

VENTAS INC
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April 02, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

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

VENTAS, INC.
(Name of Registrant as Specified In Its Charter)

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

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- y No fee required.
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 - 4) Date Filed:
-

353 North Clark Street
Suite 3300
Chicago, Illinois 60654
(877) 483-6827

April 2, 2015

Dear Ventas Stockholder:

Please join me and the entire Board of Directors at our 2015 Annual Meeting of Stockholders, which will be held on Thursday, May 14, 2015, at our headquarters in Chicago, Illinois. The business we will conduct at the meeting is described in the attached Notice of Annual Meeting of Stockholders and Proxy Statement.

We worked hard in 2014 to continue our commitment to stakeholders and once again delivered superior performance through our strong FFO and dividend growth, the continued expansion and success of our business, and the strength and character of our team. These core consistencies are what define Ventas and place us in the top tier of all companies. So we welcome the opportunity to present you with the information contained in this Proxy Statement and we hope that, after you review it, you will vote at the meeting (either in person or by proxy) in accordance with our Board's recommendations. Your vote is important to us and our business.

If you are voting by proxy, please submit your proxy as soon as possible to ensure your vote is recorded at the Annual Meeting. You may vote by telephone, over the Internet or – if you have requested paper copies of our proxy materials by mail – by signing, dating and returning the proxy card in the envelope provided.

Our Board of Directors greatly appreciates your investment and continued support.

Sincerely,

Debra A. Cafaro

Chairman of the Board and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Thursday, May 14, 2015

8:00 a.m., Local (Central) Time

353 North Clark Street, James C. Tyree Auditorium, Chicago, Illinois 60654

We are pleased to invite you to join our Board of Directors and senior management for Ventas, Inc.'s 2015 Annual Meeting of Stockholders. The Annual Meeting will be held at 8:00 a.m. local (Central) time on Thursday, May 14, 2015, in the James C. Tyree Auditorium, located at 353 North Clark Street, Chicago, Illinois 60654. The purposes of the meeting are:

1. to elect the eleven director nominees named in the Proxy Statement to serve until the 2016 Annual Meeting of Stockholders;
2. to ratify the selection of KPMG LLP as our independent registered public accounting firm for the 2015 fiscal year;
3. to hold an advisory vote to approve our executive compensation; and
4. to transact such other business as may properly come before the meeting or any adjournments or postponements of the meeting.

The Proxy Statement following this Notice describes these matters in detail. We have not received notice of any other proposals to be presented at the Annual Meeting.

Our Board of Directors established March 18, 2015 as the record date for the Annual Meeting. Accordingly, holders of record of shares of our common stock as of the close of business on that date are entitled to vote at the Annual Meeting and any postponements or adjournments of the meeting. We will make available to our stockholders, for ten days prior to the Annual Meeting, a list of stockholders entitled to vote. That list will be available for inspection during normal business hours at our principal executive offices located at 353 North Clark Street, Suite 3300, Chicago, Illinois 60654, and it will also be available at the Annual Meeting.

Please vote your shares promptly by telephone, over the Internet or, if you have requested paper copies of our proxy materials by mail, by signing, dating and returning the proxy card in the envelope provided. Voting your shares prior to the Annual Meeting will not prevent you from changing your vote in person if you choose to attend the meeting.

By Order of the Board of Directors,

Kristen M. Benson

Senior Vice President, Associate General Counsel
and Corporate Secretary

April 2, 2015

Chicago, Illinois

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PROXY STATEMENT

PROXY STATEMENT SUMMARY

We prepared the following summary to highlight important information you will find in this Proxy Statement regarding our 2014 performance and the matters to be considered at the 2015 Annual Meeting of Stockholders. As it is only a summary, please review our Annual Report on Form 10-K for the year ended December 31, 2014 (which we refer to as our “2014 Form 10-K”) and the other information contained in this Proxy Statement before you vote. This Proxy Statement and the materials accompanying it are first being sent to stockholders on or about April 2, 2015.

2014 Performance*

Financial and Operating Performance Highlights

In 2014, we achieved record profits, cash flows and normalized Funds From Operations (“FFO”). We delivered our 12th consecutive year of growth in normalized FFO, which increased 9% to over \$1.3 billion, and our normalized FFO per diluted share rose 8% to \$4.48. Our cash flows from operations increased to \$1.3 billion.

We also delivered outstanding total shareholder return (“TSR”) of 31% for 2014 and compound annual TSR of 14% for the three-year period ended December 31, 2014. For the period from January 1, 2000 through December 31, 2014 (the 15 completed fiscal years of our Chief Executive Officer's tenure), we delivered compound annual TSR of 28.5%, outperforming the S&P 500 index and the RMS index and ranking us first among our compensation peer group. For the ten-year period ended December 31, 2014, we delivered compound annual TSR of 15.4%—the best return among the three largest healthcare REITs.

In 2014, we paid our common stockholders an annual cash dividend of \$2.965 per share, which represents an increase of 8% over 2013 and a compound annual growth rate of 9% over the past ten years.

* See Annex A for reconciliations of certain financial measures presented in this Proxy Statement to the most directly comparable measure computed in accordance with U.S generally accepted accounting principles (“GAAP”).

Investment Highlights

We made over \$5 billion of attractive, accretive investments in seniors housing and healthcare assets in the United States, Canada and the United Kingdom, expanding our balanced, diversified portfolio of high-quality assets to over 1,600 properties. Our 2014 investments included, among other things, the acquisition of:

- ü publicly-traded American Realty Capital Healthcare Trust, Inc. (“HCT”) in a stock and cash transaction (which was completed in January 2015);
- ü 29 seniors housing communities located in Canada that are managed by our largest operator relationship, Atria Senior Living, Inc. (“Atria”);
- ü three high-quality private hospitals located in the United Kingdom operated by a well-regarded hospital provider under a long-term triple-net lease; and
- ü a \$425.0 million secured mezzanine loan investment that has a blended annual interest rate of 8.1%.

Portfolio Highlights

Same-store cash net operating income (“NOI”) for our total portfolio increased 3.9%, expressed in constant currency, year-over-year. Our total seniors housing operating portfolio NOI was \$516.4 million, an increase of 15% over 2013, and same-store seniors housing operating portfolio NOI grew 4.5%, expressed in constant currency, for the 217 properties we owned throughout 2013 and 2014.

In 2014, our proceeds from asset sales and loan repayments exceeded \$175 million, and we generated over \$285 million in free cash flow after dividends and recurring capital expenditures.

We successfully re-leased to Kindred Healthcare, Inc. (“Kindred”), transitioned to new operators or sold 107 of the 108 licensed healthcare assets whose lease terms with Kindred expired in 2014, and we expect to sell the remaining asset during 2015. In addition, we and Kindred reached a mutually beneficial agreement on nine assets and changes to existing leases, which included payment of \$37 million to us in January 2015.

Balance Sheet and Liquidity Highlights

In 2014, we maintained our significant financial strength and flexibility and improved our attractive cost of capital through efficient and nimble access to the capital markets, specifically:

- the issuance and sale in April of \$700 million aggregate principal amount of senior notes with a weighted average interest rate of 2.75% and a weighted average maturity of seven years;
- the issuance and sale in September of CAD 650 million aggregate principal amount of senior notes, with an effective weighted average interest rate of 3.5% and a weighted average maturity of 6.9 years—the largest-ever unsecured debt offering by a REIT in Canada; and
- the issuance and sale of a total of 3.4 million shares of our common stock for aggregate proceeds of \$246 million under our “at-the-market” equity offering program.

These transactions strengthened our liquidity, lengthened and further staggered our debt maturities and lowered our effective annual interest rate, and we ended the year with a solid balance sheet, demonstrated by our fixed charge coverage ratio of 4.7x and net debt to adjusted pro forma EBITDA (earnings before interest, income taxes, depreciation and amortization) of 5.9x.

2014 Executive Compensation

Our executive compensation programs are designed to attract, retain and motivate talented executives, to reward executives for the achievement of pre-established company and tailored individual goals consistent with our strategic plan and to link compensation to company performance. We compensate our executives primarily through base salary, annual cash incentive compensation and long-term equity incentive compensation. Our executive compensation philosophy emphasizes performance-based incentive compensation over fixed cash compensation, so that the vast majority of total direct compensation is variable and not guaranteed. In addition, a significant percentage of incentive compensation is in the form of equity awards granted to reward past performance. Even though these equity awards are fully earned for performance that has already been achieved at the time of grant, a substantial portion of the awards vests over time to provide additional retention benefits and create greater alignment with stockholders. We believe this structure appropriately focuses our executive officers on the creation of long-term value and encourages prudent valuation of risks.

2014 Executive Compensation Decisions

In 2014, our compensation decisions once again reflected strong alignment between pay and performance. In determining the incentive compensation paid to our Named Executive Officers for 2014, our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board rigorously evaluated company and individual performance relative to the pre-established measures and goals under our annual cash and long-term equity incentive plans, noting a high level of achievement overall. As a result of this superior performance, and in alignment with value delivered to stockholders, the 2014 total direct compensation for each of our Named Executive Officers increased year-over-year.

The graph below illustrates our long-term pay-for-performance alignment by comparing our Chief Executive Officer's total direct compensation to our TSR performance (indexed to a 2009 base year) for each of the past five years.

This graph differs from compensation reported in the 2014 Summary Compensation Table in that it aligns the value of long-term equity incentive awards with the performance year for which they were earned, rather than the year in which they were granted (e.g., long-term equity incentive awards granted in January 2015 for 2014 performance are shown in the graph as 2014 compensation), consistent with the manner in which our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board evaluate compensation and pay-for-performance.

2014 Annual Cash Incentive Awards

For 2014, annual cash incentive awards were based on our performance with respect to pre-established company financial goals, specifically normalized FFO per share, excluding non-cash items, and fixed charge coverage ratio at year end (which together accounted generally for 65% of the award opportunity), and the achievement of individual objectives tailored for each Named Executive Officer (which accounted generally for the remaining 35% of the award opportunity).

We exceeded maximum performance with respect to both company financial measures under the 2014 annual cash incentive plan:

COMPANY FINANCIAL PERFORMANCE

Normalized FFO per Share (Cash) (50%): Our normalized FFO per diluted share, excluding non-cash items, for the year ended December 31, 2014 was \$4.36, exceeding the maximum performance goal of \$4.23.

Fixed Charge Coverage Ratio (15%): As of December 31, 2014, our fixed charge coverage ratio was 4.7x, exceeding the maximum performance goal of 4x.

In regard to the tailored individual objectives under the 2014 annual cash incentive plan, each Named Executive Officer achieved between target and maximum performance, depending on his or her unique contributions to our success.

As a result, cash incentive awards granted to our Named Executive Officers for 2014 performance ranged from 89% to 100% of their respective maximum award opportunities.

2014 Long-Term Equity Incentive Awards

For 2014, long-term equity incentive awards were based on our performance with respect to pre-established quantitative measures, specifically one- and three-year relative TSR and net debt to adjusted pro forma EBITDA at year end (which together accounted generally for 50% of the award opportunity), and a qualitative evaluation of our performance with respect to pre-established financial, operational and strategic objectives (which accounted generally for the remaining 50% of the award opportunity).

We achieved between threshold and target performance with respect to the quantitative measures under the 2014 long-term equity incentive plan:

QUANTITATIVE PERFORMANCE MEASURES

One-Year Relative TSR (15%): For the year ended December 31, 2014, our TSR of 31% ranked us 11th out of the 16 companies in our compensation peer group, between the threshold and target performance goals.

Three-Year Relative TSR (20%): For the three-year period ended December 31, 2014, our compound annual TSR of 14% ranked us 12th out of the 16 companies in our compensation peer group, between the threshold and target performance goals.

Net Debt to Adjusted Pro Forma EBITDA (15%): As of December 31, 2014, our net debt to adjusted pro forma EBITDA was 5.9x, between the threshold and target performance goals.

In regard to the qualitative evaluation of our performance under the 2014 long-term equity incentive plan, we achieved near maximum performance overall based on our strong financial and operational results, evidenced primarily by our:

- ü exceptional long-term absolute and relative TSR and robust 31% annual TSR;
- ü record financial results, including normalized FFO per share;
- ü over \$5 billion of accretive acquisitions (including HCT, which was completed in January 2015);
- ü professional and transparent handling of our 2014 re-audit process, which reaffirmed our historical financial results and the integrity of internal controls;
- ü successful recruitment of key new members to our management team;
- ü expert and nimble capital markets execution; and
- ü successful re-leasing or sale of 108 post-acute facilities in our portfolio.

After adjustments to reflect individual contributions, each Named Executive Officer achieved between target and maximum performance under the qualitative portion of our 2014 long-term equity incentive plan.

As a result, long-term equity incentive awards granted to our Named Executive Officers for 2014 performance ranged from 59% to 92% of their respective maximum opportunities.

2014 Compensation Practices at a Glance

- ü DO provide executive officers with the opportunity to earn market-competitive compensation through a mix of cash and equity compensation, with a strong emphasis on performance-based incentive awards
 - ü DO have a robust peer selection process and benchmark executive compensation to target the median of our comparative group of peer companies
 - ü DO align pay and performance by linking a substantial portion of compensation to the achievement of pre-established performance measures that drive stockholder value
 - ü DO evaluate TSR when determining performance under incentive awards to enhance stockholder alignment
 - ü DO cap payouts for awards under our annual cash and long-term equity incentive plans
 - ü DO require executive officers and directors to own and retain shares of our common stock that have significant value to further align interests with our stockholders
 - ü DO enhance executive officer retention with time-based vesting schedules for equity incentive awards earned for prior-year performance
 - ü DO enable Board to “claw back” incentive compensation in the event of a financial restatement pursuant to recoupment policy
 - ü DO prohibit new tax gross-up arrangements under anti-tax gross-up policy
 - ü DO maintain a Compensation Committee comprised solely of independent directors
 - ü DO engage an independent compensation consultant to advise the Compensation Committee on executive compensation matters
- û DO NOT base incentive awards on a single performance measure, thereby discouraging unnecessary or excessive risk-taking
 - û DO NOT provide guaranteed minimum payouts or uncapped award opportunities
 - û DO NOT have employment agreements with executive officers that provide single-trigger change of control benefits
 - û DO NOT provide our Chief Executive Officer with tax gross-ups with respect to payments made in connection with a change of control
 - û DO NOT provide accelerated vesting upon a change of control under the terms of our 2012 Incentive Plan
 - û DO NOT provide executive officers with excessive perquisites or other personal benefits
 - û DO NOT provide executive officers with pension or retirement benefits other than pursuant to a 401(k) plan
 - û DO NOT permit executive officers or directors to engage in derivative or other hedging transactions in our securities
 - û DO NOT permit executive officers or directors to pledge or hold our securities in margin accounts without preapproval by the Audit Committee (no executive officer or director did so at any time during 2014)
 - û DO NOT reprice underwater stock options

2015 Annual Meeting of Stockholders

Voting and Meeting Information

You are entitled to vote at the 2015 Annual Meeting of Stockholders if you were a stockholder of record at the close of business on March 18, 2015, the record date for the meeting. On the record date, there were 330,895,298 shares of common stock issued and outstanding and entitled to vote at the meeting.

Information regarding the meeting date and location is set forth below.

When: Thursday, May 14, 2015, 8:00 a.m. local (Central) time

Where: 353 North Clark Street, James C. Tyree Auditorium, Chicago, Illinois 60654

You may vote at the Annual Meeting through any of the following methods:

(Vote by Telephone: Call (800) 690-6903, 24 hours a day, seven days a week through May 13, 2015

8Vote on the Internet: Visit www.proxyvote.com, 24 hours a day, seven days a week through May 13, 2015

, Vote by Mail: Request, complete and return a copy of the proxy card in the postage-paid envelope provided

I Vote in Person: Request, complete and deposit a copy of the proxy card or complete a ballot at the Annual Meeting
Proposals Requiring Your Vote

Proposal 1 — Election of Directors (see page 63)

The following table provides summary information about our eleven director-nominees, each of whom currently serves on our Board. Age is as of the date of the Annual Meeting. Directors are elected annually by a majority of votes cast in uncontested elections. Our Board recommends that you vote FOR each of the named director-nominees.

Name	Age	Director since	Primary Position	Current Committees**	Principal Skills
Melody C. Barnes*	51	2014	CEO of Melody Barnes Solutions LLC and Chair, Aspen Institute Forum for Community Solutions	—	Public Policy, Government Relations, Strategic Planning and Leadership Development
Debra A. Cafaro	57	1999	Chairman and CEO of Ventas	E; I	Real Estate Industry, Corporate Finance, Mergers and Acquisitions, Capital Markets, Strategic Planning
Douglas Crocker II*†	75	1998	Managing Partner of DC Partners, LLC	C; E; I;	Real Estate Industry, Corporate Finance, Mergers and Acquisitions, Strategic Planning, Executive Compensation, Corporate Governance
Ronald G. Geary*	67	1998	President of Ellis Park Race Course, Inc.	A; N	Healthcare Industry, Corporate Finance, Mergers and Acquisitions, Strategic Planning, Government Relations, Corporate Governance, and Accounting
Jay M. Gellert*	61	2001	President and CEO of Health Net, Inc.	C; I	Healthcare Industry, Mergers and Acquisitions, Strategic Planning, Government Relations, Executive Compensation
Richard I. Gilchrist*	69	2011	Senior Advisor to The Irvine Company	C; N	Real Estate Industry, Mergers and Acquisitions, Strategic Planning, Executive Compensation, Corporate Governance
Matthew J. Lustig	54	2011	Managing Partner of North America Investment Banking and Head of Real Estate, Gaming and Lodging at Lazard Frères & Co. LLC	E	Real Estate Industry, Corporate Finance, Mergers and Acquisitions, Capital Markets, Strategic Planning, International Transactions
Douglas M. Pasquale*	60	2011	Founder and CEO of Capstone Enterprises Corporation; former CEO of Nationwide Health Properties, Inc.	I	Real Estate Industry, Healthcare Industry, Corporate Finance, Mergers and Acquisitions, Strategic Planning
Robert D. Reed*	62	2008	Former Senior Vice President and Chief Financial Officer of Sutter Health	A	Healthcare Industry, Corporate Finance, Strategic Planning, Capital Intensive Operations, Pension Fund Investments
Glenn J. Rufrano*	65	2010	CEO of American Realty Capital Properties Inc.	A; I	Real Estate Industry, Corporate Finance, Strategic Planning, International Operations
	61	2008	Chairman of Omnicare, Inc.	E; N	

James D.
Shelton*

Healthcare Industry, Mergers and
Acquisitions, Strategic Planning,
Capital Intensive Operations,
Government Relations, Executive
Compensation, Corporate
Governance

*Independent Director

Presiding Director

** Abbreviations: A = Audit and Compliance; C = Executive Compensation; E = Executive; I = Investment; N =
Nominating and Corporate Governance. Bold print indicates committee chair.

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Proposal 2 — Ratification of the Selection of KPMG LLP as Our Independent Registered Public Accounting Firm for Fiscal Year 2015 (see page 68)

KPMG audited our financial statements for the year ended December 31, 2014 and has been our independent registered public accounting firm since July 2014. Our Board recommends that you vote FOR the ratification of the selection of KPMG LLP as our independent registered public accounting firm for fiscal year 2015.

Proposal 3 — Advisory Vote to Approve Our Executive Compensation (see page 71)

We submit an advisory vote to approve our executive compensation to our stockholders on an annual basis. Because your vote is advisory, it will not be binding on the Board or our Compensation Committee. However, your vote is important because it will be taken into account when making future decisions relating to executive compensation. Our executive compensation programs are designed to attract, retain and motivate talented executives, to reward executives for the achievement of pre-established company and tailored individual goals consistent with our strategic plan and to link compensation to company performance. We compensate our executives primarily through base salary, annual cash incentive compensation and long-term equity incentive compensation. Our executive compensation philosophy emphasizes performance-based incentive compensation over fixed cash compensation, so that the vast majority of total direct compensation is variable and not guaranteed. In addition, a significant percentage of incentive compensation is in the form of equity awards granted to reward past performance. Even though these equity awards are fully earned for performance that has already been achieved at the time of grant, a substantial portion of the awards vests over time to provide additional retention benefits and create greater alignment with stockholders. We believe this structure appropriately focuses our executive officers on the creation of long-term value and encourages prudent evaluation of risks.

Our Compensation Committee and, with respect to our Chief Executive Officer, the independent members of our Board have carefully evaluated our overall executive compensation program and believe that it is well designed to achieve our objectives of retaining talented executives and rewarding superior performance in the context of our business risk environment. By maintaining a performance- and achievement-oriented environment that provides the opportunity to earn market-competitive levels of compensation, we believe that our executive compensation program is structured optimally to support our goal to deliver sustained, superior returns to stockholders, and our exceptional long-term performance demonstrates the success of this program. For these reasons, our Board recommends that you vote FOR the approval, on an advisory basis, of our executive compensation.

