

NATIONWIDE HEALTH PROPERTIES INC  
Form DEF 14A  
March 26, 2009  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**SCHEDULE 14A**  
**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. \_\_)**

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

**NATIONWIDE HEALTH PROPERTIES, INC.**

(Name of Registrant as Specified In Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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

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(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

To Be Held May 5, 2009

To the Stockholders:

The annual meeting of stockholders of Nationwide Health Properties, Inc. will be held at the Conference Center at 610 Newport Center Drive, Newport Beach, California on Tuesday, May 5, 2009, at 1:00 p.m. local time. At the meeting, stockholders will act on the following matters:

- (1) Election of five directors, four for a term of three years and one for a term of two years;
- (2) To ratify the appointment of Ernst & Young LLP as independent accountants for 2009; and
- (3) Any other matters that may properly come before the meeting.

Stockholders of record at the close of business on March 6, 2009 are entitled to notice of and to vote at the meeting or any postponement or adjournment of the meeting.

For the second year, we intend to take advantage of Securities and Exchange Commission rules that allow issuers to provide access to proxy materials over the Internet. Accordingly, we are mailing, on or about March 26, 2009, a Notice of Internet Availability of Proxy Materials to stockholders of record at the close of business on March 6, 2009.

By Order of the Board of Directors

Douglas M. Pasquale  
President and Chief Executive Officer

March 26, 2009

Newport Beach, California

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**NATIONWIDE HEALTH PROPERTIES, INC.**

**610 Newport Center Drive, Suite 1150**

**Newport Beach, California 92660**

**PROXY STATEMENT**

The Board of Directors (the **Board**) of Nationwide Health Properties, Inc. (the **Company**) is providing these materials for the solicitation of proxies for use at our annual meeting of stockholders to be held on Tuesday, May 5, 2009 beginning at 1:00 p.m., Pacific time, at the Conference Center, 610 Newport Center Drive, Newport Beach, California, and at any time and date to which the annual meeting may be properly adjourned or postponed. This proxy statement and the accompanying Notice of Annual Meeting of Stockholders describe the purposes of the annual meeting. Distribution of these proxy solicitation materials is scheduled to begin on or about March 26, 2009 to all stockholders entitled to notice of and to vote at the meeting.

**ABOUT THE MEETING**

***What is the purpose of the annual meeting?***

At the Company's annual meeting, stockholders will act upon the matters outlined in the accompanying notice of meeting, including the election of directors and the ratification of Ernst & Young LLP as the Company's independent accountants for the calendar year ending December 31, 2009. In addition, the Company's management will report on the performance of the Company during 2008 and respond to questions from the stockholders.

***What is the Notice of Internet Availability of Proxy Materials?***

In accordance with the new rules and regulations promulgated by the Securities and Exchange Commission, instead of mailing a printed copy of our proxy materials to each stockholder of record or beneficial owner, we are now furnishing proxy materials, which include our proxy statement and annual report, to our stockholders over the Internet. Because you received a Notice of Internet Availability of Proxy Materials, you will not receive a printed copy of the proxy materials, unless you have previously made a permanent election to receive these materials in hard copy. Instead, the Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review all the proxy materials. The Notice of Internet Availability of Proxy Materials also instructs you as to how you may submit your proxy on the Internet. If you received a Notice of Internet Availability of Proxy Materials and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability of Proxy Materials.

***Who is entitled to vote?***

Only stockholders of record at the close of business on the record date, March 6, 2009, are entitled to receive notice of the annual meeting and to vote the shares of common stock that they held on that date at the meeting, or at any time and date to which the annual meeting may be properly adjourned or postponed. Each outstanding share of common stock entitles its holder to cast one vote on each matter to be voted upon.

***What constitutes a quorum?***

The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date will constitute a quorum, permitting the meeting to conduct its business. As of the record date, 102,413,400 shares of common stock of the Company were outstanding. For purposes of determining the existence of a quorum, proxies received but marked as abstentions and broker

non-votes will be included in the calculation of the number of shares considered to be present at the meeting.



