

VCA INC  
Form DEF 14A  
March 04, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

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

**VCA INC.**

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

x No fee required

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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**MARCH 4, 2016**

**DEAR VCA STOCKHOLDERS**

As VCA enters its 30<sup>th</sup> year I'd like to reflect on some of VCA's more significant accomplishments over the years. When we acquired our first animal hospital in 1987, none of us could have foreseen the unbelievable growth and unparalleled success that we would have. We never dreamed that from one hospital with total revenues of \$3.2 million, we would grow to more than 700 hospitals throughout the United States and Canada, with company-wide revenue of over \$2.1 billion. Who could have imagined that our initial team of three would grow to an organization with over 22,000 employees; or that Antech Diagnostics, which started in the early 1990's as a small laboratory with \$600,000 in revenue servicing Los Angeles, would grow into one of the most advanced diagnostic reference laboratory networks in the world, with 60 laboratories processing in excess of 13 million requisitions a year in the United States and Canada, with annual revenues of nearly \$400 million. We are proud that we championed the growth of animal hospitals and pioneered advances in laboratory diagnostic services. Similarly, Sound, our medical imaging division, has led the way in advancing veterinarians' diagnostic imaging capabilities, enhancing quality and excellence in pet care throughout the industry.

I am most proud of our contribution to the veterinary profession as a whole. As we pursued our goal of establishing VCA as an industry leader, we transformed the profession and the industry while, at the same time, building a financially successful company. The transformation started by simply shining a spotlight on the passionate caregivers that are the backbone of the veterinary industry and demonstrating to the financial community that this profession is a worthy investment leading to fantastic returns on multiple levels. The spotlight expanded beyond VCA to shine on individual animal hospitals and their veterinarian owner-operators who now have access to capital that was previously unavailable. This has allowed veterinarians to invest and improve their facilities and technology while providing greater resources to their colleagues and staff. The capital invested in diagnostic companies and animal hospitals has improved the quality of medicine throughout the industry and has changed professionals' lives by securing their financial future. Most importantly, this has all led to much improved levels of service to the over 100 million pet owning households in the U.S. and Canada.

We have also changed lives by creating the opportunity for thousands of people to pursue and enjoy management positions in disciplines throughout the veterinary profession, many of which did not exist prior to VCA. As we look back, we recognize that we have trained more than 2,500 interns and over 250 board-certified specialists. These highly trained professionals, who trained in VCA facilities through our various programs, are now practicing throughout the industry. We have built an organization that cares dearly about the health of pets and our clients' experience as well as creating a culture that encourages investment in expanding and improving the quality and service of pet healthcare across the industry.

We are all extremely proud of what VCA has created in the profession and the industry. Our passion of focusing on the pet, their owners and our dedicated professionals has not only transformed the industry, but it has allowed us to build an extraordinary and financially robust organization.

Our mission is not yet done. We remain committed to working on a daily basis to provide the finest quality of pet health care and excellent client service both for our pet-owner customers as well as the over 17,000 independent animal hospitals we support throughout North America.

As always, on behalf of the Board of Directors and the rest of our organization I thank you for your continued confidence and support.

Sincerely,

**Bob Antin**

*Chairman and*

*Chief Executive Officer*

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**NOTICE OF  
ANNUAL MEETING OF STOCKHOLDERS**

**IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS  
FOR THE STOCKHOLDERS MEETING TO BE HELD ON THURSDAY, APRIL 14, 2016**

**The Notice of Internet Availability of Proxy Materials, the Proxy Statement,  
and the VCA Inc. 2015 Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).**

**Time and Place**

The VCA Inc. Annual Meeting of Stockholders ( VCA or the Company ) will be held on Thursday, April 14, 2016, at 10:00 a.m., Pacific Time, at VCA s corporate offices located at 12401 W. Olympic Boulevard, Los Angeles, California 90064-1022.

**Items of Business**

As a stockholder you will be asked to:

1. Elect one Class II member of the Board of Directors for a three year term.
2. Ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2016.

3. Hold an advisory vote on the 2015 compensation of our named executive officers.
4. Transact any other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

**Record Date**

You may vote if you held shares of our common stock at the close of business on Friday, February 26, 2016.

**Internet Availability**

In accordance with U.S. Securities and Exchange Commission rules, we are using the Internet as our primary means of furnishing our proxy materials to our stockholders. Rather than sending stockholders a paper copy of our proxy materials, we are sending a notice with instructions for accessing the materials and voting via the Internet. We believe this method of distribution makes the proxy distribution process more efficient, less costly and limits our impact on the environment. This Proxy Statement and our 2015 Annual Report are available at: [www.proxyvote.com](http://www.proxyvote.com).

**Proxy Voting**

Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. As an alternative to voting in person at the Annual Meeting, you may vote via the Internet, by telephone or, if you receive a paper proxy card in the mail, by mailing the completed proxy card.

**Tomas W. Fuller**

*Chief Financial Officer,*

*Vice President and Secretary*

March 4, 2016



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**PROXY SUMMARY**

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read this proxy statement carefully in its entirety before voting. For more complete information regarding the Company's 2015 performance, please review the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

**2016 ANNUAL MEETING OF STOCKHOLDERS**

**Date and Time:** Thursday, April 14, 2016, 10:00 a.m. Pacific Time

**Location:** VCA Corporate Offices  
12401 West Olympic Boulevard  
Los Angeles, California 90064

**Record Date:** February 26, 2016

**Voting:** Stockholders as of the record date are entitled to vote by Internet at [www.proxyvote.com](http://www.proxyvote.com); by telephone at (800) 690-6903; by completing and returning their proxy card or voting instruction card; or in person at the Annual Meeting.

**MEETING AGENDA AND VOTING RECOMMENDATIONS**

	<b>Board Recommendation</b>
Item 1 Election of one Class II Director for a three year term	<b>FOR</b>
Item 2 Ratification of Appointment of KPMG LLP as our Independent Registered Public Accounting Firm for the year ending December 31, 2016	<b>FOR</b>
Item 3 Advisory Vote Approving 2015 Compensation of our Named Executive Officers	<b>FOR</b>

**ITEM 1 - ELECTION OF DIRECTORS**

We are asking you to vote **FOR** the director nominee listed below to serve a three-year term as the Class II Director. Set forth below is summary information about the director nominee.

<b>Name and Principal Occupation</b>	<b>Age</b>	<b>Director Since</b>	<b>Independent</b>	<b>Committee Memberships</b>
Robert L. Antin, Chairman of the Board, Chief Executive Officer, & President of VCA Inc.	65	1986	No	n/a

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We are asking you to vote **FOR** the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2016. The following table summarizes the fees KPMG billed us for professional services provided in 2015 and 2014.

	<b>2015</b>	<b>2014</b>
Audit fees	\$ 1,687,000	\$ 1,657,000
Tax fees (1)	\$ 23,000	\$ 67,000
Total	\$ 1,710,000	\$ 1,724,000

(1) Represents fees for consultation on the tax impact of certain transactions in 2015 and 2014.

**ITEM 3 - ADVISORY VOTE APPROVING****2015 COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

We are asking you to vote **FOR** the advisory approval of our stockholders of the compensation paid to our named executive officers in 2015. While this vote is advisory and non-binding on us, our Board of Directors and the Compensation Committee value the opinion of our stockholders and will review and consider the outcome of this vote in considering future compensation arrangements.

**Compensation Program Highlights**

*Senior management's incentive compensation aligned with stockholders' interest through use of absolute and relative performance metrics for our long-term equity awards.* For the equity awards granted in 2015, we used the absolute performance metric of Adjusted EBITDA and a relative performance metric that compares the Company's stock price to the Russell 3000 Index.

*Long-term equity awards structured such that the executives must demonstrate performance over a two- to three-year period and also satisfy a four year vesting schedule to fully realize the value of equity awards.* As structured, a maximum of 50% of an equity award may be earned in the year of grant with the remainder to be earned based on the Company's performance over the following two fiscal years. The equity awards are further subject to a four year vesting schedule and consequently the value of the award to the executive is subject to the same increases or decreases in value as is the case for our stockholders. Annual performance targets for all three years of the performance period are established at the time of the grants.

*Substantial majority of executive compensation is tied to performance and is considered at-risk . In 2015, approximately 89% of our Chief Executive Officer s, and an average of 75% of each of our other executive officer s, compensation is in the form of equity and cash performance based compensation.*

*Our executives are required to own a minimum amount of our stock. Our Chief Executive Officer is required to own stock with a value at least 4 times his base salary while each of our other executive officers is required to own stock with a value at least 2 times his base salary.*

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*Incentive compensation subject to a clawback policy that allows us to recover incentive compensation in certain instances.* Our equity incentive plan allows the Company to withhold or clawback awards from current and former employees if the employee breaches his/her employment or participates in illegal activities, such as a breach of confidentiality or other agreements with the Company, theft, embezzlement, or certain other cause events. In addition, our Board of Directors has adopted a policy that permits us to recover performance based awards (including any performance based annual bonus awards and long-term incentive, equity-based awards) received by an executive officer in certain circumstances if our financial results are restated.

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**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

**WHY AM I RECEIVING THESE PROXY MATERIALS?**

This proxy statement is being sent to all of our stockholders of record as of the close of business on February 26, 2016, by VCA's Board of Directors to solicit your proxy to be voted at VCA's 2016 Annual Meeting of Stockholders which will be held on Thursday, April 14, 2016, at 10:00 a.m. Pacific Time, at our corporate offices at 12401 West Olympic Boulevard, Los Angeles, California 90064.

**WHAT ITEMS OF BUSINESS WILL BE VOTED ON AT THE ANNUAL MEETING?**

There are three items of business scheduled to be voted on at the 2016 Annual Meeting:

Election of one Class II director to the Board of Directors.

Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2016.

An advisory vote on the compensation of the Company's named executive officers.

We will also consider any other business that may properly come before the Annual Meeting or any adjournments or postponements thereof, including approving any such adjournment or postponement, if necessary. Please note that at this time we are not aware of any such business, and the dates have passed for presenting any stockholder proposals pursuant to our bylaws and pursuant to the applicable securities rules.

**HOW DOES THE BOARD OF DIRECTORS RECOMMEND THAT I VOTE?**

Our Board of Directors recommends that you vote:

**FOR** the election of its nominee to the Board of Directors.

**FOR** the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2016.

**FOR** the approval, on an advisory basis, of the compensation of our named executive officers.

**WHAT HAPPENS IF ADDITIONAL MATTERS ARE PRESENTED AT THE ANNUAL MEETING?**

Other than the three items of business described in this Proxy Statement, we are not aware of any other business to be acted upon at the Annual Meeting. If you grant a proxy, the persons named as proxies, Robert L. Antin and Tomas W. Fuller, will have the discretion to vote your shares on any additional matters properly presented for a vote at the Annual Meeting.

