

MEDICAL PROPERTIES TRUST INC

Form DEF 14A

April 28, 2011

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
SCHEDULE 14A  
(RULE 14A-101)  
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
(Amendment No.     )**

Filed by the Registrant ☐

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☐ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240 14a-12

**MEDICAL PROPERTIES TRUST, INC.**  
(Name of Registrant as Specified in Its Charter)  
Not Applicable

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☐ No fee required.

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials:

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

(1) Amount previously paid:

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

(3) Filing party:

(4) Date filed:

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1000 Urban Center Drive  
Suite 501  
Birmingham, Alabama 35242

April 28, 2011

Dear Fellow Stockholder,

I am honored to have you as one of our stockholders and hope that you will attend our 2011 annual stockholders meeting, to be held on May 19, 2011. Details of the business to be conducted at the meeting are set forth in the accompanying Proxy Statement. In the event that you are unable to attend, however, it is important that your shares are represented; therefore, please be sure to sign, date, and mail your proxy in the provided envelope, or vote your proxy by phone or internet as instructed, at your earliest convenience.

Best Regards,

Edward K. Aldag, Jr.  
Chairman, President and CEO

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**NOTICE OF  
2011 ANNUAL MEETING OF STOCKHOLDERS  
May 19, 2011**

To Our Stockholders:

The 2011 Annual Meeting of Stockholders of Medical Properties Trust, Inc. (the Company) will be held at The Summit Club, 1901 6th Avenue North, Birmingham, Alabama, on May 19, 2011, beginning at 10:30 a.m. Central Time, for the following purposes:

1. To elect the seven director nominees described in the enclosed Proxy Statement;
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011;
3. To hold an advisory vote on executive officer compensation;
4. To hold an advisory vote on whether the frequency of holding the advisory vote on executive officer compensation should be every one, two or three years and;
5. To transact any other business that properly comes before the meeting.

Attached you will find a notice of meeting and Proxy Statement that contain further information about these items and the meeting itself, including the different methods you can use to vote your proxy. Also enclosed are your proxy card, our 2010 Form 10-K, and our 2010 Annual Report. Only stockholders of record at the close of business on March 21, 2011 are entitled to receive notice of, to attend, and to vote at the meeting and any adjournment thereof.

**EVEN IF YOU PLAN TO ATTEND IN PERSON, YOU ARE REQUESTED TO SIGN, DATE, AND RETURN THE ENCLOSED PROXY IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE, OR VOTE YOUR PROXY BY TELEPHONE OR INTERNET, AT YOUR EARLIEST CONVENIENCE.** This will not prevent you from voting your shares in person if you choose to attend the Annual Meeting.

Any proxy may be revoked at any time prior to its exercise at the Annual Meeting.

If any of your shares of common stock are held by a broker, bank or other nominee, please follow the instructions you receive from your broker, bank or other nominee to have your shares of common stock voted.

A list of the stockholders entitled to vote at the meeting will be open to examination by any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting at the principal executive offices of the Company in Birmingham, Alabama.

By Order of the Board of Directors,

Emmett E. McLean  
Executive Vice President, Chief Operating Officer, Treasurer and Secretary

April 28, 2011

**Important Notice Regarding the Availability of Proxy Materials  
for the Stockholder Meeting To Be Held on May 19, 2011**

**This Proxy Statement, the form of Proxy Card, our 2010 Annual Report to Stockholders  
and our 2010 Form 10-K are available at [www.medicalpropertystrust.com](http://www.medicalpropertystrust.com)**

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**PROXY STATEMENT  
2011 ANNUAL MEETING OF STOCKHOLDERS  
May 19, 2011**

**Important Notice Regarding the Availability of Proxy Materials  
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**This Proxy Statement, the form of Proxy Card, our 2010 Annual Report to Stockholders and  
our 2010 Form 10-K are available at [www.medicalpropertystrust.com](http://www.medicalpropertystrust.com)**

**GENERAL INFORMATION**

This Proxy Statement is being furnished to the stockholders of Medical Properties Trust, Inc. (the Company) in connection with the solicitation of proxies by the Board of Directors to be voted at the 2011 Annual Meeting of Stockholders to be held at The Summit Club, 1901 6th Avenue North, Birmingham, Alabama, on May 19, 2011, beginning at 10:30 a.m. Central Time, and at any adjournment thereof.

At the meeting, stockholders will be asked to vote on the following proposals:

1. To elect the seven director nominees described in this Proxy Statement;
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011;
3. To hold an advisory vote on executive officer compensation;
4. To hold an advisory vote on whether the frequency of holding the advisory vote on executive officer compensation should be every one, two or three years; and
5. To transact any other business that properly comes before the meeting.

As of the date of this Proxy Statement, the Board of Directors knows of no such other business to be presented. When you submit your proxy, by executing and returning the enclosed proxy card, or by voting by telephone or internet, you will authorize the persons named in the enclosed proxy to represent you and vote your shares of common stock on these proposals as specified by you. If no such specification is made, shares represented by your properly executed proxy will be voted:

FOR the election of each of the seven director nominees;

FOR Proposal 2

FOR Proposal 3; and

FOR THREE YEARS with respect to Proposal 4

The proxy holders will also have discretionary authority to vote your shares on any other business that properly comes before the meeting.



This Proxy Statement and the accompanying materials are first being sent or given to our stockholders on or about April 28, 2011.

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**INFORMATION ABOUT THE MEETING**

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

At the meeting, our stockholders will vote on the following proposals:

1. To elect the seven director nominees described in this Proxy Statement;
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011;
3. To hold an advisory vote on executive officer compensation;
4. To hold an advisory vote on whether the frequency of holding the advisory vote on executive officer compensation should be every one, two or three years; and
5. To transact any other business that properly comes before the meeting.

In addition, our management will report on our performance at the meeting and respond to appropriate questions from stockholders.

**Who is entitled to vote?**

The record date for the meeting is March 21, 2011. Only stockholders of record at the close of business on March 21, 2011 are entitled to receive notice of the meeting and to vote at the meeting the shares of our common stock that they held of record on that date. Each outstanding share of common stock entitles its holder to one vote on each matter voted on at the meeting. At the close of business on March 21, 2011, there were 111,772,862 shares of common stock outstanding and entitled to vote.

**Am I entitled to vote if my shares are held in street name ?**

If you are the beneficial owner of shares held in street name by a brokerage firm, bank, or other nominee, your nominee is required to vote the shares in accordance with your instructions. If you do not give instructions to your nominee, it will nevertheless be entitled to vote your shares on routine items but will not be permitted to do so on non-routine items. Your nominee will have discretion to vote on Proposal 2 (ratification of auditors) without any instructions from you. Due to recent regulatory changes, however, your nominee will not have the ability to vote your uninstructed shares on Proposal 1 (election of directors), Proposal 3 (advisory vote on executive compensation) or Proposal 4 (advisory vote on frequency of executive compensation vote) on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your nominee how to vote on these proposals, your nominee cannot vote these shares and will report them as broker non-votes, and no votes will be cast on your behalf.

**How many shares must be present to conduct business at the meeting?**

A quorum must be present at the meeting in order for any business to be conducted. The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date, or 55,886,432 shares, will constitute a quorum. Abstentions and broker non-votes will be included in the number of shares considered present at the meeting for the purpose of determining whether there is a quorum.

**What happens if a quorum is not present at the meeting?**

If a quorum is not present at the scheduled time of the meeting, the holders of a majority of the shares present in person or represented by proxy at the meeting may adjourn the meeting to another place, date, or time until a quorum is present. The place, date, and time of the adjourned meeting will be announced when the adjournment is taken, and no other notice will be given unless the adjournment is to a date more than 120 days after the original record date or if, after the adjournment, a new record date is fixed for the adjourned meeting.

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

Voting by telephone or Internet. If your shares are held in street name, you may be eligible to provide voting instructions to your nominee by telephone or on the Internet. If you are a beneficial owner of shares held in street name, meaning your shares are held in the name of a brokerage firm, bank, or other nominee, you may be eligible to provide voting instructions to your nominee by telephone or on the Internet. A large number of brokerage firms, banks, and other nominees participate in a program provided through Broadridge Financial Solutions that offers telephone and Internet voting options. If your shares are held in street name by a brokerage firm, bank, or other nominee that participates in the Broadridge program, you may provide voting instructions to your nominee by telephone or on the Internet by following the instructions set forth on the voting instruction form provided to you.

Voting by mail. If you are a registered stockholder, you may vote by properly completing, signing, dating, and returning the accompanying proxy card. The enclosed postage-paid envelope requires no additional postage if it is mailed in the United States or Canada. If you are a beneficial owner of shares held in street name, you may provide voting instructions to the brokerage firm, bank, or other nominee that holds your shares by properly completing, signing, dating, and returning the voting instruction form provided to you by your nominee.

You may vote in person at the meeting. If you are a registered stockholder and attend the meeting, you may deliver your completed proxy card in person. In addition, we will pass out written ballots to registered stockholders who wish to vote in person at the meeting. If you are a beneficial owner of shares held in street name and wish to vote at the meeting, you will need to obtain a proxy form from the brokerage firm, bank, or other nominee that holds your shares that authorizes you to vote those shares.

### **Can I change my vote after I submit my proxy?**

Yes, you may revoke your proxy and change your vote at any time before the polls are closed at the meeting in any of the following ways: (1) by properly completing, signing, dating, and returning another proxy card with a later date; (2) if you are a registered stockholder, by voting in person at the meeting; (3) if you are a registered stockholder, by giving written notice of such revocation to our Secretary prior to or at the meeting; or (4) if you are a beneficial owner of shares held in street name, by following the instructions given by the brokerage firm, bank, or other nominee that holds your shares. Your attendance at the meeting will not by itself revoke your proxy.

### **How does the Board of Directors recommend that I vote on the proposals?**

Your Board of Directors recommends that you vote:

1. FOR the election of the seven nominees to the Board of Directors;
2. FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011;
3. FOR the approval of the compensation of our executive officers as disclosed in this Proxy Statement; and
4. FOR THREE YEARS with respect to Proposal 4.

### **What happens if I do not specify on my proxy how my shares are to be voted?**

If you are a registered stockholder and submit a properly executed proxy but do not indicate any voting instructions, the proxy holders will vote as the Board of Directors recommends on each proposal.

**Will any other business be conducted at the meeting?**

As of the date hereof, the Board of Directors knows of no business that will be presented at the meeting other than the proposals described in this Proxy Statement. However, if any other proposal properly comes before the stockholders for a vote at the meeting, the proxy holders will vote the shares represented by your proxy in accordance with their best judgment.

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**How many votes are required for action to be taken on each proposal?**

The seven director nominees will be elected to serve on the Board of Directors if they receive a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter. This means that the seven director nominees will be elected if they receive more votes than any other person receiving votes. If you vote to Withhold Authority with respect to the election of one or more director nominees, your shares will not be voted with respect to the person or persons indicated, although they will be counted for the purpose of determining whether there is a quorum at the meeting.

The affirmative vote of the holders of a majority of the shares of common stock represented in person or by proxy at the annual meeting and entitled to vote on the proposal is required for approval of each of Proposal 2 and Proposal 3. For purposes of the vote upon the recommendation, on a non-binding, advisory basis, of the frequency of holding future advisory votes on the compensation of our executive officers, the frequency receiving a majority of votes cast (every one, two or three years) will be considered the frequency recommended by stockholders. In the event that no option receives a majority of the votes cast, we will consider the option that receives the most votes to be the option selected by the stockholders.

**How will abstentions and broker non-votes be treated?**

You do not have the option of abstaining from voting on Proposal 1. Broker non-votes will not affect the election of a nominee who receives a plurality of votes.

With respect to Proposals 2 and 3, an abstention will have the effect of a vote against the proposal. Broker non-votes as to each of these proposals will be deemed shares not entitled to vote on the proposal, will not be counted as votes for or against the proposal, and will not be included in calculating the number of votes necessary for approval of the proposal. With respect to Proposal 4, abstentions and broker non-votes will have no effect on the result of the vote.

**How will proxies be solicited?**

We will solicit proxies on behalf of the Board of Directors by mail, telephone, facsimile, or other electronic means or in person. Certain of our directors, officers and other employees, without additional compensation, may participate in the solicitation of proxies. We will pay the cost of this solicitation. We will supply copies of the proxy solicitation materials to brokerage firms, banks, and other nominees for the purpose of soliciting proxies from the beneficial owners of the shares of common stock held of record by such nominees. We request that such brokerage firms, banks, and other nominees forward the proxy solicitation materials to the beneficial owners and will reimburse them for their reasonable expenses. In addition, we anticipate using MacKenzie Partners, Inc., 105 Madison Avenue New York, NY 10016 as a solicitor at an initial anticipated cost of \$7,500.

**How can I obtain additional copies of the proxy materials?**

If you wish to request extra copies free of charge of our Form 10-K, annual report or Proxy Statement, please send your request to Medical Properties Trust, Inc., 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242 or visit our website at [www.medicalpropertystrust.com](http://www.medicalpropertystrust.com).

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**PROPOSAL 1 ELECTION OF DIRECTORS**

**Director Nominees**

Our Bylaws provide for the annual election of directors at the annual meeting of stockholders. The Board of Directors, at the recommendation of the Ethics, Nominating and Corporate Governance Committee, proposes that the seven nominees listed below, all of whom are currently serving on our Board, be elected to serve as directors until the 2012 annual meeting of stockholders and until his or her successor is duly elected and qualified. The Board of Directors does not know of any reason why any nominee would not be able to serve as a director. However, if any nominee were to become unable to serve as a director, the Board of Directors may designate a substitute nominee, in which case the persons named as proxies will vote for such substitute nominee. Alternatively, the Board of Directors may reduce the number of directors to be elected at the annual meeting.

