

VENTAS INC  
Form S-4  
April 11, 2011

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As filed with the Securities and Exchange Commission on April 11, 2011

Registration No. 333-[ ]

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form S-4**

**REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**VENTAS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**6798**  
(Primary Standard Industrial  
Classification Code Number)  
**111 S. Wacker Drive, Suite 4800**  
**Chicago, Illinois 60606**  
**(877) 483-6827**

**61-1055020**  
(I.R.S. Employer  
Identification No.)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**T. Richard Riney, Esq.**  
**General Counsel**  
**Ventas, Inc.**  
**10350 Ormsby Park Place, Suite 300**  
**Louisville, Kentucky 40223**  
**(502) 357-9000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*

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**51 West 52<sup>nd</sup> Street**  
**New York, New York 10019**  
**(212) 403-1000**

**Douglas M. Pasquale**  
**President, Chief Executive Officer and**  
**Chairman of the Board**  
**Nationwide Health Properties, Inc.**  
**610 Newport Center Drive, Suite 1150**  
**Newport Beach, California 92660**  
**(949) 718-4400**

**Brian J. McCarthy, Esq.**  
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**Skadden, Arps, Slate,**  
**Meagher & Flom LLP**  
**300 South Grand Avenue, Suite 3400**  
**Los Angeles, California 90071**  
**(213) 687-5000**

**Approximate date of commencement of the proposed sale of the securities to the public:** As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐  
(Do not check if a smaller  
reporting company)

Smaller reporting company ☐

## CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(3)	Amount of Registration Fee(4)
Common Stock, par value \$0.25 per share	103,107,047	N/A	\$5,501,401,914	\$638,713

(1) This number is based on (a)(i) 126,639,074 shares of common stock, par value \$0.10 per share, of Nationwide Health Properties, Inc. ("NHP") outstanding as of April 8, 2011, (ii) 1,766,673 shares of NHP common stock reserved for issuance under various NHP plans as of such date, and (iii) 2,673,641 shares of NHP common stock reserved for issuance upon redemption of Class A Partnership Units of NHP/PMB L.P. multiplied by (b) the exchange ratio of 0.7866 shares of common stock, par value \$0.25 per share, of the Registrant for each share of NHP common stock.

(2) Not included pursuant to Rule 457(o).

(3) The registration fee has been computed pursuant to Rule 457(c) and Rule 457(f)(1) under the Securities Act of 1933, as amended, solely for the purpose of calculating the registration fee based on the average of the high and low prices for shares of NHP common stock as reported on the New York Stock Exchange on April 7, 2011 (\$41.97 per share) multiplied by the maximum number of such shares (131,079,388) that may be exchanged for the securities being registered.

(4) The registration fee for the securities registered hereby has been calculated pursuant to Section 6(b) of the Securities Act of 1933.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.**

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**PRELIMINARY SUBJECT TO COMPLETION DATED APRIL 11, 2011**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

The board of directors of Ventas, Inc., which we refer to as Ventas, and the board of directors of Nationwide Health Properties, Inc., which we refer to as NHP, have approved a merger agreement, dated as of February 27, 2011, which provides for the merger of NHP into a subsidiary of Ventas. As a result of the merger, Ventas will acquire NHP and its subsidiaries.

If the merger is completed, NHP stockholders will have the right to receive 0.7866 shares of Ventas common stock for each share of NHP common stock they own at closing, with cash paid in lieu of fractional shares. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to closing of the merger. Ventas common stock and NHP common stock are both listed and traded on the New York Stock Exchange, under the ticker symbols "VTR" and "NHP," respectively. Based on the closing price of Ventas common stock on the New York Stock Exchange, or the NYSE, on February 25, 2011, the last trading day before public announcement of the merger, the exchange ratio of 0.7866 represented approximately \$44.99 in Ventas common stock for each share of NHP common stock. Based on the Ventas closing price on [ ], 2011, the 0.7866 exchange ratio represented approximately \$[ ] in Ventas common stock for each share of NHP common stock. Ventas stockholders will continue to own their existing Ventas shares. **The value of the merger consideration will fluctuate with changes in the market price of Ventas common stock. We urge you to obtain current market quotations of Ventas common stock and NHP common stock.**

Based on the number of shares of NHP common stock outstanding on the record date for the stockholder meetings, Ventas expects to issue approximately [ ] shares of Ventas common stock to NHP stockholders in the merger, and expects to reserve approximately [ ] additional shares of Ventas common stock for issuance in connection with equity awards and other arrangements that Ventas will assume in connection with the merger. Upon completion of the merger, we estimate that current Ventas stockholders will own approximately 65% of the combined company and former NHP stockholders will own approximately 35% of the combined company.

At the special meeting of Ventas stockholders, Ventas stockholders will be asked to vote to approve the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and an amendment to the Ventas charter to increase the number of authorized shares of Ventas common stock, which approvals are necessary to effect the merger. At the special meeting of NHP stockholders, NHP stockholders will be asked to vote to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement.

We cannot complete the merger unless the stockholders of both of our companies approve the respective proposals related to the merger. **Your vote is very important, regardless of the number of shares you own. Whether or not you expect to attend the Ventas or NHP special meeting, as applicable, in person, please vote your shares as promptly as possible by (1) accessing the Internet website specified on your proxy card, (2) calling the toll-free number specified on your proxy card, or (3) signing and returning all proxy cards that you receive in the postage-paid envelope provided, so that your shares may be represented and voted at the Ventas or NHP special meeting, as applicable.** If you are an NHP stockholder, please note that a failure to vote your shares is the equivalent of a vote against the merger. If you are a Ventas stockholder, please note that a failure to vote your shares is equivalent to a vote against the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and the Ventas charter amendment to increase the number of authorized shares of Ventas common stock.

**The Ventas board of directors unanimously recommends that the Ventas stockholders vote "FOR" the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and "FOR" the Ventas charter amendment to increase the number of authorized shares of Ventas common stock. The NHP board of directors unanimously recommends that the NHP**

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stockholders vote "FOR" the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.

The obligations of Ventas and NHP to complete the merger are subject to the satisfaction or waiver of several conditions set forth in the merger agreement. More information about Ventas, NHP and the merger is contained in this joint proxy statement/prospectus. **Ventas and NHP encourage you to read this entire joint proxy statement/prospectus carefully, including the section entitled "Risk Factors" beginning on page 16.**

We look forward to the successful combination of Ventas and NHP.

Sincerely,

Sincerely,

Debra A. Cafaro  
*Chairman and Chief Executive Officer*  
Ventas, Inc.

Douglas M. Pasquale  
*Chairman of the Board, President and Chief  
Executive Officer*  
Nationwide Health Properties, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/prospectus or determined that this joint proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated [ ], 2011 and is first being mailed to the stockholders of Ventas and stockholders of NHP on or about [ ], 2011.

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**Ventas, Inc.**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
To Be Held On [        ], 2011**

Dear Stockholders of Ventas, Inc.:

We are pleased to invite you to attend the special meeting of stockholders of Ventas, Inc., a Delaware corporation, which will be held at [        ], on [        ], 2011, at [        ], local time, to consider and vote upon the following matters:

a proposal to approve the issuance of Ventas common stock, par value \$0.25 per share, to NHP stockholders in connection with the merger contemplated by the Agreement and Plan of Merger, dated as of February 27, 2011, by and among Ventas, Inc., its wholly owned subsidiary, Needles Acquisition LLC, and NHP, as such agreement may be amended from time to time, a copy of which is attached as Annex A to the joint proxy statement/prospectus accompanying this notice;

a proposal to amend Ventas's Amended and Restated Certificate of Incorporation, as previously amended, to increase the number of authorized shares of Ventas capital stock from 310,000,000 to 610,000,000, and the number of authorized shares of Ventas common stock from 300,000,000 to 600,000,000;

a proposal to approve any adjournments of the Ventas special meeting, if necessary, to solicit additional proxies if there are not sufficient votes for the proposals to issue Ventas common stock in connection with the merger and the charter amendment to increase the number of authorized shares of Ventas common stock; and

any other matters that may properly be brought before the special meeting and at any adjournments or postponements thereof.

Please refer to the attached joint proxy statement/prospectus for further information with respect to the business to be transacted at the Ventas special meeting.

Holders of record of shares of Ventas common stock at the close of business on [        ], 2011 are entitled to notice of, and may vote at, the special meeting and any adjournments of the special meeting.

The proposals to approve the issuance of Ventas common stock to NHP stockholders and the Ventas charter amendment each require the affirmative vote of the holders of a majority of the outstanding shares of Ventas common stock. The merger cannot be completed without the approval by Ventas stockholders of both of these proposals. A proposal to adjourn the Ventas special meeting would require the affirmative vote of holders of a majority of the shares of Ventas common stock represented, in person or by proxy, at the Ventas special meeting and entitled to vote on the proposal.

**Your vote is important. Whether or not you expect to attend the Ventas special meeting in person, we urge you to vote your shares as promptly as possible by (1) accessing the Internet website specified on your proxy card, (2) calling the toll-free number specified on your proxy card, or (3) signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the Ventas special meeting.** If your shares are held in the name of a bank, broker or other fiduciary, please follow the instructions on the voting instruction card furnished by the record holder of your shares.

By Order of the Board of Directors,

Debra A. Cafaro  
*Chairman and Chief Executive Officer*

Chicago, Illinois  
[ ], 2011

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## Nationwide Health Properties, Inc.

### NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On [ ], 2011

Dear Stockholders of Nationwide Health Properties, Inc.:

We are pleased to invite you to attend a special meeting of stockholders of Nationwide Health Properties, Inc., a Maryland corporation, which will be held at [ ], on [ ], 2011, at [ ] local time, to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of February 27, 2011, by and among Ventas, its wholly owned subsidiary, Needles Acquisition LLC, and NHP, as such agreement may be amended from time to time, a copy of which is attached as Annex A to the joint proxy statement/prospectus accompanying this notice, and approve the merger of NHP with and into Needles Acquisition LLC and the other transactions contemplated by the Agreement and Plan of Merger.

Please refer to the attached joint proxy statement/prospectus for further information with respect to the proposal to adopt the Agreement and Plan of Merger and approve the merger of NHP with and into Needles Acquisition LLC and the other transactions contemplated by the Agreement and Plan of Merger.

Holders of record of shares of NHP common stock at the close of business on [ ], 2011 are entitled to vote at the special meeting.

The proposal to adopt the Agreement and Plan of Merger and approve the merger and the other transactions contemplated by the Agreement and Plan of Merger requires the affirmative vote of record holders of two-thirds of the outstanding shares of NHP common stock.

**Your vote is important. Whether or not you expect to attend the NHP special meeting in person, we urge you to vote your shares as promptly as possible by (1) accessing the Internet website specified on your proxy card, (2) calling the toll-free number specified on your proxy card, or (3) signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the NHP special meeting.** If your shares are held in the name of a bank, broker or other fiduciary, please follow the instructions on the voting instruction card furnished by the record holder.

By order of the Board of Directors,

Douglas M. Pasquale  
*Chairman of the Board, President and Chief Executive Officer*

Newport Beach, California  
[ ], 2011

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**ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates important business and financial information about Ventas and NHP from other documents that are not included in or delivered with this joint proxy statement/prospectus. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into this joint proxy statement/prospectus by requesting them from Ventas's or NHP's proxy solicitor in writing or by telephone at the following addresses and telephone numbers:

**if you are a Ventas stockholder:**

**Innisfree M&A Incorporated**

501 Madison Avenue  
New York, New York 10022

Stockholders call toll-free:  
(877) 750-9501

Banks and brokers call collect:  
(212) 750-5833

Investors may also consult Ventas's or NHP's website for more information concerning the merger described in this joint proxy statement/prospectus. Ventas's website is [www.ventasreit.com](http://www.ventasreit.com). NHP's website is [www.nhp-reit.com](http://www.nhp-reit.com). Additional information is available at [www.sec.gov](http://www.sec.gov). Information included on these websites is not incorporated by reference into this joint proxy statement/prospectus.

**If you would like to request copies of any documents, please do so by [ ], 2011 in order to receive them before the special meetings.**

*For more information, see "Where You Can Find More Information" beginning on page 131.*

**if you are an NHP stockholder:**

**MacKenzie Partners, Inc.**

105 Madison Avenue  
17th Floor  
New York, New York 10016  
(212) 929-5500 (call collect)  
[proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com)  
or  
CALL TOLL-FREE (800) 322-2885

**ABOUT THIS DOCUMENT**

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the Securities and Exchange Commission, which we refer to as the SEC, by Ventas (File No. 333-[ ]), constitutes a prospectus of Ventas under Section 5 of the Securities Act of 1933, as amended (which we refer to as the Securities Act), with respect to the shares of Ventas common stock to be issued to NHP stockholders as required by the Agreement and Plan of Merger, dated as of February 27, 2011, by and among Ventas, Needles Acquisition LLC, a wholly owned subsidiary of Ventas, and NHP, as such agreement may be amended from time to time and which we refer to as the merger agreement. A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus. This document also constitutes a joint proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act). It also constitutes a notice of meeting with respect to the special meeting of Ventas stockholders and a notice of meeting with respect to the special meeting of NHP stockholders, at which Ventas stockholders and NHP stockholders will be asked to vote upon certain proposals to approve the merger of NHP with and into Needles Acquisition LLC and certain related matters.

You should rely only on the information contained or incorporated by reference into this joint proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement/prospectus. This joint proxy statement/prospectus is dated [ ], 2011. You should not assume that the information contained in, or incorporated by reference into, this joint proxy statement/prospectus is accurate as of any date other than the date on the front cover of those documents. Neither our mailing of this joint proxy statement/prospectus to Ventas stockholders or NHP stockholders nor the issuance by Ventas of common stock in connection with the merger will create any implication to the contrary.



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**This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this joint proxy statement/prospectus regarding Ventas has been provided by Ventas and information contained in this joint proxy statement/prospectus regarding NHP has been provided by NHP.**

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**QUESTIONS AND ANSWERS**

*The following are answers to some questions that you, as a stockholder of Ventas or NHP, may have regarding the merger and the other matters being considered at the stockholder meetings of Ventas and NHP. Ventas and NHP urge you to read carefully the remainder of this joint proxy statement/prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at the special meetings. Additional important information is also contained in the annexes to and the documents incorporated by reference into this joint proxy statement/prospectus.*

*References to "we" or "our" and other similar references in this joint proxy statement/prospectus refer to both Ventas and NHP before completion of the merger.*

**Q: Why am I receiving this joint proxy statement/prospectus?**

A:

Ventas and NHP have agreed to the acquisition of NHP by Ventas pursuant to the merger agreement, dated as of February 27, 2011, that is described in this joint proxy statement/prospectus. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A.

In order to complete the merger, NHP stockholders must vote to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement, and Ventas stockholders must vote to approve the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and the Ventas charter amendment to increase the number of authorized shares of Ventas common stock.

Ventas and NHP will hold separate special meetings to obtain these approvals. This joint proxy statement/prospectus contains important information about the merger and the stockholder meetings, and you should read it carefully. The enclosed voting materials allow you to vote your shares without attending your respective meeting.

Your vote is important. We encourage you to vote as soon as possible.

**Q: When and where will the meetings be held?**

A:

The Ventas special meeting will be held at [ ], on [ ], 2011, at [ ] local time. The NHP special meeting will be held at [ ], on [ ], 2011, at [ ] local time.

**Q: How do I vote?**

A:

If you are a stockholder of record of Ventas as of the record date for the Ventas special meeting or a stockholder of record of NHP as of the record date for the NHP special meeting, you may vote in person by attending your special meeting or, to ensure your shares are represented at the meeting, you may authorize a proxy by:

accessing the Internet website specified on your proxy card;

calling the toll-free number specified on your proxy card; or

signing and returning the enclosed proxy card in the postage-paid envelope provided.

If you hold shares of common stock of Ventas or NHP in the name of a broker, bank or nominee, please follow the voting instructions provided by your broker, bank or nominee to ensure that your shares are represented at the special meeting.



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**Q: What am I being asked to vote upon?**

A:

*Ventas Stockholders.* Ventas stockholders are being asked to approve the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and the Ventas charter amendment to increase the number of authorized shares of Ventas common stock.

*NHP Stockholders.* NHP stockholders are being asked to vote to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement.

The merger cannot be completed without the approval by Ventas stockholders and NHP stockholders of each of their respective proposals.

**Q: If I am an NHP stockholder, what will I receive in the proposed transaction?**

A:

If the merger is completed, NHP stockholders will receive 0.7866 of a share of Ventas common stock for each share of NHP common stock. You will not receive any fractional shares of Ventas common stock in the merger. Instead, you will be paid cash (without interest) in lieu of any fractional share interest to which you would otherwise be entitled.

**Q: What happens if the market price of Ventas common stock or NHP common stock changes before the closing of the merger?**

A:

No change will be made to the exchange ratio of 0.7866 if the market price of Ventas common stock or NHP common stock changes before the merger. Because the exchange ratio is fixed, the value of the consideration to be received by NHP stockholders in the merger will depend on the market price of shares of Ventas common stock at the time of the merger.