Electronic Document Delivery to Stockholders

Instead of receiving future copies of our Notice of Annual Meeting, Proxy Statement and Annual Report by mail, stockholders of record and most beneficial owners may elect to receive an e-mail that will provide electronic links to these documents. Electronic document delivery saves us the cost of producing and mailing documents and will give you an electronic link to the proxy voting site. It is also more environmentally friendly.

We are making this Proxy Statement and the materials accompanying it available to our stockholders via the Internet, as permitted by Securities and Exchange Commission (“SEC”) rules. We will mail to stockholders a Notice of Internet Availability containing instructions on how to access our proxy materials and how to vote by proxy online. Starting on or about April 2, 2015, we will also mail this Proxy Statement and the materials accompanying it to stockholders who have requested paper copies. If you would like to receive a printed copy of our proxy materials by mail, you should follow the instructions for requesting those materials included in the Notice that we mail to you.

IMPORTANT NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON MAY 14, 2015:

This Proxy Statement, our 2014 Form 10-K and our 2014 Annual Report are available at www.proxyvote.com.

Questions and Answers

More information about proxy voting, proxy materials and attending the Annual Meeting can be found in the “Questions and Answers” section of this Proxy Statement.

ANNUAL MEETING INFORMATION

Quorum

The holders of a majority of the shares of our common stock outstanding as of the close of business on the record date for the Annual Meeting, March 18, 2015, must be present in person or represented by proxy to constitute a quorum to transact business at the Annual Meeting. Stockholders who abstain from voting and broker non-votes are counted for purposes of establishing a quorum. A broker non-vote occurs when a beneficial owner does not provide voting instructions to the beneficial owner's broker or custodian with respect to a proposal on which the broker or custodian does not have discretionary authority to vote.

Who Can Vote

Only Ventas stockholders of record at the close of business on the record date are entitled to vote at the Annual Meeting. As of that date, 330,895,298 shares of our common stock, par value \$0.25 per share, were outstanding. Each share of our common stock entitles the owner to one vote on each matter properly brought before the Annual Meeting. However, certain shares designated as "Excess Shares" (generally any shares owned by a beneficial owner in excess of 9.0% of our outstanding common stock) or as "Special Excess Shares" pursuant to our Amended and Restated Certificate of Incorporation, as amended (our "Charter"), may not be voted by the record owner of those shares and will be voted in accordance with Article IX of our Charter.

A list of all stockholders entitled to vote at the Annual Meeting will be available for inspection by any stockholder for any purpose reasonably related to the meeting at the Annual Meeting and during ordinary business hours for the ten days preceding the meeting at our principal executive offices located at 353 North Clark Street, Suite 3300, Chicago, Illinois 60654.

How to Vote

You may vote your shares in one of several ways, depending on how you own your shares:

Stockholders of Record

If you own shares registered in your name (a "stockholder of record"), you may:

(Vote your shares by proxy by calling (800) 690-6903, 24 hours a day, seven days a week until 11:59 p.m. Eastern time on May 13, 2015. Please have your proxy card in hand when you call. The telephone voting system has easy-to-follow instructions and provides confirmation that the system has properly recorded your vote.

OR

8 Vote your shares by proxy via the website www.proxyvote.com, 24 hours a day, seven days a week until 11:59 p.m. Eastern time on May 13, 2015. Please have your proxy card in hand when you access the website. The website has easy-to-follow instructions and provides confirmation that the system has properly recorded your vote.

OR

- If you have requested or receive paper copies of our proxy materials by mail, vote your shares by proxy by signing, dating and returning the proxy card in the postage-paid envelope provided. If you vote by telephone or over the Internet, you do not need to return your proxy card by mail.

OR

I Vote your shares by attending the Annual Meeting in person and depositing your proxy card at the registration desk (if you have requested paper copies of our proxy materials by mail) or completing a ballot that will be distributed at the Annual Meeting.

Beneficial Owners

If you own shares registered in the name of a broker, bank or other custodian (a "beneficial owner"), follow the instructions provided by your broker, bank or custodian to instruct it how to vote your shares. If you want to vote your shares in person at the Annual Meeting, contact your broker, bank or custodian to obtain a legal proxy or broker's proxy card that you should bring to the Annual Meeting to demonstrate your authority to vote.

If you do not instruct your broker, bank or custodian how to vote, it will have discretionary authority, under current New York Stock Exchange (“NYSE”) rules, to vote your shares in its discretion on the ratification of the selection of KPMG LLP as our independent registered public accounting firm for fiscal year 2015 (Proposal 2). However, your broker, bank or custodian will not have discretionary authority to vote on the election of directors (Proposal 1) or the advisory vote to approve our executive compensation (Proposal 3) without instructions from you. As a result, if you do not provide instructions to your broker, bank or custodian, your shares will not be voted on Proposal 1 or Proposal 3.

Votes by Proxy

All shares that have been properly voted by proxy and not revoked will be voted at the Annual Meeting in accordance with the instructions contained in the proxy. Shares represented by proxy cards that are signed and returned, but do not contain any voting instructions will be voted consistent with the Board’s recommendations:

üFOR the election of all director-nominees named in this Proxy Statement (Proposal 1);

üFOR the ratification of the selection of KPMG LLP as our independent registered public accounting firm for fiscal year 2015 (Proposal 2);

üFOR the approval, on an advisory basis, of our executive compensation (Proposal 3); and

üIn the discretion of the proxy holders, on such other business as may properly come before the Annual Meeting.

OUR BOARD OF DIRECTORS

Our Board provides guidance and oversight with respect to our financial and operating performance, strategic plans, key corporate policies and decisions, and enterprise risk management. Among other matters, our Board considers and approves significant acquisitions, dispositions and other transactions and advises and counsels senior management on key financial and business objectives. Members of the Board monitor our progress with respect to these matters on a regular basis, including through presentations made at Board and committee meetings by our Chief Executive Officer, President, Chief Financial Officer, Chief Investment Officer and other members of senior management.

Criteria for Board Membership

Our Guidelines on Governance set forth the process by which our Nominating and Corporate Governance Committee (the “Nominating Committee”) identifies and evaluates nominees for Board membership. In accordance with this process, the Nominating Committee annually considers and recommends to the Board a slate of directors for election at the next annual meeting of stockholders. In selecting this slate, the Nominating Committee considers the following: incumbent directors who have indicated a willingness to continue to serve on our Board; candidates, if any, nominated by our stockholders; and other potential candidates identified by the Nominating Committee. Additionally, if at any time during the year a seat on the Board becomes vacant or a new seat is created, the Nominating Committee considers and recommends to the Board a candidate for appointment to fill the vacant or newly created seat.

The Nominating Committee considers different perspectives, skill sets, education, ages, genders, ethnic origins and business experience in its annual nomination process, although it has not established a formal policy regarding diversity in identifying potential director candidates. In general, the Nominating Committee seeks to include on our Board a complementary mix of individuals with diverse backgrounds, knowledge and viewpoints reflecting the broad set of challenges that the Board confronts without representing any particular interest group or constituency. The Nominating Committee regularly reviews the size and composition of the Board in light of our changing requirements and seeks nominees who, taken together as a group, possess the skills and expertise appropriate for an effective Board. In evaluating potential director candidates, the Nominating Committee considers, among other factors, the experience, qualifications and attributes listed below and any additional characteristics that it believes one or more directors should possess, based on an assessment of the needs of our Board at that time. Our Guidelines on Governance provide that, in general, nominees for membership on the Board should:

ühave demonstrated management or technical ability at high levels in successful organizations;

übe currently employed in positions of significant responsibility and decision making;

- ü have experience relevant to our operations, such as real estate, REITs, healthcare, finance or general management;
- ü be well-respected in their business and home communities;
- ü have time to devote to Board duties; and
- ü be independent from us and not related to our other directors or employees.

In addition, our directors are expected to be active participants in governing our enterprise, and our Nominating Committee looks for certain characteristics common to all Board members, including integrity, independence, leadership ability, constructive and collegial personal attributes, candor and the ability and willingness to evaluate, challenge and stimulate.

No single factor or group of factors is necessarily dispositive of whether a candidate will be recommended by our Nominating Committee. The Nominating Committee considers and applies these same standards in evaluating individuals recommended for nomination to our Board by our stockholders in accordance with the procedures described in this Proxy Statement under “Requirements for Submission of Stockholder Proposals, Director Nominations and Other Business.” Our Board’s satisfaction of these criteria is implemented and assessed through ongoing consideration of directors and nominees by the Nominating Committee and the Board, as well as the Board’s annual self-evaluation process. Based upon these activities, our Nominating Committee and our Board believe that the director-nominees named in this Proxy Statement satisfy these criteria.

We have from time to time retained search firms and other third parties to assist us in identifying potential candidates based on specific criteria that we provided to them, including the qualifications described above. We may retain search firms and other third parties on similar or other terms in the future.

Director Independence

Our Guidelines on Governance require that at least a majority of the members of our Board meet the criteria for independence under the rules and regulations of the NYSE. For a director to be considered independent under the NYSE’s listing standards, the director must satisfy certain bright-line tests, and the Board must affirmatively determine that the director has no direct or indirect material relationship with us. Not less than annually, our Board evaluates the independence of each non-management director on a case-by-case basis by considering any matters that could affect his or her ability to exercise independent judgment in carrying out the responsibilities of a director, including all transactions and relationships between that director, members of his or her family and organizations with which that director or family members have an affiliation, on the one hand, and us, our subsidiaries and our management, on the other hand. Any such matters are evaluated from the standpoint of both the director and the persons or organizations with which the director has an affiliation. Each director abstains from participating in the determination of his or her independence.

Based on its most recent review, the Board has affirmatively determined that each of the following directors has no direct or indirect material relationship with us and qualifies as independent under the NYSE’s listing standards: Melody C. Barnes, Douglas Crocker II, Ronald G. Geary, Jay M. Gellert, Richard I. Gilchrist, Douglas M. Pasquale, Robert D. Reed, Glenn J. Rufrano and James D. Shelton. Ms. Cafaro is not considered independent under the NYSE listing standards due to her employment as our Chief Executive Officer, and Mr. Lustig is not considered independent under the NYSE listing standards due to his employment by Lazard Real Estate Partners LLC (“LREP”) and Lazard Alternative Investments LLC, whose affiliated entities received proceeds in connection with our December 2012 acquisition of certain private investment funds previously managed by Lazard Frères Real Estate Investors L.L.C. or its affiliates.

In evaluating the independence of Mr. Pasquale, the Board considered his employment with us following our acquisition of Nationwide Health Properties, Inc. (“NHP”) in July 2011. Prior to the acquisition, Mr. Pasquale was Chief Executive Officer of NHP, and he served as Senior Advisor to our Chief Executive Officer from July 1, 2011 through December 31, 2011 to facilitate the integration of NHP with our company. Under the NYSE listing standards, Mr. Pasquale’s former employment relationship with us ceased to impair his independence on January 1, 2015. The Board believes that this former employment relationship will not affect Mr. Pasquale’s ability to exercise independent judgment in carrying out his responsibilities as a member of our Board.

In evaluating the independence of Mr. Reed, the Board considered our ownership of two medical office buildings (“MOBs”) that are 100% leased by Sutter Health and generated approximately \$4.4 million of rent in 2014. Until his retirement on December 31, 2014, Mr. Reed served as Senior Vice President and Chief Financial Officer of

Sutter Health, which has annual revenues in excess of \$9 billion. The Board believes that these business transactions are not considered to be material and this former employment relationship will not affect Mr. Reed's ability to exercise independent judgment in carrying out his responsibilities as a member of our Board. See also "Corporate Governance—Transactions with Related Persons."

Leadership Structure and Independent Presiding Director

Our Board recognizes that one of its key responsibilities is to evaluate and determine its optimal leadership structure so as to provide effective oversight of management and a fully engaged, high-functioning Board. The Board understands that no single approach to Board leadership is universally accepted and that the appropriate leadership structure may vary based on a company's size, industry, operations, history and culture. Consistent with this understanding, our Board, led by our Nominating Committee, annually assesses its leadership structure in light of our operating and governance environment at the time to achieve the optimal model for us and for our stockholders. Following its most recent review, the Board has determined that our existing leadership structure— under which our Chief Executive Officer also serves as Chairman of the Board and a Presiding Director assumes specific responsibilities on behalf of the independent directors—is effective, provides the appropriate balance of authority between those persons charged with overseeing our company and those who manage it on a day-to-day basis and achieves the optimal governance model for us and for our stockholders.

Under our Fourth Amended and Restated By-Laws, as amended (our "By-Laws"), and our Guidelines on Governance, our Board has discretion to determine whether to separate or combine the roles of Chief Executive Officer and Chairman of the Board as part of its leadership structure evaluation. Ms. Cafaro has served in both capacities since 2003, and our Board continues to believe that her combined role is most advantageous to us and our stockholders. Ms. Cafaro possesses extensive knowledge of the issues, opportunities and risks facing us, our business and our industry and has consistently demonstrated the vision and leadership necessary to focus the Board's time and attention on the most critical matters and to facilitate constructive dialogue among Board members on strategic issues. Moreover, the combined roles enable decisive leadership, clear accountability and consistent communication of our message and strategy to all of our stakeholders. These leadership attributes are uniquely important to our company given the value to our business of opportunistic capital markets execution, our history of rapid and significant growth, and our culture of proactive engagement and risk management.

In connection with Ms. Cafaro's service as our Chief Executive Officer and Chairman of the Board, our Guidelines on Governance require that the independent members of our Board, after considering the recommendation of the Nominating Committee, annually select one independent director to serve as Presiding Director, whose specific responsibilities include, among other things, presiding at all meetings of our Board at which the Chairman is not present, including executive sessions and all other meetings of the independent directors. The Presiding Director also serves as liaison between the Chairman and the independent directors, approves information sent to the Board and approves Board meeting agendas and meeting schedules to assure that there is sufficient time for discussion of all agenda items. The Presiding Director has authority to call meetings of the independent directors and, if requested by major stockholders, ensures that he is available for consultation and direct communication with stockholders. In addition, the Presiding Director reviews with our General Counsel potential conflicts of interest and has such other duties as may be assigned from time to time by the independent directors or the Board. Although the Presiding Director is elected on an annual basis, the Board generally expects that he or she will serve for more than one year. Douglas Crocker II, a well-respected and recognized leader in the real estate industry, has served as our Presiding Director since 2003.

Committees

Our Board has five standing committees that perform certain delegated functions for the Board: the Audit and Compliance Committee (the "Audit Committee"); the Compensation Committee; the Executive Committee; the Investment Committee; and the Nominating Committee. Each of the Audit, Compensation and Nominating Committees operates under a written charter that is available in the Corporate Governance section of our website at www.ventasreit.com/investor-relations/corporate-governance. We also provide copies of the Audit, Compensation and Nominating Committee charters, without charge, upon request to our Corporate Secretary at Ventas, Inc., 353 North Clark Street, Suite 3300, Chicago, Illinois 60654. Information on our website is not a part of this Proxy Statement. For additional details regarding the five standing committees of our Board, see "Board Committees," below.

Board and Committee Meetings

Our Board held a total of seven meetings during 2014. Evidencing a strong commitment to our company, each director attended at least 75% of the total meetings of the Board and the committees on which he or she served that were held during 2014. The table below provides current membership and 2014 meeting information for each of our Board committees:

Name	Audit Committee	Compensation Committee	Executive Committee	Investment Committee	Nominating Committee
Melody C. Barnes*					
Debra A. Cafaro			Member	Member	
Douglas Crocker II*†		Member	Chair	Chair	
Ronald G. Geary*	Member				Member
Jay M. Gellert*		Chair		Member	
Richard I. Gilchrist*		Member			Member
Matthew J. Lustig			Member		
Douglas M. Pasquale*				Member	
Robert D. Reed*	Chair				
Glenn J. Rufrano*	Member			Member	
James D. Shelton*			Member		Chair
Total Meetings in 2014	21	8	0	9	1

* Independent Director

†Presiding Director

Our independent directors meet in executive session, outside the presence of management, at each regularly scheduled quarterly Board meeting and at other times as necessary or desirable. The Presiding Director chairs all regularly scheduled executive sessions of the Board and all other meetings of the independent directors. Members of our Audit, Compensation and Nominating Committees also meet in executive session, outside the presence of management, at each regularly scheduled committee meeting and at other times as necessary or desirable.

We strongly encourage, but do not require, directors to attend our annual meetings of stockholders. Nine of the ten directors who were nominated for reelection at our 2014 Annual Meeting of Stockholders attended that meeting.

How to Communicate with Directors

Stockholders and other parties interested in communicating directly with our Board or any director on Board-related issues may do so by writing to Board of Directors, c/o Corporate Secretary, Ventas, Inc., 353 North Clark Street, Suite 3300, Chicago, Illinois 60654, or by submitting an e-mail to bod@ventasreit.com. Additionally, stockholders and other parties interested in communicating directly with the Presiding Director of the Board or with the independent directors as a group may do so by writing to Presiding Director, Ventas, Inc., 353 North Clark Street, Suite 3300, Chicago, Illinois 60654, or by sending an e-mail to independentbod@ventasreit.com. Communications addressed to our Board or individual members of the Board are screened by our Corporate Secretary for appropriateness before distributing to the Board, or to any individual director or directors, as applicable.

AUDIT AND COMPLIANCE COMMITTEE

Our Audit Committee assists our Board in fulfilling its responsibilities relating to our accounting and financial reporting practices, including oversight of the quality and integrity of our financial statements; our compliance with legal and regulatory requirements; the qualifications, independence and performance of our independent registered public accounting firm and the performance of our internal audit function.

The Audit Committee maintains free and open communication with the Board, our independent registered public accounting firm, our internal auditor and our financial and accounting management. Our Audit Committee meets separately in executive session, outside the presence of management, with each of our independent

registered public accounting firm and our internal auditor at each regularly scheduled meeting and at other times as necessary or desirable.

Our Board has determined that each member of the Audit Committee is independent and satisfies the independence standards of the Sarbanes-Oxley Act of 2002 and related rules and regulations of the SEC and the NYSE listing standards, including the additional independence requirements for audit committee members. The Board has also determined that each member of the Audit Committee is financially literate and qualifies as an “audit committee financial expert” for purposes of the SEC’s rules.

EXECUTIVE COMMITTEE

Our Board has delegated to our Executive Committee the power to direct the management of our business and affairs in emergency situations during intervals between meetings of the Board, except for matters specifically reserved for our Board and its other committees. The Executive Committee exercises its delegated authority only under extraordinary circumstances and has not held a meeting since 2002.

EXECUTIVE COMPENSATION COMMITTEE

Our Compensation Committee has primary responsibility for the design, review, approval and administration of all aspects of our executive compensation program. The Compensation Committee reviews the performance of, and makes all compensation decisions for, each of our executive officers other than our Chief Executive Officer. Our Compensation Committee also reviews the performance of, and makes compensation recommendations to the independent members of our Board for, our Chief Executive Officer.

The Compensation Committee meets throughout the year to review our compensation philosophy and its continued alignment with our business strategy and to consider and approve our executive compensation program for the subsequent year. With the assistance of a nationally recognized, independent compensation consultant, the Compensation Committee discusses changes, if any, to the program structure, assesses the appropriate peer companies for benchmarking purposes, sets base salaries and incentive award opportunities, establishes the applicable performance measures and related goals under our incentive plans, evaluates performance in relation to the established measures and goals and determines annual cash and long-term equity incentive awards for our executive officers. Our executive officers provide support to our Compensation Committee by coordinating meeting logistics, preparing and disseminating relevant financial and other information regarding us and the companies in our compensation peer group as a supplement to the comparative market data prepared by our independent compensation consultant and making recommendations with respect to performance measures and related goals. Our Chief Executive Officer attends meetings at the Compensation Committee’s request and recommends to the Compensation Committee compensation changes affecting our other executive officers. However, our Chief Executive Officer plays no role in setting her own compensation. At various times, our General Counsel, our Corporate Secretary and our Chief Human Resources Officer may also attend meetings at the Compensation Committee’s request to act as secretary and record the minutes of the meetings, provide updates on legal developments and make presentations regarding certain organizational matters. Our Compensation Committee meets separately in executive session, without management present, at each regularly scheduled meeting and at other times as necessary or desirable.

The Compensation Committee meets during the first quarter of each year, typically in January, to review the achievement of pre-established performance goals for the prior year, to determine the appropriate annual cash and long-term equity incentive awards for executive officers based on that prior-year performance and, as appropriate, to approve grants of equity awards to our executive officers. Our executive officers provide support to our Compensation Committee in this process, and the Chief Executive Officer makes incentive award recommendations with respect to the other executive officers.

Our Board has determined that each member of the Compensation Committee is independent and satisfies the independence standards of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the related NYSE listing standards, including the additional independence requirements for compensation committee members. The Board has also determined that each member of the Compensation Committee meets the additional requirements for “outside directors” set forth in Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), and “non-employee directors” set forth in Rule 16b-3 under the Exchange Act.