**Edward K. Aldag, Jr.** Mr. Aldag, age 47, is our founder and has served as our Chief Executive Officer and President since August 2003, and as Chairman of the Board since March 2004. Mr. Aldag served as our Vice Chairman of the Board of Directors from August 2003 until March 2004 and as our Secretary from August 2003 until March 2005. Prior to that, Mr. Aldag served as an executive officer and director with our predecessor from its inception in August 2002 until August 2003. From 1986 to 2001, Mr. Aldag managed two private real estate companies, Guilford Capital Corporation and Guilford Medical Properties, Inc. Mr. Aldag served as President and a member of the Board of Directors of Guilford Medical Properties, Inc. Mr. Aldag was the President of Guilford Capital Corporation from 1998 to 2001, served as Executive Vice President and Chief Operating Officer from 1990 to 1998, and was a member of the Board of Directors from 1990 to 2001. Mr. Aldag received his B.S. in Commerce & Business from the University of Alabama with a major in corporate finance. The Board believes that Mr. Aldag's position as a co-founder of our Company and his extensive experience in the healthcare and REIT industry make him highly qualified to serve as Chairman of our Board of Directors.

**G. Steven Dawson.** Mr. Dawson, age 53, has served as a member of our Board of Directors and as Chairman of our Audit Committee since April 2004. From July 1990 to September 2003, he was Chief Financial Officer and Senior Vice President-Finance of Camden Property Trust, a real estate investment trust specializing in apartment communities, and its predecessors. He is currently a private investor. Mr. Dawson serves on the board of directors and as nominating and corporate governance committee chairman for Institutional Financial Markets, Inc., an investment firm specializing in credit-related fixed income investments. Mr. Dawson also serves on the board of directors, as audit committee chairman and on the compensation committee of American Campus Communities, a developer, owner and manager of student housing communities. Mr. Dawson holds a degree in business from Texas A&M University and is a member of the Real Estate Roundtable at the Mays Graduate School of Business at Texas A&M University. The Board believes that Mr. Dawson's substantial experience as a board member and committee chairman at other public REITs, along with his strong skills in corporate finance, strategic planning, and public company oversight, make him a valued advisor and highly qualified to serve as a member of our Board of Directors and as chairman of our Audit Committee.

**R. Steven Hamner.** Mr. Hamner, age 54, is one of our founders and has served as our Executive Vice President and Chief Financial Officer since September 2003 and as a director since February 2005. In August and September 2003, Mr. Hamner served as our Executive Vice President and Chief Accounting Officer. From October 2001 through March 2004, he was the Managing Director of Transaction Analysis LLC, a company that provided interim and project-oriented accounting and consulting services to commercial real estate owners and their advisors. From June 1998 to September 2001, he was Vice President and Chief Financial Officer of United Investors Realty Trust, a publicly traded REIT. For the ten years prior to becoming an officer of United Investors Realty Trust, he was

employed by the accounting and consulting firm of Ernst & Young LLP and its predecessors. Mr. Hamner received a B.S. in Accounting from Louisiana State University. The Board believes that Mr. Hamner's position as a co-founder of our Company and his extensive experience in the real estate and healthcare industries and in the corporate finance sector make him highly qualified to serve as a member of our Board of Directors.



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**Robert E. Holmes, Ph.D.** Dr. Holmes, age 69, has served as a member of our Board of Directors since April 2004. Dr. Holmes, our lead independent director, retired in 2009 as Professor of Management, Dean, and Wachovia Chair of Business Administration at the University of Alabama at Birmingham School of Business, positions he held since 1999. From 1995 to 1999, he was Dean of the Olin Graduate School of Business at Babson College in Wellesley, Massachusetts. Prior to that, he was Dean of the James Madison University College of Business in Harrisonburg, Virginia for 12 years. He is the co-author of four management textbooks, numerous articles, papers, and cases, and has served as a board member or consultant to a variety of business firms and non-profit organizations. He is past president of the Southern Business Administration Association, is actively engaged in AACSB International the Association to Advance Management Education, and serves on the Boards of the Entrepreneurial Center, Tech Birmingham, the Alabama Council on Economic Education, and other organizations. Dr. Holmes received a bachelor's degree from the University of Texas at Austin, an MBA from University of North Texas, and his Ph.D. from the University of Arkansas with an emphasis on management strategy. The Board believes that Dr. Holmes' position as a well-respected leader in the business community and his deep understanding of the corporate and economic challenges faced by public companies today make him a valued advisor and highly qualified to serve as a member of our Board of Directors and as chairman of our Ethics, Nominating and Corporate Governance Committee.

**Sherry A. Kellett.** Ms. Kellett, age 66, has served as a member of our Board of Directors since February 2007. Ms. Kellett was the former corporate controller and principal accounting officer at BB&T Corporation, where she was a member of their eight-person executive management team from 1998 through her retirement in 2003. She is currently a member of the board of directors of Highwoods Properties, Inc., based in Raleigh, North Carolina, where she serves on the audit committee, and MidCountry Financial Corp., based in Macon, Georgia, where she is chair of the audit committee and serves on the compensation committee. Ms. Kellett has also served on the boards of the North Carolina School of the Arts Foundation, Piedmont Kiwanis Club, Senior Services, Inc., The Winston-Salem Foundation, the Piedmont Club, and the N.C. Center for Character Education. The Board believes that Ms. Kellett's experience as a board member and audit committee member at other public companies, along with her extensive experience in corporate finance and the financial sector generally, make her a valued advisor and highly qualified to serve as a member of our Board of Directors.

**William G. McKenzie.** Mr. McKenzie, age 52, is one of our founders and has served as the Vice Chairman of our Board of Directors since September 2003. Mr. McKenzie has served as a director since our formation and served as the Executive Chairman of our Board of Directors in August and September 2003. From May 2003 to August 2003, he was an executive officer and director of our predecessor. From 1998 to the present, Mr. McKenzie has served as President, Chief Executive Officer, and a board member of Gilliard Health Services, Inc., a privately-held owner and operator of acute care hospitals. From 1996 to 1998, he was Executive Vice President and Chief Operating Officer of the Mississippi Hospital Association/Diversified Services, Inc. and the Health Insurance Exchange, a mutual company and HMO. From 1994 to 1996, Mr. McKenzie was Senior Vice President of Managed Care and Executive Vice President of Physician Solutions, Inc., a subsidiary of Vaughan HealthCare, a private healthcare company in Alabama. From 1981 to 1994, Mr. McKenzie was Hospital Administrator and Chief Financial Officer and held other management positions with Gilliard Health Services, Inc. Mr. McKenzie received a Masters of Science in Health Administration from the University of Colorado and a B.S. in Business Administration from Troy University. He has served in numerous capacities with the Alabama Hospital Association. The Board believes that Mr. McKenzie's position as a co-founder of our Company and his extensive experience in the healthcare industry make him a valued advisor and highly qualified to serve as a member of our Board of Directors.

**L. Glenn Orr, Jr.** Mr. Orr, age 70, has served as a member of our Board of Directors since February 2005. Mr. Orr is Chairman of Orr Holdings, LLC, previously The Orr Group, which has provided consulting services for middle-market companies since 1995. Prior to that, he was Chairman of the Board of Directors, President and Chief Executive Officer of Southern National Corporation from 1990 until its merger with Branch Banking & Trust in 1995. Mr. Orr is a member of the Board of Directors, chairman of the governance/compensation committee, and a member

of the executive committee of Highwoods Properties, Inc. He is also a member of the Board of Directors of Broyhill Management Fund, Inc. and General Parts, Inc., where he also serves on the compensation committee. Mr. Orr previously served as President and Chief Executive Officer of Forsyth Bank and Trust Co., President of Community Bank in Greenville, South Carolina, and President of the North Carolina Bankers Association. He is a

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member, and the former Chairman, of the Board of Trustees of Wake Forest University. The Board believes that Mr. Orr's substantial experience as an executive and board member at other public companies, along with his strong skills in corporate finance, strategic planning, and public company oversight and executive compensation, make him a valued advisor and highly qualified to serve as a member of our Board of Directors and as chairman of our Compensation Committee.

**Board of Directors Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE *FOR* EACH OF THE SEVEN NOMINEES FOR DIRECTOR LISTED ABOVE.**

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**CERTAIN INFORMATION REGARDING  
OUR BOARD OF DIRECTORS**

The Board of Directors consists of seven directors. Our current directors are Edward K. Aldag, Jr., G. Steven Dawson, R. Steven Hamner, Robert E. Holmes, Ph.D., Sherry A. Kellett, William G. McKenzie, and L. Glenn Orr, Jr. Our directors are elected at each annual meeting of stockholders and serve until the next annual meeting of stockholders and until their respective successors are elected and qualified, subject to their prior death, resignation, retirement, disqualification, or removal from office.

It is the policy of the Board of Directors that a majority of the directors be independent as defined in the listing standards of the New York Stock Exchange (the "NYSE"). The Board of Directors has determined that four directors — G. Steven Dawson, Robert E. Holmes, Ph.D., Sherry A. Kellett, and L. Glenn Orr, Jr. — are independent under the NYSE's listing standards.

Under our articles of incorporation and bylaws, the Board of Directors has discretion to determine whether the roles of Chief Executive Officer and the Chairman of the Board are to be separate or combined. Mr. Aldag has served as our Chief Executive Officer and Chairman of the Board since 2004 and the Board has determined that having Mr. Aldag continue to serve in this combined role is the most effective leadership structure for our Company. Mr. Aldag's detailed knowledge of the issues, opportunities and challenges facing us make him the best person to direct the agenda and discussion at meetings of our Board of Directors and to ensure that the Board's time and attention are focused on the most critical matters. We further believe that Mr. Aldag's combined role provides strong leadership and enhances our ability to communicate on a consistent basis to the investing community.

Our Board of Directors plays a central role in overseeing and evaluating risk. While it is management's responsibility to identify and manage our exposure to risk on a day-to-day basis, the Board routinely discusses these risks with management and actively oversees our risk-management procedures and protocols. The Board regularly receives reports from senior management on areas of material risk to the Company, including operational, financial, legal, regulatory and strategic risks. In addition, each of the Audit Committee, the Compensation Committee and the Ethics, Nominating and Governance Committee exercises oversight and provides guidance relating to the particular risks within the purview of each committee, as well as making periodic reports to the full Board. Our Board of Directors also oversees risk by means of the required approval by our Board of significant transactions and other decisions, including material acquisitions or dispositions of property, material capital markets transactions, significant capital expenditures and important employment-related decisions.

The Board of Directors holds regular meetings on a quarterly basis and on other occasions as necessary or appropriate. The Board of Directors met eight times in 2010. The Board of Directors has four standing committees: the Audit Committee, the Compensation Committee, the Ethics, Nominating, and Corporate Governance Committee, and the Investment Committee. The Audit Committee met seven times in 2010; the Ethics, Nominating, and Corporate Governance Committee met one time; the Compensation Committee met seven times; and the Investment Committee met at each meeting of the Board of Directors. All directors attended at least 75% of the total number of meetings of the Board of Directors and of the committees on which he or she served in 2010.

The Board of Directors regularly meets in executive session in which management directors are not present. Dr. Holmes has been designated as the lead independent director and in that capacity presides at these executive sessions. Dr. Holmes may be contacted directly by stockholders at [rhomes@medicalpropertystrust.com](mailto:rhomes@medicalpropertystrust.com). The directors of the Company are encouraged to attend our annual meeting of stockholders absent cause. All directors of the Company attended the 2010 annual meeting of stockholders.

Our Board of Directors has established stock ownership guidelines that require our independent directors to own our stock in an amount equal to at least 2.5 times the annual fee of such director. This stock includes vested and unvested common stock. Each director shall have a period of three years (i) to comply with this stock ownership requirement after he or she initially joins the Board, and (ii) to come back into compliance in the event that he or she should fall short of this stock ownership requirement at any time.

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**Committees of the Board of Directors**

The Board of Directors delegates certain of its functions to its standing Audit Committee, Compensation Committee, Ethics, Nominating, and Corporate Governance Committee, and Investment Committee.

***The Audit Committee*** is comprised of three independent directors, Messrs. Dawson and Orr and Ms. Kellett. Mr. Dawson serves as chairman. The Board of Directors has determined that each member of the Audit Committee is financially literate and satisfies the additional independence requirements for audit committee members, and that each member of the Audit Committee qualifies as an audit committee financial expert under current Securities and Exchange Commission ( SEC ) regulations. The Board of Directors has also determined that service by Ms. Kellett and Mr. Dawson on other public companies audit committees has not impaired their abilities to effectively serve on our Audit Committee.

The Audit Committee oversees (i) our accounting and financial reporting processes, (ii) the integrity and audits of our financial statements, (iii) our compliance with legal and regulatory requirements, (iv) the qualifications and independence of our independent auditors, and (v) the performance of our internal and independent auditors. The specific functions and responsibilities of the Audit Committee are set forth in the Audit Committee Charter, a copy of which is posted on our website at [www.medicalpropertystrust.com](http://www.medicalpropertystrust.com). The information on our website is not part of this Proxy Statement. The report of the Audit Committee begins on page 15 of this Proxy Statement.

***The Compensation Committee*** is comprised of two independent directors, Messrs. Orr and Holmes. Mr. Orr serves as chairman of the Compensation Committee.