**Q: Will Ventas and NHP coordinate the declaration and payment of dividends prior to the completion of the merger?**

A:

Ventas and NHP have each agreed to declare a prorated dividend to their respective stockholders for the period between the record date of their last dividend and the closing of the merger, at the same rate as their respective dividends for the prior period. The record and payment date for the pro rata dividend will be the close of business on the last business day prior to the effective time of the merger.

**Q: What vote is required to approve each proposal?**

A:

*Ventas Special Meeting.* The proposals to approve the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and to approve the Ventas charter amendment to increase the number of authorized shares of Ventas common stock each require the affirmative vote of the holders of a majority of the outstanding shares of Ventas common stock. The proposal to approve any adjournments of the Ventas special meeting, if necessary, to solicit additional proxies requires the affirmative vote of the holders of a majority of shares of Ventas common stock represented, in person or by proxy, at the Ventas special meeting and entitled to vote on the proposal.

*NHP Special Meeting.* The proposal to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of holders of two-thirds of the outstanding shares of NHP common stock.



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**Q: Do NHP stockholders have appraisal rights in connection with the merger?**

A:

No. Under Section 3-202 of the Maryland General Corporation Law, NHP stockholders are not entitled to exercise the right of objecting stockholders to receive fair value of their shares because shares of NHP common stock are listed on the NYSE.

**Q: How many votes do I have?**

A:

*Ventas Stockholders.* You are entitled to one vote for each share of Ventas common stock that you owned as of the record date. As of the close of business on [ ], 2011, there were approximately [ ] outstanding shares of Ventas common stock. As of that date, approximately [ ]% of the outstanding shares of Ventas common stock were beneficially owned by the directors and executive officers of Ventas.

*NHP Stockholders.* You are entitled to one vote for each share of NHP common stock that you owned as of the record date. As of the close of business on [ ], 2011, there were approximately [ ] outstanding shares of NHP common stock. As of that date, approximately [ ]% of the outstanding shares of NHP common stock were beneficially owned by the directors and executive officers of NHP.

**Q: What will happen if I fail to vote, I abstain from voting or I fail to instruct my broker, bank or nominee how to vote?**

A:

*Ventas Stockholders.* If you are a Ventas stockholder and fail to vote, fail to instruct your broker, bank or nominee to vote, or abstain from voting, it will have the same effect as a vote against the proposals to approve the issuance of Ventas common stock to NHP stockholders in connection with the merger and to approve the Ventas charter amendment to increase the number of authorized shares of Ventas common stock, but it will have no effect on the proposal to approve any adjournments of the Ventas special meeting, if necessary.

*NHP Stockholders.* If you are an NHP stockholder and fail to vote, fail to instruct your broker or nominee to vote, or abstain from voting, it will have the same effect as a vote against the proposal to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement.

**Q: What constitutes a quorum?**

A:

*Ventas Special Meeting.* Stockholders who hold a majority of the total number of shares of Ventas common stock issued and outstanding on the record date must be present or represented by proxy to constitute a quorum to organize the Ventas special meeting.

*NHP Special Meeting.* Stockholders who hold a majority of the total number of shares of NHP common stock issued and outstanding on the record date must be present or represented by proxy to constitute a quorum to organize the NHP special meeting.

**Q: If my shares are held in "street name" by my broker, will my broker vote my shares for me?**

A:

If you hold your shares in a stock brokerage account or if your shares are held by a bank or nominee (that is, in "street name"), you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your broker, bank or nominee. Please note that you may not vote shares held in street name by returning a proxy card directly to Ventas or NHP or by voting in person at your special meeting unless you provide a "legal proxy," which you must obtain from your broker, bank or nominee. Further, brokers who hold shares of common stock of Ventas or NHP on behalf of their customers

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may not give a proxy to Ventas or NHP to vote those shares without specific instructions from their customers.

**Q: What will happen if I return my proxy card without indicating how to vote?**

A:

If you sign and return your proxy card without indicating how to vote on any particular proposal, the shares of common stock of Ventas or NHP represented by your proxy will be voted in favor of that proposal.

**Q: Can I change my vote after I have returned a proxy or voting instruction card?**

A:

Yes. You can change your vote at any time before your proxy is voted at the Ventas or NHP special meeting, as applicable. You can do this in one of three ways:

you can send a signed notice of revocation;

you can grant a new, valid proxy bearing a later date; or

if you are a holder of record, you can attend the special meeting and vote in person, which will automatically cancel any proxy previously given, or you may revoke your proxy in person, but your attendance alone at the special meeting will not revoke any proxy that you have previously given.

If you choose either of the first two methods, you must submit your notice of revocation or your new proxy to the Corporate Secretary of Ventas or the Corporate Secretary of NHP, as appropriate, no later than the beginning of the applicable special meeting. If your shares are held in street name by your broker or nominee, you should contact them to change your vote.

**Q: What are the material United States federal income tax consequences of the merger to U.S. holders of shares of NHP common stock?**

A:

The merger is intended to qualify as a reorganization, within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the Code). Assuming the merger qualifies as a reorganization, a U.S. holder of shares of NHP common stock generally will not recognize any gain or loss upon receipt of shares of Ventas common stock in exchange for shares of NHP common stock in the merger, except with respect to cash received in lieu of a fractional share of Ventas common stock.

**Q: When do you expect the merger to be completed?**

A:

If the stockholders of both Ventas and NHP approve the respective proposals related to the merger set forth in this joint proxy statement/prospectus, we expect to complete the merger shortly after the special meetings, subject to the satisfaction or waiver of the other conditions to the merger. The transaction is targeted to close during the third quarter of 2011.

**Q: What do I need to do now?**

A:

You should carefully read and consider the information contained in and incorporated by reference into this joint proxy statement/prospectus, including its annexes.

In order for your shares to be represented at the Ventas or NHP special meeting, as applicable:

you can vote through the Internet or by telephone by following the instructions included on your proxy card;

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you can indicate on the enclosed proxy or voting instruction card how you would like to vote and return the card in the accompanying pre-addressed postage paid envelope; or

x

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you can attend your special meeting in person.

**Q: If I am an NHP stockholder that holds certificated shares of NHP common stock, do I need to do anything now with my common stock certificates?**

A:

No. After the merger is completed, if you hold certificates representing shares of NHP common stock prior to the merger, Ventas's exchange agent will send you a letter of transmittal and instructions for exchanging your shares of NHP common stock for shares of Ventas common stock. Upon surrender of the certificates for cancellation along with the executed letter of transmittal and other required documents described in the instructions, you will receive whole shares of Ventas common stock and cash in lieu of any fractional shares of Ventas common stock. Unless you specifically request to receive Ventas stock certificates, the shares of Ventas common stock you receive in the merger will be issued in book-entry form.

**Q: If I am an NHP stockholder that holds shares of NHP common stock in book-entry form, do I need to do anything now with respect to my book-entry shares?**

No. Upon completion of the merger, shares of NHP common stock held in book-entry form will be automatically converted into whole shares of Ventas common stock in book-entry form and the exchange agent will deliver to holders of book-entry shares cash in lieu of any fractional shares of Ventas common stock.

**Q: If I am a Ventas stockholder, do I need to do anything with respect to my common stock certificates or book-entry shares?**

A:

No, you are not required to take any action with respect to your Ventas shares.

**Q: Do I need identification to attend the Ventas or NHP meeting in person?**

A:

Yes. Please bring proper identification, together with proof that you are a record owner of Ventas or NHP common stock, as the case may be. If your shares are held in street name, please bring acceptable proof of ownership, such as a letter from your broker or an account statement showing that you beneficially owned shares of Ventas or NHP common stock, as applicable, on the record date.

**Q: Who can help answer my questions?**

A:

If you have questions about the merger or the other matters to be voted on at the special meetings or desire additional copies of this joint proxy statement/prospectus or additional proxy or voting instruction cards, please contact:

**if you are a Ventas stockholder:**

**Innisfree M&A Incorporated**

501 Madison Avenue  
New York, New York 10022

Stockholders call toll-free:  
(877) 750-9501

Banks and brokers call collect:  
(212) 750-5833

**if you are an NHP stockholder:**

**MacKenzie Partners, Inc.**

105 Madison Avenue  
17th Floor  
New York, New York 10016  
(212) 929-5500 (call collect)  
proxy@mackenziepartners.com

or  
CALL TOLL-FREE (800) 322-2885

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**SUMMARY**

*This summary highlights information contained elsewhere in this joint proxy statement/prospectus and may not contain all the information that is important to you. Ventas and NHP urge you to read carefully the remainder of this joint proxy statement/prospectus, including the attached annexes, and the other documents to which we have referred you because this section does not provide all the information that might be important to you with respect to the merger and the related matters being considered at the applicable special meeting. See also the section entitled "Where You Can Find More Information" beginning on page 131. We have included page references to direct you to a more complete description of the topics presented in this summary.*

**The Companies**

***Ventas (See page 25)***

Ventas, Inc.  
111 S. Wacker Drive, Suite 4800  
Chicago, Illinois 60606  
(877) 483-6827

Ventas, together with its subsidiaries, is a real estate investment trust, which we refer to as a REIT, with a geographically diverse portfolio of seniors housing and healthcare properties in the United States and Canada. Ventas was incorporated in Kentucky in 1983, commenced operations in 1985 and reorganized as a Delaware corporation in 1987. Ventas operates through three reportable business segments: triple-net leased properties, senior living operations and medical office building, or MOB, operations.

As of December 31, 2010, Ventas's portfolio consisted of 602 assets: 240 seniors housing communities, 187 skilled nursing facilities, 40 hospitals and 135 medical office buildings, and other properties in 43 U.S. states, the District of Columbia and two Canadian provinces. With the exception of Ventas's seniors housing communities that are managed by independent third parties, such as Sunrise, pursuant to long-term management agreements and certain of its MOBs, including those acquired in connection with Ventas's acquisition of Lillibridge Healthcare Services, Inc. (which we refer to as Lillibridge), Ventas leases its properties to healthcare operating companies under "triple-net" or "absolute-net" leases, which require the tenants to pay all property-related expenses. Ventas also had real estate loan and other investments relating to seniors housing and healthcare companies or properties as of December 31, 2010.

Ventas's primary business consists of acquiring, financing and owning seniors housing and healthcare properties and leasing those properties to third parties or operating those properties through independent third-party managers. Through its Lillibridge subsidiary, Ventas also provides management, leasing, marketing, facility development and advisory services to highly rated hospitals and health systems throughout the United States.

In October 2010, Ventas signed a definitive agreement to acquire substantially all of the real estate assets of privately owned Atria Senior Living Group, Inc., which, together with its affiliates (including One Lantern Senior Living Inc), we refer to as Atria, for a total purchase price of \$3.1 billion, comprised of \$1.35 billion of Ventas common stock (a fixed 24.96 million shares), \$150 million in cash and the assumption or repayment of \$1.6 billion of net debt. We refer to the acquisition of substantially all of the real estate assets of Atria as the Atria Acquisition. Ventas will acquire from Atria 118 private pay seniors housing communities located primarily in affluent coastal markets such as the New York metropolitan area, New England and California. Atria, based in Louisville, Kentucky, is owned by private equity funds managed by Lazard Real Estate Partners LLC, which we refer to as LREP. Prior to the closing, Atria will spin off its management company, which will continue to operate the acquired

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assets under long-term management agreements with Ventas. Completion of the transaction is subject to certain conditions. Ventas expects to complete the transaction in the first half of 2011, although Ventas cannot assure you that the transaction will close on such timetable or at all.

Additional information about Ventas and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 131.

***NHP (See page 26)***

Nationwide Health Properties, Inc.  
610 Newport Center Drive, Suite 1150  
Newport Beach, California 92660  
Telephone: (949) 718-4400

NHP, a Maryland corporation incorporated on October 14, 1985, is a REIT that, together with its subsidiaries, invests in healthcare-related real estate, primarily senior housing, long-term care properties and medical office buildings.

NHP's operations are organized into two segments triple-net leases and multi-tenant leases. In the triple-net leases segment, NHP invests in healthcare-related properties and leases the facilities to unaffiliated tenants under "triple-net" and generally "master" leases that transfer the obligation for all facility operating costs (including maintenance, repairs, taxes, insurance and capital expenditures) to the tenant. In the multi-tenant leases segment, NHP invests in healthcare related properties that have several tenants under separate leases in each building, thus requiring active management and responsibility for many of the associated operating expenses (although many of these are, or can effectively be, passed through to the tenants). During 2010, 2009 and 2008, the multi-tenant leases segment was comprised exclusively of MOB's. In addition, but to a much lesser extent because NHP views the risks of this activity to be greater due to less favorable bankruptcy treatment and other factors, from time to time, NHP extends mortgage loans and other financing to operators. For the twelve months ended December 31, 2010, approximately 93% of NHP's revenues were derived from its leases, with the remaining 7% from its mortgage loans and other financing activities.

As of December 31, 2010, NHP had investments in 663 healthcare facilities, one land parcel, two development projects and two assets held for sale located in 42 states.

Additional information about NHP and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 131.

***Needles Acquisition LLC (See page 26)***

Needles Acquisition LLC, a wholly owned subsidiary of Ventas, is a Delaware limited liability company formed on February 24, 2011 for the purpose of effecting the merger. Upon completion of the merger, NHP will be merged with and into Needles Acquisition LLC and the name of the resulting company will be Nationwide Health Properties, LLC.

Needles Acquisition LLC has not conducted any activities other than those incidental to its formation and the matters contemplated by the merger agreement.

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**The Merger and the Merger Agreement**

A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus. Ventas and NHP encourage you to read the entire merger agreement carefully because it is the principal document governing the merger.

***Form of Merger (See page 38)***

Subject to the terms and conditions of the merger agreement, at the effective time of the merger, NHP will be merged with and into Needles Acquisition LLC. Needles Acquisition LLC will be the surviving entity in the merger and, following completion of the merger, will continue to exist under the name Nationwide Health Properties, LLC as a wholly owned subsidiary of Ventas.

***Consideration to be Received in the Merger; Treatment of NHP Stock Options and Other Equity-Based Awards (See pages 38 and 65)***

Upon completion of the merger, NHP stockholders will receive 0.7866 shares of Ventas common stock for each share of NHP common stock they own at closing, with cash paid in lieu of fractional shares. The exchange ratio is fixed and will not be adjusted for changes in the market value of the common stock of NHP or Ventas. Because of this, the implied value of the consideration to NHP stockholders will fluctuate between now and the completion of the merger. Based on the closing price of Ventas common stock on the NYSE of \$57.05 on February 25, 2011, the last trading day before public announcement of the merger, the exchange ratio of 0.7866 represented approximately \$44.99 in Ventas common stock for each share of NHP common stock. Based on the closing price of Ventas common stock on the NYSE of \$[ ] on [ ], 2011, the latest practicable date before the date of this joint proxy statement/prospectus, the exchange ratio of 0.7866 represented approximately \$[ ] in Ventas common stock for each share of NHP common stock. See "Comparative Stock Prices and Dividends" on page 114.

Upon completion of the merger, (i) each of NHP's outstanding stock options will become fully vested and, in Ventas's discretion, either be (A) cashed out based on the option spread or (B) assumed by Ventas, on the same terms and conditions (subject to adjustment for the exchange ratio), provided that stock options granted to Mr. Pasquale and certain other senior executives in February 2011 will be assumed by Ventas on the same terms and conditions (subject to adjustment for the exchange ratio); (ii) each NHP restricted stock unit will vest in full and be cashed out based on the exchange ratio, provided that (a) restricted stock units granted to Mr. Pasquale and certain other senior executives in February 2011 will be assumed by Ventas on the same terms and conditions (subject to adjustment for the exchange ratio) and (b) certain restricted stock units granted to Messrs. Khoury and Bradley will vest and be settled in accordance with their terms; (iii) each share of NHP restricted stock will vest in full and be converted into Ventas common stock, based on the exchange ratio; (iv) NHP performance shares will vest under the relevant award agreements in respect of the shortened performance period ending as of the closing of the merger and be converted into Ventas common stock based on the exchange ratio; and (v) dividend equivalent rights granted in connection with any NHP award will become fully vested and be paid out.

***Material United States Federal Income Tax Consequences of the Merger (See page 97)***

The merger is intended to qualify as a reorganization, within the meaning of Section 368(a) of the Code. Assuming the merger qualifies as a reorganization, a U.S. holder of NHP common stock generally will not recognize any gain or loss upon receipt of Ventas common stock in exchange for NHP common stock in the merger, except with respect to cash received in lieu of a fractional share of Ventas common stock. It is a condition to the completion of the merger that Ventas and NHP receive

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written opinions from their respective counsel to the effect that the merger will qualify as a reorganization, within the meaning of Section 368(a) of the Code.

Tax matters are very complicated and the tax consequences of the merger to each NHP stockholder may depend on such stockholder's particular facts and circumstances. NHP stockholders are urged to consult their tax advisors to understand fully the tax consequences to them of the merger. See "Material United States Federal Income Tax Consequences of the Merger" beginning on page 97.

