [**]."

13. Compliance with [**] .

1. Section 38(a) is deleted in its entirety and replaced with the following:

"(a) During the Term, NxStage shall abide by the following [**] which are attached as Exhibit C hereto: (a) [**], provided that (i) NxStage is not a [**] except as provided pursuant to that separate [**] between the parties with respect to NxStage's provision of the [**] services for Customer or any other [**] entered into by the Parties during the Term relating to new products or services provided by NxStage to Customer following the Third Amendment Effective Date, where the parties mutually agree that a [**] is required (the " [**] "), (ii) [**] covering such activities, (iii) [**], (iv) NxStage is not required to be compliant with the [**] (as such terms is defined in the [**]), and (v) NxStage shall have no obligation to abide by any term of the [**] that is in conflict with or in addition to any term of the [**], (b) [**], provided that this [**] will not limit (i) NxStage's participation in [**], as mutually agreed by the parties, or (ii) any activities conducted pursuant to that separate [**] Agreement between the parties dated April 8, 2015, as amended, or any like agreement between the parties, (c) [**], (d) [**], (e) [**], and (f) [**] (collectively, the " [**] ")."

2. Exhibit C ([**]) is deleted in its entirety and replaced with the attached Exhibit C.

14. Authorized Customer Locations . Schedule A (Authorized Customer Locations) is deleted in its entirety and replaced with the attached Schedule A (Authorized Customer Locations).

15. Warranty; Service; and Recalls . Schedule C (Warranty; Service; and Recalls) is deleted in its entirety and replaced with the attached Schedule C (Warranty; Service; and Recalls).

16. Other . Schedule D (Preferred Relationship) is deleted in its entirety and replaced with the attached Schedule D (Other).

17. Hawaii . Schedule E (Hawaii) is deleted in its entirety and replaced with the attached Schedule E (Hawaii).

18. Nx2me . Schedule F (The Nx2me Connected Health Solution) is deleted in its entirety and replaced with the attached Schedule F. For the sake of clarity, Exhibit 2 to Schedule F is deleted in its entirety.

19. No Other Changes . The remainder of the Agreement not amended hereby remains unchanged and in full force and effect.

20. Counterparts . This Third Amendment may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same document.

[Signature Page Follows]

I **N WITNESS WHEREOF,** the parties hereto have caused this Third Amendment to be duly executed as of the Third Amendment Effective Date.

DaVita Healthcare Partners Inc.	**NxStage Medical, Inc.**
By: /s/ LeAnne Zumwalt	By: /s/ Joseph E. Turk, Jr.
Name: LeAnne Zumwalt	Name: Joseph E. Turk, Jr.
Title: Group Vice President	Title: President

NxStage Medical, Inc.

DaVita Inc.

Second Amended and Restated National Service Provider Agreement

Information Sheet

Date of Agreement:	March 1, 2013 (" Effective Date ")	
National Service Provider:	DaVita Healthcare Partners Inc.	
Street Address of Customer:	500 N. Capital St., NW Suite 300	
City, State, Zip of Customer:	Washington, DC 20001	
Customer Contact and Phone No.:	LeAnne Zumwalt, 650-696-8910	
NxStage Customer Service Phone No.:	1-866-NxStage (1-866-697-8243)	
Contract No.:	*2013-753*	
Contract Term:	From the Effective Date through December 31, 2018, which term shall be automatically extended on a month-to-month basis until one of the parties provides thirty (30) days prior written notice of termination (the " Term ").	
Attached Exhibits:	Exhibit A:	Cycler Log File Decoding Document
	Exhibit B:	[Intentionally Omitted]
	Exhibit C:	[**]
Attached Schedules:	Schedule A:	Authorized Customer Locations
	Schedule B:	Program and Pricing
	Schedule C:	Warranty; Service; and Recalls
	Schedule D:	Other
	Schedule E:	Hawaii
	Schedule F:	The Nx2me Connected Health Solution
	Attachment C-1 to Schedule C	System Ones Subject to Expiration of Service Term

Exhibit A

Cycler Log File Decoding Document

[**]

Exhibit B

Intentionally Omitted

Exhibit C

[**]

26 pages were omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Schedule A

Authorized Customer Locations

[**]

9 pages were omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Schedule B

Program and Pricing

Schedule B
(References to Schedule B within the Agreement, include references to Schedules B-1, B-2, B-3, and B-4)

Unless otherwise noted in this Schedule B , the pricing for each Product set forth on this Schedule B is only valid for [**] patients of the Authorized Customer Locations for which NxStage has received a Patient Prescription Monthly Standing Order signed by a physician during the Term. This Schedule B sets forth the pricing, discounts, rebates and other payment terms related to the purchase or rental, as applicable, of the System One (including Cycler and PureFlow SL, or Cycler, Warmer and Stand, as the case may be), the Monthly Dialysis Supplies, and other related supplies as set forth herein.

Schedule B-1
Chronic Outpatient Therapy
Monthly Dialysis Supplies

1. **Monthly Dialysis Supplies Pricing**

The Purchase Prices set forth in the tables below apply to the purchase of Monthly Dialysis Supplies each month for the Patients (as defined below) of each Authorized Customer Location that have a Patient Prescription Monthly Standing Order. Monthly Dialysis Supplies for each Patient of each of the Authorized Customer Locations will be shipped each month to such Patient based on the prescribed therapy frequency and fluid volume and the inventory needs of such Patient, as reported by such Patient to NxStage's customer service department.

There is one Purchase Price [**] for Monthly Dialysis Supplies for patients using PureFlow SL Monthly Dialysis Supplies (each, a " PureFlow Patient " and collectively, the " PureFlow Patients ") and one Purchase Price [**] for Monthly Dialysis Supplies for patients using Express Monthly Dialysis Supplies (each, an " Express Patient " and collectively, the " Express Patients " and together with the PureFlow Patients, each, a " Patien t" and collectively, the " Patients "). For the sake of clarity, there is no difference in the Purchase Price for PureFlow Patients using [**] in conjunction with the System One S.

The Purchase Price for PureFlow SL Monthly Dialysis Supplies set forth in the applicable tables below titled "NxStage Price List - PureFlow SL Monthly Dialysis Supplies" is only valid where a PureFlow Patient's incoming water quality meets the Primary and Secondary Drinking Water Standards set forth in the US EPA Safe Drinking Water Act. Customer shall provide reasonable evidence of incoming water quality to NxStage upon NxStage's reasonable request.

The Purchase Price for Express Monthly Dialysis Supplies set forth in the table below titled "NxStage Price List - Express Monthly Dialysis Supplies" is only valid for an Express Patient within [**] miles of the applicable Authorized Customer Location responsible for such Express Patient's care. If an Express Patient is more than [**] miles from the applicable Authorized Customer Location responsible for such Express Patient's care, additional charges to be mutually agreed to by NxStage and Customer may apply to the Purchase Price for Express Monthly Dialysis Supplies set forth in the table below titled "NxStage Price List - Express Monthly Dialysis Supplies".

Schedule B-1 (continued)
Chronic Outpatient Therapy
Monthly Dialysis Supplies

The table below sets forth the Purchase Price for the PureFlow SL Monthly Dialysis Supplies for the System One solely for June 2016 based on the prescribed treatment frequency and fluid volume of each PureFlow Patient of an Authorized Customer Location using the PureFlow SL Monthly Dialysis Supplies for the System One. For purposes of the table below, "EOD" means every other day.

NXSTAGE PRICE LIST - PUREFLOW SL MONTHLY DIALYSIS SUPPLIES

		June 2016 Pricing Only		
Part #	**Tx Freq & Volume**	**[**]**	**[**]**	**[**]**
PureFlow SL Monthly Dialysis Supplies for the NxStage System One ^				
PF-17-N-6-SUP	6x week 17L	[**]	[**]	[**]
PF-20-N-4-SUP	4x week 20L	[**]	[**]	[**]
PF-20-N-5-SUP	5x week 20L	[**]	[**]	[**]
PF-20-N-6-SUP	6x week 20L	[**]	[**]	[**]
PF-20-N-7-SUP	7x week 20L	[**]	[**]	[**]
PF-20-N-E-SUP	EOD 20L	[**]	[**]	[**]
PF-20-N-O-SUP	2 On 1 Off 20L	[**]	[**]	[**]
PF-25-N-4-SUP	4x week 25L	[**]	[**]	[**]
PF-25-N-5-SUP	5x week 25L	[**]	[**]	[**]
PF-25-N-6-SUP	6x week 25L	[**]	[**]	[**]
PF-25-N-7-SUP	7x week 25L	[**]	[**]	[**]
PF-25-N-E-SUP	EOD 25L	[**]	[**]	[**]
PF-25-N-O-SUP	2 On 1 Off 25L	[**]	[**]	[**]
PF-30-N-4-SUP	4x week 30L	[**]	[**]	[**]
PF-30-N-5-SUP	5x week 30L	[**]	[**]	[**]
PF-30-N-6-SUP	6x week 30L	[**]	[**]	[**]
PF-30-N-7-SUP	7x week 30L	[**]	[**]	[**]
PF-30-N-E-SUP	EOD 30L	[**]	[**]	[**]
PF-30-N-O-SUP	2 On 1 Off 30L	[**]	[**]	[**]
PF-35-N-4-SUP	4x week 35L	[**]	[**]	[**]

		June 2016 Pricing Only		
Part #	**Tx Freq & Volume**	**[**]**	**[**]**	**[**]**
PF-35-N-5-SUP	5x week 35L	[**]	[**]	[**]
PF-35-N-6-SUP	6x week 35L	[**]	[**]	[**]
PF-35-N-E-SUP	EOD 35L	[**]	[**]	[**]
PF-35-N-O-SUP	2 On 1 Off 35L	[**]	[**]	[**]
PF-40-N-4-SUP	4x week 40L	[**]	[**]	[**]
PF-40-N-5-SUP	5x week 40L	[**]	[**]	[**]
PF-40-N-6-SUP	6x week 40L	[**]	[**]	[**]
PF-40-N-E-SUP	EOD 40L	[**]	[**]	[**]
PF-40-N-O-SUP	2 On 1 Off 40L	[**]	[**]	[**]
PF-50-N-4-SUP	4x week 50L	[**]	[**]	[**]
PF-50-N-5-SUP	5x week 50L	[**]	[**]	[**]
PF-50-N-6-SUP	6x week 50L	[**]	[**]	[**]
PF-50-N-E-SUP	EOD 50L	[**]	[**]	[**]
PF-50-N-O-SUP	2 On 1 Off 50L	[**]	[**]	[**]
PF-60-N-4-SUP	4x week 60L	[**]	[**]	[**]
PF-60-N-5-SUP	5x week 60L	[**]	[**]	[**]
PF-60-N-6-SUP	6x week 60L	[**]	[**]	[**]
PF-60-N-E-SUP	EOD 60L	[**]	[**]	[**]
PF-60-N-O-SUP	2 On 1 Off 60L	[**]	[**]	[**]

*Calculated in accordance with Section 2(A) of this Schedule B-1 .

^ The Purchase Price for the PureFlow SL Monthly Dialysis Supplies for the System One includes [**].

The table below sets forth the Purchase Price for the PureFlow SL Monthly Dialysis Supplies for the System One S solely for June 2016 based on the prescribed treatment frequency and fluid volume of each PureFlow Patient of an Authorized Customer Location using the PureFlow SL Monthly Dialysis Supplies for the System One S. For purposes of the table below, "EOD" means every other day.

NXSTAGE PRICE LIST - PUREFLOW SL MONTHLY DIALYSIS SUPPLIES

		June 2016 Pricing Only		
Part #	**Tx Freq & Volume**	**[**]**	**[**]**	**[**]**
PureFlow SL Monthly Dialysis Supplies for the NxStage System One S ^				
HF-17-N-6-SUP	6x week 17L	[**]	[**]	[**]
HF-20-N-4-SUP	4x week 20L	[**]	[**]	[**]
HF-20-N-5-SUP	5x week 20L	[**]	[**]	[**]
HF-20-N-6-SUP	6x week 20L	[**]	[**]	[**]
HF-20-N-7-SUP	7x week 20L	[**]	[**]	[**]
HF-20-N-E-SUP	EOD 20L	[**]	[**]	[**]
HF-20-N-O-SUP	2 On 1 Off 20L	[**]	[**]	[**]
HF-25-N-4-SUP	4x week 25L	[**]	[**]	[**]
HF-25-N-5-SUP	5x week 25L	[**]	[**]	[**]
HF-25-N-6-SUP	6x week 25L	[**]	[**]	[**]
HF-25-N-7-SUP	7x week 25L	[**]	[**]	[**]
HF-25-N-E-SUP	EOD 25L	[**]	[**]	[**]
HF-25-N-O-SUP	2 On 1 Off 25L	[**]	[**]	[**]
HF-30-N-4-SUP	4x week 30L	[**]	[**]	[**]
HF-30-N-5-SUP	5x week 30L	[**]	[**]	[**]
HF-30-N-6-SUP	6x week 30L	[**]	[**]	[**]
HF-30-N-7-SUP	7x week 30L	[**]	[**]	[**]
HF-30-N-E-SUP	EOD 30L	[**]	[**]	[**]
HF-30-N-O-SUP	2 On 1 Off 30L	[**]	[**]	[**]
HF-35-N-4-SUP	4x week 35L	[**]	[**]	[**]
HF-35-N-5-SUP	5x week 35L	[**]	[**]	[**]
HF-35-N-6-SUP	6x week 35L	[**]	[**]	[**]
HF-35-N-E-SUP	EOD 35L	[**]	[**]	[**]
HF-35-N-O-SUP	2 On 1 Off 35L	[**]	[**]	[**]
HF-40-N-4-SUP	4x week 40L	[**]	[**]	[**]

		June 2016 Pricing Only		
Part #	**Tx Freq & Volume**	**[**]**	**[**]**	**[**]**
HF-40-N-5-SUP	5x week 40L	[**]	[**]	[**]
HF-40-N-6-SUP	6x week 40L	[**]	[**]	[**]
HF-40-N-E-SUP	EOD 40L	[**]	[**]	[**]
HF-40-N-O-SUP	2 On 1 Off 40L	[**]	[**]	[**]
HF-50-N-4-SUP	4x week 50L	[**]	[**]	[**]
HF-50-N-5-SUP	5x week 50L	[**]	[**]	[**]
HF-50-N-6-SUP	6x week 50L	[**]	[**]	[**]
HF-50-N-E-SUP	EOD 50L	[**]	[**]	[**]
HF-50-N-O-SUP	2 On 1 Off 50L	[**]	[**]	[**]
HF-60-N-4-SUP	4x week 60L	[**]	[**]	[**]
HF-60-N-5-SUP	5x week 60L	[**]	[**]	[**]
HF-60-N-6-SUP	6x week 60L	[**]	[**]	[**]
HF-60-N-E-SUP	EOD 60L	[**]	[**]	[**]
HF-60-N-O-SUP	2 On 1 Off 60L	[**]	[**]	[**]

*Calculated in accordance with Section 2(A) of this Schedule B-1 .

^ The Purchase Price for PureFlow SL Monthly Dialysis Supplies for the System One S includes [**].

The table below sets forth the Purchase Price for the Express Monthly Dialysis Supplies for the System One solely for June 2016 based on the prescribed treatment frequency and fluid volume of each Express Patient of an Authorized Customer Location using the Express Monthly Dialysis Supplies for the System One. For purposes of the table below, "EOD" means every other day.