**WHO MAY VOTE AT THE ANNUAL MEETING?**

You may vote your shares of VCA common stock at the Annual Meeting if you were a holder of record of VCA common stock at the close of business on February 26, 2016, which we refer to as the Record Date. At that time, there were 81,199,412 shares of common stock outstanding, and approximately 304 holders of record. Each share of common stock is entitled to one vote on each matter properly brought before the Annual Meeting.

**WHY DID I RECEIVE A NOTICE IN THE MAIL REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS INSTEAD OF A FULL SET OF PROXY MATERIALS?**

Pursuant to rules adopted by the U.S. Securities and Exchange Commission, which we refer to as the SEC, we have elected to provide access to our proxy materials over the Internet. Accordingly, we are sending a

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Notice of Internet Availability of Proxy Materials to our stockholders of record and to beneficial owners of our stock. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice of Internet Availability of Proxy Materials or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice of Internet Availability of Proxy Materials. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

### **HOW CAN I GET ELECTRONIC ACCESS TO THE PROXY MATERIALS?**

The Notice of Internet Availability of Proxy Materials provides you with instructions regarding how to:

- view our proxy materials for the Annual Meeting on the Internet;
- vote your shares after you have viewed our proxy materials;
- request a printed copy of our proxy materials; and
- instruct us to send future proxy materials to you electronically by email.

Choosing to receive future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of our annual meetings on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

The Notice of Internet Availability of Proxy Materials, Proxy Statement, proxy card and the 2015 Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

### **HOW CAN I OBTAIN PAPER OR EMAIL COPIES OF PROXY MATERIALS?**

The Notice of Internet Availability of Proxy Materials contains a toll-free telephone number, an email address, and a website where stockholders can request a paper or an email copy of the Proxy Statement, proxy card and the 2015 Annual Report. These proxy materials are available free of charge.

### **WHAT SHOULD I DO IF I RECEIVE MORE THAN ONE NOTICE ABOUT THE INTERNET AVAILABILITY OF THE PROXY MATERIALS OR MORE THAN ONE PAPER COPY OF THE PROXY MATERIALS?**

You may receive more than one notice of this Proxy Statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate notice or a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you may receive more than one notice or more than one proxy card. To vote all of your shares by proxy, you must either (i) complete, date, sign and return each proxy card and voting instruction card that you receive or (ii) vote over the Internet or telephone the shares represented by each notice that you receive (unless you have requested and received a proxy card or voting instruction card for the shares represented by one or more of the notices).

### **WHAT IS THE DIFFERENCE BETWEEN HOLDING SHARES AS A STOCKHOLDER OF RECORD AND AS A BENEFICIAL OWNER?**

Most stockholders of VCA hold their shares through a broker, bank or other nominee rather than directly in their own name. As summarized below there are some differences in how stockholders of record and beneficial owners are treated.

Stockholders of Record. If your shares are registered directly in your name with our Transfer Agent, Broadridge Corporate Issuer Solutions, Inc., you are considered the stockholder of record with respect to those shares and

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the Notice of Internet Availability of Proxy Materials is being sent directly to you by VCA. As the stockholder of record, you have the right to vote in person at the meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you decide later not to attend the Annual Meeting.

**Beneficial Owner.** If you hold your shares through a broker, bank or other nominee rather than directly in your own name, you are considered the beneficial owner of shares held in street name, and the Notice of Internet Availability of Proxy Materials is being forwarded to you by your broker, bank or other nominee, who is considered the stockholder of record with respect to those shares. As the beneficial owner, you are also invited to attend the Annual Meeting. Because a beneficial owner is not the stockholder of record, you may not vote these shares in person at the Annual Meeting unless you obtain a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. You will need to contact your broker, trustee or nominee to obtain a legal proxy, and you will need to bring it to the Annual Meeting in order to vote in person.

## **HOW DO I VOTE?**

Proxies are solicited to give all stockholders who are entitled to vote on the matters that come before the meeting the opportunity to vote their shares whether or not they attend the meeting in person. If you are a stockholder of record, you have the right to vote in person at the meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you decide later not to attend the Annual Meeting. You can vote by one of the following manners:

**By Internet** Stockholders of record may submit proxies over the Internet by following the instructions on the proxy card. Stockholders who are beneficial owners may vote by Internet by following the instructions on the voting instruction card sent to them by their bank, broker, trustee or nominee.

**By Telephone** Stockholders of record who live in the United States or Canada may submit proxies by telephone by calling the toll-free number on your proxy card and following the instructions. Stockholders of record will need to have the control number that appears on their proxy card available when voting. In addition, beneficial owners of shares living in the United States or Canada and who have received a voting instruction card by mail from their bank, broker, trustee or nominee may vote by phone by calling the number specified on the voting instruction card. Those stockholders should check the voting instruction card for telephone voting availability.

**By Mail** Stockholders of record who have received a paper copy of a proxy card by mail may submit proxies by completing, signing and dating their proxy card and mailing it in the accompanying pre-addressed envelope. Stockholders who are beneficial owners who have received a voting instruction card from their bank, broker or nominee may return the voting instruction card by mail as set forth on the card.

**In Person** Stockholders of record may vote shares held in their name in person at the Annual Meeting. You also may be represented by another person at the Annual Meeting by executing a proper proxy designating that person. Shares for which a stockholder is the beneficial holder but not the stockholder of record may be voted in person at the Annual Meeting only if such stockholder is able to obtain a legal proxy from the bank, broker or nominee that holds the stockholder's shares, indicating that the stockholder was the beneficial holder as of the record date and the number of shares for which the stockholder was the beneficial owner on the record date.

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Stockholders are encouraged to vote their proxies by Internet, telephone or completing, signing, dating and returning a proxy card or voting instruction card, but not by more than one method. If you vote by more than one method, or vote multiple times using the same method, only the last-dated vote that is received by the inspector of election will be counted, and each previous vote will be disregarded.

### **WHAT IS A BROKER NON-VOTE?**

Applicable rules permit brokers to vote shares held in street name on routine matters when brokers have not received voting instructions from the beneficial owner on how to vote those shares. **Brokers may not vote shares held in street name on non-routine matters unless they have received voting instructions from the beneficial owners on how to vote those shares.** Shares that are not voted on non-routine matters are called broker non-votes. Broker non-votes will have no effect on the vote for any matter scheduled to be voted on at the meeting.

### **WHAT ROUTINE MATTERS WILL BE VOTED ON AT THE ANNUAL MEETING?**

The ratification of KPMG LLP as our independent registered public accounting firm for 2016 is the only routine matter to be presented at the Annual Meeting and is the only item on which brokers may vote in their discretion on behalf of beneficial owners who have not provided voting instructions.

### **WHAT NON-ROUTINE MATTERS WILL BE VOTED ON AT THE ANNUAL MEETING?**

The non-routine matters to be presented at the Annual Meeting on which brokers may **not** vote unless they have received specific voting instructions from beneficial owners are:

Election of one member to the Board of Directors.

An advisory vote on the compensation of the Company's named executive officers.

### **HOW ARE ABSTENTIONS AND BROKER NON-VOTES COUNTED?**

Abstentions and broker non-votes are included in determining whether a quorum is present. In tabulating the voting results for the items to be voted on at the 2016 Annual Meeting, shares that constitute abstentions and broker non-votes will have no effect on the vote for any matter scheduled to be voted on at the meeting.

### **HOW CAN I CHANGE MY VOTE AFTER I RETURN MY PROXY CARD?**

If you are a stockholder of record, there are three ways you can change your vote or revoke your proxy after you have sent in your proxy form.

First, you may send a written notice to VCA Inc., c/o Office of the Secretary, 12401 West Olympic Boulevard, Los Angeles, California 90064, stating that you would like to revoke your proxy.

Second, you may complete and submit a new proxy form. Any earlier proxies will be revoked automatically.

Third, you may attend the Annual Meeting and vote in person. Any earlier proxy will be revoked. However, attending the Annual Meeting without voting in person will not revoke your proxy.

If your shares are held in street name and you have instructed a broker or other nominee to vote your shares, you must follow directions from your broker or other nominee to change your vote.

**WHAT IS THE QUORUM REQUIREMENT FOR THE ANNUAL MEETING?**

A majority of VCA's outstanding shares as of the Record Date must be present, in person or by proxy, at the Annual Meeting in order to hold the Annual Meeting and conduct business. This is called a quorum. Your shares will be counted for purposes of determining if there is a quorum, whether representing votes for, against, withheld or abstained, if you:

are present and vote at the Annual Meeting; or



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properly submit a proxy card, vote by telephone or vote over the Internet. Broker non-votes also are counted as present for the purpose of determining the existence of a quorum at the Annual Meeting.

**WHAT IS THE VOTING REQUIREMENT TO APPROVE EACH OF THE ITEMS?**

<b>ITEM</b>	<b>APPROVAL REQUIRED</b>
Item 1 Election of directors	To be elected in an uncontested election a nominee must receive the FOR vote of a majority of the votes cast for the election of directors at the Annual Meeting. Abstentions and broker non-votes are not counted as votes cast and will have no effect on the outcome of the election of the nominee.
Item 2 Ratification of appointment of independent registered public accounting firm	To be approved by the stockholders, this item must receive the FOR vote of a majority of the votes cast on this proposal at the Annual Meeting. Abstentions and broker non-votes are not counted as votes cast and will have no effect on the outcome of this proposal.
Item 3 Advisory vote on the compensation of the Company's named executive officers	To be approved by the stockholders, this item must receive the FOR vote of a majority of the votes cast on this proposal at the Annual Meeting. Abstentions and broker non-votes are not counted as votes cast and will have no effect on the outcome of this proposal.

**WHERE CAN I FIND THE VOTING RESULTS OF THE ANNUAL MEETING?**

We intend to announce preliminary voting results at the Annual Meeting and publish final results in a Current Report on Form 8-K to be filed with the SEC within four business days of the Annual Meeting.

**WHO PAYS FOR THE COST OF THIS PROXY SOLICITATION?**

We will pay the costs of the solicitation of proxies. We may reimburse brokerage firms and other persons representing beneficial owners of shares for expenses incurred in forwarding the voting materials to their customers who are beneficial owners and obtaining their voting instructions. In addition to soliciting proxies by mail, our board members, officers and employees may solicit proxies on our behalf, without additional compensation, personally or by telephone.

**IS THERE A LIST OF STOCKHOLDERS ENTITLED TO VOTE AT THE ANNUAL MEETING?**

The names of stockholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the Annual Meeting at our principal executive offices between the hours of 9:00 a.m. and 5:00 p.m. for any purpose relevant to the Annual Meeting. To arrange to view this list during the times specified above, please contact the Secretary of the Company.



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**CORPORATE GOVERNANCE**

Our business is managed by our employees under the direction and oversight of the Board of Directors. We keep the members of our Board of Directors informed of our business through frequent discussions with management, materials we provide to them, visits to our offices and their participation in Board of Directors and committee meetings.

We believe transparent, effective, and accountable corporate governance practices are key elements of our relationship with our stockholders. To help our stockholders understand our commitment to this relationship and our governance practices, several of our key governance initiatives are summarized below.