***Recommendations by the Ventas Board of Directors (See page 46)***

After careful consideration, the Ventas board of directors, on February 27, 2011, unanimously approved and adopted the merger agreement. For the factors considered by the Ventas board of directors in reaching its decision to approve the merger agreement, see the section entitled "The Merger Ventas's Reasons for the Merger; Recommendation by the Ventas Board of Directors" beginning on page 46. **The Ventas board of directors unanimously recommends that the Ventas stockholders vote "FOR" the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and "FOR" the Ventas charter amendment to increase the number of authorized shares of Ventas common stock at the Ventas special meeting. The merger cannot be completed without the approval by Ventas stockholders of both of these proposals.**

***Recommendation by the NHP Board of Directors (See page 48)***

After careful consideration, the NHP board of directors, on February 27, 2011, unanimously declared the merger agreement, the merger and the other transactions contemplated by the merger agreement to be advisable and approved the merger agreement. For the factors considered by the NHP board of directors in reaching its decision to approve the merger agreement, see the section entitled "The Merger NHP's Reasons for the Merger; Recommendation by the NHP Board of Directors" beginning on page 48. **The NHP board of directors unanimously recommends that the NHP stockholders vote "FOR" the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement at the NHP special meeting.**

***Opinion of Ventas's Financial Advisor (See page 51)***

*Centerview Partners LLC.* On February 27, 2011, at a meeting of the Ventas board of directors held to evaluate the merger, Centerview Partners LLC, which we refer to as Centerview Partners, delivered its oral opinion, which was later confirmed by delivery of a written opinion dated February 27, 2011, to the Ventas board of directors that, as of February 27, 2011 and based upon and subject to the assumptions and limitations set forth in the opinion, the exchange ratio of 0.7866 was fair, from a financial point of view, to Ventas. The full text of Centerview Partners's written opinion, dated February 27, 2011, is attached as Annex C to this joint proxy statement/prospectus. Centerview Partners's written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered, and limitations on the review undertaken by Centerview Partners in rendering its opinion. The summary of Centerview Partners's written opinion below is qualified in its entirety by reference to the full text of the written opinion. Centerview Partners's opinion is addressed to the Ventas board of directors for its benefit and use in connection with its evaluation of the merger. Centerview Partners's opinion relates only to the fairness, from a financial point of view, to Ventas of the exchange ratio provided for in the merger and does not constitute a recommendation to any stockholder of Ventas as to how such stockholder should vote or act with respect to the merger or any other matter.



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***Opinion of NHP's Financial Advisor (See page 56)***

J.P. Morgan Securities LLC, which we refer to as J.P. Morgan, delivered its opinion to the NHP board of directors that, as of February 27, 2011, and based upon and subject to the assumptions, procedures, factors, qualifications and limitations set forth therein, the exchange ratio of 0.7866 provided for in the proposed merger was fair, from a financial point of view, to the holders of NHP common stock. The full text of the written opinion of J.P. Morgan, dated February 27, 2011, which sets forth the assumptions made, procedures followed, factors considered, and qualifications and limitations on the review undertaken by J.P. Morgan in connection with its opinion, is attached as Annex D to this joint proxy statement/prospectus. The opinion of J.P. Morgan was directed to the NHP board of directors for the information and assistance of the NHP board of directors in connection with its evaluation of the merger and addressed only the fairness as of the date of the opinion, from a financial point of view, of the exchange ratio to the holders of NHP common stock. The opinion of J.P. Morgan was not intended to, and does not constitute a recommendation to any NHP stockholder as to how such stockholder should vote or act with respect to the merger or any other matter. Neither J.P. Morgan's opinion, nor the summary thereof or of J.P. Morgan's financial analyses set forth in this joint proxy statement/prospectus, is being provided for the use of any Ventas stockholder, nor does it constitute a recommendation to any stockholder of Ventas as to how such stockholder should vote or act with respect to the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger or any other matter.

***Financial Interests of NHP's Directors and Executive Officers in the Merger (See page 65)***

NHP's directors and executive officers have financial interests in the merger that are different from, or in addition to, the interests of NHP stockholders generally. The NHP board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, in approving the merger agreement, and in recommending to NHP stockholders that the merger agreement be adopted and that the merger and the other transactions contemplated by the merger agreement be approved.

Please see "The Merger Financial Interests of NHP's Directors and Executive Officers in the Merger" beginning on page 65 for additional information about these financial interests.

***Board of Directors and Management Following the Merger (See page 68)***

Ventas has agreed to take all necessary action to cause three members of NHP's current board of directors to be appointed to the Ventas board of directors, effective as of the closing of the merger. One of these persons will be NHP's Chairman, President and Chief Executive Officer, Douglas M. Pasquale. The other persons will be individuals who are acceptable to the Nominating and Corporate Governance Committee of the Ventas board of directors. Those individuals have not yet been selected as of the date of this joint proxy statement/prospectus.

Ventas currently anticipates that all of the existing executive officers of Ventas will remain executive officers of Ventas following the merger. As of the date of this joint proxy statement/prospectus, Ventas has not finalized any arrangements with current executive officers of NHP with respect to their employment by the combined company. If none of the current executive officers of NHP remain employed by Ventas following the merger, it is anticipated that the associated severance costs would be approximately \$[ ] based on calculations made as of [ ]. However, it is expected that Douglas M. Pasquale will serve as a senior advisor to Ventas to ensure an orderly transition.

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***Regulatory Approvals Required for the Merger (See page 68)***

Neither Ventas nor NHP is aware of any regulatory approvals that are expected to prevent the consummation of the merger. See "The Merger Regulatory Approvals Required for the Merger" beginning on page 68.

***Expected Timing of the Merger (See page 76)***

We currently expect to complete the merger in the third quarter of 2011, subject to receipt of required stockholder and regulatory approvals and the satisfaction or waiver of the other closing conditions summarized below.

***Conditions to Completion of the Merger (See page 91)***

As more fully described in this joint proxy statement/prospectus and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others:

receipt of the requisite approvals of Ventas stockholders and NHP stockholders;

the absence of any injunction or law prohibiting the merger;

the SEC having declared effective the registration statement of which this joint proxy statement/prospectus forms a part;

the approval for listing on the NYSE of the shares of Ventas common stock to be issued in connection with the merger;

the correctness of all representations and warranties made by the parties in the merger agreement and performance by the parties of their obligations under the merger agreement (subject in each case to certain materiality standards);

the absence of any material adverse effect being experienced by either company;

the receipt of legal opinions from each company's respective tax counsel regarding the qualification of the merger as a reorganization for U.S. federal income tax purposes; and

the receipt of a legal opinion from each company's tax counsel regarding its qualification as a REIT.

**We cannot be certain as to whether, or when, the conditions to the merger will be satisfied or waived or whether the merger will be completed.**

***Termination of the Merger Agreement (See page 93)***

Ventas and NHP may mutually agree to terminate the merger agreement before completing the merger, even after approval of the Ventas stockholders or approval of the NHP stockholders.

In addition, either Ventas or NHP (so long as it is not at fault) may decide to terminate the merger agreement if:

the merger is not consummated by October 31, 2011;

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there is a final, non-appealable order or injunction prohibiting the merger;

Ventas stockholders fail to approve the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and the Ventas charter amendment;

NHP stockholders fail to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement; or

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the other party materially breaches the merger agreement and does not cure such breach within a specified period.

Ventas may also terminate the merger agreement prior to the NHP stockholder approval if: (1) NHP withdraws, qualifies or modifies its recommendation for the merger in a manner adverse to Ventas; (2) NHP approves, adopts or recommends any NHP Acquisition Proposal (as defined below under "The Merger The Merger Agreement" beginning on page 75); (3) NHP fails to include its recommendation for the merger in its SEC filings; (4) NHP fails to publicly recommend against any NHP Acquisition Proposal within ten business days of Ventas's request; (5) NHP materially or willfully breaches its no-shop obligation or its obligation to hold a stockholders meeting; or (6) NHP enters into an agreement concerning a competing proposal.

***Expenses and Termination Fees (See page 94)***

Generally, all fees and expenses incurred in connection with the merger and the transactions contemplated by the merger agreement will be paid by the party incurring those expenses. The merger agreement provides that, if the merger agreement is terminated under certain circumstances, Ventas or NHP may be obligated to pay the other party a termination fee of \$175 million plus \$20 million in expense reimbursement. In certain circumstances, even if the termination fee is not payable, Ventas or NHP may be required to pay \$20 million in expense reimbursement to the other party. See the section entitled "The Merger The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by NHP to Ventas" beginning on page 94 and " Termination Fee and Expenses Payable by Ventas to NHP" beginning on page 95 for a complete discussion of the circumstances under which a termination fee and/or expense reimbursement will be required to be paid.

***Accounting Treatment (See page 68)***

Ventas prepares its financial statements in accordance with accounting principles generally accepted in the United States, which we refer to as GAAP. The merger will be accounted for by applying the acquisition method. Please see the section entitled "Accounting Treatment" on page 68.

***No Appraisal Rights (See page 71)***

Under the Maryland General Corporation Law, in connection with the merger, NHP stockholders are not entitled to exercise the right of objecting stockholders to receive the fair value of their shares.

***Litigation Relating to the Merger (See page 69)***

As of April 8, 2011, purported stockholders of NHP have filed seven lawsuits against NHP, its directors, and, in certain cases, Ventas and Needles Acquisition LLC challenging the merger. The lawsuits seek various forms of relief, including to enjoin the merger, direct the defendants to exercise certain alleged duties, rescind the merger agreement, impose a constructive trust in favor of the class upon any benefits improperly received by the defendants, and award the plaintiffs damages and expenses. For more information about litigation related to the merger, see "The Merger Litigation Relating to the Merger" beginning on page 69.

***The Special Meetings***

***The Ventas Special Meeting (See page 27)***

The Ventas special meeting will be held at [ ], on [ ], 2011, at [ ] local time. At the Ventas special meeting, Ventas stockholders will be asked to vote on the following matters:

the approval of the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger;

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the approval of an amendment to the Amended and Restated Certificate of Incorporation of Ventas, Inc., as previously amended (which we refer to as the Ventas charter), to increase the number of authorized shares of Ventas capital stock from 310,000,000 to 610,000,000 and the number of authorized shares of Ventas common stock from 300,000,000 to 600,000,000 (we refer to this amendment as the charter amendment); and

the approval of any adjournments of the Ventas special meeting, if necessary, to solicit additional proxies if there are not sufficient votes for such proposals.

You may vote at the Ventas special meeting if you owned shares of Ventas common stock at the close of business on the record date, [ ], 2011. You may cast one vote for each share of common stock that you owned on the record date. On that date, there were [ ] shares of Ventas common stock outstanding and entitled to vote.

The proposals to approve the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and to approve the Ventas charter amendment each require the affirmative vote of the holders of a majority of the outstanding shares of Ventas common stock. The merger cannot be completed without the approval by Ventas stockholders of both of these proposals. The proposal to approve any adjournments of the Ventas special meeting, if necessary, for the purpose of soliciting additional proxies requires the affirmative vote of the holders of a majority of the shares of Ventas common stock represented, in person or by proxy, at the Ventas special meeting.

On the record date, approximately [ ]% of the outstanding shares of Ventas common stock was held by Ventas directors and executive officers and their affiliates. Ventas currently expects that its directors and executive officers will vote their shares in favor of the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and the Ventas charter amendment, although none has entered into any agreements obligating them to do so.

***The NHP Special Meeting (See page 34)***

The special meeting of NHP stockholders will be held at [ ], on [ ], 2011, at [ ] local time. At the special meeting, stockholders of NHP will be asked to adopt the Agreement and Plan of Merger, dated as of February 27, 2011, among Ventas, Needles Acquisition LLC, and NHP and to approve the merger of NHP with and into Needles Acquisition LLC and the other transactions contemplated by the merger agreement.

You may vote at the NHP special meeting if you owned shares of NHP common stock at the close of business on the record date, [ ], 2011. On that date, there were [ ] shares of NHP common stock outstanding and entitled to vote. You may cast one vote for each share of NHP common stock that you owned on the record date.

The affirmative vote of the holders of at least two-thirds of the outstanding shares of NHP common stock on the record date is required to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement. In the event that there are not sufficient votes to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement, the Chairman of the NHP special meeting is authorized to adjourn the meeting (from time to time in his discretion) in order to solicit additional proxies.

On the record date, approximately [ ]% of the outstanding shares of NHP common stock was held by NHP directors and executive officers and their affiliates. NHP currently expects that its directors and executive officers will vote their shares in favor of the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, although none has entered into any agreements obligating them to do so.

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**Rights of NHP Stockholders Will Change as a Result of the Merger (See page 118)**

NHP stockholders will have different rights once they become stockholders of the combined company, due to differences between the governing documents of Ventas and NHP. These differences are described in detail under "Comparison of Rights of Ventas Stockholders and NHP Stockholders" beginning on page 118.

**Risk Factors**

Before voting at the Ventas or NHP special meeting, you should carefully consider all of the information contained in or incorporated by reference into this joint proxy statement/prospectus, including the risk factors set forth under the heading "Risk Factors" beginning on page 16 or described in Ventas's and NHP's Annual Reports on Form 10-K for the year ended December 31, 2010 and other reports filed with the SEC, which are incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 131.

Table of Contents**Selected Historical Financial Data of Ventas**

The following table sets forth selected consolidated financial information for Ventas. The selected statement of income data for each of the years in the five-year period ended December 31, 2010 and the selected balance sheet data as of December 31 for each of the years in the five-year period ended December 31, 2010 have been derived from Ventas's audited consolidated financial statements incorporated herein by reference. The following information should be read together with Ventas's audited consolidated financial statements, the notes related thereto and management's related reports on Ventas's financial condition and performance, all of which are contained in Ventas's reports filed with the SEC and incorporated herein by reference. See "Where You Can Find More Information" beginning on page 131.

	As of and for the Years Ended December 31,(1)					
	2010	2009	2008	2007	2006	
	(In thousands, except per share data)					
Operating Data						
Rental income	\$ 539,572	\$ 496,568	\$ 476,815	\$ 454,496	\$ 378,763	
Resident fees and services	446,301	421,058	429,257	282,226		
Interest expense	178,863	176,990	202,624	194,752	125,737	
Property-level operating expenses	315,953	302,813	306,944	198,125	3,171	
General, administrative and professional fees	49,830	38,830	40,651	36,425	26,136	
Income from continuing operations attributable to common stockholders	218,370	193,120	174,054	130,242	118,001	
Discontinued operations	27,797	73,375	48,549	143,439	13,153	
Net income attributable to common stockholders	246,167	266,495	222,603	273,681	131,154	
Per Share Data						
Income from continuing operations attributable to common stockholders, basic	\$ 1.39	\$ 1.27	\$ 1.24	\$ 1.06	\$ 1.13	
Net income attributable to common stockholders, basic	\$ 1.57	\$ 1.75	\$ 1.59	\$ 2.23	\$ 1.26	
Income from continuing operations attributable to common stockholders, diluted	\$ 1.38	\$ 1.26	\$ 1.24	\$ 1.06	\$ 1.13	

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Net income attributable to common stockholders, diluted	\$	1.56	\$	1.74	\$	1.59	\$	2.22	\$	1.25
Dividends declared per common share	\$	2.14	\$	2.05	\$	2.05	\$	1.90	\$	1.58

## Balance Sheet

### Data

Real estate investments, at cost	\$	6,747,699	\$	6,399,421	\$	6,256,562	\$	6,380,703	\$	3,707,837
Cash and cash equivalents		21,812		107,397		176,812		28,334		1,246
Total assets		5,758,021		5,616,245		5,771,418		5,718,475		3,256,021
Senior notes payable and other debt		2,900,044		2,670,101		3,136,998		3,346,531		2,312,021

### Other Data

Net cash provided by operating activities	\$	447,622	\$	422,101	\$	379,907	\$	404,600	\$	238,867
Net cash used in investing activities		(301,920)		(1,746)		(136,256)		(1,175,192)		(481,974)
Net cash (used in) provided by financing activities		(231,452)		(490,180)		(95,979)		802,675		242,712



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	As of and for the Years Ended December 31,(1)				
	2010	2009	2008	2007	2006
	(In thousands, except per share data)				
Non-GAAP Financial Measures					
Reconciliation					
Net income attributable to common stockholders	\$ 246,167	\$ 266,495	\$ 222,603	\$ 273,681	\$ 131,154
Adjustments:					
Real estate depreciation and amortization	203,966	198,841	228,778	224,028	107,253
Real estate depreciation related to noncontrolling interest	(6,217)	(6,349)	(6,251)	(3,749)	
Real estate depreciation related to unconsolidated entities	2,367				
Discontinued operations:					
Gain on sale of real estate assets	(25,241)	(67,305)	(39,026)	(129,478)	
Depreciation on real estate assets	464	1,727	6,253	9,736	10,985
FFO(2)	421,506	393,409	412,357	374,218	249,392
Adjustments:					
Reversal of contingent liability			(23,328)		(1,769)
Provision for loan losses			5,994		
Income tax expense (benefit)	2,930	(3,459)	(17,616)	(29,095)	
Loss (gain) on extinguishment of debt	9,791	6,080	(2,398)	(88)	1,273
Merger-related expenses and deal costs	19,243	13,015	4,460	2,979	
Amortization of other intangibles	511				
Net gain on sale of marketable equity securities				(864)	(1,379)
Gain on foreign currency hedge				(24,314)	
Preferred stock issuance costs				1,750	
Bridge loan fee				2,550	
Rent reset costs					7,361
Normalized FFO(2)	\$ 453,981	\$ 409,045	\$ 379,469	\$ 327,136	\$ 254,878