Compensation Committee Interlocks and Insider Participation

During the year ended December 31, 2014, Messrs. Crocker, Gellert, Gilchrist and Shelton served on our Compensation Committee. No member of the Compensation Committee is, or has been, employed by us or our subsidiaries or is an employee of any entity for which any of our executive officers serves on the board of directors.

Independent Compensation Consultant

Under its charter, our Compensation Committee has authority to retain, and approve the terms of engagement and fees paid to, compensation consultants, outside counsel and other advisors that the Compensation Committee deems appropriate, in its sole discretion, to assist it in discharging its duties. Any compensation consultant engaged by our Compensation Committee reports to the Compensation Committee and receives no fees from us that are unrelated to its role as advisor to our Board and its committees. Our Compensation Committee meets regularly with the compensation consultant without management present. Although a compensation consultant may periodically interact with company employees to gather and review information related to our executive compensation program, this work is done at the direction and subject to the oversight of the Compensation Committee. Under the Compensation Committee charter, any compensation consultant retained by our Compensation Committee must be independent, as determined annually by the Compensation Committee in its reasonable business judgment, considering the specific independence factors set forth in Rule 10C-1 under the Exchange Act and all other relevant facts and circumstances. Pearl Meyer & Partners (“PM&P”) has served as our Compensation Committee’s independent compensation consultant since 2006. In 2014, our Compensation Committee retained PM&P to advise it and the independent members of our Board, as applicable, on matters related to our executive compensation levels and program design for 2015. Our Compensation Committee reviews the scope of work provided by PM&P on an annual basis and, in connection with PM&P’s engagement in 2014, determined that PM&P met the independence criteria under the Compensation Committee charter. PM&P and its affiliates did not perform any consulting services unrelated to executive compensation for us during the year ended December 31, 2014, and PM&P’s work for the Board and its committees has raised no conflict of interest.

INVESTMENT COMMITTEE

The function of our Investment Committee is to review and approve proposed acquisitions and dispositions of properties and other investments meeting applicable criteria, in accordance with our Amended and Restated Investment and Divestiture Approval Policy.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Our Nominating Committee oversees our corporate policies and other corporate governance matters, as well as matters relating to the practices and procedures of our Board, including the following: identifying, selecting and recommending to the Board qualified director-nominees; making recommendations to the Board regarding its committee structure and composition; reviewing and making recommendations to the Board regarding non-employee director compensation; overseeing an annual evaluation of the Board and its committees; developing and recommending to the Board a set of corporate governance guidelines and the corporate code of ethics; and generally advising the Board on corporate governance and related matters.

Our Board has determined that each member of the Nominating Committee is independent and satisfies the NYSE listing standards.

CORPORATE GOVERNANCE

Governance Policies

Our Guidelines on Governance reflect the fundamental corporate governance principles by which our Board and its committees operate. These guidelines set forth general practices the Board and its committees follow with respect to structure, function, organization, composition and conduct. These guidelines are reviewed at least annually by the Nominating Committee and are updated periodically in response to changing regulatory

requirements, evolving corporate governance practices, input from our stockholders and otherwise as circumstances warrant.

Our Global Code of Ethics and Business Conduct sets forth the legal and ethical standards for conducting our business to which our directors, officers and employees, including our Chief Executive Officer, our Chief Financial Officer and Acting Chief Accounting Officer, and the directors, officers and employees of our subsidiaries must adhere. Our Global Code of Ethics and Business Conduct covers all significant areas of professional conduct, including employment practices, conflicts of interest, unfair or unethical use of corporate opportunities, protection of confidential information and other company assets, compliance with applicable laws and regulations, political activities and other public policy matters, and proper and timely reporting of financial results. See also “Public Policy Matters.”

Our Guidelines on Governance and our Global Code of Ethics and Business Conduct are available in the Corporate Governance section of our website at www.ventasreit.com/investor-relations/corporate-governance. We also provide copies of our Guidelines on Governance and our Global Code of Ethics and Business Conduct, without charge, upon request to our Corporate Secretary at Ventas, Inc., 353 North Clark Street, Suite 3300, Chicago, Illinois 60654. Waivers from, and amendments to, our Global Code of Ethics and Business Conduct that apply to our Chief Executive Officer, Chief Financial Officer or persons performing similar functions will be timely posted on our website at www.ventasreit.com. The information on our website is not a part of this Proxy Statement.

Transactions with Related Persons

Our written Policy on Transactions with Related Persons requires that any transaction involving us in which any of our directors, officers or employees (or their immediate family members) has a direct or indirect material interest be approved or ratified by the Audit Committee or the disinterested members of our Board. Our Global Code of Ethics and Business Conduct requires our directors, officers and employees to disclose in writing to our General Counsel any existing or proposed transaction in which he or she has a personal interest, or in which there is or might appear to be a conflict of interest by reason of his or her connection to another business organization. Our General Counsel reviews these matters with the Presiding Director to determine whether the transaction raises a conflict of interest that warrants review and approval by the Audit Committee or the disinterested members of the Board. In determining whether to approve or ratify a transaction, the Audit Committee or disinterested members of the Board consider all relevant facts and circumstances available to them and other factors they deem appropriate.

Transactions with Mr. Pasquale

From July 2011 through December 2011, Mr. Pasquale served as Senior Advisor to our Chief Executive Officer to facilitate the integration of NHP with our company. Our agreement with Mr. Pasquale entitled him to receive substantially the same severance benefits that he would have received if he had resigned for “good reason” under his prior employment agreement with NHP. Under the terms of this agreement, in 2014, Mr. Pasquale received approximately \$2.0 million representing certain severance benefits and deferred compensation, as well as continued medical and life insurance coverage and payment of certain dividend equivalent rights. The disinterested members of our Board approved the terms of Mr. Pasquale’s agreement in connection with its approval of the NHP acquisition.

Transactions with Sutter Health

We own two newly developed MOB’s that are 100% leased by Sutter Health under long-term triple-net leases. In 2014, Sutter Health paid us aggregate annual rent of approximately \$4.4 million, which is less than one-tenth of one percent (0.1%) of Sutter Health’s 2014 consolidated gross revenues. Mr. Reed, who served as Senior Vice President and Chief Financial Officer of Sutter Health until his retirement on January 1, 2015, has served as a member of our Board since March 2008. We believe the terms of the leases with Sutter Health are no less favorable to us than those available from an unaffiliated party.

Risk Management

Management has primary responsibility for identifying and managing our exposure to risk, subject to active oversight by our Board of the processes we establish to assess, monitor and mitigate that exposure. The Board, directly and through its committees, routinely discusses with management our significant enterprise risks and reviews the guidelines, policies and procedures we have in place to address those risks, such as our approval process for acquisitions, dispositions and other investments. At Board and committee meetings, directors engage in comprehensive analyses and dialogue regarding specific areas of risk following receipt of written materials and

in-depth presentations from management and third-party experts. This process enables our Board to focus on the strategic, financial, operational, legal, regulatory and other risks that are most significant to us and our business in terms of likelihood and potential impact and ensures that our enterprise risks are well understood, mitigated to the extent reasonable and consistent with the Board's view of our risk profile and risk tolerance.

In addition to the overall risk oversight function administered directly by our Board, each of our Audit, Compensation, Nominating and Investment Committees exercises its own oversight related to the risks associated with the particular responsibilities of that committee:

Our Audit Committee reviews financial, accounting and internal control risks and the mechanisms through which we assess and manage risk, in accordance with NYSE requirements, and has certain responsibilities with respect to our compliance programs, such as our Global Code of Ethics and Business Conduct, our Global Anti-Bribery Policy and our Investigations Policy.

Our Compensation Committee, as discussed in greater detail below, evaluates whether our compensation policies and practices, as they relate to both executive officers and employees generally, encourage excessive risk-taking.

Our Nominating Committee focuses on risks related to corporate governance, board effectiveness and succession planning.

Our Investment Committee is responsible for overseeing certain transaction-related risks, including the review of transactions in excess of certain thresholds, with existing tenants, operators, borrowers or managers, or that involve investments in non-core assets.

The chairs of these committees report on such matters to the full Board at each regularly scheduled Board meeting and other times as appropriate. Our Board believes that this division of responsibilities is the most effective approach for identifying and addressing risk, and through Ms. Cafaro's combined role as Chief Executive Officer and Chairman, our Board leadership structure appropriately supports the Board's role in risk oversight by facilitating prompt attention by the Board and its committees to the significant enterprise risks identified by management in our day-to-day operations.

Compensation Risk Assessment

As part of its risk oversight role, our Compensation Committee annually considers whether our compensation policies and practices for all employees, including our executive officers, create risks that are reasonably likely to have a material adverse effect on our company. In conducting its risk assessment in 2015, the Compensation Committee reviewed a report prepared by management regarding our existing compensation plans and programs, including our severance and change-in-control arrangements, in the context of our business risk environment. In its review, the Compensation Committee noted several design features of our compensation programs that reduce the likelihood of excessive risk-taking, including, but not limited to, the following:

• a balanced mix of cash and equity compensation with a strong emphasis on performance-based incentive awards;

• multiple performance measures selected in the context of our business strategy and often in tension with each other;

• regular review of comparative compensation data to maintain competitive compensation levels in light of our industry, size and performance;

• incentive award opportunities that do not provide minimum guaranteed payouts, are based on a range of performance outcomes and plotted along a continuum, and have capped payouts, subject in all cases to the Compensation Committee's and, in the case of our Chief Executive Officer, the independent Board members' overall assessment of performance;

• equity compensation weighted more heavily towards restricted stock than stock options to provide greater incentive to create and preserve long-term stockholder value;

• equity incentive awards granted for prior-year performance with multi-year vesting schedules to enhance retention;

• minimum stock ownership guidelines that align executive officers with long-term stockholder interests; and

prohibitions on engaging in derivative and other hedging transactions in our securities and restrictions on holding our securities in margin accounts or otherwise pledging our securities to secure loans.

Based on its evaluation, the Compensation Committee has determined, in its reasonable business judgment, that our compensation practices and policies for all employees do not create risks that are reasonably likely to have a material adverse effect on our company and instead promote behaviors that support long-term sustainability and creation of stockholder value.

Public Policy Matters

We are committed to ethical business conduct and expect our directors, officers and employees to act with integrity and to conduct themselves and our business in a way that protects our reputation for fairness and honesty. Consistent with these principles, our Global Code of Ethics and Business Conduct and our Global Anti-Bribery Policy, we have established the policies and practices described below with respect to political contributions and other public policy matters.

Political Contributions and Expenditures

We do not use corporate funds or resources for direct contributions to political candidates, parties or campaigns. Corporate resources include non-financial donations, such as the use of our property in a political campaign or our employees' use of work time and telephones to solicit for a political cause or candidate.

Public Policy Advocacy

We do not have a political action committee. However, we may advocate a position, express a view or take other appropriate action with respect to legislative or political matters affecting our company or our interests. We may also ask our employees to make personal contact with governmental officials or to write letters to present our position on specific issues. Any such advocacy is done in compliance with applicable laws and regulations.

Individual Political Activity

We believe that our directors, officers and employees have rights and responsibilities to participate in political activities as citizens, including voting in elections, keeping informed on political matters, serving on civic bodies and contributing financially to, and participating in the campaigns of, the political candidates of their choice. Accordingly, our directors, officers and employees are not constrained from engaging in political activities, making political contributions, expressing political views or taking action on any political or legislative matter, so long as they are acting in their individual capacity, on their own time and at their own expense. Directors, officers and employees acting in their individual capacity must not give the impression that they are speaking on our behalf or representing our company in such activities.

Relationships with Government Officials

Our directors, officers and employees may not maintain any relationship or take any action with respect to public officials that could impugn our integrity or reputation. In particular, our directors, officers and employees may not offer, promise or give anything of value, including payments, entertainment and gifts, to any government official, employee, agent or other intermediary of the United States government or any domestic or foreign government.

OUR EXECUTIVE OFFICERS

Set forth below is certain biographical information about our executive officers. Ages shown for all executive officers are as of the date of the Annual Meeting.

Name and Position	Age	Business Experience
Debra A. Cafaro Chairman and Chief Executive Officer	57	Ms. Cafaro's biographical information is set forth in this Proxy Statement under "Proposals Requiring Your Vote—Proposal 1: Election of Directors."
John D. Cobb Executive Vice President and Chief Investment Officer	43	Mr. Cobb has been our Executive Vice President, Chief Investment Officer since March 2013, after serving as our Senior Vice President, Chief Investment Officer from 2010 to March 2013. Prior to that, Mr. Cobb was a President and Chief Executive Officer of Senior Lifestyle Corporation, where he led the strategic direction of a 9,000+ unit retirement company with over 3,400 employees. Prior to that, he held various positions with GE Healthcare Financial Services, a division of General Electric Capital Corporation, which is a subsidiary of General Electric Corporation, with the last being Senior Managing Director, where he led a team focused on debt and equity investments of healthcare real estate totaling over \$9 billion. Mr. Cobb has served as a member of the Board of Directors of the National Investment Center for the Seniors Housing & Care Industry. He is currently a member of the Executive Board of the American Seniors Housing Association.
Raymond J. Lewis President	50	Mr. Lewis has been our President since November 2010. He previously served as our Executive Vice President and Chief Investment Officer from 2006 to November 2010 and as our Senior Vice President and Chief Investment Officer from 2002 to 2006. Prior to joining us in 2002, he was managing director of business development for GE Capital Healthcare Financial Services, a division of General Electric Capital Corporation ("GECC"), which is a subsidiary of General Electric Corporation, where he led a team focused on mergers and portfolio acquisitions of healthcare assets. Before that, Mr. Lewis was Executive Vice President of Healthcare Finance for Heller Financial, Inc. (which was acquired by GECC in 2001), where he had primary responsibility for healthcare lending. Mr. Lewis is Chairman Emeritus of the National Investment Center for the Seniors Housing & Care Industry. He is also currently a member of the Executive Board of the American Seniors Housing Association where he serves as Vice Chairman on the Executive Committee.
Todd W. Lillibridge Executive Vice President, Medical Property Operations; President and Chief Executive Officer, Lillibridge Healthcare Services, Inc.	59	Mr. Lillibridge has been our Executive Vice President, Medical Property Operations since July 2010. Mr. Lillibridge also serves as President and Chief Executive Officer of our subsidiary, Lillibridge Healthcare Services, Inc. ("Lillibridge"), where he is responsible for the strategic focus, vision and overall leadership of our MOB operations. Prior to joining Lillibridge's predecessor in 1982, and subsequently establishing Lillibridge & Company, Mr. Lillibridge was employed by Baird & Warner, Inc. of Chicago, Illinois, serving in the real estate finance group and the development division. He is a member of the Economic Club of Chicago and the World Presidents' Organization of Chicago.
Robert F. Probst Executive Vice President, Chief Financial Officer and Acting Chief Accounting Officer	47	Mr. Probst joined us as Executive Vice President, Chief Financial Officer and Acting Chief Accounting Officer in October 2014. Prior to joining us, Mr. Probst served as senior vice president and chief financial officer of Beam Inc., a global spirits distributor, from its inception as an independent, S&P 500 company in October 2011 to its sale to Suntory Holdings Limited in May 2014. Prior to that, he served as senior vice president and chief financial officer of Beam Global Spirits & Wine, Inc., playing a key role in establishing the former unit of Fortune Brands, Inc. as a standalone publicly-traded company. Mr. Probst serves on the boards of the

Chicago Botanic Garden and Camp Kesem, as well as the advisory board of the Duke University Financial Economics program.

Mr. Riney has been our Executive Vice President and General Counsel since 1998, was named our Chief Administrative Officer in 2007 and also served as our Corporate Secretary from 1998 to 2012. From 1996 to 1998, he served as Transactions Counsel for our predecessor, Vencor, Inc. Prior to that, Mr. Riney practiced law with the law firm of Hirn, Reed & Harper, where his areas of concentration were real estate and corporate finance. Mr. Riney serves on the Centre College President's Advisory Council. He is admitted to the Bar in Kentucky and is a member of the National Association of Real Estate Investment Trusts ("NAREIT").

T. Richard Riney
Executive Vice
President, Chief
Administrative Officer
and General Counsel 57

EXECUTIVE COMPENSATION

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the following Compensation Discussion and Analysis and, based on such review and discussion, has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into the 2014 Form 10-K.

COMPENSATION COMMITTEE

Jay M. Gellert, Chair

Douglas Crocker II

Richard I. Gilchrist

James D. Shelton (member through May 15, 2014)

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (“CD&A”) provides a detailed description of our executive compensation philosophy, objectives and programs, the compensation decisions made under those programs and the factors considered by our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board in making those decisions. The CD&A focuses on the compensation of our Named Executive Officers for 2014, who were:

Name	Title
Debra A. Cafaro	Chairman and Chief Executive Officer
Robert F. Probst (1)	Executive Vice President, Chief Financial Officer and Acting Chief Accounting Officer
Richard A. Schweinhart (2)	Former Executive Vice President, Chief Financial Officer and Acting Chief Accounting Officer
Raymond J. Lewis	President
Todd W. Lillibridge	Executive Vice President, Medical Property Operations; President and Chief Executive Officer, Lillibridge Healthcare Services, Inc.
T. Richard Riney	Executive Vice President, Chief Administrative Officer and General Counsel

(1) Mr. Probst joined us as Executive Vice President, Chief Financial Officer and Acting Chief Accounting Officer on October 27, 2014.

(2) Mr. Schweinhart served as Executive Vice President, Chief Financial Officer and Acting Chief Accounting Officer until October 27, 2014 and thereafter as Senior Advisor to the Chief Executive Officer and Merger Integration Leader until his retirement on December 31, 2014.

As in previous years, we awarded compensation to our Named Executive Officers for 2014 based on compensation policies that closely link compensation to performance. These policies, in planned combination, generate rewards for achievement of high-level company and individual performance and discourage excessive short-term risk taking. We believe this balance is essential to align management with the long-term interests of our stockholders.

Executive Summary

Our executive compensation programs are designed to attract, retain and motivate talented executives, to reward executives for the achievement of pre-established company and tailored individual goals consistent with our strategic plan and to link compensation to company performance. We compensate our executives primarily through base salary, annual cash incentive compensation and long-term equity incentive compensation. Our executive compensation philosophy emphasizes performance-based incentive compensation over fixed cash compensation, so that the vast majority of total direct compensation is variable and not guaranteed. In addition, a significant percentage of incentive compensation is in the form of equity awards granted to reward past performance. Even though these equity awards are fully earned for performance that has already been achieved at the time of grant, a substantial portion of the awards vests over time to provide additional retention benefits and create greater alignment with stockholders. We believe this structure appropriately focuses our executive officers on the creation of long-term value and encourages prudent evaluation of risks.

2014 Performance

Our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board view performance for compensatory purposes in two primary ways: (1) financial and operating performance, including results against our growth targets, and (2) returns to stockholders over time, both on an absolute basis and relative to other companies, including S&P 500 companies, large cap REITs and our compensation peer group (see “Compensation Consultant and Benchmarking”).

We delivered exceptional financial and operating performance in 2014, evidenced by the achievement of record profits, cash flows and normalized FFO per share through steadfast execution of our business strategy and building upon our three core strengths: raising capital efficiently, allocating capital wisely and managing our assets productively. We grew internally by increasing cash flows in our same-store portfolio and externally by successfully making over \$5 billion of attractive, accretive investments (including our acquisition of HCT, which was completed in January 2015). We expanded our reach internationally, making an initial investment in the United Kingdom with a well-regarded hospital provider and extending our Atria relationship to Canada. At the same time, we retained our significant financial strength and flexibility and improved our attractive cost of capital through expert and nimble access to capital markets, and we made numerous organizational and process improvements within the company. The 2014 compensation decisions made by our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board reflected our high level of achievement overall with respect to the pre-established measures and goals under our annual cash and long-term equity incentive plans and the differential performance and contributions of our Named Executive Officers to our strong financial and operating performance during the year.

Financial and Operating Performance. Our 2014 financial and operating performance highlights included the following:

- ü We delivered our 12th consecutive year of growth in normalized FFO, which increased 9% to over \$1.3 billion, and our normalized FFO per diluted share rose 8% to \$4.48.

- ü Our cash flows from operations increased to \$1.3 billion, and same-store cash NOI for our total portfolio increased 3.9%, expressed in constant currency year-over-year. We generated over \$285 million in free cash flow after dividends and recurring capital expenditures.

- ü We made over \$5 billion of attractive, accretive investments in seniors housing and healthcare assets in the United States, Canada and the United Kingdom (including our acquisition of HCT, which was completed in January 2015, and a \$425.0 million mezzanine loan investment that has a blended annual interest rate of 8.1%).