**BOARD LEADERSHIP**

VCA is led by its founder, Robert L. Antin, who has served as our Chairman of the Board, Chief Executive Officer and President since our inception in 1986. We believe that combining the role of Chairman of the Board and Chief Executive Officer promotes unified leadership and direction for VCA and provides for a single, clear focus for management to execute the Company's strategy and business plan. Mr. Antin's industry expertise and intimate knowledge of VCA's operations make him uniquely positioned and qualified to serve in these capacities, and we believe Mr. Antin is seen by our customers, business partners, investors and other stakeholders as providing strong leadership for the Company and the industry.

VCA does not have a lead director and does not believe that appointing a lead director would materially impact the performance of the Board of Directors, as it currently employs a variety of structural and operational controls that serve the same purpose. For example, our independent directors meet regularly in executive sessions without management present. This allows our independent directors to speak candidly on any matter of interest, without the Chief Executive Officer or other managers present. Moreover, each committee chair acts as presiding director for Board of Directors discussions on topics within the sphere of his committee. All members of the Board of Directors are free to suggest the inclusion of items on the agenda for meetings of the Board of Directors and its committees, and, to the fullest extent possible, all meeting materials and presentations are distributed to the Board of Directors in advance, allowing efficient use of time during meetings for questions and comprehensive deliberations. All members of the Board of Directors have direct and complete access to the Company's management at all times, subject to reasonable time constraints and their judgment. Additionally, the Chief Executive Officer's performance and compensation are evaluated and determined by the Compensation Committee, which is comprised solely of independent directors. Finally, each committee of the Board of Directors, all of which are comprised solely of independent directors, has the right at any time to retain independent outside financial, legal or other advisors.

**DIRECTOR INDEPENDENCE**

NASDAQ rules require listed companies to have a board of directors with at least a majority of independent directors. Except for Robert L. Antin, who serves as our Chairman of the Board, Chief Executive Officer and President, none of the members of our Board of Directors is an employee of VCA. Our Board of Directors has determined that four of

our five current directors are independent under the NASDAQ Global Select Market listing standards. We refer to each of these directors as an independent director. Our independent directors are: John M. Baumer, John B. Chickering, Jr., John Heil and Frank Reddick. In determining Mr. Reddick's independence, the Board of Directors considered Mr. Reddick's position as a partner at Akin Gump Strauss Hauer & Feld LLP, which provides legal services to us. In addition, all of the directors currently serving on the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee are independent under the NASDAQ Global Select Market listing standards.

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### **OUTSIDE ADVISORS**

The Board of Directors, the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee may each retain outside advisors and consultants of their choosing at VCA's expense.

### **CORPORATE GOVERNANCE GUIDELINES AND CODE OF ETHICS**

Our Board of Directors has adopted a set of Corporate Governance Guidelines which govern, among other things, criteria for membership on the Board of Directors, vacancies on the Board of Directors, director responsibilities, director education, and committee composition and charters.

We have also adopted a Code of Ethics and Business Conduct designed to set the standards of business conduct and ethics, help our directors and employees resolve ethical issues, and to ensure to the greatest possible extent that our business is conducted in a consistently legal and ethical manner. Our Code of Ethics and Business Conduct applies to our Chief Executive Officer, Chief Financial Officer, our senior financial executives, our directors when acting in their capacity as directors, and to all of our employees. Employees may submit concerns or complaints regarding audit, accounting, internal controls or other ethical issues on a confidential basis to our Audit Committee by means of an anonymous toll-free telephone call or email. We investigate all concerns and complaints.

We intend to disclose on our website amendments to, or waivers from, any provision of our Code of Ethics and Business Conduct which applies to our directors and our Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer/Controller, other executive officers, and other persons performing similar functions and amendments to, or waivers from, any provision of our Code of Ethics and Business Conduct described in Item 406(b) of Regulation S-K of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act.

You can access our Corporate Governance Guidelines, our Code of Ethics and Business Conduct, along with other materials such as our committee charters, on our website at <http://investor.vca.com>.

### **RISK OVERSIGHT AND RISK ASSESSMENT**

The Board of Directors oversees an enterprise-wide approach to risk management, designed to support the achievement of the Company's objectives and to maintain stockholder value. The fully independent Audit Committee is primarily responsible for overseeing the Company's exposure to financial risk and reviewing the steps the Company's management has taken to monitor and control such exposure. The Audit Committee meets at least six times per year, in addition to periodic meetings with management and internal and independent auditors to accomplish its purpose. Additionally, each of the committees of the Board of Directors considers the risks within its area of responsibilities. We believe that the leadership structure of our Board of Directors supports its effective oversight of the Company's risk management.

In 2015, certain members of the Company's senior management and the Compensation Committee, in consultation with outside counsel, assessed whether the Company's compensation policies and practices create risks that are reasonably likely to have a material adverse effect on the Company. This assessment included reviewing various

elements of the Company's compensation policies and practices. Among other things, the Compensation Committee considered that (a) the compensation program for the executive officers and other key personnel adequately balances the components of total direct compensation (i.e., annual base salary, annual cash performance awards and/or cash bonuses and long-term equity awards), (b) the annual base salary for all employees, including executive officers, provides a level of assured cash compensation that reduces incentive

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for risk-taking, (c) the annual cash bonus component of non-executive employees' total direct compensation is small compared to the annual base salary component and, as a result, unlikely to give rise to excessive risk-taking by non-executive employees, (d) the annual cash performance awards to executive officers are typically based on the Company's Adjusted EBITDA or other similar performance metrics that correlate such awards to the Company's overall financial performance, and (e) the Company's performance-based equity awards typically have a four-year vesting period that ensures that the employees' interests align with the Company's stockholders' interests and reduces incentive for short-term risk taking behavior. Based on this review, the Compensation Committee determined that risks arising from the Company's compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

## **STOCKHOLDER NOMINATIONS AND PROPOSALS**

### **Stockholder Nominations to the Board of Directors**

Stockholders who wish to nominate a candidate for election as a director at the 2017 annual meeting of stockholders must submit their nomination in writing to the Company at our principal executive offices following the close of business on Thursday, December 15, 2016, and no later than the close of business on Friday, January 13, 2017, or, in the event the Company's 2017 annual meeting of stockholders is advanced more than 30 days or delayed more than 70 days from the anniversary of the date of the 2016 Annual Meeting, by the close of business on the tenth day following the day on which public announcement of the 2017 annual meeting is first made by the Company.

Stockholders who wish to nominate a candidate for election as a director at the 2017 annual meeting of stockholders and wish to have such nominated candidate included in the proxy materials to be distributed in connection with the 2017 annual meeting of stockholders must submit their nomination in writing to the Company at our principal executive offices following the close of business on Wednesday, October 5, 2016, and no later than the close of business on Friday, November 4, 2016, or, in the event the Company's 2017 annual meeting of stockholders is advanced more than 30 days or delayed more than 30 days from the anniversary of the date of the 2016 Annual Meeting, by the later of (i) the close of business on the date that is 180 days prior to the 2017 annual meeting or (ii) the close of business on the tenth day following the day on which public announcement of the 2017 annual meeting is first made by the Company.

To be in proper form, a stockholder's notice must include the information required by our bylaws with respect to the nomination and all other information regarding the proposed nominee and the nominating stockholder required by Section 14 of the Exchange Act. The Company may refuse to consider any nomination that is not timely or otherwise does not meet the requirements of our bylaws. A written statement from the proposed nominee consenting to be named as a candidate and, if nominated and elected, to serve as a director should accompany any stockholder nomination.

### **Stockholder Proposals**

Stockholders who, in accordance with Rule 14a-8 under the Exchange Act, wish to present proposals for inclusion in the proxy materials to be distributed in connection with the 2017 annual meeting of stockholders must submit their proposals so that they are received at our principal executive offices no later than the close of business on Friday, November 4, 2016, or in the event the Company's 2017 annual meeting is advanced more than 30 days or delayed more than 70 days from the anniversary of the date of the 2016 Annual Meeting, within a reasonable time before the Company begins to print and mail the proxy materials for the 2017 annual meeting. As the SEC rules make clear,

simply submitting a proposal does not guarantee that it will be included in the Company's proxy materials.

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In addition, stockholders who wish to introduce a proposal from the floor of the 2017 annual meeting of stockholders (outside the processes of Rule 14a-8), must submit that proposal in writing to the Company at our principal executive offices following the close of business on Thursday, December 15, 2016, and no later than the close of business on Friday, January 13, 2017, or, in the event the Company's 2017 annual meeting of stockholders is advanced more than 30 days or delayed more than 70 days from the date of the 2016 Annual Meeting, by the close of business on the tenth day following the day on which public announcement of the 2017 annual meeting is first made by the Company.

To be in proper form, a stockholder's notice must include the information required by our bylaws with respect to each proposal submitted. The Company may refuse to consider any proposal that is not timely or otherwise does not meet the requirements of our bylaws or the SEC's rules with respect to the submission of proposals.

You can find a copy of our bylaws in the Investor Relations section of the Company's website (<http://investor.vca.com>) by clicking on Corporate Governance, or you may obtain a copy by submitting a request to VCA Inc., c/o Office of the Secretary, 12401 West Olympic Boulevard, Los Angeles, California 90064.

## **STOCKHOLDER COMMUNICATION WITH THE BOARD OF DIRECTORS**

We have significantly enhanced our stockholder engagement program over the last couple of years and are committed to fostering open and honest dialogue with our stockholders. Our Chairman of the Board periodically discusses corporate governance issues with our largest stockholders and is prepared to have similar discussions with other stockholders as well. If you would like to arrange for a call with our Chairman of the Board, or any of our other directors, you may send a letter to the Board of Directors of VCA Inc., c/o Office of the Secretary, 12401 West Olympic Boulevard, Los Angeles, California 90064. Each communication must contain a clear notation indicating that it is a Stockholder Chairman of the Board Communication or Stockholder Director Communication, and each communication must identify the author as a stockholder. The Office of the Secretary will receive the letter and forward it to the Chairman of the Board or to any individual director or directors to whom the communication is directed, unless the communication is unduly hostile, threatening, illegal, does not reasonably relate to us or our business, or is similarly inappropriate.

Table of Contents**THE BOARD OF DIRECTORS AND ITS COMMITTEES****COMPOSITION OF OUR BOARD OF DIRECTORS**

The following persons serve as members of our Board of Directors and serve on the Committees of the Board of Directors, as indicated:

		<b>Age</b>	<b>Audit</b>	<b>Compensation</b>	<b>Nominating</b>
Class I	John M. Baumer	48	<b>X</b>	<b>X</b>	<b>X</b>
Directors	Frank Reddick	63			
Class II	Robert L. Antin,	65			
Director	<i>Chairman of the Board</i>				
Class III	John B. Chickering, Jr.	67	<b>X</b>	<b>X</b>	<b>X</b>
Directors	John Heil	63	<b>X</b>		

**Robert L. Antin**, one of our founders, has served as our Chairman of the Board, Chief Executive Officer and President since our inception in 1986. From September 1983 to 1985, Mr. Antin was President, Chief Executive Officer, a director and co-founder of AlternaCare Corp., a publicly held company that owned, operated and developed freestanding out-patient surgical centers. From July 1978 until September 1983, Mr. Antin was an officer of American Medical International, Inc., an owner and operator of health care facilities. Mr. Antin currently serves on the board of directors of Rexford Industrial Realty, Inc. and Dog Vacay, Inc. Mr. Antin received his MBA with a certification in hospital and health administration from Cornell University.