- (1) Effective January 1, 2009, Ventas adopted Financial Accounting Standards Board guidance relating to convertible debt instruments that may be settled in cash upon conversion. See "Note 2 Accounting Policies" of the Notes to Consolidated Financial Statements included in Item 8 of Ventas's Annual Report on Form 10-K for the year ended December 31, 2010 for details regarding the impact of the adoption on Ventas's consolidated financial statements.
- (2) Ventas believes that net income, as defined by GAAP, is the most appropriate earnings measurement. However, Ventas considers funds from operations, which we refer to as FFO, and normalized FFO appropriate measures of operating performance of an equity REIT. Moreover, Ventas believes that normalized FFO provides useful information because it allows investors, analysts and Ventas management to compare Ventas's operating performance to the operating performance of other real estate companies and between periods on a consistent basis without having to account for differences caused by unanticipated items. Ventas uses the National Association of Real Estate Investment Trusts, which we refer to as NAREIT, definition of FFO. NAREIT defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of real estate property, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. Ventas defines normalized FFO as FFO excluding the following items (which may be recurring in nature): (a) gains and losses on the sales of real property assets; (b) merger-related costs and expenses, including amortization of intangibles and transition and integration expenses, and deal costs and expenses, including expenses and recoveries, if any, relating to Ventas's lawsuit against HCP, Inc. and the issuance of preferred stock or bridge loan fees;

(c) the impact of any expenses related to asset impairment and valuation allowances, the write-off of unamortized deferred financing fees, or additional costs, expenses, discounts, make-whole payments, penalties or premiums incurred as a result of early retirement or payment of Ventas's debt; (d) the non-cash effect of income tax benefits or expenses; (e) the impact of future unannounced acquisitions or divestitures (including pursuant to tenant options to purchase) and capital transactions; (f) the reversal or incurrence of contingent liabilities; (g) gains and losses for non-operational foreign currency hedge agreements; and (h) one-time expenses in connection with rent reset process with Kindred Healthcare, Inc and its subsidiaries. FFO and normalized FFO presented herein are not necessarily identical to FFO and normalized FFO presented by other real estate companies due to the fact that not all real estate companies use the same definitions. FFO and normalized FFO should not be considered alternatives to net income (determined in accordance with GAAP) as indicators of Ventas's financial performance or alternatives to cash flow from operating activities (determined in accordance with GAAP) as measures of Ventas's liquidity, nor are FFO and normalized FFO necessarily indicative of sufficient cash flow to fund all of Ventas's needs. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Funds From Operations" included in Item 7 of Ventas's Annual Report on Form 10-K for the year ended December 31, 2010 for a reconciliation of these measures to Ventas's GAAP earnings.

Table of Contents**Selected Historical Financial Data of NHP**

The following table sets forth selected consolidated financial information for NHP. The selected income statement data for each of the five years ended December 31, 2010 and the selected balance sheet data as of December 31 for each of the years in the five-year period ended December 31, 2010 have been derived from NHP's audited consolidated financial statements incorporated herein by reference. The following information should be read together with NHP's audited consolidated financial statements, the notes related thereto and management's related reports on NHP's financial condition and performance, all of which are contained in NHP's reports filed with the SEC and incorporated herein by reference. See "Where You Can Find More Information" beginning on page 131.

	As of and for the Years Ended December 31,					
	2010	2009	2008	2007	2006	
	(In thousands, except per share data)					
Operating Data						
Revenues	\$ 439,251	\$ 383,853	\$ 360,869	\$ 296,461	\$ 214,928	
Income from continuing operations	137,224	121,800	102,423	126,044	47,004	
Discontinued operations	4,899	27,258	165,584	98,202	138,152	
Net income	142,123	149,058	268,007	224,246	185,156	
Preferred stock dividends		(5,350)	(7,637)	(13,434)	(15,163)	
Net income attributable to NHP common stockholders	143,766	143,040	260,501	211,024	170,414	
Dividends paid on common stock	223,452	187,799	171,496	150,819	120,406	
Per Share Data						
Diluted income from continuing operations attributable to NHP common stockholders	\$ 1.11	\$ 1.06	\$ 0.95	\$ 1.23	\$ 0.41	
Diluted net income attributable to NHP common stockholders	1.15	1.31	2.63	2.31	2.19	
Dividends paid on common stock	1.82	1.76	1.76	1.64	1.54	
Balance Sheet Data						
Investments in real estate, net	\$ 3,698,274	\$ 3,031,383	\$ 3,124,299	\$ 2,961,442	\$ 2,583,515	
Total assets	4,092,624	3,647,075	3,458,125	3,144,353	2,704,814	
Borrowings under unsecured senior credit facility	175,000			41,000	139,000	
Senior notes	991,633	991,633	1,056,233	1,166,500	887,500	
Notes and bonds payable	362,624	431,456	435,199	340,150	355,411	
NHP stockholders' equity	2,299,827	2,033,099	1,760,667	1,482,693	1,243,809	
Other Data						
Net cash provided by operating activities	\$ 295,741	\$ 247,145	\$ 243,838	\$ 220,886	\$ 171,932	
Net cash used in investing activities	\$ (708,454)	\$ (1,900)	\$ (111,088)	\$ (375,364)	\$ (654,819)	
Net cash provided by (used in) financing activities	\$ 90,026	\$ 54,783	\$ (69,907)	\$ 159,190	\$ 487,577	
Diluted weighted average shares outstanding	124,339	108,547	98,763	90,987	77,566	
Reconciliation of Funds from Operations(1)						
Net income	\$ 142,123	\$ 149,058	\$ 268,007	\$ 224,246	\$ 185,156	
Net loss (income) attributable to noncontrolling interests	1,643	(668)	131	212	421	
Preferred stock dividends		(5,350)	(7,637)	(13,434)	(15,163)	
Real estate related depreciation	135,245	123,666	118,603	100,340	77,714	
Depreciation in income from unconsolidated joint ventures	4,793	5,209	4,768	1,703		
Gain on sale of facilities, net	(16,948)	(23,908)	(154,995)	(118,114)	(96,791)	
Funds from operations available to common stockholders	\$ 266,856	\$ 248,007	\$ 228,877	\$ 194,953	\$ 151,337	

(1)

NHP believes that funds from operations is an important non-GAAP supplemental measure of operating performance because it excludes the effect of depreciation and gains (losses) from sales of facilities (both of which are based on historical costs which may be of limited relevance in evaluating current performance).

Additionally, funds from operations is used by NHP and widely used by industry analysts as a measure of operating performance for equity REITs. NHP therefore discloses funds from operations, although it is a measurement that is not defined by GAAP. NHP

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calculates funds from operations in accordance with the definition used by NAREIT. Funds from operations does not represent cash generated from operating activities as defined by GAAP (funds from operations does not include changes in operating assets and liabilities) and, therefore, should not be considered as an alternative to net income as the primary indicator of operating performance or to cash flow as a measure of liquidity.

Table of Contents**Summary Unaudited Pro Forma Condensed Consolidated Financial Information**

The following table shows summary unaudited pro forma condensed consolidated financial information about the combined financial condition and operating results of Ventas and NHP after giving effect to the merger and the Atria Acquisition. The unaudited pro forma financial information assumes that the merger is accounted for by applying the acquisition method. The unaudited pro forma condensed consolidated balance sheet data gives effect to the merger and the Atria Acquisition as if they both had occurred on December 31, 2010. The unaudited pro forma condensed consolidated income statement data gives effect to the merger and the Atria Acquisition as if they both had occurred on January 1, 2010, in each case based on the most recent valuation data available. The summary unaudited pro forma condensed consolidated financial information listed below has been derived from and should be read in conjunction with (1) the more detailed unaudited pro forma condensed consolidated financial information, including the notes thereto, appearing elsewhere in this joint proxy statement/prospectus, (2) the historical consolidated financial statements and related notes of both Ventas and NHP, incorporated herein by reference, and (3) the historical consolidated financial statements and related notes of Atria Senior Living Group, Inc. and One Lantern Senior Living Inc, which we refer to as One Lantern, incorporated herein by reference. See "Unaudited Pro Forma Condensed Consolidated Financial Statements" beginning on page 100 and "Where You Can Find More Information" beginning on page 131.

As of and for the Year Ended December 31, 2010				
	Ventas Historical	Ventas Pro Forma for the Atria Acquisition	NHP Historical	Total Pro Forma
(In thousands, except per share data)				
<b>Operating Data</b>				
Rental income	\$ 539,572	\$ 565,781	\$ 409,854	\$ 1,019,922
Resident fees and services	446,301	1,046,840		1,046,840
Interest expense	178,863	259,373	97,329	315,107
Property-level operating expenses	315,953	756,687	39,536	795,616
Income from continuing operations attributable to common stockholders	218,370	140,313	138,867	246,637
<b>Per Share Data</b>				
Income from continuing operations attributable to common stockholders per common share:				
Basic	\$ 1.39	\$ 0.75	\$ 1.14	\$ 0.86
Diluted	\$ 1.38	\$ 0.75	\$ 1.12	\$ 0.85
Shares used in computing earnings per common share:				
Basic	156,608	187,130	121,687	286,611
Diluted	157,657	188,179	124,339	289,746
<b>Balance Sheet Data</b>				
Net real estate investments	5,444,114	8,702,770	3,861,512	16,112,629
Total assets	5,758,021	9,211,903	4,092,624	16,888,988
Senior notes payable and other debt	2,900,044	4,577,855	1,529,257	6,043,430

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Total equity	2,390,205	3,984,552	2,333,110	9,545,577
<b>Other Data</b>				
FFO(1)	421,506	541,535	266,856	893,891
Normalized FFO(1)	453,981	550,717	286,285	922,577

- (1) Reconciliation of FFO and normalized FFO is set forth in the "Unaudited Pro Forma Condensed Consolidated Financial Statements" beginning on page 100.

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The unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the combined operating results or financial position that would have occurred if such transactions had been consummated on the dates and in accordance with the assumptions described herein, nor is it necessarily indicative of the combined company's future operating results or financial position. The unaudited pro forma condensed consolidated financial information does not give effect to (1) any potential revenue enhancements or cost synergies that could result from the merger or the Atria Acquisition or (2) any transaction or integration costs relating to the merger or the Atria Acquisition. In addition, as explained in more detail in the accompanying notes to the unaudited pro forma condensed consolidated financial information, the preliminary allocation of the pro forma purchase price reflected in the unaudited pro forma condensed consolidated financial information is subject to adjustment and may vary significantly from the definitive allocation of the final purchase price that will be recorded subsequent to completion of the merger. The determination of the final purchase price will be based on the number of shares of NHP common stock outstanding and Ventas's stock price at closing.

Table of Contents**Equivalent and Comparative Per Share Information**

The following table sets forth for the year ended December 31, 2010 selected per share information for Ventas common stock on a historical and pro forma basis, giving effect to the merger and the Atria Acquisition, and for NHP common stock on a historical and pro forma equivalent basis. Except for the historical information as of and for the year ended December 31, 2010, the information in the table is unaudited. You should read the table below together with the historical consolidated financial statements and related notes of Ventas and NHP contained in their respective Annual Reports on Form 10-K for the year ended December 31, 2010, which are incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 131.

The Ventas pro forma income from continuing operations attributable to common stockholders was calculated using the methodology described below under the heading "Unaudited Pro Forma Condensed Consolidated Financial Statements," and is subject to all the assumptions, adjustments and limitations described thereunder. The Ventas pro forma cash dividends per common share represent Ventas's historical cash dividends per common share. The Ventas pro forma book value per share was calculated by dividing total combined Ventas and NHP common stockholders' equity by pro forma equivalent common shares. The NHP pro forma equivalent per common share amounts were calculated by multiplying the Ventas pro forma amounts by the exchange ratio of 0.7866.

	Ventas		NHP	
	Historical	Pro Forma	Historical	Pro Forma
<b>For the Year Ended December 31, 2010</b>				
Income from continuing operations attributable to common stockholders per common share, basic	\$ 1.39	\$ 0.86	\$ 1.14	\$ 0.68
Income from continuing operations attributable to common stockholders per common share, diluted	\$ 1.38	\$ 0.85	\$ 1.12	\$ 0.67
Cash dividends declared per common share	\$ 2.14	\$ 2.14	\$ 1.82	\$ 1.68
<b>As of December 31, 2010</b>				
Book value per common share	\$ 15.20	\$ 37.20	\$ 18.48	\$ 29.26



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**RISK FACTORS**

*In addition to the other information included and incorporated by reference into this joint proxy statement/prospectus, including the matters addressed in the section entitled "Cautionary Statement Regarding Forward-Looking Statements," you should carefully consider the following risks before deciding whether to vote for (i) if you are a Ventas stockholder, the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and the Ventas charter amendment, or (ii) if you are an NHP stockholder, the adoption of the merger agreement and approval of the merger and other transactions contemplated by the merger agreement. In addition, you should read and consider the risks associated with each of the businesses of Ventas and NHP because these risks will also affect the combined company. These risks can be found in Ventas's and NHP's respective Annual Reports on Form 10-K for the year ended December 31, 2010 and other reports filed by Ventas and NHP with the SEC, which are incorporated by reference into this joint proxy statement/prospectus. You should also read and consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 131.*

**Risk Factors Relating to the Merger**

***The exchange ratio is fixed and will not be adjusted in the event of any change in either Ventas's or NHP's stock price.***

Upon the closing of the merger, each share of NHP common stock will be converted into the right to receive 0.7866 of a share of Ventas common stock, with cash paid in lieu of fractional shares. This exchange ratio was fixed in the merger agreement and will not be adjusted for changes in the market price of either Ventas common stock or NHP common stock. Changes in the price of Ventas common stock prior to the merger will affect the market value of the merger consideration that NHP stockholders will receive on the date of the merger. Stock price changes may result from a variety of factors (many of which are beyond our control), including the following factors:

changes in our respective businesses, operations, assets, liabilities and prospects;

changes in market assessments of the business, operations, financial position and prospects of either company;

market assessments of the likelihood that the merger will be completed;

interest rates, general market and economic conditions and other factors generally affecting the price of Ventas's and NHP's common stock; and

federal, state and local legislation, governmental regulation and legal developments in the businesses in which NHP and Ventas operate.

The price of Ventas common stock at the closing of the merger may vary from its price on the date the merger agreement was executed, on the date of this joint proxy statement/prospectus and on the date of the special meetings of Ventas and NHP. As a result, the market value of the merger consideration represented by the exchange ratio will also vary. For example, based on the range of closing prices of Ventas common stock during the period from February 25, 2011, the last trading day before public announcement of the merger, through [ ], 2011, the latest practicable date before the date of this joint proxy statement/prospectus, the exchange ratio of 0.7866 shares of Ventas common stock represented a market value ranging from a low of \$[ ] to a high of \$[ ].

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Because the merger will be completed after the date of the special meetings, at the time of your special meeting, you will not know the exact market value of the Ventas common stock that NHP stockholders will receive upon completion of the merger. You should consider the following two risks:

If the price of Ventas common stock increases between the date the merger agreement was signed or the date of the Ventas special meeting and the effective time of the merger, NHP stockholders will receive shares of Ventas common stock that have a market value upon completion of the merger that is greater than the market value of such shares calculated pursuant to the exchange ratio when the merger agreement was signed or the date of the Ventas special meeting, respectively. Therefore, while the number of shares of Ventas common stock to be issued per share of NHP common stock is fixed, Ventas stockholders cannot be sure of the market value of the consideration that will be paid to NHP stockholders upon completion of the merger.

If the price of Ventas common stock declines between the date the merger agreement was signed or the date of the NHP special meeting and the effective time of the merger, including for any of the reasons described above, NHP stockholders will receive shares of Ventas common stock that have a market value upon completion of the merger that is less than the market value of such shares calculated pursuant to the exchange ratio on the date the merger agreement was signed or on the date of the NHP special meeting, respectively. Therefore, while the number of shares of Ventas common stock to be issued per share of NHP common stock is fixed, NHP stockholders cannot be sure of the market value of the Ventas common stock they will receive upon completion of the merger or the market value of Ventas common stock at any time after the completion of the merger.