The principal functions of the Compensation Committee are to evaluate the performance of our executive officers, review and approve the compensation for our executive officers, and review and administer our equity incentive plan. The Compensation Committee also reviews and approves corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluates the Chief Executive Officer's performance in light of those goals and objectives, and establishes the Chief Executive Officer's compensation levels. The specific functions and responsibilities of the Compensation Committee are set forth in more detail in the Compensation Committee's Charter, a copy of which is posted on our website at [www.medicalpropertystrust.com](http://www.medicalpropertystrust.com). The report of the Compensation Committee appears on page 23 of this Proxy Statement.

The Compensation Committee makes all compensation decisions with respect to the Chief Executive Officer and all other executive officers. The Compensation Committee also reviews and makes recommendation to the full Board of Directors regarding the Company's incentive compensation plans and equity-based plans. In 2010, the Compensation Committee continued its engagement of FTI Schonbraun McCann Group, or FTI SMG, a nationally recognized compensation practice of FTI Consulting, Inc. specializing in the real estate industry, to assist the Committee in determining the amount and form of executive compensation and considered information presented by FTI SMG when reviewing the appropriate types and levels for the Company's non-employee director compensation program. Information concerning the nature and scope of FTI SMG's assignments and related disclosure is included in Compensation Discussion and Analysis beginning on page 16 of this Proxy Statement.

***The Ethics, Nominating, and Corporate Governance Committee*** is comprised of two independent directors, Ms. Kellett and Dr. Holmes. Dr. Holmes serves as chairman of the Committee. The Ethics, Nominating and Corporate Governance Committee is responsible for, among other things, recommending the nomination of qualified individuals to become directors; recommending the composition of the committees of our Board of Directors; periodically reviewing the Board of Directors performance and effectiveness as a body; recommending proposed changes to the Board of Directors; and periodically reviewing our corporate governance guidelines and policies. The specific functions and duties of the Committee are set forth in its charter, a copy of which is posted on our website at

[www.medicalpropertiestrust.com](http://www.medicalpropertiestrust.com).

The Ethics, Nominating and Corporate Governance Committee will consider all potential candidates for nomination for election as directors who are recommended by the Company's stockholders, directors, officers, and employees. All director recommendations must be made during the time periods and must provide the information required by Article II, Section 2.03 of the Company's Second Amended and Restated Bylaws. All director recommendations should be sent to the Ethics, Nominating and Corporate Governance Committee, c/o Secretary, Medical Properties Trust, Inc., 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242. The Committee will screen all potential director candidates in the same manner, regardless of the source of their recommendation.

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The Committee's review will typically be based on the written materials provided with respect to a potential director candidate. The Committee will evaluate and determine whether a potential candidate meets the Company's minimum qualifications and requirements, whether the candidate has the specific qualities and skills for directors, and whether requesting additional information or an interview is appropriate. While the Committee considers different perspectives and skill sets when evaluating potential director candidates, the Committee has not established a policy regarding diversity in identifying candidates. The Committee nevertheless regularly reviews the composition of the Board as part of the annual self-evaluation process and seeks nominees who, taken as a whole, possess the experience and skills necessary for the effective functioning of the Board.

The Board of Directors has adopted the following minimum qualifications and specific qualities and skills for the Company's directors, which will serve as the basis upon which potential director candidates are evaluated by the Ethics, Nominating and Corporate Governance Committee: (i) directors should possess the highest personal and professional ethics, integrity, and values; (ii) directors should have, or demonstrate an ability and willingness to acquire in short order, a clear understanding of the fundamental aspects of the Company's business; (iii) directors should be committed to representing the long-term interests of our stockholders; (iv) directors should be willing to devote sufficient time to carry out their duties and responsibilities effectively and should be committed to serving on the Board of Directors for an extended period of time; and (v) directors should not serve on more than five boards of public companies in addition to our Board of Directors.

The Ethics, Nominating and Corporate Governance Committee recommended the nomination of all seven of the incumbent directors for re-election to the Board of Directors. The entire Board of Directors approved such recommendation.

***The Investment Committee*** membership is comprised of all of our current directors. Mr. Aldag serves as chairman of the committee. The Investment Committee has the authority to, among other things, consider and take action with respect to all acquisitions, developments, and leasing of healthcare facilities in which our aggregate investment will exceed \$10 million.

## **Governance, Ethics, and Stockholder Communications**

***Corporate Governance Guidelines.*** In furtherance of its goal of providing effective governance of the Company's business and affairs for the long-term benefit of its stockholders, the Board of Directors has adopted Corporate Governance Guidelines. The Corporate Governance Guidelines are posted on our website at [www.medicalpropertystrust.com](http://www.medicalpropertystrust.com).

***Code of Ethics and Business Conduct.*** The Company has adopted a Code of Ethics and Business Conduct, as approved by the Board of Directors, which applies to all directors, officers, employees, and agents of the Company and its subsidiaries. The Code of Ethics and Business Conduct is posted on our website at [www.medicalpropertystrust.com](http://www.medicalpropertystrust.com).

***Stockholder and Interested Party Communications with the Board.*** Stockholders and all interested parties may communicate with the Board of Directors or any individual director regarding any matter that is within the responsibilities of the Board of Directors. Stockholders and interested parties should send their communications to the Board of Directors, or an individual director, c/o Secretary, Medical Properties Trust, Inc., 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242. The Secretary will review the correspondence and forward any communication to the Board of Directors, or the individual director, if the Secretary determines that the communication deals with the functions of the Board of Directors or requires the attention of the Board of Directors or the individual director. The Secretary will maintain a log of all communications received from stockholders.



## Edgar Filing: MEDICAL PROPERTIES TRUST INC - Form DEF 14A

The Company provides, free of charge, hard copies of our annual report, our Form 10-K, our quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to these reports as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. Also available, free of charge, are hard copies of our Corporate Governance Guidelines, the charters of our Ethics, Nominating and Corporate Governance, Audit, and Compensation Committees, and our Code of Ethics and Business Conduct. All of these documents are also available on our website at [www.medicalpropertystrust.com](http://www.medicalpropertystrust.com).

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**PROPOSAL 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of our Board of Directors has appointed PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm to audit our financial statements for the fiscal year ending December 31, 2011. During the year ending December 31, 2010, PricewaterhouseCoopers LLP served as our independent registered public accounting firm.

**Board of Directors Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE *FOR* THE RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2011.**

**PROPOSAL 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), among other things, amended Section 14A of the Exchange Act of 1934, as amended, or the Exchange Act, to generally require each public company to include in its proxy statement a separate resolution subject to a non-binding, advisory resolution to approve the compensation of our executive officers, as disclosed in its proxy statement pursuant to Item 402 of Regulation S-K. This proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on our executive officers' compensation.

The Company asks that you indicate your support for our executive compensation policies and practices as described in "Compensation Discussion and Analysis," and the accompanying tables and related disclosures beginning on page 16 of this Proxy Statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our executive officers, as defined herein, and the policies and practices described in this Proxy Statement. Your vote is advisory and so will not be binding on the Compensation Committee or the Board of Directors. However, the Board of Directors will review the voting results and take them into consideration when structuring future executive compensation arrangements. The affirmative vote of the holders of a majority of the shares of Common Stock represented in person or by proxy at the annual meeting and entitled to vote on the proposal will be required for approval.

As we describe in further detail in the Compensation Committee Report beginning on page 23 of this Proxy Statement, we believe that the experience, abilities and commitment of our executive officers are unique in the business of investing in hospital real estate, and are therefore critical to the long-term achievement of our investment goals. Accordingly, the primary objectives of our executive compensation program are to retain our key leaders, attract future leaders and align our executives' long-term interest with the interests of our stockholders. The Board of Directors encourages you to carefully review the information regarding our executive compensation program contained in this Proxy Statement.

**Board of Directors Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE *FOR* THE FOLLOWING RESOLUTION:**

**RESOLVED**, that the compensation paid to the Company's executive officers, as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables and narrative discussion, is hereby **APPROVED**.

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**PROPOSAL 4 FREQUENCY OF ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Dodd-Frank Act also amended Section 14A of the Exchange Act to generally require each public company to include in its proxy statement a separate resolution subject to a non-binding, advisory stockholder vote to determine whether the non-binding, advisory stockholder votes on executive compensation, such as Proposal 3 of this proxy statement, will occur every one, two, or three years. Accordingly, the Company is providing stockholders the opportunity to vote to approve, on an advisory, non-binding basis, how frequently they would like to cast an advisory vote on the compensation of our executive officers. By voting on this proposal, stockholders may indicate whether they would prefer to cast an advisory vote on executive officer compensation every one, two or three years. Stockholders may also abstain from voting on this proposal.

The frequency receiving a majority of votes cast (every one, two or three years) will be considered the frequency recommended by stockholders. In the event that no option receives a majority of the votes cast, we will consider the option that receives the most votes to be the option selected by the stockholders. For purposes of the vote on the frequency of holding an advisory vote on the compensation of our executive officers, abstentions and broker non-votes will have no effect on the result of the vote.

After careful consideration of the frequency alternatives, the Board of Directors believes that conducting an advisory vote on executive compensation every three years is appropriate for the Company and our stockholders at this time, as this option will provide stockholders the ability to express their views on our executive compensation policies and practices while providing us with an appropriate amount of time to consult with our stockholders and to consider their input.

The Board of Directors also believes that a triennial vote more closely aligns with our long-term business strategy. This is because a significant portion of the total potential compensation that our executive officers are eligible to earn is only determinable as pay for performance measurements are achieved. These measurements, which are described in the Compensation Committee's report, generally require that our stockholders achieve predetermined financial returns and that our financial and operational results meet or exceed other predetermined metrics over a period of several years. Although, as an advisory vote, this proposal is not binding upon the Company or the Board of Directors, the Board of Directors will carefully consider the stockholder vote on this matter, along with all other expressions of stockholder views it receives on this matter.

**Board of Directors Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE THREE YEARS WITH RESPECT TO PROPOSAL FOUR.**

**Table of Contents****SHARE OWNERSHIP OF CERTAIN BENEFICIAL OWNERS****Directors, Executive Officers, and Other Stockholders**

The following table provides information about the beneficial ownership of our common stock as of March 21, 2011, unless otherwise indicated, by each director of the Company, each executive officer, all directors and executive officers as a group, and each person known to management to be the beneficial owner of more than 5% of the outstanding shares of common stock.

<b>Name of Beneficial Owner*</b>	<b>Number of Shares Beneficially Owned</b>	<b>Percentage of Shares Outstanding<sup>(1)</sup></b>
Directors and Executive Officers:		
Edward K. Aldag, Jr.	1,449,361 <sup>(2)</sup>	1.30%
Emmett E. McLean	563,428 <sup>(3)</sup>	**
R. Steven Hamner	645,057 <sup>(4)</sup>	**
William G. McKenzie	115,489 <sup>(5)</sup>	**
Michael G. Stewart	279,693 <sup>(6)</sup>	**
G. Steven Dawson	108,501 <sup>(8)</sup>	**
Robert E. Holmes, Ph.D.	90,168 <sup>(7)</sup>	**
Sherry A. Kellett	43,859 <sup>(9)</sup>	**
L. Glenn Orr, Jr.	99,446 <sup>(7)</sup>	**
All directors and executive officers as a group (9 persons)	3,395,002 <sup>(10)</sup>	3.04%
Other Stockholders:		
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	11,327,541 <sup>(11)</sup>	10.13%
Vanguard Specialized Funds Vanguard REIT Index Fund 100 Vanguard Blvd. Malvern, PA 19355	5,883,623 <sup>(12)</sup>	5.26%
BlackRock Inc. 40 East 52 <sup>nd</sup> Street New York, NY 10022	9,502,524 <sup>(13)</sup>	8.50%
EARNEST Partners, LLC 1180 Peachtree Street NE, Suite 2300 Atlanta, GA 30309	5,806,648 <sup>(14)</sup>	5.20%

\* Unless otherwise indicated, the address is c/o Medical Properties Trust, Inc., 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242.

\*\* Less than 1% of the outstanding shares of common stock.

(1) Based on 111,772,862 shares of common stock outstanding as of March 21, 2011 and includes 130,000 vested common stock options and 94,288 vested operating partnership units (convertible into an equal number of shares of common stock). Shares of common stock that are deemed to be beneficially owned by a stockholder within 60 days after March 21, 2011 are deemed outstanding for purposes of computing such stockholder's percentage ownership but are not deemed outstanding for the purpose of computing the percentage outstanding of any other stockholder. Except as otherwise indicated in the notes to this table, beneficial ownership includes

sole voting and investment power.

- (2) Includes 673,681 shares of unvested restricted common stock, which the named officer has no right to sell or pledge. Separately, 362,003 shares are pledged as security.
- (3) Includes 144,523 shares of unvested restricted common stock, which the named officer has no right to sell or pledge. Includes 4,200 shares in a custodial account for one of his children.
- (4) Includes 242,641 shares of unvested restricted common stock, which the named officer has no right to sell or pledge.
- (5) Includes 50,526 shares of unvested restricted common stock, which the named officer has no right to sell or pledge. Separately, 26,072 shares are pledged as security.
- (6) Includes 59,642 shares of unvested restricted common stock, which the former named officer has no right to sell or pledge.
- (7) Includes 20,000 shares of common stock issuable upon exercise of vested stock options and 16,931 shares of unvested restricted common stock. In addition, shares held by Mr. Orr include 700 shares held in a trust account and in accounts for his wife and daughter.
- (8) Includes 20,000 shares of common stock issuable upon exercise of vested stock options and 16,931 shares of unvested restricted common stock. Also, includes, 71,570 shares held by Corriente Private Trust. Mr. Dawson is the sole trustee and beneficiary of Corriente Private Trust. Mr. Dawson through Corriente Private Trust has voting and dispositive power with respect to the shares.
- (9) Includes 16,931 shares of unvested restricted common stock.
- (10) See notes (1)-(9) above.
- (11) Share and beneficial ownership information was obtained from a Schedule 13G/A filed February 9, 2011 with the SEC. Includes shares of common stock held by Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc. Vanguard Fiduciary Trust Company directs the voting of 175,025, or 0.16% of the shares outstanding of the Company, of which it is the beneficial owner as a result of it serving as investment manager of collective trust accounts.