Mr. Antin's background as one of our founders and his service as our Chief Executive Officer and President since our inception enables him to bring to the Board of Directors valuable insights and perspectives about the Company, its business, operations and prospects, as well as the animal healthcare industry generally.

**John M. Baumer** has served as a member of our Board of Directors since September 2000. Mr. Baumer is a partner at Leonard Green & Partners, LP, where he has been employed since May 1999. Prior to joining Leonard Green & Partners, LP, he served as a Vice President in the Corporate Finance Division of Donaldson, Lufkin & Jenrette Securities Corporation, or DLJ, in Los Angeles. Prior to joining DLJ in 1995, Mr. Baumer worked at Fidelity Investments and Arthur Andersen LLP. Mr. Baumer served on the board of directors of Rite Aid Corporation from 2011 to 2013 and serves on the board of directors of Petco Animal Supplies, Inc. Mr. Baumer is a graduate of the University of Notre Dame and received his MBA from the Wharton School at the University of Pennsylvania.

Mr. Baumer's experience in private equity investment makes him a valuable part of the Board of Directors, particularly as it relates to financings, operations, market developments, and strategic relationships, as well as enabling him to provide keen insight in the area of stockholder relations.

**John B. Chickering, Jr.** has served as a member of our Board of Directors since April 2004 and previously served as a director from 1988 to 2000. Mr. Chickering is a certified public accountant (inactive). Mr. Chickering is currently a private investor and independent consultant. Mr. Chickering served in a variety of executive positions within Time Warner, Inc. and Warner Bros., Inc., most recently as the Vice President Financial Administration for Warner Bros. International Television Distribution until February 1996. Prior to

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his employment at Warner Bros., Mr. Chickering served as a staff accountant at KPMG Peat Marwick from August 1975 to June 1977. Mr. Chickering serves as Chairman of the Board of the Shakespeare Society of America, a privately held non-profit company with a 40+ year history of operating theatrical productions, a museum, a rare book reference library, extensive archives and a visual art collection. Mr. Chickering holds an MBA degree with emphasis in accounting and finance from Cornell University.

Mr. Chickering's extensive corporate finance experience, his accounting experience and his knowledge of accounting principles and financial reporting rules and regulations enables Mr. Chickering to provide valuable service to the Board of Directors as chairman of the Audit Committee. Additionally, Mr. Chickering's many years of experience as an executive of a public company enables him to make significant contributions to the deliberations of the Board of Directors, especially in connection with evaluating the financial performance of the Company.

**John Heil** has served as a member of our Board of Directors since February 2002 and previously served as a director from 1995 to 2000. Mr. Heil has served as a member of Tempur Sealy International, Inc.'s Board of Directors since March 2008 and currently serves on that board's nominating and governance committee and compensation committee. In his most recent role, Mr. Heil served as Spectrum Brands, Inc.'s Co-Chief Operating Officer and President of Global Pet Supplies from January 2007 until his retirement in March 2013. From June 2004 until January 2007, Mr. Heil served as President of United Pet Group, a global manufacturer and marketer of pet supplies and a division of Spectrum Brands and United Industries. Mr. Heil first joined United Pet Group as Chairman and Chief Executive Officer in June 2000. Prior to joining United Pet Group, Mr. Heil spent twenty-five years with the H. J. Heinz Company in various executive and general management positions including President and Managing Director of Heinz Pet Products and President of Heinz Specialty Pet Foods. Mr. Heil holds a degree in economics from Lycoming College.

Mr. Heil's experience in the pet care industry is of particular value to the Board of Directors as it provides a breadth and depth of understanding and insight that directly relates to the business of the Company. Additionally, Mr. Heil's significant executive experience positions him to provide operational, financial and strategic planning insights with respect to the growth of the Company's business and brand.

**Frank Reddick** has served as a director since February 2002. Mr. Reddick has been a partner at Akin Gump Strauss Hauer & Feld LLP, a global, full service law firm, since 2001. Mr. Reddick is the partner-in-charge of Akin Gump's Los Angeles office and is a member of Akin Gump's firm-wide audit committee. Mr. Reddick is principally engaged in the practice of corporate and securities law, with a concentration on corporate finance, mergers and acquisitions, corporate governance, joint ventures and other strategic alliances. With 35 years of experience, Mr. Reddick has represented a broad range of companies, including businesses in the apparel, engineering, food processing, healthcare, hospitality and gaming, outdoor advertising, retail, and various aspects of the entertainment industry, including motion picture, television, radio and video games. Mr. Reddick received his JD from the University of California, Hastings College of the Law.

Mr. Reddick's formal legal training, his experience as a partner of a major international law firm, and experience representing companies with a diverse range of businesses provides a background and perspective that complements the skill sets of the other members of the Board of Directors.

## **BOARD COMMITTEES AND COMMITTEE RESPONSIBILITIES**

VCA's Board of Directors maintains three committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee, all of which are constituted solely of independent directors. Each committee meets regularly and has a written charter approved by the Board of Directors.

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### ***AUDIT COMMITTEE***

The Audit Committee consists of John M. Baumer, John B. Chickering, Jr. (Chairman) and John Heil, each an independent director and each financially literate as required by the NASDAQ Global Select Market listing standards. Our Board of Directors has determined that Messrs. Baumer, Chickering and Heil each qualify as an audit committee financial expert[s] as that term is defined in Item 407(d)(5)(ii) of Regulation S-K of the Exchange Act. During 2015, the Audit Committee held eight meetings.

Among other matters, the Audit Committee:

engages and replaces the independent registered public accounting firm as appropriate;

evaluates the performance and independence of and pre-approves all services provided by the independent registered public accounting firm;

discusses with management, the internal auditor and the independent registered public accounting firm the quality of our accounting principles and financial reporting; and

oversees our internal controls.

Our Audit Committee charter is posted on our website at <http://investor.vca.com>.

### ***NOMINATING AND CORPORATE GOVERNANCE COMMITTEE***

The Nominating and Corporate Governance Committee consists of John B. Chickering, Jr. (Chairman) and John M. Baumer, each an independent director. During 2015, the Nominating and Corporate Governance Committee held one meeting. The principal responsibilities of the Nominating and Corporate Governance Committee are to propose to the Board of Directors a slate of nominees for election by the stockholders at our annual meetings and to review and reassess the adequacy of the Corporate Governance Guidelines and recommend any proposed changes to the Board of Directors.

In considering director candidates, the Nominating and Corporate Governance Committee considers the entirety of each candidate's credentials and does not have any specific minimum qualifications that must be met in order to be recommended as a nominee. The Nominating and Corporate Governance Committee does believe, however, that all members of the Board of Directors should have high personal and professional ethics, integrity, practical wisdom and mature judgment, no conflict of interest that would interfere with their performance as a director of a public corporation, a commitment to serve on the Board of Directors over a period of several years, a willingness to represent the best interests of all stockholders and objectively appraise management performance and sufficient time to devote to matters of the Board of Directors.

The Board of Directors and the Nominating and Corporate Governance Committee believe that diversity with respect to viewpoint, skills and experience is an important factor in Board composition. Additionally, in April 2011, the Board of Directors amended the Corporate Governance Guidelines to clarify that gender, age and ethnic diversity are considered by the Nominating and Corporate Governance Committee when seeking and evaluating director

candidates. The Board of Directors and the Nominating and Corporate Governance Committee also consider a variety of other factors, attributes and criteria, including each candidate's (i) general understanding of marketing, finance and other disciplines relevant to the success of publicly traded companies, (ii) understanding of the Company's business, (iii) education and professional background, personal and professional integrity, (iv) knowledge, skills and expertise and (v) personal accomplishments to ensure appropriate Board composition, taking into account the current Board members and the specific needs of the Company and the Board of Directors.

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Our Nominating and Corporate Governance Committee may employ a variety of methods for identifying and evaluating nominees for director, including stockholder recommendations. The Nominating and Corporate Governance Committee will consider candidates recommended by our stockholders, provided that the recommendations are made in accordance with the procedures required under our bylaws, as summarized in the Questions and Answers section of this Proxy Statement. The Nominating and Corporate Governance Committee will not evaluate candidates differently based on who made the recommendation for consideration. Our Nominating and Corporate Governance Committee charter is posted on our website at <http://investor.vca.com>.

### ***COMPENSATION COMMITTEE***

The Compensation Committee consists of John B. Chickering, Jr. (Chairman) and John M. Baumer, each an independent director and outside director (as such term is defined in Treasury Regulation 1.162-27(e)(3)). During 2015, the Compensation Committee held three meetings and acted four times by unanimous written consent. The Compensation Committee:

assists the Board of Directors in ensuring a proper system of long-term and short-term compensation is in place to provide performance-oriented incentives to management, and compensation plans are appropriate and competitive and properly reflect the objectives and performance of management and the Company;

establishes the compensation of all of our executive officers; and

administers the Company's incentive programs, including the VCA Inc. 2006 Equity Incentive Plan, which we refer to as the 2006 Equity Incentive Plan, the VCA Inc. 2015 Equity Incentive Plan, which we refer to as the 2015 Equity Incentive Plan, the VCA Inc. 2007 Annual Cash Incentive Plan, which we refer to as the 2007 Cash Incentive Plan, and the VCA Inc. 2015 Annual Cash Incentive Plan, which we refer to as the 2015 Cash Incentive Plan.

The Compensation Committee is responsible for overseeing the determination, implementation and administration of remuneration, including compensation, benefits and perquisites, of all executive officers and other members of senior management whose remuneration is the responsibility of the Board of Directors. The Compensation Committee seeks the views of our Chief Executive Officer with respect to establishing appropriate compensation packages for the executive officers (other than the Chief Executive Officer). The Compensation Committee also has the authority to delegate its responsibilities to subcommittees of the Compensation Committee if it determines such delegation would be in the best interest of the Company.

The Compensation Committee generally meets in executive session, with no member of management being present at the meetings. In addition, the Compensation Committee may request that any of our directors, officers or employees, or other persons attend its meetings to provide advice, counsel or pertinent information as the Compensation Committee requests.

The Compensation Committee has the sole authority to retain independent counsel or other advisors, as it deems necessary in connection with its responsibilities at the Company's expense. The Compensation Committee also has the sole authority to retain and terminate compensation consultants.

Our Compensation Committee charter is posted on our website at <http://investor.vca.com>.