***If the merger does not occur, one of the companies may incur payment obligations to the other.***

If the merger agreement is terminated under certain circumstances, Ventas or NHP may be obligated to pay the other party a termination fee of \$175 million plus \$20 million in expense reimbursement. In certain circumstances, even if the termination fee is not payable, Ventas or NHP may be required to pay \$20 million in expense reimbursement to the other party. See "The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by NHP to Ventas" beginning on page 94 and " Termination Fee and Expenses Payable by Ventas to NHP" beginning on page 95.

***Failure to complete the merger could negatively impact the stock prices and the future business and financial results of Ventas and NHP.***

If the merger is not completed, the ongoing businesses of Ventas and NHP could be adversely affected and each of Ventas and NHP will be subject to several risks, including the following:

being required, under certain circumstances, to pay to the other party a termination fee of \$175 million and/or \$20 million in expense reimbursement;

having to pay certain costs relating to the proposed merger, such as legal, accounting, financial advisor, filing, printing and mailing fees; and

diversion of management focus and resources from operational matters and other strategic opportunities while working to implement the merger.

If the merger is not completed, these risks could materially affect the business, financial results and stock prices of Ventas or NHP.

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***The pendency of the merger could adversely affect the business and operations of Ventas and NHP.***

In connection with the pending merger, some customers or vendors of each of Ventas and NHP may delay or defer decisions, which could negatively impact the revenues, earnings, cash flows and expenses of Ventas and NHP, regardless of whether the merger is completed. Similarly, current and prospective employees of Ventas and NHP may experience uncertainty about their future roles with the combined company following the merger, which may materially adversely affect the ability of each of Ventas and NHP to attract and retain key personnel during the pendency of the merger. In addition, due to operating covenants in the merger agreement, each of Ventas and NHP may be unable, during the pendency of the merger, to pursue certain strategic transactions, undertake certain significant capital projects, undertake certain significant financing transactions and otherwise pursue other actions that are not in the ordinary course of business, even if such actions would prove beneficial.

***Some of the directors and executive officers of NHP have interests in seeing the merger completed that are different from, or in addition to, those of the other NHP stockholders.***

Some of the directors and executive officers of NHP have arrangements that provide them with interests in the merger that are different from, or in addition to, those of the stockholders of NHP. These interests include, among other things, the continued service as a director or an executive officer of the combined company, severance benefits and the immediate vesting of certain stock-based awards. These interests, among other things, may influence the directors and executive officers of NHP to support or approve the merger. See "The Merger Financial Interests of NHP's Directors and Executive Officers in the Merger" beginning on page 65.

***The merger agreement contains provisions that could discourage a potential competing acquirer of either NHP or Ventas or could result in any competing proposal being at a lower price than it might otherwise be.***

The merger agreement contains "no shop" provisions that, subject to limited exceptions, restrict NHP's ability to solicit, encourage, facilitate or discuss competing third-party proposals to acquire all or a significant part of NHP. Further, even if the NHP board of directors withdraws or qualifies its recommendation for the adoption of the merger agreement and the approval of the merger and the other transactions contemplated by the merger agreement, it will still be required to submit the matter to a vote of its stockholders at its special meeting. In addition, Ventas generally has an opportunity to offer to modify the terms of the proposed merger in response to any competing acquisition proposals that may be made before the NHP board of directors may withdraw or qualify its recommendation. Upon termination of the merger agreement in some circumstances, one of the parties may be required to pay a termination fee and/or expense reimbursement to the other party. See "The Merger The Merger Agreement Covenants and Agreements No Solicitation of Transactions by NHP" beginning on page 85, " Termination of the Merger Agreement Termination Fee and Expenses Payable by NHP to Ventas" beginning on page 94, and " Termination Fee and Expenses Payable by Ventas to NHP" beginning on page 95.

These provisions could discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of NHP or Ventas from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share cash or market value than the market value proposed to be received or realized in the merger, or might result in a potential competing acquirer proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee and/or expense reimbursement that may become payable in certain circumstances.

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**Risk Factors Relating to Ventas Following the Merger**

**Operational Risks**

***Ventas expects to incur substantial expenses related to the merger.***

Ventas expects to incur substantial expenses in connection with completing the merger and integrating the business, operations, networks, systems, technologies, policies and procedures of NHP with those of Ventas. There are several systems that must be integrated, including accounting and finance, payroll and benefits, and asset management. While Ventas has assumed that a certain level of transaction and integration expenses would be incurred, there are a number of factors beyond its control that could affect the total amount or the timing of its integration expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. Moreover, Ventas expects to commence these integration initiatives before it has completed a similar integration of assets it expects to acquire in the Atria Acquisition, which could cause both of these integration initiatives to be delayed or rendered more costly or disruptive than would otherwise be the case. Due to these factors, the transaction and integration expenses associated with the merger could, particularly in the near term, exceed the savings that Ventas expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the integration of the businesses following the completion of the merger. As a result of these expenses, Ventas expects to take charges against its earnings before and after the completion of the merger. The charges taken after the merger are expected to be significant, although the aggregate amount and timing of such charges are uncertain at present.

***Following the merger, the combined company may be unable to integrate successfully the businesses of Ventas and NHP and realize the anticipated benefits of the merger or do so within the anticipated timeframe.***

The merger involves the combination of two companies which currently operate as independent public companies. Even though the companies are operationally similar, the combined company will be required to devote significant management attention and resources to integrating the business practices and operations of Ventas and NHP. It is possible that the integration process could result in the distraction of the combined company's management, the disruption of the combined company's ongoing business or inconsistencies in the combined company's operations, services, standards, controls, procedures and policies, any of which could adversely affect the ability of the combined company to maintain relationships with customers, vendors and employees or to fully achieve the anticipated benefits of the merger.

***The future results of the combined company will suffer if the combined company does not effectively manage its expanded operations following the merger.***

Following the merger, the combined company may continue to expand its operations through additional acquisitions and other strategic transactions, some of which may involve complex challenges. The future success of the combined company will depend, in part, upon its ability to manage its expansion opportunities, integrate new operations into its existing business in an efficient and timely manner, successfully monitor its operations, costs, regulatory compliance and service quality, and maintain other necessary internal controls. The combined company cannot assure you that its expansion or acquisition opportunities will be successful, or that the combined company will realize its expected operating efficiencies, cost savings, revenue enhancements, synergies or other benefits.

***The merger will result in changes to the board of directors of the combined company.***

Upon completion of the merger, the composition of the board of directors of the combined company will be different than the current boards of Ventas and NHP. The Ventas board of directors currently consists of nine directors and upon the consummation of the Atria Acquisition, a

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representative of LREP will join the Ventas board. Upon the consummation of the merger, three NHP directors, including Douglas M. Pasquale, will also be added to the Ventas board of directors. This new composition of the board of directors of the combined company may affect the future decisions of the combined company.

***Following the merger, the combined company may be unable to retain key employees.***

The success of Ventas after the merger will depend in part upon its ability to retain key NHP and Ventas employees. Key employees may depart either before or after the merger because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the combined company following the merger. Accordingly, no assurance can be given that Ventas, NHP and, following the merger, the combined company will be able to retain key employees to the same extent as in the past.

***The market price of Ventas common stock may decline as a result of the merger.***

The market price of Ventas common stock may decline as a result of the merger if the combined company does not achieve the perceived benefits of the merger as rapidly or to the extent anticipated by financial or industry analysts, or the effect of the merger on Ventas's financial results is not consistent with the expectations of financial or industry analysts.

***After the merger is completed, NHP stockholders who receive Ventas common stock in the merger will have different rights that may be less favorable than their current rights as NHP stockholders.***

After the closing of the merger, NHP stockholders who receive Ventas common stock in the merger will have different rights than they currently have as NHP stockholders. For a detailed discussion of your rights as a stockholder of Ventas and the significant differences between your rights as a stockholder of NHP and your rights as a stockholder of Ventas, see "Comparison of Rights of Ventas Stockholders and NHP Stockholders" beginning on page 118.

***Ventas cannot assure you that it will be able to continue paying dividends at the current rate.***

As noted elsewhere in this joint proxy statement/prospectus, Ventas plans to continue its current dividend practices following the merger. However, Ventas stockholders may not receive the same dividends following the merger for various reasons, including the following:

as a result of the merger and the issuance of shares of Ventas common stock in connection with the merger, the total amount of cash required for Ventas to pay dividends at its current rate will increase;

Ventas may not have enough cash to pay such dividends due to changes in Ventas's cash requirements, capital spending plans, cash flow or financial position;

decisions on whether, when and in which amounts to make any future distributions will remain at all times entirely at the discretion of the Ventas board of directors, which reserves the right to change Ventas's dividend practices at any time and for any reason;

Ventas may desire to retain cash to maintain or improve its credit ratings; and

the amount of dividends that Ventas's subsidiaries may distribute to Ventas may be subject to restrictions imposed by state law, restrictions that may be imposed by state regulators, and restrictions imposed by the terms of any current or future indebtedness that these subsidiaries may incur.

Ventas's stockholders have no contractual or other legal right to dividends that have not been declared.



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***The merger will likely result in a reduction in per share equivalent dividend payments for holders of NHP common stock after the merger.***

If Ventas continues to pay quarterly cash dividends at the rate of \$0.575 per share after the merger, this dividend, from the perspective of a holder of NHP common stock, would be equivalent to a quarterly dividend of approximately \$0.45 per share of NHP common stock, based on the exchange ratio of 0.7866, which is approximately 6% less than NHP's most recent quarterly dividend of \$0.48 per share of NHP common stock.

**Legal Risks**

***In connection with the announcement of the merger agreement, seven lawsuits have been filed and are pending, as of April 8, 2011, seeking, among other things, to enjoin the merger and rescind the merger agreement, and an adverse judgment in any of the lawsuits may prevent the merger from becoming effective within the expected timeframe (if at all).***

As of April 8, 2011, purported stockholders of NHP have filed seven lawsuits against NHP, its directors, and, in certain cases, Ventas and Needles Acquisition LLC challenging the merger. The lawsuits seek various forms of relief, including to enjoin the merger, direct the defendants to exercise certain alleged duties, rescind the merger agreement, impose a constructive trust in favor of the class upon any benefits improperly received by the defendants, and award the plaintiffs damages and expenses. If the plaintiffs are successful in obtaining an injunction prohibiting the parties from completing the merger on the agreed upon terms, the injunction may prevent the completion of the merger in the expected timeframe (if it is completed at all). For more information about litigation related to the merger, see "The Merger Litigation Relating to the Merger" beginning on page 69.

***Counterparties to certain significant agreements with NHP may have consent rights in connection with the merger.***

NHP is party to certain agreements that give the counterparty certain rights, including consent rights, in connection with "change in control" transactions. Under certain of these agreements, the merger will constitute a change in control and, therefore, the counterparty may assert its rights in connection with the merger. Any such counterparty may request modifications of its agreements as a condition to granting a waiver or consent under those agreements and there can be no assurance that such counterparties will not exercise their rights under the agreements, including termination rights where available. While Ventas may request changes in the structure of the merger to avoid triggering such rights, Ventas could incur additional costs or suffer losses in connection with the exercise of any such rights or any modifications of such agreements, including any costs associated with effectuating any such changes in the structure of the merger. For more information about Ventas's right to request changes to the merger structure, see "The Merger The Merger Agreement Form, Effective Time and Closing of the Merger" beginning on page 76.

**REIT Risks**

***Ventas may incur adverse tax consequences if NHP has failed or fails to qualify as a REIT for U.S. federal income tax purposes.***

If NHP has failed or fails to qualify as a REIT for U.S. federal income tax purposes and the merger is completed, Ventas may incur significant tax liabilities, and Ventas could lose its REIT status should disqualifying activities continue after the merger.

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***REITs are subject to a range of complex organizational and operational requirements.***

As REITs, each of Ventas and NHP must distribute with respect to each taxable year at least 90% of its REIT taxable income to its stockholders. Other restrictions apply to a REIT's income and assets. For any taxable year that Ventas or NHP fails to qualify as a REIT, it will not be allowed a deduction for dividends paid to its stockholders in computing taxable income and thus would become subject to U.S. federal income tax as if it were a regular taxable corporation. In such an event, Ventas or NHP, as the case may be, could be subject to potentially significant tax liabilities. Unless entitled to relief under certain statutory provisions, Ventas or NHP, as the case may be, would also be disqualified from treatment as a REIT for the four taxable years following the year in which it lost its qualification. If Ventas or NHP failed to qualify as a REIT, the market price of Ventas common stock may decline and Ventas may need to reduce substantially the amount of distributions to its stockholders because of its increased tax liability.

**Ventas and NHP Face Other Risks**

The risks listed above are not exhaustive, and you should be aware that following the merger Ventas and NHP will face various other risks, including those discussed in reports filed by Ventas and NHP with the SEC. See "Where You Can Find More Information" beginning on page 131.



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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus and the documents incorporated by reference into this joint proxy statement/prospectus include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements regarding Ventas's, NHP's or their respective tenants', operators', managers' or borrowers' expected future financial position, results of operations, cash flows, funds from operations, dividends and dividend plans, financing plans, business strategy, budgets, projected costs, operating metrics, capital expenditures, competitive positions, acquisitions, investment opportunities, merger integration, growth opportunities, dispositions, expected lease income, continued qualification as a real estate investment trust, plans and objectives of management for future operations and statements that include words such as "anticipate," "if," "believe," "plan," "estimate," "expect," "intend," "may," "could," "should," "will" and other similar expressions are forward-looking statements. Such forward-looking statements are inherently uncertain, and security holders must recognize that actual results may differ from the companies' expectations. Except to the extent required by applicable law, neither Ventas nor NHP undertakes a duty to update such forward-looking statements, which speak only as of the date on which they are made.

Ventas's and NHP's actual future results and trends may differ materially depending on a variety of factors discussed in their filings with the SEC. These factors include without limitation:

the ability and willingness of each company's tenants, operators, borrowers, managers and other third parties to meet and/or perform their obligations under their respective contractual arrangements with the company, including, in some cases, their obligations to indemnify, defend and hold harmless the company from and against various claims, litigation and liabilities;

the ability of each company's tenants, operators, borrowers and managers to maintain the financial strength and liquidity necessary to satisfy their respective obligations and liabilities to third parties, including without limitation obligations under their existing credit facilities and other indebtedness;

each company's success in implementing its business strategy and its ability to identify, underwrite, finance, consummate and integrate diversifying acquisitions or investments, including Ventas's pending Atria Acquisition and those in different asset types and outside the United States;

the nature and extent of future competition;

the extent of future or pending healthcare reform and regulation, including cost containment measures and changes in reimbursement policies, procedures and rates;

increases in each company's cost of borrowing as a result of changes in interest rates and other factors;

the ability of each company's operators and managers, as applicable, to deliver high quality services, to attract and retain qualified personnel and to attract residents and patients;

changes in general economic conditions and/or economic conditions in the markets in which each company may, from time to time, compete, and the effect of those changes on the company's revenues and its ability to access the capital markets or other sources of funds;

each company's ability to pay down, refinance, restructure and/or extend its indebtedness as it becomes due;

each company's ability and willingness to maintain its qualification as a REIT due to economic, market, legal, tax or other considerations;



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final determination of each company's taxable net income for the year ended December 31, 2010 and for the year ending December 31, 2011;

the ability and willingness of each company's tenants to renew their leases upon expiration of the leases and each company's ability to reposition its properties on the same or better terms in the event such leases expire and are not renewed by the tenants or in the event the company exercises its right to replace an existing tenant upon default;

risks associated with Ventas's senior living operating portfolio, such as factors causing volatility in its operating income and earnings generated by its properties, including without limitation national and regional economic conditions, costs of materials, energy, labor and services, employee benefit costs, insurance costs and professional and general liability claims, and the timely delivery of accurate property-level financial results for those properties;

the movement of U.S. and Canadian exchange rates;

year-over-year changes in the Consumer Price Index and the effect of those changes on each company's earnings and the rent escalators included in its leases;

each company's ability and the ability of its tenants, operators, borrowers and managers to obtain and maintain adequate liability and other insurance from reputable and financially stable providers;

the impact of increased operating costs and uninsured professional liability claims on the liquidity, financial condition and results of operations of each company's tenants, operators, borrowers and managers, and the ability of those tenants, operators, borrowers and managers to accurately estimate the magnitude of those claims;

risks associated with each company's MOB portfolio and operations, including its ability to successfully design, develop and manage MOBs, to accurately estimate its costs in fixed fee-for-service projects and to retain key personnel;

the ability of the hospitals on or near whose campuses each company's MOBs are located and their affiliated health systems to remain competitive and financially viable and to attract physicians and physician groups;

each company's ability to maintain or expand its relationships with its existing and future hospital and health system clients;

risks associated with each company's investments in joint ventures, including its lack of sole decision-making authority and its reliance on its joint venture partners' financial condition;

the impact of market or issuer events on the liquidity or value of each company's investments in marketable securities; and

the impact of any financial, accounting, legal or regulatory issues or litigation that may affect either company or its major tenants, operators or managers.

Many of these factors are beyond the control of the companies and their management. Due to these risks and uncertainties, there can be no assurances that the results anticipated by the forecasts or other forward-looking statements of Ventas or NHP will occur, that their respective judgments or assumptions will prove correct, or that unforeseen developments will not occur. Accordingly, you are cautioned not to place undue reliance upon any forecasts or other forward-looking statements of Ventas or NHP.