NXSTAGE PRICE LIST - EXPRESS MONTHLY DIALYSIS SUPPLIES

		June 2016 Pricing Only		
Part #	**Tx Freq & Volume**	**[**]**	**[**]**	**[**]**
Express Monthly Dialysis Supplies for the NxStage System One				
EX-15-N-4-SUP	4x week 15L	[**]	[**]	[**]
EX-15-N-5-SUP	5x week 15L	[**]	[**]	[**]
EX-15-N-6-SUP	6x week 15L	[**]	[**]	[**]
EX-15-N-7-SUP	7x week 15L	[**]	[**]	[**]
EX-15-N-E-SUP	EOD 15L	[**]	[**]	[**]
EX-20-N-4-SUP	4x week 20L	[**]	[**]	[**]
EX-20-N-5-SUP	5x week 20L	[**]	[**]	[**]
EX-20-N-6-SUP	6x week 20L	[**]	[**]	[**]
EX-20-N-7-SUP	7x week 20L	[**]	[**]	[**]
EX-20-N-E-SUP	EOD 20L	[**]	[**]	[**]
EX-25-N-4-SUP	4x week 25L	[**]	[**]	[**]
EX-25-N-5-SUP	5x week 25L	[**]	[**]	[**]
EX-25-N-6-SUP	6x week 25L	[**]	[**]	[**]
EX-25-N-7-SUP	7x week 25L	[**]	[**]	[**]
EX-25-N-E-SUP	EOD 25L	[**]	[**]	[**]
EX-30-N-4-SUP	4x week 30L	[**]	[**]	[**]
EX-30-N-5-SUP	5x week 30L	[**]	[**]	[**]
EX-30-N-6-SUP	6x week 30L	[**]	[**]	[**]
EX-30-N-7-SUP	7x week 30L	[**]	[**]	[**]
EX-30-N-E-SUP	EOD 30L	[**]	[**]	[**]
EX-35-N-4-SUP	4x week 35L	[**]	[**]	[**]
EX-35-N-5-SUP	5x week 35L	[**]	[**]	[**]
EX-35-N-6-SUP	6x week 35L	[**]	[**]	[**]
EX-35-N-E-SUP	EOD 35L	[**]	[**]	[**]

		June 2016 Pricing Only		
Part #	**Tx Freq & Volume**	**[**]**	**[**]**	**[**]**
EX-40-N-4-SUP	4x week 40L	[**]	[**]	[**]
EX-40-N-5-SUP	5x week 40L	[**]	[**]	[**]
EX-40-N-6-SUP	6x week 40L	[**]	[**]	[**]
EX-40-N-E-SUP	EOD 40L	[**]	[**]	[**]
EX-45-N-4-SUP	4x week 45L	[**]	[**]	[**]
EX-45-N-5-SUP	5x week 45L	[**]	[**]	[**]
EX-45-N-6-SUP	6x week 45L	[**]	[**]	[**]
EX-45-N-E-SUP	EOD 45L	[**]	[**]	[**]

*Calculated in accordance with Section 2(A) of this Schedule B-1 .

Customer shall pay all invoices for Monthly Dialysis Supplies in June 2016 no later than [**].

Starting July 1, 2016, the table below sets forth the Purchase Price for the PureFlow SL Monthly Dialysis Supplies for the System One for each [**] during the Term based on the prescribed treatment frequency and fluid volume of each PureFlow Patient of an Authorized Customer Location using the PureFlow SL Monthly Dialysis Supplies for the System One. For purposes of the table below, "EOD" means every other day.

NXSTAGE PRICE LIST - PUREFLOW SL MONTHLY DIALYSIS SUPPLIES

		[**]			[**]			[**]		
Part #	**Tx Freq & Volume**	**[**]**	**[**]**	**[**] ***	**[**]**	**[**]**	**[**] ***	**[**]**	**[**]**	**[**] ***
PureFlow SL Monthly Dialysis Supplies for the NxStage System One ^										
PF-17-N-6-SUP	6x week 17L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-20-N-4-SUP	4x week 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-20-N-5-SUP	5x week 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-20-N-6-SUP	6x week 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-20-N-7-SUP	7x week 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-20-N-E-SUP	EOD 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-20-N-O-SUP	2 On 1 Off 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-25-N-4-SUP	4x week 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-25-N-5-SUP	5x week 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-25-N-6-SUP	6x week 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-25-N-7-SUP	7x week 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-25-N-E-SUP	EOD 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-25-N-O-SUP	2 On 1 Off 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-30-N-4-SUP	4x week 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-30-N-5-SUP	5x week 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-30-N-6-SUP	6x week 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-30-N-7-SUP	7x week 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-30-N-E-SUP	EOD 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-30-N-O-SUP	2 On 1 Off 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-35-N-4-SUP	4x week 35L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]

		[**]			[**]			[**]		
Part #	**Tx Freq & Volume**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**
PF-35-N-5-SUP	5x week 35L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-35-N-6-SUP	6x week 35L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-35-N-E-SUP	EOD 35L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-35-N-O-SUP	2 On 1 Off 35L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-40-N-4-SUP	4x week 40L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-40-N-5-SUP	5x week 40L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-40-N-6-SUP	6x week 40L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-40-N-E-SUP	EOD 40L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-40-N-O-SUP	2 On 1 Off 40L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-50-N-4-SUP	4x week 50L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-50-N-5-SUP	5x week 50L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-50-N-6-SUP	6x week 50L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-50-N-E-SUP	EOD 50L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-50-N-O-SUP	2 On 1 Off 50L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-60-N-4-SUP	4x week 60L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-60-N-5-SUP	5x week 60L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-60-N-6-SUP	6x week 60L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-60-N-E-SUP	EOD 60L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
PF-60-N-O-SUP	2 On 1 Off 60L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]

*Calculated in accordance with Section 2(A) of this Schedule B-1 .

^ The Purchase Price for the PureFlow SL Monthly Dialysis Supplies for the System One includes a [**].

† The Purchase Price for the PureFlow SL Monthly Dialysis Supplies for the System One for [**] may be adjusted pursuant to Section 3 of this Schedule B-1 .

Starting July 1, 2016, the table below sets forth the Purchase Price for the PureFlow SL Monthly Dialysis Supplies for the System One S for each [**] during the Term based on the prescribed treatment frequency and fluid volume of each PureFlow Patient of an Authorized Customer Location using the PureFlow SL Monthly Dialysis Supplies for the System One S. For purposes of the table below, "EOD" means every other day.

NXSTAGE PRICE LIST - PUREFLOW SL MONTHLY DIALYSIS SUPPLIES

		[**]			[**]			[**]		
Part #	**Tx Freq & Volume**	[**]	[**]	[**] *	[**]	[**]	[**] *	[**]	[**]	[**] *
PureFlow SL Monthly Dialysis Supplies for the NxStage System One S ^										
HF-17-N-6-SUP	6x week 17L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-20-N-4-SUP	4x week 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-20-N-5-SUP	5x week 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-20-N-6-SUP	6x week 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-20-N-7-SUP	7x week 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-20-N-E-SUP	EOD 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-20-N-O-SUP	2 On 1 Off 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-25-N-4-SUP	4x week 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-25-N-5-SUP	5x week 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-25-N-6-SUP	6x week 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-25-N-7-SUP	7x week 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-25-N-E-SUP	EOD 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-25-N-O-SUP	2 On 1 Off 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-30-N-4-SUP	4x week 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-30-N-5-SUP	5x week 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-30-N-6-SUP	6x week 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-30-N-7-SUP	7x week 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-30-N-E-SUP	EOD 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-30-N-O-SUP	2 On 1 Off 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-35-N-4-SUP	4x week 35L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-35-N-5-SUP	5x week 35L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-35-N-6-SUP	6x week 35L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-35-N-E-SUP	EOD 35L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-35-N-O-SUP	2 On 1 Off 35L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-40-N-4-SUP	4x week 40L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]

		[**]			[**]			[**]		
Part #	**Tx Freq & Volume**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**
HF-40-N-5-SUP	5x week 40L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-40-N-6-SUP	6x week 40L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-40-N-E-SUP	EOD 40L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-40-N-O-SUP	2 On 1 Off 40L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-50-N-4-SUP	4x week 50L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-50-N-5-SUP	5x week 50L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-50-N-6-SUP	6x week 50L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-50-N-E-SUP	EOD 50L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-50-N-O-SUP	2 On 1 Off 50L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-60-N-4-SUP	4x week 60L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-60-N-5-SUP	5x week 60L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-60-N-6-SUP	6x week 60L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-60-N-E-SUP	EOD 60L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
HF-60-N-O-SUP	2 On 1 Off 60L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]

*Calculated in accordance with Section 2(A) of this Schedule B-1 .

^ The Purchase Price for PureFlow SL Monthly Dialysis Supplies for the System One S includes [**].

†The Purchase Price for PureFlow SL Monthly Dialysis Supplies for the System One S for [**] may be adjusted pursuant to Section 3 of this Schedule B-1 .

Starting July 1, 2016, the table below sets forth the Purchase Price for the Express Monthly Dialysis Supplies for the System One for each [**] during the Term based on the prescribed treatment frequency and fluid volume of each Express Patient of an Authorized Customer Location using the Express Monthly Dialysis Supplies for the System One. For purposes of the table below, "EOD" means every other day.

NXSTAGE PRICE LIST - EXPRESS MONTHLY DIALYSIS SUPPLIES

		[**]			[**]			[**]		
Part #	**Tx Freq & Volume**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**
Express Monthly Dialysis Supplies for the NxStage System One										
EX-15-N-4-SUP	4x week 15L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-15-N-5-SUP	5x week 15L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-15-N-6-SUP	6x week 15L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-15-N-7-SUP	7x week 15L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-15-N-E-SUP	EOD 15L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-20-N-4-SUP	4x week 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-20-N-5-SUP	5x week 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-20-N-6-SUP	6x week 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-20-N-7-SUP	7x week 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-20-N-E-SUP	EOD 20L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-25-N-4-SUP	4x week 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-25-N-5-SUP	5x week 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-25-N-6-SUP	6x week 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-25-N-7-SUP	7x week 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-25-N-E-SUP	EOD 25L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-30-N-4-SUP	4x week 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-30-N-5-SUP	5x week 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-30-N-6-SUP	6x week 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-30-N-7-SUP	7x week 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-30-N-E-SUP	EOD 30L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-35-N-4-SUP	4x week 35L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-35-N-5-SUP	5x week 35L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-35-N-6-SUP	6x week 35L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-35-N-E-SUP	EOD 35L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]

		[**]			[**]			[**]		
Part #	**Tx Freq & Volume**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**	**[**]**
EX-40-N-4-SUP	4x week 40L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-40-N-5-SUP	5x week 40L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-40-N-6-SUP	6x week 40L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-40-N-E-SUP	EOD 40L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-45-N-4-SUP	4x week 45L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-45-N-5-SUP	5x week 45L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-45-N-6-SUP	6x week 45L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
EX-45-N-E-SUP	EOD 45L	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]

*Calculated in accordance with Section 2(A) of this Schedule B-1 .

†The Purchase Price for Express Monthly Dialysis Supplies for the System One for [**] may be adjusted pursuant to Section 3 of this Schedule B-1 .

2. Additional Billing Terms

A. Monthly Purchase Prices . Each calendar month, subject to Section 10(a) of the Agreement, NxStage will invoice Customer for the Monthly Dialysis Supplies at the applicable "Monthly Purchase Price" set forth in the applicable table in Section 1 of this Schedule B-1 above for each then-outstanding [**]. NxStage calculates the Monthly Purchase Price by: (i) multiplying the [**] in each [**] for the applicable calendar month by [**] (each such [**], a " [**] ") and (ii) then multiplying the product of romanette (i) of this paragraph by the applicable "Purchase Price [**]" as set forth in the applicable table in Section 1 of this Schedule B-1 above.

B. Additional Amounts Owed for PureFlow SL Monthly Dialysis Supplies .

a. Each calendar quarter, NxStage will divide the sum of all SAKs (as defined below) [**] for all PureFlow Patients during such calendar quarter (based on the number of [**] for such calendar quarter) by the sum of all PureFlow Patient Months (as defined below) in such calendar quarter (the " Average Monthly SAK [**] "). A " PureFlow Patient Month " means, with respect to each PureFlow Patient for a particular calendar month, an amount equal to the quotient of the number of calendar days such PureFlow Patient would be able to receive [**] in such particular calendar month (taking into account such PureFlow Patient's start date in such calendar month and prescribed therapy frequency) divided by the number of calendar days such PureFlow Patient would have been able to receive [**] in such particular calendar month if the PureFlow Patient had started [**] on the first day of such calendar month(taking into account such PureFlow Patient's prescribed therapy frequency). " SAK " means each bag of dialysate concentrate designed for use with the PureFlow SL. For purposes of clarity, a case of SAKs consists of two (2) SAKS.

ii. If, in any calendar quarter, the Average Monthly SAK [**] is greater than [**] cases of SAKs per PureFlow Patient (the " SAK Initial Threshold ") and less than or equal to [**] cases of SAKs per PureFlow Patient, then NxStage shall [**] equal to the result of the following calculation *(which shall result in an* [**] *only on the* [**] *which caused Customer to exceed the SAK Initial Threshold)* :

[[(Average Monthly SAK [**] minus [**])] * [Total number of PureFlow Patient Months in such calendar quarter] * [[**]]]

iii. If, in any calendar quarter, the Average Monthly SAK [**] is greater than [**] cases of SAKs per PureFlow Patient (the " SAK Increased Threshold "), then NxStage shall [**] equal to the sum of the results of the following calculation *(which shall result in an* [**] *only on the* [**] *which caused Customer to exceed the SAK Increased Threshold)* :

1) [[([**] minus [**])] * [Total number of PureFlow Patient Months in such calendar quarter] * [[**]]]
+

2) [[(Average Monthly SAK [**] minus [**])] * [Total number of PureFlow Patient Months in such calendar quarter] * [[**]]]

C. Additional Amounts Owed for Express Monthly Dialysis Supplies .

i. Each calendar quarter, NxStage will divide the sum of all RFPs (as defined below) [**] for all Express Patients during such calendar quarter (based on the number of [**] for such calendar quarter) by the sum of all Express Patient Months (as defined below) in such calendar quarter (the " Average Monthly RFP [**] "). A " Express Patient Month " means, with respect to each Express Patient for a particular calendar month, an amount equal to the quotient of the number of calendar days such Express Patient would be able to [**] in such particular calendar month (taking into account such Express Patient's start date in such calendar month and prescribed therapy frequency) divided by the number of calendar days such Express Patient would have been able to [**] in such particular calendar month if the Express Patient had started [**] on the first day of such calendar month (taking into account such Express Patient's prescribed therapy frequence). " RFP " means each five (5) liter bag of pre-packaged dialysate fluids. For purposes of clarity, a case of RFPs consists of two (2) RFPs.

ii. If, in any calendar quarter, the Average Monthly RFP [**] is greater than [**] cases of RFPs per Express Patient (the " RFP Initial Threshold ") and less than or equal to [**] cases of RFPs per Express Patient, then NxStage shall [**] equal to the result of the following calculation *(which shall result in an* [**] *only on the* [**] *which caused Customer to exceed the RFP Initial Threshold)* :

[[(Average Monthly RFP [**] minus [**])] * [Total number of Express Patient Months in such calendar quarter] * [[**]]]

iii. If, in any calendar quarter, the Average Monthly RFP [**] is greater than [**] cases of RFPs per Express Patient (the " RFP Increased Threshold "), then NxStage shall [**] equal to the sum of the results of the following calculation *(which shall result in an* [**] *only on the* [**] *which caused Customer to exceed the RFP Increased Threshold)* :

1) [[([**])] * [Total number of Express Patient Months in such calendar quarter] * [[**]]]
+

2) [[(Average Monthly RFP [**] minus [**])] * [Total number of Express Patient Months in such calendar quarter] * [[**]]]

3. Purchase Price Adjustment for [**] .

If the Qualified Net Purchases of Monthly Dialysis Supplies (as defined in Section 4(A) below) do not total at least [**] during the calendar quarter commencing on [**] and ending on [**], then: (a) the applicable "Purchase Price [**]" for the Monthly Dialysis Supplies during [**] shall be as set forth in the table below (instead of the applicable "Purchase Price [**]" for the Monthly Dialysis Supplies for [**] as shown in the applicable table above in Section 1 of this Schedule B-1) and (b) the applicable "Monthly Purchase Price" for [**] shall be recalculated in accordance with Section 2(A) of this Schedule B-1 above using the applicable "Purchase Price [**]" set forth in the table below (instead of the applicable "Purchase Price [**]" for the Monthly Dialysis Supplies for [**] as shown in the applicable table above in Section 1 of this Schedule B-1).