- ü We successfully re-leased to Kindred, transitioned to new operators or sold 107 of the 108 licensed healthcare assets whose lease terms with Kindred expired in 2014, and we expect to sell the remaining asset during 2015. In addition, we and Kindred reached a mutually beneficial agreement on nine assets and changes to existing leases, which included payment of \$37 million to us in January 2015.

- ü We expanded our international operations into the United Kingdom, making a \$200 million investment with a well-regarded hospital provider, and we invested \$900 million to extend our Atria relationship into Canada.

- ü We ended the year with a strong balance sheet, demonstrated by our fixed charge coverage ratio of 4.7x and net debt to adjusted pro forma EBITDA of 5.9x at December 31, 2014.

- ü We raised over \$1.5 billion of capital opportunistically, strengthening our liquidity, lengthening and further staggering our debt maturities and lowering our effective annual interest rate, including through a CAD 650 million senior note offering—the largest-ever unsecured debt offering by a REIT in Canada.

- ü We maintained our strong credit rating of BBB+ or equivalent from all three nationally recognized rating agencies.

- ü Our proceeds from asset sales and loan repayments during 2014 exceeded \$175 million.

Returns to Stockholders. Our long history of increasing our dividend and delivering sustained, superior returns to stockholders continued in 2014 with the following:

- ü We delivered robust TSR of 31% for 2014 and compound annual TSR of 14% for the three-year period ended December 31, 2014.

For the period from January 1, 2000 through December 31, 2014 (the 15 completed fiscal years of our Chief Executive Officer's tenure), we delivered compound annual TSR of 28.5%, outperforming the S&P 500 index and the RMS index and ranking us first among our compensation peer group.

For the ten-year period ended December 31, 2014, we delivered compound annual TSR of 15.4%—the best return among the three largest healthcare REITs.

We ranked second among the large-cap healthcare REITs in our peer group as to our one-year TSR of 31%, three-year compound annual TSR of 14% and five-year compound annual TSR of 15%.

We paid our stockholders an annual cash dividend of \$2.965 per share, which represents an increase of 8% over 2013.

Our dividend compound annual growth rates of 7% and 9% for the seven- and ten-year periods ended December 31, 2014 are among the highest of all REITs.

2014 Executive Compensation

In 2014, our compensation decisions once again reflected strong alignment between pay and performance. In determining the incentive compensation paid to our Named Executive Officers for 2014, our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board rigorously evaluated company and individual performance relative to the pre-established measures and goals under our annual cash and long-term equity incentive plans, noting a high level of achievement overall. As a result of this superior performance, and in alignment with value delivered to stockholders, the 2014 total direct compensation for each of our Named Executive Officers increased year-over-year, with the total direct compensation of our Chief Executive Officer increasing 21%.

The table below sets forth total direct compensation (base salary + annual cash incentive award + long-term equity incentive award) of each of our Named Executive Officers for 2014, 2013 and 2012, consistent with the manner in which our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board evaluate executive compensation and pay-for-performance alignment.

Name	Performance Year	Annual Cash Salary	Long-Term Equity Incentive Award				Total Direct Compensation	Year-Over-Year Change		
			Annual Cash Incentive Award	Restricted Stock # of Shares	Value(1)	Stock Options # of Shares			Value(1)	
Debra A. Cafaro	2014	\$ 1,050,000	\$ 3,780,000	55,568	\$ 4,353,258	317,941	\$ 1,865,682	\$ 11,048,940	21	%
	2013	1,000,000	2,974,001	58,812	3,622,850	354,972	1,552,650	9,149,501		
	2012	1,000,000	3,480,000	63,066	4,158,000	175,739	1,782,000	10,420,000		
Robert F. Probst (3)	2014	143,750	323,438	3,836	300,587	21,953	128,823	896,598	N/A	
Richard A. Schweinhart (4)	2014	500,580	1,126,305	—	1,501,740	—	—	3,128,625	35	%
	2013	463,500	924,683	10,513	647,602	63,453	277,544	2,313,329		
	2012	450,000	868,875	11,466	756,000	31,952	324,000	2,398,875		
Raymond J. Lewis	2014	648,900	1,322,134	16,953	1,328,169	97,003	569,215	3,868,418	1	%
	2013	618,000	1,293,165	21,811	1,343,612	131,649	575,834	3,830,611		
	2012	600,000	1,320,000	28,348	1,869,000	78,994	801,000	4,590,000		
Todd W. Lillibridge	2014	461,400	1,004,929	10,690	837,487	61,166	358,923	2,662,739	25	%
	2013	412,000	844,600	9,930	611,696	59,935	262,156	2,130,452		
	2012	400,000	832,821	9,682	638,400	26,982	273,600	2,144,821		
T. Richard Riney	2014	500,580	1,126,305	11,598	908,603	66,360	389,401	2,924,889	22	%
	2013	463,500	957,128	11,171	688,158	67,426	294,925	2,403,711		

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2012 450,000 924,000 12,900 850,500 35,946 364,500 2,589,000

(1) Except as set forth in footnote (4) below, amounts shown represent the full grant date fair value, calculated pursuant to Financial Accounting Standards Board (“FASB”) guidance relating to fair value provisions for share-based payments, of the restricted stock and stock option portions of each Named Executive Officer’s long-term equity incentive award.

(2) Total direct compensation consists of base salary, annual cash incentive awards and long-term equity incentive awards, and therefore excludes amounts shown in the “All Other Compensation” column of the 2014 Summary Compensation Table.

Mr. Probst was appointed our Executive Vice President, Chief Financial Officer and Acting Chief Accounting Officer effective October 27, 2014. His annual base salary of \$575,000 was prorated to reflect his service in 2014, and his 2014 incentive compensation has been prorated at 25%, per his employment agreement. Upon employment, (3) Mr. Probst received a \$1 million, one-time restricted stock award for retention purposes, but this amount is excluded from 2014 total direct compensation because the award was part of a recruitment package and unrelated to 2014 performance. The award will vest in full on the third anniversary of the date of grant.

In light of his retirement on December 31, 2014, Mr. Schweinhart's long-term incentive award for 2014 was (4) granted solely in cash. For purposes of this presentation, the amount of the cash award is shown in the Restricted Stock - Value column.

This table differs from compensation reported in the 2014 Summary Compensation Table in that it reflects the value of our Named Executive Officers' long-term equity incentive awards in the performance year for which they were earned, rather than the year in which they were granted (e.g., long-term equity incentive awards granted in January 2015 for 2014 performance are shown in the table above as 2014 compensation). While compensation reported in the 2014 Summary Compensation Table is useful, the SEC's disclosure rules do not take into account the retrospective nature of our executive compensation program and therefore create a one-year lag between the value of our Named Executive Officers' long-term equity incentive awards and the performance year for which they were earned (e.g., long-term equity incentive awards granted in January 2015 for 2014 performance will not be shown in the Summary Compensation Table until our 2016 Proxy Statement as 2015 compensation). This table supplements, and does not replace, the 2014 Summary Compensation Table.

2014 Base Salary. Following a review of compensation data for peers with substantially similar roles and responsibilities (as described below under "Compensation Consultant and Benchmarking"), each of our Named Executive Officers (other than Mr. Probst) received an increase in base salary for 2014 to remain at or slightly below the market median.

2014 Annual Cash Incentive Awards. Cash incentive awards granted to our Named Executive Officers for 2014 performance ranged from 89% to 100% of their respective maximum award opportunities (or from 131% to 180% of their respective target award opportunities) based on our performance with respect to pre-established company financial measures, specifically normalized FFO per share, excluding non-cash items, and fixed charge coverage ratio (which together accounted for 65% of the award opportunity, or 35% in the case of Mr. Lillibridge, whose 2014 cash incentive award opportunity was also based 40% on the financial performance of our MOB operations), and the achievement of individual objectives tailored for each Named Executive Officer (which accounted for the remaining 35% of the award opportunity, or 25% in the case of Mr. Lillibridge).

We exceeded maximum performance with respect to both company financial measures under the 2014 annual cash incentive plan, and in regard to the tailored individual objectives, each Named Executive Officer achieved between target and maximum performance, depending on his or her unique contributions to our success.

2014 Long-Term Equity Incentive Awards. Long-term equity incentive awards granted generally in the form of restricted stock and stock options to our Named Executive Officers for 2014 performance ranged from 59% to 92% of their respective maximum award opportunities (or from 89% to 119% of their respective target award opportunities), based on our performance with respect to pre-established quantitative measures, specifically one- and three-year relative TSR and net debt to adjusted pro forma EBITDA (which together accounted generally for 50% of the award opportunity), and a qualitative evaluation of our performance with respect to pre-established financial, operational and strategic objectives (which accounted generally for the remaining 50% of the award opportunity). Our Compensation Committee and the independent members of our Board believe that this 50/50 split between formulaic measures and a qualitative evaluation of performance, and the ability to use their discretion in assessing each Named Executive Officer's contribution to our success in preserving long-term stockholder value within acceptable risk levels, provides the appropriate incentive structure and balance to drive long-term stockholder value, while discouraging excessive risk-taking. Our Compensation Committee and the independent members of our Board also believe that, because the grant and value of our long-term equity incentive awards are determined solely by performance achieved through the preceding fiscal year, such awards are fully earned at the time of grant and should not be subject to additional performance-based vesting requirements (even though they do vest over time to provide additional retention benefits and create greater alignment with stockholders). Due to his retirement on December 31, 2014, Mr. Schweinhart's 2014

long-term incentive award was based 100% on qualitative factors related to company performance and transition of the Chief Financial Officer role to Mr. Probst and was paid in cash.

We achieved between threshold and target performance with respect to the quantitative measures under the 2014 long-term equity incentive plan. In regard to the qualitative evaluation of our performance, we achieved near maximum performance overall based on our strong financial and operational results. After adjustments to reflect

individual contributions to our performance, each Named Executive Officer achieved between target and maximum performance under the qualitative portion of our 2014 long-term equity incentive plan.

Pay-for-Performance Alignment

The graph below illustrates our long-term pay-for-performance alignment by comparing our Chief Executive Officer's total direct compensation to our TSR performance (indexed to a 2009 base year) for each of the past five years.

This graph differs from compensation reported in the 2014 Summary Compensation Table in that it aligns the value of long-term equity incentive awards with the performance year for which they were earned, rather than the year in which they were granted (e.g., long-term equity incentive awards granted in January 2015 for 2014 performance are shown in the graph above as 2014 compensation), consistent with the manner in which our Compensation Committee and, with respect to our Chief Executive Officer, the independent members of our Board evaluate compensation and pay-for-performance (as disclosed in the supplemental table above).

Compensation Policies and Practices—Good Governance

Consistent with our commitment to strong corporate governance and responsiveness to our stockholders, in 2014 our Board maintained the following compensation policies and practices to drive performance and serve our stockholders' long-term interests:

ü The structure of our executive compensation program includes a balanced mix of cash and equity compensation with a strong emphasis on performance-based incentive awards.

ü Our Named Executive Officers' incentive award opportunities are capped, and the value of their awards is determined by the Compensation Committee's or the independent Board members' assessment of performance with respect to multiple performance measures, including TSR, that promote stockholder value.

- ü The long-term equity incentive awards earned by our Named Executive Officers for prior-year performance have time-based vesting schedules to enhance retention and alignment with long-term stockholder value.
- ü The competitiveness of our executive compensation program is assessed by comparison to the median of a group of peer companies that are comparable to us in terms of enterprise value, market capitalization and total assets.
- ü Our Compensation Committee is comprised solely of independent directors and annually engages an independent compensation consultant to advise on matters related to our executive compensation program.
- ü Our employment agreements with executive officers do not provide single-trigger change of control benefits, and we prohibit new tax gross-up arrangements under our anti-tax gross-up policy.
- ü We maintain meaningful stock ownership guidelines for our executive officers and non-employee directors that promote a long-term stockholder perspective.
- ü Our Compensation Committee annually reviews and assesses the potential risks of our compensation policies and practices for all employees.
- ü Our recoupment policy enables our Board to “claw back” incentive compensation in the event of a financial restatement.
- ü Our executive officers receive limited perquisites and other personal benefits that are not otherwise generally available to all of our employees.
- ü Our Securities Trading Policy and Procedures prohibits our executive officers and directors from engaging in derivative and other hedging transactions in our securities and restricts our executive officers and directors from holding our securities in margin accounts or otherwise pledging our securities to secure loans without the prior approval of the Audit Committee (no executive officer or director pledged or held our securities in margin accounts at any time during 2014).

2014 Advisory Vote on Executive Compensation and Stockholder Outreach

We submit an advisory vote to approve our executive compensation to our stockholders on an annual basis. At our 2014 Annual Meeting of Stockholders, holders of approximately 90.3% of the shares represented at the meeting voted to approve, on an advisory basis, our executive compensation. We believe the continued support for our compensation program in 2014 reflects:

- ü the strong alignment between our executive pay and performance and over long time periods;
- ü the quantitative alignment between our executive pay and performance, as measured by stockholder advisory groups;
- ü and
- ü our broad stockholder outreach efforts and the enhancements we made, beginning in 2013, to our executive compensation program based on that outreach.

In connection with our 2014 Annual Meeting of Stockholders, we continued our engagement in a broad outreach program to discuss our executive compensation practices with institutional investors that held more than 61% of the outstanding shares of our common stock. Because we value open and constructive dialogue with our stockholders, we formally invited our 30 largest stockholders to provide feedback about our executive compensation philosophy and programs, as well as our corporate governance practices. Based on these discussions and the strong support of our stockholders at our 2014 Annual Meeting of Stockholders, we learned that our stockholders:

- ü generally approve of the overall structure of our executive compensation program, our disclosures regarding the program, the decisions made under the program and the factors considered in making those decisions;
- ü generally support our pay-for-performance alignment; and
- ü generally endorse our corporate governance practices.

Our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board have also continued to evaluate our overall executive compensation program and believe that it is well designed to achieve our objectives of attracting, retaining and motivating talented executives and rewarding superior performance in the context of our business risk environment. Accordingly, our executive compensation program has not changed significantly from that described in our 2014 Proxy Statement.

Objectives of Our Compensation Program

We recognize that effective compensation strategies are critical to recruiting, incenting and retaining key employees who contribute to our long-term success and thereby create value for our stockholders. Accordingly, our compensation program is designed to achieve the following primary objectives:

- ü attract, retain and motivate talented executives;
- ü reward performance that meets or exceeds pre-established company and tailored individual goals consistent with our strategic plan, while maintaining alignment with stockholders;
- ü provide balanced incentives that discourage excessive risk-taking;
- ü retain sufficient flexibility to permit our executive officers to manage risk and adjust appropriately to meet rapidly changing market and business conditions;
- ü evaluate performance by balancing consideration of those measures that management can directly and significantly influence with market forces that management cannot control (such as monetary policy and interest rate expectations), but that impact stockholder value;
- ü encourage executives to become and remain long-term stockholders of our company; and

ii maintain compensation and corporate governance practices that support our goal to deliver sustained, superior returns to stockholders.

We align the interests of our executive officers and stockholders by maintaining a performance- and achievement-oriented environment that provides executives with the opportunity to earn market-competitive levels of cash and equity compensation for strong performance measured against key financial and strategic goals that create long-term stockholder value.

Benchmarking and Comparable Companies

Our Compensation Committee retained PM&P as its independent compensation consultant to advise it and, in the case of our Chief Executive Officer, the independent members of our Board on matters related to our Named Executive Officers' compensation levels and program design for 2014. At the time of engagement, our Compensation Committee reviewed PM&P's independence, determined that PM&P met the independence criteria under the Compensation Committee charter and determined that PM&P's engagement raised no conflict of interest.

For 2014 benchmarking purposes, PM&P provided our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board with comparative market data on compensation practices and programs based on its analysis of a group of peer companies (the "Comparable Companies") and provided guidance on compensation trends and best practices. Using this market data, PM&P advised the Compensation Committee and the independent members of our Board and made recommendations with respect to program design and setting base salaries and incentive award opportunity levels for our executive officers for 2014.

In determining 2014 compensation targets for our Named Executive Officers, our Compensation Committee, in consultation with PM&P, considered the competitive positioning of our executive compensation levels relative to compensation data for the Comparable Companies with respect to the following components of pay: base salary; total annual compensation (base salary plus annual incentive awards); long-term equity incentives (annualized expected value of long-term equity incentive awards) and total direct compensation (base salary plus annual incentive awards and annualized expected value of long-term equity incentive awards). Consistent with our compensation philosophy, our Compensation Committee targeted the median of the Comparable Companies for each of these components. Our 2014 executive compensation program was designed to deliver compensation levels above or below these targets if performance exceeded or failed to achieve the goals established for the annual cash and long-term equity incentive awards. We believe this methodology is appropriate for our operating style and reflects the need to attract, retain and stretch top executive talent.

The group of Comparable Companies consists of REITs similar to us in terms of operations and FFO and generally falling within a range of 40% to 250% of our enterprise value, market capitalization and total assets. Our Compensation Committee annually reviews the Comparable Companies to ensure that their size and operations remain comparable to ours and may change the composition of the group from time to time as appropriate. In August 2013, the Compensation Committee approved the 15 companies identified below as the appropriate Comparable Companies for 2014 compensation purposes. These companies are the same companies used by the Compensation Committee for 2013 compensation purposes, with one exception. After consultation with PM&P, our Compensation Committee replaced Brookfield Office Properties, Inc. ("Brookfield") with American Tower Corp. in order to achieve greater overlap with the peer companies selected by proxy advisory firms and due to Brookfield's domicile and substantial investor base in Canada (later, in June 2014, Brookfield was acquired and ceased to be a public company). The Comparable Companies reported compensation data for executive positions with responsibilities similar in breadth and scope to those of our executive officers, and we believe these companies generally competed with us for executive talent and stockholder investment in 2014.

Compensation Mix

Our executive compensation philosophy promotes a compensation mix that emphasizes variable pay and long-term stockholder value. We believe that an emphasis on incentive compensation creates greater alignment with the interests of our stockholders, ensures that our business strategy is executed by decision-makers in a manner that focuses on the creation of long-term value rather than only short-term results, and encourages prudent evaluation of risks.

Accordingly, our compensation structure is designed such that a significant portion of Named Executive Officers' total direct compensation is in the form of equity awards granted based on past performance that vest over time. Even though these equity awards are fully earned for performance that has already been achieved at the time of grant, the vesting schedule is designed to provide additional retention benefits and create greater alignment with stockholders. The following charts illustrate each Named Executive Officer's base salary, target annual cash incentive compensation and target long-term equity incentive compensation as a percentage of his or her target total direct compensation for 2014. Ms. Cafaro's and Mr. Lewis's target total direct compensation reflect a heavier weight on long-term equity incentive compensation because our Compensation Committee and the independent members of our Board believe that, due to their leadership roles as our Chief Executive Officer and President, respectively, their compensation structures should reflect even greater alignment with our stockholders.

Elements of Our Compensation Program

For 2014, the compensation provided to our executive officers consisted of the same elements generally available to our non-executive officers: base salary; annual cash incentive compensation; long-term equity incentive compensation; and other perquisites and benefits. The overall structure of our executive compensation program has not changed significantly over the past several years in light of the carefully considered feedback we received from our stockholders during that time.

Base Salary

The base salary payable to each Named Executive Officer provides a fixed component of compensation that reflects the executive's position and responsibilities. Base salary is generally targeted to approximate the competitive market median of the Comparable Companies, but may deviate from this target based on an individual's sustained performance, contributions, leadership, experience, expertise and specific roles within our company as compared to the benchmark data. Our Compensation Committee reviews base salaries annually and may make adjustments to better match competitive market levels or to recognize an executive's professional growth and development or increased responsibilities. The Compensation Committee also considers the success of each executive officer in developing and executing our strategic plans, exercising leadership and creating stockholder value.

In determining 2014 base salaries for our Named Executive Officers, our Compensation Committee analyzed base salary information of the Comparable Companies contained in a report prepared by PM&P. Although the Compensation Committee periodically considers information from REIT industry and other compensation surveys, it places primary emphasis on publicly available data from the Comparable Companies' proxy statements and other SEC filings, which is more detailed by individual executive officer position than the data typically provided in compensation surveys.

For 2014, our Compensation Committee and, in the case of the Chief Executive Officer, the independent members of our Board approved the following base salary increases for our Named Executive Officers:

	Base Salary		Year-Over-Year	
	2014	2013	% Change	
Debra A. Cafaro	\$1,050,000	\$1,000,000	5.0	%
Robert F. Probst	575,000	—	N/A	
Richard A. Schweinhart	500,580	463,500	8.0	%
Raymond J. Lewis	648,900	618,000	5.0	%
Todd W. Lillibridge	461,400	412,000	12.0	%
T. Richard Riney	500,580	463,500	8.0	%

With these increases, each Named Executive Officer's 2014 base salary was positioned at or slightly below the market median for the Comparable Companies. Mr. Lillibridge received a somewhat higher percentage increase in base salary in 2014 to more closely align with market competitive levels for his position.