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### ***How do I vote my shares?***

**By Telephone or the Internet** Stockholders can simplify their voting by voting their shares via telephone or the Internet. The telephone and Internet procedures are designed to authenticate a stockholder's identity, allow stockholders to vote their shares and confirm that their instructions have been properly recorded.

The telephone and Internet voting facilities will close at 11:59 p.m., Eastern Standard Time, on May 4, 2009.

**By Mail** Stockholders who request a paper proxy card by telephone, Internet or e-mail may elect to vote by mail and should complete, sign and date their proxy cards and mail them in the pre-addressed envelopes that accompany the delivery of paper proxy cards. Proxy cards submitted by mail must be received by the time of the meeting in order for your shares to be voted. Stockholders who hold shares beneficially in street name may vote by mail by requesting a paper proxy card according to the instructions contained in the Notice of Internet Availability of Proxy Materials received from your broker or other agent, and then completing, signing and dating the voting instruction card provided by the brokers or other agents and mailing it in the pre-addressed envelope provided.

**At the Annual Meeting** Shares held in your name as the stockholder of record may be voted by you in person at the annual meeting. Shares held beneficially in street name may be voted by you in person at the annual meeting only if you obtain a legal proxy from the broker or other agent that holds your shares giving you the right to vote the shares and bring such proxy to the annual meeting.

### ***Can I change my vote?***

Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised by filing with the Secretary of the Company, either a notice of revocation or a duly executed proxy bearing a later date. If you are a registered stockholder, or if you are a street name stockholder and obtain a proxy form from your broker or other institution holding your shares, the powers of the proxy holders will be suspended if you attend the meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy.

### ***What are the Board's recommendations?***

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board. The Board's recommendations are set forth, together with the description of all proposals, in this proxy statement. In summary, the Board unanimously recommends a vote FOR election of the nominated slate of directors (see page 7) and FOR the ratification of the appointment of the independent accountants (see page 47).

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board or, if no recommendation is given, in their own discretion.

### ***What vote is required to approve the election of the directors and to ratify the appointment of independent accountants?***

A plurality of the votes cast at the meeting is required for the election of directors. A properly executed proxy marked **WITHHOLD AUTHORITY** with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

The affirmative vote of a majority of the votes cast at the meeting is required to ratify the appointment of Ernst & Young LLP as the Company's independent accountants for the calendar year ending December 31, 2009.

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If you hold your shares in street name through a broker or other nominee, the New York Stock Exchange rules permit your broker or nominee to exercise voting discretion with respect to Item 1 and Item 2 without receiving instructions from you, the beneficial owner. Thus, if you do not give your broker or nominee specific instructions, your shares may nevertheless be voted on those matters and will be counted for purposes of determining the outcome of such matters. If, however, your broker or nominee indicates on the proxy that it does not have discretionary power to vote shares on a particular matter, then those shares, while still considered as represented at the meeting for quorum purposes, will not be considered as voting for purposes of determining the outcome of that matter.

Abstentions do not constitute as a vote for or against any matter. Thus, abstentions will be disregarded in the calculation of a plurality for purposes of the election of directors in Item 1 or votes cast for purposes of the ratification of auditors in Item 2.

***What is the Company's policy with respect to Board member attendance at annual meetings of stockholders?***

Board members are encouraged to attend the Company's annual meeting of stockholders. Seven of the Company's eight Board members serving at the time attended the 2008 annual meeting of stockholders.

***How may I obtain a separate set of proxy materials or request a single set for my household?***

If you share an address with another stockholder, you may receive only one set of proxy materials (including our Notice of Internet Availability of Proxy Materials, annual report and proxy statement, as applicable) unless you have provided contrary instructions. If you wish to receive a separate set of proxy materials now, please request the additional copies by writing to us at the address below:

Nationwide Health Properties, Inc.