	Purchase Price [**]
PureFlow SL Monthly Dialysis Supplies for the System One and the System One S	[**]
Express Monthly Dialysis Supplies	[**]

4. Rebates .

A. [**] Rebates . During each calendar quarter commencing on [**] through [**] (the " [**] Rebate Period "), Customer shall be eligible to earn a rebate as set forth in the "[**] Rebate Table" below on all Qualified Net Purchases of Monthly Dialysis Supplies (as defined below) in such calendar quarter, if the Qualified Net Purchases of Monthly Dialysis Supplies during such calendar quarter achieves one of the tiers set forth in the "[**] Rebate Table" below (each, a " [**] Rebate " and collectively , the " [**] Rebates "). The applicable amount of a [**] Rebate for a calendar quarter during the [**] Rebate Period shall be calculated by multiplying all Qualified Net Purchases of Monthly Dialysis Supplies during such applicable calendar quarter by the rebate dollar amount applicable to the rebate tier achieved by Customer pursuant to the "[**] Rebate Table" below during such applicable calendar quarter. For example, if in the calendar quarter ending [**], Customer made [**] Qualified Net Purchases of Monthly Dialysis Supplies, Customer shall earn a [**] Rebate for such calendar quarter in an amount equal to [**] (i.e., [**] x [**]). For purposes of this Schedule B-1 , " Qualified Net Purchases of Monthly Dialysis Supplies " means, subject to the following paragraph, all Monthly Dialysis Supplies purchased by Customer and the Authorized Customer Locations from NxStage for [**], less credits based on returns pursuant to Section 9, documented hospitalizations pursuant to Section 10, and permanent discontinuations of therapy pursuant to Section 10.

Qualified Net Purchases of Monthly Dialysis Supplies shall not include Monthly Dialysis Supplies purchased by Customer and the Authorized Customer Locations from NxStage for patients (i) subject to a New Agreement, (ii) prescribed to receive therapy with the System in a [**] setting (it being understood that patients performing home care in [**] shall be counted for purposes of the Qualified Net Purchases of Monthly Dialysis Supplies; provided that such patients' therapy is not performed in a facility where such facility staff or Customer or Authorized Customer Location staff is performing or assisting with the treatment, or where more than [**] is receiving therapy with a [**] System in such facility or where [**] or more System patients are in such facility), (iii) acquired by Customer or any Authorized Customer Location in connection with a [**] Acquisition or the entry into of a [**] Management Contract with any [**] Site (each, an " Acquired [**] Site ", and the acquisition of each such Acquired [**] Site hereinafter referred to as a " [**] Site Acquisition " and collectively as the " [**] Site Acquisitions ") during the Term (the " Excluded [**] Transactions ", and such acquired patients,

as set forth in this subsection (iii) shall be hereinafter referred to as the " Excluded [**] Transaction Patients "), (iv) acquired by Customer or any Authorized Customer Location on or after the Third Amendment Effective Date (1) through the purchase of facilities (other than [**] Sites) which have, or did have, any type of program with NxStage with respect to the purchase, sale or rental of the System for home use during the [**] months prior to the closing date of the acquisition (each, an " Acquired Non-[**] Site ", and the acquisition of each such Acquired Non-[**] Site hereinafter referred to as a " Non-[**] Site Acquisition " and collectively as the " Non-[**] Site Acquisitions "), or (2) under any management contract, joint venture or other similar transaction entered into subsequent to the Third Amendment Effective Date with any facility (other than any [**] Site) (each, a " Non-[**] Site ") which has, or did have, any type of program with NxStage with respect to the purchase, sale or rental of the System during the [**] months prior to the effective date of any such management contract, joint venture or similar transaction (each, a " Non-[**] Management Contract Site ") (the management contract, joint venture or similar transaction relationship with such Non-[**] Management Contract Sites hereinafter referred to as " Non-[**] Management Contracts ", and together with the Non-[**] Site Acquisitions, collectively the " Excluded Non-[**] Transactions ") (such acquired patients, as set forth in subsections (1) and (2) of this subsection (iv) shall be hereinafter referred to as the " Excluded Non-[**] Transaction Patients "), (v) that are added subsequent to the Acquisition Date (as defined below) of any Acquired [**] Site, Acquired Non-[**] Site or Non-[**] Management Contract Site if the Qualified Net Purchases of Monthly Dialysis Supplies from such sites in any calendar quarter exceeds more than [**] of the Authorized Customer Locations' aggregate Qualified Net Purchases of Monthly Dialysis Supplies in the prior calendar quarter, or (vi) that are added by any [**] Site from and after the effective date of any [**] Management Contract entered into by such [**] Site (the " Excluded New [**] Management Contract Patients ", and together with the Excluded [**] Transaction Patients and the Excluded Non-[**] Transaction Patients, the " Excluded Acquired Patients "). The number of Excluded [**] Transaction Patients and Excluded Non-[**] Transaction Patients shall be measured as of the effective date of the applicable [**] Management Contract or Non-[**] Management Contract, and as of the closing date of the applicable [**] Site Acquisition or Non-[**] Site Acquisition (each of such dates referred to herein for purposes of this paragraph as the " Acquisition Date "), and shall also include all patients that transfer from the relevant [**] Site or Non-[**] Site to an Authorized Customer Location during the [**] months prior to the applicable Acquisition Date (the " Excluded Pre-Acquisition Date Patient Transfers "). All Excluded Acquired Patients which transfer to an Authorized Customer Location subsequent to the Acquisition Date, as well as all Excluded Pre-Acquisition Date Patient Transfers shall also be excluded from the Qualified Net Purchase of Monthly Dialysis Supplies. The number of Qualified Net Purchases of Monthly Dialysis Supplies for Excluded Acquired Patients shall continue to be deducted at all times during the Term from the aggregate Qualified Net Purchases of Monthly Dialysis Supplies, irrespective of whether or not such Excluded Acquired Patients are no longer on therapy with the System One at any time during the Term.

For the sake of clarity, with respect to Section 4 of this Schedule B-1 , (x) Monthly Dialysis Supplies shall be deemed to have been purchased on the date that NxStage invoices Customer or any Authorized Customer Location for the Monthly Dialysis Supplies and (y) adjustments for credits will be applied during the calendar quarter in which NxStage issues the credit to Customer (notwithstanding the fact that it may relate to an event in a prior calendar quarter).

[**] Rebate Table			
Q3		**Q4**	
Qualified Net Purchases of Monthly Dialysis Supplies Rebate Tiers	**Rebate Dollar Amount**	**Qualified Net Purchases of Monthly Dialysis Supplies Rebate Tiers**	**Rebate Dollar Amount**
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]

B. [*] Rebates . During each calendar quarter during the period of [**] through [**] (the " [**] Rebate Period "), Customer shall be eligible to earn a rebate as set forth in the "[**] Rebate Table" below on all Qualified Net Purchases of Monthly Dialysis Supplies in such calendar quarter, if the Qualified Net Purchases of Monthly Dialysis Supplies during such calendar quarter achieves one of the tiers set forth in the "[**] Rebate Table" below (each, a " [**] Rebate " and collectively, the " [**] Rebates "). The applicable amount of a [**] Rebate for a calendar quarter during the [**] Rebate Period shall be calculated by multiplying all Qualified Net Purchases of Monthly Dialysis Supplies during such applicable calendar quarter by the rebate dollar amount applicable to the rebate tier achieved by Customer pursuant to the "[**] Rebate Table" below during such applicable calendar quarter.

[**] Rebate Table							
Q1		**Q2**		**Q3**		**Q4**	
Qualified Net Purchases of Monthly Dialysis Supplies Rebate Tiers	**Rebate Dollar Amount**	**Qualified Net Purchases of Monthly Dialysis Supplies Rebate Tiers**	**Rebate Dollar Amount**	**Qualified Net Purchases of Monthly Dialysis Supplies Rebate Tiers**	**Rebate Dollar Amount**	**Qualified Net Purchases of Monthly Dialysis Supplies Rebate Tiers**	**Rebate Dollar Amount**
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]

C. [**] Rebates . During each calendar quarter during the period of [**] through [**] (the " [**] Rebate Period "), Customer shall be eligible to earn a rebate as set forth in the "[**] Rebate Table" below on all Qualified Net Purchases of Monthly Dialysis Supplies in such calendar quarter, if the Qualified Net Purchases of Monthly Dialysis Supplies during such calendar quarter achieves one of the tiers set forth in the "[**] Rebate Table" below (each, a " [**] Rebate " and collectively, the " [**] Rebates " and collectively with the [**] Rebates and the [**] Rebates, each a " Rebate " and collectively, the " Rebates "). The applicable amount of a [**] Rebate for a calendar quarter during the [**] Rebate Period shall be calculated by multiplying all Qualified Net Purchases of Monthly Dialysis Supplies during such applicable calendar quarter by the rebate dollar amount applicable to the rebate tier achieved by Customer pursuant to the "[**] Rebate Table" below during such applicable calendar quarter.

[**] Rebate Table							
Q1		**Q2**		**Q3**		**Q4**	
Qualified Net Purchases of Monthly Dialysis Supplies Rebate Tiers	**Rebate Dollar Amount**	**Qualified Net Purchases of Monthly Dialysis Supplies Rebate Tiers**	**Rebate Dollar Amount**	**Qualified Net Purchases of Monthly Dialysis Supplies Rebate Tiers**	**Rebate Dollar Amount**	**Qualified Net Purchases of Monthly Dialysis Supplies Rebate Tiers**	**Rebate Dollar Amount**
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]

D. Rebate Payment . Any Rebate owed shall be paid by NxStage to Customer within [**] days after the applicable calendar quarter. During this [**] day period, NxStage reserves the right to ask for additional documentation supporting the calculation of Qualified Net Purchases of Monthly Dialysis Supplies for the applicable calendar quarter, including a

reconciliation of active [**] for the quarter, and a review of any discontinuations of patient therapy. NxStage shall make all payments of any Rebate earned by Customer via electronic funds transfer (" EFT ") using the EFT information provided by Customer to NxStage. Upon the early termination of this Agreement for any reason, NxStage shall, within [**] days of such termination of this Agreement for any reason, pay each Rebate earned by Customer through the date of such termination of this Agreement for any reason. If the termination of this Agreement for any reason occurs during a calendar quarter so that such calendar quarter is not complete at the time of the termination of this Agreement for any reason, then each tier under the heading "Qualified Net Purchases of Monthly Dialysis Supplies Rebate Tiers" set forth in the "[**] Rebate Table" above, the "[**] Rebate Table" above, or the "[**] Rebate Table" above, as applicable, for the applicable calendar quarter (and not the Rebate Dollar Amount in the "[**] Rebate Table" above, the "[**] Rebate Table" above, or the "[**] Rebate Table" above, as applicable) shall be adjusted by multiplying an amount equal to: (a) the quotient of the number of days when the Agreement was in effect during the applicable calendar quarter divided by (b) ninety (90). Any failure of Customer to earn a Rebate during any applicable calendar quarter shall not affect Customer's ability to earn a Rebate during any other applicable calendar quarter.

5. Reserve Quantity Inventory Pricing

If at the time of the initial Patient Prescription Monthly Standing Order for a Patient, a reserve of [**] of the Monthly Dialysis Supplies is required (the " Reserve Quantity Inventory "), the Purchase Price for the Reserve Quantity Inventory shall be determined as set forth in the table below:

Reserve Quantity Inventory (placed at the time of initial patient prescription)	
[**]	[**] of the "Monthly Purchase Price" set forth in the applicable table above based on such Patient's prescribed treatment frequency and fluid volume
[**]	[**] of the "Monthly Purchase Price" set forth in the applicable table above based on such Patient's prescribed treatment frequency and fluid volume

6. Pricing Eligibility Requirement.

Customer shall not be eligible for any Rebate under this Schedule B-1 unless (a) Customer is not in material breach of any of the provisions of the Agreement (taking into account any applicable cure period set forth in the Agreement), and (b) Customer is current in all of its payment obligations to NxStage, and no payment owed by Customer to NxStage hereunder is past due; provided that the Rebates set forth in this Schedule B-1 may be earned if Customer's past due undisputed invoices are less than [**] in total. Amounts disputed in good faith by Customer pursuant to the provisions of Section 6 of the Agreement shall not impact Customer's eligibility for any of the Rebates set forth in this Schedule B-1 .

7. **Reporting** . All discounts and rebates provided pursuant to this Schedule B, are "Discounts or Other Reductions in Price" to Customer under 42 U.S.C. § 1320a-7b(b)(3)(A) of the Social Security Act, and shall be properly reported by Customer on applicable Medicare and Medicaid claims and cost reports in accordance with the terms and conditions of Section 7 of the Agreement.

Schedule B-2
Chronic Outpatient Therapy Agreement
Ancillary/Replacement Supplies

1. **ANCILLARY PRODUCTS AND CUSTOMER AUTHORIZATION**

The pricing set forth in the table below titled "Ancillary/Replacement Supplies" applies to all Ancillary/Replacement Supplies (as defined below) purchased by Customer or any Authorized Customer Location during the Term. All purchases of Ancillary/Replacement Supplies must be initiated by a valid purchase order. NxStage will not ship any Ancillary/Replacement Supplies to any Authorized Customer Location without the prior consent of such Authorized Customer Location. For purposes hereof, " Ancillary/Replacement Supplies " means the individual products set forth in the table below not explicitly included in the Monthly Dialysis Supplies or items the use of which exceeds a Patient's applicable prescribed treatment frequency and fluid volume or is above standard usage levels.

ANCILLARY/REPLACEMENT SUPPLIES

Part Number	Category	Description	Quantity	Purchase Price
ANC-200	Consumables	Drain Line extension	24/Case	[**]
CAR-124	Consumables	Cartridge w/o preattached dialyzer	6/Case	[**]
CAR-170	Consumables	Cartridge Express	6/Case	[**]
CAR-172	Consumables	Cartridge Express with medication ports	6/case	[**]
DTK-001	Consumables	Dialysate Test Kit	25/Case	[**]
FWS-206-B	Consumables	Comfortmate ™ Warmer Disposable w/ 6 MLA lines	24/Case	[**]
FWS-209-B	Consumables	Comfortmate Warmer Disposable w/ 9 MLA lines	24/Case	[**]
FWS-304	Consumables	Express Warmer Disposable w/ 4 MLA lines	24/Case	[**]
FWS-308	Consumables	Express Warmer Disposable w/ 8 MLA lines	24/Case	[**]
NX25-0561	Consumables	PureFlow SL Drain Line Cleaning product	Each	[**]
PAK-001	Consumables	PureFlow ™ SL PAK	Each	[**]
RFP-204	Consumables	Express Premixed Dialysate, 5L, Lactate 40 mEq/L, 1K	2/Case	[**]
RFP-205	Consumables	Express Premixed Dialysate, 5L, Lactate 35 mEq/L, 3K	2/Case	[**]
RFP-207	Consumables	Express Premixed Dialysate, 5L, Lactate 45 mEq/L, 1K	2/Case	[**]
RFP-209	Consumables	Express Premixed Dialysate, 5L, Lactate 45 mEq/L, 2K	2/Case	[**]
RFP-211	Consumables	Express Premixed Dialysate, 5L, Lactate 40 mEq/L, 2K	2/Case	[**]
SAK-301	Consumables	PureFlow SL SAK, 60L Lactate 45 mEq/L, 1K	2/Case	[**]
SAK-302	Consumables	PureFlow SL SAK, 60L Lactate 40 mEq/L, 1K	2/Case	[**]
SAK-303	Consumables	PureFlow SL SAK - 50L Lactate 45 mEq/L, 1K	2/Case	[**]
SAK-304	Consumables	PureFlow SL SAK - 60L Lactate 45 mEq/L, 2K	2/Case	[**]
SAK-305	Consumables	PureFlow SL SAK - 40L Lactate 45 mEq/L, 1K	2/Case	[**]
SAK-306	Consumables	PureFlow SL SAK - 50L Lactate 45 mEq/L, 2K	2/Case	[**]
SAK-307	Consumables	PureFlow SL SAK - 50L Lactate 40 mEq/L, 1K	2/Case	[**]
SAK-401	Consumables	PureFlow SL SAK, 60L Lactate 45 mEq/L, 1K^	2/Case	[**]
SAK-402	Consumables	PureFlow SL SAK, 60L Lactate 40 mEq/L, 1K^	2/Case	[**]
SAK-403	Consumables	PureFlow SL SAK - 50L Lactate 45 mEq/L, 1K^	2/Case	[**]
SAK-404	Consumables	PureFlow SL SAK - 60L Lactate 45 mEq/L, 2K^	2/Case	[**]
SAK-405	Consumables	PureFlow SL SAK - 40L Lactate 45 mEq/L, 1K^	2/Case	[**]
SAK-406	Consumables	PureFlow SL SAK - 50L Lactate 45 mEq/L, 2K^	2/Case	[**]
SAK-407	Consumables	PureFlow SL SAK - 50L Lactate 40 mEq/L, 1K^	2/Case	[**]
TNPK-204	Consumables	Ten cases of RFP-204	10 Cases/Each	[**]
TNPK-205	Consumables	Ten cases of RFP-205	10 Cases/Each	[**]
TNPK-207	Consumables	Ten cases of RFP-207	10 Cases/Each	[**]
TNPK-209	Consumables	Ten cases of RFP-209	10 Cases/Each	[**]
TNPK-211	Consumables	Ten cases of RFP-211	10 Cases/Each	[**]