Annual Cash Incentive Compensation — Opportunities, Measures and Actual Performance

We provide our Named Executive Officers with an annual opportunity to earn cash incentive awards for the achievement of pre-established company financial goals and tailored individual objectives. At or prior to the beginning of each performance year, our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board approve specific performance measures, goals and weightings and an award opportunity range (expressed as multiples of base salary and corresponding to threshold, target and maximum levels of performance) for each Named Executive Officer.

Cash incentive awards granted to our Named Executive Officers for 2014 performance ranged from 89% to 100% of their respective maximum award opportunities (or from 131% to 180% of their respective target award opportunities). We exceeded maximum performance with respect to both company financial measures described below that together accounted for 65% of the award opportunity (or 35% in the case of Mr. Lillibridge). Our MOB operations, which accounted for an additional 40% of Mr. Lillibridge's 2014 annual cash incentive award opportunity, achieved between target and maximum performance, based on pre-bonus segment results. In regard to the tailored individual objectives that accounted for the remaining 35% of the award opportunity (or 25% in the case of Mr. Lillibridge), our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board determined that each Named Executive Officer achieved between target and maximum performance, depending on his or her unique contributions to our success.

Award Opportunities. In December 2013 and January 2014 (with respect to Mr. Schweinhart), our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board approved the 2014 annual cash incentive award opportunities for our Named Executive Officers (other than Mr. Probst) shown in the charts above. Mr. Probst's 2014 annual cash incentive award opportunities were determined by the Compensation Committee in connection with his recruitment in September 2014. Messrs. Schweinhart's, Lillibridge's, Riney's and Lewis' threshold, target and maximum cash incentive award opportunities, as multiples of their respective base salaries, were increased from 2013 (from 0.70x, 1.40x and 2.10x, respectively, for Messrs. Schweinhart, Lillibridge and Riney and from 0.75x, 1.50x and 2.25x, respectively, for Mr. Lewis) to position their target total annual compensation closer to the market median for the Comparable Companies. Ms. Cafaro's threshold and target cash incentive award opportunities, as multiples of her base salary, also were increased from 2013 (from 0.80x and 1.60x, respectively) to position her target total annual compensation closer to the market median for the Comparable Companies. Ms. Cafaro's annual cash incentive opportunity structure has greater leverage and a wider range of outcomes than the structures of our other Named Executive Officers in support of the view that the Chief Executive Officer's compensation should be more closely aligned with stockholders than our other executive officers.

Performance Measures and Results. Below is a summary of the annual cash incentive plan measures and goals approved by our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board in December 2013 for 2014 performance, the relative weighting for each performance measure, the reasons why we consider each performance measure to be an important component of our pay-for-performance philosophy, and our results with respect to those measures. Consistent with our compensation philosophy, the 2014 annual cash incentive plan measures and goals were determined taking into consideration our strategic plan and were designed to be challenging, but also to discourage excessive risk-taking. Although these performance measures focus on shorter-term results, they have a counterbalancing effect on each other and incentivize our Named Executive Officers to adjust appropriately to meet rapidly changing market and business conditions in the long-term interests of our stockholders. For 2014, in light of the increasingly competitive acquisition environment, we eliminated the acquisition performance measure from the annual cash incentive plan

and increased the weighting of the normalized FFO per share measure by a corresponding amount to appropriately incentivize our Named Executive Officers to pursue acquisitions in a manner that minimizes risk, maintains our portfolio quality and maximizes stockholder value.

In the first quarter of the year following the performance year, each Named Executive Officer's performance is carefully evaluated with respect to the applicable pre-established measures and goals to determine the earned value of the individual's annual cash incentive award, if any, within the established award opportunity range. For 2014, we exceeded maximum performance with respect to each of the company financial measures, as summarized below.

Normalized FFO Per Share (Cash)

Normalized FFO per share, excluding non-cash items,
for the year ended December 31, 2014

Weighting: 50%*

Goals:

Threshold	\$4.07
Target	\$4.15
Maximum	\$4.23

Why does this measure matter? FFO is a common measure of operating performance for REITs because it excludes, among other items, the effect of gains and losses from real estate sales and real estate depreciation and amortization to allow investors, analysts and management to compare operating performance among companies and across time periods on a consistent basis. A REIT's FFO can have a significant impact on the trading price of its common stock and, therefore, its TSR. Normalized FFO is FFO excluding certain items, such as non-cash income tax items, deal costs and expenses, and gains and losses from marking the value of derivative instruments to market. The maximum performance goal represents a 6% increase over our normalized FFO per share, excluding non-cash items, of \$3.99 for the year ended December 31, 2013.

Result: Exceeded Maximum Performance Goal. Our year-over-year normalized FFO per diluted share, excluding non-cash items, was \$4.36. The variance between our actual results and the pre-established goals determined prior to the beginning of 2014 was largely due to actions led by our Named Executive Officers, including a higher volume of acquisitions and investments than expected through successful business development efforts, a different capital structure at year end than modeled through efficient and opportunistic capital raises, and the receipt of unanticipated fees and payments from certain of our tenants and borrowers through active asset management.

Fixed Charge Coverage (Year End)

Fixed charge coverage ratio as of December 31, 2014

Weighting: 15%*

Goals:

Threshold	3.50x
Target	3.75x
Maximum	4.00x

Why does this measure matter? Fixed charge coverage ratio reflects the strength of our balance sheet and our ability to generate sufficient earnings to meet our debt obligations. A strong ratio of EBITDA-generation compared to fixed payment obligations—one element of our comprehensive risk management program—is especially important for REITs, which are dividend paying and required to distribute to stockholders a substantial portion of their annual income. By maintaining a high fixed charge coverage ratio, we are able to preserve stockholder value, particularly during periods of economic decline, and create additional value for stockholders by continuing to execute on our acquisition strategy. Result: Exceeded Maximum Performance Goal. As of December 31, 2014, our fixed charge coverage ratio was 4.7x. The variance between our actual results and the pre-established goals determined prior to the beginning of 2014 was largely due to actions led by our Named Executive Officers, including a higher volume of acquisitions and investments than expected through successful business development efforts, efficient and opportunistic capital raises, and the receipt of unanticipated fees and payments from certain of our tenants and borrowers through active asset management.

Individual Performance

Individual performance under management

objectives established for each Named Executive Officer

Weighting: 35%*

Goals:

Individual objectives relate to areas of special emphasis within the executive's particular responsibilities and duties, such as achieving certain cost, NOI or revenue targets, completing certain IT systems conversions or installations, or achieving other extraordinary or unusual accomplishments or contributions, in light of our business risk environment.

Why does this measure matter? A review of each Named Executive Officer's annual accomplishments enables our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board to evaluate the specific contributions of the Named Executive Officer to our success and more closely link pay to performance.

Result: Between Target and Maximum Performance. Each of our Named Executive Officers achieved between target and maximum performance with respect to his or her tailored individual objectives. The significant accomplishments considered by our Compensation Committee and the independent members of our Board in determining the individual performance component of our Named Executive Officers' 2014 annual cash incentive awards are summarized below.

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Name	Accomplishments
Debra A. Cafaro	<ul style="list-style-type: none"> ü Drove outstanding financial and operating results consistent with plan, including superior 31% TSR for the year ended December 31, 2014, strong growth of normalized FFO per share and superior same-store cash flow growth. ü Spearheaded and oversaw more than \$5 billion of accretive, attractive investments and expert and opportunistic capital raises. ü Maintained and continued building a strong executive leadership team, including recruitment of Mr. Probst as Chief Financial Officer and Edmund M. Brady III as Chief Human Resources Officer. ü Energized Ventas brand recognition through engagement with organizations, events and media, creating extended visibility for our company in the healthcare, corporate and philanthropic communities and earning exceptional leadership recognition from the Harvard Business Review, Institutional Investor and NAREIT. ü Led successful re-audit process to minimize potential impact on us and toward enhancement of our reputation for strong ethics and integrity.
Robert F. Probst	<ul style="list-style-type: none"> ü Supported development of 2015-2017 financial model and drivers. ü Led development and drivers of best practices for foreign exchange and interest rate risk management policies. ü Assessed organizational needs and established plan to implement improvements in financial processes, capabilities and tools. ü Met key stakeholders and led a strategic initiative.
Richard A. Schweinhart	<ul style="list-style-type: none"> ü Managed our liquidity and strengthened our balance sheet through leadership role on financing transactions, while maintaining the stability of our credit ratings and extending our reach to new capital markets (including completion of inaugural unsecured debt offering in Canada). ü Enhanced risk management and implemented key process improvements, including oversight of successful implementation of new accounting system and improved asset management systems. ü Led creation of highly effective financial team across accounting, capital markets, treasury and information technology departments and strengthened internal controls. ü Facilitated prompt completion of re-audit, which reaffirmed historical financial results and integrity of internal controls, and re-established access to capital markets. ü Successfully transitioned Chief Financial Officer duties.
Raymond J. Lewis	<ul style="list-style-type: none"> ü Managed property portfolio to optimize internal cash flow growth, including substantial performance in the MOB segment. ü Oversaw successful process of Kindred lease renewals and property re-tenanting to replace all of the rent from expiring leases and sales or transitions of almost all properties to new operators and improved performance after transition. ü Implemented organizational and process improvements in property management and asset management departments and ensured effective compliance monitoring and management of those groups; recruited top-flight talent for asset management department.
Todd W. Lillibridge	<ul style="list-style-type: none"> ü Spearheaded disposition activity. ü Propelled strong financial performance of MOB segment, including same-store cash NOI growth of 3.8%. ü Achieved new leasing targets, including 2014 year-end MOB occupancy rate of 91.7%. ü Managed infrastructure and organization improvements toward greater efficiency, including strategic reductions in corporate headcount. ü Developed an MOB segment-wide strategy for the holding, sale, repositioning, redevelopment or recapitalization of individual properties.

- T. Richard Riney
- ü Managed legal negotiations, documentation and due diligence for more than \$5 billion of investments through January 2015.
 - ü Supervised all legal aspects of capital markets activities, including senior notes offerings and ongoing maintenance of “at-the-market” equity offering program.
 - ü Strengthened integrity and compliance program, including through the creation or enhancement of critical policies and procedures.
 - ü Managed all legal aspects related to the prior auditor and re-audit process.
 - ü Responsible for all legal aspects of the successful sale or transition of certain post-acute facilities to replacement operators.

Our MOB operations also achieved near maximum performance based on pre-bonus segment results, accounting for 40% of Mr. Lillibridge’s 2014 cash incentive award.

Earned Awards. Based on the performance summarized above, in January 2015, our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board approved 2014 cash incentive awards ranging from 89% to 100% of the Named Executive Officers' respective maximum award opportunities (or from 131% to 180% of their respective target award opportunities). The dollar value of each Named Executive Officer's award is set forth in the "Non-Equity Incentive Plan Compensation" column of the 2014 Summary Compensation Table.

Long-Term Equity Incentive Compensation — Opportunities, Measures and Performance

Our Compensation Committee believes that a substantial portion of each Named Executive Officer's compensation should be in the form of long-term equity incentive compensation. While the annual cash incentive plan rewards management actions that positively impact short-and mid-term performance, equity incentive awards encourage management to create and sustain stockholder value over longer periods because their value is directly attributable to changes in the price of our common stock over time. In addition, equity awards promote management retention because their full value cannot be realized until vesting occurs, which generally requires continued employment for multiple years. At or prior to the beginning of each performance year, our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board approve specific performance measures, goals and weightings and an award opportunity range (expressed as multiples of base salary and corresponding to threshold, target and maximum levels of performance) for each Named Executive Officer.

Unlike other companies that grant equity awards on a prospective basis prior to performance, our long-term equity incentive plan is retrospective in nature, such that equity awards are granted following the satisfaction of specified performance goals. Similar to our annual cash incentive awards, the grant and value of our long-term equity incentive awards are approved at the beginning of each fiscal year and determined solely by performance achieved through the preceding fiscal year. If threshold performance has not been achieved with respect to a performance goal for a particular performance period, the portion of the long-term equity incentive awards based on that performance goal is not granted for that period. Therefore, at the time of their grant, our long-term equity incentive awards have been fully earned and are not subject to additional performance-based vesting requirements. Although these awards do vest over multiple years to provide additional retention benefits and create greater alignment with stockholders, our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board believe that the imposition of performance-based vesting requirements would be inequitable and hinder the competitiveness of our executive compensation program. Because of the retrospective nature of our long-term equity incentive plan and the SEC's disclosure rules, the 2014 long-term equity incentive awards granted to our Named Executive Officers (other than Mr. Schweinhart, whose award was paid in cash due to his retirement on December 31, 2014) do not appear in the 2014 Summary Compensation Table, but will be reflected in next year's Summary Compensation Table as restricted stock and stock option awards granted in 2015.

Long-term equity incentive awards granted generally in the form of restricted stock and stock options to our Named Executive Officers for 2014 performance ranged from 59% to 92% of their respective maximum award opportunities (or from 89% to 119% of their respective target award opportunities). We achieved between threshold and target performance with respect to the quantitative measures described below that together accounted generally for 50% of the award opportunity. In regard to the qualitative evaluation of our performance with respect to the financial, operational and strategic objectives described below that accounted generally for the remaining 50% of the award opportunity, we achieved near maximum performance overall based on our strong financial and operational results. After adjustments to reflect individual contributions, our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board determined that each Named Executive Officer achieved between target and maximum performance under the qualitative portion of our 2014 long-term equity incentive plan. The aggregate long-term equity incentive awards granted to our Named Executive Officers for 2014 performance approximated the target level. Ms. Cafaro's 2014 long-term equity incentive award also approximated the target level and represented 79% of her maximum award opportunity, compared to her long-term equity incentive awards for the prior five years, which averaged 89% of her maximum award opportunity. Reflecting strong stockholder alignment and our emphasis on pay-for-performance, TSR had a significant impact on our Named Executive Officers' 2014 long-term equity incentive awards as it (a) generally constituted 35% of the award opportunity (or 70% of the quantitative performance measures) and (b) was a key consideration in the qualitative evaluation of our performance

with respect to specified objectives. Due to Mr. Schweinhart's retirement on December 31, 2014, his 2014 long-term incentive award was based solely on a qualitative evaluation of

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performance that took into account, among other things, our relative and absolute TSR and the smooth transition of the Chief Financial Officer role to Mr. Probst.

Award Opportunities. In December 2013 and January 2014 (with respect to Mr. Schweinhart), our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board approved the 2014 long-term equity incentive award opportunities for our Named Executive Officers (other than Mr. Probst) shown in the charts above. Mr. Probst's 2014 long-term equity incentive award opportunities were determined by our Compensation Committee in connection with his recruitment in September 2014. Messrs. Schweinhart's, Lillibridge's and Riney's threshold, target and maximum long-term equity incentive award opportunities, as multiples of their respective base salaries, were increased from 2013 (from 1.00x, 2.00x and 3.00x, respectively) to position their target total direct compensation closer to the market median for the Comparable Companies and to provide a similar range of upside and downside opportunity around target. Ms. Cafaro's threshold and target long-term equity incentive award opportunities and Mr. Lewis' threshold long-term equity incentive award opportunity, as multiples of their respective base salaries, also were increased from 2013 (from 2.25x and 4.50x, respectively, for Ms. Cafaro and from 1.65x for Mr. Lewis) to position their target total direct compensation closer to the market median for the Comparable Companies and to provide a more similar range of upside and downside opportunity around target.

At the target levels shown above, each Named Executive Officer's 2014 target total direct compensation was positioned near or slightly below the market median of the Comparable Companies. Ms. Cafaro's and Mr. Lewis's long-term equity incentive structures have greater leverage and a wider range of outcomes than the structures of our other Named Executive Officers in support of the view that our Chief Executive Officer's and President's compensation should be even more closely aligned with stockholders than our other executive officers.

Performance Measures and Results. Below is a summary of the 2014 long-term equity incentive plan measures and goals approved by our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board, in December 2013, the relative weighting for each performance measure, the

reasons we consider each performance measure to be an important component of our pay-for-performance philosophy, and our results with respect to those measures and goals. Although our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board retain discretion to determine overall performance under the qualitative portion of our long-term equity incentive plan, many of the specific performance factors are evaluated based on objective, quantifiable measures. Our Compensation Committee and the independent members of our Board believe that this 50/50 split between formulaic measures and a qualitative evaluation of performance, and the ability to use their discretion in assessing each Named Executive Officer's contribution to our success in preserving long-term stockholder value within acceptable risk levels, provides the appropriate incentive structure and balance to drive long-term stockholder value and discourage excessive risk-taking. For future performance periods, they will continue to evaluate our long-term equity incentive plan in the context of our overall executive compensation program, our business needs and feedback from our stockholders.

In the first quarter of the year following the performance year, each Named Executive Officer's performance is carefully evaluated with respect to the applicable pre-established measures and goals in the context of the macroeconomic environment and conditions in the healthcare REIT industry to determine the earned value of the individual's long-term equity incentive award, if any, within the established award opportunity range.

One-Year Relative TSR

Our TSR for the one-year period ended December 31, 2014
relative to the TSR of the Comparable Companies for the same period

Weighting: 15%

Goals:

Threshold	25th percentile
Target	50th percentile
Maximum	80th percentile

Why does this measure matter? TSR is the most direct measure of our creation and preservation of stockholder value. By relying on a relative measure of our TSR performance, our Board mitigates the impact of broader market or industry trends that do not directly reflect our actual performance.

Result: Between Threshold and Target Performance Goals. For the year ended December 31, 2014, our robust TSR of 31% ranked us 11th among the Comparable Companies, at the 33rd percentile.

Three-Year Relative TSR

Our TSR for the three-year period ended December 31, 2014
relative to the TSR of the Comparable Companies for the same period
Weighting: 20%

Goals:

Threshold	25th percentile
Target	50th percentile
Maximum	80th percentile

Why does this measure matter? Same as for one-year TSR, but we place greater weight on three-year TSR performance to reflect our focus on long-term stockholder value and mitigate the impact of temporary fluctuations in our stock price that are not present over longer time periods.

Result: Between Threshold and Target Performance Goals. For the three-year period ended December 31, 2014, our compound annual TSR of 14% ranked us 12th among the Comparable Companies, slightly above the 25th percentile.

Metric Three: Net Debt to EBITDA (Year End)

Net debt to adjusted pro forma EBITDA as of December 31, 2014
Weighting: 15%

Goals:

Threshold	6.00x
Target	5.75x
Maximum	5.50x

Why does this measure matter? Net debt to adjusted pro forma EBITDA reflects the strength of our balance sheet and our ability to generate sufficient earnings to meet our debt obligations. A strong balance sheet— one element of our comprehensive risk management program—is especially important for REITs, which are required to distribute to stockholders a substantial portion of their annual income. By maintaining financial strength, we are able to preserve stockholder value, particularly during periods of economic decline, and create additional value for stockholders by continuing to execute on our acquisition strategy.

Result: Between Threshold and Target Performance Goals. As of December 31, 2014, our net debt to adjusted pro forma EBITDA was 5.9x.

Qualitative Evaluation of Specified Objectives

Qualitative evaluation of specified financial, operational and strategic objectives subject to Compensation Committee and independent Board members discretion

Weighting: 50%

2014 Performance Factors:

Absolute and Relative TSR

Enterprise Risk Management

Value Creating Refinancing

Reinforce Culture of Excellence, Collaboration and Results Driven

High Performance Team

Process Improvement

Optimization of Same-Store Cash Flow Growth

Succession Planning and Organizational Improvement

Value Creating Dispositions

Values, Reputation and Industry Leadership

Why do these measures matter? Focus areas are selected to drive long-term stockholder value and discourage excessive risk-taking with the ability to recognize individual contributions.

Result: Near Maximum Performance. Our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board evaluated our performance with respect to the specified objectives and other factors described below, noting a high level of achievement. After adjustments to reflect individual contributions, our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board determined that each Named Executive Officer achieved between target and maximum performance under the qualitative portion of our 2014 long-term equity incentive plan.

In their qualitative evaluation, our Compensation Committee and the independent members of our Board did not assign a specific weight to any single factor, but recognized our strong financial and operational results, evidenced primarily by: our exceptional long-term absolute and relative TSR (described below) and robust 31% absolute annual TSR; over \$5 billion of accretive acquisitions (including HCT, which was completed in January 2015); record financial results, including normalized FFO; professional and transparent handling of our 2014 re-audit process, which reaffirmed our historical financial results and the integrity of internal controls; successful recruitment of key new members to our management team; expert and nimble capital markets execution; and successful re-leasing or sale of 108 post-acute facilities in our portfolio. Specifically, our long track record of delivering superior returns to stockholders included:

- our 28.5% compound annual TSR for the period from January 1, 2000 through December 31, 2014 (the 15 completed fiscal years of our Chief Executive Officer's tenure), which outperformed the Comparable Companies, the S&P 500 index and the RMS index;

- our 15.4% compound annual TSR for the ten-year period ended December 31, 2014, which ranked us first among the three largest healthcare REITs;

- our compound annual TSR of 31%, 14% and 15% for the one-, three- and five-year periods ended December 31, 2014, respectively, which placed us second among the large-cap healthcare REITs in our peer group;

- an 8% increase in the dividend we paid to our stockholders in 2014; and

- our compound dividend annual growth rates of 7% and 9% for the seven- and ten-year periods ended December 31, 2014, which are among the highest of all REITs.