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**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The Compensation Committee of our Board of Directors consists of John B. Chickering, Jr. and John M. Baumer. None of the members of the Compensation Committee was an officer or employee of the Company at any time during 2015. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has or has had one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

**ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES**

During 2015, the Board of Directors held five meetings and acted once by unanimous written consent. VCA's independent directors regularly meet in executive session without management present. During 2015, our Committees met an aggregate of twelve times.

In 2015, all of our directors attended 75% or more of the aggregate of (i) the total number of meetings held by the Board of Directors, excluding meetings for which the director was required to recuse himself and (ii) the total number of meetings held by all committees on which they served.

**DIRECTOR ATTENDANCE AT ANNUAL MEETINGS**

The Company encourages, but does not require, all directors and director nominees to attend our annual meetings of stockholders. Four of our directors attended our 2015 Annual Meeting of Stockholders.

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**REPORT OF THE AUDIT COMMITTEE**

*The Audit Committee Report does not constitute soliciting material, and shall not be deemed filed with the Securities and Exchange Commission or to be subject to Regulation 14A or 14C as promulgated by the Securities and Exchange Commission, or to the liabilities of Section 18 of the Securities Exchange Act of 1934.*

The Committee is responsible for overseeing, on behalf of the Board of Directors, the Company's accounting and financial reporting process and the audits of VCA's financial statements. The Committee acts only in an oversight capacity and relies on the work and assurances of management, which has the primary responsibility for the financial reporting process, including the system of internal controls, and the financial statements.

The Committee has:

reviewed and discussed the audited financial statements with management and the independent registered public accounting firm;  
discussed with the independent registered public accounting firm the matters required to be discussed by the Public Company Accounting Oversight Board (PCOAB) Auditing Standard No. 16 (*Communication with Audit Committees*);  
received and reviewed the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCOAB regarding the independent registered public accounting firm's communications with the audit committee concerning independence, and discussed with the independent registered public accounting firm the independent accountant's independence from the Company and its management; and  
considered whether the independent registered public accounting firm's provision of non-audit services to the Company is compatible with the accountant's independence, and has concluded that the independent registered public accounting firm is independent from the Company and its management.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors, and the Board of Directors approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, for filing with the Securities and Exchange Commission.

Audit Committee

*John M. Baumer*

*John B. Chickering, Jr.*

*John Heil*



**Table of Contents****AUDIT AND NON-AUDIT FEES**

The following table sets forth the aggregate fees billed to us by KPMG LLP, our independent registered public accounting firm, for professional services rendered during the years ended December 31, 2015 and 2014.

	<b>2015</b>	<b>2014</b>
Audit fees	\$1,687,000	\$1,657,000
Tax fees (1)	\$23,000	\$67,000
Total	\$1,710,000	\$1,724,000

(1) Represents fees for consultation on the tax impact of certain transactions in 2015 and 2014.

**POLICY ON AUDIT COMMITTEE PRE-APPROVAL OF AUDIT AND PERMISSIBLE NON-AUDIT SERVICES**

The Audit Committee has established a policy with respect to the pre-approval of audit and permissible non-audit services and fees provided by our independent registered public accounting firm. The Audit Committee's pre-approval policy requires that all audit and permissible non-audit services and fees be pre-approved by the Audit Committee. Specific pre-approval is not required for permissible non-audit services provided that they:

do not, in the aggregate, amount to more than five percent of total revenues paid by the Company to the independent registered public accounting firm in the year in which the services are provided;

were not recognized by the Company as non-audit services at the time of the relevant engagement; and

are promptly brought to the attention of the Audit Committee and approved by the Audit Committee (or its designated representatives) prior to the completion of the annual audit.

Pursuant to the pre-approval policy, the Audit Committee's Chairman is delegated the authority to pre-approve audit and non-audit services and fees, provided he reports those approvals at the next meeting of the Audit Committee. The term of any pre-approval granted by the Audit Committee with respect to a given service is twelve months. All fees in excess of pre-approved levels require specific pre-approval by the Audit Committee. All audit and permissible non-audit services provided to us in connection with 2015 were approved by the Audit Committee.



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**ITEM 1: ELECTION OF DIRECTORS**

We have five members on our Board of Directors. Four of the five members of our Board of Directors have been determined by our Board of Directors to meet the independence requirements of the NASDAQ Global Select Market listing standards.

As provided in our Amended and Restated Certificate of Incorporation, the Board of Directors has been grouped into three classes, as nearly equal in number as possible, which are elected for staggered terms. The terms of our Class I directors expire at our 2018 annual meeting. Our Class II director will be elected at this Annual Meeting and will hold office for three years until the 2019 annual meeting and thereafter until his successor is duly elected and qualified. The terms of our Class III directors expire at our 2017 annual meeting. In accordance with our Corporate Governance Guidelines, any director appointed to fill a vacant seat in a class other than the class of directors whose terms expire at the next annual meeting of stockholders will stand for re-election at the next annual meeting of stockholders.

Although we know of no reason why the nominee would not be able to serve, if the nominee is unavailable for election, the proxies will vote your common stock to approve the election of any substitute nominee proposed by our Nominating and Corporate Governance Committee. The Board of Directors may choose to reduce the size of the Board, as permitted by our bylaws, provided we maintain the number of independent directors required by the listing standards of the NASDAQ Global Select Market. The Board of Directors has no reason to believe that the nominee will be unwilling or unable to serve if elected as director.

In the election of the Class II director, you may either vote for, against or abstain. Cumulative voting is not permitted. In February 2013, our Board of Directors adopted a majority voting standard for the election of directors in uncontested elections, which is generally defined as an election in which, as of the record date, the number of nominees does not exceed the number of directors to be elected at the annual meeting. Under our majority voting standard, in uncontested elections of directors, such as this election, the director must be elected by the affirmative vote of a majority of the votes cast by the shares present in person or represented by proxy and entitled to vote. A majority of the votes cast means that the number of votes cast for a director nominee exceeds the number of votes withheld or cast against the nominee. For these purposes, abstentions will not count as a vote for, withheld or against a nominee's election and thus will have no effect in determining whether a director nominee has received a majority of the votes cast. Brokers do not have discretionary authority to vote on this proposal. Broker non-votes will have no effect on the election of directors as brokers are not entitled to vote on this proposal.

If a director nominee is an incumbent director and does not receive a majority of the votes cast in an uncontested election, that director must promptly tender his or her resignation to the Board of Directors after certification of the election results of the stockholder vote. The Board of Directors will act on the tendered resignation, taking into account any stated reasons for against votes, whether the underlying cause or causes of the against votes are curable, the factors, if any, set forth in our Nominating and Corporate Governance Charter or other policies that are to be considered by our Nominating and Corporate Governance Committee in evaluating potential candidates for the Board, the length of service of such director, such director's past contributions to the Company, and such other factors or information that the Board of Directors deems relevant. The Board of Directors' decision and the rationale behind the decision will be publicly disclosed within 90 days after certification of the election results of the stockholder vote. A director who tenders his or her resignation after failing to receive a majority of the votes cast will not participate in the deliberations or the decision of the Board of Directors with respect to his or her resignation.





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**NOMINEES**

The Board of Directors proposes the following candidate for election as a Class II director:

**Robert L. Antin**, one of our founders, has served as our Chairman of the Board, Chief Executive Officer and President since our inception in 1986. From September 1983 to 1985, Mr. Antin was President, Chief Executive Officer, a director and co-founder of AlternaCare Corp., a publicly held company that owned, operated and developed freestanding out-patient surgical centers. From July 1978 until September 1983, Mr. Antin was an officer of American Medical International, Inc., an owner and operator of health care facilities. Mr. Antin currently serves on the board of directors of Rexford Industrial Realty, Inc. and Dog Vacay, Inc. Mr. Antin received his MBA with a certification in hospital and health administration from Cornell University.

Mr. Antin's background as one of our founders and his service as our Chief Executive Officer and President since our inception enables him to bring to the Board of Directors valuable insights and perspectives about the Company, its business, operations and prospects, as well as the animal healthcare industry generally.

Our nominee for election as the Class II director, Robert L. Antin, has agreed to be named in this Proxy Statement and to serve if elected.

**Required Vote and Recommendation of the Board**

To be elected in an uncontested election, a nominee must receive the affirmative vote of a majority of the votes cast, in person or by proxy, for the election of directors at the Annual Meeting. Abstentions and broker non-votes are not counted as votes cast and will have no effect on the outcome of the election of the nominee. All proxies will be voted in favor of the nominee unless a contrary vote is indicated on the proxy card.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE**

**FOR**

**THE ELECTION OF THE NOMINEE IDENTIFIED ABOVE.**

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**ITEM 2: RATIFICATION OF APPOINTMENT OF KPMG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has engaged the firm of KPMG LLP to continue to serve as our independent registered public accounting firm for the current year ending December 31, 2016. KPMG LLP has served as VCA's principal independent registered public accounting firm since June 14, 2002.

We are asking the stockholders to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2016. The ratification of KPMG LLP as the Company's independent registered public accounting firm for the year ending December 31, 2016, will require the affirmative vote of a majority of the votes cast at the Annual Meeting.

A representative of KPMG LLP is expected to attend the Annual Meeting with the opportunity to make a statement and/or respond to appropriate questions from stockholders present at the Annual Meeting.

**Required Vote and Recommendation of the Board**

The affirmative vote of a majority of the votes cast on the matter at the Annual Meeting, in person or by proxy, is required to ratify the appointment of KPMG LLP as the Company's Independent Registered Public Accounting Firm. Abstentions and broker non-votes are not counted as votes cast and will have no effect on the outcome of this proposal. All proxies will be voted to approve the appointment unless a contrary vote is indicated on the proxy card.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE**

**FOR**

**THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS THE  
COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.**

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**ITEM 3: ADVISORY VOTE ON 2015 COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS**

As required by Section 14A of the Exchange Act, we are providing our stockholders with the opportunity to vote to approve, on an advisory and non-binding basis, the compensation of our named executive officers. The Executive Compensation section beginning on page 22 and the Compensation Discussion and Analysis beginning on page 25 of this Proxy Statement describes the Company's compensation program and the compensation decisions made by the Board of Directors and the Compensation Committee with respect to our named executive officers. The Board of Directors is asking our stockholders to cast a non-binding advisory vote on the following resolution:

RESOLVED, that the stockholders of the Company approve, on an advisory basis, the compensation of the executive officers of the Company named in the Summary Compensation Table, as disclosed in the Company's Proxy Statement for the Company's 2016 Annual Meeting of Stockholders (which disclosure includes the Compensation Discussion and Analysis, the executive compensation tables and the related footnotes and narrative accompanying the tables).

While the advisory vote the Board of Directors is asking you to cast is non-binding, the Board of Directors and the Compensation Committee value the view of the Company's stockholders and will review and consider the voting results when making future decisions regarding our executive compensation program. The Company currently intends to hold such advisory votes on an annual basis and the next such vote will be held at the Company's 2016 Annual Meeting of stockholders.