Part Number	Category	Description	Quantity	Purchase Price
NX0153-P	Accessories	Wheeled Base/Cycler Stand	Each	[**]
NC1012	Accessories	Soft-sided Travel Case	Each	[**]
NC1079	Accessories	Hard-sided Travel Case	Each	[**]
NX2000-3	Accessories	PureFlow SL Wheeled Base	Each	[**]
FW-300-1	Accessories	Express Fluid Warmer Accessory Kit	Each	[**]
NX1348	Accessories	Extended Cycler Base and Filter Holder	Each	[**]
NX1373	Accessories	Leak Detection System	Each	[**]
NX0642	Accessories	Cycler Base and Fluid Detection Sensor	Each	[**]
NX0664	Accessories	Fluid Detection Sensor	Each	[**]
APM517	Accessories	Molded Plastic Cycler Replica	Each	[**]
NC1816-1**	Packaging	Cycler Packaging	Each	[**]
NC3219**	Packaging	FW-200 Packaging	Each	[**]
NX0601**	Packaging	FW-300 Packaging	Each	[**]
NX0624**	Packaging	FW-300-1 Packaging	Each	[**]
NC0742**	Packaging	Cycler Stand (NX0248-P) box	Each	[**]
NC0380**	Packaging	IV pole shipping tube	Each	[**]
NC2980**	Packaging	PureFlow SL Control Unit Packaging	Each	[**]
NX0464**	Packaging	PureFlow Chassis Packaging	Each	[**]
NC4012*	Documentation	NxStage System One and NxStage System One S Chronic Cycler Users Guide	Each	[**]
NC5342*	Documentation	PureFlow SL User Guide for System One S^	Each	[**]
NC2327*	Documentation	PureFlow SL Users Guide	Each	[**]
NC1760	Documentation	Express Fluid Warmer User Guide (included in FW-300-1)	Each	[**]
NC0118*	Documentation	ComfortMate Fluid Warmer User Guide	Each	[**]
NC1344	Documentation	Troubleshooting Rinseback Tool	Each	[**]
NX0232-R	Replacement Parts - Cycler	Jewel Box Computer	Each	[**]
NX0740-A	Replacement Parts - Cycler	ConNxBox™ Computer (AT&T)	Each	[**]
NX0740-S	Replacement Parts - Cycler	ConNxBox™ Computer (Sprint)	Each	[**]
NC0746*	Replacement Parts - Cycler	USB thumb drive	Each	[**]
NX0424	Replacement Parts - Cycler	Adapter Feet for Cycler on PureFlow SL without Cycler Base	4/Pkg	[**]
NX0429-P	Replacement Parts - Cycler	Saline hook	Each	[**]
NX0593	Replacement Parts - Cycler	Filter tilter	Each	[**]
NX0248-01	Replacement Parts - Cycler	Table top stand and 4-hanger top for IV pole	Each	[**]
NX0248-02	Replacement Parts - Cycler	IV pole	Each	[**]
228	Replacement Parts - Cycler	4-hanger top for IV pole	Each	[**]
NC1292	Replacement Parts - Cycler	Screws to attach pole to stand	Each	[**]
NC0384	Replacement Parts - Cycler	Screws to attach hanger to pole	Each	[**]

86557030	Replacement Parts - Cycler	0.5 meter Warmer (FW-200) cord	Each	[**]
NX0599	Replacement Parts - Cycler-	Express Fluid Warmer Bag Cover	Each	[**]
NX0600	Replacement Parts - Cycler-	Express Fluid Warmer Bottom Mount	Each	[**]
NX0484	Replacement Parts - Cycler-	Express Fluid Warmer Top Mount	Each	[**]
NX0485	Replacement Parts - Cycler-	Express Fluid Warmer Collapsible Pole	Each	[**]
86557300	Replacement Parts - PFSL-	1 meter Chassis Interconnect cord	Each	[**]
NC3822	Replacement Parts - PFSL-	Replacement air filter & guard cover	Each	[**]
NC3823	Replacement Parts - PFSL-	Replacement air filter & guard filter	Each	[**]
NC0985	Replacement Parts - PFSL-	John Guest Check Valve	Each	[**]
NC1148	Replacement Parts - PFSL-	Aerator Adapter 15/16-27 Male X 55/	Each	[**]
NC1176	Replacement Parts - PFSL-	12' Power cord	Each	[**]
NC1180	Replacement Parts - PFSL-	Drain Saddle Valve	Each	[**]
NC1196	Replacement Parts - PFSL-	Diverter Aerator - Pull Down	Each	[**]
NX0305	Replacement Parts - PFSL-	Water connection kit - under sink	Each	[**]
NX0306	Replacement Parts - PFSL	20' Drain Line Kit	Each	[**]
NX0415	Replacement Parts - PFSL	Water connection kit - faucet	Each	[**]
NX0416	Replacement Parts - PFSL	Water connection kit - washer hook up	Each	[**]
NX0509	Replacement Parts - PFSL	USB cable (J1)	Each	[**]
NX0513	Replacement Parts - PFSL	Control Unit adapter	2/Case	[**]
NX0516	Replacement Parts - PFSL	PureFlow SL drain line replacement (NC0991 Raw)	Each	[**]
NX0517	Replacement Parts - PFSL	Water Supply Line Replacement	Each	[**]
NX2000-4*	Replacement Parts - PFSL	Pretreatment Kit (includes hookups, wtr lines, drain)	Each	[**]
SED-001	Replacement Parts - PFSL	Sediment filter for pre-treatment kit	Each	[**]

^ For use with the NxStage System One S only.

* May be included in a [**] redeployment package as needed for each new patient start.

** Shipping is [**] of the packaging material.

2. **VACATION/TRAVEL SUPPLIES/PUREFLOW EXPRESS BAG ALLOTMENT**

NxStage will ship System cartridges and fluids (" System Supplies ") to support Patient travel only (a) within the Continental United States, Alaska and Hawaii and (b) on cruises departing from U.S. ports within the Continental United States (collectively, " Travel Locations "). There is [**] for the actual System Supplies shipped to Travel Locations as the [**] for Monthly Dialysis Supplies

as set forth in the applicable table in Schedule B-1 . There may, however, be fees for administering and shipping System Supplies to Travel Locations as outlined below and in Schedule B-4. If Customer has notified NxStage that the traveling Patient is responsible for such fees, then the traveling Patient must remit such fees prior to NxStage shipping System Supplies to Travel Locations. There is [**] for the cancellation of a travel delivery, but any [**] already remitted are [**] for any reason. In order to support Patient travel to Travel Locations, NxStage must receive a prescription using the NxStage System One Vacation and Travel Form that is signed by the Patient's physician (the "Travel Order"), requesting travel delivery at least [**] calendar days prior to the requested delivery date. NxStage is not obligated to accept any Travel Orders without such [**] calendar days' notice. To avoid additional freight charges, as outlined in Schedule B-4, Travel Orders for the Continental United States must be submitted at least forty-five (45) days prior to the requested delivery date and Travel Orders for Alaska, Hawaii and cruises must be submitted at least sixty (60) calendar days prior to the requested delivery date. Additional freight charges may also apply for Travel Locations that are more than [**] miles from NxStage's courier location (e.g., for delivery to remote areas). NxStage will not ship any System Supplies in less than full case quantities to satisfy special travel/vacation delivery requirements.

No Patient of any Authorized Customer Location may receive this travel benefit for more than [**] trips per Patient and for a maximum of [**] per calendar year (the " Travel Pricing Limitation "). Any requests for travel/vacation delivery: (i) in excess of the Travel Price Limitation, (ii) to locations outside of Travel Locations, (iii) in non-standard shipping volumes, or (iv) which are made with less than [**] calendar days' notice, shall be subject to: (x) approval from NxStage and (y) additional shipping charges. NxStage shall act in good faith to make additional travel/vacation deliveries to the Authorized Customer Locations' Patients at no additional charges, and shall give due consideration to the travel benefit unused by the Authorized Customer Locations' other Patients.

All shipments of Monthly Dialysis Supplies to any Patient of any Authorized Customer Location shall be adjusted to account for any System Supplies delivered to any such traveling Patient of any Authorized Customer Location pursuant to Section 2 of this Schedule B-2 . In connection with the delivery of any System Supplies pursuant to Section 2 of this Schedule B-2 , NxStage will not arrange for delivery of Cyclers, Cabinets, Control Units, or Warmers. Each Patient of the Authorized Customer Locations shall be responsible for transporting Cyclers, Cabinets, Control Units, or Warmers, as applicable, according to the shipping directions provided by NxStage in the device Operator's Manuals and other supplements as required, and Customer shall be responsible for any damages to such Cyclers, Cabinets, Control Units, or Warmers, as applicable, as a result of the transportation of such Cyclers, Cabinets, Control Units, or Warmers, as applicable, by a Patient of any Authorized Customer Location. In addition, NxStage will not perform equipment service swaps for those Patients traveling to Alaska, Hawaii or on cruises and such traveling Patients must have a backup therapy plan in the event of equipment failure. In no event will NxStage's total liability to Customer and/or to any Authorized Customer Location for any costs or injury resulting from a delay or failure to deliver System Supplies to a patient's Travel Location exceed [**], provided that prior to incurring any costs (including cancellation or change fees), Customer or its Authorized Customer Location shall communicate in good faith with NxStage to determine if there is a way to minimize or avoid such costs.

3. **PUREFLOW EXPRESS PREMIXED DIALYSATE BAGS ALLOTMENT**

Moreover, an allotment of PureFlow Express Premixed Dialysate bags will be made available to Customer for distribution to the Authorized Customer Locations' NxStage PureFlow SL patients [**] charge to allow for vacation, travel, and other usage. Allotments shall be made on an Authorized Customer Location basis. As of March 1, 2013, Customer's aggregate balance was [**] cases. Thereafter, the balance shall be recalculated at the end of each calendar month per Authorized Customer Location according to the following formula:

- Add: [**] cases of PureFlow Express Premixed Dialysate bags multiplied by the [**] of such Authorized Customer Location's patients then prescribed to receive and receiving PureFlow SL Monthly Dialysis Supplies at home at the start of that calendar month;
- Add: [**] cases of PureFlow Express Premixed Dialysate bags multiplied by the [**] of such Authorized Customer Location's [**] PureFlow SL [**] that start at home during that [**] (adjusted, as appropriate, for [**]); and
- Subtract: Actual shipments during that calendar month of cases of PureFlow Express Premixed Dialysate bags to such Authorized Customer Location's patients then prescribed to receive and receiving PureFlow SL Monthly Dialysis Supplies, not including cases of PureFlow Express Premixed Dialysate bags: (a) purchased as part of an initial reserve inventory shipment in any such calendar month, (b) shipped in connection with a Product Recall (as defined in Schedule C) as to any such PureFlow Express Premixed Dialysate bags shipped by NxStage to any Authorized Customer Location for its PureFlow SL patients in any such calendar month, or (c) reshipped to its PureFlow SL patients in connection with any defects or damages in the shipment of any such cases of PureFlow Express Premixed Dialysate bags as further described in Sections 5(c) and 9 of the Agreement.

If the calculated balance as described above is negative, NxStage shall bill Customer for such negative balance at the applicable pricing set forth in the applicable table in Section 1 of Schedule B-1 and the balance will be reset to [**] to start the subsequent calendar month. Any positive balance shall be carried to the subsequent calendar month, provided such positive balance, in cases, will never exceed the number of such Authorized Customer Location's patients then prescribed to receive and receiving PureFlow SL Monthly Dialysis Supplies at the end of that month multiplied by [**]. Balance information shall be provided to Customer upon Customer's request.

4. **REDEPLOYMENT PACKAGES**

If at any time during the Term, the use of a System by any Patient of any Authorized Customer Location that is no longer on NxStage therapy is transferred to another Patient of any Authorized Customer Location for any reason, NxStage shall at any Authorized Customer Locations' request provide the applicable Products set forth in the table below to such other Patient depending on the type of System transferred to such other Patient (a " Redeployment Package "), [**] to Customer:

Part Number	**Description**
NX0731	**Pre-Mixed Dialysate Patient Redeployment Kit**
NC0118 or NC1760	ComfortMate Fluid Warmer User's Guide NxStage Express Fluid Warmer User's Guide
NC4012	Bound System One User's Guide
NC2323	Cycler Base IFU
NC1344	Rinseback Tool

Part Number	**Description**
NX0730	**PureFlow SL Patient Redeployment Kit**
NC0118 or NC1760	ComfortMate Fluid Warmer User's Guide NxStage Express Fluid Warmer User's Guide
NC4012	Bound System One User's Guide
NC2327 or NC5342	PF Users Guide
CPM-001	Conductivity Preventative Maintenance
NC2323	Cycler Base IFU
NX2000-4	Pretreatment Kit (includes hookups, wtr lines, drain)
NC3822	Replacement air filter & guard cover
NC3823	Replacement air filter & guard filter
NC1344	Rinseback Tool

5. **NEW PATIENT PACKAGES**

Each new Patient of any Authorized Customer Location using Product NXS-02-PUR (in the case of a purchase by Customer on behalf of the applicable Authorized Customer Location at the pricing set forth on Schedule B-3) or Product NXS-02-MTM (in the case of a rental by Customer on behalf of the applicable Authorized Customer Location at the pricing set forth on Schedule B-3) shall receive the following Products, as applicable:

Part Number	Description
NX0807	**Pre-Mixed Dialysate Patient Starter Kit**
NX1000-3	NxStage System One S Chronic Cycler
NX0740-S	ConNxBox with Sprint Modem
NX0642	Cycler Base and Fluid Detection Sensor
FW-300	Express Fluid Warmer
FW-300-1	Express Warmer Accessory Kit
NC4012	Bound System One User's Guide
NC1344	Rinseback Tool

Part Number	Description
NX0809	**Pre-Mixed Dialysate Patient Starter Kit**
NX1000-3	NxStage System One S Chronic Cycler
NX0232-R	Jewel Box
NX0642	Cycler Base and Fluid Detection Sensor
FW-300	Express Fluid Warmer
FW-300-1	Express Warmer Accessory Kit
NC4012	Bound System One User's Guide
NC1344	Rinseback Tool

Part Number	Description
NX0808	**Pre-Mixed Dialysate Patient Starter Kit**
NX1000-3	NxStage System One S Chronic Cycler
NX0740-A	ConNxBox with AT&T Modem
NX0642	Cycler Base and Fluid Detection Sensor
FW-300	Express Fluid Warmer
FW-300-1	Express Warmer Accessory Kit
NC4012	Bound System One User's Guide
NC1344	Rinseback Tool

Each new Patient of any Authorized Customer Location using Product NXS-03-PUR (in the case of a purchase by Customer on behalf the applicable Authorized Customer Location at the pricing set forth on Schedule B-3) or Product NXS-03-MTM (in the case of a rental by Customer on behalf of the applicable Authorized Customer Location at the pricing set forth on Schedule B-3) shall receive the following Products, as applicable:

Part Number	Description
NX0811	**PureFlow SL Patient Starter Kit**
NX1000-3	NxStage System One S Chronic Cycler
NX0740-S	ConNxBox with Sprint Modem
NX0642	Cycler Base and Fluid Detection Sensor
NX2000-1	PFSL Control Unit
NX2000-4	Pretreatment Kit (includes hookups, wtr lines, drain)
FW-300	Express Fluid Warmer
FW-300-1	Express Warmer Accessory Kit
NX0429-P	Saline hook
NC4012	Bound System One User's Guide
NC5342	PF Users Guide
NX2000-2	PFSL Cabinet
NC1344	Rinseback Tool

Part Number	Description
NX0813	**PureFlow SL Patient Starter Kit**
NX1000-3	NxStage System One S Chronic Cycler
NX0232-R	Jewel Box
NX0642	Cycler Base and Fluid Detection Sensor
NX2000-1	PFSL Control Unit
NX2000-4	Pretreatment Kit (includes hookups, wtr lines, drain)
FW-300	Express Fluid Warmer
FW-300-1	Express Warmer Accessory Kit
NX0429-P	Saline hook
NC4012	Bound System One User's Guide
NC5342	PF Users Guide
NX2000-2	PFSL Cabinet
NC1344	Rinseback Tool

NX0812	PureFlow SL Patient Starter Kit
NX1000-3	NxStage System One S Chronic Cycler
NX0740-A	ConNxBox with AT&T Modem
NX0642	Cycler Base and Fluid Detection Sensor
NX2000-1	PFSL Control Unit
NX2000-4	Pretreatment Kit (includes hookups, wtr lines, drain)
FW-300	Express Fluid Warmer
FW-300-1	Express Warmer Accessory Kit
NX0429-P	Saline hook
NC4012	Bound System One User's Guide
NC5342	PF Users Guide
NX2000-2	PFSL Cabinet
NC1344	Rinseback Tool

Schedule B-3
Chronic Outpatient Therapy Agreement
Equipment Rental or Purchase

1. **PURCHASE OF SYSTEMS**

The Purchase Price set forth in the table below titled "Purchased Systems" applies to all purchases of Systems during the Term. All purchases of Systems must be initiated by a valid purchase order. The Purchase Price set forth in the table below titled "Purchased Systems" is on a per System basis. All purchased Systems will be in good working order. Systems purchased may or may not be new. NxStage represents and warrants to Customer that any purchased Systems that are not new will be in the same operating condition as a new System.