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- (12) Share and beneficial ownership information was obtained from a Schedule 13G/A filed February 9, 2011 with the SEC, which states that Vanguard Specialized Funds Vanguard REIT Index Fund, a wholly- owned fund of The Vanguard Group, Inc., has sole power to vote or direct the voting of these 5,883,623 shares outstanding of the Company.
- (13) Share and beneficial ownership information was obtained from a Schedule 13G/A filed January 21, 2011 with the SEC. According to the Schedule 13G/A, BlackRock has sole voting power and sole dispositive power over 9,502,524 shares of the Company's common stock. The Schedule 13G/A states that various persons have the right to receive or the power to direct the receipt or dividends from or the proceeds from the sale of the Company's common stock but that no one person's interest in the Company's common stock is more than five percent of the total outstanding common shares.
- (14) Share and beneficial ownership information was obtained from a Schedule 13G/A filed February 1, 2011 with the SEC. According to the Schedule 13G/A, EARNEST Partners, LLC is filing as an investment adviser in accordance with 240.13d-1(b)(1)(ii)(E), and no client interest relates to more than five percent of the class. Per the Schedule 13G/A, EARNEST Partners, LLC has sole voting power, shared voting power, and sole dispositive power over 1,780,699; 1,258,169; and 5,806,648 shares of the Company's common stock, respectively.

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

Section 16(a) of the Securities Exchange Act of 1934 requires that our directors and executive officers and the beneficial owners of more than 10% of our equity securities, or, collectively, reporting persons, file with the SEC and the NYSE initial reports of, and subsequent reports of changes in, their beneficial ownership of our equity securities. Based solely on a review of the reports furnished to us, we believe that all of the reporting persons timely filed all of the applicable SEC reports required for 2010.

**INDEPENDENT AUDITOR**

On August 19, 2010, the Audit Committee of the Board of Directors selected PricewaterhouseCoopers LLP ( PwC ) as the independent auditor to perform the audit of our consolidated financial statements. PwC, an independent registered public accounting firm, also performed the audit of our consolidated financial statements for 2009.

Representatives of PwC are expected to be present at the meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions from our stockholders.

**Audit and Non-Audit Services**

The Audit Committee is directly responsible for the appointment, compensation, and oversight of our independent auditor. In addition to retaining the independent auditor to audit our consolidated financial statements, the Audit Committee may retain the independent auditor to provide other auditing services. The Audit Committee understands the need for our independent auditor to maintain objectivity and independence in its audits of our financial statements.

To help ensure the independence of the independent auditor, the Audit Committee has adopted a policy for the pre-approval of all audit and non-audit services to be performed by its independent auditor. Pursuant to this policy, all audit and non-audit services to be performed by the independent auditor must be approved in advance by the Audit Committee. The Audit Committee approved all audit services provided to us by PwC during the 2010 and 2009 fiscal

years.

The table below sets forth the aggregate fees billed by PwC for audit and non-audit services:

<b>Fees</b>	<b>2010</b>	<b>2009</b>
Audit Fees	\$ 494,412	\$ 645,834
Audit-Related Fees		
Tax Fees		
All Other Fees		
<b>Total</b>	<b>\$ 494,412</b>	<b>\$ 645,834</b>

In the above table, in accordance with the SEC's definitions and rules, "audit fees" are fees for professional services for the audit of a company's financial statements included in the annual report on Form 10-K, for the review of a company's financial statements included in the quarterly reports on Form 10-Q, and for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements; "audit-



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related fees are fees for assurance and related services that are reasonably related to the performance of the audit or review of a company's financial statements; tax fees are fees for tax compliance, tax advice, and tax planning; and all other fees are fees for any services not included in the first three categories.

## **Audit Committee Report**

The Audit Committee is comprised of three independent directors and operates under a written charter adopted by the Board of Directors, a copy of which is available on our website. The Board of Directors has determined that each committee member is independent within the meaning of the NYSE listing standards.

Management is responsible for the Company's accounting and financial reporting processes, including its internal control over financial reporting, and for preparing the Company's consolidated financial statements. PwC, the Company's independent auditor, is responsible for performing an audit of our consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) and for expressing an opinion as to whether the Company's consolidated financial statements are fairly presented in all material respects in conformity with accounting principles generally accepted in the United States of America (GAAP). In this context, the responsibility of the Audit Committee is to oversee the Company's accounting and financial reporting processes and the audits of the Company's consolidated financial statements.

In the performance of its oversight function, the Audit Committee reviewed and discussed with management and PwC the Company's audited consolidated financial statements as of and for the year ended December 31, 2010. Management and PwC represented to the Audit Committee that the Company's audited consolidated financial statements as of and for the year ended December 31, 2010 were prepared in accordance with GAAP. The Audit Committee also discussed with PwC the matters required to be discussed by Statement of Auditing Standards (SAS) No. 61, as amended by SAS Nos. 89, 90, and 114 issued by the Auditing Standards Board of the American Institute of Certified Public Accountants. SAS No. 61, as amended, sets forth requirements pertaining to the independent auditor's communications with the Audit Committee regarding the conduct of the audit.

The Audit Committee received the written disclosures and the letter from PwC required by PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence* (Rule 3526). Rule 3526 requires the independent auditor to provide written and oral communications prior to accepting an initial engagement conducted pursuant to the standards of the PCAOB and at least annually thereafter regarding all relationships between the auditor and the Company that, in the auditor's professional judgment, may reasonably be thought to bear on independence and to confirm that they are independent of the Company within the meaning of the securities acts administered by the SEC. The Audit Committee discussed with PwC any relationships that may impact their objectivity and independence and satisfied itself as to their independence.

The members of the Audit Committee are not professionally engaged in the practice of accounting or auditing and, as such, rely without independent verification on the information provided to them and on the representations made by management and PwC. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting processes or appropriate internal controls and procedures designed to assure compliance with the accounting standards and applicable laws and regulations. Furthermore, the reviews and discussions of the Audit Committee referred to above do not assure that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, that the Company's audited consolidated financial statements are presented in accordance with generally accepted accounting principles, or that PwC is, in fact, independent.

Based on the Audit Committee's review and the meetings described above, and subject to the limitations on its role and responsibilities described above and in the Audit Committee Charter, the Audit Committee recommended to the Board

of Directors, and the Board of Directors approved, that the audited financial statements as of and for the year ended December 31, 2010 be included in our 2010 Annual Report on Form 10-K and in the Company's 2010 Annual Report to Stockholders.

The foregoing report is provided by the undersigned members of the Audit Committee of the Board of Directors.

G. Steven Dawson (Chairman)

Sherry A. Kellett

L. Glenn Orr, Jr.

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**EXECUTIVE OFFICERS AND EXECUTIVE COMPENSATION**

**Executive Officers and Other Senior Management**

For information regarding Messrs. Aldag and Hamner, please see Proposal 1 Election of Directors above.

**Emmett E. McLean.** Emmett E. McLean, age 55, is one of our founders and has served as our Executive Vice President, Chief Operating Officer and Treasurer since September 2003. Mr. McLean has served as our Secretary since June 2010, and served as our Assistant Secretary from April 2004 to June 2010. In August and September 2004, Mr. McLean also served as our Chief Financial Officer. Mr. McLean was one of our directors from September 2003 until April 2004. From June to September 2003, Mr. McLean served as Executive Vice President, Chief Financial Officer, and Treasurer, and board member of our predecessor. From 2000 to 2003, Mr. McLean was a private investor and, for part of that period, served as a consultant to a privately held company. From 1995 to 2000, Mr. McLean served as Senior Vice President Development, Secretary, Treasurer and a board member of PsychPartners, L.L.C., a healthcare services and practice management company. Prior to 1992, Mr. McLean worked in the investment banking field. Mr. McLean received an MBA from the University of Virginia and a B.A. in Economics from The University of North Carolina.

**Compensation Discussion and Analysis**

This section of our Proxy Statement describes our compensation program for our principal executive officer (Edward K. Aldag, Jr.), our principal financial officer (R. Steven Hamner) and our other executive officer (Emmett E. McLean) (our current Named Executive Officers ). As described on page 25, Michael G. Stewart ceased being a named executive officer on June 15, 2010. We discuss herein our overall executive compensation objectives, each element of compensation that our Named Executive Officers are eligible to receive and how we determined their compensation in 2010.

**Executive Summary**

We believe that the experience, abilities and commitment of our Named Executive Officers are unique in the business of investing in hospital real estate, and are therefore critical to the long-term achievement of our investment goals. Accordingly, the primary objectives of our executive compensation program as implemented by our Compensation Committee are to retain our key leaders, and attract future leaders while aligning our executives long-term interest with the interests of our other stockholders.

The Compensation Committee also evaluates our executive compensation programs to ensure that appropriate consideration is given to compensation risks, including:

compensation methods that may incentivize our executives to make decisions that, while creating apparent short term financial and operating success, may in the longer term result in future losses and other value depreciation; and

compensation that is not competitive in the market, and does not adequately reward our executive officers for their specialized knowledge, expertise and historical achievements may impact our ability to retain executives with such knowledge and expertise and adversely affect our growth, profitability and long term value.

A number of strategic, operational and financial achievements heavily influenced the Compensation Committee's decisions about 2010 compensation, including:

We substantially refinanced our balance sheet in the early part of 2010; in general, we waited longer than many REITs to do this in order to avoid the historic low equity prices and high cost of debt during the global financial crisis that started in 2008. These transactions included refinancing our revolving credit facility and upsizing it by more than 40%; issuing fixed rate term notes with an attractive yield and six-year term; issuing approximately \$280 million in common equity, having the effect of driving our leverage ratio down to 23% and positioning the Company for aggressive growth in high-yielding assets.

We restarted the acquisition program that we had consciously put on hold during the worst parts of the financial crisis. In June, we completed the acquisition of three hospitals for approximately \$74 million and

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leased them to an operator that is new to us, making further progress on reducing the percentage of assets operated by a single system. From that time through February 2011, we invested almost \$400 million in new assets with average initial yields in excess of 10%, and we lowered our largest operator concentration to approximately 29% from approximately 40% three years earlier.

During the same time, we strategically trimmed certain of our investments, including accepting prepayment of \$40 million in non-real estate loans, and selling certain assets that left us with better geographic and operator concentration.

We realized a cash \$12 million profits participation on our Shasta Regional Hospital facility. Under certain conditions, this amount was not due for up to 10 years from the November 2008 commencement of our lease of that facility.

As of the end of 2010, we had generated a three-year total return to stockholders ( TRS ) of approximately 28% (approximately 10% in 2010), which placed us approximately in the 75th percentile rank out of the 125 companies that make up the SNL US REIT Equity Index, and approximately in the 70th percentile of the 17 companies that we use as a peer comparison group for purposes of executive compensation.

*Primary Components of Executive Compensation*

Compensation of our Named Executive Officers is comprised of four primary components: base salary, annual cash bonus (annual non-equity incentive program), annual grants of restricted stock, and multi-year equity incentive programs. Only the base salary component does not have performance criteria. Compensation under the other components is fully earned only if predetermined performance criteria are achieved. These criteria align our Named Executive Officers' compensation with achievement of important goals, including TRS, that benefit all of the Company's stockholders.

Importantly, these criteria are established by our Compensation Committee at levels that assure that our stockholders must earn attractive returns in order for our Named Executive Officers to earn all of their potential incentive compensation. As an example of our continuing emphasis on pay for performance, in 2010 our Compensation Committee added a provision to our annual grants of restricted stock that requires us to achieve a TRS of at least 9.5% in order for our Named Executive Officers to realize one-half of such grants in 2010. In some prior years, such grants have been conditioned only on continued employment over the vesting periods. In addition, the Compensation Committee added a separate provision that limits the payment of dividends on performance-based restricted shares to those that have been earned by the Named Executive Officers pursuant to achievement of the performance criteria.

Moreover, on December 31, 2010 the measurement period for the superior performance award portion of our 2007 Multi-year Incentive Plan ended. This program established significant performance criteria when it was implemented in 2007, and the grant date fair value of the program was \$2.4 million. However, due in part to global economic conditions, we did not generate the returns for our stockholders necessary for our Named Executive Officers to realize all of this value, and in fact, they forfeited an aggregate of \$1.1 million as of the end of 2010. It is important to note, however, that accounting rules do not allow U.S. companies to reflect this substantial reduction of realized executive compensation in their financial statements, even though the Named Executive Officers will never be paid for the amount forfeited but previously included as compensation expense in the company's financial statements.

Each of the four primary components of executive compensation is discussed in further detail elsewhere in this Compensation Discussion and Analysis.

