

HEALTHCARE REALTY TRUST INC

Form DEF 14A

April 01, 2009

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**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 Rule 14a-11(c) or Rule 14a-12

HEALTHCARE REALTY TRUST INCORPORATED  
(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):

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:

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

(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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials:

- o 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:

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

(3) Filing Party:

(4) Date Filed:

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**3310 WEST END AVENUE  
SUITE 700  
NASHVILLE, TENNESSEE 37203**

April 1, 2009

TO OUR SHAREHOLDERS:

You are cordially invited to attend the 2009 annual meeting of shareholders of Healthcare Realty Trust Incorporated, to be held on May 19, 2009, at 10:00 a.m. (local time) at the Company's executive offices at 3310 West End Avenue, Suite 700, Nashville, Tennessee.

Please read the enclosed 2008 Annual Report to Shareholders and Proxy Statement for the 2009 annual meeting. Whether or not you plan to attend the meeting, please sign, date and return the enclosed proxy, which is being solicited by the Board of Directors, as soon as possible so that your vote will be recorded. If you attend the meeting, you may withdraw your proxy and vote your shares personally.

Sincerely,

David R. Emery  
Chairman and Chief Executive Officer

**IMPORTANT**

**COMPLETE, DATE, AND SIGN THE ENCLOSED PROXY  
AND RETURN IT PROMPTLY.**

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**3310 WEST END AVENUE  
SUITE 700  
NASHVILLE, TENNESSEE 37203**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held May 19, 2009**

TO OUR SHAREHOLDERS:

The annual meeting of shareholders of Healthcare Realty Trust Incorporated (the Company) will be held on Tuesday, May 19, 2009, at 10:00 a.m. (local time) at 3310 West End Avenue, Suite 700, Nashville, Tennessee, for the following purposes:

- (1) To elect three nominees as Class 1 directors for three-year terms;
- (2) To ratify the appointment of the accounting firm BDO Seidman, LLP as the independent registered public accounting firm for the Company and its subsidiaries for the Company's 2009 fiscal year; and
- (3) To transact any other business that properly comes before the meeting or any adjournment thereof.

Holders of the Company's Common Stock of record at the close of business on March 19, 2009 are entitled to vote at the meeting or at any adjournment of the meeting.

By order of the Board of Directors

David R. Emery  
Chairman and Chief Executive Officer

Dated: April 1, 2009

**IMPORTANT**

**TO ASSURE THE PRESENCE OF A QUORUM, WHETHER YOU PLAN TO ATTEND THE MEETING IN PERSON OR BY PROXY, PLEASE COMPLETE, DATE, SIGN AND MAIL THE ENCLOSED PROXY AS SOON AS POSSIBLE. IF YOU ATTEND THE MEETING AND WISH TO VOTE YOUR SHARES PERSONALLY, YOU MAY DO SO AT ANY TIME BEFORE THE PROXY IS EXERCISED.**

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**3310 WEST END AVENUE  
SUITE 700  
NASHVILLE, TENNESSEE 37203**

**PROXY STATEMENT**

This Proxy Statement contains information related to the annual meeting of shareholders to be held at 3310 West End Avenue, Suite 700, Nashville, Tennessee, on Tuesday, May 19, 2009, at 10:00 a.m. (local time) for the purposes set forth in the accompanying notice, and at any adjournment thereof. This Proxy Statement and the accompanying proxy are first being mailed or given to shareholders on or about April 1, 2009.

If the enclosed proxy is properly executed, returned and not revoked, it will be voted in accordance with the instructions, if any, given by the shareholder, and if no instructions are given, it will be voted (a) **FOR** the election as directors of the nominees described in this Proxy Statement, (b) **FOR** ratification of the appointment of the firm BDO Seidman, LLP as the independent registered public accounting firm for the Company and its subsidiaries and (c) **FOR** the recommendation of the Board of Directors on any other proposal that may properly come before the meeting. The Company's Board of Directors selected the persons named as proxies in the enclosed proxy.

Shareholders who sign proxies have the right to revoke them at any time before they are voted by written request to the Company, and the giving of the proxy will not affect the right of a shareholder to attend the meeting and vote in person. If you wish to attend the meeting and need directions to 3310 West End Avenue, Suite 700, Nashville, Tennessee, please contact the Company at (615) 269-8175.

The close of business on March 19, 2009 has been fixed as the record date for the determination of shareholders entitled to vote at the meeting. 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 for the purpose of transacting business at the meeting. As of the close of business on such date, the Company had 150,000,000 authorized shares of common stock, \$.01 par value (the Common Stock), of which 59,304,437 shares were outstanding and entitled to vote. The Common Stock is the Company's only outstanding class of voting stock.

Each share of Common Stock will have one vote on each matter to be voted upon at the meeting.

**ELECTION OF DIRECTORS**

The Board of Directors is divided into three classes having three-year terms that expire in successive years. The current three-year term of the Class 1 directors expires at the 2009 annual meeting. The Board of Directors proposes that the nominees described below, all of whom have been nominated by the Board of Directors upon the recommendation of the Company's Corporate Governance Committee and are currently serving as Class 1 directors, be re-elected to Class 1 to serve until the annual meeting of shareholders in 2012 or until their successors have been elected and take office. Each nominee has consented to be a candidate and to serve, if elected.

According to Maryland law, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. The Company's Articles of Incorporation do not provide for cumulative voting and, accordingly, each shareholder may cast one vote per share of Common Stock for each nominee.

Unless a proxy specifies otherwise, the persons named in the proxy will vote the shares covered thereby for the nominees designated by the Board of Directors listed below. Should any nominee become unavailable for election,

shares covered by a proxy will be voted for a substitute nominee selected by the Board of Directors upon the recommendation of the Corporate Governance Committee of the Board.

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**Table of Contents****Class 1 Nominees**

The nominees for election as Class 1 directors are:

<b>Name</b>	<b>Age</b>	<b>Principal Occupation</b>	<b>Director Since</b>
Errol L. Biggs, Ph.D.	68	Director, Graduate Programs in Health Administration, University of Colorado; President, Biggs & Associates (healthcare consulting company), Castle Rock, Colorado	1993
Charles Raymond Fernandez, M.D.	65	Retired since August 2008; previously served as Chief Executive Officer, Piedmont Clinic, Atlanta, Georgia	1993
Bruce D. Sullivan	68	Retired since October 2001; previously served as managing partner of Nashville office of Ernst & Young LLP; also serves as a director of several small non-public companies and not-for-profit organizations	2004

**Continuing Directors**

The persons named below will continue to serve as directors until the annual meeting of shareholders in the year indicated and until their successors are elected and take office. Shareholders are not voting on the election of the Class 2 and Class 3 directors.

**Class 2 2011**

<b>Name</b>	<b>Age</b>	<b>Principal Occupation</b>	<b>Director Since</b>
Marliese E. Mooney	79	Independent healthcare consultant, Fort Myers, Florida	1993
Edwin B. Morris III	69	Managing Director, Morris & Morse Company, Inc. (real estate advisory and investment firm), Boston, Massachusetts	1993
John Knox Singleton	60	President and Chief Executive Officer, Inova Health Systems, Falls Church, Virginia; also a director of Washington Mutual Investors Fund (mutual fund), Washington, D.C., JP Morgan Value Opportunities Fund (mutual fund), Washington, D.C. and Virginia Tax Exempt Fund (mutual fund), Washington, D.C.	1993

**Class 3 2012**

<b>Name</b>	<b>Age</b>	<b>Principal Occupation</b>	<b>Director Since</b>
David R. Emery	64	Chairman of the Board of Directors and Chief Executive Officer of Healthcare Realty Trust Incorporated	1993
Batey M. Gresham, Jr.	74	Founder, Gresham, Smith & Partners (architects), Nashville, Tennessee	1993
Dan S. Wilford	68	Retired since November 2002; previously served as President and Chief Executive Officer, Memorial Hermann Healthcare System (hospital system), Houston, Texas; also a director of LHC Group, Inc. (home healthcare provider), Lafayette, Louisiana	2002

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Except as indicated, each of the nominees and continuing directors has had the principal occupation indicated for more than five years.

**The Board of Directors recommends that the shareholders vote FOR the election of all of the proposed nominees to the Board of Directors.**

**CORPORATE GOVERNANCE****Committee Membership**

The Board of Directors has an Executive Committee, Corporate Governance Committee, Audit Committee, and Compensation Committee. The Board of Directors has adopted written charters for each committee, except for the Executive Committee. The committee charters are posted on the Company's website ([www.healthcarerealty.com](http://www.healthcarerealty.com)) and are available in print to any shareholder who requests a copy.

All committee members are non-employee, independent directors, except David R. Emery, the Chairman of the Board and Chief Executive Officer of the Company. The following table sets forth the current members of the committees:

<b>Name</b>	<b>Executive</b>	<b>Corporate Governance</b>	<b>Audit</b>	<b>Compensation</b>
Errol L. Biggs, Ph.D.		X	X	
David R. Emery	(X)			
Charles Raymond Fernandez, M.D.				X
Batey M. Gresham, Jr.			X	
Marliese E. Mooney		X		
Edwin B. Morris III				(X)
John Knox Singleton	X			X
Bruce D. Sullivan			(X)	
Dan S. Wilford	X	(X)		

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( ) Chairman, and in the case of the Audit Committee, the audit committee financial expert.

**Committee Duties****Executive Committee****No meetings in 2008**

Acts on behalf of the Board of Directors on all matters concerning the management and conduct of the business and affairs of the Company, except those matters that cannot by law be delegated by the Board.

**Corporate Governance Committee****Four meetings in 2008**

Reviews and implements the Corporate Governance Committee charter and reports to the Board.

Develops and implements policies and practices relating to corporate governance.

Monitors implementation of the Company's Corporate Governance Principles.

Develops criteria for selection of members of the Board.

Seeks individuals qualified to become Board members for recommendation to the Board.

Evaluates the performance of individual directors.

**Audit Committee**

**Six meetings in 2008**

Reviews and implements the Audit Committee charter and reports to the Board.

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Selects the Company's independent registered public accounting firm (whose duty it is to audit the financial statements and internal control over financial reporting of the Company and its subsidiaries for the fiscal year in which it is appointed) and has the sole authority and responsibility to approve all audit and audit-related fees and terms, as well as all significant permitted non-audit services by the Company's independent registered public accounting firm.

Meets with the independent registered public accounting firm and management of the Company to review and discuss the scope of the audit and all significant matters related to the audit.

Reviews the adequacy and effectiveness of the Company's internal control over financial reporting with management, the internal audit function, and the independent registered public accounting firm.

Reviews the financial statements and discusses them with management and the independent registered public accounting firm.

Reviews and discusses policies with respect to the Company's major financial risk exposure.

Reviews and discusses with management the information contained in the Company's earnings press releases, and financial information provided to analysts and rating agencies.

**Compensation Committee**

**Five meetings in 2008**

Reviews and implements the Compensation Committee charter and reports to the Board.

Annually discusses and approves corporate goals and objectives relevant to the compensation of the Company's executive officers and key employees.

Establishes a general compensation policy for the Company and approves salaries paid to the Chief Executive Officer and other executive officers named in the Summary Compensation Table that appears under the section entitled EXECUTIVE COMPENSATION in this Proxy Statement.

Administers the Company's stock plans, retirement plans (other than the Company's 401(k) plan) and employee stock purchase plans.

Determines, subject to the provisions of the Company's compensation plans, the directors, officers and employees of the Company eligible to participate in each of the plans, the extent of such participation and the terms and conditions under which benefits may be vested, received or exercised.

Gives consideration to the development and succession of executive officers and considers potential successors to the Chief Executive Officer.