PURCHASED SYSTEMS

Part Number	Item	[**]	[**]
NXS-03-PUR	Cycler (incl. Warmer), PFSL Control Unit, and Cabinet	[**]	[**]
NXS-02-PUR	Cycler (Including Warmer)	[**]	[**]
NXS-01-PUR	Cycler only	[**]	[**]
NX2000-1	PFSL Control Unit	[**]	[**]
NX2000-2	PFSL Cabinet	[**]	[**]
FW-200	Comfortmate Warmer	[**]	[**]
FW-300	Express Warmer	[**]	[**]

2. **RENTAL OF SYSTEMS**

The pricing set forth in the table below titled "Rental Systems" applies to all rentals of Systems during the Term. All rentals of Systems must be initiated by a valid purchase order. The pricing set forth in the table below titled "Rental Systems" is on a per System basis. All rental Systems will be in good working order. Rental Systems may or may not be new.

RENTAL SYSTEMS

Part Number	Item	[**]	[**]	Code	Return Charge**
NXS-03-MTM	System for PFSL Patient (Cycler, Warmer, Control Unit, and Cabinet)	[**]	[**]	DSC-018	$[**]
NXS-02-MTM	System for Bag Patient (Cycler, Warmer)	[**]	[**]	DSC-014	$[**]
NX2000-1-MTM	PFSL Control Unit Only*	[**]	[**]	DSC-015	$[**]
NX2000-2-MTM	PFSL Cabinet Only*	[**]	[**]	DSC-016	$[**]
FW-X00-MTM	Warmer Only*	[**]	[**]	DSC-017	$[**]

* Notwithstanding any other term of this Agreement, including the terms set forth in Sections 9 and 11, rental and return charges shall apply when the number of Warmers in possession by Customer or any Authorized Customer Location exceeds the number of rented or purchased Cyclers under this Agreement, and when the number of PFSL Control Units or PFSL Cabinets exceed the number of rented or purchased systems for PureFlow SL patients. Such calculation shall be performed on an Authorized Customer Location basis.
** Charged at the time equipment is returned to NxStage consistent with NxStage's product return procedures.

3. **RENTAL CAP**

During the Term, including any extension thereof, the total number of Systems Ones (i.e. NXS-03-MTM, NXS-02-MTM, NX2000-1-MTM, NX2000-2-MTM or FW-X00-MTM) that Customer may rent from NxStage shall not exceed [**] (the " Rental Cap ") of the aggregate number of System Ones (i.e. NXS-03-PUR or NXS-02-PUR) (less any returns) that Customer purchased from NxStage from the Effective Date through the date of any calculation of the Rental Cap. The minimum rental period for any System must be for [**] full [**]. All rentals of Systems will be billed at the start of the calendar month. All rentals of a System

will be automatically extended on a month-to-month basis until [**] days advance written cancellation notice is provided by Customer to NxStage.

4. [**] **EQUIPMENT**

Customer may rent up to [**] Systems (i.e., Cycler, Warmer, and Stand, which may also include the PFSL Control Unit and Cabinet) in the aggregate across all of its Authorized Customer Locations (the " [**] ") on a month-to-month basis at the prices in the table below to be used solely for purposes of [**] (each, a " [**] System " and collectively, the " [**] Systems ").

Part Number	Item	Monthly Price
NXS-03-TRN	Cycler (incl.Warmer and Stand), PFSL Control Unit and Cabinet	$[**]
NXS-02-TRN	Cycler (incl.Warmer and Stand)	$[**]

To be eligible to rent a [**] System [**] set forth above, the following conditions must be satisfied:

- The applicable [**] System (Cyclers, Warmers, Stands, and any PFSL Control Units and Cabinets) must be designated by serial number as [**] equipment;
- The applicable [**] System may only be used in the [**] facility at the applicable Authorized Customer Location and may not be sent to a patient's home; and
- Customer shall [**] patients per calendar quarter at the Authorized Customer Location at which such applicable [**] System has been placed (collectively, the " [**] Conditions ").

If Customer does not meet the [**] Conditions with respect to a [**] System in any calendar quarter, [**] shall be given for such [**] System during any subsequent calendar quarter until the [**] Conditions are once again satisfied. Once the [**] Conditions are again satisfied in a calendar quarter, the [**] will be reinstated for the immediately following calendar quarter and each calendar quarter thereafter in which the [**] Conditions are satisfied. If Customer elects to stop renting a [**] System, it shall have the option to redeploy such [**] System to a Patient with a current Patient Prescription Monthly Standing Order or to return such [**] System to NxStage. If Customer elects to redeploy a [**] System, Customer will pay the appropriate monthly rental charge as described in Section 2 of this Schedule B-3 . If Customer elects to return a [**] System, it shall pay the appropriate return shipping charges.

The [**] Systems shall be subject to the Rental Cap. NxStage shall in good faith [**] the [**] every [**] period during the Term commencing with June 30, 2013 and every [**] period thereafter (i.e., [**]) to that number of [**] Systems then rented in the Continental U.S. and Hawaii to other customers with NxStage home patients.

5. **SITE STARTUP/ADDITIONAL SITES**

Customer must notify NxStage when it desires to add any new home hemodialysis program site as an Authorized Customer Location to Schedule A to this Agreement. Customer shall not be restricted from adding any new home hemodialysis program site as an Authorized Customer Location to Schedule A in any continental U.S. location; provided that : (a) NxStage in-service and [**] has been scheduled for each such new home hemodialysis program site (and NxStage shall use commercially reasonable efforts to promptly provide any such requested in-service and [**]), (b) Customer provides written certification to NxStage that at least [**] at such new home hemodialysis program site has been trained on the proper use and operation of the System One by other personnel of Customer or any Authorized Customer Location trained on the use of the System One, and (c) such new home hemodialysis program site has developed appropriate policies and procedures and [**] materials relating to the System One.

6. **OTHER**

NxStage will on occasion supply products sourced from other suppliers as part of any Authorized Customer Locations' Monthly Dialysis Supplies. NxStage reserves the right to supply its own products, once the same are Commercially Available, or to change the supplier of these products from time to time. NxStage expects to make additional products available for purchase by Customer and the Authorized Customer Locations from time to time.

Schedule B-4
Chronic Outpatient Therapy Agreement
Delivery Services

The table below sets forth the pricing for any special or expedited delivery services requested by Customer or any Authorized Customer Location and not included in the Purchase Price for any Product for which Customer or any Authorized Customer Location is requesting special or expedited delivery services. Any special or expedited delivery charges must be approved by Customer or the Authorized Customer Location requesting such special or expedited delivery services. The pricing for the special or expedited delivery services set forth in the tables below may be amended at NxStage's discretion with [**] days advanced written notice to Customer.

The table below also sets forth the Standard Delivery Services (as defined below) that are subject to the requirements of this Schedule B-4 provided by NxStage to Customer and the Authorized Customer Locations [**]. For purposes of this Agreement, the term " Standard Delivery Services " means to the extent applicable to each Product the following: (a) the delivery of each such Product to the location designated on the applicable Patient Prescription Monthly Standing Order for a Patient which location shall be either: (i) such Patient's front door and if such Patient is not home to a protected area near such Patient's home or (ii) the Authorized Customer Location of such Patient, (b) inside delivery (over-the-threshold) of each such Product at a Patient's home; provided that if a delivery consists of [**] or fewer boxes of the Monthly Dialysis Supplies, such delivery may be shipped via a small package carrier in which case inside delivery is not available for such delivery, (c) the placement of each such Product to a location in a Patient's home for treatment administration or storage, as applicable, (d) upon the termination of therapy with respect to a Patient, the picking up of each such Product from such Patient's home and the return of each such Product to the applicable Authorized Customer Location of such Patient, and (e) the swapping of each System that is not in Good Working Order (as defined in Section 2 of Schedule C) and in need of the services set forth in Section 2 of Schedule C to the Agreement for a replacement System that is in Good Working Order; provided that nothing herein shall require NxStage to hook up, assemble, or test any Product.

PUREFLOW SL

Part Number	Service	Charge
Standard	Standard Delivery Services	[**]
DSC-001	Inside delivery (over-the-threshold) with an appointment and a [**] hour delivery window.*	[**]
DSC-002	After hours delivery (after 5 PM)*	[**]
DSC-003	Weekend/holiday delivery*	[**]
DSC-004	Redelivery/partial delivery (e.g. patient refusal)	[**]
DSC-012	Additional deliveries per month ([**] per month is standard)	[**]
DSC-022	Assisted swaps for PureFlow SL Control Unit Assisted swaps for Cyclers	[**]

PUREFLOW EXPRESS (BAGS)

Part Number	Service	Charge
Standard	Standard Delivery Services	[**]
DSC-001	Inside delivery (over-the-threshold) with an appointment and a [**] hour delivery window.*	[**]
DSC-004	Redelivery/partial delivery (e.g., patient refusal)	[**]
DSC-002	After hours delivery (after 5 PM)*	[**]
DSC-003	Weekend/holiday delivery*	[**]
DSC-005	Additional deliveries per month ([**] per month is standard)	[**]
DSC-022	Assisted swaps for Cycler	[**]

EQUIPMENT/OTHER

Part Number	Service	Charge
Standard	Standard Delivery Services	[**]
DSC-006	Hardware/Supplies pickup from patient and return to Authorized Customer Location	[**]
DSC-007	Equipment packaging	[**]
DSC-010	After hours emergency delivery (after 5 PM)*	[**]
DSC-011	Request of shipment in less than normal lead time ([**] business days)	[**]
DSC-009	Cleaning of NxStage Equipment is available on a "swap" basis. Equipment returned for cleaning will be exchanged with "like new" equipment. Customer is responsible for equipment repairs beyond normal use and wear.	[**]
DSC-021	Hardware/Supplies delivery for new patient starts	[**]
DSC-023	System One S Exchange (returning a NxStage System One in exchange for a NxStage System One S, subject to the commercial availability of the NxStage System One S)	See chart below

Cumulative Number of Systems Exchanged	Fee per System Exchanged
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]

OFF SCHEDULE SHIPMENTS

Part Number	Service	Charge
DSC-013	Shipping & handling for supplies & boxes	[**]
Freight	Equipment replacements (damage, loss)	[**]

* Where available - not available in all areas
+ Customer or an Authorized Customer Location, as applicable, will only be charged this fee if Customer requests the applicable service and Customer is not in compliance with the Pricing Eligibility Requirement (as described in Section 3 of Schedule B-1).

Fees for administering and shipping System Supplies to Travel Locations

Part Number	Service	Charge
TRV-001	Order processing fee - Cruises, Alaska & Hawaii	[**]
TRV-002	Freight charge - for Travel Orders for the Continental United States placed in >[**] days and < [**] days	[**]
TRV-003	Freight charge - for Travel Orders for Cruises placed in > [**] days and < [**] days	[**]
TRV-004	Freight charge - for Travel Orders for Alaska & Hawaii	[**]
TRV-005	Order change fee (for any changes (other than cancellation) after the initial Travel Order is placed)	[**]
TRV-006	Freight charge - for delivery to Travel Locations more than [**] miles from NxStage's courier location	[**]

The Standard Delivery Services are provided by NxStage, [**] to Customer and the Authorized Customer Locations with respect to each Patient of Customer or an Authorized Customer Location residing within a [**] mile radius of the Authorized Customer Location responsible for such Patients' care; provided that Customer is in compliance with the [**]). NxStage shall use its commercially reasonable efforts to provide the Standard Delivery Services to at least [**] of the Authorized Customer Locations' Patients residing within a [**] mile radius of the Authorized Customer Location responsible for such Patients' care. Whether or not Customer is in compliance with the [**]), for each patient residing outside a [**] mile radius of the Authorized Customer Location responsible for each such patient's care, [**] charges may apply for the Standard Delivery Services.

Schedule C

Chronic Outpatient Therapy
Warranty; Service; and Recall

Schedule C
Chronic Outpatient Therapy
Warranty; Service; and Recalls

1. **REPRESENTATIONS AND WARRANTIES**

EXCEPT AS OTHERWISE PROVIDED IN SECTION 12 OF THE AGREEMENT, NXSTAGE MAKES NO OTHER EXPRESS OR IMPLIED WARRANTY WITH RESPECT TO ANY OF THE PRODUCTS, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT.

2. **SERVICE**

During the Term, including any extensions thereto, NxStage shall repair and service all Products supplied to Customer or any Authorized Customer Location hereunder (whether leased or purchased), so the same shall be in good working order and fit for the indications described in their User's Guides and package inserts when used in accordance with the instructions for use provided in such User's Guides and package inserts. NxStage's obligation to provide the services set forth in this Section 2 of Schedule C shall survive any termination of this Agreement and shall continue for the Service Term (as defined below). For purposes hereof, the term " Service Term " shall mean (a) for each System purchased directly by Customer or any of its affiliates (including any Authorized Customer Location) from NxStage (whether under this Agreement or under an earlier expired or terminated contract), the [**] year period following the purchase date of each such System, and (b) for each System acquired by Customer, any Customer affiliate, or any Authorized Customer Location or its affiliates pursuant to any transaction or series of transactions pursuant to which Customer, any Customer affiliate, or any Authorized Customer Location or any of its affiliates: (i) acquired the equity interests of a dialysis facility of any third party possessing the voting power to elect a majority of such dialysis facility's board of directors, board of managers or members, general partner, or managing member or manager, as the case may be (whether by merger, consolidation, reorganization, combination, sale or transfer of the equity interests of such dialysis facility, or otherwise acquires the right to control such dialysis facility whether by securityholder or voting agreement, proxy, power of attorney, or otherwise), (ii) acquired all or substantially all of the assets of a dialysis facility of any third party, or (iii) entered into a management contract, joint venture, or other similar transaction with a dialysis facility of any third party relating to the provision of chronic hemodialysis therapy at such dialysis facility (each, an " Acquired Dialysis Site "), the [**] year period following the purchase date of each such System by such Acquired Dialysis Site, if such System was purchased by such Acquired Dialysis Site with [**] to offset a portion of the purchase price, or the [**] year period following the purchase date of each such System by such Acquired Dialysis Site, if such System was not purchased with [**]. For purposes of clarification, Systems that were rented by an Acquired Dialysis Site at the time such Acquired Dialysis Site is acquired by Customer, any Customer affiliate, or any Authorized Customer Location or any of its affiliates and which are later purchased by Customer or any Authorized Customer Location hereunder shall have a Service Term equal to the [**] year period following the purchase date of each such System; provided that such purchase is at the Purchase Price outlined in Schedule B-3 and [**] are not used to offset any portion of the Purchase Price for such System. A schedule of all Systems and all such Systems' applicable Service Term (including any Systems purchased by Customer or any Authorized Customer Location prior to the Effective Date) is included as Attachment C-1 to this Schedule C , and shall be updated by NxStage upon any such changes to such schedule.