Attn: Investor Relations

610 Newport Center Drive, Suite 1150

Newport Beach, CA 92660

Telephone: (949) 718-4400

Similarly, if you share an address with another stockholder and have received multiple copies of our proxy materials, you may write us at the address above to request delivery of a single copy of these materials in the future.

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The following table sets forth the only stockholders known to the Company to be the beneficial owners of more than 5% of the Company's outstanding common stock at December 31, 2008:

<b>Beneficial Owner</b>	<b>Common Stock Beneficially Owned</b>	<b>Percent of Outstanding Shares</b>
ING Clarion Real Estate Securities, L.P. 201 King of Prussia Road, Suite 600 Radnor, PA 19087	9,016,205(1)	8.81%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	7,352,512(2)	7.19%
Barclays Global Investors, NA and affiliated entities 400 Howard Street San Francisco, CA 94105	5,792,785(3)	5.66%
Cohen & Steers, Inc. 280 Park Avenue, 10 <sup>th</sup> Floor New York, NY 10017	5,589,169(4)	5.46%
Invesco Ltd. and affiliated entities 1555 Peachtree Street NE Atlanta, GA 30309	5,457,703(5)	5.33%
Deutsche Bank AG Theodor-Heuss-Allee 70 60468 Frankfurt am Main Federal Republic of Germany	5,186,336(6)	5.07%

- (1) ING Clarion Real Estate Securities, L.P. had sole dispositive power with respect to 9,015,205 shares, sole voting power with respect to 3,752,445 shares and shared voting power with respect to 5,000 shares. Information is based on a Schedule 13G/A filed by ING Clarion Real Estate Securities, L.P. with the Securities and Exchange Commission on March 13, 2009.
- (2) The Vanguard Group, Inc. had sole dispositive power with respect to 7,352,512 shares and sole voting power with respect to 45,896 shares. Included in the securities listed above as beneficially owned by The Vanguard Group, Inc. are 45,896 shares over which its wholly-owned subsidiary, Vanguard Fiduciary Trust Company, has sole voting power. Information is based on a Schedule 13G/A filed by The Vanguard Group, Inc. with the Securities and Exchange Commission on February 13, 2009.
- (3) Barclays Global Investors, NA and affiliated entities had sole dispositive power with respect to 2,567,679 shares and sole voting power with respect to 2,006,770 shares. Information is based on filings with the Securities and Exchange Commission. Information is based on a Form 13F filed by Barclays Global Investors UK Holdings Limited with the Securities and Exchange Commission on February 5, 2009.
- (4) Cohen & Steers, Inc., together with its wholly-owned subsidiary Cohen & Steers Capital Management, Inc., had sole dispositive power with respect to 5,589,169 shares and sole voting power with respect to 5,144,354 shares. Information is based on a Schedule 13G/A filed by Cohen & Steers, Inc. with the Securities and Exchange Commission on February 17, 2009.
- (5) Invesco Ltd. and affiliated entities had sole dispositive power with respect to 5,419,300 shares and sole voting power with respect to 3,981,648 shares. Information is based on filings with the Securities and Exchange Commission. Information is based on a Form 13G filed

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by Invesco Ltd. with the Securities and Exchange Commission on February 12, 2009.

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- (6) Deutsche Bank AG had sole dispositive power with respect to 7,523,091 shares and sole voting power with respect to 4,384,178 shares. Included in the securities listed above as beneficially owned by Deutsche Bank AG are 7,184,691 shares for which RREEF America, L.L.C. has sole dispositive power, 32,300 shares for which Deutsche Bank Trust Corp. Americas has sole dispositive power, 306,100 shares for which Deutsche Investment Management Americas has sole dispositive and voting power and 3,040 for which Deutsche Bank Trust Company National Association has sole dispositive power. Information is based on a Schedule 13G filed by Deutsche Bank AG with the Securities and Exchange Commission on February 12, 2009.