*Other Executive Compensation Considerations*

All of our current Named Executive Officers are also founders of our Company, and we have multi-year employment agreements with them. The substantive terms of these agreements are discussed further below. We believe these agreements are appropriate because prior to the 2004 initial sale of our common stock to non-founder investors, our founders owned 100% of our stock. The founders gave up the great majority of their stock ownership, and its related benefits in exchange for the opportunity to create future value and wealth for all stockholders. Among other considerations, the multi-year nature of the contracts provided a level of assurance acceptable to the founders that, absent termination for cause, they would each have an

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opportunity to continue to create that value and wealth. The Compensation Committee believes that such agreements, especially with respect to company founders, are not uncommon.

We believe that the total compensation paid to our Named Executive Officers is set at a level that accommodates prudent personal planning for certain post-retirement costs, including the costs of healthcare. Accordingly, with very limited exceptions related to the period of time after employment that we will pay for certain insurance coverage, we do not presently have any programs that provide post-retirement benefits or compensation.

We provide to our Named Executive Officers certain other compensation that we believe is customary and is minor in relation to total compensation. This includes the employer match to a portion of the executive's 401(k) contribution (our only retirement program), reimbursement of certain limited amounts of disability and life insurance premiums, automobile allowances and certain limited professional fees. These are each described and quantified in the Summary Compensation Table below.

**Compensation Philosophy and Procedures**

Our Compensation Committee is responsible for designing our executive compensation plans, establishing compensation levels, and measuring the performance of our Named Executive Officers. In order to assist the Compensation Committee to design, establish and monitor our executive compensation plans, the committee has engaged since 2007 the services of FTI SMG, a nationally recognized compensation consulting firm specializing in the real estate industry, and we continued to use the services of FTI SMG in 2010 and through the date of this proxy statement in 2011. We did not have any prior relationship with FTI SMG.

In 2010, FTI SMG advised the Compensation Committee about, among other matters, executive compensation trends, evolving designs of compensation programs, suggested adjustments to the peer group, and the amount of incentive compensation potential actually realized by our Named Executive Officers. Additionally, representatives of FTI SMG consult with Messrs. Aldag and Hamner periodically and present to the Compensation Committee the opinions of FTI SMG about any proposals suggested by such members of management. FTI SMG representatives frequently participate in meetings of the Compensation Committee and consult with members of the Compensation Committee between such meetings.

The Compensation Committee recognizes that it is essential to receive objective advice from its outside compensation consultant. Historically, on an annual basis since 2007, FTI SMG has been engaged by management to perform a variety of tax structuring and compliance services unrelated to executive compensation. Although these services were not specifically approved in advance by the Compensation Committee, the Compensation Committee has been aware of and approved of FTI SMG's role as a provider of non-executive compensation related services to us. FTI SMG reports to the Compensation Committee any such services and fees annually, in connection with its retention, and upon the reasonable request of the Compensation Committee. The Compensation Committee has determined that FTI SMG's advice is objective and free from the influence of management. The Compensation Committee also closely examines the safeguards and steps that FTI SMG takes to ensure that its executive compensation consulting services are objective. The Compensation Committee takes into consideration that:

The Compensation Committee directly hired and has the authority to terminate FTI SMG's engagement for executive compensation related services;

The Compensation Committee solely determined the terms and conditions of FTI SMG's engagement for compensation related services, including the fees charged;

FTI SMG is engaged by and reports directly to the Compensation Committee for all executive compensation services; and

FTI SMG has direct access to members of the Compensation Committee during and between meetings.

During 2010, we paid FTI SMG \$95,600 in consulting fees directly related to executive, board and other compensation-related services performed for the Compensation Committee. During the same period, we paid FTI SMG \$206,990 for its tax structuring and compliance consulting services unrelated to executive, board and compensation matters.

In 2010, FTI SMG continued to evaluate our executive and director compensation practices in light of evolving market conditions. As such, the compensation review in 2010 by FTI SMG compared our executive pay practices



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against the same peer group of companies as that in 2008 and 2009 (with the exception that Thomas Properties Group, Inc. is no longer considered in the peer group). The peer group is comprised of the following REITs (the Peer Group ):

Alexandria Real Estate Equities, Inc.

BioMed Realty Trust

Cogdell Spencer, Inc

Colonial Properties Trust

Corporate Office Properties Trust, Inc.

Digital Realty Trust, Inc.

First Potomac Realty Trust

Health Care REIT, Inc.

Healthcare Realty Trust

Kite Realty Group Trust

LTC Properties, Inc.

Maguire Properties, Inc.

Nationwide Health Properties, Inc.

Omega Healthcare Investors, Inc.

Parkway Properties, Inc.

Ventas, Inc.

Washington Real Estate Investment Trust

**Components of Executive Compensation**

As noted above, a significant portion of our Named Executive Officers' total compensation is based on pre-established measures, the achievement of which we believe is correlated with long term creation and maintenance of stockholder value. Another significant portion of the value our Named Executive Officers are eligible to earn as compensation is represented by shares of restricted common stock that vest over multiple periods and materially impact the long term net worth of our Named Executive Officers. We believe these two key elements of our compensation strategy create incentives for our Named Executive Officers to make decisions that are expected to generate sustainable stockholder value over the long term.

The compensation of our Named Executive Officers was comprised of Base Salaries, Annual Bonus (non-equity incentive plan compensation) and Long-term Incentive Awards. In 2007, we also implemented a Multi-year Incentive

Plan. All of these components, and a description of how the Compensation Committee determined 2010 compensation, are summarized below.

*Base Salaries*

The Compensation Committee has determined that base salaries should comprise a relatively minor portion of the total compensation that an executive is eligible to earn and has established base salary levels relative to the Peer Group. In 2010, each of our Named Executive Officers' base salary was increased only by the approximate change in the consumer price index during 2009. In limiting base salary increases to inflation, the Compensation Committee considered the opportunities for our executive officers to earn incentive compensation based on their achievement of certain longer-term financial and operational targets as described below.

*Annual Bonus (Non-Equity Incentive Plan Compensation)*

Our Named Executive Officers have opportunities to earn annual cash compensation of up to specified multiples of their base salaries if certain specified corporate goals are reached at the Threshold, Target,

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Superior and Outperformance levels as described below. The following table specifies the potential multiples for each current Named Executive Officer.

Executive Name	Threshold	Target	Superior	Outperformance
<i>Edward K. Aldag, Jr.</i>	100%	175%	250%	350%
<i>R. Steven Hamner</i>	75%	125%	175%	250%
<i>Emmett E. McLean</i>	75%	125%	175%	250%

The majority (generally, 65%) of the potential annual bonus for each Named Executive Officer is based on quantifiable measures of performance that are established and discussed with each executive early in the fiscal year. In early 2010, the following goals, measurements and potential base salary multiples were established for calendar year 2010:

Corporate Goal	Weight	Threshold	Target	Superior	Outperformance
<i>Normalized FFO Goal(1)</i>	25.0%	\$0.85	\$0.88	\$0.90	\$0.92
<i>Exposure by Tenant</i>	10.0%	36% max	33% max	28% max	27% max
<i>Acquisitions</i>	10.0%	\$100 million	\$150 million	\$200 million	\$250 million
<i>Liquidity</i>	25.0%	\$50 million	\$60 million	\$70 million	\$80 million
<i>AFFO Payout(2)</i>	15.0%	92.0%	89.0%	85.0%	84.0%
<i>Binary Recapitalize Balance Sheet</i>	15.0%	N/A	N/A	N/A	Yes
<b>TOTAL</b>	<b>100.00%</b>				

- (1) For computational purposes, we use the NAREIT definition of FFO (funds from operations), with adjustments for certain items, including in 2010 (i) various non-routine charges, including items related to the recapitalization transactions, loan impairment, executive severance, and write-offs of straight line rent (\$0.31 per share), (ii) incremental interest avoided by prepayment of debt with recapitalization proceeds (\$0.12 per share), (iii) the effects of sales of assets and note prepayments (\$0.09 per share), (iv) accounting changes for convertible bonds and participating securities (\$0.04 per share), (v) the early collection of \$10,000,000 of additional rent from Shasta (\$0.12 per share), and (vi) the dilution from the recapitalization of our balance sheet (\$0.19 per share).

Dilution resulting from the 2010 recapitalization transactions, including the issuance of approximately 29.9 million shares of common stock, is not considered because the Compensation Committee believes that near-term dilution is necessary to take advantage of longer-term growth opportunities; for example, as a result of the recapitalization transactions, the Company was able to commit to almost \$400 million in new investments since the recapitalization less than one year earlier.

- (2) For computational purposes we adjusted the normalized FFO amount as described above to exclude straight-line rent revenue (\$0.06 per share), non-cash, share-based compensation expense (\$0.07 per share), and deferred financing cost amortization expense (\$0.06 per share).

The following table shows the level of achievement for each of the 2010 goals.

<b>Corporate Goal</b>	<b>2010 Achievement</b>	<b>Actual Achievement</b>
<i>Normalized FFO Goal</i>	Outperformance	\$0.94
<i>Exposure by Tenant</i>	Outperformance	27%
<i>Acquisitions</i>	Superior	\$230 million
<i>Liquidity</i>	Outperformance	>\$80 million
<i>AFFO Payout</i>	Outperformance	80%
<i>Recapitalization</i>	Yes	Yes

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The remaining 35% of the annual bonus potential is based on the respective performance of each Named Executive Officer based on the Compensation Committee's consideration of various quantitative and qualitative factors. For 2010, the factors listed in the executive summary on page 16 were considered.

### *Long-Term Incentive Awards.*

The Compensation Committee may grant long-term, equity-based incentive awards to our executive officers under the 2004 Equity Incentive Plan. These awards may take the form of incentive stock options, nonqualified stock options, restricted common stock, restricted stock units, deferred stock units, stock appreciation rights, and performance share units. Based on an assessment of competitive factors and performance, the Compensation Committee determines an award that is sufficient to both properly reward, and provide future incentive for, each executive officer. The Compensation Committee generally considers the amount of other components of the executives' awards along with the market information related to compensation of Peer Group company executives in determining the value and character of long-term incentive awards, and intends to continue to closely align the interests of the executive officers with those of the stockholders generally by making such incentive awards in the form of restricted stock. Shares of restricted stock granted under the 2004 Equity Incentive Plan are designed to provide long-term performance incentives and rewards tied to the price of our common stock. In past years, to encourage retention, restricted stock awards have generally vested over periods of three to five years, and have sometimes required achievement of certain performance measures in order to vest.

In 2010, the Compensation Committee added a provision to our annual grants of restricted stock that requires us to achieve a TRS of at least 9.5% in order for our Named Executive Officers to realize one-half of such 2010 grants. In addition, the Compensation Committee added a separate provision that limits the payment of dividends on performance-based restricted shares to those that have been earned by the Named Executive Officers pursuant to achievement of the performance criteria.

To help determine the amount of long-term equity incentives to award our Named Executive Officers during 2010, the Compensation Committee considered the following factors along with the total compensation levels of the Company's Named Executive Officers and the Peer Group. Based on our 2009 performance, the Compensation Committee granted time-based and performance based restricted shares to each of the Named Executive Officers. One-half of such restricted shares vest over a three year period in equal quarterly amounts. The remaining one-half vest only if during the three year period, our TRS is equal to or exceeds 9.5% (with carry back and carry forward provisions). Moreover, dividends that accrue on the performance based restricted stock are not paid until and unless the requisite TRS performance requirements are achieved.

Management's maintenance of strong operating performance throughout 2009, during the most critical period of the global credit crisis and recession.

Establishment of prudently staggered debt maturities such that no unmanageable maturities came due in any single year. Moreover, management successfully created additional liquidity through selective asset refinancings, moderate equity issuances and limitations on asset acquisitions.

The Named Executive Officers added important human and other resources in anticipation of economic recovery, including key managers in accounting and finance, asset management and asset underwriting.

Generated substantial increases in TRS through share price recovery and maintenance of a cash dividend during a time when many larger and older REITs had replaced most of their cash dividend with shares of common stock.

Importantly, the Named Executive Officers by the end of 2009 had positioned the Company to take prompt and aggressive advantage of an improving market, and in fact soon thereafter, the Company recapitalized its balance sheet and commenced acquisitions of attractive long term assets.

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Based on these considerations, the Compensation Committee awarded long-term incentive shares of restricted common stock in 2010 as follows:

	<b>Time-Based Awards (\$)(1)</b>	<b>Performance-Based Awards (\$)(1)</b>	<b>Total Awards (\$)(1)</b>
<b>Executive</b>			
<i>Edward K. Aldag, Jr.</i>	\$ 1,036,283	\$ 906,870	\$ 1,943,153
<i>Emmett E. McLean</i>	336,792	294,733	631,525
<i>R. Steven Hamner</i>	518,141	453,435	971,576

- (1) The following amount of shares was granted to Messrs. Aldag, McLean and Hamner: 196,080, 63,726, and 98,040, respectively. 50% of the shares granted are time-based and 50% of shares granted are performance-based, and require an annual 9.5% TRS in order for the shares to be earned by our current Named Executive Officers.

*2007 Multi-Year Incentive Program*

The Compensation Committee approved on March 8, 2007, and our stockholders approved on May 30, 2007 the general terms of a multi-year incentive program (the 2007 Program) that is administered under the 2004 Equity Incentive Plan. The 2007 Program was designed to motivate, retain, and reward the Company's senior executive officers over a multi-year period based on the achievement of key business objectives while maintaining alignment of their interests with those of our stockholders. The 2007 Program consists of three basic components: time-based restricted equity awards, core performance restricted equity awards, and superior performance awards.