During the Term for Systems within the Service Term, the fees for the services set forth in this Section 2 of this Schedule C shall be included in the [**]; provided that if a purchased System is not in use (i.e. no monthly purchase volume of Monthly Dialysis Supplies is associated with the System) for [**] consecutive months, a service reinstatement fee of [**] will be charged when the System is returned for service. After the Term for Systems within the Service Term, the fees for the services set forth in this Section 2 of this Schedule C shall be included in [**] (as set forth in a subsequent agreement to be negotiated and mutually agreed to between the parties hereto in good faith), it being understood that if NxStage chooses to segregate the fees for such services from the pricing for [**] with other customers purchasing the Systems for use in [**], it shall present Customer an opportunity to do so on terms negotiated and agreed to by the parties hereto in good faith.

During the Term for Systems outside of the Service Term, NxStage shall charge fees for the services set forth in this Section 2 of this Schedule C in accordance with the following:

(i) [**] for each System One Cycler purchased in combination with PureFlow (NxS-03-PUR);

(ii) [**] for each System One Cycler purchased separately (without PureFlow) (NxS-02-PUR); or

(iii) [**] for each PureFlow Control Unit and Cabinet (NxS-2001 and/or NxS-2002) not part of a NxS-03-PUR System.

NxStage shall use commercially reasonable efforts to pair a System One Cycler (i.e., NxS-02-PUR) that is past its applicable Service Term with a System PureFlow Control Unit and Cabinet (i.e., NxS-2001 or NxS-2002) not part of a NxS-03-PUR System that is past its applicable Service Term in order to minimize Customer's fees for the services set forth in this Section 2 of this Schedule C for System One Cyclers (i.e., NxS-02-PUR) and PureFlow Control Units and Cabinets (i.e., NxS-2001 or NxS-2002) not originally purchased together under SKU NxS-03-PUR. For purposes of clarity, the fees for the services set forth in this Section 2 of this Schedule C for a PureFlow Control Unit and Cabinet (i.e., NxS-2001 or NxS-2002) that is past its applicable Service Term and which cannot be paired with a System One Cycler (i.e., NxS-02-PUR) past its Service Term shall be [**] for such PureFlow Control Unit and Cabinet (i.e., NxS-2001 or NxS-2002).

After the Term for Systems outside of the Service Term, the fees for the services set forth in this Section 2 of this Schedule C for Systems purchased by Customer or any Authorized Customer Location, as applicable, directly from NxStage shall be the lower of (i) [**] per System per [**] or (ii) [**] of the average System service fees then charged by NxStage to other customers who have purchased the System for chronic renal replacement therapy; provided that for Systems for which more than [**] years have passed following their original purchase date, NxStage shall have no obligation to provide System repair services for Customer or any such Authorized Customer Location, as applicable, if, at such [**] year anniversary, NxStage has not elected to offer service for similarly aged Systems for less than [**] (a " No-Service Event "). In the event of a No-Service Event as to any System, NxStage acknowledges and agrees that Customer shall have the right to service and repair any such System subject to a No-Service Event or engage a third party to service and repair any such System subject to a No-Service Event; provided that NxStage shall have no obligation to provide parts needed to complete such service and repair in the event that NxStage is not then selling such parts to other chronic outpatient customers for similarly aged Systems. Customer agrees that the Systems purchased hereunder may only be serviced by NxStage at this time. Additional service charges for both rented and purchased Systems may apply in the event: (i) the System has been repaired by persons other than NxStage personnel or its authorized representatives, (ii) the replacement or repair is required due to the misuse or abuse of the System, as reasonably determined by NxStage, (iii) the System is used with non-NxStage sets, (iv) the replacement or repair is required for reasons other than defects in materials and workmanship or, in the case of equipment, normal wear and tear, as reasonably determined by NxStage, or (v) the System is not used in accordance with its instructions for use, as reasonably determined by NxStage.

As part of its ongoing service of Products then in use by Customer and/or the Authorized Customer Locations, NxStage, at its option, may conduct routine maintenance on the Products shipped to Customer or any Authorized Customer Location under this Agreement. Customer or the applicable Authorized Customer Location shall make all Products reasonably available to NxStage, at NxStage's request, to conduct such maintenance; provided that such maintenance is conducted at mutually agreed upon times and upon prior notice. As part of an ongoing maintenance program, NxStage may elect to install reasonable Product upgrades, at no cost to Customer. Any upgrades that NxStage provides to a leased System One(s) will also be provided to all of Customer's purchased System One(s) within a reasonable timeframe during the Term.

To obtain service of a damaged or defective Product from NxStage, Customer must contact NxStage's customer service department. Prior authorization from NxStage must be obtained before any damaged or defective Product is returned for service by NxStage. Any damaged or defective Product requiring service must be cleaned, according to the directions on the labeling. If a damaged or defective Product is not cleaned, as instructed, NxStage shall charge Customer a [**] cleaning fee. NxStage will arrange for the shipment of all damaged or defective Products to be returned for service by NxStage. NxStage will not be responsible for servicing damaged or defective Products that have not been shipped according to the procedure set forth in this Schedule C . NxStage shall use its commercially reasonable efforts to repair or replace serviced Product within [**] hours of giving authorization for service. Repaired or replaced Products shall be in Good Working Order. Replaced Products may or may not be new, and they may or may not be the same Products originally shipped to Customer or the applicable Authorized Customer Location hereunder. For purposes of this Agreement, " Good Working Order " shall mean that the Product shall perform in accordance with its specifications and manuals, and be in physical condition and functionality equal to or better than that of the Product being replaced. In addition, NxStage shall use all commercially reasonable efforts to ensure that replacement Products provided to Customer or any Authorized Customer Location in connection with a service swap shall have an average days in service approximately equal to or less than the estimated days in service of the Product returned by Customer in connection with a service swap hereunder
Periodically, NxStage may elect to diagnose Product servicing issues remotely, through data analysis or phone interviews. If Product is returned at the insistence of Customer, an Authorized Customer Location or any of their respective patients, contrary to the recommendation of NxStage, and it is subsequently determined in the reasonable discretion of NxStage that such Product was in Good Working Order, Customer shall reimburse NxStage for the related costs of such return.

3. **RECALLS**

In the event that any governmental agency or authority requests a recall, a field corrective action, Product withdrawal or takes similar action in connection with any Product or in the event NxStage determines an event, incident or circumstance with respect to a Product has occurred that results in the need for a recall (each a " Product Recall "), NxStage shall promptly notify Customer

within [**] of such governmental agency or authority request or action or of NxStage's decision to voluntarily institute a Product Recall. In the event of a Product Recall of any Product, NxStage shall (a) reimburse Customer and the Authorized Customer Locations for reasonable handling expenses incurred in returning units of such Product to NxStage or otherwise implementing the Product Recall; and (b) use all commercially reasonable efforts to promptly repair or replace the Product subject to a Product Recall with another NxStage Product performing the same function in good working order. NxStage shall allocate replacement Products to Customer and the Authorized Customer Locations on a first-priority basis consistent with Customer's and the Authorized Customer Locations' then-current share of NxStage's Product base that has been purchased, and consistent with the then-affected prescription items included in Customer's and the Authorized Customer Locations' Monthly Dialysis Supplies orders.

In addition to the foregoing, if NxStage is unable to repair or replace a recalled Cycler or PureFlow SL purchased by Customer or any Authorized Customer Location, such that such purchased Cycler or PureFlow SL is therefore rendered unusable and continues to be unusable for a period of [**] consecutive months (for purposes hereof, a purchased Cycler or PureFlow SL shall not be unusable if it can be used with other non-NxStage products, consistent with then-current product labeling), NxStage shall be obligated to pay Customer and the Authorized Customer Locations actual damages within [**] days of the expiration of such [**] month period (with the amount of such damages to be mutually agreed upon by the parties in good faith, up to the amount of Customer's and the Authorized Customer Locations' then-current [**] for the purchased Cyclers and/or Pure Flow SLs which Customer and the Authorized Customer Locations have been prevented from using for [**] consecutive months (measured as of the date of such Product Recall); provided that such [**] is calculated in good faith and in accordance with generally accepted accounting standards). NxStage's obligation to make any payment pursuant to this Section 3 of Schedule C may be accelerated to the date of filing of a voluntary or involuntary bankruptcy proceeding with respect to NxStage or the date NxStage refunds, all or any significant portion of, the purchase price of any Cyclers and/or PureFlow SLs that have been the subject of a Product Recall (and where such refund is specifically provided solely in connection with, and due to, such Product Recall) to any other customer or group of customers that has purchased such Cyclers and/or PureFlow SLs for the treatment of chronic home hemodialysis patients (it being understood that Customer's and the Authorized Customer Locations' right to damages hereunder shall not be so accelerated if such refund involves no more than [**] Cyclers and/or PureFlow SLs in the aggregate across all other NxStage chronic customers). No other remedy shall be provided to Customer or any Authorized Customer Location in connection with a Product Recall, except as set forth in Section 22 of the Agreement.

In the event NxStage elects to obtain recall insurance covering a Product Recall of any purchased Cyclers and/or PureFlow SLs, Customer and NxStage agree that the parties shall share the cost of such insurance coverage, up to a maximum amount of $200,000 per party per annum; provided that Customer shall consider in good faith requests made by NxStage to share insurance costs in excess of $200,000. Any recall insurance obtained by NxStage, shall name Customer and the Authorized Customer Locations (but no other customer of NxStage) as additional insureds. Any insurance payment to Customer or any Authorized Customer Location under such policy shall offset any damages determined to be owed to Customer or any Authorized Customer Location hereunder pursuant to the foregoing terms, with NxStage obligated to pay any remainder pursuant to the terms hereof.

If, during the Term, NxStage contractually agrees with one or more other customers purchasing any of NxStage's home hemodialysis products in the continental United States to provide [**] provisions to such customer(s) that are more favorable to such customer(s) than are set forth in Section [**] of the Agreement and Sections [**] of this Schedule C , NxStage agrees that it shall promptly offer such [**] provisions to Customer, on a prospective basis; provided that such terms shall be offered to Customer to cover only [**] purchased by Customer and the Authorized Customer Locations which corresponds with the [**] purchased by [**]; and provided further that such terms, if accepted by Customer, shall in no way alter the other provisions hereof.

Attachment C-1 to Schedule C

System Ones Subject to Expiration of Service Term

4 pages were omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Schedule D

Other

Customer represents and warrants to NxStage that it has not entered into any agreement which conflicts with the terms and conditions of the Agreement and that it will not do so during the Term. NxStage understands and acknowledges that neither Customer nor any of the Authorized Customer Locations have promised or committed to [**].

NxStage represents and warrants to Customer that: (a) it has not entered into any agreement which conflicts with the terms and conditions of the Agreement and that it will not do so during the Term, and (b) it shall not enter into any distributorship agreement or other similar agreement with any third party covering the sale, rental, licensing, leasing or distribution of the System One for chronic home hemodialysis in the Continental United States and Hawaii, except where any such agreements are consistent with the terms and conditions of the Agreement.

Schedule E

Hawaii

Schedule E
Chronic Outpatient Therapy Agreement
Hawaii

The following additional specific terms and conditions apply to the purchase of the Products and certain services for use in Hawaii for chronic patient therapy. The pricing in Schedule B-4 of the Agreement shall not apply with respect to any of the delivery services set forth in Schedule B-4 of the Agreement that are to be performed or provided to Hawaii. Additionally, if the terms and conditions of this Schedule E conflict with or are in addition to the terms of the rest of the Agreement, the terms of this Schedule E shall control with respect to the purchase of the Products and certain services for use in Hawaii for chronic patient therapy.

1. SYSTEMS AND MONTHLY SUPPLIES FOR HAWAII
All Systems for use in Hawaii will be purchased or rented, as applicable, at the pricing set forth in Schedule B-3 to the Agreement and shipped directly to the applicable Authorized Customer Location in Hawaii. Shipping to Hawaii shall be [**].

Only PureFlow SL Monthly Dialysis Supplies will be sold for use in Hawaii as set forth in this Schedule E. Express Monthly Dialysis Supplies will not be sold for use in Hawaii. Customer will purchase PureFlow SL Monthly Dialysis Supplies for chronic patients in Hawaii at the pricing set forth in the table titled "NxStage Price List - Monthly Dialysis Supply Packages" set forth in Schedule B-1 to the Agreement; provided that (a) PureFlow SL Monthly Dialysis Supplies must be shipped in [**] patient month quantities and (b) a [**] shipping charge for each PureFlow SL Monthly Dialysis Supply Package that is shipped to an Authorized Customer Location in Hawaii will be [**]. PureFlow SL Monthly Dialysis Supplies shipments will be based on the prescribed frequency and the inventory needs of the patient, as reported to NxStage by Customer.

Customer will purchase Ancillary/Replacement Supplies, including bags of pre-mixed dialysate to have as backup for PureFlow SL patients, at the pricing outlined in Schedule B-2 to the Agreement and shipping will be [**].

Systems shall be serviced consistent with the terms of Schedule C to the Agreement; provided that (i) System service swaps shall occur at a designated Customer center/warehouse in Hawaii, (ii) System service swaps will require a [**] business day lead time, and (iii) [**] shall pay the shipping charges as outlined in the table below for such System service swaps (such charges include shipment of a System from NxStage to Hawaii and from Hawaii back to NxStage). The shipping charges and any expedited shipping charges for System service swaps shall be [**]. No shipping charges will be applied to a System service swap that is required due to an out-of-box failure of a System (as determined by NxStage Technical Support) that has been shipped directly to an applicable Authorized Customer Location.

Equipment	**Shipping Charge**
Warmer	[**]
PFSL Control Unit	[**]
PFSL Chassis	[**]
Cycler	[**]
Jewel Box/ConNx Box	[**]

2. OTHER
Customer will provide the clinical support, training, and ongoing therapy expertise to support its Hawaiian patients. NxStage technical support will be generally accessible 24/7, but customer service, product orders, and service exchanges may only be initiated by Customer personnel.

Schedule F

The Nx2me Connected Health Solution

The Nx2me Connected Health solution (the " **Nx2me Solution** ") is an optional accessory to the NxStage System One. The Nx2me Solution communicates with the System One cycler and collects and stores cycler information as well as medical information, such as vital signs, blood pressure and weight that is entered by the patient, which are then transmitted to the patient's dialysis center, upon the completion of each treatment.

Patients access the Nx2me Solution through an iPad ® application (the " **App** "). In addition to storing and transmitting their flowsheets, the App provides online user manuals and instructional support for troubleshooting alarms and cautions.

The dialysis center staff access patient information through a website (the " **Clinician Portal** ") where they can view and store flowsheets transmitted through the App.

The following terms and conditions pertain to Customer's use of the Nx2me Solution.

1. **Orders .** Customer and NxStage agree to discuss in good faith a mutually agreeable plan to [**] the Nx2me Solution, including, among other things, to (a) train Customer's staff on the use of the Nx2me Solution and (b) ensure that NxStage has the appropriate resources to support the Nx2me Solution for an [**] Customer patients

2. **Pricing .** The monthly charge for use of the Nx2me Solution is [**]). NxStage will not provide any [**] for patients not using the Nx2me Solution. Additional charges relating to the Nx2me Solution are set forth on Exhibit 1 to this Schedule F .