**Code of Ethics**

The Company has adopted a Code of Business Conduct and Ethics (the Code of Ethics) that applies to all officers, directors, and employees of the Company, including its principal executive officer, principal financial officer, principal accounting officer, controller, or persons performing similar functions. The Code of Ethics is posted on the Company's website ([www.healthcarerealty.com](http://www.healthcarerealty.com)) and is available in print free of charge to any shareholder who requests a copy. Interested parties may address a written request for a printed copy of the Code of Ethics to: Investor

Relations, Healthcare Realty Trust Incorporated, 3310 West End Avenue, Suite 700, Nashville, Tennessee 37203. The Company intends to satisfy the disclosure requirement regarding any amendment to, or a waiver of, a provision of the Code of Ethics for the Company's principal executive officer, principal financial officer, principal accounting officer, or controller, or persons performing similar functions by posting such information on its website.

**Meeting Attendance**

The Board of Directors held a total of nine meetings in 2008. Each director attended at least 75% of the meetings of the Board and committees of the Board on which such director served. The Company has not adopted a formal policy regarding director attendance at annual meetings of shareholders, but encourages each member of the

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Board of Directors to attend. One member of the Board attended the Company's 2008 annual meeting of shareholders.

### **Non-Management Executive Sessions; Lead Director**

Periodically, and no less frequently than semi-annually, the non-management directors meet in executive session. The non-management directors have appointed Edwin B. Morris III as lead director to preside over the non-management executive sessions. During 2008, the non-management directors held four executive sessions. Shareholders and other parties interested in communicating with the non-management directors as a group may do so by contacting Mr. Morris in writing c/o Healthcare Realty Trust Incorporated, 3310 West End Avenue, Suite 700, Nashville, Tennessee 37203.

### **Director Education**

The Corporate Governance Committee has adopted a set of guidelines that encourages all directors to pursue ongoing education and development studies on topics that they deem relevant given their individual backgrounds and committee assignments on the Board of Directors. Each director is requested to attend at least one ISS/RiskMetrics-accredited director education program during his or her three-year term as director. The Company pays for each director's expenses incurred to attend director education programs. All directors attended director education programs in the past three years, and all but one director attended an ISS/RiskMetrics-accredited program.

### **Security Holder Communication with the Board of Directors**

Shareholders and other parties interested in communicating directly with the Board of Directors or an individual director may do so by writing to Healthcare Realty Trust Incorporated, 3310 West End Avenue, Suite 700, Nashville, Tennessee 37203, Attention: Secretary. The Secretary of the Company will review all such correspondence and will regularly forward to the Board a summary of all such correspondence and copies of all correspondence that, in the opinion of the Secretary, deals with the functions of the Board or committees thereof or that she otherwise determines requires their attention. Directors may at any time review a log of all correspondence received by the Company that is addressed to members of the Board and request copies of any such correspondence.

### **Independence of Directors**

The Board of Directors has adopted a set of Corporate Governance Principles (the Principles), addressing, among other things, standards for evaluating the independence of the Company's directors. The full text of the Principles can be found in the Corporate Governance section of the Company's website ([www.healthcarerealty.com](http://www.healthcarerealty.com)). A copy may also be obtained upon request from the Company's Secretary.

Pursuant to the Principles, the Board undertook its annual review of director independence in February 2009. During this review, the Board considered transactions and relationships during the prior year between each director or any member of his or her immediate family and the Company and its subsidiaries, affiliates and equity investors. The Board also examined transactions and relationships between directors or their affiliates and members of the senior management or their affiliates. As provided in the Principles, the purpose of this review was to determine whether any such relationship or transaction was inconsistent with a determination that a director is independent.

To aid in making its annual review of director independence, the Board has adopted categorical standards for determining independence. A director is independent unless:

The director is or has been an employee of the Company within the past three years or has an immediate family member that is or has been an executive officer of the Company within the past three years;

The director, or his or her immediate family member, has received more than \$120,000 per year within any of the past three years in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);



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(A) The director, or his or her immediate family member, is a current partner of a firm that is the Company's internal or external auditor; (B) the director is a current employee of such firm; (C) the director has an immediate family member who is a current employee of such firm and who participates in the Company's audit, assurance or tax compliance (but not tax planning) practice; or (D) the director, or his or her immediate family member, was within the last three years (but is no longer) a partner or employee of such firm and personally worked on the Company's audit within that time;

The director, or his or her immediate family member, has been employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee within the past three years;

The director is a current employee, or has an immediate family member that is an executive officer of a company that makes payments to, or receives payments from, the Company for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such company's consolidated gross revenues within the past three years; or

The director has any other material relationship with the Company, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company.

As a result of this review, the Board affirmatively determined that all of the directors are independent of the Company and its management under the standards adopted pursuant to the Principles with the exception of David R. Emery, who is employed by the Company as its Chief Executive Officer and is therefore not independent.

**Director Nominee Evaluation Process**

The Corporate Governance Committee is responsible for developing and implementing policies and practices relating to corporate governance. As part of its duties, the Committee develops and reviews background information on candidates for the Board and makes recommendations to the Board regarding such candidates. The Committee also prepares and supervises the Board's annual review of director independence and the Board's performance self-evaluation. A copy of the Corporate Governance Committee's charter can be found in the Corporate Governance section of the Company's website ([www.healthcarerealty.com](http://www.healthcarerealty.com)).

Once the Corporate Governance Committee has identified a prospective nominee, the Committee reviews the information provided to the Committee with the recommendation of the prospective candidate, as well as the Committee's own knowledge of the prospective candidate, which may be supplemented by inquiries to the person making the recommendation or others. The preliminary determination is based primarily on the need for additional Board members to fill vacancies or expand the size of the Board and the likelihood that the prospective nominee can satisfy the evaluation factors described below. The Committee then evaluates the prospective nominee against the following standards and qualifications:

The ability of the prospective nominee to represent the interests of the shareholders of the Company;

The prospective nominee's standards of integrity, commitment and independence of thought and judgment;

Whether the prospective nominee would meet the Company's criteria for independence as required by the New York Stock Exchange;

The prospective nominee's ability to dedicate sufficient time, energy and attention to the diligent performance of his or her duties, including the prospective nominee's service on other public company boards, as specifically set out in the Company's Corporate Governance Principles; and

The extent to which the prospective nominee contributes to the range of talent, skill and expertise appropriate for the Board.

The Committee also considers such other relevant factors as it deems appropriate, including the current composition of the Board, the need for Audit Committee expertise and the evaluations of other prospective nominees. In connection with this evaluation, the Committee determines whether to interview the prospective nominee and, if warranted, one or more members of the Committee, and others as appropriate, interview prospective nominees in person or by telephone. After completing this evaluation and interview, the Committee

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makes a recommendation to the full Board as to the persons who should be nominated by the Board, and the Board determines after considering the recommendation and report of the Committee.

**Shareholder Recommendation or Nomination of Director Candidates**

The Company has not received any shareholder recommendations of director candidates with regard to the election of directors covered by this Proxy Statement or otherwise. The Corporate Governance Committee has not specifically adopted a policy regarding the consideration of shareholder nominees for directors, but its general policy is to welcome and consider any recommendations for future nominees. The Corporate Governance Committee will consider for nomination as director of the Company any director candidate recommended or nominated by shareholders in accordance with the process outlined below.

Shareholders wishing to recommend candidates for consideration by the Corporate Governance Committee may do so by providing the candidate's name, qualifications and other pertinent information in writing to the Corporate Governance Committee, c/o Secretary, Healthcare Realty Trust Incorporated, 3310 West End Avenue, Suite 700, Nashville, Tennessee 37203.

Such information should include:

The name and address of the shareholder who intends to make the nomination(s) and of the person or persons to be nominated;

A representation that the shareholder is a holder of record or a beneficial holder of stock of the Company entitled to vote at the meeting (including the number of shares the shareholder owns and the length of time the shares have been held) and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;

A description of all relationships, arrangements, and understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder;

Such other information regarding each nominee proposed by such shareholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission (whether or not such rules are applicable) had each nominee been nominated, or intended to be nominated, by the Board of Directors, including the candidate's name, biographical information, and qualifications; and

The written consent of each nominee to serve as a director of the Company if so elected, with such written consent attached thereto.

The Bylaws of the Company provide that any shareholder who is entitled to vote for the election of directors at a meeting called for such purpose may nominate persons for election to the Board of Directors subject to the following notice requirements. This is the procedure to be followed for direct nominations, as opposed to recommendation of nominees for consideration by the Corporate Governance Committee. To be timely for the 2010 annual meeting of shareholders, such notice must be received by the Company at its executive offices no earlier than November 2, 2009 nor later than December 2, 2009.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN  
BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth as of January 31, 2009, the beneficial ownership of the Company's equity securities as determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934. Accordingly, all Company securities over which the directors, nominees and executive officers directly or indirectly have or share voting or investment power are listed as beneficially owned.

Name of Beneficial Owner	Common Shares Beneficially Owned(1)	Percent of Common Shares Beneficially Owned
David R. Emery	1,033,159(2)(3)	1.74%
Scott W. Holmes	84,922(4)	*
John M. Bryant, Jr.	43,508(5)	*
B. Douglas Whitman, II	24,538(6)	*
Charles Raymond Fernandez, M.D.	17,025(7)	*
Errol L. Biggs, Ph.D.	9,871(7)	*
Marliese E. Mooney	10,489(7)	*
Edwin B. Morris III	10,148(7)	*
John Knox Singleton	40,094(7)(8)	*
Batey M. Gresham, Jr.	6,371(7)	*
Dan S. Wilford	14,428(7)	*
Bruce D. Sullivan	7,000(7)	*
All executive officers and directors as a group (12 persons)	1,301,553	2.20%
Morgan Stanley	8,925,399(9)	15.06%
FMR LLC	5,825,500(10)	9.83%
The Vanguard Group, Inc.	4,800,025(11)	8.10%
The Kingdom of the Netherlands	3,660,578(12)	6.18%
Barclays Global Investors, NA	3,553,387(13)	6.00%

\* Less than 1%

- (1) Pursuant to the rules of the Securities and Exchange Commission, restricted shares of Common Stock that the holder does not have the ability to vote or to receive dividends on are not included.
- (2) Includes 166,652 shares owned by the Emery Family Limited Partnership and 1,448 shares owned by the Emery Family 1993 Irrevocable Trust. Mr. Emery is a limited partner of the partnership and a beneficiary of the trust, but has no voting or investment power with respect to the shares owned by such partnership or trust.
- (3) Includes 864,314 shares of stock granted pursuant to the Company's 1993 Employees Stock Incentive Plan, its 2003 Employees Restricted Stock Incentive Plan and its 2007 Employees Stock Incentive Plan, of which 823,242

are shares of restricted stock.

- (4) Includes 82,612 shares of restricted stock granted pursuant to the Company's 1993 Employees Stock Incentive Plan, its 2003 Employees Restricted Stock Incentive Plan and its 2007 Employees Stock Incentive Plan.
- (5) Includes 42,654 shares of restricted stock granted pursuant to the Company's 1993 Employees Stock Incentive Plan, its 2003 Employees Restricted Stock Incentive Plan and its 2007 Employees Stock Incentive Plan.
- (6) Includes 22,367 shares of restricted stock granted pursuant to the Company's 1993 Employees Stock Incentive Plan, its 2003 Employees Restricted Stock Incentive Plan and its 2007 Employees Stock Incentive Plan.
- (7) Includes 6,000 shares of restricted stock granted pursuant to the Company's 1995 Restricted Stock Plan for Non-Employee Directors.
- (8) Of these shares, 3,067 are held in trust by Mr. Singleton for the benefit of his minor children, 12,599 are owned by Mr. Singleton's wife, 9,000 are held by Mr. Singleton in a living trust, and 2,506 are owned in an IRA.
- (9) Share information is as of December 31, 2008 based on a Schedule 13G filed on February 16, 2009 by Morgan Stanley, an investment firm, located at 1585 Broadway, New York, New York 10036. Morgan Stanley reported

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that it possesses the sole power to vote 4,780,988 shares, shared power to vote 489 shares and sole power to dispose of 8,925,399 shares of the Company's Common Stock. The shares of the Company's Common Stock reported for Morgan Stanley include 7,206,906 shares beneficially owned by Morgan Stanley Investment Management Inc., which reports that it possesses the sole power to vote 3,946,891 shares, shared power to vote 489 shares, and sole power to dispose of 7,206,906 shares of the Company's Common Stock.