**How much stock do the Company's directors and executive officers own?**

The following table shows the amount of common stock of the Company beneficially owned (unless otherwise indicated) by the Company's directors, the executive officers of the Company named in the Summary Compensation Table below, and all current directors and executive officers of the Company as a group. Except as otherwise indicated, all information is as of February 28, 2009.

Name	Aggregate Number of Shares Beneficially Owned(1)	Acquirable within 60 Days(2)	Percent of Shares Outstanding(3)	Restricted Stock Units(4)
R. Bruce Andrews	358,366	205,497	0.3%	5,000
David R. Banks	45,500		0.0%	5,000
Donald D. Bradley	122,909	64,500	0.1%	56,466
William K. Doyle	20,490		0.0%	5,000
Richard I. Gilchrist			0.0%	3,000
Abdo H. Khoury	65,572	9,850	0.1%	46,438
Charles D. Miller	112,545		0.1%	5,000
Douglas M. Pasquale	231,356	85,000	0.2%	170,188
Robert D. Paulson	26,843		0.0%	5,000
Jeffrey L. Rush, M.D.	511,422	511,422	0.5%	3,000
Keith P. Russell	10,000		0.0%	5,000
Jack D. Samuelson	72,991		0.1%	5,000
David E. Snyder	1,830		0.0%	
All current directors and executive officers as a group (12 persons)	1,572,649	876,269	1.5%	314,092

- (1) The number of shares shown includes shares that are individually or jointly owned, as well as shares over which the individual has either some or shared investment or voting authority. Certain of the Company's directors and executive officers disclaim beneficial ownership of some of the shares included in the table, as follows:

Mr. Banks 2,000 shares held by his wife.

Mr. Doyle 268 shares held by his son and 3,400 shares held by two trusts.

Mr. Pasquale 5,500 shares held by his wife and 3,651 shares held by his two sons.

Mr. Paulson 8,843 shares held by his son's and daughter's trust.

The table includes the following shares of unvested restricted stock: 1,000 shares for each of Messrs. Andrews, Banks, Doyle, Miller, Paulson, Russell and Samuelson, 1,400 shares for Mr. Bradley, 1,700 for



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Mr. Khoury, 4,100 shares for Mr. Pasquale and 14,200 shares for all current directors and executive officers as a group.

The number of shares shown in this column also includes the shares in the column entitled Acquirable within 60 Days.

- (2) Reflects shares that could be purchased by exercise of options under the Company's stock option plan and shares that could be acquired by the conversion of operating partnership units on February 28, 2009 or within 60 days thereafter.
- (3) Any shares acquirable within 60 days of February 28, 2009 by a person are deemed to be outstanding for the purpose of computing the percentage beneficially owned by that person, but they are not treated as outstanding for the purpose of computing the ownership percentage of any other person.
- (4) Each restricted stock unit represents a contractual right to receive one share of our common stock if certain time-based vesting requirements are satisfied. Restricted stock units are credited to a bookkeeping account established by the Company on behalf of each grantee. The restricted stock units do not have voting rights and generally may not be transferred, except to the Company or to a beneficiary of the holder upon his death. Holders are, however, entitled to dividend equivalent rights with respect to the restricted stock units. The restricted stock units reflected in this column are not included in the computation of percent of shares outstanding.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors, and the persons who own more than 10% of our common stock, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock of the Company. Officers, directors and greater than 10% stockholders are required by regulations of the Securities and Exchange Commission to furnish the Company with copies of all Section 16(a) forms they file.

Based upon a review of the copies of Forms 3, 4 and 5 and the amendments thereto received by it for the year ended December 31, 2008, the Company believes that all of the Company's directors and executive officers complied during 2008 with the reporting requirements of Section 16(a) of the Securities Act of 1934, except that: Dr. Jeffrey L. Rush filed one late report related to 77,230 Class A Partnership Units in NHP/PMB L.P., which can be exchanged for shares of our common stock.