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**THE COMPANIES**

**Ventas**

111 S. Wacker Drive, Suite 4800  
Chicago, Illinois 60606  
(877) 483-6827

Ventas, together with its subsidiaries, is a REIT, with a geographically diverse portfolio of seniors housing and healthcare properties in the United States and Canada. Ventas was incorporated in Kentucky in 1983, commenced operations in 1985 and reorganized as a Delaware corporation in 1987. Ventas operates through three reportable business segments: triple-net leased properties, senior living operations and MOB operations.

As of December 31, 2010, Ventas's portfolio consisted of 602 assets: 240 senior housing communities, 187 skilled nursing facilities, 40 hospitals and 135 MOBs and other properties in 43 U.S. states, the District of Columbia and two Canadian provinces. With the exception of Ventas's seniors housing communities that are managed by independent third parties, such as Sunrise, pursuant to long-term management agreements and certain of its MOBs, including those acquired in connection with Ventas's Lillibridge acquisition, Ventas leases its properties to healthcare operating companies under "triple-net" or "absolute-net" leases, which require the tenants to pay all property-related expenses. Ventas also had real estate loan and other investments relating to seniors housing and healthcare companies or properties as of December 31, 2010.

Ventas primary business consists of acquiring, financing and owning seniors housing and healthcare properties and leasing those properties to third parties or operating those properties through independent third party managers. Through its Lillibridge subsidiary, Ventas also provides management, leasing, marketing, facility development and advisory services to highly rated hospitals and health systems throughout the United States.

In October 2010, Ventas signed a definitive agreement to acquire substantially all of the real estate assets of privately-owned Atria for a total purchase price of \$3.1 billion, comprised of \$1.35 billion of Ventas common stock (a fixed 24.96 million shares), \$150 million in cash and the assumption or repayment of \$1.6 billion of net debt. Ventas will acquire from Atria 118 private pay seniors housing communities located primarily in affluent coastal markets such as the New York metropolitan area, New England and California. Atria, based in Louisville, Kentucky, is owned by private equity funds managed by LREP. Prior to the closing, Atria will spin off its management company, which will continue to operate the acquired assets under long-term management agreements with Ventas. Completion of the transaction is subject to certain conditions. Ventas expects to complete the transaction in the first half of 2011, although Ventas cannot assure you that the transaction will close on such timetable or at all.

Additional information about Ventas and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 131.

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**NHP**

Nationwide Health Properties, Inc.  
610 Newport Center Drive, Suite 1150  
Newport Beach, California 92660  
Telephone: (949) 718-4400

NHP, a Maryland corporation incorporated on October 14, 1985, is a REIT that, together with its subsidiaries, invests in healthcare related real estate, primarily seniors housing, long-term care properties and medical office buildings.

NHP's operations are organized into two segments triple-net leases and multi-tenant leases. In the triple-net leases segment, NHP invests in healthcare-related properties and leases the facilities to unaffiliated tenants under "triple-net" and generally "master" leases that transfer the obligation for all facility operating costs (including maintenance, repairs, taxes, insurance and capital expenditures) to the tenant. In the multi-tenant leases segment, NHP invests in healthcare related properties that have several tenants under separate leases in each building, thus requiring active management and responsibility for many of the associated operating expenses (although many of these are, or can effectively be, passed through to the tenants). During 2010, 2009 and 2008, the multi-tenant leases segment was comprised exclusively of MOB's. In addition, but to a much lesser extent because NHP views the risks of this activity to be greater due to less favorable bankruptcy treatment and other factors, from time to time, NHP extends mortgage loans and other financing to operators. For the twelve months ended December 31, 2010, approximately 93% of NHP's revenues were derived from its leases, with the remaining 7% from its mortgage loans and other financing activities.

As of December 31, 2010, NHP had investments in 663 healthcare facilities, one land parcel, two development projects and two assets held for sale located in 42 states.

Additional information about NHP and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 131.

**Needles Acquisition LLC**

Needles Acquisition LLC, a wholly owned subsidiary of Ventas, is a Delaware limited liability company formed on February 24, 2011 for the purpose of effecting the merger. Upon completion of the merger, NHP will be merged with and into Needles Acquisition LLC, and the name of the surviving entity will be Nationwide Health Properties, LLC.

Needles Acquisition LLC has not conducted any activities other than those incidental to its formation and the matters contemplated by the merger agreement.

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**THE VENTAS SPECIAL MEETING**

**Date, Time and Place**

The special meeting of Ventas stockholders will be held at [ ], on [ ], 2011, at [ ] local time.

**Purpose of the Ventas Special Meeting**

At the Ventas special meeting, Ventas stockholders will be asked to vote on the following matters:

the approval of the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger;

the approval of an amendment to the Ventas charter to increase the number of authorized shares of Ventas capital stock from 310,000,000 to 610,000,000 and the total authorized shares of Ventas common stock from 300,000,000 to 600,000,000;

the approval of any adjournments of the Ventas special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to approve the issuance of Ventas common stock in connection with the merger and the Ventas charter amendment; and

any other matters that may properly be brought before the special meeting and at any adjournments or postponements thereof.

**Recommendation of the Board of Directors of Ventas**

The Ventas board of directors unanimously has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement, including the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and the Ventas charter amendment, are advisable and in the best interests of Ventas and its stockholders and has unanimously approved the merger agreement, the merger and the other transactions contemplated thereby and the charter amendment.

**The Ventas board of directors unanimously recommends that the Ventas stockholders vote "FOR" the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and "FOR" the Ventas charter amendment to increase the number of authorized shares of Ventas common stock. The merger cannot be completed without the approval by Ventas stockholders of both of these proposals.**

**Ventas Record Date; Stock Entitled to Vote**

Only holders of record of shares of Ventas common stock at the close of business on [ ], 2011, the record date for the Ventas special meeting, will be entitled to notice of, and to vote at, the Ventas special meeting or any adjournments thereof. You may cast one vote for each share of Ventas common stock that you owned on the record date.

On the record date, there were a total of [ ] shares of Ventas common stock outstanding and entitled to vote at the Ventas special meeting. On the record date, approximately [ ]% of the outstanding shares of Ventas common stock was held by Ventas directors and executive officers and their respective affiliates. Ventas currently expects that its directors and executive officers will vote their shares in favor of the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and the Ventas charter amendment, although none has entered into any agreements obligating them to do so.





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**Quorum**

Stockholders who hold a majority of the total number of shares of Ventas common stock issued and outstanding on the record date must be present or represented by proxy to constitute a quorum to organize the Ventas special meeting. All shares of Ventas common stock represented at the Ventas special meeting, including abstentions and broker non-votes (shares held by a broker or nominee that are represented at the meeting, but with respect to which the broker or nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal), will be treated as present for purposes of determining the presence or absence of a quorum to organize the Ventas special meeting.

**Required Vote**

The issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and the Ventas charter amendment each require the affirmative vote of the holders of a majority of the outstanding shares of Ventas common stock. The merger cannot be completed without the approval by Ventas stockholders of both of these proposals. The approval of any adjournments of the Ventas special meeting, if necessary, for the purpose of soliciting additional proxies requires the affirmative vote of the holders of a majority of the shares of Ventas common stock present, or represented by proxy, at the Ventas special meeting.

**Abstentions and Broker Non-Votes**

If you are a Ventas stockholder and fail to vote, fail to instruct your broker, bank or nominee to vote, or abstain from voting, it will have the same effect as a vote against the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and against the Ventas charter amendment to increase the number of authorized shares of Ventas common stock, but it will have no effect on the approval of any adjournments of the special meeting, if necessary.

**Voting at the Special Meeting**

Whether or not you plan to attend the Ventas special meeting, please vote your shares of Ventas common stock. If your shares of Ventas common stock are held in your name, you may vote in person at the Ventas special meeting or by proxy.

**Voting in Person**

If you plan to attend the Ventas special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares of Ventas common stock are held in "street name," which means your shares of Ventas common stock are held of record by a broker, bank or other nominee, and you wish to vote at the Ventas special meeting, you must bring to the Ventas special meeting a proxy from the record holder (your broker, bank or nominee) of the shares of Ventas common stock authorizing you to vote at the Ventas special meeting.

**Voting of Proxies**

A proxy card is enclosed for your use. Ventas requests that you sign the accompanying proxy card and return it promptly in the enclosed postage-paid envelope. You may also vote your shares by telephone or through the Internet. Information and applicable deadlines for voting by telephone or through the Internet are set forth on the enclosed proxy card. When the accompanying proxy card is returned properly executed, the shares of Ventas common stock represented by it will be voted at the Ventas special meeting or any adjournments thereof in accordance with the instructions contained in the proxy.

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If a proxy card is signed and returned without an indication as to how the shares of Ventas common stock represented by the proxy are to be voted with regard to a particular proposal, the Ventas common stock represented by the proxy will be voted in favor of each such proposal. At the date hereof, Ventas management has no knowledge of any business that will be presented for consideration at the special meeting and which would be required to be set forth in this joint proxy statement/prospectus, other than the matters set forth in Ventas's accompanying Notice of Special Meeting of Stockholders. In accordance with Ventas's bylaws and the Delaware General Corporation Law, which we refer to as Delaware law, business transacted at the Ventas special meeting will be limited to those matters set forth in such notice. Nonetheless, if any other matter is properly presented at the Ventas special meeting for consideration, it is intended that the persons named in the enclosed proxy and acting thereunder will vote in accordance with their best judgment on such matter.

**Your vote is important. Accordingly, please sign and return the enclosed proxy card whether or not you plan to attend the Ventas special meeting in person.**

**Shares Held in Street Name**

If you hold your shares of Ventas common stock in a stock brokerage account or if your shares are held by a bank or nominee (that is, in "street name"), you must provide the record holder of your shares with instructions on how to vote your shares if you wish them to be counted. Please follow the voting instructions provided by your broker, bank or nominee. Please note that you may not vote shares held in street name by returning a proxy card directly to Ventas or by voting in person at the Ventas special meeting unless you provide to Ventas a "legal proxy," which you must obtain from your broker, bank or nominee. Further, brokers who hold shares of Ventas common stock on behalf of their customers may not vote those shares without specific instructions from their customers.

If you are a Ventas stockholder and you do not instruct your broker, bank or nominee on how to vote any of your shares held in street name, your broker, bank or nominee may not vote those shares, which will have the same effect as a vote against the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and the Ventas charter amendment to increase the number of authorized shares of Ventas common stock, but will have no effect on the approval of any adjournments of the Ventas special meeting, if necessary.

**Revocability of Proxies or Voting Instructions**

If you are a holder of record on the record date for the Ventas special meeting, you have the power to revoke your proxy at any time before your proxy is voted at the Ventas special meeting. You can revoke your proxy in one of three ways:

you can send a signed notice of revocation;

you can grant a new, valid proxy bearing a later date; or

you can attend the Ventas special meeting and vote in person, which will automatically cancel any proxy previously given, or you can revoke your proxy in person, but your attendance alone at the Ventas special meeting will not revoke any proxy that you have previously given.

If you choose either of the first two methods, your notice of revocation or your new proxy must be received by Ventas's General Counsel at 10350 Ormsby Park Place, Suite 300, Louisville, Kentucky 40223, no later than the beginning of the Ventas special meeting. If you have voted your shares by telephone or through the Internet, you may revoke your prior telephone or Internet vote by recording a different vote using the telephone or Internet, or by signing and returning a proxy card dated as of a date that is later than your last telephone or Internet vote.

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**Solicitation of Proxies**

In accordance with the merger agreement, the cost of proxy solicitation for the Ventas special meeting will be borne by Ventas. In addition to the use of the mail, proxies may be solicited by officers and directors and regular employees of Ventas, without additional remuneration, by personal interview, telephone, facsimile or otherwise. Ventas will also request brokerage firms, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares held of record on the record date and will provide customary reimbursement to such firms for the cost of forwarding these materials. Ventas has retained Innisfree M&A Incorporated to assist in its solicitation of proxies and has agreed to pay them a fee of \$[ ] plus reasonable expenses for these services.

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**VENTAS PROPOSALS**

**PROPOSAL 1: APPROVAL OF THE ISSUANCE OF SHARES OF VENTAS COMMON STOCK**

Ventas is asking its stockholders to approve the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger. For a detailed discussion of the terms and conditions of the merger, see "The Merger The Merger Agreement" beginning on page 75. As discussed in the section entitled "The Merger Ventas's Reasons for the Merger; Recommendation by the Ventas Board of Directors," beginning on page 46, after careful consideration, the Ventas board of directors, by a unanimous vote of all directors, approved the merger agreement and declared the merger agreement and the transactions contemplated thereby (including the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger) to be advisable and in the best interests of Ventas and its stockholders.

**Required Vote**

Approval of the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger requires the affirmative vote of holders of a majority of the outstanding shares of Ventas common stock. For purposes of this proposal, a failure to vote, a failure to instruct your broker, bank or nominee to vote or an abstention from voting will have the same effect as a vote against the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger.

**The Ventas board of directors unanimously recommends that Ventas stockholders vote "FOR" the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger.**

The consummation of the merger is conditioned on the approval of the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and the Ventas charter amendment that is described in Proposal 2.

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**PROPOSAL 2: APPROVAL OF THE VENTAS CHARTER AMENDMENT**

Ventas proposes to amend its charter to increase the number of authorized shares of Ventas common stock. Currently, the Ventas charter authorizes an aggregate of 310,000,000 shares of capital stock, consisting of 300,000,000 shares of Ventas common stock and 10,000,000 shares of Ventas preferred stock. Completion of the merger requires approval of the charter amendment because the number of shares of Ventas common stock to be issued to NHP stockholders in connection with the merger, together with the number of shares of Ventas common stock outstanding or reserved for issuance, will exceed the current aggregate number of authorized shares of Ventas common stock.

If the charter amendment is approved, upon filing of the charter amendment with the Secretary of State of Delaware:

the total number of authorized shares of Ventas capital stock will be increased from 310,000,000 to 610,000,000;

the total number of authorized shares of Ventas common stock will be increased from 300,000,000 to 600,000,000; and

the total number of authorized shares of Ventas preferred stock will remain at 10,000,000 shares.

Ventas intends to file the charter amendment, if approved, with the Secretary of State of Delaware prior to the effectiveness of the merger. A copy of the proposed charter amendment is attached to this joint proxy statement/prospectus as Annex B. You are urged to read the charter amendment in full.

**Required Vote**

Approval of the Ventas charter amendment requires the affirmative vote of the holders of a majority of the outstanding shares of Ventas common stock. For purposes of this proposal, a failure to vote, a failure to instruct your bank, broker or nominee to vote or an abstention from voting will have the same effect as a vote against the charter amendment.

**The Ventas board of directors unanimously recommends that Ventas stockholders vote "FOR" the Ventas charter amendment.**

The consummation of the merger is conditioned on the approval of the Ventas charter amendment and the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger that is described in Proposal 1.

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**PROPOSAL 3: ADJOURNMENT OF THE VENTAS SPECIAL MEETING**

Ventas stockholders are being asked to approve any adjournments of the Ventas special meeting, if necessary, to solicit additional proxies in favor of the above proposals if there are insufficient votes at the time of such adjournment to approve such proposals.

If, at the Ventas special meeting, the number of shares of Ventas common stock present, or represented by proxy, and voting in favor of the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and the Ventas charter amendment is insufficient to approve such proposals, Ventas may move to adjourn the Ventas special meeting in order to enable the Ventas board of directors to solicit additional proxies for the approval of such proposals.

Ventas is asking its stockholders to authorize the holder of any proxy solicited by the Ventas board of directors to vote in favor of granting discretionary authority to the proxy holders, and each of them individually, to adjourn the Ventas special meeting to another time and place for the purpose of soliciting additional proxies. If the Ventas stockholders approve this proposal, Ventas could adjourn the Ventas special meeting and any adjourned session of the Ventas special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from Ventas stockholders who have previously voted.

**Required Vote**

Approval of any adjournments of the Ventas special meeting, if necessary, to solicit additional proxies requires the affirmative vote of the holders of a majority of the shares of Ventas common stock represented, in person or by proxy, at the Ventas special meeting and entitled to vote on the proposal. For purposes of this proposal, a failure to vote, a failure to instruct your broker, bank or nominee to vote or an abstention from voting will have no effect.

**The Ventas board of directors unanimously recommends that Ventas stockholders vote "FOR" any adjournments of the Ventas special meeting, if necessary.**

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**THE NHP SPECIAL MEETING**

**Date, Time and Place**

The special meeting of NHP stockholders is scheduled to be held at [ ], on [ ], 2011, at [ ] local time.

**Purpose of the NHP Special Meeting**

The special meeting of NHP stockholders is being held to adopt the Agreement and Plan of Merger, dated as of February 27, 2011, by and among Ventas, its wholly owned subsidiary, Needles Acquisition LLC, and NHP and to approve the merger of NHP with and into Needles Acquisition LLC and the other transactions contemplated by the merger agreement.