- (10) Share information is as of December 31, 2008 based on a Schedule 13G filed on February 16, 2009 by FMR LLC, an investment firm, located at 82 Devonshire Street, Boston, Massachusetts 02109. FMR LLC reported that it possesses the sole power to vote 1,098,800 shares and sole power to dispose of 5,825,500 shares of the Company's Common Stock.
- (11) Share information is as of December 31, 2008 based on a Schedule 13G filed on February 13, 2009 and an amendment to Schedule 13G filed on February 14, 2009 by The Vanguard Group, Inc., an investment firm, located at 100 Vanguard Blvd., Malvern, Pennsylvania 19355. The Vanguard Group, Inc. reported that it possesses the sole power to vote 80,596 shares and to dispose of 4,800,025 shares of the Company's Common Stock.
- (12) Share information is as of December 31, 2008 based on a Schedule 13G filed on February 12, 2009 by The Kingdom of the Netherlands, an employee benefit plan or endowment fund, located at Oude Lindestraat 70, Postbus 2889, 6401 DL Heerlen, The Kingdom of the Netherlands. The Kingdom of the Netherlands reported that it possesses the sole power to vote and dispose of 3,660,578 shares of the Company's Common Stock.
- (13) Share information is as of December 31, 2008 based on a Schedule 13G filed on February 6, 2009 by Barclays Global Investors, NA, a bank, located at 400 Howard Street, San Francisco, California 94105. The shares of the Company's Common Stock reported for Barclays include: (i) 1,521,278 shares beneficially owned by Barclays Global Investors, NA, which reports that it possesses the sole power to vote 1,321,475 shares and the sole power to dispose of 1,521,278 shares; (ii) 1,982,073 shares beneficially owned by Barclays Global Fund Advisors, which reports that it possesses the sole power to vote and dispose of 1,982,073 shares; (iii) 28,487 shares beneficially owned by Barclays Global Investors, LTD, which reports that it possesses the sole power to vote and dispose of 28,487 shares; and (iv) 21,549 shares beneficially owned by Barclays Global Investors Japan Limited, which reports that it possesses the sole power to vote and dispose of 21,549 shares.

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

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10% of the Company's Common Stock, to file with the SEC initial reports of ownership and reports of changes in ownership of the Common Stock. These officers, directors and greater than 10% shareholders of the Company are required by SEC rules to furnish the Company with copies of all Section 16(a) reports they file. There are specific due dates for these reports and the Company is required to report in this Proxy Statement any failure to file reports as required during 2008.

During 2008, based upon a review of these filings and written representations from the Company's directors and executive officers, the Company believes that all reports required to be filed with the SEC by Section 16(a) during the most recent fiscal year have been timely filed.

**Table of Contents****RATIFICATION OF APPOINTMENT OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed BDO Seidman, LLP, Certified Public Accountants, as the Company's independent registered public accounting firm for the fiscal year 2009. Representatives of this firm are expected to be present at the annual meeting and will have an opportunity to make a statement if they desire and will be available to respond to appropriate questions.

The affirmative vote of a majority of the votes cast at the meeting is needed to ratify the appointment of BDO Seidman, LLP as the Company's independent registered public accounting firm for the fiscal year 2009. If the appointment is not ratified, the matter will be referred to the Audit Committee for further review. Abstentions as to this proposal will have no effect on the outcome of the vote.

**Audit and Non-Audit Fees**

The following table presents fees for professional audit services rendered by BDO Seidman, LLP, the Company's independent registered public accounting firm, for the last two years.

	<b>2008</b>	<b>2007</b>
Audit fees(1)	\$ 895,148	\$ 747,664
Audit-related fees(2)	1,660	5,648
Tax fees	1,730	0
All other fees	0	0
Total	\$ 898,538	\$ 753,312

(1) Fees for services related to the audit of the Company's consolidated financial statements and internal control over financial reporting of \$614,736 and \$677,649, respectively, for 2008 and 2007, fees in connection with capital financing activities of \$280,412 and \$65,000, respectively, for 2008 and 2007 and fees related to the review and filing of a registration statement on Form S-8 in 2007 of \$5,015.

(2) Fees for services performed related to SEC comment letters received by the Company in 2008 and 2007 pertaining to its periodic filings.

All services provided by the Company's independent registered public accounting firm were approved by the Audit Committee, which concluded that the provision of such services by BDO Seidman, LLP was compatible with the maintenance of such accounting firm's independence in the conduct of its auditing functions.

For the purpose of insuring the continued independence of BDO Seidman, LLP, the Company determined that its independent registered public accounting firm will not provide consulting services to the Company. Additionally, the charter of the Audit Committee provides that the Audit Committee must pre-approve all services to be provided by the independent registered public accounting firm. Proposed services exceeding pre-approved cost levels or budgeted amounts also require specific pre-approval by the Audit Committee.

**The Board recommends that the shareholders vote FOR ratification of the**

**appointment of BDO Seidman, LLP as the Company's independent registered public accounting firm.**



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**AUDIT COMMITTEE REPORT**

*The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.*

The Audit Committee of the Board of Directors of the Company consists entirely of directors who meet the independence and experience requirements of the New York Stock Exchange. Audit Committee members may serve on the audit committees of no more than three public companies.

Pursuant to the Sarbanes-Oxley Act of 2002 and rules adopted by the SEC, the Company must disclose which members, if any, of the Audit Committee are audit committee financial experts (as defined in the SEC's rules). The Company's Board of Directors has determined that Bruce D. Sullivan, the chairman of the Audit Committee, meets the criteria to be an audit committee financial expert.

The Company's management has primary responsibility for preparing the Company's Consolidated Financial Statements and implementing internal controls over financial reporting. The Company's 2008 independent registered public accounting firm, BDO Seidman, LLP, is responsible for expressing an opinion on the Company's Consolidated Financial Statements and on the effectiveness of its internal control over financial reporting.

The role and responsibilities of the Audit Committee are set forth in its charter, which has been approved by the Board and is available on the Company's website.

As more fully described in its charter, the Audit Committee reviews the Company's financial reporting process on behalf of the Board. Management has the primary responsibility for the Consolidated Financial Statements and the reporting process. The Company's independent registered public accounting firm is responsible for performing an audit of the Company's Consolidated Financial Statements in accordance with the standards of the Public Company Accounting Oversight Board (United States of America) and expressing an opinion on the conformity of the Consolidated Financial Statements to accounting principles generally accepted in the United States of America and on the effectiveness of internal control over financial reporting. The internal audit function is responsible to the Audit Committee and the Board for testing the integrity of the financial accounting and reporting control systems and such other matters as the Audit Committee and Board determine.

To fulfill its responsibilities, the Audit Committee has met and held discussions with management and the Company's independent accountants concerning the Consolidated Financial Statements for the fiscal year ended December 31, 2008 and the Company's internal control over financial reporting. Management represented to the Audit Committee that the Company's Consolidated Financial Statements were prepared in accordance with accounting principles generally accepted in the United States of America, and the Audit Committee has reviewed and discussed the Consolidated Financial Statements with management and the independent accountants. The Audit Committee discussed with the independent accountants all communications required by generally accepted auditing standards.

In addition, the Audit Committee has received the written disclosures and the letter from the independent accountants required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence.

Also, the Audit Committee reviewed major initiatives and programs aimed at strengthening the effectiveness of the Company's internal control structure. The Audit Committee discussed with the internal audit function the Company's internal controls and reporting procedures. As part of this process, the Audit Committee continued to monitor the scope and adequacy of the Company's internal auditing program, reviewing staffing levels and steps taken to implement recommended improvements in internal procedures and controls.

Based on the Audit Committee's review of the audited Consolidated Financial Statements and discussions with management and BDO Seidman, LLP, as described above and in reliance thereon, the Audit Committee recommended to the Company's Board of Directors that the audited Consolidated Financial Statements for the fiscal year

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ended December 31, 2008 be included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Members of the Audit Committee:

Bruce D. Sullivan (*Chairman*)

Errol L. Biggs, Ph.D.

Batey M. Gresham, Jr.

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**COMPENSATION DISCUSSION AND ANALYSIS**

The Compensation Committee, which is composed entirely of non-employee, independent directors, administers the Company's executive compensation programs. In performing its duties, the Compensation Committee:

Reviews and implements the Compensation Committee charter and reports to the Board;

Annually discusses and approves corporate goals and objectives relevant to the compensation of the Company's executive officers and key employees;

Establishes a general compensation policy and approves salaries paid to the Chief Executive Officer and the other executive officers named in the Summary Compensation Table (the Named Executive Officers) and fees paid to directors. The Named Executive Officers are the Company's only executive officers;

Administers the Company's stock plans, retirement plans (other than the Company's 401(k) plan) and employee stock purchase plans;

Determines, subject to the provisions of the Company's plans, the directors, officers and employees of the Company eligible to participate in each of the plans, the extent of such participation and the terms and conditions under which benefits may be vested, received or exercised; and

Gives consideration to the development and succession of the Company's Named Executive Officers and considers potential successors to the Company's Chief Executive Officer.

**Comprehensive Compensation Policy**

The Company's principal measures of corporate success are growth in funds from operations (FFO) and funds available for distribution (FAD) and reducing the percentage of FFO and FAD used to pay dividends. The Compensation Committee believes that a number of performance criteria factor into these measures, including:

occupancy rates of the Company's real estate properties;

net operating income improvement from period to period of the Company's managed real estate portfolio;

asset management; and

performance of new investments.

The Company's long-term incentive compensation program is designed to link compensation to the Company's overall performance in the above criteria. Since inception, the Company has used restricted stock grants as the primary means of delivering long-term incentive compensation to its officers. Officers share in the Company's success through increasing stock ownership. The Company does not utilize stock options or similar rights in the compensation of its management group (the only Company stock options outstanding are in connection with employee elections to purchase under the Company's 2000 Employee Stock Purchase Plan). The program does not consider individual performance in setting compensation, although the Compensation Committee could choose to reward outstanding individual performances. Awards under the Company's incentive plans have reflected the Company's evolving status into an operating entity with greater emphasis on managing a mature portfolio by providing incentives to all of its officers who will direct their individual and collective efforts toward insuring the continued distribution of dividends

to shareholders.

The Compensation Committee believes that the compensation of the Company's officers, including the Named Executive Officers, should provide a competitive level of total compensation necessary to attract and retain talented and experienced officers, and motivate them to contribute to the Company's success. To date, the Compensation Committee believes that this approach has been successful in retaining officers.

The Company's compensation program for its Named Executive Officers consists of the following three key elements:

Short-term compensation consisting of annual base salaries competitive with that paid to officers in comparable positions at comparable real estate companies;

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Long-term equity-based compensation in the form of restricted stock or other such awards based on the Company's performance and elective deferral of cash compensation; and

Certain perquisites designed to improve the performance of the Named Executive Officers.

The Compensation Committee believes that there are no material differences in the compensation policies and decisions relating to the compensation of the Named Executive Officers, except that Mr. Emery participates in the Company's Executive Retirement Plan and the other Named Executive Officers do not participate. The Executive Retirement Plan is discussed in greater detail on page 26 of this Proxy Statement. The Executive Retirement Plan was established early in the Company's existence for the benefit of the founding officers. The Compensation Committee believes that this distinction is appropriate given the founder status of Mr. Emery.

### **Compensation Methodology**

*Compensation Committee's Governance.* The Compensation Committee approves salaries and makes other compensation decisions for the Company's Named Executive Officers and its directors. Salaries and other compensation decisions for all other officers and employees are made by management within the parameters of the Company's compensation policies and plans.