Our other accomplishments considered by our Compensation Committee and independent members of our Board were:

- ü 3.9% same-store total portfolio cash flow growth, expressed in constant currency;
- ü generation of over \$285 million in free cash flow after dividends and recurring capital expenditures;
- ü expansion of our international operations into the United Kingdom and extension of our Atria relationship into Canada;
- ü Ms. Cafaro's external recognition by Harvard Business Review, Institutional Investor, Jim Cramer and NAREIT for exceptional long-term performance and leadership;
- ü our strong credit rating of BBB+ or equivalent from all three nationally-recognized rating agencies;
- ü over \$175 million in proceeds from asset sales and loan repayments during 2014; and
- ü improvements in business processes enterprise-wide and implementation of a state-of-the-art accounting system.

Earned Awards. Based on the performance summarized above, in January 2015, our Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board approved 2014 long-term equity incentive awards ranging from 59% to 92% of the Named Executive Officers' respective maximum award opportunities (or from 89% to 119% of their respective target award opportunities). With the exception of Mr. Schweinhart, whose 2014 long-term incentive compensation was granted in cash due to his retirement on December 31, 2014, the long-term incentive compensation granted to our Named Executive Officers for 2014, similar to prior years, consisted of equity awards in the form of stock options (30%) and shares of restricted stock (70%) granted pursuant to our 2012 Incentive Plan. Our Compensation Committee believes that restricted stock, which is the most prevalent form of long-term equity incentive compensation among the Comparable Companies, provides a stronger incentive to create and preserve long-term stockholder value and, therefore, weighted the 2014 long-term equity incentive awards more heavily toward restricted stock.

The shares of restricted stock and stock options granted to our Named Executive Officers in January 2015 for 2014 performance vest in three equal annual installments, beginning on the date of grant. The stock options have a ten-year term, and the stock option exercise price is the closing price of our common stock on the date of grant.

Shares of restricted stock and stock options are granted to our Named Executive Officers (other than the Chief Executive Officer) on the date that our Compensation Committee meets to review our performance and determine the value of the long-term equity incentive awards. Shares of restricted stock and stock options are granted to our Chief Executive Officer on the date that the independent members of our Board meet to review and approve the Compensation Committee's recommendations with respect to the value of the Chief Executive Officer's long-term equity incentive award. Typically, these meetings of our Compensation Committee and the independent members of our Board are held on the same day.

Other Benefits and Perquisites

Our executive compensation program focuses on the elements described above, with extremely limited provision of perquisites. Our Named Executive Officers are generally eligible to participate in the same benefit programs that we offer to other employees, which in 2014, included the following:

- ü health, dental and vision insurance (of which we paid 90% of the premium in 2014);
- ü short-term disability, long-term disability and life insurance coverage (at no cost to the employee); and
- ü participation in a 401(k) plan (to which we made matching contributions up to 3.5% of the employee's base salary, up to the federal limit, in 2014).

We believe these benefits are competitive with overall market practices. In addition, we provide certain limited perquisites and other benefits to attract and retain superior employees for key positions. The only perquisites and benefits provided to our Named Executive Officers in 2014 that were not otherwise available to all employees consisted of supplemental disability and life insurance coverage, including reimbursement for taxes relating to that life insurance coverage, for Ms. Cafaro and reimbursement for the cost of parking for Mr. Lillibridge. Our Compensation Committee periodically reviews the perquisites and other personal benefits provided to each Named Executive Officer and has determined that they are consistent with current market practice. Except for the eligibility

to participate in, and our matching contributions to, the 401(k) plan, as described above, we do not provide our Named Executive Officers with any retirement benefits.

Severance Benefits

Our Named Executive Officers are entitled to receive severance benefits under existing agreements upon certain qualifying terminations of employment (subject to any required payment delay pursuant to Section 409A of the Code). Generally, these severance arrangements support executive retention and continuity of management and provide replacement income if an executive is terminated involuntarily other than for cause.

None of our executive officers is entitled to severance benefits solely upon a change of control of our company. Moreover, our Chief Executive Officer is not entitled to any tax gross-ups with respect to payments made in connection with a change of control. Although longstanding legacy arrangements with Messrs. Lewis and Riney provide certain tax gross-ups with respect to payments made in connection with a change of control, no such gross-up payment would have been payable to any of our Named Executive Officers under the scenarios and assumptions presented under “Potential Payments Upon Termination or Change of Control” in this Proxy Statement. At the time we entered into each of those arrangements, our Compensation Committee considered the potential severance benefits, including any potential tax gross-up, to be necessary to attract and retain top executives and, based on the market compensation analyses of the Compensation Committee’s independent compensation consultant, to be consistent with then-current competitive market practices. Our employment agreement with Mr. Lillibridge, entered into in 2010, and our Employee Protection and Non-Competition Agreement with Mr. Probst, entered into in 2014, do not provide for any tax gross-up payments in connection with a change of control.

In 2013, consistent with our commitment to strong corporate governance and responsiveness to our stockholders, our Board adopted a policy against tax gross-up arrangements, which formalized our existing practice of not entering into new tax gross-up arrangements with our executive officers.

Tax Considerations

Section 162(m) of the Code places a limit of \$1 million on the amount of compensation that we may deduct in any year with respect to each Named Executive Officer other than our Chief Financial Officer, unless the compensation is performance-based compensation and meets certain other requirements, as described in Section 162(m) and the related regulations. Although we consider the impact of Section 162(m), as well as other tax and accounting consequences, when developing and implementing our executive compensation programs, our Compensation Committee retains flexibility to make compensation decisions that do not meet the requirements for deductibility under Section 162(m) when it considers it appropriate or necessary to do so. In addition, due to ambiguities and uncertainties as to the interpretation and application of Section 162(m) of the Code, no assurances can be given that compensation would satisfy the requirements for deductibility under Section 162(m), even if intended to do so. Accordingly, our Compensation Committee may approve compensation that exceeds the \$1 million limit or does not otherwise meet the requirements of Section 162(m).

Minimum Share Ownership Guidelines for Executive Officers

Our minimum share ownership guidelines require each executive officer to maintain a minimum equity investment in our company based upon a multiple (five times, in the case of the Chief Executive Officer, and three times, in the case of all other executive officers) of his or her base salary at the time his or her compliance with the guidelines is evaluated. Each executive officer must achieve the minimum equity investment within five years from the date he or she first becomes subject to the guidelines and, until that time, must retain at least 60% of the shares of our common stock granted to the executive officer or purchased by the executive officer through the exercise of stock options. The independent members of our Board annually review each executive officer’s compliance with the guidelines as of July 1. All of our executive officers (other than Mr. Probst, who is still subject to the transition period) are currently in compliance with the minimum share ownership guidelines. Except as described above, our minimum share ownership guidelines and our 2012 Incentive Plan do not specify a minimum holding period for stock options, restricted stock or other equity grants.

Recoupment Policy

In 2014, our Board adopted a Policy for Recoupment of Incentive Compensation that allows us to recapture amounts paid to our executive officers under certain circumstances. Under this policy, our Compensation Committee may require an executive officer to repay all or a portion of any excess cash or equity incentive compensation he or she received during the preceding three-year period if the incentive compensation was based on achieving certain financial results that were later required to be restated due to our material noncompliance with any financial reporting requirement.

Following the SEC's adoption of final rules regarding executive compensation recoupment policies pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, we will review our recoupment policy and make any changes necessary to comply with the final rules.

Compensation Tables

2014 Summary Compensation Table

The following table sets forth the compensation awarded or paid to, or earned by, each of our Named Executive Officers during 2014, 2013 and 2012, which includes equity incentive awards granted in each such year that were earned for performance in the prior year (for supplemental information regarding the total direct compensation earned by our Named Executive Officers for 2014 performance, see “Compensation Discussion and Analysis—Executive Summary” above):

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards(1) (\$)	Option Awards(1) (\$)	Non-Equity Incentive Plan Compensation(2) (\$)	All Other Compensation(3) (\$)	Total (\$)
Debra A. Cafaro Chairman of the Board and Chief Executive Officer	2014	\$1,050,000	\$—	\$3,622,850	\$1,552,650	\$3,780,000	\$60,518	\$10,066,018
	2013	1,000,000	—	4,158,000	1,782,000	2,974,001	46,040	9,960,041
	2012	1,000,000	—	4,611,600	1,976,400	3,480,000	71,319	11,139,319
Robert F. Probst (4) Executive Vice President, Chief Financial Officer and Acting Chief Accounting Officer	2014	143,750	—	1,000,000	—	323,438	1,485	1,468,673
Richard A. Schweinhart (5) Former Executive Vice President and Chief Financial Officer	2014	500,580	—	647,602	277,544	2,628,045	9,672	4,063,443
	2013	463,500	—	756,000	324,000	924,683	9,497	2,477,680
	2012	450,000	—	854,700	366,300	868,875	9,238	2,549,113
Raymond J. Lewis President	2014	648,900	—	1,343,612	575,834	1,322,134	9,672	3,900,152
	2013	618,000	—	1,869,000	801,000	1,293,165	9,497	4,590,662
	2012	600,000	—	1,725,570	739,530	1,320,000	39,537	4,424,637
Todd W. Lillibridge Executive Vice President, Medical Property Operations; President and Chief Executive Officer, Lillibridge Healthcare Services, Inc.	2014	461,400	—	611,696	262,156	1,004,929	14,580	2,354,761
	2013	412,000	—	638,400	273,600	844,600	31,495	2,200,095
	2012	400,000	—	630,000	270,000	832,821	39,434	2,172,255
T. Richard Riney Executive Vice President, Chief Administrative Officer and General Counsel	2014	500,580	—	688,158	294,925	1,126,305	9,672	2,619,640
	2013	463,500	—	850,500	364,500	957,128	9,497	2,645,125
	2012	450,000	—	800,100	342,900	924,000	9,238	2,526,238

(1) The amounts shown in the Stock Awards and Option Awards columns reflect the full grant date fair value of the restricted stock and stock options granted to our Named Executive Officers in 2014, 2013 and 2012 for prior-year performance (with the exception of Mr. Probst, who received a one-time restricted stock award as part of his recruitment package), calculated pursuant to FASB guidance relating to fair value provisions for share-based payments. See Note 12 of the Notes to Consolidated Financial Statements included in the 2014 Form 10-K for a

discussion of the relevant assumptions used in calculating grant date fair value. For further information on these awards, see the 2014 Grants of Plan-Based Awards Table and 2014 Outstanding Equity Awards at Fiscal Year-End Table in this Proxy Statement. In accordance with SEC rules, restricted stock and stock options granted in 2015 to our Named Executive Officers for 2014 performance are not shown in the 2014 Summary Compensation Table but will be shown in the 2015 Summary Compensable Table.

- (2) The amounts shown in the Non-Equity Incentive Plan Compensation column reflect annual cash incentive awards earned by our Named Executive Officers for performance in 2014, 2013 and 2012.

The amounts shown in the All Other Compensation column for 2014 include supplemental disability insurance premiums (in the amount of \$46,848) and supplemental life insurance premiums paid on behalf of Ms. Cafaro; group term life insurance premiums paid on behalf of our Named Executive Officers; reimbursement for the payment of taxes relating to such group term life insurance for Ms. Cafaro (in the amount of \$586); our matching contributions to the Named Executive Officers' 401(k) plan accounts (except for Mr. Probst, in the amount of \$9,100 for each Named Executive Officer, and in the amount of \$1,438 in the case of Mr. Probst); and reimbursement for the cost of parking for Mr. Lillibridge.

- (3) Mr. Probst was appointed our Executive Vice President, Chief Financial Officer and Acting Chief Accounting Officer effective October 27, 2014. His annual base salary of \$575,000 was prorated to reflect his service in 2014. Upon employment, Mr. Probst received a \$1 million, one-time restricted stock award for retention purposes. The award will vest in full on the third anniversary of the date of grant.
- (4)

- The amount shown in the Non-Equity Incentive Plan Compensation column for Mr. Schweinhart for 2014 includes (5) the value of his long-term incentive award granted in 2015 for performance in 2014 (\$1,501,740), but paid in cash rather than in shares of restricted stock due to his retirement on December 31, 2014.

2014 Grants of Plan-Based Awards Table

The following table provides additional information relating to grants of plan-based awards made to our Named Executive Officers during 2014:

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)	
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Budget (\$)	Maximum (\$)					
Debra A. Cafaro	—	(5)	\$ 1,260,000	\$ 2,100,000	\$ 3,780,000	\$—	\$—	\$—	—	—	\$—	\$—
	—	(6)	—	—	—	3,990,000	6,000,000	875,000	—	—	—	—
	1/29/2014	(7)	—	—	—	—	—	—	58,812	—	—	3,622,850
	1/29/2014	(7)	—	—	—	—	—	—	354,972	61.60	1,552,650	—
Robert F. Probst	—	(5)	143,750	215,625	323,438	—	—	—	—	—	—	—
	—	(6)	—	—	—	251,563	359,375	467,188	—	—	—	—
	10/27/2014	—	—	—	—	—	—	—	14,836	—	—	1,000,000
Richard A. Schweinhart	—	(5)	500,580	750,870	1,126,305	—	—	—	—	—	—	—
	—	(6)	—	—	—	876,015	1,251,450	1,626,885	—	—	—	—
	1/29/2014	(7)	—	—	—	—	—	—	10,513	—	—	647,602
	1/29/2014	(7)	—	—	—	—	—	—	63,453	61.60	277,544	—
Raymond J. Lewis	—	(5)	681,345	1,005,795	1,492,470	—	—	—	—	—	—	—
	—	(6)	—	—	—	1,492,470	1,370,370	1,012,055	—	—	—	—
	1/29/2014	(7)	—	—	—	—	—	—	21,811	—	—	1,343,612
	1/29/2014	(7)	—	—	—	—	—	—	131,649	61.60	575,834	—
Todd W. Lillibridge	—	(5)	461,400	692,100	1,038,150	—	—	—	—	—	—	—
	—	(6)	—	—	—	807,450	1,153,500	1,099,550	—	—	—	—
	1/29/2014	(7)	—	—	—	—	—	—	9,930	—	—	611,696
	1/29/2014	(7)	—	—	—	—	—	—	59,935	61.60	262,156	—
T. Richard Riney	—	(5)	500,580	750,870	1,126,305	—	—	—	—	—	—	—
	—	(6)	—	—	—	876,015	1,251,450	1,626,885	—	—	—	—
	1/29/2014	(7)	—	—	—	—	—	—	11,171	—	—	688,158
	1/29/2014	(7)	—	—	—	—	—	—	67,426	61.60	294,925	—

The amounts shown reflect shares of restricted stock granted to our Named Executive Officers. These shares vest in three equal annual installments beginning on the date of grant, except for Messrs. Schweinhart's and Probst's (1) shares of restricted stock, which will vest or were scheduled to vest in full on the third anniversary of the date of grant. The vesting of Mr. Schweinhart's shares of restricted stock was accelerated upon his retirement on December 31, 2014 in accordance with the terms of the applicable award agreement.

(2)

The stock options vest in three equal annual installments beginning on the date of grant, except for Mr. Schweinhart's options, which were scheduled to vest in full on the third anniversary of the date of grant. The vesting of Mr. Schweinhart's options was accelerated upon his retirement on December 31, 2014 in accordance with the terms of the applicable award agreement.

- (3) The stock option exercise price equals the closing price of our common stock on the date of grant. The amounts shown reflect the full grant date fair value of the awards calculated pursuant to FASB guidance regarding fair value provisions for share-based payments. See Note 12 of the Notes to Consolidated Financial Statements included in our 2014 Form 10-K for a discussion of the relevant assumptions used in calculating grant date fair value.
- (4) The amounts shown represent each Named Executive Officer's threshold, target and maximum annual cash incentive opportunities for performance in 2014. These opportunities were approved by our Compensation Committee and, in the case of our Chief Executive Officer, by the independent members of our Board in December 2013 (for the Named Executive Officers other than Messrs. Schweinhart and Probst), January 2014 (for Mr. Schweinhart) and September 2014 (for Mr. Probst). The actual amount of each Named Executive Officer's award is based on the achievement of certain performance measures as discussed in our CD&A. The annual cash incentive awards earned by our Named Executive Officers for performance in 2014 were granted in January 2015 and paid during the first quarter of 2015. Such earned awards are shown in the "Non-Equity Incentive Plan Compensation" column of the 2014 Summary Compensation Table.
- (5) The amounts shown represent each Named Executive Officer's threshold, target and maximum long-term equity incentive opportunities for performance in 2014. These opportunities were approved by our Compensation Committee and, in the case of our Chief Executive Officer, by the independent members of our Board in December 2013 (for the Named Executive Officers other than Messrs. Schweinhart and Probst),
- (6)

January 2014 (for Mr. Schweinhart) and September 2014 (for Mr. Probst). The actual amount of each Named Executive Officer's award is based on the achievement of certain performance measures as discussed in our CD&A. Except for Mr. Schweinhart, the long-term equity incentive awards earned by our Named Executive Officers for performance in 2014 were granted in January 2015 in the form of restricted stock (70%) and stock options (30%). Such earned equity awards will be reported as restricted stock and stock option grants made during 2015 and are not included in the 2014 Grants of Plan-Based Awards Table above; however, these awards are shown in the table under "Earned Compensation of Our Named Executive Officers for 2014, 2013 and 2012 Performance" in the CD&A. Mr. Schweinhart's long-term equity incentive award for 2014 was paid in cash rather than in shares of restricted stock and stock options due to Mr. Schweinhart's retirement on December 31, 2014.

(7) The amounts shown reflect the long-term equity incentive awards granted as restricted stock and stock options to our Named Executive Officers in January 2014 for 2013 performance.

2014 Outstanding Equity Awards at Fiscal Year-End Table

The following table sets forth information regarding equity-based awards granted to our Named Executive Officers that were outstanding at December 31, 2014:

	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units That Have Not Vested (1) (#)	Market Value of Shares or Units That Have Not Vested (2) (\$)		Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)
Debra A. Cafaro	70,193	—	—	\$ 41.54	1/22/2018	—	\$ —	—	\$ —
	17,767	—	—	28.96	1/21/2019	—	—	—	—
	171,350	—	—	44.56	1/20/2020	—	—	—	—
	171,906	—	—	53.46	1/24/2021	—	—	—	—
	182,560	—	—	55.69	1/18/2022	—	—	—	—
	117,160	58,579	—	65.93	1/23/2023	—	—	—	—
	118,324	236,648	—	61.60	1/29/2024	—	—	—	—
	—	—	—	—	—	121,403	8,704,595	—	—
	—	—	—	—	—	—	—	55,568	(3) 4,353,258
	—	—	317,941	(3) 78.34	(3) 1/21/2025	(3) —	—	—	1,865,682
Robert F. Probst	—	—	—	—	—	14,836	1,063,741	—	—
	—	—	—	—	—	—	—	3,836	(3) 300,587
	—	—	21,953	(3) 78.34	(3) 1/21/2025	(3) —	—	—	128,823
Richard A. Schweinhart (1)	31,195	—	—	53.50	12/31/2016	—	—	—	—
	33,835	—	—	55.69	12/31/2016	—	—	—	—
	31,952	—	—	65.93	1/23/2023	—	—	—	—
	63,453	—	—	61.60	1/29/2024	—	—	—	—
	—	—	—	—	—	—	—	—	1,501,740
Raymond J. Lewis	68,310	—	—	55.69	1/18/2022	—	—	—	—
	52,663	26,331	—	65.93	1/23/2023	—	—	—	—
	43,883	87,766	—	61.60	1/29/2024	—	—	—	—
	—	—	—	—	—	23,989	1,720,041	—	—

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	—	—	—	—	—	—	—	16,953	(3) 1,328,169
	—	—	97,003	(3) 78.34	(3) 1/21/2025	(3) —	—	—	569,215(3)
Todd W. Lillibridge	7,962	—	—	53.50	1/20/2021	—	—	—	—
	24,939	—	—	55.69	1/18/2022	—	—	—	—
	17,988	8,994	—	65.93	1/23/2023	—	—	—	—
	19,979	39,956	—	61.60	1/29/2024	—	—	—	—
	—	—	—	—	—	—	37,627	2,697,856	—
	—	—	—	—	—	—	—	10,690	(3) 837,487(3)
	—	—	61,166	(3) 78.34	(3) 1/21/2025	(3) —	—	—	358,923(3)
T. Richard Riney	10,161	—	—	44.56	1/20/2020	—	—	—	—
	29,220	—	—	53.50	1/20/2021	—	—	—	—
	31,673	—	—	55.69	1/18/2022	—	—	—	—
	23,964	11,982	—	65.93	1/23/2023	—	—	—	—
	22,476	44,950	—	61.60	1/29/2024	—	—	—	—
	—	—	—	—	—	—	11,747	842,260	—
	—	—	—	—	—	—	—	11,598	(3) 908,603(3)
	—	—	66,360	(3) 78.34	(3) 1/21/2025	(3) —	—	—	389,401(3)

Outstanding option and restricted stock awards vest in three equal annual installments beginning on the date of grant and outstanding options expire on the tenth anniversary of the date of grant, except for: 152,934 shares of restricted stock granted to Ms. Cafaro on March 22, 2011, which vest in five equal annual installments beginning on March 22, 2012; 14,836 shares of restricted stock granted to Mr. Probst on October 27, 2014, which vest in full (1) on the third anniversary of the date of grant; 10,208 stock options granted to Mr. Lewis on March 16, 2011, which expire on January 20, 2021; and 111,122 shares of restricted stock granted to Mr. Lillibridge on July 1, 2010, which vest 15%, 15%, 20%, 25% and 25% on the first, second, third, fourth and fifth anniversaries, respectively, of the date of grant. Accordingly, the options and shares of restricted stock shown in these columns vest (or have vested) as follows:

		Ms. Cafaro		Mr. Probst		Mr. Lewis		Mr. Lillibridge		Mr. Riney	
		Options	Shares	Options	Shares	Options	Shares	Options	Shares	Options	Shares
2015	January 23	58,579	21,022			26,331	9,449	8,994	3,227	11,982	4,300
	January 29	118,324	19,604			43,883	7,270	19,978	3,310	22,475	3,724
	March 22		30,587								
	July 1								27,780		
2016	January 29	118,324	19,604			43,883	7,270	19,978	3,310	22,475	3,723
	March 22		30,586								
2017	October 27				14,836						

Upon his retirement on December 31, 2014, all of Mr. Schweinhart's outstanding options and shares of restricted stock granted under our 2012 Incentive Plan vested in accordance with the terms of the applicable award agreements.