**REQUIRED VOTE AND RECOMMENDATION OF THE BOARD**

The affirmative vote of a majority of the votes cast on the matter at the Annual Meeting, in person or by proxy, is required to approve, on an advisory basis, the compensation of Company's named executive officers. Abstentions and broker non-votes are not counted as votes cast and will have no effect on the outcome of this proposal. All proxies will be voted in favor of this proposal unless a contrary vote is indicated on the proxy card.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE  
FOR  
THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF THE  
COMPANY'S NAMED EXECUTIVE OFFICERS.**



**Table of Contents****EXECUTIVE MANAGEMENT OF THE COMPANY**

The following persons serve as our executive officers:

<b>Executive Officers</b>	<b>Age</b>	<b>Present Position</b>
Robert L. Antin	65	Chairman of the Board, Chief Executive Officer and President
Arthur J. Antin	69	Chief Operating Officer and Senior Vice President
Neil Tauber	65	Senior Vice President of Development
Tomas W. Fuller	58	Chief Financial Officer, Principal Accounting Officer, Vice President and Secretary
Josh Drake	48	President, Antech Diagnostics

Our executive officers are appointed by and serve at the discretion of our Board of Directors. Robert L. Antin and Arthur J. Antin are brothers. There are no other family relationships between any director and/or any executive officer of the Company.

*Robert L. Antin*, one of our founders, has served as our Chairman of the Board, Chief Executive Officer and President since our inception in 1986. From September 1983 to 1985, Mr. Antin was President, Chief Executive Officer, a director and co-founder of AlternaCare Corp., a publicly held company that owned, operated and developed freestanding out-patient surgical centers. From July 1978 until September 1983, Mr. Antin was an officer of American Medical International, Inc., an owner and operator of health care facilities. Mr. Antin received his MBA with a certification in hospital and health administration from Cornell University. Mr. Antin's background as one of our founders and his service as our Chief Executive Officer and President since our inception enables him to bring to the Board of Directors valuable insights and perspectives about the Company, its business, operations and prospects, as well as the animal healthcare industry generally. Mr. Antin currently serves on the board of directors of Rexford Industrial Realty, Inc. and Dog Vacay, Inc.

*Arthur J. Antin*, one of our founders, has served as our Chief Operating Officer and Senior Vice President since our inception. From 1986 until June 2004, Mr. Antin also served as our Secretary and as a director. From October 1983 to September 1986, Mr. Antin served as Director of Marketing/Investor Relations of AlternaCare Corp. At AlternaCare Corp., Mr. Antin developed and implemented marketing strategies for a network of outpatient surgical centers. Mr. Antin received an MA in Community Health from New York University.

*Neil Tauber*, one of our founders, has served as our Senior Vice President of Development since our inception. From 1984 to 1986, Mr. Tauber served as the Director of Corporate Development at AlternaCare Corp. At AlternaCare Corp., Mr. Tauber was responsible for the acquisition of new businesses and syndication to hospitals and physician groups. From 1981 to 1984, Mr. Tauber served as Chief Operating Officer of MDM Services, a wholly owned subsidiary of Mediq, a publicly held health care company, where he was responsible for operating and developing a network of retail dental centers and industrial medical clinics. Mr. Tauber holds an MBA from Wagner College.

*Tomas W. Fuller* joined us in January 1988 and served as Vice President and Controller until September 1991 when he became Chief Financial Officer. In June 2004, Mr. Fuller became Secretary. From 1980 to 1987, Mr. Fuller worked at Arthur Andersen LLP, the last two years of which he served as audit manager. Mr. Fuller received his BA in economics from the University of California at Los Angeles.

*Josh Drake* joined us in 1992. In February 2008, Mr. Drake became the President of Antech Diagnostics, our laboratory division. Over the past five years, Mr. Drake has held various positions at VCA including Group Vice President of our animal hospital division, Group Vice President, Antech Diagnostics and Senior Vice President, Antech Diagnostics. Mr. Drake received his BS in economics from the University of California at Santa Barbara.

**Table of Contents****EXECUTIVE COMPENSATION****WHAT YOU NEED TO KNOW ABOUT OUR EXECUTIVE COMPENSATION PROGRAM**

This section provides a high-level summary of what you need to know about our compensation program for our named executive officers (referred to as our executives or executive officers throughout this section) before you vote on the compensation of our named executive officers. For more details, be sure to review the Compensation Discussion and Analysis section of this Proxy Statement beginning on page 25.

**The Goals of Our Executive Compensation Program**

<b>1. REWARD</b>	<b>2. PAY FOR PERFORMANCE</b>	<b>3. CONTINUE TO MAKE PAY INCENTIVE-BASED</b>	<b>4. REFLECT FEEDBACK FROM OUR STOCKHOLDERS</b>
Our executives who have primary responsibility for driving the success of our business.	By linking our executives pay directly to our performance as a business.	Which means that our executives don't receive significant portions of their pay unless the Company achieves certain performance and financial goals.	By periodically soliciting our stockholders' views on our compensation program.

***The Company's Success in 2015***

2015 was an excellent year for the Company and our business. Our success wouldn't have been possible without the continued dedication and hard work of all of our employees and executives and the support of our stockholders.

By challenging our senior management with incentive-based pay, our executive compensation program requires our executives to focus on increasing the Company's earnings which has led to the continued success of the Company and an increase in the value of our stock. Here are some highlights from 2015:

*2015 Saw Strong Financial Performance*

**YOUR VOTE MATTERS**

**We recommend that you vote for the compensation of the Company's Named Executive Officers, on an advisory basis.**

By challenging our senior management with performance-based pay, our executive compensation program has contributed to achieving our collective goals, namely, to increase the Company's earnings and the value of our stock.

Revenue	Increased 11.2% to \$2.1 billion
Gross Profit	Increased 14.7% to \$510.1 million
Animal Hospital Same-Store Revenue	Increased 6.1% to \$1.5 billion
Adjusted EBITDA <sup>1</sup>	Increased 16.2% to \$423.3 million
Adjusted Operating Income	Increased 18.1% to \$348.6 million
Adjusted Net Income	Increased 18.0% to \$196.2 million
Adjusted Diluted Earnings Per Share	Increased 25.9% to \$2.38 per share

<sup>1</sup> See [Appendix A](#) for a reconciliation of Adjusted EBITDA, Adjusted Net Income excluding amortization and Adjusted Diluted Earnings Per Share excluding amortization to their most relevant GAAP amounts.



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*Our Stock Price Out Performed the Market in 2015*

The Company's stock price increased to \$55.00 as of the close of the market on December 31, 2015, from \$48.77 at the end of 2014, an increase of 13%. The closing price per share of our common stock on February 26, 2016 as quoted on the NASDAQ Global Select Market was \$51.42. See the chart below for a visual representation of how our stock price increased during the 2015 calendar year.

*Other Notable Achievements in 2015*

We continued to successfully execute on our animal hospital acquisition strategy which represents an important part of our revenue growth. In 2015 we acquired 55 independent animal hospitals with historical combined revenue of over \$122 million, bringing to 682 the total number of animal hospitals we operate or manage throughout North America.

We achieved all of the above while continuing to return value to our stockholders through our share repurchase programs. Since the start of our share repurchase programs in April 2013, we have returned \$424.2 million to our stockholders through share repurchases through December 31, 2015.

Our overall financial results are more fully described in our Annual Report on Form 10-K filed with the SEC on February 26, 2016.

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**KEY POINTS ABOUT OUR EXECUTIVE COMPENSATION PROGRAM IN 2015**

As we continue to refine and improve our executive compensation program each year, one of our primary objectives is to stay attuned to stockholder feedback and adjust our program as appropriate. The following key points address areas of concern raised by our stockholders over the past years. We believe this information will help you to make an informed vote about whether to approve, on an advisory basis, the Company's executive compensation program.

***Changes We Made to Our Executive Compensation Program in 2015***

Based on feedback from our institutional advisors and significant stockholders, we have made the following changes to our executive compensation program in 2015:

***Responded to stockholder feedback and reduced the use of Adjusted EBITDA as a performance metric***

Over the past several years some of our stockholders expressed concerns about the use of Adjusted EBITDA as a performance metric for both our short-term and long term incentive awards. These stockholders expressed the preference that we use different metrics or objectives in our long-term equity program and our annual cash incentive program. Our Compensation Committee believes that Adjusted EBITDA is an important performance metric for our senior management because it is a measure used by the Board of Directors, management, stockholders, and the investment community to measure the Company's financial success and overall performance. Consequently, we have continued to include Adjusted EBITDA as a performance metric in our long-term equity incentive awards but in 2015 we have discontinued the use of Adjusted EBITDA as a performance metric for our annual cash performance awards.

**Want more information?**

Thank you for taking the time to read this summary of the Company's executive compensation program. For more details, be sure to review the Compensation Discussion and Analysis starting on the next page.

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*Further strengthened senior management's alignment with stockholders through use of absolute and relative performance metrics for our long-term equity awards, which are distinct from the performance metrics used in our cash incentive program.*

Our 2015 long-term equity incentive awards focused on two performance metrics: Adjusted EBITDA, our historical preferred absolute performance metric, and a relative performance metric that compares the Company's stock price at the end of each of these fiscal years versus the cumulative performance of the Russell 3000® Index.

*We have structured our long-term equity awards such that our executives must demonstrate performance over two to three years and also satisfy a four year vesting schedule in order to fully realize the value of the award.*

Our Compensation Committee believes that the design of our long-term equity compensation program aligns our executive's performance with the interests of our stockholders. The equity awards in 2015 are structured in a manner that requires the executives to deliver year-over-year improvement in performance over two to three years to fully earn the value of the award. As structured, a maximum of 50% of an equity award may be earned in 2015 with the remainder to be earned based on performance over the next two fiscal years. The equity awards are further subject to four year vesting and consequently are subject to the same increases or decreases in value as is the case for our stockholders.

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## COMPENSATION DISCUSSION AND ANALYSIS

## INTRODUCTION

This Compensation Discussion and Analysis explains the philosophy and objectives of our executive compensation program. The Board of Directors has determined that for fiscal year 2015, the following executives are the Company's Named Executive Officers (referred to as our executives or executive officers throughout this section):

Executive	Position
Robert L. Antin	Chairman of the Board, Chief Executive Officer and President
Arthur J. Antin	Chief Operating Officer and Senior Vice President
Tomas W. Fuller	Chief Financial Officer, Vice President and Secretary
Neil Tauber	Senior Vice President of Development
Josh Drake	President, Antech Diagnostics

The compensation and benefits provided to our executive officers in 2015 are set forth in detail in the Summary Compensation Table and other tables that follow this Compensation Discussion and Analysis, and in the footnotes and narrative to such tables.

*Our Philosophy for Executive Compensation*

**We believe that compensation of our executives and other officers should be directly linked to our operating performance.** As a result, we evaluate the performance of individual officers based on whether they achieve *the Company's* overall performance goals, which include increasing the value of our stock over time. This means that our executive compensation program is focused on *Company performance* rather than individual performance.