The Compensation Committee meets four times a year in conjunction with the quarterly meetings of the full Board of Directors and more often if necessary. Prior to each regular meeting, members of the Company's management send materials to each of the Compensation Committee members, including minutes of the previous meeting, an agenda and recommendations for the upcoming meeting, and other materials relevant to the agenda items. During 2008, the Company's Chief Executive Officer, Chief Financial Officer, General Counsel, Chief Operating Officer and outside legal counsel also attended the Compensation Committee meetings. The officers provide information and discuss performance measures with the Compensation Committee relating to officer compensation. After every quarterly meeting, the Compensation Committee holds an executive session consisting only of the committee members and also frequently holds executive sessions with the Chief Executive Officer.

In 2006, management began a practice of using comprehensive executive compensation worksheets (commonly referred to as tally sheets) that set forth the Company's total compensation obligations to its Named Executive Officers under various scenarios. The tally sheets for each Named Executive Officer are distributed to the members of the Compensation Committee for discussion and are used in the preparation of the compensation tables in this Proxy Statement. The overall purpose of these tally sheets is to bring together, in one place, all of the elements of actual and potential future compensation of the Named Executive Officers, including information about wealth accumulation.

The Compensation Committee reviews and approves, in advance, employment, severance or similar arrangements or payments to be made to any Named Executive Officer. The Compensation Committee annually reviews all of the perquisites paid to the Named Executive Officers, as well as their compliance with the Company's policies regarding perquisites.

*Compensation Consultant.* The Compensation Committee retains Ernst & Young LLP, Atlanta, Georgia (Ernst & Young) as a compensation consultant, who advises it regarding market trends and practices in executive compensation and with respect to specific compensation decisions. The consultant also provides, at the Compensation Committee's request, a market survey containing data on the levels of compensation at comparable real estate companies. The consultant may also attend Compensation Committee meetings at the Committee's request. Ernst & Young participated by telephone in one of the Compensation Committee's meetings in 2008. Ernst & Young performed the most recent market survey of the Named Executive Officer compensation in May, 2006, when it was engaged by the

Compensation Committee to provide the following consulting services:

A review of the competitiveness of the compensation amounts currently offered by the Company to its officers, including an examination of base salary, annual and long-term incentives;

A review of the financial efficiency and alignment to business strategy of the Company's executive compensation programs, including an examination of the Company's dilution profile (shares reserved for issuance, annual share usage, etc.) versus peers and executive beneficial ownership versus peers; and

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To make observations regarding the potential alignment of the Company's executive compensation practices with the Company's overall business strategy and the evolving executive compensation landscape.

When making compensation decisions, the Compensation Committee reviews the compensation of executive officers of other companies considered to be peer companies, a practice often referred to as benchmarking. The 2006 Ernst & Young study was the first comprehensive market study of Named Executive Officer compensation performed for the Company since 2003. In performing its services, Ernst & Young interacted collaboratively with the Compensation Committee and the Company's Executive Officers. Ernst & Young performed its services as follows:

It collected data from management regarding the Company's organizational structure, position descriptions, compensation arrangements for the key employees, and analyzed retirement plan documents and financial/operating data;

It constructed a custom peer group of 17 publicly-traded real estate companies. These companies were believed by management and the Compensation Committee to be comparable to the Company in terms of industry focus, revenue size, historical and projected growth and/or performance and market capitalization, among other factors. The 17 companies in the 2006 peer group were:

Arden Realty, Inc.	Health Care REIT, Inc.
BRE Properties, Inc.	Highwoods Properties, Inc.
Camden Property Trust	LTC Properties, Inc.
CarrAmerica Realty Corporation	Mack Cali Realty Corporation
CenterPoint Properties Trust	Nationwide Health Properties, Inc.
Colonial Properties Trust	Omega Healthcare Investors, Inc.
Cousins Properties Incorporated	Shurgard Storage Centers, Inc.
First Industrial Realty Trust, Inc.	Ventas, Inc.
HCP, Inc.	

It reviewed each of the peer group companies' executive compensation programs, practices and amounts, including competitive levels of total direct compensation (base salary plus annual incentives plus long-term incentives) for the Named Executive Officers and competitive levels of shares reserved for executive compensation plans, annual share usage, beneficial ownership and type of equity programs employed;

It conducted a published survey analysis of competitive compensation levels for the Named Executive Officer positions, using data gathered from its published survey library; and

It concluded that the Company's compensation of its Named Executive Officers generally trailed the median compensation levels of the peer group and reported its findings and observations to the Compensation Committee.

The Compensation Committee used the findings of the 2006 market survey as a guide in setting Named Executive Officer compensation for 2007, 2008 and 2009. The Compensation Committee's practice is to perform a market survey of Named Executive Officer compensation once every three years. The Compensation Committee intends to engage Ernst & Young to perform another market survey during 2009, which will be used as a guide in setting compensation for 2010, 2011 and 2012.



The Compensation Committee's policy is to meet annually with the compensation consultant to discuss executive compensation trends. During 2008, Ernst & Young provided the Compensation Committee with an overview of compensation trends in the industry. Ernst & Young received no compensation for its services in 2008.

### **Components of Compensation**

*Annual Base Compensation.* Annual base compensation is determined by a market-based formula based upon the total cash compensation (including bonuses) paid by comparable companies for similar positions. In 2006, the Compensation Committee reviewed the 2006 Ernst & Young salary survey described above and found that annual cash compensation paid to the Named Executive Officers was substantially less than cash compensation paid for similar positions within the peer group of companies surveyed.

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In December 2006, based on the findings of Ernst & Young, the Compensation Committee determined annual base compensation for its Named Executive Officers for 2007 equal to the median (50th percentile) total cash compensation (including annual incentive bonuses) of comparable positions in the Ernst & Young peer group survey, and added a tenure adjustment to the median amount based on the officer's length of service. The tenure adjustment is calculated as 1/20th of the difference between the median total cash compensation and the 75th percentile total cash compensation for the position for each year of the officer's service to the Company. The Compensation Committee used the 2006 Ernst & Young survey as a benchmark for annual base compensation for the Named Executive Officers for 2007, 2008 and 2009.

In addition to the tenure-based salary adjustment discussed in the preceding paragraph, for 2008, annual base compensation for the Named Executive Officers increased over the 2007 amounts by a 3% cost of living adjustment. Fifty percent of the difference between the annual base compensation for 2008, compared with annual base compensation for 2006, was paid in the form of a restricted stock grant subject to an eight-year vesting period and the remaining fifty percent of the difference was paid in cash. For 2009, annual base compensation for the Named Executive Officers has increased over the 2008 amounts by a cost of living adjustment of 1.1%. Twenty-five percent of the difference between the annual base compensation for 2009, as compared with annual base compensation for 2006, was paid in the form of a restricted stock grant and the remaining seventy-five percent of the difference will be paid in cash. For 2009, the base compensation of the Company's Named Executive Officers has been set as follows:

Named Executive Officer	Cash	2009 Base Compensation		Total
		# of Shares of Restricted Stock(1)	\$ Value of Restricted Stock	
David R. Emery <i>Chairman of the Board and Chief Executive Officer</i>	\$ 959,711	5,891	\$ 138,321	\$ 1,098,032
Scott W. Holmes <i>Executive Vice President and Chief Financial Officer</i>	\$ 547,035	2,896	\$ 67,998	\$ 615,033
John M. Bryant, Jr. <i>Executive Vice President and General Counsel</i>	\$ 457,246	2,478	\$ 58,183	\$ 515,429
B. Douglas Whitman, II <i>Executive Vice President and Chief Operating Officer</i>	\$ 409,873	2,330	\$ 54,708	\$ 464,581

(1) These shares of restricted stock are subject to an eight-year vesting period.

**Bonuses.** While the Company has not typically awarded cash bonuses to Named Executive Officers, it may do so at its discretion. The Compensation Committee believes that annual cash bonuses may not be the most effective means of providing incentives to Named Executive Officers to further the Company's long-term goals. However, the Compensation Committee considers bonus levels in peer companies in its determination of base salary levels for Named Executive Officers to maintain reasonable market positioning.

**Stock Ownership.** The Compensation Committee believes that it is in the Company's best interest to encourage all employees, especially the Named Executive Officers, to increase their equity position in the Company to promote share ownership and further align employee and shareholder interests. The Company, however, does not have any policies requiring minimum stock ownership of its Named Executive Officers or other employees or the Company's directors.

Awards under the Company's incentive plans have reflected the Company's evolving status into an operating entity with greater emphasis on managing a mature portfolio by providing incentives to all of its officers who will direct their individual and collective efforts toward insuring the continued successful delivery of dividends to shareholders. The Compensation Committee also believes that by increasing and broadening the officers' ownership stake in the Company, future awards under its incentive plans should be an effective tool in retaining this broader group of officers. The Compensation Committee periodically reviews the Company's stock plans and retains the authority to make changes to those plans as deemed necessary. The Company's Long-Term Incentive Program, adopted pursuant to the 2007 Employees Stock Incentive Plan (the "2007 Incentive Plan") on

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December 10, 2007, is comprised of two distinct features under which the Company's officers may be granted restricted shares of stock: the Salary Deferral Plan and the Performance Award Program.

*Salary Deferral Plan.* Under the Salary Deferral Plan, officers may elect to defer up to 40% of their base salary in the form of shares of restricted stock. The number of shares can be increased through a Company match by a multiple of the deferred amount depending on the length of the vesting period selected by the officer. This program is designed to provide the Company's officers with an incentive to remain with the Company long-term.

*Performance Award Program.* The Long-Term Incentive Program provides the Compensation Committee a framework for providing certain incentive grants under the 2007 Incentive Plan. Pursuant to the performance award provisions of the Long-Term Incentive Program, all officers, including the Named Executive Officers, can receive restricted shares of stock based upon an analysis of the Company's performance under a set of criteria. The Company designates an amount each year to a memorandum account for each officer equal to 25% of the officer's base compensation, as defined in the 2007 Incentive Plan, for the current year. Restricted shares are issued from the available balance in the memorandum account based on the performance of the Company. If the Compensation Committee determines that the Company has not sufficiently performed against the measurement criteria, no shares are granted to the employees and the memorandum account balance continues to build up until such performance measures are met, if ever. The Compensation Committee may grant performance awards in excess of the memorandum account when exceptional performance is demonstrated. The balances in the memorandum accounts may also be released to the Named Executive Officers in the form of a cash award, but only in the event of the officer's retirement, death, disability or termination without cause or a change in control of the Company.

The measurement criteria do not include the setting of performance targets in advance. Rather, the criteria provide a set of guidelines through which the Compensation Committee uses its discretion to review the performance of the Company and the efforts of the Named Executive Officers in past periods. The Compensation Committee believes that this system allows it the benefit of taking into account all relevant information, including market forces and events outside the control of the Named Executive Officers.

Awards may be granted to each officer upon the Compensation Committee's determination and in its discretion and are subject to such vesting periods and requirements as the Compensation Committee determines. Management of the Company may annually propose performance awards under the Long-Term Incentive Program to the Compensation Committee.

If management proposes performance awards under the Long-Term Incentive Program, the proposal is required to include the following: the aggregate size and amount of the awards; a schedule of officers that are proposed to participate and the allocation of awards by officer; and an analysis of the Company's performance for the previous year. The measurement of the Company's performance is based on performance for the twelve month period ended September 30 and must include an analysis of the following criteria:

Portfolio performance, which must include an evaluation of occupancy, net operating income ( NOI ) improvement and asset management;

Investment performance, which must include an evaluation of the portfolio suitability, accretive effect and long-term attributes of investments;

Cash flow performance, which must include an evaluation of the Company's FAD and FAD per share, FFO and FFO per share, and cash flow from operations; and

Affordability, which must include an evaluation of the effects of the proposed awards on future earnings.

FFO, FAD and NOI are non-GAAP measures used by the Company as supplemental measures of performance because they provide an understanding of the operating performance of the Company's properties without giving effect to certain significant non-cash items, primarily depreciation and amortization expense.

FFO represents net income (computed in accordance with generally accepted accounting principles), excluding gains on sales of real estate, plus real estate depreciation and amortization.

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FAD represents net income (computed in accordance with generally accepted accounting principles), excluding gains on sales of real estate, plus total non-cash items included in cash flows from operating activities.