Our Named Executive Officers are generally entitled to dividends paid on unvested shares of restricted stock.

(2) For purposes of the table, the market value of restricted stock that has not vested is determined by multiplying the number of shares by \$71.70, the closing price of our common stock on December 31, 2014.

(3) The amounts shown represent the 2014 long-term equity incentive awards for our Named Executive Officers, which had not been granted as of December 31, 2014. The 2014 long-term equity incentive awards consisted of restricted stock (70%) and stock options (30%).

(4) In light of Mr. Schweinhart's retirement on December 31, 2014, his long-term equity incentive award for 2014 was granted solely in cash; however, for purposes of this presentation, the cash amount is shown in the Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested column, as well as in the Non-Equity Incentive Plan Compensation column of the 2014 Summary Compensation Table.

2014 Options Exercised and Stock Vested Table

The following table sets forth information regarding the value realized by our Named Executive Officers pursuant to the vesting or exercise of equity-based awards during 2014:

Name	Option Awards(1)		Stock Awards(1)	
	Number of Shares Acquired Upon Exercise (#)	Value Realized Upon Exercise (\$)	Number of Shares Acquired Upon Vesting (#)	Value Realized Upon Vesting(2) (\$)
Debra A. Cafaro	447,613	\$ 13,199,294	98,815	\$ 6,006,349
Robert F. Probst	—	—	—	—
Richard A. Schweinhart	150,779	5,431,573	23,272	1,574,568
Raymond J. Lewis	—	—	27,048	1,658,319
Todd W. Lillibridge	—	—	38,088	2,419,231
T. Richard Riney	—	—	12,813	785,657

If a Named Executive Officer used share withholding to pay the exercise price of options or to satisfy the tax (1) obligations with respect to the option exercise or the vesting of restricted stock, the number of shares acquired and the value realized were less than the amounts shown.

(2) The amounts shown in this column reflect the value of the vested shares based on the closing price of our common stock on the vesting date.

Employment and Severance Agreements with Named Executive Officers

We are party to the following employment and severance agreements with our Named Executive Officers:

- a second amended and restated employment agreement with Ms. Cafaro dated March 22, 2011 (the “Cafaro Employment Agreement”);
- an offer letter to Mr. Probst dated September 16, 2014, and an employee protection and non-competition agreement with Mr. Probst dated September 16, 2014 (collectively, the “Probst Employee Protection Agreement”);
- an employment agreement with Mr. Lewis dated September 18, 2002, as amended (the “Lewis Employment Agreement”);
- an employment agreement with Mr. Lillibridge dated July 1, 2010 (the “Lillibridge Employment Agreement”); and
- an amended and restated employment agreement with Mr. Riney dated July 31, 1998, as amended (the “Riney Employment Agreement”), and an amended and restated change-in-control severance agreement with Mr. Riney dated March 22, 2011 (the “Riney Severance Agreement”).

In addition, prior to his retirement on December 31, 2014, we were party to an amended and restated employment agreement with Mr. Schweinhart dated December 31, 2004, as amended (the “Schweinhart Employment Agreement”). On December 31, 2014, we entered into a consulting agreement with Mr. Schweinhart, pursuant to which he agreed to provide certain consulting services for us generally for the period from January 1, 2015 through March 31, 2015. Mr. Schweinhart is no longer entitled to any benefits or payments under the Schweinhart Employment Agreement. Under these agreements, our Named Executive Officers are or were (in the case of Mr. Schweinhart) entitled to receive severance benefits upon certain qualifying terminations of employment (subject to any required payment delay pursuant to Section 409A of the Code). At the time we entered into each of the agreements, the Compensation Committee and, in the case of our Chief Executive Officer, the independent members of our Board considered the potential severance benefits, including any potential tax gross-up, to be necessary to attract and retain top executives and, generally based on market compensation analyses of the Compensation Committee’s independent compensation consultant, to be consistent with then current competitive market practices. Neither the Lillibridge Employment Agreement nor the Probst Employee Protection Agreement provides for any tax gross-up payments in connection with a change of control, and in 2013, consistent with our commitment to strong corporate governance and responsiveness to stockholders, we formalized our existing practice of not entering into new tax gross-up arrangements with our executive officers.

Cafaro Employment Agreement

The Cafaro Employment Agreement provides Ms. Cafaro with an annual base salary of not less than \$915,000 and eligibility to participate in our incentive and other employee benefit plans. The Cafaro Employment Agreement also requires that we provide Ms. Cafaro with \$2 million of life insurance coverage and executive disability coverage that would provide annual benefits of at least 100% of her base salary. Under the Cafaro Employment Agreement, the term of Ms. Cafaro’s employment will continue until terminated or the Cafaro Employment Agreement is amended. Upon termination of Ms. Cafaro’s employment for any reason, Ms. Cafaro will be subject to noncompetition and nonsolicitation restrictions for a period of one year, as well as certain confidentiality and nondisparagement restrictions.

Under the terms of the Cafaro Employment Agreement, Ms. Cafaro is entitled to the benefits summarized below upon the event specified. Under certain circumstances, Ms. Cafaro’s severance payments or other benefits are subject to reduction such that there will be no taxes imposed upon her by Section 4999 of the Code or any similar state or local tax.

Termination For Cause* or Without Good Reason*

- None

Change of Control* Without a Termination of Employment**

- None

Termination Other Than For Cause or With Good Reason

(In connection with a Change of Control or otherwise)

- Prorated portion of Target Bonus* for year of termination
- 3x sum of (x) base salary in effect, plus (y) Target Bonus for year of termination
- Full vesting of all restricted stock, stock options and other performance-related compensation (assuming maximum individual and company performance)
- Continuation of medical, dental, life and disability insurance benefits for two years
- Outplacement services, including executive office space and an executive secretary, for one year following termination, with an aggregate cost not to exceed \$50,000

Death/Disability**

- Prorated portion of Target Bonus for year of termination
- Continuation of medical and dental insurance benefits for two years (disability only)

“Cause” means Ms. Cafaro’s: (1) conviction of or plea of nolo contendere to a crime involving moral turpitude; or (2) willful and material breach of her duties and responsibilities that is directly and materially harmful to our business and reputation and that is committed in bad faith or without reasonable belief that such conduct is in our best interests and, with respect to (2), the Board’s adoption of a resolution by a vote of at least 75% of its members so finding after giving Ms. Cafaro and her attorney an opportunity to be heard.

* “Change of Control” means the occurrence of any of the following events: (1) beneficial ownership by any “person” or “group” (as those terms are defined in the Exchange Act), other than us, our subsidiaries or any employee benefit plan maintained by us, of 20% or more of any class of our outstanding equity securities or the combined voting power of our outstanding voting securities; (2) persons who constituted our Board as of March 22, 2011, together with any new director whose election or nomination for election was approved by a vote of a majority of those persons, cease for any reason to constitute a majority of our Board; (3) consummation of a merger, consolidation or reorganization involving us (subject to certain exceptions); (4) approval by our stockholders of a complete liquidation or dissolution of our company; (5) approval by our stockholders of an agreement for the assignment, sale, conveyance, transfer, lease or other disposition of all or substantially all of our assets to any person, other than our subsidiaries; (6) any transaction which is reasonably likely to result in our company ceasing to be a REIT; and (7) any other event that the Board determines constitutes an effective Change of Control.

“Good Reason” means the occurrence of any of the following events: (1) a diminution in Ms. Cafaro’s position, authority, duties or responsibilities as Chief Executive Officer (Ms. Cafaro ceasing to be the chief executive officer of a publicly-traded company following a transaction in which we are a participant will constitute a diminution under this clause (1)); (2) a reduction in Ms. Cafaro’s base salary, maximum annual bonus opportunity or, except as uniformly applicable to all of our similarly situated executives, benefits and perquisites; (3) our requiring Ms. Cafaro to relocate her principal business office to a location more than 30 miles from her existing office; (4) our failure or refusal to comply with any provision of the Cafaro Employment Agreement; (5) certain events of bankruptcy involving our company; and (6) our failure to obtain the assumption of the Cafaro Employment Agreement by any successor to all or substantially all of our business and/or assets.

“Target Bonus” means the greater of (1) the highest bonus paid to Ms. Cafaro pursuant to our annual incentive plan for any of the three preceding calendar years and (2) the full amount of Ms. Cafaro’s annual bonus, assuming maximum individual and company performance, in respect of service for the year of termination.

Certain of Ms. Cafaro’s outstanding stock option and restricted stock awards would vest in full upon death, disability or a change of control pursuant to the terms of the applicable incentive plan or award agreement.

** However, the special equity incentive award granted to Ms. Cafaro on March 22, 2011 specifically provides that it does not vest solely upon a change of control.

Probst Employee Protection Agreement

The Probst Employee Protection Agreement provides Mr. Probst with an annual base salary of \$575,000, subject to annual review commencing in 2016, and eligibility to participate in our incentive and other employee benefit plans. Upon termination of Mr. Probst’s employment for any reason, Mr. Probst will be subject to noncompetition, nonsolicitation and noninterference restrictions for a period of one year, as well as certain confidentiality and nondisparagement restrictions.

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Under the terms of the Probst Employee Protection Agreement, Mr. Probst is entitled to the benefits summarized below upon the event specified. Under certain circumstances, Mr. Probst's severance payments or other benefits are subject to reduction such that there will be no taxes imposed upon him by Section 4999 of the Code or any similar state or local tax.

Termination For Cause* or Without Good Reason*

- None

Change of Control* Without a Termination of Employment**

- None

Termination Other Than For Cause or With Good Reason**

(Not in connection with Change of Control)

- Lump sum payment (not to exceed \$4 million, as adjusted annually beginning in 2015 to reflect increases in the Consumer Price Index (“CPI”)) equal to the sum of base salary as then in effect and Target Annual Bonus* for year of termination
- Continuation of medical, dental and vision insurance benefits for up to one year (or lump sum equivalent in cash)
- Pro rata vesting of sign-on equity award

Termination Other Than For Cause or With Good Reason**

(Within one year of Change of Control)

- Lump sum payment (not to exceed \$4 million, as adjusted annually beginning in 2015 to reflect increases in CPI) equal to 2x the sum of base salary as then in effect and Maximum Annual Bonus* for year of termination
- Continuation of medical, dental and vision insurance benefits for up to two years (or lump sum equivalent in cash)
- If Change of Control occurs during the Bridge Period*, at our election, fully vested award of stock or cash, in either case equal to amount by which (i) prorated portion of Target LTI* for 2015 service exceeds (ii) value of any long-term equity incentive compensation Mr. Probst receives for 2015 which is not forfeited because of his termination
- Full vesting of sign-on equity award

Death/Disability **

- if the death/disability occurs during the Bridge Period, at our election, fully vested award of stock or cash, in either case equal to amount by which (i) prorated portion of Target LTI for 2015 service exceeds (ii) value of any long-term equity incentive compensation Mr. Probst receives for 2015 which is not forfeited because of his termination
- Full vesting of sign-on equity award

* “Bridge Period” means calendar year 2015 and the first two months of calendar year 2016, but prior to the date of grant of long-term equity incentive compensation with respect to calendar year 2015.

“Cause” means Mr. Probst’s: (1) indictment for, conviction of, or plea of nolo contendere to any felony or misdemeanor involving fraud, dishonesty or moral turpitude; (2) willful or intentional material breach of his duties and responsibilities; (3) willful or intentional material misconduct in the performance of his duties; or (4) willful or intentional failure to comply with any lawful instruction or directive of the Chief Executive Officer.

“Change of Control” means the occurrence of any of the following events: (1) beneficial ownership by any “person” or “group” (as those terms are defined in the Exchange Act), other than us, our subsidiaries or any employee benefit plan maintained by us, of 35% or more of the combined voting power of our outstanding voting securities; (2) persons who constituted our Board as of September 30, 2013, together with any new director whose election or nomination for election was approved by a vote of a majority of those persons, cease for any reason to constitute a majority of our Board; (3) consummation of a merger, consolidation or reorganization involving us (subject to certain exceptions); (4) approval by our stockholders of a complete liquidation or dissolution of our company; or (5) approval by our stockholders of an agreement for the assignment, sale, conveyance, transfer, lease or other disposition of all or substantially all of our assets to any person, other than our subsidiaries.

“Good Reason” means the occurrence of any of the following events: (1) a material diminution of his position, authority or duties; (2) a material reduction in Mr. Probst’s base salary or Target Annual Bonus opportunity; (3) our requiring Mr. Probst to relocate his principal business office to any location that is more than 30 miles from our current Chicago headquarters; or (4) our failure to cause the assumption of the Probst Employee Protection Agreement by any successor to all or substantially all of our business and/or assets, in each case, that is not cured within 30 days after written notice from Mr. Probst.

“Maximum Annual Bonus” means the full amount of Mr. Probst’s annual bonus, assuming maximum individual and company performance.

“Target Annual Bonus” means Mr. Probst’s annual bonus, assuming target individual and company performance.

“Target LTI” means Mr. Probst’s long-term equity incentive compensation, assuming target individual and company performance.

**

Certain of Mr. Probst's outstanding stock option and restricted stock awards would vest in full upon death, disability or a change of control pursuant to the terms of the applicable incentive plan or award agreement. However, the sign-on equity award granted to Mr. Probst on October 27, 2014 specifically provides that it does not vest solely upon a change of control. Instead, the full award will vest upon Mr. Probst's termination other than for cause or with good reason within one year of a change of control, and a pro-rata portion of the award will vest upon Mr. Probst's termination other than for cause or with good reason before the vesting date.

Schweinhart Employment Agreement and Lewis Employment Agreement

The Schweinhart Employment Agreement and Lewis Employment Agreement (collectively, the "Executive Employment Agreements") contain substantially similar terms. The Executive Employment Agreements provided (in the case of Mr. Schweinhart) or provide Messrs. Schweinhart and Lewis (each, an "Executive") with annual base salaries of not less than \$262,000 and not less than \$210,000, respectively. The Executive Employment Agreements provide that the Executives were (in the case of Mr. Schweinhart) or are eligible for bonuses and to participate in our incentive and other employee benefit plans and entitled to receive a gross-up for any taxes imposed upon them by Section 4999 of the Code, or any similar state or local tax, as a result of payments or benefits to which the Executives may be entitled under the Executive Employment Agreements. Under certain

circumstances, however, such payments or benefits are subject to reduction such that there will be no taxes imposed upon the Executives by Section 4999 of the Code or any similar state or local tax.

The initial terms of the Schweinhart Employment Agreement and the Lewis Employment Agreement expired on December 31, 2005 and September 30, 2003, respectively; however, the term of each Executive Employment Agreement was (in the case of Mr. Schweinhart) or is automatically extended by one additional day for each day following the effective date of such agreement that Mr. Schweinhart or Mr. Lewis, as applicable, remains employed by us, unless we elect to cease such automatic extension with notice to the Executive. In such case, the Executive Employment Agreement will terminate no sooner than 12 months after the giving of notice. Upon termination of an Executive's employment for any reason, the Executive will be subject to noncompetition, nonsolicitation and noninterference restrictions for a period of one year, as well as certain confidentiality and nondisparagement restrictions.

Under the terms of the Executive Employment Agreements, the Executives were (in the case of Mr. Schweinhart) or are entitled to the benefits summarized below upon the event specified.

Termination For Cause* or Without Good Reason*

- None

Change of Control* Without a Termination of Employment**

- None

Termination Other Than For Cause or With Good Reason

(Not in connection with Change of Control)

- Lump sum payment (not to exceed \$3 million, as adjusted annually beginning in 2008 to reflect increases in CPI equal to base salary as then in effect plus Maximum Annual Bonus* for year of termination
- Credited with one additional year of service for purposes of vesting of restricted stock and one additional year in which to exercise stock options
- Continuation of medical, dental, life and long-term disability insurance benefits for up to one year

Termination Other Than For Cause or With Good Reason

(Within one year of Change of Control)

- Lump sum payment (not to exceed \$3 million, as adjusted annually beginning in 2008 to reflect increases in CPI equal to 2x (x) the sum of base salary and Maximum Annual Bonus for year of termination, plus (y) the fair market value of the maximum number of shares of restricted stock authorized to be issued to the Executive for year of termination
- Full vesting of all stock options and restricted stock
- Continuation of medical, dental, life and long-term disability insurance benefits for two years

Death/Disability**

- Prorated portion of Maximum Annual Bonus for year of termination

*“Cause” means the Executive’s: (1) indictment for, conviction of, or plea of nolo contendere to any felony or misdemeanor involving fraud, dishonesty or moral turpitude; (2) willful or intentional material breach of his duties and responsibilities; (3) willful or intentional material misconduct in the performance of his duties under the Executive Employment Agreement; or (4) willful or intentional failure to comply with any lawful instruction or directive of the Chief Executive Officer. In the case of Mr. Schweinhart, “Cause” also means an order of any federal or state agency or court prohibiting Mr. Schweinhart from serving as our officer or Chief Financial Officer.

“Good Reason” means the occurrence of any of the following events: (1) the assignment to the Executive of any duties materially and adversely inconsistent with his position, authority or duties as prescribed by the Executive Employment Agreement, any other action by us that results in a diminution or other material adverse change in such position, authority or duties or our requiring him to be based at any office or location other than that described in the Executive Employment Agreement; (2) our failure to pay the Executive’s minimum specified base salary; (3) our failure to provide the annual bonus opportunity prescribed by the Executive Employment Agreement; (4) our failure to provide any equity award, plan or benefits or perquisites prescribed by the Executive Employment Agreement; (5) any other material adverse change to the terms and conditions of the Executive’s employment; and (6) our failure to cause the assumption of the Executive Employment Agreement by any successor to all or substantially all of our business or assets, in each case, that is not cured within 30 days after written notice from the Executive.

“Change of Control” means the occurrence of any of the following events: (1) beneficial ownership by any “person” or “group” (as those terms are defined in the Exchange Act), other than us, our subsidiaries or any employee benefit plan maintained by us, of 35% or more of any class of our outstanding equity securities or the combined voting power of our outstanding voting securities; (2) persons who constituted our Board as of December 31, 2004 (in the case of Mr. Schweinhart) or as of August 2, 2002 (in the case of Mr. Lewis), together with any new director whose election or nomination for election was approved by a vote of a majority of those persons, cease for any reason to constitute a majority of our Board; (3) consummation of a merger, consolidation or reorganization involving us (subject to certain exceptions); (4) approval by our stockholders of a complete liquidation or dissolution of our company; (5) approval by our stockholders of an

agreement for the assignment, sale, conveyance, transfer, lease or other disposition of all or substantially all of our assets to any person, other than our subsidiaries; and (6) any other event that the Board determines constitutes an effective Change of Control.

“Maximum Annual Bonus” means the Executive’s annual bonus, assuming maximum individual and company performance.

** Certain of the Executives’ outstanding stock option and restricted stock awards would vest in full upon death, disability or a change of control pursuant to the terms of the applicable incentive plan or award agreement.