This compensation program recognizes that executives with the most senior leadership positions within our Company have the greatest ability to influence our performance. As a result, the annual and long-term incentive awards as a percentage of total compensation for our executives are greater than that of our other employees.

*Our Program Objectives*

The Compensation Committee evaluates both performance and compensation annually to ensure that the program continues to meet these objectives. Overall, we have designed our executive compensation program to:



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We believe that each element of our executive compensation program (described starting on page 32) helps us to achieve one or more of our compensation objectives.

**COMPENSATION PROGRAM HIGHLIGHTS**

Our executive compensation program is comprised of elements that support our compensation objectives. A brief description of each element is highlighted in the table below. For more details, review Elements of Our Executive Compensation Program starting on page 32.

<b>TOTAL DIRECT COMPENSATION</b>	<b>Compensation</b>	<b>Characteristics</b>	<b>Primary Purpose</b>
	<b>Element</b>		
	Base Salary	Fixed cash compensation.  Increases primarily driven by individual performance and market positioning	Provides a competitive fundamental level of cash compensation based on individual performance, level of responsibility, and experience
	Annual Cash Incentive Award	Used to calculate other components of compensation  Annual variable cash compensation based on quantitative and qualitative performance metrics including laboratory operating income, adjusted hospital gross profit, hospital same-store growth, adjusted hospital gross profit margin, and adjusted diluted earnings per share  Award target set as a percentage of base salary	Supports the attraction of talented executives  Rewards executive for short-term Company and individual performance  Supports the attraction and retention of talented executives
	Long-term Equity Incentives	Performance based restricted stock units which can be earned over a two to three year period based upon achievement of absolute and comparative performance metrics  Earned restricted stock units (by reference to performance measures) subject to four year vesting from date of grant, consequently the value of the awards are not fully	Links the interests of the executive to the interests of the Company's stockholders through changes in Company's stock price over time  Rewards executive for enterprise-wide performance  Supports the attraction and retention of talented executives

realized by our executives until  
2019

Benefits realized will depend on  
our stock price, achievement of  
performance metrics, and continued  
service with the Company

Other Benefit  
Plans and Programs

Perquisites and other executive  
benefits

Supports the attraction and  
retention of talented executives

Retirement, termination and other  
separation of service benefits

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In addition to the key elements highlighted in the table above, our compensation program is designed to incorporate the following features that we believe are beneficial to our stockholders:

PROGRAM FEATURE	WHAT IT MEANS FOR YOU
<b>Pay for performance</b>	Our executive officers earn the majority of their compensation only if the Company achieves certain performance objectives, which are designed to increase the value of our stock.
<b>The majority of our executives' pay is at-risk</b>	As reflected in the charts below, only 11% of our Chief Executive Officer's total direct compensation and an average of 25% of our other executives' total direct compensation in 2015 was paid in the form of base salary.
<b>The majority of our executives' pay is at-risk</b>	As reflected in the charts below, 89% of our Chief Executive Officer's total direct compensation and an average of 75% of our other executives' total direct compensation in 2015 is at-risk based on the executive's performance and/or future stock performance.



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PROGRAM FEATURE	WHAT IT MEANS FOR YOU				
<b>Total Direct Compensation reflects what is earned by our executives for performance in any given year</b>	2015 total direct compensation is calculated as the sum of each executive's base salary, annual cash incentive award, and the value of the 2015, 2014, and 2013 long-term equity incentive awards earned for 2015 performance based on the grant date fair value of each equity award.				
			<b>Annual Cash</b>	<b>Long-Term</b>	
		<b>Base</b>	<b>Incentive</b>	<b>Equity</b>	<b>Total Direct</b>
	<b>Executive</b>	<b>Salary</b>	<b>Award</b>	<b>Awards</b>	<b>Compensation</b>
	Robert L. Antin, Chief Executive Officer	\$ 1,031,391	\$ 2,535,000	\$ 5,450,021	\$9,016,412
	Arthur J. Antin, Chief Operating Officer	\$ 653,645	\$ 591,850	\$ 1,149,975	\$2,395,470
	Tomas W. Fuller, Chief Financial Officer	\$ 442,689	\$ 455,000	\$ 1,000,002	\$1,897,691
	Neil Tauber, Sr. VP of Development	\$ 442,689	\$ 455,000	\$ 950,053	\$1,847,742
	Josh Drake, Pres. of Antech Diagnostics	\$ 409,000	\$ 275,575	\$ 1,049,986	\$1,734,561
	<b>We require executives to own a minimum amount of Company stock</b>	Since our executives are required to hold Company stock, this serves as further incentive for our executives to increase the value of our stock. The Company's stock ownership guidelines require our directors and executives to maintain the following levels of ownership of our stock:			
Directors		At least 4 times his/her annual cash retainer			
Chief Executive Officer		At least 4 times his/her base salary			
Other Named Executive Officers		At least 2 times his/her base salary			
	All of our directors and executives currently meet our stock ownership guidelines.				

**We prohibit any form of hedging activities in Company stock**

We prohibit any form of hedging activities in Company stock by our executives and our directors including engaging in short sales, dealing in puts and calls of Company stock, or other transactions designed to minimize the risk inherent in owning Company stock.

**We have adopted a clawback policy that allows us to recover incentive compensation in certain instances**

Our equity incentive plan allows the Company to withhold or clawback awards from current and former employees if the employee breaches his/her employment obligations or participates in illegal activities, such as a breach of confidentiality or other agreements with the Company, theft, embezzlement, or certain other cause events. In addition, our Board of Directors has adopted a policy that permits us to recover performance based awards (including any performance based annual bonus awards and long-term incentive, equity-based awards) received by an executive officer in certain circumstances if our financial results are restated.

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PROGRAM FEATURE	WHAT IT MEANS FOR YOU
<b>We limit new employment agreements</b>	<p>Our Chief Executive Officer and our Chief Operating Officer have employment agreements that were entered into in 2001 (and not materially amended since that date) that provide for automatic renewal features, severance arrangements on a change-in-control based on a single trigger and a gross up for taxes. These are contractual rights held by these executives and cannot be unilaterally altered by the Company. The Compensation Committee has adopted a policy that it will not authorize any new employment agreement that includes automatic renewal features, or any new employment agreements or severance arrangements with executive officers that provide for a single trigger or excise tax gross up upon a change in control of the Company. This means that if there is a change in the Company's ownership, any executive with a new employment agreement would not receive change in control benefits immediately. He/she must be terminated in order to receive benefits upon a change in control of the Company. Furthermore, the executive would not receive a gross up, which is designed to cover the cost of taxes on change in control benefits.</p>
<b>Our Compensation Committee is comprised entirely of independent directors</b>	<p>The Compensation Committee makes executive compensation decisions that are unbiased and independent from management influence.</p>
<b>Our Compensation Committee conducts an annual review and assessment of potential compensation-related risks in our programs</b>	<p>We concluded that our compensation programs <b>do not</b> encourage behaviors that would create risks reasonably likely to have an adverse effect on the Company.</p>

**RESPONSE TO 2015 SAY-ON-PAY VOTE**

At our 2015 Annual Meeting our advisory vote on our executive compensation passed, with 95% of those stockholders voting on the matter voting for our executive compensation program. Our Board of Directors, our Compensation Committee, and our senior management were strongly encouraged that an over-whelming majority of our stockholders approved of our executive compensation program. Our Board of Directors and our management team review our compensation program on an annual basis to determine ways in which we can improve our compensation practices. As part of that annual process, in the weeks and months that followed our 2015 Annual Meeting of

Stockholders, we engaged in multiple conversations with many of our largest stockholders to discuss their views regarding our compensation program and practices. Through those conversations, we confirmed that many of our stockholders would like our compensation program to:

ensure management is rewarded for cumulative performance that is aligned with stockholder interests;

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use both absolute and relative performance measures; and

use different metrics for our annual cash incentives and long-term equity incentives.

***Actions Taken By Our Compensation Committee In Response To Stockholder Feedback***

The Compensation Committee carefully considers the feedback received from our stockholders as part of its ongoing evaluation of all elements of the Company's executive compensation program. In response to the feedback it has received from our stockholders, the Compensation Committee has taken the actions listed below over the past several years. Please note that some of these changes were previously detailed in "What You Need to Know about Executive Compensation" starting on page 22.

***Responded to stockholder feedback and reduced the use of Adjusted EBITDA as a performance metric***

Over the past several years some of our stockholders expressed concerns about the use of Adjusted EBITDA as a performance metric for both our short-term and long term incentive awards. These stockholders expressed the preference that we use different metrics or objectives in our long-term equity program and our annual cash incentive program. Our Compensation Committee believes that Adjusted EBITDA<sup>2</sup> is an important performance metric for our senior management because it is a measure used by the Board of Directors, management, stockholders, and the investment community to measure the Company's financial success and overall performance. Consequently, we have continued to use Adjusted EBITDA as a performance metric in our long-term equity incentive awards but in 2015 we have discontinued the use of Adjusted EBITDA as a performance metric for our annual cash performance awards.

*Further strengthened senior management's alignment with stockholders through use of absolute and relative performance metrics for our long-term equity awards, which are distinct from the performance metrics used in our cash incentive program.*

Our 2015 long-term equity incentive awards focused on two performance metrics: Adjusted EBITDA, our historical preferred absolute performance metric, and a relative performance metric that compares the Company's stock price at the end of each of these fiscal years versus the cumulative performance of the Russell 3000<sup>®</sup> Index.

***Selection of Performance Metrics for our Annual Cash Incentive Awards.***

In the past some of our principal institutional stockholders have suggested that the Company utilize multiple performance metrics for its short-term and long-term incentive programs. In response to these suggestions the Compensation Committee expanded the performance metrics it uses in determining the annual cash incentive awards for our executives to include the following metrics and other important factors:

laboratory operating income;

<sup>2</sup> Adjusted EBITDA is based on our Consolidated Adjusted EBITDA (as defined in our principal bank agreement), as further adjusted by (a) adding (1) amortization or write-off of debt discount, (2) integration costs incurred in connection with business combinations, (3) extraordinary, unusual or non-recurring losses or expenses (including, without limitation, impairment charges, severance expenses, non-recurring retention bonuses, inducement payments to newly hired employees and restructuring costs), (4) charges resulting from foreign exchange losses and

(5) reasonable expenses related to equity offerings or acquisitions, recapitalizations, divestitures or asset sales and (b) deducting income resulting from foreign exchange gains. The Compensation Committee uses Adjusted EBITDA, rather than EBITDA, because it excludes the effect of significant items that the Compensation Committee believes are not representative of our core operations for the period presented.

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adjusted hospital gross profit;

hospital same-store growth;

adjusted hospital gross profit margin;

adjusted diluted earnings per share;

market and industry leadership;

stock performance; and

strength of our balance sheet which provides opportunities for growth or stock repurchases.