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**ITEM 1 ELECTION OF DIRECTORS**

The Board of Directors is currently divided into three classes, each having three-year terms that expire in successive years.

The current term of office of the directors in each class expire as follows:

Class I expires at the 2009 annual meeting;

Class II expires at the 2010 annual meeting; and

Class III expires at the 2011 annual meeting.

The Board proposes that each of the nominees currently serving as a Class I director be elected for a term of three years and until his respective successor is duly elected and qualified, and the nominee currently serving as a Class III director be elected for a term of two years and until his respective successor is duly elected and qualified. Each of the nominees is described below under the caption **Directors Standing for Election**. Mr. Gilchrist is standing for election as a Class III director at the 2009 annual meeting because the Board appointed him as a director in August 2008. The Company has appointed Dr. Rush for election to the Board pursuant to an agreement with Pacific Medical Buildings LLC, dated February 25, 2008.

Each of the nominees has consented to serve a three-year term or, in the case of Mr. Gilchrist, a two-year term. If any of them should become unavailable to serve as a director, the Board may designate a substitute nominee. In that case, the persons named as proxies will vote for the substitute nominee designated by the Board.

**VOTE REQUIRED**

**A plurality of the votes cast at the meeting is required for the election of directors. A properly executed proxy marked **WITHHOLD AUTHORITY** with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS**

**VOTE FOR APPROVAL OF THE ELECTION OF EACH OF THE DIRECTOR NOMINEES**

**LISTED BELOW**

**Directors Standing for Election**

*Class I Directors*

**William K. Doyle**

Director since 2000

Mr. Doyle, 62, has been the Managing Partner of Kerlin Capital Group, LLC, a private investment bank based in Los Angeles, California, since he founded the firm in December 1994. Mr. Doyle has been an investment banker for more than 30 years. Prior to founding Kerlin Capital Group, LLC, Mr. Doyle was a Managing Director and investment banker for four different firms: Smith Barney, Prudential Capital Funding, Bankers Trust Company and Lehman Brothers, where he was involved in capital raising transactions for ten different REITs.



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**Robert D. Paulson**

Director since 2002

Mr. Paulson, 63, has been the Chief Executive Officer of Aerostar Capital LLC, a private equity investment firm since he founded it in June 1997. Prior to founding Aerostar Capital, Mr. Paulson retired from McKinsey & Company, Inc., an international management consulting firm. At McKinsey, Mr. Paulson served as the Los Angeles Office Manager, led the Global Aerospace and Defense Practice, and was twice elected to McKinsey's Board of Directors. Mr. Paulson also currently serves as a director of Ducommun Inc., Wesco Aircraft Hardware, Inc. and the Grand Teton Music Festival. On February 10, 2009, the Board elected Mr. Paulson to serve as Lead Independent Director of the Company, effective immediately prior to the annual meeting on May 5, 2009.

**Keith P. Russell**

Director since 2002

Mr. Russell, 63, has been the President of Russell Financial, Inc., a strategic and financial consulting firm serving businesses and high net worth individuals and families, since April 2001. Mr. Russell retired in March 2001 as the Chairman of Mellon West, a fiduciary bank, and Vice Chairman of Mellon Financial Corporation, a fiduciary bank. Prior to his position as Chairman of Mellon West, Mr. Russell was Vice Chairman and Chief Risk Officer of Mellon Bank Corporation from June 1992 to April 1996. Mr. Russell is the former President and Chief Operating Officer, and a Director, of Glenfed/Glendale Federal Bank. Before joining Glendale Federal Bank in 1983, Mr. Russell served as a Senior Vice President and Deputy Administrator of the Subsidiary Group of Security Pacific Corporation. Mr. Russell is a Director of Sunstone Hotel Investors, Inc., a real estate investment trust and Forrest Binkley Brown, a venture capital firm.