Lillibridge Employment Agreement

The Lillibridge Employment Agreement provides Mr. Lillibridge with an annual base salary of not less than \$375,000. In addition, Mr. Lillibridge is eligible for bonuses and to participate in our incentive and other employee benefit plans. Under the Lillibridge Employment Agreement, Mr. Lillibridge received two special equity incentive awards in the form of 111,122 shares of restricted stock in the aggregate, to encourage his long-term retention upon joining us in connection with the sale of his business. The shares of restricted stock vest 15%, 15%, 20%, 25% and 25% on the first, second, third, fourth and fifth anniversaries, respectively, of the date of grant. In addition to vesting upon certain events as specified below, the shares of restricted stock will vest in full upon certain sales of substantially all of our medical office and outpatient healthcare properties or operations.

The Lillibridge Employment Agreement also obligates us to reimburse Mr. Lillibridge for the cost of parking one automobile at his office location and for the cost of membership in three professional organizations, not to exceed \$22,000 in the aggregate annually.

The term of the Lillibridge Employment Agreement expires on July 1, 2015. The Lillibridge Employment Agreement subjects Mr. Lillibridge to certain noncompetition, nonsolicitation and noninterference restrictions until the later of July 1, 2015 and the second anniversary of the termination of his employment. Mr. Lillibridge is also subject to certain confidentiality and nondisparagement restrictions.

Under the terms of the Lillibridge Employment Agreement, Mr. Lillibridge is entitled to the benefits summarized below upon the event specified.

Termination For Cause* or Without Good Reason*

- None

Change of Control* Without a Termination of Employment**

- Full vesting of special equity incentive awards upon one-year anniversary of change of control

Termination Other Than For Cause or With Good Reason

(Not in connection with Change of Control)

- Lump sum payment (not to exceed \$3 million, as adjusted annually beginning in 2012 to reflect increases in CPI) equal to base salary as then in effect plus Maximum Annual Bonus* for year of termination
- Full vesting of special equity incentive awards
- Continuation of medical, dental, life and long-term disability insurance benefits for up to one year

Termination Other Than For Cause or With Good Reason

(Within one year of Change of Control)

- Lump sum payment (not to exceed \$3 million, as adjusted annually beginning in 2012 to reflect increases in CPI) equal to 2x the sum of (x) base salary and Maximum Annual Bonus for year of termination, plus (y) the fair market value of the target number of shares of restricted stock authorized to be issued to Mr. Lillibridge for year of termination
- Full vesting of special equity incentive awards
- Continuation of medical, dental, life and long-term disability insurance benefits for 18 months

Death/Disability**

- Prorated portion of Maximum Annual Bonus for year of termination

“Cause” means Mr. Lillibridge’s: (1) indictment for, conviction of, or plea of nolo contendere to any felony or misdemeanor involving fraud, dishonesty or moral turpitude; (2) willful or intentional material breach of his duties *and responsibilities; (3) willful or intentional material misconduct in the performance of his duties under the Lillibridge Employment Agreement; or (4) willful or intentional failure to comply with any lawful instruction or directive of the Chief Executive Officer.

“Good Reason” means the occurrence of any of the following events: (1) the assignment to Mr. Lillibridge of any duties materially and adversely inconsistent with, or a material diminution of, his position, authority or duties as prescribed by the Lillibridge Employment Agreement; (2) our requiring Mr. Lillibridge to be based at any office or location that is more than 50 miles from Chicago, Illinois; (3) our failure to pay Mr. Lillibridge’s minimum specified base salary; (4) our failure to provide the annual bonus opportunity or any benefits or

perquisites prescribed by the Lillibridge Employment Agreement; (5) our medical property operations ceasing to be operated under the Lillibridge brand and name without Mr. Lillibridge's consent; (6) any other material breach by us of the Lillibridge Employment Agreement; and (7) our failure to cause the assumption of the Lillibridge Employment Agreement by any successor to all or substantially all of our business or assets, in each case, that is not cured within 30 days after written notice from Mr. Lillibridge.

"Change of Control" means the occurrence of any of the following events: (1) beneficial ownership by any "person" or "group" (as those terms are defined in the Exchange Act), other than us, our subsidiaries or any employee benefit plan maintained by us, of more than 50% of the combined voting power of our outstanding voting securities; (2) during any 12-month period, persons who constituted our Board as of July 1, 2010, together with any new director whose election or nomination for election was approved by a vote of a majority of those persons, cease for any reason to constitute a majority of our Board; (3) consummation of a merger, consolidation or reorganization involving us (subject to certain exceptions); (4) a complete liquidation or dissolution of our company; and (5) approval by our stockholders of an agreement for, and the consummation of, the sale or other disposition of all or substantially all of our assets to any person, other than our subsidiaries.

"Maximum Annual Bonus" means Mr. Lillibridge's annual bonus, assuming maximum individual and company performance.

Certain of Mr. Lillibridge's outstanding stock option and restricted stock awards would vest in full upon death, disability or a change of control pursuant to the terms of the applicable incentive plan or award agreement.

However, the special equity award granted to Mr. Lillibridge on July 1, 2010 specifically provides that it does not vest solely upon a change of control.

Riney Employment Agreement and Riney Change of Control Severance Agreement

The Riney Employment Agreement provides Mr. Riney with an annual base salary of not less than \$137,000 and eligibility to participate in our incentive and other employee benefit plans. The initial term of the Riney Employment Agreement expired on July 31, 1999; however, the term of the Riney Employment Agreement is automatically extended by one additional day for each day following the effective date of the agreement that Mr. Riney remains employed by us unless we elect to cease such automatic extension with notice to Mr. Riney. The Riney Employment Agreement will terminate one year following any such notice.

Under the terms of the Riney Employment Agreement and the Riney Severance Agreement, Mr. Riney is entitled to the benefits summarized below upon the event specified. The Riney Employment Agreement and the Riney Severance Agreement provide for a gross-up for any taxes imposed upon him by Section 4999 of the Code, or any similar state or local tax, as a result of any payment or benefits to which he may be entitled under such agreements or any other agreement. Any severance benefits payable to Mr. Riney under the Riney Employment Agreement, including any tax gross-up, cannot be duplicated by any severance benefits payable to Mr. Riney under the Riney Severance Agreement.

Termination For Cause* or Without Good Reason*

- None

Change of Control* Without a Termination of Employment**

- Payment for any excise taxes he may incur as a result of the Change of Control

Termination Other Than For Cause or With Good Reason

(Not in connection with Change of Control)

- Lump sum payment (not to exceed \$3 million, as adjusted annually beginning in 2008 to reflect increases in CPI) equal to (x) prorated portion of Target Bonus* for year of termination, plus (y) the sum of base salary as then in effect and Target Bonus for year of termination
- Credited with one additional year of service for purposes of vesting of restricted stock and one additional year in which to exercise stock options
- Continuation of medical, dental, life and long-term disability insurance benefits for up to one year

Termination Other Than For Cause or With Good Reason

(Within two years of Change of Control)

- Lump sum payment (not to exceed \$3 million, as adjusted annually beginning in 2008 to reflect increases in CPI) equal to 2x the greater of (a) the sum of (x) base salary and Target Bonus as of the date of termination, plus (y) the fair market value of the maximum number of shares of restricted stock authorized to be issued to Mr. Riney for year of

termination, and (b) the sum of (x) base salary and Target Bonus as of the date immediately prior to the effectiveness of the Change of Control, plus (y) the fair market value of the maximum number of shares of restricted stock authorized to be issued to him for year in which the date immediately prior to the effectiveness of the Change of Control occurs

- Continuation of medical, dental, life and disability insurance benefits for two years
- Payment for any excise taxes he may incur as a result of the Change of Control

Death/Disability**

- Prorated portion of Target Bonus for year of termination

“Cause” means Mr. Riney's: (1) conviction of or plea of nolo contendere to a crime involving moral turpitude; or
 *(2) willful and material breach of his duties and responsibilities that is committed in bad faith or without reasonable
 * belief that such conduct is in our best interests and, with respect to (2), the Board’s adoption of a resolution by a vote
 of at least 75% of its members so finding after giving Mr. Riney and his attorney an opportunity to be heard.

“Good Reason” means the occurrence of any of the following events: (1) the assignment to Mr. Riney of duties
 substantially of a non-executive or non-managerial nature; (2) an adverse change in Mr. Riney’s status or position as an
 executive officer, including as a result of a diminution in his duties and responsibilities (other than a change directly
 attributable to our ceasing to be a publicly owned company); (3) a reduction in Mr. Riney’s base salary, bonus
 opportunity or, except as uniformly applicable to all of our similarly situated executives, benefits and perquisites
 (which reduction, for purposes of the Riney Employment Agreement, is material); (4) our requiring Mr. Riney to
 relocate his principal business office to a location more than 30 miles from his existing office; and (5) our failure to
 obtain the assumption of the Riney Employment Agreement by any successor to all or substantially all of our business
 or assets, in each case, for purposes of the Riney Employment Agreement, that is not cured within 30 days after
 written notice from Mr. Riney.

“Change of Control” means the occurrence of any of the following events: (1) beneficial ownership by any “person” or
 “group” (as those terms are defined in the Exchange Act), other than us, our subsidiaries or any employee benefit plan
 maintained by us, of 20% or more of the combined voting power of our outstanding voting securities; (2) persons who
 constituted our Board as of May 1, 1998, together with any new director whose election or nomination for election
 was approved by a vote of a majority of those persons, cease for any reason to constitute a majority of our Board;
 (3) consummation of a merger, consolidation or reorganization involving us (subject to certain exceptions);
 (4) approval by our stockholders of a complete liquidation or dissolution of our company; (5) approval by our
 stockholders of an agreement for the assignment, sale, conveyance, transfer, lease or other disposition of all or
 substantially all of our assets to any person, other than our subsidiaries; and (6) any other event that the Board
 determines constitutes an effective Change of Control.

“Target Bonus” means the full amount of bonuses and performance compensation that would be payable to Mr. Riney,
 assuming satisfaction of all performance criteria on which such bonuses and performance compensation are based, in
 respect of services for the year of termination.

** Certain of Mr. Riney's outstanding stock option and restricted stock awards would vest in full upon death, disability
 or a change of control pursuant to the terms of the applicable incentive plan or award agreement.

Potential Payments Upon Termination or Change of Control

The table below reflects the amount of compensation and benefits payable to each Named Executive Officer in the
 event of:

- ü termination for Cause or without Good Reason;
- ü termination other than for Cause or with Good Reason (“involuntary termination”);
- ü a Change of Control (without any termination of employment);
- ü involuntary termination following a Change of Control; and
- ü death or disability.

The amounts shown are estimates of the amounts that would be paid to the Named Executive Officers assuming the
 applicable termination or Change of Control occurred on December 31, 2014. The actual amounts can be determined
 only if and when the Named Executive Officer’s employment is terminated or the Change of Control occurs. Receipt
 of benefits upon termination is subject to the execution of a general release of claims by the Named Executive Officer
 or his or her beneficiary. Although our employment and severance agreements with our Named Executive Officers
 (other than Mr. Riney) contain certain restrictive covenants, including noncompetition and nonsolicitation provisions,
 no specific value to the company has been ascribed to these covenants in the table.

Benefit	Termination for Cause or without Good Reason	Involuntary Termination (without Change of Control)	Change of Control (without Termination)	Involuntary Termination Following Change of Control(1)	Death or Disability
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Debra A. Cafaro

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Prorated portion of Target Bonus for year of termination(2)	\$—	\$3,780,000	\$—	\$3,780,000	\$3,780,000
Payment equal to multiple of base salary in effect at termination(3)	—	3,150,000	—	3,150,000	—
Payment equal to multiple of Target Bonus for year of termination(2)(3)	—	11,340,000	—	11,340,000	—
Vesting of restricted stock and stock options(4)(5)	—	11,432,741	7,046,637	11,432,741	11,432,741
Continued insurance benefits(6)	—	147,411	—	147,411	38,937
Office space and administrative services Reduction(7)	—	50,000	—	50,000	—
Total for Debra A. Cafaro	\$—	\$29,900,152	\$7,046,637	\$29,900,152	\$15,251,678

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Benefit	Termination for Cause or without Good Reason	Involuntary Termination (without Change of Control)	Change of Control (without Termination)	Involuntary Termination Following Change of Control(1)	Death or Disability
Robert F. Probst					
Prorated portion of Maximum Annual Bonus for year of termination(2)	\$—	\$—	\$—	\$—	\$—
Payment equal to multiple of base salary in effect at termination(3)	—	575,000	—	1,150,000	—
Payment equal to multiple of Target Annual Bonus for year of termination(2)(3)	—	215,625	—	—	—
Payment equal to multiple of Maximum Annual Bonus for year of termination(2)(3)	—	—	—	646,875	—
Payment equal to multiple of fair market value of target restricted stock grant under LTIP for year of termination(3)(8)(9)	—	—	—	—	—
Vesting of restricted stock and stock options(4)(5)	—	63,037	1,063,741	1,063,741	1,063,741
Continued insurance benefits Reduction(7)	—	19,576	—	39,151	—
	—	—	—	(563,569)	—
Total for Robert F. Probst	\$—	\$873,238	\$1,063,741	\$2,336,198	\$1,063,741
Richard A. Schweinhart					
Prorated portion of Maximum Annual Bonus for the year of termination(2)	\$—	\$—	\$—	\$—	\$1,126,305
Payment equal to multiple of base salary in effect at termination(3)(8)	—	500,580	—	1,001,160	—
Payment equal to multiple of Maximum Annual Bonus for year of termination(2)(3)(8)	—	1,126,305	—	2,252,610	—
Payment equal to multiple of fair market value of maximum restricted stock grant under LTIP for the year of termination(3)(8)(9)	—	—	—	210,784	—
Vesting of restricted stock and stock options(4)(5)	—	—	—	—	—
Continued insurance benefits Reduction(7)	—	15,469	—	30,938	—
	—	—	—	—	—
Excise tax gross-up(5)	—	—	—	—	—
Total for Richard A. Schweinhart	\$—	\$1,642,354	\$—	\$3,495,492	\$1,126,305
Raymond J. Lewis					
Prorated portion of Maximum Annual Bonus for the year of termination(2)	\$—	\$—	\$—	\$—	\$1,492,470
Payment equal to multiple of base salary in effect at termination(3)(8)	—	648,900	—	1,297,800	—
Payment equal to multiple of Maximum Annual Bonus for year of termination(2)(3)(8)	—	1,492,470	—	2,166,754	—
Payment equal to multiple of fair market value of maximum restricted stock grant under LTIP for the year of termination(3)(8)(9)	—	—	—	—	—
Vesting of restricted stock and stock options(4)(5)	—	1,198,752	2,758,378	2,758,378	2,758,378
Continued insurance benefits Reduction(7)	—	21,793	—	43,586	—
	—	—	—	—	—
Excise tax gross-up(5)	—	—	—	—	—

Total for Raymond J. Lewis	\$—	\$3,361,915	\$2,758,378	\$6,266,518	\$4,250,848
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Benefit	Termination for Cause without Good Reason	Involuntary Termination (without Change of Control)	Change of Control (without Termination)	Involuntary Termination Following Change of Control(1)	Death or Disability
Todd W. Lillibridge					
Prorated portion of Maximum Annual Bonus for year of termination(2)	\$—	\$—	\$—	\$—	\$1,038,150
Payment equal to multiple of base salary in effect at termination(3)(8)	—	461,400	—	922,800	—
Payment equal to multiple of Maximum Annual Bonus for year of termination(2)(3)(8)	—	1,038,150	—	2,076,300	—
Payment equal to multiple of fair market value of target restricted stock grant under LTIP for the year of termination(3)(8)(9)	—	—	—	190,745	—
Vesting of restricted stock and stock options(4)(5)	—	2,460,529	3,153,307	3,153,307	3,153,307
Continued insurance benefits	—	21,287	—	31,930	—
Total for Todd W. Lillibridge	\$—	\$3,981,366	\$3,153,307	\$6,375,082	\$4,191,457
T. Richard Riney					
Prorated portion of Target Bonus for year of termination(2)	\$—	\$1,126,305	\$—	\$—	\$1,126,305
Payment equal to multiple of base salary in effect at termination(3)(8)	—	500,580	—	1,001,160	—
Payment equal to multiple of Target Bonus for year of termination(2)(3)(8)	—	1,126,305	—	2,252,610	—
Payment equal to multiple of fair market value of maximum restricted stock grant under LTIP for the year of termination(3)(8)(9)	—	—	—	210,784	—
Vesting of restricted stock and stock options(4)(5)	—	575,321	1,365,391	1,365,391	1,365,391
Continued insurance benefits	—	21,962	—	43,925	—
Excise tax gross-up(5)	—	—	—	—	—
Total for T. Richard Riney	\$—	\$3,350,473	\$1,365,391	\$4,873,870	\$2,491,696

Involuntary termination following Change of Control for Ms. Cafaro, involuntary termination within one year of (1) Change of Control for Messrs. Probst, Schweinhart, Lewis and Lillibridge, and involuntary termination within two years of Change of Control for Mr. Riney.

(2) “Target Bonus,” “Target Annual Bonus” or “Maximum Annual Bonus,” as applicable, for each Named Executive Officer is defined above under “Employment and Severance Agreements with Named Executive Officers.”

(3) Multiples for the Named Executive Officers are as follows:

	Involuntary Termination (without Change of Control)	Involuntary Termination Following Change of Control
Ms. Cafaro	3x	3x
Messrs. Probst, Schweinhart, Lewis, Lillibridge and Riney	1x	2x

(4) Pursuant to our 2006 Incentive Plan, unless the applicable award agreement provides otherwise, upon a change of control or in the event of death or disability of a participant while employed by us, all stock options held by the participant become fully vested and immediately exercisable and all restrictions and other conditions pertaining to shares of restricted stock held by the participant immediately lapse. However, the special equity incentive awards granted to Ms. Cafaro on March 22, 2011 and Mr. Lillibridge on July 1, 2010 specifically provide that they do not vest solely upon a change of control. The outstanding award agreements under our 2012 Incentive Plan generally provide that, upon a change of control or in the event of death or disability of a participant while employed by us, the stock options underlying the award become immediately exercisable or the restrictions and other conditions

pertaining to the shares of restricted stock underlying the award immediately lapse. However, the sign-on equity award granted to Mr. Probst on October 27, 2014 specifically provides that it does not vest solely upon a change of control.

In the event of involuntary termination: Ms. Cafaro's restricted stock and stock options would become fully vested; Messrs. Lewis, Riney and Schweinhart would be treated as having one additional year of service for purposes of vesting of restricted stock; all shares of restricted stock granted to Mr. Lillibridge as part of his special equity incentive awards on July 1, 2010 would vest in full.

Assumes a stock price of \$71.70, the closing price of our common stock on December 31, 2014. For purposes of the table, the value of vesting of restricted stock is determined by multiplying the number of shares vesting by (5) \$71.70, and the value of vesting of stock options is determined by subtracting the stock option exercise price from \$71.70 and multiplying by the number of options vesting.

(6) Only in the event of involuntary termination or disability.

Pursuant to the Cafaro Employment Agreement, the Probst Employee Protection Agreement and the Executive Employment Agreements, under certain circumstances, payments or benefits to Ms. Cafaro and Messrs. Probst, (7) Schweinhart and Lewis are subject to reduction such that there will be no taxes imposed upon them by Section 4999 of the Code or any similar state or local tax.

Under the Probst Employee Protection Agreement, the amount of certain severance benefits payable to Mr. Probst is limited to a maximum of \$4 million, as adjusted annually beginning in 2015 to reflect increases in CPI. Under the Executive Employment Agreements, the Lillibridge Employment Agreement, the Riney Employment Agreement and the Riney Severance Agreement, the amount of certain severance benefits payable to each of Messrs. Schweinhart, Lewis, Lillibridge and Riney is limited to a maximum of \$3 million, as adjusted annually following the effective date of the applicable agreement to reflect increases in CPI.

The fair market value of the maximum or target restricted stock grant under the long-term equity incentive plan is determined by multiplying the maximum or target 2014 long-term equity incentive opportunity, as applicable, by 0.70.

NON-EMPLOYEE DIRECTOR COMPENSATION

Our Board believes that the compensation paid to our non-employee directors should be competitive with the Comparable Companies, as well as public companies of similar enterprise value, market capitalization and total assets, and should enable us to attract and retain individuals of the highest quality to serve as our directors. In addition, the Board believes that a significant portion of non-employee director compensation should align director interests with the long-term interests of our stockholders. Accordingly, non-employee directors receive a combination of cash and equity-based compensation for their services. Each of these components is described below. We also reimburse each non-employee director for travel and other expenses associated with attending Board and committee meetings, director education programs and other Board-related activities. Ms. Cafaro, the only member of the Board employed by us, does not receive compensation for her service as a director.

Cash Compensation

The cash compensa