**Recommendation of the Board of Directors of NHP**

The board of directors of NHP has unanimously declared that the merger agreement and merger are advisable and fair to, and in the best interests of, NHP and its stockholders, and has unanimously approved the merger agreement.

*The NHP board of directors unanimously recommends that NHP stockholders vote "FOR" the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.*

**NHP Record Date; Stock Entitled to Vote**

Only holders of record of shares of NHP common stock at the close of business on [ ], 2011 are entitled to notice of, and to vote at, the NHP special meeting and at any adjournment of the meeting. This date is referred to as the record date for the meeting.

On the record date, there were [ ] shares of NHP common stock outstanding and entitled to vote at the NHP special meeting.

As of the record date for NHP's special meeting, the directors and executive officers of NHP as a group owned and were entitled to vote approximately [ ] shares of NHP common stock, or approximately [ ]% of the outstanding shares of NHP common stock on that date. NHP currently expects that NHP's directors and executive officers will vote their shares in favor of adopting the merger agreement and approving the merger and the other transactions contemplated by the merger agreement, although none of them has entered into any agreements obligating them to do so.

**Quorum**

A quorum is necessary to hold a valid special meeting of NHP stockholders. A quorum will be present at the NHP special meeting if the holders of a majority of the outstanding shares of NHP common stock entitled to vote on the record date are present, in person or by proxy. If there are insufficient votes at the NHP special meeting to approve the merger, NHP expects the chairman of the meeting to adjourn the special meeting (from time to time in his discretion) in order to solicit additional proxies. Abstentions and broker non-votes will be counted as present for purposes of determining whether a quorum is present.

**Required Vote**

The adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of two-thirds of the outstanding shares of NHP common stock.

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**Abstentions and Broker Non-Votes**

If you are an NHP stockholder and fail to vote, fail to instruct your broker, bank or nominee to vote, or abstain from voting, it will have the same effect as a vote against the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.

**Voting at the Special Meeting**

Whether or not you plan to attend the NHP special meeting, please vote your shares of NHP common stock. If your shares of NHP common stock are held in your name, you may vote in person at the NHP special meeting or by proxy.

**Voting in Person**

If you plan to attend the NHP special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares of NHP common stock are held in "street name," which means your shares of NHP common stock are held of record by a broker, bank or other nominee, and you wish to vote at the NHP special meeting, you must bring to the NHP special meeting a proxy from the record holder (your broker, bank or nominee) of the shares of NHP common stock authorizing you to vote at the NHP special meeting.

**Voting of Proxies**

A proxy card is enclosed for your use. NHP requests that you sign the accompanying proxy card and return it promptly in the enclosed postage-paid envelope. You may also vote your shares by telephone or through the Internet. Information and applicable deadlines for voting by telephone or through the Internet are set forth on the enclosed proxy card. When the accompanying proxy card is returned properly executed, the shares of NHP common stock represented by it will be voted at the NHP special meeting or any adjournment thereof in accordance with the instructions contained in the proxy.

If a proxy card is signed and returned without an indication as to how the shares of NHP common stock represented by the proxy are to be voted with regard to the proposal, the NHP common stock represented by the proxy will be voted in favor of the proposal. At the date hereof, NHP management has no knowledge of any business that will be presented for consideration at the special meeting and which would be required to be set forth in this joint proxy statement/prospectus, other than the matters set forth in NHP's accompanying Notice of Special Meeting of Stockholders. In accordance with NHP's bylaws and the Maryland General Corporation Law, which we refer to as Maryland law, business transacted at the NHP special meeting will be limited to those matters set forth in such notice. Nonetheless, if any other matter is properly presented at the NHP special meeting for consideration, it is intended that the persons named in the enclosed proxy and acting thereunder will vote in accordance with their best judgment on such matter.

**Your vote is important. Accordingly, please sign and return the enclosed proxy card whether or not you plan to attend the NHP special meeting in person.**

**Shares Held in Street Name**

If you hold your shares of NHP common stock in a stock brokerage account or if your shares are held by a bank or nominee (that is, in "street name"), you must provide the record holder of your shares with instructions on how to vote your shares if you wish them to be counted. Please follow the voting instructions provided by your broker, bank or nominee. Please note that you may not vote shares held in street name by returning a proxy card directly to NHP or by voting in person at the NHP



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special meeting unless you provide to NHP a "legal proxy," which you must obtain from your broker, bank or nominee. Further, brokers who hold shares of NHP common stock on behalf of their customers may not vote those shares without specific instructions from their customers.

If you are an NHP stockholder and you do not instruct your broker, bank or nominee on how to vote any of your shares held in street name, your broker, bank or nominee may not vote those shares, which will have the same effect as a vote against the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.

**Revocability of Proxies or Voting Instructions**

If you are a holder of record on the record date for the NHP special meeting, you have the power to revoke your proxy at any time before your proxy is voted at the NHP special meeting. You can revoke your proxy in one of three ways:

you can send a signed notice of revocation;

you can grant a new, valid proxy bearing a later date; or

you can attend the NHP special meeting and vote in person, which will automatically cancel any proxy previously given, or you can revoke your proxy in person, but your attendance alone at the NHP special meeting will not revoke any proxy that you have previously given.

If you choose either of the first two methods, your notice of revocation or your new proxy must be received by NHP's Corporate Secretary at 610 Newport Center Drive, Suite 1150, Newport Beach, California 92660 no later than the beginning of the NHP special meeting. If you have voted your shares by telephone or through the Internet, you may revoke your prior telephone or Internet vote by recording a different vote using the telephone or Internet, or by signing and returning a proxy card dated as of a date that is later than your last telephone or Internet vote.

**Solicitation of Proxies**

In accordance with the merger agreement, the cost of proxy solicitation for the NHP special meeting will be borne by NHP. In addition to the use of the mail, proxies may be solicited by officers and directors and regular employees of NHP, without additional remuneration, by personal interview, telephone, facsimile or otherwise. NHP will also request brokerage firms, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares of NHP common stock held of record on the record date and will provide customary reimbursement to such firms for the cost of forwarding these materials. NHP has retained MacKenzie Partners, Inc. to assist in its solicitation of proxies and has agreed to pay them a fee of approximately \$[ ] plus reasonable expenses for these services.

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**NHP PROPOSAL**

**PROPOSAL: ADOPTION OF THE MERGER AGREEMENT AND APPROVAL OF THE MERGER**

NHP is asking its stockholders to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement. For a detailed discussion of the terms and conditions of the merger, see "The Merger The Merger Agreement" beginning on page 75. As discussed in the section entitled "The Merger NHP's Reasons for the Merger; Recommendation by the NHP Board of Directors," beginning on page 48, after careful consideration, the NHP board of directors, by a unanimous vote, approved the merger agreement and declared the merger agreement and the transactions contemplated by the merger agreement, including the merger, to be advisable and fair to and in the best interests of NHP and its stockholders.

**Required Vote**

Adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of two-thirds of the outstanding shares of NHP common stock. For purposes of this proposal, a failure to vote, a failure to instruct your broker, bank or nominee or an abstention from voting will have the same effect as a vote against the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.

**The NHP board of directors unanimously recommends that NHP stockholders vote "FOR" the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.**

The consummation of the merger is conditioned on the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement by the NHP stockholders.

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**THE MERGER**

**Effects of the Merger**

The merger involves NHP merging with and into Needles Acquisition LLC, a wholly owned subsidiary of Ventas formed for the purpose of effecting the merger. Needles Acquisition LLC will be the surviving entity in the merger and will continue to be a wholly owned subsidiary of Ventas with the name Nationwide Health Properties LLC.

In the merger, each outstanding share of NHP common stock (other than shares owned by any wholly owned subsidiary of NHP, Ventas or any subsidiary of Ventas, which will be cancelled) will be converted into the right to receive 0.7866 shares of Ventas common stock for each share of NHP common stock owned at the effective time of the merger, with cash paid in lieu of fractional shares. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to closing of the merger. Ventas stockholders will continue to hold their existing Ventas shares.

**Background of the Merger**

As part of its normal strategic planning process, each year for the past several years, the NHP board of directors held a special board meeting, or allocated large amounts of time in one or more regular board meetings, to consider and discuss strategic planning. At these meetings, the NHP board has from time to time considered various strategic alternatives, including corporate merger and acquisition opportunities within the healthcare real estate sector. In recent years, this strategic planning process led to an increased emphasis on building NHP's business development staff, which contributed to a robust acquisition pipeline, focused on smaller and mid-size property acquisitions. The strategic planning process also led to NHP's entrance into the medical office building, which we refer to as MOB, segment, which evolved in 2008 into NHP's agreements with Pacific Medical Buildings, LLC, which we refer to as PMB, under which NHP acquired nearly 1.9 million square feet of medical office space, and may acquire additional MOBs developed by PMB in the future. Additionally, in the course of the strategic planning process, during 2010, NHP evaluated and considered several larger and potentially transformative transactions.

In late July and early August 2010, NHP management initiated its annual strategic review process, with the intent of specifically evaluating the effect on its business model of the changing healthcare real estate landscape and resulting new potential opportunities and challenges for NHP, reviewing NHP's existing growth plans, and exploring various other new growth initiatives in an effort to continue to maximize long-term value for NHP stockholders. Over the preceding several years, NHP management had been successful in acquiring relatively modest-sized healthcare properties through sale/leasebacks with private regional operators. At the same time, certain other healthcare REITs had focused on larger transactions involving not only sale/leasebacks, but also strategic debt investments and participation in operations through management agreements with operators, including under the REIT Improvement Diversification and Empowerment Act of 2007, which we refer to as RIDEA. NHP management further considered its options for participating in these competitive transactions, as well as various other growth initiatives and acquisition opportunities consistent with its market outlook. During 2010, NHP management became increasingly concerned about its ability to compete effectively relative to certain larger healthcare REITs and its lack of success in pursuing certain larger acquisitions. NHP management believed that, unless NHP altered its investment approach, NHP would have difficulty competing for acquisitions with the other larger healthcare REITs.

On August 3, 2010, as a part of the NHP board's regular quarterly meeting, NHP's financial advisor, J.P. Morgan, provided the NHP board with a capital markets update and reviewed general market trends in the REIT industry, and the changing healthcare real estate landscape. J.P. Morgan also reviewed potential merger and acquisition activity in the healthcare REIT industry, including the range of opportunities that might be available for an acquisition or merger of NHP. To provide

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additional perspective, another financial advisor made a presentation at the same meeting, focusing on healthcare REITs and operators, and provided financial analysis on specific merger opportunities. After considerable discussion by the NHP board, including discussion in executive session, the NHP board indicated that it would be receptive to considering a merger or acquisition transaction. The NHP board directed NHP management to develop more precise information about the opportunities and risks entailed in maintaining NHP as a stand-alone entity, as compared to alternative courses of action. The NHP board of directors indicated it was comfortable with J.P. Morgan based on its prior experience working with NHP, as well as the insight it had demonstrated in recent presentations to the NHP board, and selected J.P. Morgan as the financial advisor on this matter.

On October 18, 2010, the NHP board of directors held an all-day special meeting for the exclusive purpose of further discussing its strategic options. At this meeting, the NHP board discussed NHP's performance and operating history over the previous seven years, NHP's strategic business plans for the next seven years, and what results might be achievable through pursuit of those plans, as well as the risks and uncertainties in achieving long-term projected results. In considering NHP's strategic business plans for the next seven years, the NHP board considered the results of the extensive review conducted by NHP management and J.P. Morgan following the August 2010 board meeting with respect to NHP's stand-alone opportunities and risks, as compared to various strategic alternatives that might be available to NHP, including potential mergers and acquisitions. At the meeting, J.P. Morgan made a presentation regarding the healthcare real estate industry, specific acquisition opportunities, and various other merger and acquisition opportunities. At the conclusion of the meeting, the NHP board agreed that it would be prudent to investigate specific merger and acquisition possibilities and instructed management to coordinate with J.P. Morgan to initiate contact with a select group of large healthcare REITs with which a combination could be favorable for NHP stockholders and which were capable of executing such a transaction. After consultation with J.P. Morgan, the NHP board determined that three healthcare REITs met these criteria: Ventas and two other healthcare REITs, referred to herein as "Company A" and "Company B".

On October 22, 2010, NHP management discussed with representatives of J.P. Morgan and NHP's outside legal counsel, Skadden, Arps, Slate, Meagher & Flom LLP, which we refer to as Skadden Arps, a plan for a process by which J.P. Morgan, on behalf of NHP, would contact the three selected strategic merger candidates to gauge interest in a potential transaction involving NHP. During the weeks of October 25 and November 1, at the direction of NHP, representatives of J.P. Morgan conducted in-person meetings and/or telephonic discussions with the chief executive officers of Ventas, Company A and Company B.

At its regular quarterly board meeting held on November 3 and 4, 2010, the NHP board of directors discussed a number of topics, including further discussion of NHP's strategic business plans and potential merger and acquisition opportunities. J.P. Morgan provided an update of its discussions with Ventas, Company A and Company B. A representative of Skadden Arps attended the meeting and discussed the board's duties in considering a possible transaction.

On November 10, 2010, at the direction of NHP, representatives of J.P. Morgan met with the chief executive officer of Company A to further discuss the strategic merits of a potential combination and to address specific questions.

During the week of November 14, 2010, while attending the NAREIT annual convention in New York, Mr. Pasquale and representatives of J.P. Morgan met separately with each of Ms. Cafaro, the chairman and chief executive officer of Ventas, and the chief executive officers of Company A and Company B. In each of these meetings, the parties discussed in general terms the potential for a strategic transaction and addressed specific questions with respect to a potential combination. The discussions with Ventas and Company A contemplated their acquisition of NHP, but because of Company B's relative size, the discussions with it contemplated a "merger of equals" transaction.

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In mid-November 2010, Skadden Arps negotiated the terms of a confidentiality agreement with counsel for each of Ventas, Company A and Company B. On November 19 and 20, 2010, NHP entered into confidentiality agreements with Ventas and Company A, respectively. Following execution of their respective confidentiality agreements, each of Ventas and Company A was provided access to a virtual data room that contained limited non-public information about NHP. Company B did not sign a confidentiality agreement; however, both parties agreed to continue discussions based on publicly available information. On November 21, 2010, J.P. Morgan, at the direction of NHP, asked each of Ventas and Company A to provide a preliminary non-binding indication of its interest in a transaction with NHP by December 8, 2010.

Throughout the remainder of November 2010, J.P. Morgan had several communications with the chief executive officer of Company B, including sharing a combination analysis and discussing specific terms related to a potential combination.

On November 29, 2010, the NHP board of directors held a special telephonic meeting. At the meeting, representatives of J.P. Morgan reported to the NHP board regarding meetings with executives of the three healthcare REITs. Representatives of Skadden Arps described the confidentiality agreements that were entered into with Ventas and Company A. Representatives of J.P. Morgan described the information made available to Ventas and Company A in the virtual data room and the anticipated process with both of them, including the request for preliminary proposals by December 8, 2010. J.P. Morgan further reported on its ongoing discussions with Company B and the information made available to it, including the combination analysis and specific draft terms provided.

In early December 2010, in discussions with J.P. Morgan, Company B indicated that it was not interested in continuing to discuss a transaction with NHP. NHP and its representatives continued to have discussions with representatives of both Ventas and Company A, addressing specific questions related to the information provided.

On December 8, 2010, Company A submitted to J.P. Morgan a non-binding indication of interest pursuant to which it would acquire all outstanding shares of NHP common stock in exchange for shares of Company A common stock at a fixed exchange ratio that was equivalent to \$43.94 per share of NHP common stock, based on the closing price of Company A's common stock the previous day, noted as a 24.4% premium.

On December 13, 2010, Ventas submitted a non-binding indication of interest to J.P. Morgan to acquire all outstanding shares of NHP common stock in exchange for shares of Ventas common stock at a fixed exchange ratio of 0.800, which was equivalent to \$40.28 per share of NHP common stock, based on the \$50.35 closing price of Ventas common stock that day.

On December 15, 2010, the NHP board of directors held a special meeting to discuss the specific terms of the proposals received from Ventas and Company A. In attendance at the meeting were senior officers of NHP and representatives of J.P. Morgan and Skadden Arps. A representative of Skadden Arps described the due diligence materials that had been made available to Ventas and Company A. Representatives of J.P. Morgan discussed merger activity involving healthcare REITs as well as other private company real estate acquisitions. They also updated the board regarding the decision of Company B to discontinue discussions with NHP. Representatives of J.P. Morgan described the preliminary non-binding indications of interest that had been received from each of Ventas and Company A, noting that, based on the most recent quarterly dividend payments made by each party, the proposal from Ventas would result in a 9% decline in pro forma dividend payments to NHP stockholders, while the proposal from Company A would result in a 29% increase. J.P. Morgan reviewed a number of other statistics relating to NHP, Ventas, Company A and the healthcare REIT industry in general. J.P. Morgan also discussed the potential accretion or dilution of funds from operations and adjusted funds from operations of each of Ventas and Company A based on different exchange ratios, noting that the transaction proposed by Ventas was expected to be accretive to Ventas

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and the transaction proposed by Company A was expected to be dilutive to Company A. NHP's management team presented the board with updated financial projections, which had also been provided to Ventas and Company A. The board discussed the recent decline in NHP's share price and the impact that might have on the discussions with Ventas and Company A. The board concluded the meeting with a determination that NHP's management and advisors should continue the due diligence process and discussions with both Ventas and Company A and continue to encourage them to improve upon their respective proposals.