Time-based awards vest ratably over a seven-year period that will end on December 31, 2013. Core performance awards vest over a seven-year period based on achievement by the Company of specific total return benchmarks. Cash dividends are paid on all time-based and core performance award shares, including unvested portions. Superior performance awards, which are intended to encourage management to create stockholder value in excess of industry expectations in a pay for performance structure, are earned based on achievement of certain stock price targets or specific total return benchmarks. If our average stock price (over 30 consecutive trading days) was equal to or greater than \$26, \$24, \$22, or \$20 in 2009 or 2010, 100%, 75%, 58%, or 33% of the superior performance award is earned, respectively. If our average stock price did not reach \$20 in 2009 or 2010, only one-third of the superior performance award is earned if our total stockholder return from March 1, 2007 through December 31, 2010 is at or above the 50th percentile of the total stockholder return of the REITs in the Morgan Stanley REIT Index.

As of the December 31, 2010 end of the superior performance measurement date, our TRS for the measurement period was above the 50th percentile of the index, but our shares had not reached a value of \$20 in 2009 or 2010. Accordingly, our Named Executive Officers forfeited two-thirds of the shares that the 2007 Program had been designed to provide pursuant to the superior performance. Through December 31, 2010, we have reported executive compensation related to the superior performance awards in an aggregate amount of approximately \$1.6 million. Although two-thirds of this amount, or \$1.1 million, will never be received by our Named Executive Officers, accounting rules prohibit U.S. companies from adjusting the amount of the previously reported compensation.

Once the superior performance award is earned based on performance, it is subject to further time vesting. One-third of the earned superior performance awards vest on the fourth anniversary of grant, and an additional third vest on each

of the succeeding two anniversaries, based on continued employment. During the performance vesting period, cash dividends are paid with respect to the maximum shares or units that could be earned under the superior performance award at a rate equivalent to only 20% of our normal dividend rate.

Some or all awards under the 2007 Program, at the election of the awardees, may be granted in the form of operating partnership profits interest units of MPT Operating Partnership, L.P., the entity through which we conduct substantially all of our business. Subject to vesting and the other terms of the applicable award, these profits interest units are exchangeable for shares of our common stock or cash, at our election. Distributions on the profits interest units equal the dividends paid on our common stock on a per unit basis, subject to the terms of the applicable award.



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All determinations, interpretations, and assumptions relating to the vesting and calculation of awards under the 2007 Program are made by the Compensation Committee. In the event of a change in control of the Company during the vesting period, all grants would become fully vested.

***Other Benefits.*** We maintain a 401(k) Retirement Savings plan and annually match 100% of the first three percent (3%) of pay contributed, plus fifty percent (50%) of the next two percent (2%) of pay contributed, to such plan by any employee (subject to certain tax limitations). We offer medical, dental, and vision plans, and pay the coverage cost under these plans for all employees. Each of our Named Executive Officers have employment agreements with us pursuant to which certain other benefits are provided to them. The financial terms of each such employment agreement are set forth in *Compensation of Executive Officers* below.

***Practices with regard to dates and pricing of stock and option grants.*** The Compensation Committee determines the number of shares underlying options and shares of restricted stock to award to each officer and grants such awards. The date of the award is the date of the scheduled meeting of the Compensation Committee at which the Compensation Committee votes to approve the option or the restricted share amount. The exercise price of each option granted is the closing price of our common stock on such date of grant.

In all cases, our options are dated (i) on the date of a scheduled Compensation Committee meeting at which the option amount is approved, (ii) on the date of a new hire's start with the Company as approved by the Chairman/CEO in advance of the start date, or (iii) on the date of a terminated senior executive's departure from the Company as set out in formal terms approved in advance. Option exercise prices are determined by the NYSE closing price of our common stock on such date of grant. Additionally, all officers must receive prior authorization for any purchase or sale of our common stock.

***Section 162(m).*** The SEC requires that this report comment upon the Company's policy with respect to Section 162(m) of the Internal Revenue Code of 1986, as amended, which limits the deductibility on the Company's tax return of compensation over \$1 million to any of the Named Executive Officers of the Company unless, in general, the compensation is paid pursuant to a plan which is performance-related, non-discretionary, and has been approved by the Company's stockholders. The Company believes that, because it qualifies as a REIT under the Code and pays dividends sufficient to minimize federal income taxes, the payment of compensation that does not satisfy the requirements of Section 162(m) will generally not affect the Company's net income. To the extent that compensation does not qualify for a deduction under Section 162(m), a larger portion of stockholder distributions may be subject to federal income taxation as dividend income rather than return of capital. The Company does not believe that Section 162(m) will materially affect the taxability of stockholder distributions, although no assurance can be given in this regard due to the variety of factors that affect the tax position of each stockholder. For these reasons, the Compensation Committee's compensation policy and practices are not directly guided by considerations relating to Section 162(m).

## **Compensation Committee Report**

The Compensation Committee has reviewed and discussed with our management the Compensation Discussion and Analysis on page 16 of this Proxy Statement. Based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

L. Glenn Orr, Jr. (Chairman)  
Robert E. Holmes, Ph.D.

## **Compensation of Executive Officers**

We have employment agreements with Edward K. Aldag, Jr., R. Steven Hamner and Emmett E. McLean. These employment agreements provided the following annual base salaries in 2010: Edward K. Aldag, Jr., \$550,680; R. Steven Hamner, \$374,712; and Emmett E. McLean, \$372,528. On each January 1, each of the current Named Executive Officers is to receive a minimum increase in his base salary equal to the increase in the Consumer Price Index, or CPI. These agreements provide that the current Named Executive Officers agree to devote substantially all of their business time to our operation. The employment agreement for each of the current Named Executive Officers is for a three-year term, which is automatically extended at the end of each year within such term for an additional one year period, unless either party gives notice of non-renewal as provided in the agreement.

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These employment agreements permit us to terminate each executive's employment with appropriate notice for or without cause, which includes (i) the conviction of the executive of, or the entry of a plea of guilty or nolo contendere by the executive to, a felony (exclusive of any felony relating to negligent operation of a motor vehicle and also exclusive of a conviction, plea of guilty or nolo contendere arising solely under a statutory provision imposing criminal liability upon the executive on a per se basis due to the Company offices held by the executive, so long as any act or omission of the executive with respect to such matter was not taken or omitted in contravention of any applicable policy or directive of the Board of Directors), (ii) a willful breach of his duty of loyalty which is materially detrimental to the Company, (iii) a willful failure to materially perform or materially adhere to explicitly stated duties that are consistent with the terms of his employment agreement, or the Company's reasonable and customary guidelines of employment or reasonable and customary corporate governance guidelines or policies, including, without limitation, any business code of ethics adopted by the Board of Directors, or to follow the lawful directives of the Board of Directors (provided such directives are consistent with the terms of his employment agreement), which, in any such case, continues for thirty (30) days after written notice from the Board of Directors to the executive, or (iv) gross negligence or willful misconduct in the material performance of the executive's duties.

Each of the current Named Executive Officers has the right under his employment agreement to resign for good reason, which includes (i) the employment agreement is not automatically renewed by the Company; (ii) the termination of certain incentive compensation programs; (iii) the termination or diminution of certain employee benefit plans, programs, or material fringe benefits; (iv) the relocation of our principal office outside of a 100 mile radius of Birmingham, Alabama (in the case of Mr. Aldag); or (v) our breach of the employment agreement which continues uncured for 30 days. In addition, in the case of Mr. Aldag, the following constitute good reason: (i) his removal from the Board of Directors without cause or his failure to be nominated or elected to the Board of Directors; or (ii) any material reduction in duties, responsibilities, or reporting requirements, or the assignment of any duties, responsibilities, or reporting requirements that are inconsistent with his positions with us.

The executive employment agreements provide a monthly car allowance of \$1,000 for Mr. Aldag and \$750 for each of Messrs. Hamner and McLean. The current Named Executive Officers are also reimbursed for the cost of tax preparation and financial planning services, up to \$25,000 annually for Mr. Aldag and \$10,000 annually for each of Messrs. Hamner and McLean. We also reimburse each executive for the income tax he incurs on the receipt of these tax preparation and financial planning services. In addition, the employment agreements provide for annual paid vacation of six weeks for Mr. Aldag and four weeks for Messrs. Hamner and McLean, and various other customary benefits. The employment agreements also provide that Mr. Aldag will receive up to \$20,000 per year in reimbursement for life insurance premiums, which amount is to increase annually based on the increase in the CPI for such year, and that Messrs. Hamner and McLean will receive up to \$10,000 per year in reimbursement for life insurance premiums which amount is to increase annually based on the increase in the CPI for such year. We also reimburse each executive for the income tax he incurs on the receipt of these life insurance premium reimbursements. The current Named Executive Officers are also reimbursed for the cost of their disability insurance premiums.

The employment agreements provide that the executive officers are eligible to receive the same benefits, including medical insurance coverage and retirement plan benefits in a 401(k) plan, to the same extent as other similarly situated employees, and such other benefits as are commensurate with their position. Participation in employee benefit plans is subject to the terms of said benefit plans as in effect from time to time.

If the current Named Executive Officer's employment ends for any reason, we will pay accrued salary, bonuses, and incentive payments already determined, and other existing obligations. If we terminate a current Named Executive Officer's employment without cause, or if any of them terminates his employment for good reason, we will be obligated to pay (i) a lump sum payment of severance equal to the sum of (x) the product of three and the sum of the salary in effect at the time of termination plus the average cash bonus (or the highest cash bonus, in the case of Mr. Aldag) paid to such executive during the preceding three years, grossed up for taxes in the case of Mr. Aldag, and

(y) the incentive bonus prorated for the year in which the termination occurred; (ii) the cost of the executive's continued participation in the company's benefit and welfare plans (other than the 401(k) plan) for a three-year period (a five-year period in the case of Mr. Aldag); and (iii) certain other benefits as provided for in the

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employment agreement. Additionally, in the event of a termination by us for any reason other than cause or by the executive for good reason, all of the stock options and restricted stock granted to the executive will become fully vested, and the executive will have whatever period remains under the stock options in which to exercise all vested stock options.

In the event of death of any of our current Named Executive Officers, then, in addition to the accrued salary, bonus, and incentive payments due to them, they shall become fully vested in their stock options and restricted stock, and their respective beneficiaries will have whatever period remains under the stock options to exercise such stock options. In addition, their estates would be entitled to their prorated incentive bonuses.

In the event the employment of our current Named Executive Officers ends as a result of a termination by us for cause or by the executives without good reason, then in addition to the accrued salary, bonuses and incentive payments due to them, the executives would be entitled to exercise their vested stock options pursuant to the terms of the grant, but all other unvested stock options and restricted stock would be forfeited.

Upon a change of control, the current Named Executive Officers will become fully vested in their stock options and restricted stock and will have whatever period remains under the stock options in which to exercise their stock options. In addition, if the employment of any current Named Executive Officer is terminated by us for cause or by the executive without good reason in connection with a change of control, the executive will be entitled to receive an amount equal to the largest cash compensation paid to the executive for any twelve month period during his tenure multiplied by three.

If payments become due as a result of a change in control and the excise tax imposed by Code Section 4999 applies, the terms of the employment agreements require us to gross up the amount payable to the executive by the amount of this excise tax plus the amount of income and other taxes due as a result of the gross up payment.

For an 18-month period after termination of an executive's employment for any reason other than (i) termination by us without cause or (ii) termination by the executive for good reason, each of the executives under these employment agreements has agreed not to compete with us by working with or investing in, subject to certain limited exceptions, any enterprise engaged in a business substantially similar to our business as it was conducted during the period of the executive's employment with us.

The employment agreements provide that the current Named Executive Officers are eligible to participate in our equity incentive plan. The employment agreements also provide that the current Named Executive Officers are eligible to receive annual cash bonuses based on the bonus policy adopted by the Compensation Committee.

***Former Executive Officer.*** Effective June 15, 2010, Michael G. Stewart resigned from the positions of Executive Vice President, General Counsel and Secretary of the Company. Pursuant to the terms of a Separation Agreement dated June 11, 2010 between the Company and Mr. Stewart, the Company paid Mr. Stewart a total of \$1,909,607 in cash on December 16, 2010. The Company also accelerated the vesting of 69,019 previously awarded shares of restricted common stock, with an aggregate value of \$673,625 based on the closing price of the Company's common stock on June 15, 2010. In addition, the Separation Agreement provided that, if performance criteria and other terms set forth in the relevant award agreements were met, an additional 111,623 shares of restricted common stock previously awarded to Mr. Stewart would vest. As the terms of certain of these superior performance awards were not met, 40,000 of these shares were forfeited on December 31, 2010.

Prior to Mr. Stewart's separation from the Company on June 15, 2010, the Company had an employment agreement with Mr. Stewart, the terms of which were substantially similar to the terms of our employment agreements with the current Named Executive Officers described above. The Separation Agreement superseded the employment

agreement and all other agreements between Mr. Stewart and the Company.

The employment agreement provided for an annual base salary of \$309,088 in 2010; a monthly car allowance of \$750; reimbursement for the cost of tax preparation and financial planning services of up to \$10,000 annually; reimbursement for income tax incurred upon the receipt of the tax preparation and financial planning services; up to \$10,000 per year in reimbursement for life insurance premiums, which amount increased annually based on the increase in the CPI; reimbursement for income tax incurred upon the receipt of the life insurance premium reimbursement; and reimbursement for the cost of disability insurance premiums.