**Jeffrey L. Rush, M.D.**

Director since 2008

Dr. Rush, 68, is a 20-year veteran of medical office building acquisition and development. He is the Chairman of Pacific Medical Buildings LLC, a developer, owner and manager of medical office buildings in the western United States. Dr. Rush was a practicing board-certified radiologist for 25 years. He served as Chairman of Radiology at Alvarado Hospital, San Diego, California, founder of Mobile MRI Inc. and a member of the Physicians Advisory Board of National Medical Enterprises. He is currently active in numerous medically-related, bio-tech, pharmaceutical, and real estate ventures.

***Class III Director***

**Richard I. Gilchrist**

Director since 2008

Mr. Gilchrist, 63, serves as President of The Irvine Company's Investment Properties Group. Mr. Gilchrist has served as chief executive and founder of several major public and private REITs and real estate operating companies with investments throughout the United States. In his current role, Mr. Gilchrist guides all aspects of The Irvine Company's office, retail, resort and apartment properties in Southern California and Silicon Valley, including development, marketing and management. The Irvine Company is a 140-year old privately held company known throughout the world as a best-of-class master planner and long-term owner, investor and operator of a large and diversified real estate portfolio. Prior to joining The Irvine Company, Mr. Gilchrist served as President and Co-Chief Executive of Maguire Properties, Inc. in Los Angeles. At Maguire Properties, he oversaw significant growth in the company's portfolio, both through acquisitions and development, and spearheaded the REIT's successful initial public offering in 2003. Before joining Maguire Properties, Mr. Gilchrist served as President and Chief Executive Officer of the privately held REIT, Commonwealth Atlantic Properties, where he managed the planning and entitlement of an 11 million square foot mixed-use project. Mr. Gilchrist currently serves as a director of BioMed Realty Trust, Inc.

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**David R. Banks** Director since 1985  
Mr. Banks, 72, is the retired Chairman and Chief Executive Officer of Beverly Enterprises, Inc., an operator of nursing facilities and rehabilitation clinics. He joined Beverly Enterprises, Inc. as President and Chief Operating Officer in October 1979; was elected President and Chief Executive Officer in May 1989, and was elected Chairman, President and Chief Executive Officer in March 1990; and served as Chairman from March 1990 until his retirement in December 2001. He was a Director of Beverly Enterprises, Inc. from September 1979 through December 2001. Mr. Banks is a director of Ralcorp Holdings.

**Douglas M. Pasquale** Director since 2003  
Mr. Pasquale, 54, has served as President and Chief Executive Officer of the Company since April, 2004 and as Executive Vice President, Chief Operating Officer and a Director of the Company since November 2003. Mr. Pasquale served as the Chairman and Chief Executive Officer of ARV Assisted Living, an operator of assisted living facilities, from December 1999 to September 2003. From April 2003 to September 2003, Mr. Pasquale concurrently served as President and Chief Executive Officer of Atria Senior Living Group. From March 1999 to December 1999, Mr. Pasquale served as the President and Chief Executive Officer at ARV, and he served as the President and Chief Operating Officer at ARV from June 1998 to March 1999. Previously, Mr. Pasquale served as President and Chief Executive Officer of Richfield Hospitality Services, Inc. and Regal Hotels International North America a hotel ownership and hotel management company from 1996 to 1998, and as its Chief Financial Officer from 1994 to 1996. Mr. Pasquale is a member of the Executive Board of the American Seniors Housing Association (ASHA) and is a director of Alexander & Baldwin, Inc. (NYSE: AXB) and Matson Navigation. On February 10, 2009, the Board elected Mr. Pasquale to serve as Chairman of the Board of the Company, effective immediately prior to the annual meeting on May 5, 2009.

**Jack D. Samuelson** Director since 1994  
Mr. Samuelson, 84, co-founded Samuelson Brothers, a real estate developer and contracting firm, in 1946, and has served as its President and Board Chairman since 1957. He is a Trustee of the educational institutions Occidental College and Fuller Seminary. He is a past Chairman of Hollywood Medical Center and the Institute of Critical Care Medicine. He serves several non-profit housing companies: Director of Southern California Presbyterian Homes and Beacon Affordable Housing Enterprises.