NOI is used to evaluate the operating performance of the Company's properties. The Company defines NOI as total revenues, including tenant reimbursements and discontinued operations, less property operating expenses, which exclude depreciation and amortization, general and administrative expenses, impairments and interest expense.

In determining whether to grant performance awards under the Long-Term Incentive Program, the Compensation Committee considers management's proposals and analysis and any and all other information that the Committee deems relevant to its determination. The Compensation Committee has the sole discretion to accept, reject or modify management's proposed awards. The Compensation Committee also has the discretion to designate an aggregate amount of awards for a group of officers other than the Named Executive Officers, to be allocated to individual officers at the discretion of the Chief Executive Officer.

In November 2008, the Compensation Committee approved the grant of performance awards under the Long-Term Incentive Program to 31 of the Company's officers totaling approximately \$3.3 million. The awards were in the form of restricted shares totaling approximately 130,000 shares, with vesting periods ranging from 3 to 8 years. The Compensation Committee reviewed the measurement criteria referenced in the Long-Term Incentive Program and also determined that the Company's performance relative to its peers and the overall market had been quite favorable, notwithstanding the harsh economic environment. In addition to the measurement criteria, the committee also considered the fact that the Company has maintained the highest FFO/earnings multiple in the healthcare REIT sector and its FFO/earnings multiple was second out of the top 112 public REITs, based on estimated FFO for 2009. It was also noted that the Company's total return outperformed the Morgan Stanley REIT index and the largest healthcare REITs year to date, as of the time of the analysis. As a result of this analysis, the Compensation Committee deemed it appropriate to authorize a release of 55% of the balances under the officers' memorandum accounts. The awards serve both as a reward for past performance and an incentive to remain with the Company and devote effort to its future performance. The remaining aggregate balances of the memorandum accounts totaled approximately \$2.4 million at December 31, 2008, of which approximately \$1.0 million was attributable to the Named Executive Officers.

In addition to the three stock programs mentioned above, all employees meeting minimum service requirements, including the Company's officers, are eligible to purchase shares pursuant to the Company's 2000 Employee Stock Purchase Plan (the Purchase Plan). As further discussed under the heading Grants of Plan-Based Awards in the section entitled EXECUTIVE COMPENSATION beginning on page 22 of this Proxy Statement, each participant is granted an option on January 1 of each year to purchase \$25,000 of the Company's Common Stock under the Purchase Plan.

## **Termination and Change-in-Control Arrangements**

Under the terms of the Company's compensation plans and its employment agreements with the Named Executive Officers, the Named Executive Officers are entitled to payments and benefits upon the occurrence of specified events including termination of employment and upon a change-in-control of the Company. The specific terms of these arrangements are discussed in this Proxy Statement beginning on page 26 under the heading Termination and Change in Control Arrangements with Named Executive Officers under the section entitled POST-EMPLOYMENT COMPENSATION. In the case of the employment agreements, the terms of these arrangements were agreed to after arms-length negotiations with each Named Executive Officer. In considering the aggregate potential obligations of the Company in the context of the desirability to maintain the employment of these individuals, the Compensation Committee believes that these arrangements are appropriate under the Company's current circumstances.

**Perquisites**

The Compensation Committee's policy on the provision of executive perquisites with respect to the Named Executive Officers is to allow each of them to receive perquisites up to an amount equal to 10% of their annual base

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compensation. If the executive receives benefits that would otherwise be considered perquisites in excess of this amount (generally calculated based on the associated tax value), he is required to reimburse the Company the amount of such excess.

The Company provides its executive officers with perquisites that it believes are reasonable, competitive and consistent with the Company's overall executive compensation program. The Company believes that such perquisites help the Company to retain its executive personnel and allows them to operate more effectively. These perquisites include:

*Use of the Company's aircraft for personal travel.* The Compensation Committee believes that allowing the Company's Named Executive Officers to use the Company's aircraft for personal travel provides the officers with significant convenience, safety, and security at a relatively low incremental cost to the Company.

*Supplemental life and disability insurance.* The Company also offers to its Named Executive Officers an opportunity to purchase supplemental term life insurance and supplemental disability insurance at the Company's expense.

## **Internal Revenue Code Section 162(m)**

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation over \$1 million paid to a corporation's chief executive officer and the four other most highly compensated executive officers. Qualifying performance-based compensation will not be subject to the deduction limit if certain requirements are met. Restricted stock issued under the 1993 and 2003 Employees Restricted Stock Incentive Plan and 2007 Incentive Plan and associated dividends are not subject to the performance-based compensation deduction under Section 162(m). Consequently, compensation expense in the amount of \$1,052,048 in 2008 was not deductible. As a qualifying REIT, the Company does not pay federal income tax on its taxable income to the extent it is distributed as dividends to its shareholders; therefore, the unavailability of the Section 162(m) compensation deduction to these amounts did not result in any increase in the Company's federal income tax obligations. The Compensation Committee has not adopted a policy requiring all compensation to be deductible.

## **Retirement Benefits**

The Company has an Executive Retirement Plan under which certain officers designated by the Compensation Committee may receive a specified percentage of the officer's final average earnings. See the section entitled **POST-EMPLOYMENT COMPENSATION** beginning on page 26 of this Proxy Statement for details of the Executive Retirement Plan.

In December 2008, the Company froze the maximum annual benefits payable under the Executive Retirement Plan at \$896,000, before periodic cost-of-living increases. The Company expects to realize significant savings in pension accruals over the next several years and believes that the Executive Retirement Plan will continue to provide a substantial benefit to its participants. However, this revision to the plan did result in a curtailment of benefits under the plan for the Company's Chief Executive Officer. In consideration of the curtailment and as a partial settlement of benefits under the plan, the Company's Chief Executive Officer received a one-time cash payment of \$2.3 million in January 2009.

All Named Executive Officers are eligible to participate in the Company's 401(k) plan, pursuant to which each participant may contribute up to the annual maximum allowed under IRS regulations (\$15,500 for 2008 and \$16,500 for 2009). All eligible participants over the age of 50 may also contribute an additional \$5,000 per year to the plan. The Company provides a matching contribution for the first three percent of base salary contributed to the plan, up to an annual maximum of \$2,800 per person.



**Compensation of Non-Employee Directors**

Compensation of non-employee directors is set by the Compensation Committee, based upon periodic peer reviews prepared by the Company.

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*Cash Compensation.* Each non-employee director receives an annual retainer and meeting fee, with chairpersons of Committees receiving additional annual retainers. See the section entitled **DIRECTOR COMPENSATION** beginning on page 30 of this Proxy Statement for a complete discussion of the cash compensation paid to non-employee directors.

*Stock Awards.* The Company awards non-employee directors an annual grant of restricted shares of Company Common Stock. For 2008, each non-employee director received 2,000 shares under this grant. Beginning in 2009, each non-employee director will receive an annual grant of restricted shares worth \$76,000. See the section entitled **DIRECTOR COMPENSATION** beginning on page 30 of this Proxy Statement for a complete discussion of the terms of the restricted shares granted to non-employee directors.

*Retirement.* The Company has a retirement plan for non-employee directors under which eligible directors may receive, upon normal retirement, an annual payment for a period equal to the number of years of service as a director but not exceeding 15 years. See the section entitled **DIRECTOR COMPENSATION** beginning on page 30 of this Proxy Statement for a complete discussion of the retirement compensation paid to non-employee directors.

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**COMPENSATION COMMITTEE REPORT**

*The following Report of the Compensation Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.*

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with Company management and based on such review and discussions, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Members of the Compensation Committee:

Edwin B. Morris III (*Chairman*)  
Charles Raymond Fernandez, M.D.  
John Knox Singleton

**Table of Contents****EXECUTIVE COMPENSATION**

The following Summary Compensation Table reflects the total compensation of the Company's Named Executive Officers for the three years ending December 31, 2008. The total column in the table below includes amounts not realized as income by the officers in the periods presented, such as restricted stock awards subject to forfeiture and option awards that may not ever be realized as income by the officers. Mr. Emery's total compensation reported in the table for 2008 includes approximately \$3.7 million that is the result of actuarial assumptions regarding the present value of benefits that he could receive under the Company's Executive Retirement Plan in the future, if at all. This amount is based on assumptions regarding when Mr. Emery might retire, mortality rates and estimated cost-of-living adjustments, among other things.

**Summary Compensation Table**

Name and Principal Position	Year	Salary(1)	Stock Awards(2)	Option Awards(3)	Change in	All Other	Total
					Pension Value and Nonqualified Deferred Compensation Earnings(4)		
David R. Emery	2008	\$ 809,426	\$ 777,324	\$ 5,727	\$ 3,690,636	\$ 88,984	\$ 5,372,097
<i>Chairman of the Board</i>	2007	\$ 639,455	\$ 415,012	\$ 5,492	\$ 1,251,274	\$ 78,107	\$ 2,389,340
<i>and Chief Executive Officer</i>	2006	\$ 501,118	\$ 0	\$ 5,009	\$ 611,752	\$ 88,258	\$ 1,206,137
Scott W. Holmes	2008	\$ 330,631	\$ 792,836	\$ 5,727	\$ 0	\$ 0	\$ 1,129,194
<i>Executive Vice President</i>	2007	\$ 386,599	\$ 204,030	\$ 5,492	\$ 0	\$ 20,072	\$ 616,193
<i>and Chief Financial Officer</i>	2006	\$ 223,011	\$ 224,301	\$ 5,009	\$ 0	\$ 0	\$ 452,321
John M. Bryant, Jr.	2008	\$ 354,118	\$ 481,442	\$ 5,727	\$ 0	\$ 13,627	\$ 854,914
<i>Executive Vice President</i>	2007	\$ 288,399	\$ 238,572	\$ 5,492	\$ 0	\$ 0	\$ 532,463
<i>and General Counsel</i>	2006	\$ 209,817	\$ 114,677	\$ 5,009	\$ 0	\$ 0	\$ 329,503
B. Douglas Whitman, II(6)	2008	\$ 350,109	\$ 319,419	\$ 5,727	\$ 0	\$ 0	\$ 675,255
<i>Executive Vice President</i>	2007	\$ 282,015	\$ 173,995	\$ 5,492	\$ 0	\$ 20,541	\$ 482,043
<i>and Chief Operating Officer</i>							

(1) Salary is net of employee elective deferrals shown in Note 2 below.