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The amounts in the table below are a summary of the components of compensation our Named Executive Officers received in the last three years:

Name and principal positions	Year	Salary	Bonus	Stock Awards	Option Award	Change in Pension Value and Nonqualified Non-Equity Deferred Incentive			All Other Compensation	Total Compensation
						Plan Compensation	Earnings			
<b>David K. Aldag, Jr.</b>	2010	\$ 550,680	\$	\$ 1,943,153 <sup>(12)</sup>	\$	\$ 1,891,586	\$	\$	56,411 <sup>(1)</sup>	\$ 4,441,8
Chairman of the Board, Chief	2009	529,500		915,699		1,509,075			64,890 <sup>(5)</sup>	3,019,1
Executive Officer and President	2008	510,000		2,016,704		1,650,000			70,743 <sup>(9)</sup>	4,247,4
<b>W. Brett E. McLean</b>	2010	\$ 372,528	\$	\$ 631,525 <sup>(12)</sup>	\$	\$ 913,159	\$	\$	45,085 <sup>(2)</sup>	\$ 1,962,2
Executive Vice President, Chief	2009	358,200		343,388		703,079			33,856 <sup>(6)</sup>	1,438,5
Operating Officer, Treasurer	2008	345,000		756,270		625,000			39,326 <sup>(10)</sup>	1,765,5
Secretary										
<b>Steven Hamner</b>	2010	\$ 374,712	\$	\$ 971,576 <sup>(12)</sup>	\$	\$ 918,512	\$	\$	41,192 <sup>(3)</sup>	\$ 2,305,9
Director, Executive Vice	2009	360,300		526,529		707,201			36,027 <sup>(7)</sup>	1,630,0
President										
Chief Financial Officer	2008	347,000		1,008,352		750,000			18,200 <sup>(11)</sup>	2,123,5
<b>Michael G. Stewart</b>	2010	\$ 141,665	\$	\$ 72,878 <sup>(12)</sup>	\$	\$	\$	\$	1,923,532 <sup>(4)</sup>	\$ 2,138,0
Senior Executive Vice	2009	297,200		160,247		557,343			18,800 <sup>(8)</sup>	1,033,5
President,										
General Counsel and Secretary	2008	286,275		504,176		425,000			18,200 <sup>(11)</sup>	1,233,6

(1) Represents \$9,800 in company 401(k) match, \$12,000 automobile allowance, \$2,174 for the cost of tax preparation and financial planning services, \$3,312 for the cost of disability insurance, and \$29,125 for the cost of life insurance. These additional benefits include \$13,130 to reimburse Mr. Aldag for his tax liabilities associated with such payments.

(2) Represents \$9,800 in company 401(k) match, \$9,000 automobile allowance, \$14,815 for the cost of tax preparation, \$464 for the cost of disability insurance, and \$11,006 for the cost of life insurance. These additional benefits include \$10,709 to reimburse Mr. McLean for his tax liabilities associated with such payments.

(3) Represents \$9,800 in Company 401(k) match, \$9,000 automobile allowance, \$1,920 for the cost of disability insurance, and \$20,472 for the cost of life insurance. These additional benefits include \$8,588 to reimburse Mr. Hamner for his tax liabilities associated with such payments.

(4)

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Represents a one-time severance payment of \$1,909,607 pursuant to a Separation Agreement between Mr. Stewart and the Company dated June 11, 2011. Also includes \$9,800 in Company 401(k) match and an automobile allowance of \$4,125.

- (5) Represents \$9,800 in company 401(k) match, \$12,000 automobile allowance, \$6,920 for the cost of tax preparation and financial planning services, \$3,312 for the cost of disability insurance, and \$32,858 for the cost of life insurance. These additional benefits include \$16,687 to reimburse Mr. Aldag for his tax liabilities associated with such payments.
- (6) Represents \$9,800 in Company 401(k) match, \$9,000 automobile allowance, \$415 for the cost of disability insurance, and \$14,641 for the cost of life insurance. These additional benefits include \$6,142 to reimburse Mr. McLean for his tax liabilities associated with such payments.
- (7) Represents \$9,800 in Company 401(k) match, \$9,000 automobile allowance and \$17,227 for the cost of life insurance. These additional benefits include \$7,227 to reimburse Mr. Hamner for his tax liabilities associated with such payments.
- (8) Represents \$9,800 in Company 401(k) match and a \$9,000 automobile allowance.
- (9) Represents \$9,200 in Company 401(k) match, \$12,000 automobile allowance, \$17,320 for the cost of tax preparation and financial planning services, \$6,136 for the cost of disability insurance, and \$26,087 for the cost of life insurance. These additional benefits include \$18,209 to reimburse Mr. Aldag for his tax liabilities associated with such payments.
- (10) Represents \$9,200 in Company 401(k) match, \$9,000 automobile allowance, \$6,072 for the cost of tax preparation and financial planning services, \$413 for the cost of disability insurance, and \$14,641 for the cost of life insurance. These additional benefits include \$8,689 to reimburse Mr. McLean for his tax liabilities associated with such payments.



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- (11) Represents \$9,200 in Company 401(k) match and a \$9,000 automobile allowance.
- (12) A portion of this stock award contains performance-based vesting conditions and the value reported reflects the value of the award at the grant date based upon the probable outcome of the performance conditions. The reported value for these performance awards was \$906,870; \$294,733; \$453,435; and \$34,012 for Messrs. Aldag, McLean, Hamner and Stewart, respectively. The value of the award at the grant date, assuming that the highest level of performance conditions will be achieved, would be \$1,036,283; \$336,792; \$518,141; and \$38,866 for Messrs. Aldag, McLean, Hamner and Stewart, respectively.

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*Grants of Plan-Based Awards Table.* The following Grants of Plan-Based Awards Table provides information about annual bonus (non-equity incentive plan awards) and stock awards granted to our Named Executive Officers during the year ended December 31, 2010. In 2010, performance-based and time-based stock awards were issued to our Named Executive Officers. The performance-based stock awards are included in the Equity Incentive Plan Award section of the table below and will vest based on the Company's achievement of certain performance targets and if the participant provides the requisite service. The grant date fair value of these performance awards was based on \$9.25 per share, which was determined using the Monte Carlo valuation method factoring in, among other things, the probability of achieving the award's performance condition. The time-based stock awards are included in the All Other Stock Award section of the table below and will vest if the participant provides the requisite service. The Grant Date Fair Value of Stock and Option Awards reflects the grant date fair value of the time-based stock awards using a price of \$10.57 per share, which was the average price of our common stock on January 6, 2010, when these grants were made. As these shares vest, we will recognize and report compensation expense based on the grant date fair values even though the share price will be different on each vesting date, so the actual value to the Named Executive Officer may be less or more than the amounts below based on the value of the stock on the vesting date being below or above the grant date fair value.

Grant Date	Estimated Possible Payouts				Estimated Future Payouts			All Other Option		
	Under Non-Equity				Under Equity			Awards:		
	Incentive Plan Awards				Incentive Plan Awards			Exercise or		
								Base Price of		
	Threshold	Target	Superior	Outperformance	Threshold	Target	Maximum	or Underlying	Options and Op	
	(\$)	(\$)	(\$)	(\$)	(#)	(#) <sup>(1)</sup>	(#)	Units <sup>(2)</sup>	(\$/sh)	Awards
1/1/2010 1/6/2010	\$ 550,680	\$ 963,690	\$ 1,376,700	\$ 1,927,380			98,040	98,040		\$ 1,943
1/1/2010 1/6/2010	\$ 279,396	\$ 465,660	\$ 651,924	\$ 931,320			31,863	31,863		\$ 631
1/1/2010 1/6/2010	\$ 281,034	\$ 468,390	\$ 655,746	\$ 936,780			49,020	49,020		\$ 971
1/1/2010	\$ 231,816	\$ 386,360	\$ 540,904	\$ 772,720						

1/6/2010

3,677

3,677

\$ 72

- (1) Represent awards of restricted common stock which will vest based on the Company's achievement of certain performance targets and if the participant provides the requisite service.
- (2) Represents awards of restricted common stock which will vest based on the participant's service.

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*Outstanding Equity Awards at December 31, 2010.* The table below shows the outstanding equity awards held by our Named Executive Officers as of December 31, 2010. Dollar amounts are based on \$10.83, the closing price of our common stock on December 31, 2010.

Name	Equity Incentive Plan Awards: Number of Securities		Equity Incentive Plan Awards: Number of Securities		Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) <sup>(5)</sup>		Equity Incentive Plan Awards: Market or payout value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Exercisable Options (#)	Underlying Securities Exercised (#)	Underlying Securities Exercised Price (\$)					
Edward K. Aldag, Jr.					422,124 <sup>(1)</sup>	\$ 4,571,603	278,930		\$ 3,020,812
Emmett E. McLean					174,451 <sup>(2)</sup>	\$ 1,889,304	105,170		\$ 1,138,991
R. Steven Hamner					215,227 <sup>(3)</sup>	\$ 2,330,908	124,999		\$ 1,353,739
Michael G. Stewart					20,000 <sup>(4)</sup>	\$ 216,600	42,093		\$ 455,867

(1) 3,500 shares vest on February 14, 2011. 20,000 shares vest in annual installments from March 8, 2011 through March 8, 2012. 64,284 shares vest in annual installments from December 31, 2011 through December 31, 2013. 100,250 shares vest in annual installments from February 14, 2011 through February 14, 2013. 60,560 shares vest in quarterly installments from January 2, 2011 through January 2, 2012. 73,530 shares vest in quarterly installments from January 1, 2011 through January 1, 2013. 100,000 shares vest in annual installments from January 1, 2011 to December 31, 2013.

(2) 1,250 shares vest on February 14, 2011. 9,000 shares vest in annual installments from March 8, 2011 through March 8, 2012. 30,000 shares vest in annual installments from December 31, 2011 through December 31, 2013. 37,593 shares vest in annual installments from February 14, 2011 through February 14, 2013. 22,710 shares vest in quarterly installments from January 2, 2011 through January 2, 2012. 23,898 shares vest in quarterly installments from January 1, 2011 through January 1, 2013. 50,000 LTIPs vest in annual installments from January 1, 2011 to December 31, 2013.

(3)

1,375 shares vest on February 14, 2011. 10,000 shares vest in annual installments from March 8, 2011 through March 8, 2012. 32,142 LTIPs vest in annual installments from December 31, 2011 through December 31, 2013. 50,124 shares vest in annual installments from February 14, 2011 through February 14, 2013. 34,821 shares vest in quarterly installments from January 2, 2011 through January 2, 2012. 36,765 shares vest in quarterly installments from January 1, 2011 through January 1, 2013. 50,000 LTIPs vest in annual installments from January 1, 2011 to December 31, 2013.

- (4) 20,000 shares vest in annual installments from January 1, 2011 to December 31, 2013.
- (5) For Mr. Aldag, includes 178,570 of core performance awards and 100,360 of other performance based awards. For Mr. McLean, includes 71,428 of core performance awards and 33,742 of other performance based awards. For Mr. Hamner, includes 78,570 of core performance awards and 46,429 of other performance based awards. For Mr. Stewart, includes 32,142 of core performance awards and 9,951 of other performance based awards.

Core performance awards vest annually and ratably over a seven-year period (beginning March 1, 2007 through December 31, 2013) contingent upon the company's achievement of a simple 9% annual total return to stockholders. Core performance awards provide for payment of dividends on all vested and unvested awards.

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*Option Exercises and Stock Vested Table.* The following table sets forth the aggregate number of shares of common stock that vested in 2010 (we have never issued stock options to purchase shares to our Named Executive Officers). The value realized on vesting is the product of (1) the fair market value of a share of common stock on the vesting date, multiplied by (2) the number of shares vesting.

Name	Options Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized Upon vesting (\$)
Edward K. Aldag, Jr.			227,201	\$ 2,338,944
Emmett E. McLean			85,571	\$ 882,102
R. Steven Hamner			112,844	\$ 1,161,008
Michael G. Stewart			96,574	\$ 955,624

**Table of Contents****Potential Payments upon Termination or Change in Control**

The following table shows potential payments and benefits that will be provided to our current Named Executive Officers upon the occurrence of certain termination triggering events. We have excluded Mr. Stewart from the table below as his employment terminated effective June 15, 2010. Mr. Stewart received the termination benefits described above in *Compensation of Executive Officers – Former Executive Officer*.

The change-in-control provisions in the employment agreements are designed to align management's interests with those of our stockholders. See the discussion above under *Compensation of Executive Officers – Current Executive Officers* for information about payments upon termination or change-in-control. All equity interests included in the termination and change-in-control calculations represent previously awarded stock-based awards and are valued based on the closing price of our common stock on December 31, 2010.

Name	Change in Control	Death	Involuntary - Not for Cause; Executive for Good Reason; Permanent Disability	Termination for Cause; Executive without Good Reason
Edward K. Aldag, Jr.	\$ 17,643,592	\$ 7,652,415	\$ 17,643,592	\$
Emmett E. McLean	\$ 6,885,356	\$ 3,064,295	\$ 6,480,117	\$
R. Steven Hamner	\$ 7,564,319	\$ 3,720,647	\$ 7,277,496	\$

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**Compensation of Directors**

As compensation for serving on our Board of Directors during 2010, each independent director received an annual fee of \$50,000, plus \$1,000 for each Board of Director meeting and each committee meeting attended as a member. Independent committee chairmen received an additional \$15,000 per year, except for the Audit Committee chairman who received an additional \$20,000 per year. In addition, our lead independent director received an additional \$20,000 in 2010. We also reimbursed our directors for reasonable expenses incurred in attending these meetings. Our Compensation Committee may change the compensation of our independent directors in its discretion.