***Class III Directors***

**R. Bruce Andrews** Director since 1989  
Mr. Andrews, 68, served as President and Chief Executive Officer of the Company from September 1989 until his retirement in April 2004. He had previously served as a Director of American Medical International, Inc., a hospital management company, and served as its Chief Financial Officer from 1970 to 1985 and its Chief Operating Officer in 1985 and 1986. Mr. Andrews is a director of Thomas Properties Group, Inc., a full-service real estate operating company.

**Charles D. Miller** Director since 1985  
Mr. Miller, 81, is the retired Chairman and Chief Executive Officer and current Director Emeritus of Avery Dennison Corporation, a manufacturer of self-adhesive materials, labels, and office products, where he held various executive positions since 1964. He is a member of the Board of Directors of the LA 84 Foundation, the Los Angeles Sports Council and the Southern California Committee for the Olympic Games. He is also a Trustee of Southern California Public Radio/KPCC and Trustee Emeritus of Johns Hopkins University and Occidental College. Mr. Miller has served as Chairman of the Board of the Company since 1998. Effective immediately prior to the annual meeting on May 5, 2009, Mr. Miller will be succeeded as Chairman by Mr. Pasquale.



**Table of Contents***How are directors compensated?***Director Compensation Table Calendar 2008**

The following table presents information regarding the compensation paid during 2008 to members of our Board of Directors who are not also our employees (referred to herein as Non-Employee Directors). The compensation paid to Douglas M. Pasquale, a director who is also our Chief Executive Officer is presented below in the Summary Compensation Table Calendar 2008 and the related explanatory tables. Mr. Pasquale is not entitled to receive additional compensation for his service as a director.

Name (a)	Fees Earned or Paid in				
	Cash (\$) (b)	Stock Awards (\$)(1)(2)(3) (c)	Change in		
			Pension Value (\$) (d)	Total (\$) (e)	
	William K. Doyle	54,083	86,008	24,269	164,360
	Robert D. Paulson	63,583	86,008	17,421	167,012
Keith P. Russell	59,083	86,008	17,421	162,512	
David R. Banks	46,500	86,008	48,394	180,901	
Jack D. Samuelson	46,083	86,008	38,831	170,922	
R. Bruce Andrews	43,083	86,008	9,376	138,467	
Charles D. Miller	98,661	86,008	48,394	233,068	
Jeffrey L. Rush, M.D.	14,000			14,000	
Richard I. Gilchrist	14,000			14,000	

- (1) The amounts reported in Column (c) above reflect the aggregate dollar amounts recognized for stock awards for financial statement reporting purposes with respect to 2008 (disregarding any estimate of forfeitures related to service-based vesting conditions). No stock awards granted to Non-Employee Directors were forfeited during 2008. For a discussion of the assumptions and methodologies used to calculate the amounts reported in Column (c) above, please see the discussion of stock awards contained in Note 15 (Stock Incentive Plan) to the Company's Consolidated Financial Statements, included as part of the Company's 2008 Annual Report on Form 10-K filed with the SEC, which note is incorporated herein by reference.
- (2) As described below, we granted each of our Non-Employee Directors an award of 3,000 shares of restricted stock units during 2008. Each of these restricted stock unit awards had a value of \$96,570 on the grant date. No option awards were granted to our Non-Employee Directors during 2008.
- (3) The following table presents the number of outstanding and unexercised option awards and the number of unvested stock awards held by each of our Non-Employee Directors as of December 31, 2008. Mr. Andrews' outstanding stock options were granted to him while he was employed as our President and Chief Executive Officer and do not represent compensation to him for services as a director.

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	<b>Number of Shares</b>	
	<b>Subject to</b>	
	<b>Outstanding Options</b>	<b>Number of Unvested</b>
<b>Director</b>	<b>as of 12/31/08</b>	<b>Shares of Restricted</b>