3. **Responsibility for iPad .** Customer is responsible for ensuring that each of its patients using the App has an iPad. Customer may purchase an iPad for a patient or a patient may use his or her own personal iPad to run the App. Customer may redeploy an iPad that was purchased for a patient who is no longer on NxStage therapy or who no longer wants to use the App. Customer acknowledges and agrees that in no event will NxStage be liable for loss of, damage to, defects in, or malfunctions of any iPad.

4. **Connectivity Kits .** For each patient using the Nx2me Solution, NxStage will ship a connectivity kit. The items in the connectivity kit will be tailored to fit the patient's internet situation at home. Items in the kit may include a preconfigured Wi-Fi router, a cellular modem, a set of ethernet cables, and associated user guides and accessories. For example, if a patient already has an internet connection but does not have a wireless network, then the connectivity kit will include a pre-configured Wi-Fi router. If a patient has no internet connection, then NxStage will ship a pre-configured router and the patient will use a cell modem data plan at the price set forth in Exhibit 1 to this Schedule F .

5. [**] . [Intentionally Left Blank]

6. **App .** The App is available on the Apple App Store. It may be downloaded to an iPad at no additional charge. Use of the App is subject to a separate End User License Agreement.

7. **Clinician Portal .**

A. Authorized Center Staff . Customer shall (i) limit use of the Clinician Portal to staff members who are responsible for managing the care of Customer's home hemodialysis patients (" **Authorized Staff** ") and (ii) make Authorized Staff aware of and comply with the terms and conditions set forth in this Agreement with respect to their use of the Clinician Portal. Customer is responsible for the actions of Authorized Staff, including any failure to comply with these terms and conditions.

B. Accounts . Authorized Staff shall be provided access to the Clinician Portal through one or more usernames, account numbers, passwords, or other means of authentication (" **Login** "). Customer and Authorized Staff shall at all times keep Logins strictly confidential and shall take all reasonable precautions to prevent unauthorized use, misuse, or compromise of Logins. Customer and Authorized Staff shall promptly notify NxStage upon learning of any actual or threatened unauthorized use, misuse, or compromise of any Login. Customer and each of the Authorized Staff assumes responsibility for all transactions, data, and information entered, transmitted, or provided using such Authorized Staff's Login.

C. Use of the Clinician Portal . Customer has the right to use the Clinician Portal solely in connection with the treatment of its home hemodialysis patients in accordance with the terms and conditions set forth in this Agreement. Customer shall not (i) enter, transmit, or distribute via the Clinician Portal any data, information, or other content that it does not have a right to transmit or distribute; (ii) enter, transmit, or distribute via the Clinician Portal any data, information, or other content that is unlawful, deceptive, false, stolen, threatening, harassing, abusive, obscene, defamatory, racially or ethnically objectionable, or in violation of the personal privacy rights of another; (iii) use any robot, spider, or other automatic or manual process to monitor, data mine, or copy any Clinician Portal pages, content, or user information; (iv) transmit or distribute via the Nx2me Solution any viruses or other malicious code; (v) take any action that imposes an unreasonable or disproportionally large load on the Clinician Portal's infrastructure; or (vi) assist or permit any persons in engaging in any of the foregoing activities.

8. **Technical Support** . NxStage provides 24/7 technical support for the Nx2me Solution (" **Nx2me Technical Support Services** "). Clinical questions raised by Customer's users with NxStage will be referred, if possible, to Customer's facility, to ensure consistency in patient care and adherence with Customer's policies and procedures.

9. **Warranty Disclaimers and Limitation of Liability** .

A. THE EXPRESS WARRANTY SET FORTH IN SCHEDULE A, SECTION 12 (b) DOES NOT APPLY TO THE NX2ME SOLUTION.

B. NO WARRANTIES OF ANY KIND EXIST FOR THE NX2ME SOLUTION INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE (INCLUDING WITHOUT LIMITATION, FITNESS FOR USE IN CLINICAL DIAGNOSTIC PROCEDURES), AND ANY WARRANTIES REGARDING DATA ACCURACY, SECURITY, RELIABILITY, TIMELINESS, AVAILABILITY, QUALITY, SUITABILITY, SYSTEM INTEGRATION, NON-INTERRUPTION OF USE, FREEDOM FROM BUGS, COMPLETENESS, AND CURRENCY. NXSTAGE CANNOT GUARANTEE AND DOES NOT PROMISE ANY SPECIFIC RESULTS FROM USE OF THE NX2ME SOLUTION.

C. CUSTOMER AND ITS PATIENTS ARE FULLY RESPONSIBLE FOR ANY AND ALL BACKUPS OF PATIENT DATA, AND NXSTAGE SHALL HAVE NO LIABILITY TO CUSTOMER OR PATIENTS FOR LOSS OF DATA OR CORRUPTION OF DATA. USE OF THE NX2ME SOLUTION MAY BE SUBJECT TO LIMITATIONS, DELAYS, AND OTHER PROBLEMS INHERENT IN THE USE OF THE INTERNET AND ELECTRONIC COMMUNICATIONS. NXSTAGE IS NOT RESPONSIBLE FOR ANY DELAYS, DELIVERY FAILURES, OR OTHER DAMAGE RESULTING FROM SUCH PROBLEMS.

D. CUSTOMER ACKNOWLEDGES AND AGREES THAT THE IPAD IS NOT MANUFACTURED BY NXSTAGE AND WILL BE DELIVERED DIRECTLY TO CUSTOMER BY APPLE INC., ONE OF ITS AFFILIATES OR AN APPLE RESELLER (" **APPLE** "). NXSTAGE MAKES NO REPRESENTATIONS OF ANY NATURE WHATSOEVER AND HEREBY DISCLAIMS ALL WARRANTIES, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABLITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT, WITH RESPECT TO THE IPAD. CUSTOMER FURTHER ACKNOWLEDGES AND AGREES THAT, IN NO EVENT WILL NXSTAGE BE LIABLE FOR: (A) ANY DEFECTS IN OR MALFUNCTIONS OF THE IPAD; (B) ANY FAILURE OF, OR OTHER PROBLEMS WITH, DELIVERY OF THE IPAD; (C) ANY COSTS, LOSSES, LIABILITIES, DAMAGES, CLAIMS, ACTIONS OR INJURIES OF ANY NATURE WHATSOEVER REGARDLESS OF CLAUSE RELATED TO AND/OR ARISING IN CONNECTION WITH THE IPAD EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT IN RELATION TO THE NX2ME SOLUTION AND/OR (D) ANY PROBLEMS WITH THE APPLECARE+ SERVICE FOR IPADS. CUSTOMER'S RIGHTS AND REMEDIES WITH RESPECT TO THE IPAD AND APPLECARE+ SERVICE WILL BE GOVERNED BY SUCH WARRANTIES THAT APPLE PROVIDES TO IPAD USERS, IF ANY (THE " **IPAD WARRANTY** "). CUSTOMER ACKNOWLEDGES AND AGREES THAT NXSTAGE WILL NOT BE RESPONSIBLE OR LIABLE FOR ANY WARRANTY, DAMAGE, PERFOMANCE OR FUNCTIONALITY ISSUES WITH RESPECT TO THE IPAD OR APPLECARE+ SERVICE. APPLE MAY PROVIDE ASSISTANCE WITH RESPECT TO THE FOREGOING ISSUES. CUSTOMER MAY CONTACT APPLE WITH RESPECT TO USE OF THE IPAD AND DEFECTIVE IPADS AT 1-800-MYAPPLE OR SUCH OTHER TELEPHONE NUMBER(S) AS MAY BE POSTED AT http://www.apple.com/support/ .

E. IN NO EVENT SHALL NXSTAGE BE LIABLE FOR ANY CONSEQUENTIAL, SPECIAL, INCIDENTAL, PUNITIVE OR OTHER INDIRECT DAMAGES ARISING OUT OF THE SUPPLY OR CUSTOMER'S USE OF THE NX2ME SOLUTION.

10. **Business Associate Agreement and Use of PHI.**

A. The parties have entered into a separate Business Associate Agreement (" **BAA** ") to meet their respective obligations under the Health Insurance Portability and Accountability Act of 1996 and its relevant regulations (collectively " **HIPAA** ") solely with respect to the Protected Health Information received from, or received, maintained, created, or transmitted on behalf of, Customer as part of the Nx2me Solution.

B. Customer understands that as part of the Nx2me Technical Support Services provided by NxStage pursuant to Section 8 above, NxStage technical support representatives may access certain Protected Health Information associated with the Nx2me Solution for the purposes of gaining confirmation of patient use of the Nx2me Solution and providing follow-up assistance to those patients who are signed up with Customer to use the Nx2me Solution but who do not appear to be using the Nx2me Solution. In such instances, NxStage's access and use of Protected Health Information will be limited to patient names, product serial numbers, and the dates of their last treatments and transmissions (if any) to NxStage's server(s).

Exhibit 1 to Schedule F
Nx2me Related Charges

(i) Patient Initiation Fee

The following Patient Initiation Fee is a one-time charge for every patient using Nx2me:

	Pricing
Patient Initiation Fee *(covers cost of connectivity kit, inclusive of user guides, router, wi-fi adapter, software thumb drive, and Ethernet cable, and package, shipping and handling and order processing fee; does not include iPad)*	[**] per patient

(ii) Configuration Fees

The following fees may apply based upon specific patient requirements:

	Pricing
Jewel Box Swap Fee *(one-time charge to replace patient's Jewel Box with a ConNxbox)*	[**] per System
Cell Modem Initiation Fee *(one-time charge to activate a patient who doesn't have internet at home, includes cellular modem hardware)*	[**] per patient

(iii) Other Fees

	Pricing
Cell Modem Data Plan *(if patient doesn't have internet at home)*	[**] per patient per month
Patient In-Home Installation Fee *(if patient is unable to establish connectivity at home and a home visit by an authorized technician is needed)* NxStage will only provide this patient in-home installation service if Customer has a minimum of [**] home installations within a [**] mile radius from the applicable Authorized Customer Location at the time of the service request . In the event a of a material increase in the number of in-home installation visits required by patients, the parties will negotiate in good faith a reasonable and proportional revision to the Patient In-Home Installation Fee.	[**] per home installation

Exhibit 10.2

Non-Employee Director Compensation Policy

This policy describes the compensation payable to Directors of NxStage Medical, Inc. ("NxStage") who are not employees of NxStage (or its subsidiaries) and have not been employees of NxStage (or its subsidiaries) within the preceding 12 months. All other Directors will not receive compensation from NxStage for service on the Board and thus are not covered by this policy.

Retainers and Fees

Directors will receive a $40,000 annual retainer plus the following additional annual retainers, as applicable:

	Committee Chair			Committee Member*		
Board Chair	Audit	Compensation	Nominating and Corporate Governance	Audit	Compensation	Nominating and Corporate Governance
$ 55,000	$ 20,000	$ 15,000	$ 10,000	$ 10,000	$ 7,500	$ 5,000

* Not paid to Committee Chairs

Annual retainers will be paid in four equal installments following each calendar quarter and will be prorated for the portion of such quarter during which a Director actually served as a member or chair of the Board and its standing committees.

If the Board forms any additional committee, a member of such committee will also receive $500 for each meeting of such committee attended.

Equity Grants

On the date of a Director's initial election to the Board (by stockholder or Board vote), such Director will be granted options to purchase shares of NxStage's common stock ("Common Stock") with a grant date fair value of $155,000, prorated for the period between the grant date and the following May 31. This initial option grant will vest monthly over three years.

Thereafter, on the date that each succeeding annual meeting of stockholders concludes, each Director who remains a member of the Board will be granted options to purchase shares of Common Stock with a grant date fair value of $126,000. This annual option grant will vest monthly over one year.

Each initial and annual stock option will be subject to the following additional terms:

- Options are granted pursuant to NxStage's 2014 Omnibus Incentive Plan or any successor plan ("Incentive Plan").
- Exercise price is equal to the closing sale price (for the primary trading session) of Common Stock on the Nasdaq Stock Market or the national securities exchange on which the Common Stock is then traded on the date of grant (and if the Common Stock is not then traded on a national securities exchange, the fair market value of the Common Stock on such date as determined by the Board) ("Closing Price").
- Vesting is subject to a Director's continued service on the Board.
- Options may be exercised for a period of seven years following grant; provided, that upon ceasing Board service, Directors with less than three years of continuous Board service may exercise such options for up to 1 year following death and up to 3 months otherwise.
- Options are subject to such other terms and conditions as the Board shall determine .

Each Director may elect to receive shares of Common Stock in lieu of the cash compensation to be paid hereunder ("Equity Election"). Directors desiring to make an Equity Election must do so in writing on the date of the annual meeting of stockholders at which such Director is elected. The Equity Election will apply to all cash compensation to be paid after the date of the election and will remain in effect until the date of the next annual meeting of stockholders. Equity Elections may not be revoked. Directors who make an Equity Election will receive quarterly grants of Common Stock on the last business day of any calendar quarter during the election period ("Quarterly Grant Date"), in an amount equal to the quotient of the total cash consideration such Director is due during that quarter (quarterly retainers plus any ad-hoc meeting fees) divided by the Closing Price on the Quarterly Grant Date. Such shares are granted pursuant to the Incentive Plan.

Expenses

Directors will be reimbursed for reasonable and documented travel expenses incurred to attend Board and committee meetings.

Effective Date: May 25, 2016

Exhibit 10.3

Stock Option Agreement
Granted Under NxStage Medical, Inc. 2014 Omnibus Incentive Plan

1. Grant of Option .

This agreement evidences the grant by NxStage Medical, Inc., a Delaware corporation ("Company"), to the Grantee listed below of an option to purchase shares of the Company's Stock ("Shares"), as outlined below:

Grantee: <first_name> <middle_name> <last_name>
Shares: <shares_awarded>
Option Price per Share: <award_price>
Option Type: <award_type_code>
Grant Date: <award_date>
Final Exercise Date: 5:00 p.m. ET on <expire_date>

Except as otherwise indicated by the context, "Grantee" shall be deemed to include any person who acquires the right to exercise this option validly under its terms. If the Option Type listed above is "Non-qualified Stock Option" or "NQ," then this option shall not be an incentive stock option as defined in Section 422 of the Code. If the Option Type listed above is "Incentive Stock Option" or "ISO," then this option is intended to qualify as an incentive stock option as defined in Section 422 of the Code. Notwithstanding the foregoing, if the Grantee ceases to be an Employee of the Company or any corporate Subsidiary but continues to provide Service, this option will be deemed a Non-qualified Stock Option as of the date 3 months and 1 day after the Grantee ceases to be an Employee of the Company or any corporate Subsidiary. In addition, to the extent that all or part of an option intended to be an "Incentive Stock Option" exceeds the "$100,000 per year limitation" rule of Section 422(d) of the Code, the option or the lesser excess part will be deemed to be a Non-qualified Stock Option.

This option is granted in consideration of Service rendered and to be rendered by the Grantee to the Company or an Affiliate. This option is subject to the terms of this agreement, including any specific provisions for the Grantee's country in the attached Schedule B , and the Company's 2014 Omnibus Incentive Plan ("Plan"), a copy of which is furnished to the Grantee with this agreement. Any capitalized term that is not defined in this agreement shall have the meaning ascribed to it in the Plan.

2. Vesting Schedule .

This option will become exercisable ("vest") for the Shares and on the dates indicated on Schedule A to this agreement, provided that the Grantee continues to provide Service to the Company or an Affiliate on such dates and has provided Service at all times since the Grant Date.

3. Exercise of Option .

(a) Right of Exercise . The Grantee's right of exercise will be cumulative so that to the extent this option is not exercised in any period to the maximum extent permissible, this option will continue to be exercisable with respect to any remaining Shares for which it is vested until this option terminates. No partial exercise of this option may be for any fractional Share or for fewer than ten whole Shares.

(b) Form of Exercise . Each election to exercise this option must be in writing on the form specified by the Company and received by the Company at its principal office.

(c) Payment of Option Price and Withholding Taxes . The Grantee must pay to the Company the Option Price and, if the Grantee is an Employee, all applicable federal, state, local or foreign withholding taxes required by law to be withheld in respect of this option or the Shares:

- in cash;
- by delivery (on a form acceptable to the Company) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell Shares and to deliver proceeds from such sale to the Company in payment of the Option Price and all applicable withholding taxes; or
- if the Grantee is a director or officer of the Company subject to Section 16 of the Exchange Act, by tender of unencumbered shares of the Company's Stock equal in value to the Option Price and all applicable withholding taxes.