(2) Represents the grant date fair value of restricted shares of Common Stock received pursuant to the 2007 Incentive Plan and the 2003 Employees Restricted Stock Incentive Plan (the "2003 Plan") which are described in the Grants of Plan-Based Awards section below. The shares will fully vest if the Named Executive Officers remain employees of the Company for the full vesting period or they are terminated for any reason other than for cause or in the event of voluntary termination of employment. See Note 12 to the Consolidated Financial Statements contained in the Company's 2008 Annual Report on Form 10-K for assumptions relevant to the valuation of the stock awards. The table below lists amounts included under the Stock Awards column that have been granted to the Named Executive Officers pursuant to the 2007 Incentive Plan and the 2003 Plan:

Name	Year	Salary Deferral Plan		Performance Shares Award	Base Compensation Stock Award	Optional Deferral Plan Shares	Total Stock Awards
		Employee Elective Deferral Amount	Company Matching Amount(a)				
David R. Emery	2008	\$ 0	\$ 0	\$ 500,649	\$ 276,675	\$ 0	\$ 777,324
	2007	\$ 0	\$ 0	\$ 0	\$ 415,012	\$ 0	\$ 415,012
	2006	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Scott W. Holmes	2008	\$ 141,699	\$ 141,653	\$ 373,470	\$ 136,014	\$ 0	\$ 792,836
	2007	\$ 0	\$ 0	\$ 0	\$ 204,030	\$ 0	\$ 204,030
	2006	\$ 95,576	\$ 95,576	\$ 0	\$ 0	\$ 33,149	\$ 224,301
John M. Bryant, Jr.	2008	\$ 39,346	\$ 39,312	\$ 286,447	\$ 116,337	\$ 0	\$ 481,442
	2007	\$ 32,028	\$ 32,027	\$ 0	\$ 174,517	\$ 0	\$ 238,572
	2006	\$ 52,454	\$ 52,454	\$ 0	\$ 0	\$ 9,769	\$ 114,677
B. Douglas Whitman, II	2008	\$ 0	\$ 0	\$ 215,129	\$ 103,413	\$ 877	\$ 319,419
	2007	\$ 0	\$ 0	\$ 0	\$ 164,129	\$ 9,866	\$ 173,995

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- (a) Determined based on the duration of the restricted period selected by the officer and in accordance with the restriction multiples described on page 25 of this Proxy Statement.
- (3) Represents the grant date fair value of options granted annually to all employees under the Purchase Plan to purchase \$25,000 of Common Stock at a 15% discount. See Note 12 to the Consolidated Financial Statements contained in the Company's 2008 Annual Report on Form 10-K for assumptions relevant to the valuation of the option awards.
- (4) Amounts in this column represent the increase in the present value of projected future pension plan benefit payments to Mr. Emery due to an additional year of service, compensation increases and the increase in value attributable to interest, offset partially by the curtailment of the plan in 2008 which froze the maximum annual benefit payable at \$896,000, before periodic cost-of-living increases. In the Company's proxy statements for the two prior years, this column included the change in the balance of memorandum accounts under the 2007 Incentive Plan for each of the Named Executive Officers. The Company has removed the memorandum account activity from the Summary Compensation table because such amounts do not reflect compensation that the Named Executive Officers have earned or are entitled to in the periods presented. For the last two years, the following amounts were reported under this column for each of the Named Executive Officers:

Name	Change in Balance of Memorandum Account	
	2007	2006
David R. Emery	\$ 159,864	\$ 125,280
Scott W. Holmes	\$ 96,648	\$ 103,540
John M. Bryant, Jr.	\$ 88,820	\$ 79,380
B. Douglas Whitman, II	\$ 71,204	\$

Under certain post-employment circumstances, amounts in the memorandum accounts can increase a Named Executive Officer's post-employment compensation. Accordingly, the memorandum account balances are included in the Post-Employment Compensation tables beginning on page 29 of this Proxy Statement.

- (5) Includes other compensation, benefits and perquisites which in the aggregate exceed \$10,000. The chart below illustrates for each officer the amounts which separately exceed the reportable threshold:

Name	Year	Personal	Supplemental	Other(c)	Total All Other Compensation
		Use of Company Airplane(a)	Life/ Disability Insurance(b)		
David R. Emery	2008	\$ 72,324	\$ 14,740	\$ 1,920	\$ 88,984
	2007	\$ 61,447	\$ 14,740	\$ 1,920	\$ 78,107
	2006	\$ 70,358	\$ 14,740	\$ 3,160	\$ 88,258
Scott W. Holmes	2008	\$	\$ 0	\$ 0	\$
	2007	\$ 20,072	\$ 0	\$ 0	\$ 20,072
	2006	\$ 0	\$ 0	\$ 0	\$ 0

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John M. Bryant, Jr.	2008	\$	10,827	\$	0	\$	2,800	\$	13,627
	2007	\$	0	\$	0	\$		\$	
	2006	\$	0	\$	0	\$		\$	
B. Douglas Whitman, II	2008	\$	0	\$	0	\$		\$	
	2007	\$	14,302	\$	0	\$	6,239	\$	20,541

(a) Represents the total flight hours attributed to the Named Executive Officer's use of the Company's airplane for personal reasons, multiplied by the Company's incremental cost rates for 2008, 2007 and 2006 of \$1,969/hour, \$1,892/hour and \$1,742/hour, respectively.

(b) Represents life insurance policies paid on behalf of the Named Executive Officer not available to other employees.

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(c) Represents other benefit payments, such as amounts paid on behalf of the Named Executive Officer for tax preparation services and employer matching contributions on behalf of the Named Executive Officer pursuant to the Company's 401(k) plan.

(6) Mr. Whitman became a Named Executive Officer in 2007. Accordingly, compensation information for 2007 and 2008 only is presented for Mr. Whitman.

**Grants of Plan-Based Awards**

All of the Company's officers, including the Named Executive Officers, are eligible to receive performance-based compensation under the 2007 Incentive Plan, under which shares of Common Stock may be granted. The Long-Term Incentive Program, adopted pursuant to the 2007 Incentive Plan, is comprised of two distinct programs, the Salary Deferral Plan and the Performance Award Program both of which are discussed beginning on page 17 of this Proxy Statement. The 2007 Incentive Plan superseded the 2003 Plan. However, the memorandum account balances under the 2003 Plan were carried forward to the 2007 Incentive Plan.

The following table supplements the Summary Compensation Table by providing more detailed disclosure of equity compensation received by the Named Executive Officers during 2008 and the total memorandum account balances as of December 31, 2008. The Company did not award non-equity incentive based compensation during the period covered by the table.

Name	Grant Date	Estimated Future Payouts		All Other Stock Awards: Number of Shares or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)(3)	Exercise or Base Price of Option Awards (\$/Sh)(4)	Full Grant Date Fair Value of Award
		Incentive Plan Awards Target (\$)	Maximum (\$ or #)(1)				
David R. Emery	1/1/08				984	\$ 21.58	\$ 5,727
	1/1/08			10,897			\$ 276,675
	11/4/08			19,986			\$ 500,649
			\$ 387,545				
Scott W. Holmes	1/1/08				984	\$ 21.58	\$ 5,727
	1/1/08			11,160			\$ 283,352
	1/1/08			5,357			\$ 136,014
	11/4/08			14,909			\$ 373,470
			\$ 251,390				
John M. Bryant, Jr.	1/1/08				984	\$ 21.58	\$ 5,727
	1/1/08			3,098			\$ 78,658
	1/1/08			4,582			\$ 116,337



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	11/4/08		11,435		\$ 286,447
		\$ 192,809			
B. Douglas					
Whitman, II	1/1/08		984	\$ 21.58	\$ 5,727
	1/1/08		4,073		\$ 103,413
	3/3/08		36		\$ 876
	11/4/08		8,588		\$ 215,129
		\$ 144,808			

- (1) Represents the total accumulated memorandum account balance under the Long-Term Incentive Program. Release of the memorandum account for the officers listed may occur as described on page 17 of this Proxy Statement.
- (2) The table below shows the number of shares of restricted stock issued to the Named Executive Officers in 2008 pursuant to the 2007 Incentive Plan.

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Name	Salary Deferral Plan			Base Compensation Stock Award	Optional Deferral Plan Shares	Total Stock Awards
	Employee Elective Deferral Shares	Company Matching Shares(a)	Performance Shares Award			
David R. Emery	0	0	19,986	10,897	0	30,883
Scott W. Holmes	5,580	5,580	14,909	5,357	0	31,426
John M. Bryant, Jr.	1,549	1,549	11,435	4,582	0	19,115
B. Douglas Whitman, II	0	0	8,588	4,073	36	12,697

(a) Determined based on the duration of the restricted period selected by the officer and in accordance with the restriction multiples described below.

(3) Represents stock options granted during 2008 pursuant to the Purchase Plan.

(4) Based on the closing price of \$25.39 per share of the Company's Common Stock on the New York Stock Exchange on December 31, 2007. If exercised, the exercise price will be the lesser of 85% of the grant price (\$21.58 per share) or 85% of the market closing price on the date of exercise.

Pursuant to the Salary Deferral Plan, officers may elect to defer up to 40% of their base salary in the form of shares of restricted stock. The officer must elect his or her participation level and vesting period for the coming year by December 31 of the current year. The number of restricted shares granted on January 1 of each year is determined based on the closing market price of the Company's Common Stock on the last trading day of the year preceding the year in which the shares are issued. The number of shares granted may be increased by a multiple of the deferred amount depending on the length of the vesting period selected by the officer. Each officer who makes this election will be awarded additional shares at no additional cost to the officer according to the following multiple-based formula:

Duration of Restriction Period	Restriction Multiple
3 years	1.3
5 years	1.5
8 years	2.0

This program is designed to provide the Company's officers with an incentive to remain with the Company long-term. The vesting period subjects the shares obtained by the cash deferral and the restriction multiple to the risk of forfeiture in the event an officer voluntarily terminates employment or is terminated for cause from employment with the Company. Accordingly, if an officer voluntarily leaves or is terminated for cause, that officer would lose all such shares that had not yet vested.

Eligible employees are also granted an option to purchase shares pursuant to the Purchase Plan. Each participant is granted an option on January 1 of each year to purchase \$25,000 of the Company's Common Stock. The number of shares is determined by dividing \$25,000 by the closing market price of the Company's Common Stock on December

31 of the preceding year. Participants may purchase shares at a price equal to the lesser of (i) 85% of the grant price or (ii) 85% of the closing market price of the Company's Common Stock on the purchase date. No option can be exercised for more than \$25,000 of Common Stock for the life of the option. Each option expires 27 months after it is granted.

**Table of Contents****Outstanding Equity Awards at Fiscal Year-End**

The following table discloses information as of December 31, 2008 about outstanding options granted under the Purchase Plan, the number and market-based value of restricted shares outstanding that have not yet vested and the balance in the Long-Term Incentive Program's memorandum accounts.

Name	Option Awards			Number of Shares or Units of Stock That Have Not Vested	Stock Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price	Option Expiration Date		Market Value of Shares or Units of Stock That Have Not Vested(1)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(2)
David R. Emery	984	\$ 21.58	4/1/2010	817,351	\$ 19,191,401	\$ 387,545
	632	\$ 33.61	4/1/2009			
Scott W. Holmes	984	\$ 21.58	4/1/2010	61,078	\$ 1,434,111	\$ 251,390
	632	\$ 33.61	4/1/2009			
John M. Bryant, Jr.	984	\$ 21.58	4/1/2010	36,282	\$ 851,901	\$ 192,809
	632	\$ 33.61	4/1/2009			
B. Douglas Whitman, II	984	\$ 21.58	4/1/2010	20,037	\$ 470,469	\$ 144,808
	632	\$ 33.61	4/1/2009			

(1) Based on the closing price of \$23.48 per share of the Company's Common Stock on the New York Stock Exchange on December 31, 2008.

(2) Represents the total accumulated balance in the Long-Term Incentive Program's memorandum accounts as of December 31, 2008.

**Option Exercises and Stock Vested in 2008**

During 2008, the Named Executive Officers did not exercise any options and did not have any restricted stock vest.

## **POST-EMPLOYMENT COMPENSATION**

### **Retirement Plan Potential Annual Payments and Benefits**

The Company has an Executive Retirement Plan in which Mr. Emery has been designated to participate. The Executive Retirement Plan is an unfunded, defined benefit plan in that the amount of a retiree's pension is calculated using compensation and years of service as an employee, rather than by the market value of the plan's assets as in defined contribution plans.

Under the Executive Retirement Plan, an officer designated to participate by the Compensation Committee may receive upon normal retirement (defined to be when the officer reaches age 65 and has completed five years of service with the Company) an amount equal to 60% of the officer's Final Average Annual Compensation, as defined below, plus 6% of Final Average Annual Compensation for each year of service (but not more than five years) after age 60, subject to a maximum annual amount of \$896,000, before periodic cost-of-living increases. Plan benefits are reduced by certain other retirement benefits received by the officer, such as Social Security and the Company's contributions to the participant's 401(k) plan. Final Average Annual Compensation, calculated as the average of the officer's highest

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three, not necessarily consecutive, years' earnings, is based upon annual cash compensation, including deferrals (but not including incentive-based stock awards or cash bonuses for officers whose annual salary exceeds \$200,000).

The annual pension benefits are to be paid in either a lump sum payment or monthly installments over a period not to exceed the greater of the life of the retired officer or his or her surviving spouse. Mr. Emery has agreed to receive his remaining retirement benefits under the Executive Retirement Plan in monthly installment payments, rather than in a lump sum. Of the two remaining officers in the plan that have not yet retired, one has elected to receive their benefit payments in monthly installments and one has elected a lump sum payment upon retirement.