Beginning in 2007 and through the date of this proxy statement, the Compensation Committee has engaged FTI SMG to assist it in conducting a competitive review of the Company's non-employee director compensation program. In late 2010, FTI SMG conducted a survey of director compensation trends within the REIT industry, which survey included 138 publicly-traded REIT filings. More specifically, FTI SMG reviewed (1) how the use of each component of total compensation (e.g., cash retainers, meeting fees, and equity awards) compared to market practice, and (2) how the total compensation for Board of Director and committee members compared to market practice. FTI SMG's report presented data comparing our director compensation to market levels. Taking into consideration all of FTI SMG's findings and recommendations, the Compensation Committee approved the following director compensation structure for 2011:

the Board of Director and committee meeting fees are eliminated;

the annual cash retainer for non-employee directors is increased to \$75,000, which is primarily attributable to the elimination of meeting fees;

no change to the annual equity grant to non-employee directors; and

no change to the annual cash fees paid to the lead independent director and the committee chairmen.

Directors who are also officers or employees receive no additional compensation for their service as directors.

Upon joining our Board of Directors, each of our current independent directors, other than Ms. Kellett, who joined the Board of Directors in 2007, received a non-qualified option to purchase 20,000 shares of our common stock with an exercise price of \$10.00 per share. One-third of these options vested upon grant. One-half of the remaining options vested on each of the first and second anniversaries of the date of the grant. Starting in 2007, each non-employee director has been awarded restricted stock annually including 6,750 shares, 11,628 shares and 7,843 shares in 2008, 2009 and 2010, respectively. The shares awarded in 2008 vest in equal annual installments over three years, while the 2009 and 2010 awards vest over three years in equal quarterly amounts.



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The following table summarizes the compensation for 2010 with respect to our non-employee directors. The grant date fair value of the stock awards is based on \$10.57 per share, the average price of our common stock on January 6, 2010, when these grants were made.

**Compensation of Directors**

Name	Fees earned or paid in cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan	Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation (\$)	Total (\$)
					Earnings		
Steve Dawson	\$ 83,000	\$ 82,901					\$ 165,901
Robert Holmes	\$ 98,000	\$ 82,901					\$ 180,901
Virginia Clarke <sup>(1)</sup>	\$ 62,000	\$ 82,901					\$ 144,901
Sherry A. Kellett	\$ 65,000	\$ 82,901					\$ 147,901
Glenn Orr	\$ 83,000	\$ 82,901					\$ 165,901

(1) Virginia A. Clarke resigned from our Board of Directors in March 2011.

The following table shows outstanding equity awards at December 31, 2010 for each of our non-employee directors who served during 2010.

	Unvested Stock	Stock Options
Steve Dawson	12,976	20,000
Robert Holmes	12,976	20,000
Virginia Clarke	12,976	20,000
Sherry A. Kellett	12,976	
Glenn Orr	12,976	20,000

**Table of Contents****Equity Compensation Plan Information**

The table below sets forth information regarding the shares of common stock to be issued upon the exercise of the outstanding stock options, warrants, and rights granted under our equity compensation plans and the shares of common stock remaining available for future issuance under our equity compensation plans as of December 31, 2010. Reference is also made to Note 7 of the Notes to Consolidated Financial Statements included in the 2010 Annual Report on Form 10-K.

Plan Category	Shares of Common Stock to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities	
			Remaining Available for Future Issuance Under Equity Compensation Plans	
Equity compensation plans approved by security holders	465,000 <sup>(1)</sup>	\$ 10.80 <sup>(2)</sup>	3,716,379	
Equity compensation plans not approved by security holders	N/A	N/A	N/A	
Total	465,000	\$ 10.80	3,716,379	

(1) Includes stock options for 130,000 shares of common stock granted solely to the Company's non-employee directors and non-executive employees and 335,000 shares of vested and unvested profits interests in the Company's operating partnership.

(2) Represents the weighted average exercise price of 130,000 stock options. The units of profits interests have no exercise price.

**Compensation Committee Interlocks and Insider Participation**

No member of the Compensation Committee during 2010 is or was an officer or employee. In addition, no executive officer served during 2010 as a director or a member of the Compensation Committee of any entity that had an executive officer serving as a director or a member of the Compensation Committee of our Board of Directors.

**CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS**

The Board of Directors has adopted a written related person transaction approval and disclosure policy for the review, approval or ratification of any related person transaction. This policy, which was adopted by resolution of the full Board of Directors as reflected in our corporate records, provides that all related person transactions must be reviewed and approved by a majority of the disinterested directors on our Board of Directors in advance of us or any of our subsidiaries entering into the transaction; provided that, if we or any of our subsidiaries enter into a transaction

without recognizing that such transaction constitutes a related party transaction, the approval requirement will be satisfied if such transaction is ratified by a majority of the disinterested directors on the Board promptly after we recognize that such transaction constituted a related person transaction. Disinterested directors are directors that do not have a personal financial interest in the transaction that is adverse to our financial interest or that of our stockholders. The term "related person transaction" refers to a transaction required to be disclosed by us pursuant to Item 404 of Regulation S-K (or any successor provision) promulgated by the SEC. For purposes of determining whether such disclosure is required, a related person will not be deemed to have a direct or indirect material interest in any transaction that is deemed not to be material (or would be deemed not material if such related person was a director) for purposes of determining director independence pursuant to standards of director independence under the NYSE rules.

## **ADDITIONAL INFORMATION**

### **Stockholder Proposals for Inclusion in Proxy Statement for 2012 Annual Meeting of Stockholders**

To be considered for inclusion in our Proxy Statement for the 2012 annual meeting of stockholders, a stockholder proposal submitted pursuant to Exchange Act Rule 14a-8 must be received by us no later than the close of business on December 31, 2011. Stockholder proposals must be sent to the Company c/o Secretary, Medical Properties Trust, Inc., 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242. We will not be required to include in our Proxy Statement any stockholder proposal that does not meet all the requirements for such inclusion established by the SEC's proxy rules and Maryland corporate law.

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**Other Stockholder Proposals**

Our Second Amended and Restated Bylaws provide that a stockholder who desires to propose any business at an annual meeting of stockholders, other than proposals submitted pursuant to Exchange Act Rule 14a-8, must give us written notice of such stockholder's intent to bring such business before such meeting. Such notice is to be delivered to, or mailed, postage prepaid, and received by our Secretary at Medical Properties Trust, Inc., 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242 not earlier than December 31, 2011, nor later than January 30, 2012, unless our 2012 annual meeting of stockholders is scheduled to take place before April 19, 2012 or after July 18, 2012. Our Second Amended and Restated Bylaws state that such stockholder's notice must be delivered to, or mailed and received at, our principal executive office not less than 90 days nor more than 120 days prior to the first anniversary of the date of the mailing of the notice for the preceding year's annual meeting. However, in the event that the date of the annual meeting is more than 30 days before or more than 60 days after the anniversary date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than 120 days prior to such annual meeting and not later than the later of 60 days prior to such annual meeting and 10 days following the issuance of a press release announcing the meeting date. The stockholder's written notice must set forth a brief description of the business desired to be brought before the meeting and certain other information as set forth in Section 1.02 of our Second Amended and Restated Bylaws. Stockholders may obtain a copy of our Second Amended and Restated Bylaws by writing to the Company c/o Secretary at the address shown above.

**Stockholder Nominations of Directors**

Our Second Amended and Restated Bylaws provide that a stockholder who desires to nominate directors at a meeting of stockholders must give us written notice of such proposed nomination. For our 2012 annual meeting of stockholders, such notice is to be delivered to, or mailed, postage prepaid, and received by our Secretary at Medical Properties Trust, Inc., 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242 not earlier than December 31, 2011, nor later than January 30, 2012, unless our 2012 annual meeting of stockholders is scheduled to take place before April 19, 2012 or after July 18, 2012. As set forth in Section 2.03 of our Second Amended and Restated Bylaws, the notice must set forth the following information:

as to each person whom the stockholder proposes to nominate for election or re-election as a director:

the name, age, business address, residence address and the principal occupation or employment of such person;

the class or series and number of shares of the Company's capital stock which are beneficially owned by such person on the date of such stockholder's notice and the date such shares were acquired and the investment intent of such acquisition;

the consent of each nominee to serve as a director of the Company if so elected; and

any other information relating to such person that would have been required to be included in a Proxy Statement filed pursuant to the proxy rules of the SEC; and

as to the stockholder giving notice and certain parties associated with such stockholder:

a brief description of the nominations desired to be brought before the meeting and the reasons for making such nominations at the meeting;

their names and addresses;

a representation that each is a holder of record of shares of the Company entitled to vote at such meeting and that the stockholder intends to appear in person or by proxy at such meeting to make such nominations;

a description of all arrangements or understandings among the stockholder and/or certain parties associated with the stockholder and each nominee and any other person (naming such person(s)) pursuant to which the nominations are to be made by the stockholder; and

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the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director, and the class or series and number of shares of the Company's capital stock beneficially owned by such other stockholder(s).

By Order of the Board of Directors,

/s/ Emmett E. McLean

Emmett E. McLean

Executive Vice President, Chief Operating Officer, Treasurer and Secretary

Birmingham, Alabama

April 28, 2011

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Medical Properties Trust, Inc.    1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242    205-969-3755  
www.medicalpropertystrust.com

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0 PROXY MEDICAL PROPERTIES TRUST, INC. 2011 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 19, 2011 THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS The 2011 Annual Meeting of Stockholders of Medical Properties Trust, Inc. (the Annual Meeting ) will be held at The Summit Club, 1901 6th Avenue North, Birmingham, Alabama, on May 19, 2011, beginning at 10:30 a.m. Central Time. You can access directions to the Annual Meeting at [www.medicalpropertiestrust.com](http://www.medicalpropertiestrust.com). The undersigned hereby acknowledges receipt of the combined Notice of 2011 Annual Meeting of Stockholders and Proxy Statement dated April 28, 2011, accompanying this proxy, to which reference is hereby made for further information regarding the Annual Meeting and the matters to be considered and voted on by the stockholders at the Annual Meeting. The undersigned hereby appoints Edward K. Aldag, Jr. and R. Steven Hamner, and each of them, attorneys and agents, with full power of substitution, to vote, as the undersigned's proxy, all the shares of common stock owned of record by the undersigned as of the record date and otherwise to act on behalf of the undersigned at the meeting and any adjournment thereof, in accordance with the instructions set forth herein and with discretionary authority with respect to any other business, not known or determined at the time of the solicitation of this proxy, that properly comes before such meeting or any adjournment thereof. The undersigned hereby revokes any proxy heretofore given and directs said attorneys and agents to vote or act as indicated on the reverse side hereof. (Continued and to be signed on the reverse side) 14475

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ANNUAL MEETING OF STOCKHOLDERS OF MEDICAL PROPERTIES TRUST, INC. May 19, 2011 PROXY VOTING INSTRUCTIONS INTERNET Access [www.voteproxy.com](http://www.voteproxy.com) and follow the on-screen instructions. Have your proxy card available when you access the web page. TELEPHONE Call toll-free 1-800-PROXIES (1-800-776-9437) in the United States or 1-718-921-8500 from foreign countries from any COMPANY NUMBER touch-tone telephone and follow the instructions. Have your proxy card available when you call. Vote online/phone until 11:59 PM EST the day before the meeting. ACCOUNT NUMBER MAIL Sign, date and mail your proxy card in the envelope provided as soon as possible. IN PERSON You may vote your shares in person by attending the Annual Meeting. Important Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting: The Notice and Proxy Statement and Annual Report are available at [www.medicalpropertytrust.com](http://www.medicalpropertytrust.com) Please detach along perforated line and mail in the envelope provided IF you are not voting via telephone or the Internet.

20730304000000000000 1 051911 THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR ALL NOMINEES, PROPOSALS 2 AND 3 AND THREE YEARS WITH RESPECT TO PROPOSAL 4. PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x FOR AGAINST ABSTAIN 1. To elect seven directors. 2. To ratify the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm for the NOMINEES: fiscal year ending December 31, 2011. FOR ALL NOMINEES O Edward K. Aldag, Jr. O G. Steven Dawson WITHHOLD AUTHORITY O R. Steven Hamner 3. Proposal for an advisory resolution regarding executive FOR ALL NOMINEES O Robert E. Holmes, Ph.D. compensation. O Sherry A. Kellett FOR ALL EXCEPT O William G. McKenzie 3 years 2 years 1 year ABSTAIN (See instructions below) 4. Proposal for an advisory resolution regarding O L. Glenn Orr, Jr. whether an advisory vote on executive compensation should be held every one, two or three years. With respect to any other item of business that properly comes before the annual meeting and at any adjournments or postponements thereof, the proxy holders are authorized to vote the undersigned's shares in their discretion.

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark FOR ALL EXCEPT THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF THE and fill in the circle next to each nominee you wish to withhold, as shown here: COMPANY AND WILL BE VOTED IN ACCORDANCE WITH THE UNDERSIGNED'S INSTRUCTIONS SET FORTH HEREIN. UNLESS DIRECTION IS GIVEN TO THE CONTRARY, THIS PROXY WILL BE VOTED FOR ALL NOMINEES, FOR EACH OF PROPOSAL 2 AND 3, AND THREE YEARS WITH RESPECT TO PROPOSAL JOHN SMITH 4. 1234 MAIN STREET APT. 203 NEW YORK, NY 10038 To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. Signature of Stockholder Date: Signature of Stockholder Date: Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.