*Long Term Equity Awards Earned over Multiple Years.*

The full value of our long-term equity awards granted in 2015 are designed to be earned by our executives over a three year period with a maximum of 50% of the award eligible to be earned based on our 2015 performance. The remainder of the awards may be earned at the end of fiscal 2016 and 2017 based on performance during those years. We believe this multi-year approach provides incentives to our executives to perform over both the short- and long-term and rewards our executives for exemplary performance.

*Stock Ownership Guidelines.*

We have adopted stock ownership guidelines under which our directors are expected to maintain stock ownership of at least 4x their annual cash retainer, our Chief Executive Officer is expected to maintain stock ownership of at least 4x base salary and our other executive officers are expected to maintain stock ownership of at least 2x base salary.

*Anti-Hedging Policy.*

Our policies provide that any form of hedging activities in Company stock by our executives and our directors, including any transactions designed to minimize the risk inherent in owning the Company's common stock, is expressly prohibited.

**ELEMENTS OF OUR EXECUTIVE COMPENSATION PROGRAM**

Our executive compensation program consists of base salary, annual cash incentive awards, equity compensation, and perquisites and other executive benefits. A description of each element is set forth below.

*Base Salary*

Our executives are paid a fixed base salary based on the responsibilities of their positions, the skills and experience required for the job, business performance, labor market conditions and by reference to market median salary levels. Our executive officers' salaries are reviewed annually and salary increases typically take effect in October of each year, unless business circumstances require otherwise.

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**Table of Contents*****Annual Cash Incentive Awards***

Our annual cash incentive awards are intended to reward our executive officers for performance over our fiscal year. They also align our executives' interests with those of our stockholders and help us attract, motivate and retain executives. Our Compensation Committee has designed our annual cash incentive awards to give the Compensation Committee greater flexibility to consider all aspects of performance and other factors the Compensation Committee considers relevant without affecting the availability of the Company's tax deduction for qualified performance based compensation under Section 162(m) of the Internal Revenue Code. The Compensation Committee approves pre-established objective quantitative and qualitative performance metrics in accordance with our cash incentive plan. Under this plan, each participant is eligible to receive a predetermined maximum annual award if the maximum objective performance levels have been satisfied. The Compensation Committee then exercises its discretion to decide whether or not to reduce (but not increase) the amount of the actual cash incentive awards relative to the maximum amount based on the pre-established performance goals at the attained levels and taking into account other important factors, including the recommendation of our Chief Executive Officer (other than with respect to his own bonus), market and industry leadership, market positioning, expansion opportunities, and unit performance (in the case of the President, Antech Diagnostics) and an assessment of the strength of the balance sheet at the end of the year.

***Long-Term Equity Incentive Awards***

The Company's equity compensation is an important element of our overall compensation program, and is designed to reward participants the way stockholders are rewarded: through growth in the value of our common stock. At the end of 2015, approximately 184 employees held equity awards under the Company's 2006 Equity Incentive Plan and 2015 Equity Incentive Plan, including our executive officers. The purpose of the grants is to align employees' interests with the interests of our stockholders, reward employees for enhancing stockholder value, encourage retention and provide a means to increase ownership of our common stock. We also grant equity awards on a selective basis as part of new hire agreements, to encourage retention or to reward extraordinary results.

The level of long-term equity incentive compensation is determined based on an evaluation of competitive factors in conjunction with total direct compensation provided to our executive officers and the overall goals of the compensation program described herein. **We do not have, nor do we intend to have, a program, plan or practice to select the grant dates of equity awards for our executives in coordination with the release of material non-public information.**

Our Compensation Committee granted equity awards to our executives in 2015, 2014, and 2013. The equity awards granted to our executives are equity performance awards which are tied to achieving pre-established objective performance goals established pursuant to our equity incentive plan. Under this plan, each participant is eligible to receive a predetermined maximum annual award if the maximum objective performance levels have been satisfied. Lower awards are set for target performance and minimum threshold performance.

The purpose of the equity performance awards is to reward our executives for performance over an extended period of time, align our executives' interests with those of our stockholders and help us attract, motivate and retain executives by ensuring that our compensation programs are competitive with our peer companies. The Compensation Committee's goal is that, on average over any three year period, the equity awards granted to our executives be reasonably comparable to the aggregate equity awards granted by our peer companies to their named executive officers over the same period.



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### *Perquisites and Other Executive Benefits*

In order to better enable us to attract and retain highly skilled executive and other officers and to round out a competitive compensation package for our executive and other officers, **we provide our executive officers with perquisites and other personal benefits that we believe are reasonable and consistent with our overall compensation philosophy and objectives.** The Compensation Committee periodically reviews the levels of perquisites and other personal benefits provided to our executives.

The executives officers, among other things, are provided use of automobiles and are eligible for executive medical excess claims insurance coverage.

### **HOW WE DETERMINE EXECUTIVE COMPENSATION**

The Compensation Committee oversees our executive compensation and benefit plans and practices, while establishing management compensation policies and procedures to be reflected in the compensation program offered to our executive officers. The Compensation Committee operates under the written charter approved by the entire Board of Directors, a copy of which is available at <http://www.vca.com>. When necessary, the Compensation Committee recommends amendments to its charter to the Board of Directors for approval.

In connection with its responsibilities, the Compensation Committee has the authority to retain independent counsel or other consultants, as it deems necessary, at the Company's expense.

The Compensation Committee may request that any of our directors, officers or employees, or other persons attend its meetings to provide advice, counsel or pertinent information as the Compensation Committee requests.

Our Chief Executive Officer is involved in the design and implementation of our executive compensation programs. He typically provides his input through consultation with the Chairman of the Compensation Committee and typically is not present at Compensation Committee meetings at which the Compensation Committee makes compensation determinations. Our Chief Executive Officer annually reviews the performance of each executive officer (other than the Chief Executive Officer whose performance is reviewed by the Compensation Committee) and presents his conclusions and recommendations regarding base salary and incentive award amounts for each executive officer (other than himself) to the Compensation Committee for its consideration.

In setting compensation for our executive officers, the Compensation Committee reviews our performance over the prior three years, focusing in particular on enterprise-wide criteria driving our performance, each executives' individual circumstances, including cash and equity-based compensation paid to each executive in the past three years and prior periods, as well as the accumulated value of all cash and equity-based compensation awarded to each executive. The Compensation Committee also reviews the conclusions and recommendations regarding base salary and incentive award amounts for each executive officer presented by our Chief Executive Officer (other than himself) and conducts discussions with our Chief Executive Officer regarding the performance of our other executives, and meets in executive sessions to discuss the performance of the Chief Executive Officer (our Chief Executive Officer is not present for these separate executive sessions). Those discussions, together with the Compensation Committee's review of each executive officer's historical compensation and accumulated long-term incentive pay, allow the Compensation Committee to make compensation decisions in light of each executive officer's achievement and other circumstances. The Compensation Committee exercises its discretion in accepting, rejecting and/or modifying any executive compensation recommendations provided by our Chief Executive Officer.



**Table of Contents****2015 EXECUTIVE COMPENSATION*****Base Salaries***

The Compensation Committee typically reviews and adjusts base salaries annually. In adjusting base salaries for our executives the Compensation Committee takes into account that the market capitalization and revenues of the Company are smaller than many of the companies included in our Comparison Group. Effective October 1, 2015, the Compensation Committee raised base salaries for our executives by approximately 2% - 5%, as follows:

<b>Executive Officer</b>	<b>Base Salary</b>
Robert L. Antin, Chief Executive Officer	\$1,065,000
Arthur J. Antin, Chief Operating Officer	\$665,000
Tomas W. Fuller, Chief Financial Officer	\$455,000
Neil Tauber, Sr. VP of Development	\$455,000
Josh Drake, Pres. of Antech Diagnostics	\$410,000

***Annual Cash Incentive Awards***

The Compensation Committee has adopted a two-step approach for purposes of the annual cash incentive awards that provides it greater flexibility to consider all aspects of the Company's and individual named executive officers' performance as well as other factors that the Compensation Committee considers relevant, while at the same time preserving the Company's ability to deduct such qualified performance-based compensation under Section 162(m) of the Code. Under this two-step approach, the Compensation Committee establishes maximum cash incentive award opportunities for each of our executives based upon the achievement of quantitative performance goals, then exercises its discretion based on its subjective assessment of qualitative performance goals in determining the actual cash payouts, which will be at or below the calculated maximum payout levels.

For 2015, the Compensation Committee established maximum individual cash incentive award opportunities for each of our executives based upon the achievement of quantitative performance goals consisting of a Company-wide performance metric, Adjusted Diluted Earnings Per Share (Adjusted Diluted EPS<sup>3</sup>), and various operating unit performance goals including laboratory operating income, laboratory same-store growth, adjusted hospital gross profit, hospital same-store growth, adjusted hospital gross profit margin.

<sup>3</sup> Adjusted Diluted EPS is based on our consolidated net income, on a fully-diluted share basis, adjusted to exclude the after-tax impact of: (1) consolidated acquisition related amortization expense, (2) non-cash stock based compensation expense, (3) integration costs incurred in connection with acquisitions, (4) other non-cash items, including write-offs of assets, reducing consolidated net income, and (5) extraordinary, unusual or non-recurring losses or expense (including, without limitation, costs and expenses related to the abandonment of real property, severance expenses, non-recurring retention bonuses, inducement payments to newly hired employees and restructuring costs). The Compensation Committee uses Adjusted Diluted Earnings Per Share, rather than Diluted Earnings Per Share, because it excludes the effect of significant items that the Compensation Committee believes are not representative of our core operations for the period presented.

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The Compensation Committee also retains the discretion to reduce the maximum annual cash incentive awards that could be paid out based on the quantitative metrics based on its subjective assessment of qualitative performance criteria, such as market and industry leadership and positioning, expansion opportunities, unit performance, an assessment of the strength of our balance sheet at the end of the year and other qualitative performance factors it considers to be relevant. The Compensation Committee selected these quantitative and qualitative performance metrics because they indicate the level of success of the Company's strategy to sustain strong operating cash flows and profitability.

The charts below sets out the quantitative performance metrics/goals and the relative weighting assigned for purposes of determining the 2015 annual cash incentive award for each of our executive officers, as well as the actual results:

**Robert L. Antin Chief Executive Officer**

Performance Metric	Weighting	Performance Goal			Actual Results
		Minimum	Target	Maximum	
Laboratory					
Operating Income	20%	\$152.0m	\$157.0m	\$162.0m	\$163.6m
Laboratory Same-Store					
Growth	15%	4.8%	6.0%	6.6%	6.9%
Adjusted Hosp.					
Gross Profit					
(excl. Depr. & Amort.)	15%	\$320.0m	\$324.0m	\$330.0m	\$330.2m
Hosp. Same-Store Growth	15%	3.7%	4.4%	4.7%	6.1%
Adjusted Diluted EPS					
(excl. Amort. & Share-based					
Comp)	35%	\$2.32	\$2.37	\$2.43	\$2.50

**Arthur J. Antin Chief Operating Officer****Performance Metric****Weighting**