The following table discloses the material terms and estimated benefits payable to Mr. Emery under the Company's Executive Retirement Plan:

Name	Plan Name(1)	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
David R. Emery	Executive Retirement Plan	16	\$ 13,701,291	\$ 0

(1) See Note 11 to the Consolidated Financial Statements contained in the Company's 2008 Annual Report on Form 10-K for the terms of the Executive Retirement Plan.

**Nonqualified Deferred Compensation Plan**

The Company designates an amount each year to a memorandum account for each officer equal to 25% of the officer's base compensation, as defined under the 2007 Incentive Plan, for the current year. The amount credited under these memorandum accounts may either be released as an equity award under the terms of the Long-Term Incentive Program or as a cash award upon the officer's retirement, death, disability or termination without cause, or a change in control, whether or not the targets had been achieved at that time.

Name	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY \$(1)	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE \$(1)
David R. Emery	\$ 0	\$ 384,786	\$ 0	\$ 473,667	\$ 387,545
Scott W. Holmes	\$ 0	\$ 201,302	\$ 0	\$ 307,255	\$ 251,390
John M. Bryant, Jr.	\$ 0	\$ 143,492	\$ 0	\$ 235,655	\$ 192,809
B. Douglas Whitman, II	\$ 0	\$ 113,690	\$ 0	\$ 176,988	\$ 144,808

(1) Represents amounts credited to the 2007 Incentive Plan's Long-Term Incentive Program memorandum accounts in the name of each Named Executive Officer.

### **401(k) Plan**

All eligible employees may participate and receive post-employment compensation under a 401(k) plan, pursuant to which each employee may contribute up to 45% of his or her salary, to an annual maximum allowed under IRS regulations (\$15,500 for 2008 and \$16,500 for 2009). As these contributions are made by the employees out of their respective cash salaries, such contributions do not appear in the Summary Compensation Table as additional compensation for the Named Executive Officers. Additionally, participants in the 401(k) plan receive matching contributions from the Company of up to 3% of their salary, to an annual maximum of \$2,800. Where applicable, the matching contributions are included in the All Other Compensation section of the Summary Compensation Table.

### **Termination and Change in Control Arrangements with Named Executive Officers**

*David R. Emery*

Mr. Emery's employment agreement, pursuant to which he serves as Chairman of the Board and Chief Executive Officer of the Company, has a one-year term that is automatically extended on January 1 of each year for an additional year. If Mr. Emery's employment agreement is terminated for any reason other than for cause or upon Mr. Emery's voluntary termination, he is entitled to receive his accrued unpaid salary, earned bonus, vested,

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released, granted, or reserved stock awards, vested deferred compensation, including the full release of his memorandum account under the 2007 Incentive Plan (other than plan benefits which will be paid in accordance with the applicable plan), and other benefits accrued through the date of termination. In addition, if a termination not for cause occurs, Mr. Emery will receive as severance compensation his base salary for a period of three years following the date of termination and an amount equal to twice his average annual bonus during the two years immediately preceding his termination. Subject to the limitations under Internal Revenue Code Section 409A, Mr. Emery may elect to receive a lump sum severance amount equal to the present value of such severance payments (using a discount rate equal to the 90-day treasury bill interest rate in effect on the date of delivery of such election notice).

If a change-in-control (as defined in the employment agreement) occurs, Mr. Emery may terminate his agreement and receive his accrued base salary and other benefits described above through the remaining term of the agreement and an amount equal to three times his average annual bonus during the two years immediately preceding the termination. Mr. Emery would also receive as severance compensation his base salary for a period of five years following the date of termination and may elect to receive from the Company the present value of such payments as a lump sum severance payment (calculated as provided above), which may not be less than three times his base salary. In such event, Mr. Emery is entitled to receive a tax gross-up payment as compensation for any excise tax imposed by Section 280(g) of the Internal Revenue Code which would be required to be paid.

The Company may terminate Mr. Emery's agreement for cause, which is defined to include acts of dishonesty on Mr. Emery's part constituting a felony which has resulted in material injury to the Company and which is intended to result directly or indirectly in substantial gain or personal enrichment to Mr. Emery at the expense of the Company or Mr. Emery's material, substantial and willful breach of the employment agreement which has resulted in material injury to the Company. In the event of Mr. Emery's termination for cause, he shall receive all accrued salary, earned bonus compensation, vested deferred compensation (other than plan benefits which will be payable in accordance with the applicable plan), and other benefits through the date of termination, but shall receive no other severance benefits.

Mr. Emery's agreement may also be terminated if Mr. Emery dies or becomes disabled and his disability continues for a period of 12 consecutive months. In the event of termination of the employment agreement because of Mr. Emery's death or disability, Mr. Emery (or his estate) shall receive his unpaid salary, earned bonus, vested, released, granted or reserved stock awards, vested deferred compensation (other than plan benefits which will be paid in accordance with the applicable plan) and other benefits through the date of termination, but no additional severance except that, if Mr. Emery becomes disabled, the Company will maintain his insurance benefits for the remaining term of his employment agreement.

The Company has agreed to indemnify Mr. Emery for certain liabilities arising from actions taken within the scope of his employment. Mr. Emery's employment agreement contains restrictive covenants pursuant to which Mr. Emery has agreed not to compete with the Company during the period of Mr. Emery's employment and any period following termination of his employment during which he is receiving severance payments except in the event of a change-in-control of the Company.

*Other Executive Officers*

The Company's other officers—Scott W. Holmes, Executive Vice President and Chief Financial Officer; John M. Bryant, Jr., Executive Vice President and General Counsel; and B. Douglas Whitman, II, Executive Vice President and Chief Operating Officer—have employment agreements with the Company that have one-year terms that are automatically extended on January 1 of each year for an additional year. If an employment agreement is terminated for any reason other than for cause or upon the officer's voluntary termination, he is entitled to receive his unpaid salary, earned bonus, vested, released, granted, or reserved stock awards, vested deferred compensation, including the full release of his memorandum account under the 2007 Incentive Plan (other than plan benefits which will be paid in



accordance with the applicable plan), and other benefits through the date of termination. In addition, if a termination not for cause occurs, the officer will receive as severance compensation his base salary for a period of 18 months following the date of termination and an amount equal to twice his average annual bonus during the two years immediately preceding his termination.

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If a change-in-control (as defined in the employment agreement) occurs, the officer may terminate his agreement and receive his accrued base salary and other benefits described above through the termination date, an amount equal to 1.5 times his base salary through the remaining term of the agreement, and an amount equal to two times his average annual bonus during the two years immediately preceding the termination. Each officer may elect to receive from the Company the present value of such payment (calculated in the same manner as for Mr. Emery) as a lump sum severance payment, which may not be less than 1.5 times the base salary. In such event, the officer is entitled to receive a tax gross-up payment as compensation for any excise tax imposed by Section 280(g) of the Internal Revenue Code which would be required to be paid.

The Company may terminate the officer's agreement for cause, which is defined to include material, substantial and willful dishonesty towards, fraud upon, or deliberate injury or attempted injury to, the Company or the officer's material, substantial and willful breach of the employment agreement which has resulted in material injury to the Company. In the event of the officer's termination for cause, he shall receive all accrued salary, earned bonus compensation, vested deferred compensation (other than plan benefits which will be payable in accordance with the applicable plan), and other benefits through the date of termination, but shall receive no other severance benefits.

Each agreement may also be terminated if the officer dies or becomes disabled and his disability continues for a period of 12 consecutive months. In the event of termination of the employment agreement because of the officer's death or disability, the officer (or his estate) shall receive his unpaid salary, earned bonus, vested, released, granted or reserved stock awards, vested deferred compensation (other than plan benefits which will be paid in accordance with the applicable plan) and other benefits through the date of termination, but no additional severance except that, if the officer becomes disabled, the Company will maintain his insurance benefits for the remaining term of his employment agreement.

The Company has agreed to indemnify each of the officers for certain liabilities arising from actions taken within the scope of his employment. Each employment agreement contains restrictive covenants pursuant to which such officer has agreed not to compete with the Company during the period of employment and any period following termination of his employment during which he is receiving severance payments except in the event of a change-in-control of the Company.

The tables below illustrate the compensation that would have been received by each of the Named Executive Officers assuming the officer's employment had terminated on December 31, 2008.

<b>David R. Emery Chairman of Board and Chief Executive Officer</b>	<b>Voluntary Termination</b>	<b>Not for Cause Termination</b>	<b>Change-in- Control</b>	<b>Death or Disability</b>	<b>Retirement</b>
Cash Severance Benefit(1)	\$ 0	\$ 2,428,278	\$ 4,047,130	\$ 0	\$ 0
Retirement Plan Benefits(4)	\$ 0	\$ 13,701,291	\$ 13,701,291	\$ 13,701,291	\$ 13,701,291
Release of 2007 Incentive Plan memorandum account(3)	\$ 0	\$ 387,545	\$ 387,545	\$ 387,545	\$ 387,545
Accelerated Vesting of Restricted Stock(2)	\$ 0	\$ 19,191,401	\$ 19,191,401	\$ 19,191,401	\$ 19,191,401
Potential Excise Tax Gross-Up	\$ 0	\$ 0	\$ 2,612,916	\$ 0	\$ 0
<b>Total Value of Payments</b>	<b>\$ 0</b>	<b>\$ 35,708,515</b>	<b>\$ 39,940,283</b>	<b>\$ 33,280,237</b>	<b>\$ 33,280,237</b>

<b>Scott W. Holmes</b>	<b>Voluntary</b>	<b>Change-in-</b>	<b>Death or</b>
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Executive Vice President and Chief Financial Officer	Not for Cause		Control	Disability	Retirement
	Termination	Termination			
Cash Severance Benefit(1)	\$ 0	\$ 708,495	\$ 708,495	\$ 0	\$ 0
Retirement Plan Benefits(4)	\$ 0	\$ 4,200	\$ 2,800	\$ 0	\$ 0
Release of 2007 Incentive Plan memorandum account(3)	\$ 0	\$ 251,390	\$ 251,390	\$ 251,390	\$ 251,390
Accelerated Vesting of Restricted Stock(2)	\$ 0	\$ 1,434,111	\$ 1,434,111	\$ 1,434,111	\$ 1,434,111
Potential Excise Tax Gross-Up	\$ 0	\$ 0	\$ 167,580	\$ 0	\$ 0
<b>Total Value of Payments</b>	<b>\$ 0</b>	<b>\$ 2,398,196</b>	<b>\$ 2,564,376</b>	<b>\$ 1,685,501</b>	<b>\$ 1,685,501</b>

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<b>John M. Bryant, Jr. Executive Vice President and General Counsel</b>	<b>Voluntary Termination</b>	<b>Not for Cause Termination</b>	<b>Change-in-Control</b>	<b>Death or Disability</b>	<b>Retirement</b>
Cash Severance Benefit(1)	\$ 0	\$ 764,702	\$ 764,702	\$ 0	\$ 0
Retirement Plan Benefits(4)	\$ 0	\$ 4,200	\$ 2,800	\$ 0	\$ 0
Release of 2007 Incentive Plan memorandum account(3)	\$ 0	\$ 192,809	\$ 192,809	\$ 192,809	\$ 192,809
Accelerated Vesting of Restricted Stock(2)	\$ 0	\$ 851,901	\$ 851,901	\$ 851,901	\$ 851,901
Potential Excise Tax Gross-Up	\$ 0	\$ 0	\$ 126,659	\$ 0	\$ 0
<b>Total Value of Payments</b>	<b>\$ 0</b>	<b>\$ 1,813,612</b>	<b>\$ 1,938,871</b>	<b>\$ 1,044,710</b>	<b>\$ 1,044,710</b>

<b>B. Douglas Whitman, II Executive Vice President and Chief Operating Officer</b>	<b>Voluntary Termination</b>	<b>Not for Cause Termination</b>	<b>Change-in-Control</b>	<b>Death or Disability</b>	<b>Retirement</b>
Cash Severance Benefit(1)	\$ 0	\$ 525,164	\$ 525,164	\$ 0	\$ 0
Retirement Plan Benefits(4)	\$ 0	\$ 4,200	\$ 2,800	\$ 0	\$ 0
Release of 2007 Incentive Plan memorandum account(3)	\$ 0	\$ 144,808	\$ 144,808	\$ 144,808	\$ 144,808
Accelerated Vesting of Restricted Stock(2)	\$ 0	\$ 470,469	\$ 470,469	\$ 470,469	\$ 470,469
Potential Excise Tax Gross-Up	\$ 0	\$ 0	\$ 79,831	\$ 0	\$ 0
<b>Total Value of Payments</b>	<b>\$ 0</b>	<b>\$ 1,144,641</b>	<b>\$ 1,223,072</b>	<b>\$ 615,277</b>	<b>\$ 615,277</b>

- (1) This represents the base annual salary at December 31, 2008, payable in equal semi-monthly installments over a period of not less than eighteen months and not longer than sixty months, as outlined in the sections above. In certain events, the officer would have the option of taking the payments in the form of a present valued lump sum.
- (2) Based upon the closing price of \$23.48 per share of Common Stock on the New York Stock Exchange on December 31, 2008.
- (3) Based upon the ending balance at December 31, 2008 of amounts designated to the employee's Long-Term Incentive Program memorandum account maintained under the 2007 Incentive Plan.
- (4) In accordance with the Executive Retirement Plan, amount reflects the present value at December 31, 2008 of potential future annual benefit payments based upon Mr. Emery selecting early retirement. The amounts for the other officers relate to employer contributions under the Company's 401(k) plan.