Not all forms and methods of payment are available in every country. In addition, the Company may deduct from payments of any kind otherwise due to the Grantee the Option Price and all applicable withholding taxes in respect of this option or the Shares. The Company may, in its discretion, permit the Grantee to make alternative arrangements for payment of such amounts. The Grantee understands that the Grantee (and not the Company) shall be responsible for the Grantee's own tax liability that may result from this investment or the transactions contemplated by this agreement.

(d) Issued Shares. All Shares will be issued in the name of the Grantee in book entry form only.

4. Termination - Employees and Consultants.

The termination provisions in this section apply to Grantees who are Employees of, or consultants or advisors to (excluding Outside Directors), the Company or an Affiliate as of the Grant Date.

(a) Continuous Relationship with the Company or an Affiliate Required. Except as otherwise provided in this section, this option will terminate on the earlier of (1) the Grantee ceasing to provide Service to the Company or an Affiliate for any reason and (2) the Final Exercise Date.

(b) Death or Disability. If the Grantee ceases to provide Service due to his or her death or disability (within the meaning of Section 22(e)(3) of the Code) and the Company has not terminated the Grantee for Cause, this option will terminate on the earlier of (1) 5:00 p.m. ET on the date that is exactly 1 year after the Grantee ceases to provide Service due to his or her death or disability and (2) the Final Exercise Date.

(c) Certain Other Terminations. If the Grantee ceases to provide Service for any reason other than due to his or her death or disability (within the meaning of Section 22(e)(3) of the Code) and the Company has not terminated the Grantee for Cause, this option will terminate on the earlier of (1) 5:00 p.m. ET on the date that is exactly 3 months after the Grantee ceases to provide Service and (2) the Final Exercise Date. Notwithstanding the foregoing, if the Grantee violates the non-competition, confidentiality or non-solicitation provisions of any employment contract, confidentiality and nondisclosure agreement, or other agreement between the Grantee and the Company, this option will terminate immediately upon such violation.

5. Termination - Directors.

The termination provisions in this section apply to Grantees who are Outside Directors of the Company as of the Grant Date.

(a) 3+ Years of Service. If the Grantee ceases to provide Service and at such time has completed three or more full years of Service as a member of the Board, this option will terminate on the Final Exercise Date.

(b) < 3 Years of Service. If the Grantee ceases to provide Service and at such time has completed less than three full years of Service as a member of the Board, this option will terminate on the earlier of (1) 5:00 p.m. ET on the date that is exactly 3 months after the Grantee ceases to provide Service and (2) the Final Exercise Date.

6. Transfer Restrictions.

This option may not be sold, assigned, transferred, pledged or otherwise encumbered by the Grantee, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and during the lifetime of the Grantee this option shall be exercisable only by the Grantee. If the Option Type listed above is "Non-qualified Stock Option" or "NQ," then this option may be transferred pursuant to a domestic relations order in settlement of marital property rights.

7. Disqualifying Dispositions of Incentive Stock Option Shares.

If the Option Type listed above is "Incentive Stock Option" or "ISO," the Grantee understands that in order to obtain the benefits of an incentive stock option under Section 422 of the Code, among other conditions, no sale or other disposition may be made of any Shares acquired upon exercise of this option within 1 year after such Shares were acquired pursuant to such exercise, nor within 2 years after the Grant Date. If the Grantee intends to dispose, or does dispose (whether by sale, exchange, gift, transfer or otherwise, including "sell-to-cover" dispositions), of any such Shares within said periods, the Grantee must notify the Company about such disposition in writing within 10 days after such disposition, and provide any other information regarding such disposition that the Company may require.

8. Grant Limitations .

The Plan is established voluntarily by the Company and it is discretionary in nature. Participation in the Plan is voluntary. This grant and any other awards under the Plan are voluntary and occasional and do not create any contractual or other right to receive future awards or benefits in lieu of any awards, even if similar awards have been granted repeatedly in the past. This grant and the underlying Shares, and any income derived from them, are not paid in lieu of and are not intended to replace any pension rights or compensation and are not part of normal or expected compensation or salary for any purposes, including calculating any termination, severance, resignation, redundancy, dismissal, end of service payments, bonuses, long-service awards, life or accidental insurance benefits, pension or retirement or welfare benefits or similar payments.

9. Governing Law and Venue .

This grant and agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Delaware, United States of America, without regard to its conflict of law provisions. The Grantee agrees to the exclusive jurisdiction of the United States District Court for the District of Delaware or the Delaware Superior Court, New Castle County for any dispute or proceeding relating to this grant or agreement.

IN WITNESS WHEREOF, the Company has executed this agreement through its duly authorized officer.

NxStage Medical, Inc.

By:
Jeffrey H. Burbank
Chief Executive Officer

Grantee's Acceptance

The undersigned hereby accepts the terms of this agreement and acknowledges receipt of a copy of the Company's 2014 Omnibus Incentive Plan and related prospectus.

Grantee: /s/ <first_name> <middle_name> <last_name>
Address:

<address_1>
<address_2>
<city>, <state>
<zip>
<country>

Schedule A to Stock Option Agreement

Subject to the terms of this Stock Option Agreement and the Plan, this option will become exercisable ("vest") for the Shares and on the dates indicated on this Schedule A, provided that the Grantee continues to provide Service to the Company or an Affiliate on such dates and has provided Service at all times since the Grant Date:

<vesting_schedule>

Schedule B to Stock Option Agreement

Terms and Conditions

This Schedule B includes additional terms and conditions that govern this grant under the Plan if the Grantee works in one of the countries listed below. If the Grantee is a citizen or resident of a country other than the one in which the Grantee is currently working, is considered a resident of another country for local law purposes or if the Grantee transfers employment or residency between countries after the Grant Date, the Company will, in its discretion, determine the extent to which the terms and conditions herein will be applicable to the Grantee.

ALL NON-U.S. COUNTRIES

Data Privacy

The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this agreement and any other grant materials by and among, as applicable, the Grantee's employer, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.
The Grantee understands that the Grantee's employer, the Company and any Affiliate may hold certain personal information about the Grantee, including but not limited to his or her name, home address, telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company and details of all grants or any other entitlements to shares of stock awarded, cancelled, vested, unvested, or outstanding in the Grantee's favor ("Data"), for the exclusive purpose of implementing, administering or managing the Plan. Certain Data may also constitute "sensitive personal data" within the meaning of applicable local law. Such Data includes, but is not limited to, the information provided above and any changes thereto and other appropriate personal and financial data about the Grantee. The Grantee hereby provides explicit consent to the Grantee's employer, the Company and any Affiliate to process any such Data.

The Grantee understands that Data will be transferred to Charles Schwab & Co, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Grantee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country. The Grantee understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Grantee authorizes the Company, Charles Schwab & Co and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Grantee understands that he or she is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later seeks to revoke his or her consent, his or her employment status or service and career with the Grantee's employer will not be adversely affected; the only adverse consequence of refusing or withdrawing the Grantee's consent is that the Company would not be able to provide the Grantee with grants or other equity awards or administer or maintain such awards. Therefore, the Grantee understands that refusing or withdrawing his or her consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that he or she may contact his or her local human resources representative.

Form of Payment

Due to legal restrictions outside the U.S., the Grantee is not permitted to surrender Shares that the Grantee already owns to pay any exercise price of this grant or to satisfy any tax obligations in connection with this grant.

Exhibit 10.4

Restricted Stock Unit Agreement
Granted Under NxStage Medical, Inc. 2014 Omnibus Incentive Plan

1. Grant of Restricted Stock Units .

This agreement evidences the grant by NxStage Medical, Inc., a Delaware corporation ("Company"), to the Grantee listed below of restricted stock units ("RSUs") representing the conditional right to receive shares of the Company's Stock ("Shares"), as outlined below:

Grantee: <first_name> <middle_name> <last_name>
Shares: <shares_awarded>
Grant Date: <award_date>

Except as otherwise indicated by the context, "Grantee" shall be deemed to include any person who acquires these RSUs validly under their terms.

These RSUs are granted in consideration of Service rendered and to be rendered by the Grantee to the Company or an Affiliate. These RSUs are subject to the terms of this agreement, including any specific provisions for the Grantee's country in the attached Schedule B , and the Company's 2014 Omnibus Incentive Plan ("Plan"), a copy of which is furnished to the Grantee with this agreement. Any capitalized term that is not defined in this agreement shall have the meaning ascribed to it in the Plan.

2. Vesting .

(a) Schedule . These RSUs will become nonforfeitable ("vest") with respect to the Shares and on the dates indicated on Schedule A to this agreement, provided that the Grantee continues to provide Service to the Company or an Affiliate on such dates and has provided Service at all times since the Grant Date.

(b) Issued Shares . Promptly following any vesting of these RSUs, the Company will issue the portion of Shares listed above that corresponds to the applicable vesting date in full settlement of such vested RSUs. All Shares will be issued in the name of the Grantee in book entry form only.

3. Withholding Taxes .

This Section 3 only applies to Grantees who are Employees. Paragraph (a) below applies to a Grantee who is an officer of the Company subject to Section 16 of the Exchange Act and Paragraph (b) below applies to all other Grantees.

(a) Certain Officers . The Grantee acknowledges and agrees, as a condition of this grant, that the Grantee will pay all applicable federal, state, local or foreign withholding taxes required by law to be withheld in respect of these RSUs or the Shares by hereby directing the Company to withhold, from the Shares otherwise issuable to the Grantee, a number of Shares in an amount reasonably determined by the Company to be materially sufficient to satisfy such withholding taxes.

(b) All Other Employees . The Grantee acknowledges and agrees, as a condition of this grant, that the Grantee will pay all applicable federal, state, local or foreign withholding taxes required by law to be withheld in respect of these RSUs or the Shares by the sale of Shares in an amount reasonably determined by the Company to be materially sufficient to satisfy such withholding taxes and to deliver proceeds from such sale to the Company in payment of such withholding taxes. In order to authorize such sale, this agreement constitutes an irrevocable direction by the Grantee to a licensed securities broker selected from time to time by the Company, which as of the Grant Date is Charles Schwab & Co, to sell such Shares at the market price on or about the applicable vesting date (with the date of such sale to be at the sole discretion of the selected broker), deliver such sale proceeds to the Company in payment of such withholding taxes, and provide to the Company a duplicate confirmation of such sale. The Grantee must establish the necessary account with the selected broker before the first vesting date for this grant. The Grantee is responsible for providing to the selected broker all applicable forms necessary to facilitate this transaction.

In addition, the Company may deduct from payments of any kind otherwise due to the Grantee all applicable withholding taxes in respect of these RSUs or the Shares. The Company may, in its discretion, permit the Grantee to make alternative arrangements for payment of such amounts. The Grantee understands that the Grantee (and not the Company) shall be responsible for the Grantee's own tax liability that may result from this investment or the transactions contemplated by this

agreement.

4. Termination .

If the Grantee ceases to provide Service to the Company or an Affiliate for any reason, all of the then unvested RSUs will be forfeited immediately and automatically, without the payment of any consideration to the Grantee, effective as of the time that the Grantee ceases to provide Service.

5. Transfer Restrictions .

These RSUs may not be sold, assigned, transferred, pledged or otherwise encumbered by the Grantee, either voluntarily or by operation of law, except by will or the laws of descent and distribution or pursuant to a domestic relations order in settlement of marital property rights.

6. Grant Limitations .

The Plan is established voluntarily by the Company and it is discretionary in nature. Participation in the Plan is voluntary. This grant and any other awards under the Plan are voluntary and occasional and do not create any contractual or other right to receive future awards or benefits in lieu of any awards, even if similar awards have been granted repeatedly in the past. This grant and the underlying Shares, and any income derived from them, are not paid in lieu of and are not intended to replace any pension rights or compensation and are not part of normal or expected compensation or salary for any purposes, including calculating any termination, severance, resignation, redundancy, dismissal, end of service payments, bonuses, long-service awards, life or accidental insurance benefits, pension or retirement or welfare benefits or similar payments.

7. Governing Law and Venue .

This grant and agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Delaware, United States of America, without regard to its conflict of law provisions. The Grantee agrees to the exclusive jurisdiction of the United States District Court for the District of Delaware or the Delaware Superior Court, New Castle County for any dispute or proceeding relating to this grant or agreement.

IN WITNESS WHEREOF, the Company has executed this agreement through its duly authorized officer.

NxStage Medical, Inc.

By:
Jeffrey H. Burbank
Chief Executive Officer

Grantee's Acceptance

The undersigned hereby accepts the terms of this agreement and acknowledges receipt of a copy of the Company's 2014 Omnibus Incentive Plan and related prospectus.

Grantee: /s/ <first_name> <middle_name> <last_name>
Address:

<address_1>
<address_2>
<city>, <state>
<zip>
<country>

Schedule A to Restricted Stock Unit Agreement

Subject to the terms of this Restricted Stock Unit Agreement and the Plan, these RSUs will become nonforfeitable ("vest") with respect to the Shares and on the dates indicated on this Schedule A, provided that the Grantee continues to provide Service to the Company or an Affiliate on such dates and has provided Service at all times since the Grant Date:

<vesting_schedule>

Schedule B to Restricted Stock Unit Agreement

Terms and Conditions

This Schedule B includes additional terms and conditions that govern this grant under the Plan if the Grantee works in one of the countries listed below. If the Grantee is a citizen or resident of a country other than the one in which the Grantee is currently working, is considered a resident of another country for local law purposes or if the Grantee transfers employment or residency between countries after the Grant Date, the Company will, in its discretion, determine the extent to which the terms and conditions herein will be applicable to the Grantee.

ALL NON-U.S. COUNTRIES

Data Privacy

The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this agreement and any other grant materials by and among, as applicable, the Grantee's employer, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.

The Grantee understands that the Grantee's employer, the Company and any Affiliate may hold certain personal information about the Grantee, including but not limited to his or her name, home address, telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company and details of all grants or any other entitlements to shares of stock awarded, cancelled, vested, unvested, or outstanding in the Grantee's favor ("Data"), for the exclusive purpose of implementing, administering or managing the Plan. Certain Data may also constitute "sensitive personal data" within the meaning of applicable local law. Such Data includes, but is not limited to, the information provided above and any changes thereto and other appropriate personal and financial data about the Grantee. The Grantee hereby provides explicit consent to the Grantee's employer, the Company and any Affiliate to process any such Data.

The Grantee understands that Data will be transferred to Charles Schwab & Co, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Grantee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country. The Grantee understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Grantee authorizes the Company, Charles Schwab & Co and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Grantee understands that he or she is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later seeks to revoke his or her consent, his or her employment status or service and career with the Grantee's employer will not be adversely affected; the only adverse consequence of refusing or withdrawing the Grantee's consent is that the Company would not be able to provide the Grantee with grants or other equity awards or administer or maintain such awards. Therefore, the Grantee understands that refusing or withdrawing his or her consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that he or she may contact his or her local human resources representative.

Form of Payment

Due to legal restrictions outside the U.S., the Grantee is not permitted to surrender Shares that the Grantee already owns to satisfy any tax obligations in connection with this grant.

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13A-14(A)/15D-14(A),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey H. Burbank, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NxStage Medical, Inc. for the period ended June 30, 2016 (this "report");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jeffrey H. Burbank

Jeffrey H. Burbank

Chief Executive Officer

Date: August 4, 2016

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13A-14(A)/15D-14(A),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Matthew W. Towse, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NxStage Medical, Inc. for the period ended June 30, 2016 (this "report");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Matthew W. Towse

Matthew W. Towse

Senior Vice President and Chief Financial Officer

Date: August 4, 2016

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of NxStage Medical, Inc. (the "Company") for the period ended June 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (this "report"), I, Jeffrey H. Burbank, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) This report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey H. Burbank

Jeffrey H. Burbank

Chief Executive Officer

Date: August 4, 2016

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of NxStage Medical, Inc. (the "Company") for the period ended June 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (this "report"), I, Matthew W. Towse, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) This report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Matthew W. Towse

Matthew W. Towse

Senior Vice President and Chief Financial Officer

Date: August 4, 2016