**DIRECTOR COMPENSATION**

Directors who are employees of the Company receive no additional compensation for their services as directors. David R. Emery is the only employee director on the Company's Board. Each non-employee director receives the following compensation from the Company:

An annual retainer of \$24,000 (the chairpersons of the Audit Committee, the Compensation Committee and the Corporate Governance Committee receive additional annual retainers of \$10,000, \$8,000 and \$6,000, respectively);

A meeting fee of \$1,000 for each Board or committee meeting attended, including any telephonic meeting that lasts more than one hour; and

An annual grant of restricted shares of Company Common Stock. In 2008, each non-employee director received a grant of 2,000 shares. Beginning in 2009, each non-employee director will receive a grant of restricted stock worth \$76,000.

### **Stock Awards**

Each non-employee director receives an automatic grant of restricted shares of the Company's Common Stock at the conclusion of each annual meeting which are restricted for three years from the date of grant. The directors may elect to extend the vesting date of their restricted stock until their separation from service on the Board, so long as such election is made no later than the year prior to the year in which the restricted stock vests. During the

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restricted period, such shares are subject to forfeiture upon the occurrence of certain events. Restricted shares may not be sold, assigned, pledged or otherwise transferred. Subject to the risk of forfeiture and transfer restrictions, directors shall have all rights as shareholders with respect to restricted shares, including the right to vote and receive dividends or other distributions on such shares. As of January 31, 2009, non-employee directors had received an aggregate of 75,173 restricted shares, of which 48,000 shares remain restricted.

**Retirement Plan**

The Company has a Retirement Plan for Outside Directors under which a non-employee director may receive upon normal retirement (defined to be when the director reaches age 65 and has completed at least five years of service as a director) payment annually, for a period equal to the number of years of service as a director (but not to exceed 15 years), an amount equal to the director's annual retainer and meeting fee compensation for the plan year immediately preceding retirement from the Board of Directors. Currently this amount would range between \$33,000 and \$45,000, based upon the 2008 plan year. Pursuant to transition rules under Internal Revenue Code Section 409A, the directors were given an opportunity to elect in 2008 to receive their benefits upon retirement in a lump sum. All of the non-employee directors elected the lump sum payment upon retirement option. Such benefit payments will be made upon retirement to the retired director, his or her beneficiary, or his or her estate in equal quarterly installments for the duration of the applicable payment period. The beneficiary or estate of a director whose death precedes his or her retirement will receive benefits as if the director had retired from the Board of Directors on the day before his or her death.

**Director Compensation Table**

The following table sets forth the 2008 compensation for non-employee directors:

<b>Name</b>	<b>Fees Earned or Paid in Cash</b>	<b>Stock Awards</b>	<b>Change in Pension Value</b>	<b>Total</b>
Batey M. Gresham, Jr.	\$ 35,000	\$ 55,180	\$	\$ 90,180
Dan S. Wilford(1)	\$ 39,000	\$ 55,180	\$ 9,645	\$ 103,825
Charles Raymond Fernandez, M.D.	\$ 34,000	\$ 55,180	\$	\$ 89,180
Errol L. Biggs, Ph.D.	\$ 39,000	\$ 55,180	\$	\$ 94,180
Bruce D. Sullivan(1)	\$ 45,000	\$ 55,180	\$	\$ 100,180
Marliese E. Mooney	\$ 33,000	\$ 55,180	\$	\$ 88,180
Edwin B. Morris III(1)	\$ 42,000	\$ 55,180	\$ 14,354	\$ 111,534
John Knox Singleton	\$ 34,000	\$ 55,180	\$ 13,860	\$ 103,040

(1) Includes fees associated with chairing a Committee.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The Board of Directors recognizes that related party transactions present a heightened risk of conflicts of interest and/or improper valuation (or the perception thereof) and therefore has adopted the following policy in connection with all related party transactions involving the Company.

Under this policy, no transaction between the Company and an officer, director or five percent stockholder (including any immediate family member or controlled entity) shall be allowed unless:

the Corporate Governance Committee has approved the transaction in accordance with the guidelines set forth in the policy and if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party;

the transaction is approved by the disinterested members of the Board of Directors; or

the transaction involves compensation approved by the Compensation Committee.

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No such approval is necessary for:

transactions available to all employees generally; or

transactions involving less than \$5,000 when aggregated with all similar transactions.

The Board of Directors has determined that the Corporate Governance Committee of the Board is best suited to review and approve related party transactions. Accordingly, at each calendar year's first regularly scheduled Corporate Governance Committee meeting, management shall report any related party transactions to be entered into by the Company for that calendar year, including the proposed aggregate value of such transactions if applicable. After review, the Corporate Governance Committee shall approve or disapprove such transactions and, at each subsequently scheduled meeting, management shall update the Corporate Governance Committee as to any material change to those proposed transactions or any new transactions.

The Board of Directors recognizes that situations exist where a significant opportunity may be presented to management or a member of the Board of Directors that may equally be available to the Company, either directly or via referral. Before such opportunity may be consummated by a related party, such opportunity shall be presented to the Corporate Governance Committee for consideration.

All related party transactions shall be disclosed to the full Board of Directors. Related party transactions will be disclosed in the Company's public filings in accordance with applicable federal securities law filings.

Management shall assure that all related party transactions are approved in accordance with any requirements of the Company's financing agreements.

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

During 2008, the following directors served on the Compensation Committee of the Board of Directors: Edwin B. Morris III (chairman); Charles Raymond Fernandez, M.D.; and John Knox Singleton. There are no interlocks among the members of the Compensation Committee.

**GENERAL INFORMATION**

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 19, 2009**

**The Proxy Statement and the Company's 2008 Annual Report to Shareholders are available at <http://www.healthcarerealty.com/2009ProxyMaterials.htm>.** Although Securities and Exchange Commission rules allow issuers to furnish proxy materials to their shareholders on the Internet, you have the right to instruct the Company to provide all future solicitations to you by mail or e-mail. The Company will honor this request until you withdraw it.

**Shareholder Proposals for 2010 Annual Meeting**

Shareholder proposals intended to be presented at the 2010 annual meeting of shareholders must comply with the SEC's proxy rules, be stated in writing and be received by the Company at its executive offices at 3310 West End Avenue, Suite 700, Nashville, Tennessee 37203 not earlier than November 2, 2009 nor later than December 2, 2009, in order to be included in the Proxy Statement and proxy for that meeting. Additionally, the proxy for next year's



annual meeting will confer discretionary authority to vote on any shareholder proposal which the Company receives notice of later than the close of business on December 2, 2009.

**Counting of Votes**

All matters specified in this Proxy Statement will be voted on at the annual meeting by written ballot. Inspectors of election will be appointed, among other things, to determine the number of shares of Common Stock outstanding, the shares of Common Stock represented at the annual meeting, the existence of a quorum and the authenticity, validity and effect of proxies, to receive votes of ballots, to hear and determine all challenges and

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questions in any way arising in connection with the right to vote, to count and tabulate all votes and to determine the result.

The inspectors of election will treat shares represented by proxies that reflect abstentions or broker non-votes as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Abstentions and broker non-votes, however, do not constitute a vote for or against any matter, and thus will be disregarded in the calculation of a plurality or of votes cast.

**Miscellaneous**

The Company will bear the cost of printing, mailing and other expenses in connection with this solicitation of proxies and will also reimburse brokers and other persons holding shares in their names or in the names of nominees for their expenses in forwarding this proxy material to the beneficial owners of such shares. The Company has retained The Altman Group, Inc. to aid in the solicitation. For its services, the Company will pay The Altman Group, Inc. a fee of \$5,000 and reimburse it for certain out-of-pocket disbursements and expenses. Certain of the directors, officers and employees of the Company may, without any additional compensation, solicit proxies in person or by telephone.

Management of the Company is not aware of any matter other than those described in this Proxy Statement which may be presented for action at the meeting. If any other matters properly come before the meeting, it is intended that the proxies will be voted with respect thereto in accordance with the judgment of the person or persons voting such proxies subject to the direction of the Board of Directors.

A copy of the Company's Annual Report has been mailed to all shareholders entitled to notice of and to vote at this meeting.

HEALTHCARE REALTY TRUST INCORPORATED

David R. Emery  
Chairman and Chief Executive Officer

April 1, 2009

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1188-PS-09

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**Healthcare Realty Trust Incorporated  
COMMON STOCK PROXY  
HEALTHCARE REALTY TRUST INCORPORATED  
PROXY FOR ANNUAL MEETING OF SHAREHOLDERS**

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 19, 2009.** The Proxy Statement and the Company's 2008 Annual Report to Shareholders are available at <http://www.healthcarerealty.com/2009ProxyMaterials.htm>.

The undersigned hereby appoints B. Douglas Whitman, II and John M. Bryant, Jr., and either of them, as proxies, with full power of substitution and resubstitution, to vote all of the shares of Common Stock which the undersigned is entitled to vote at the annual meeting of shareholders of Healthcare Realty Trust Incorporated, to be held at 3310 West End Avenue, Suite 700, Nashville, Tennessee, on Tuesday, May 19, 2009, at 10:00 a.m. (local time), and at any adjournment thereof.

**This proxy is being solicited by the Board of Directors and will be voted as specified. If not otherwise specified, the above named proxies will vote (a) FOR the election as directors of the nominees named below and (b) FOR the ratification of the appointment of BDO Seidman, LLP as the Company's independent registered public accounting firm, and (c) in accordance with the recommendations of the Board of Directors on any other matters that may properly come before the meeting.**

1. Election of Class 1 Directors:

	For	Withhold		For	Withhold		For	Withhold
01- Errol L. Biggs, Ph.D.	o	o	02- Charles Raymond Fernandez, M.D.	o	o	03-Bruce D. Sullivan	o	o

*(Continued and to be dated and signed on reverse side)*

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2. Proposal to ratify the appointment of BDO Seidman, LLP as the Company's independent registered public accounting firm.

**FOR**

**AGAINST**

**ABSTAIN**

3. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting or any adjournment thereof.

MARK HERE FOR ADDRESS CHANGE AND NOTE  
AT  
LEFT

MARK HERE IF YOU PLAN TO ATTEND THE  
MEETING

Date:

Signature:

**IMPORTANT**

Please sign exactly as your name or names appear on this proxy and mail promptly in the enclosed envelope. If you sign as agent or in any other capacity, please state the capacity in which you sign.