In response to a request from Ms. Cafaro, on December 20, 2010, NHP agreed to amend its confidentiality agreement with Ventas to permit information to be provided to two executives of the funds managed by LREP that are parties to Ventas's agreement to acquire substantially all of the real estate assets of Atria, and who are affiliated with Atria. After the confidentiality agreement was amended, Mr. Pasquale spoke with one of the LREP executives regarding the proposed transaction. Throughout the period leading up to the execution of the merger agreement, Ventas regularly consulted with these representatives of the funds regarding the proposed transaction, and the two individuals engaged directly in discussions with members of NHP's management and representatives of J.P. Morgan.

During the last two weeks of December 2010, NHP's management and J.P. Morgan had several significant and detailed discussions with the management teams and advisors of each of Ventas and Company A regarding the documentation and information made available to Ventas and Company A in a virtual data room and otherwise responding to information requests and specific questions relating to the documentation and other information provided.

On January 4, 2011, in response to J.P. Morgan's request for an update to its proposal, Ventas submitted a revised non-binding proposal to J.P. Morgan pursuant to which it would acquire all outstanding shares of NHP common stock at \$44 per share, payable in shares of Ventas common stock, with the exchange ratio to be determined at the time of execution of a definitive agreement. Ventas's proposal represented a 23% premium to NHP's ten-day average share price as of the date of the letter, and implied an exchange ratio of 0.827, based on Ventas's closing price of \$53.20 on that day.

On January 7, 2011, in response to J.P. Morgan's request for an update to Company A's proposal, the financial advisor to Company A indicated to J.P. Morgan that Company A would revise its proposal to acquire all outstanding shares of NHP common stock in exchange for shares of Company A common stock to reflect an exchange ratio range which, based on Company A's share price on January 7, 2011, was the equivalent of between \$42.86 and \$47.50 per share of NHP common stock. The advisor to Company A cited the pro forma FFO dilution to Company A at the fixed exchange ratio previously proposed as the rationale for the revised range.

On January 7, 2011, at the direction of NHP, J.P. Morgan met with the financial advisors of Ventas and Company A and provided them with a term sheet setting forth certain terms of a potential merger agreement with NHP proposed by NHP. On January 9, 2011, Ventas's financial advisor, Centerview Partners, provided J.P. Morgan with a revised version of the term sheet with Ventas's comments, which reflected that Ventas's view of those terms of the merger agreement was generally consistent with that of NHP (including agreement that the exchange ratio would be determined based on the trailing 10-day volume weighted average price of Ventas's common stock on the business day preceding the date of the merger agreement), except that Ventas increased the termination fee payable by NHP if it accepted a superior proposal from 2.0% to 3.5% of the merger consideration, and indicated that it would not pay a break-up fee to NHP if Ventas's shareholders voted against the transaction. Company A did not comment in writing on the proposed term sheet, however through their advisors commented verbally that it had no material issues with the terms provided and would seek to negotiate specific points later.

On January 10, 2011, the NHP board of directors held a special telephonic meeting to discuss the revised proposals made by Ventas and Company A. Senior officers of NHP and representatives of

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J.P. Morgan and Skadden Arps were present at the meeting. A representative of J.P. Morgan described the revised proposals from Ventas and Company A, as well as the due diligence investigation that each company had conducted and the focus of each company's extensive ongoing due diligence questions and requests.

In response to a request from J.P. Morgan, made at the direction of NHP, that Company A narrow its proposal range, the chief executive officer of Company A spoke directly with an NHP director on January 11, 2011, and communicated Company A's desire to move forward within the exchange ratio range provided on January 7, 2011. On January 12, 2011, Company A's advisors communicated to J.P. Morgan that Company A would narrow its proposed exchange ratio range by maintaining the top end of the previously proposed range and increasing the low end of the range. Based on Company A's share price on January 12, 2011, the revised exchange ratio range provided by Company A was the equivalent of between \$44.17 and \$46.95 per share of NHP common stock.

On January 12, 2011, NHP management and representatives of J.P. Morgan met in person with Ms. Cafaro and several other Ventas executives and Ventas's financial advisors to discuss Ventas's proposal of January 4, 2011, provided further information related to the NHP business, and answered certain outstanding business and financial questions.

On January 13, 2011, the NHP board of directors held a special meeting to discuss the proposals from Ventas and Company A. In attendance at the meeting were certain senior officers of NHP and representatives of J.P. Morgan and Skadden Arps and, by telephone, representatives of NHP's Maryland counsel, Venable LLP, which we refer to as Venable. At the meeting, representatives of Skadden Arps and Venable discussed the duties applicable to the board in considering the two proposals. Representatives of J.P. Morgan updated the board regarding the status of due diligence activities, and the terms of the current proposals from both Ventas and Company A. Representatives of J.P. Morgan also discussed with the board a wide range of financial data, including the capitalization rate implied by the current proposals. Senior officers of NHP reviewed with the board their revised projections and the assumptions underlying those projections, including the level of acquisitions necessary to achieve the projected results. The board also discussed the value of having representatives of Ventas and Company A make presentations directly to the NHP board of directors, giving the board an opportunity to meet the senior management of those companies. The board also discussed some of the terms that were likely to be part of a transaction with Ventas or Company A. At the conclusion of the meeting, the board encouraged NHP's management and advisors to continue the discussions with Ventas and Company A, and indicated a desire to obtain a price of \$46 per share, based on the exchange ratio at the time of execution of a definitive agreement.

On January 14, 2011, at the direction of NHP, representatives of J.P. Morgan contacted financial advisors to Ventas and Company A, and indicated that the NHP board of directors desired to obtain a price of \$46 per share based on an exchange ratio to be set at signing. In response, Ventas's financial advisor indicated to J.P. Morgan that Ventas was not willing to pay \$46 per share, that an impasse existed and that any potential increase in price would be subject to Ventas completing its due diligence review and financial analysis.

On January 20, 2011, on behalf of NHP, J.P. Morgan provided Ventas with an initial draft of a merger agreement. On January 24, 2011, NHP and Ventas entered into a confidentiality agreement relating to information about Ventas that NHP had requested.

During the following weeks, representatives of Ventas reiterated to NHP that substantial due diligence issues remained outstanding, including with regard to NHP's tenant Hearthstone Senior Services, L.P., which we refer to as Hearthstone, and would need to be addressed before Ventas would be willing to consider any increase in price.

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On February 1, 2011, at NHP's request, Ventas's outside legal counsel, Wachtell, Lipton, Rosen & Katz, which we refer to as Wachtell, provided Skadden Arps with initial comments on the draft merger agreement on behalf of Ventas. On February 3, 2011, representatives of Skadden Arps and Wachtell had a conference call to discuss the draft merger agreement. Following these discussions, Wachtell and Skadden Arps acknowledged that a number of key terms in the merger agreement remained to be resolved, including provisions related to deal protection, a "force the vote" provision that Ventas had requested and the size of a break-up fee.

On February 3, 2011, representatives of NHP, J.P. Morgan, Skadden Arps and NHP's outside real estate counsel, Sherry, Meyerhoff, Hanson & Crance LLP, had a conference call with representatives of Ventas, Centerview Partners and Wachtell to discuss various outstanding diligence issues, including with regard to tenants, leases, business plan, change of control provisions, indebtedness, employee benefits and various consents and approvals necessary for a transaction. At the conclusion of the call, NHP and its advisors agreed to investigate and respond with respect to certain issues raised by Ventas.

On February 8, 2011, at the direction of NHP, J.P. Morgan provided Company A with a draft merger agreement for its review. On February 11, 2011, representatives of Skadden Arps had a conference call with outside legal counsel to Company A to discuss specific terms of the draft merger agreement. J.P. Morgan had several calls with Company A's advisors, addressing questions and attempting to further narrow the exchange ratio range previously provided.

On February 8, 2011, at the direction of NHP, representatives of J.P. Morgan informed Ventas and Company A that their respective bids were still inadequate and insufficiently detailed and that, if they could present a proposal with adequate value and a specific price or exchange ratio for NHP shares, they would be invited to make a presentation to the NHP board of directors. Both Ventas and Company A accepted the invitation to present to NHP's board on February 22, 2010, subject to improvement in pricing and providing more detail on their offers.

On February 11, 2011, Skadden Arps distributed to Ventas and Wachtell a revised draft of the merger agreement. The revised draft did not include the "force the vote" provision and certain other key terms that Ventas had required in its initial comments to the merger agreement.

On February 14, 2011, Ms. Cafaro and Mr. Pasquale continued their discussions regarding, among other things, NHP's business and the potential benefits of a possible transaction to both Ventas and NHP, and possible solutions to the transaction terms and due diligence items that were impeding progress.

In mid-February 2011, it became clear that Hearthstone would be unable to pay the rent then due under its leases with NHP, and on February 15, 2011, Hearthstone asked NHP to amend certain terms of the leases to make rents achievable. Mr. Pasquale informed both Ms. Cafaro and the chief executive officer of Company A of Hearthstone's failure to pay rent and its request to modify the leases. The chief executive officer of Company A indicated that Company A continued to be interested in pursuing a merger with NHP notwithstanding Hearthstone's failure to pay its rent, but recognized that additional due diligence would be required to understand the impact of the Hearthstone situation. Ms. Cafaro indicated to Mr. Pasquale that the financial model on which Ventas had based its proposal assumed a lower rent amount from Hearthstone than the amount contractually due under its leases, and that Ventas would support a restructuring of the terms of the Hearthstone leases that would reduce the rents payable thereunder to an amount supported by current operations and, in exchange for the rent reduction, provide NHP with, among other things, the right to terminate its leases with Hearthstone and transition its management in an orderly manner at any time without cause.

On February 15, 2011, NHP and representatives of J.P. Morgan held a conference call with Company A and its advisors to review key schedules recently posted to the virtual data room and to



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address outstanding questions. Company A and its advisors did not express any significant concerns regarding the findings of its due diligence investigations to date.

On February 18, 2011, NHP and representatives of J.P. Morgan held several conference calls with Ventas regarding accounting, tax, finance, compensation and benefits, information technology and enterprise risk management matters. In addition, NHP and representatives of J.P. Morgan held a conference call with Ms. Cafaro and Ventas's President, Raymond J. Lewis, to discuss an overview of Ventas's strategic plan.

On February 19, 2011, having made progress with regard to various key issues, Ventas submitted a revised non-binding proposal, subject to the approval of the Ventas board of directors, to acquire all outstanding shares of NHP common stock at \$44 per share, payable in shares of Ventas common stock, with an exchange ratio that would be determined at the time a merger agreement was entered into, based on the volume weighted average price of Ventas common stock over the preceding ten trading days. The offer implied an exchange ratio of 0.781 based on Ventas's closing price of \$56.36 on February 18, 2011, the most recent trading day prior to the date of Ventas's proposal, and an exchange ratio of 0.806 based on the trailing 10-day volume weighted average price of Ventas common stock on the day preceding the date of the proposal. The proposal indicated that, by this time, Ventas had substantially completed its due diligence investigation of NHP. Additionally, at this time, Ventas began to provide confidential information about Ventas to NHP and its advisors.

On February 21, 2011, the chief executive officer of Company A informed Mr. Pasquale that Company A was not prepared to confirm a definitive proposal. Financial advisors to Company A had previously indicated to J.P. Morgan that Company A was concerned about the pro forma dilution to Company A that would result from a potential transaction in the exchange ratio range that Company A had last provided which, based on Company A's share price on the last trading day prior to February 21, 2011, was the equivalent of between \$45.56 and \$48.42 per share of NHP common stock. It was also acknowledged that Company A would not be invited to present at the board meeting the following day. The chief executive officer and financial advisors of Company A placed phone calls to representatives of NHP between February 22, 2011 and February 27, 2011, indicating Company A's continuing interest in a potential transaction with NHP and making overtures toward continued discussions. However, following NHP's request, Company A did not narrow, modify or confirm the exchange ratio range it had previously proposed.

On February 22, 2011, the NHP board of directors held a special meeting. In attendance at the meeting were senior officers of NHP, and representatives of J.P. Morgan and Skadden Arps. At the meeting, Ms. Cafaro, Mr. Lewis, and Ventas's Senior Vice President and Chief Investment Officer, John D. Cobb, made a presentation to the NHP board, and answered questions from NHP's directors. Following the departure of the Ventas representatives, the NHP board of directors discussed the Ventas proposal and recent developments. Representatives of J.P. Morgan reviewed with the NHP board a wide range of financial data as part of reviewing the Ventas proposal, including the capitalization rates implied by the proposal. J.P. Morgan also reviewed Ventas's and NHP's stock price performance, noting that Ventas's stock price had outperformed its peers' (including NHP's) stock price since December 15, 2010, as well as over a one-year period. Although Ventas's proposal of \$44 per share in Ventas stock was at a nominal price slightly lower than the price the NHP board had hoped for after the January 13, 2011 board meeting, the NHP board recognized that the proposed transaction with Ventas was in the best interests of NHP and its stockholders. At the conclusion of the meeting, the NHP board determined that NHP's management and advisors should continue negotiations with Ventas, with a view to finalizing a merger agreement.

On February 23, 2011, Mr. Pasquale and representatives of J.P. Morgan met with Ms. Cafaro, Messrs. Lewis and Cobb and a representative of Centerview Partners and discussed the basis upon which NHP would be prepared to move forward to finalize a merger agreement. NHP agreed for the first time that the merger agreement would include the "force the vote" provision that Ventas had

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requested, and Ventas agreed for the first time that the termination fee would only be 3.0% of the merger consideration and that no third party or governmental consents would be conditions to closing. The parties also agreed that the exchange ratio would be determined based on the trailing 10-day volume weighted average price of Ventas's common stock on the business day preceding the date of the merger agreement.

Between February 23 and February 27, 2011, Ventas's and NHP's representatives and legal advisors conducted telephonic and in-person negotiations on the terms of a definitive merger agreement. During this time, senior management of Ventas and NHP, and each party's legal and financial advisors, worked to finalize their respective due diligence investigations and conducted negotiations on the terms of the definitive merger agreement.

On February 24, 2011, the NHP board of directors held a special telephonic meeting. At this meeting, NHP's lead independent director, Robert Paulson, updated the other directors regarding the status of negotiations with Ventas and Hearthstone, based upon information he had received that day from Mr. Pasquale and representatives of J.P. Morgan.

On February 25, 2011, NHP and Hearthstone executed definitive agreements implementing the revised lease terms.

On February 25, 2011, representatives of NHP, J.P. Morgan, Ventas and Centerview Partners met to continue NHP's due diligence and reviewed specifically Ventas's business plan, financial projections, growth estimates and balance sheet. In addition, NHP management and representatives of J.P. Morgan met to continue NHP's due diligence and reviewed specifically Ventas's asset management systems and capabilities.

On February 27, 2011, the Ventas board of directors held a special meeting to discuss the proposed merger with NHP. At the meeting, Ventas management provided an update to the Ventas board on the negotiation of the proposed merger and the results of its due diligence review of NHP, and reviewed the strategic rationale and anticipated benefits of the proposed transaction to Ventas stockholders. Representatives of Centerview Partners reviewed their financial analysis of the merger and answered questions from the directors. In its presentation, Centerview Partners noted that, although the nominal \$44 of consideration per share of NHP common stock offered by Ventas had not changed since Ventas's proposal of January 4, 2011, the agreed-upon exchange ratio and the total number of Ventas shares to be issued in the merger were lower than the exchange ratio and total number of Ventas shares implied by the January 4<sup>th</sup> proposal because of a subsequent increase in Ventas's stock price. Centerview Partners then delivered its oral opinion, later confirmed in writing, to the Ventas board that, as of February 27, 2011, and based upon and subject to the assumptions and limitations set forth in the opinion, the exchange ratio of 0.7866 was fair, from a financial point of view, to Ventas. Representatives of Wachtell then reviewed the material terms of the proposed merger agreement. Following discussions and deliberations by Ventas's board, the Ventas board unanimously approved the merger agreement and the transactions contemplated by the merger agreement.

On February 27, 2011, the NHP board of directors held a special meeting at the Los Angeles office of Skadden Arps to discuss the terms of the proposed merger with Ventas. Mr. Pasquale and representatives of Skadden Arps updated the board on the status of the negotiations over the weekend, and reviewed the terms of the merger agreement. At the meeting, representatives of J.P. Morgan reviewed its financial analysis of the merger and answered questions from the directors. J.P. Morgan then rendered its oral opinion to the NHP board of directors that, as of February 27, 2011, and based upon and subject to the assumptions, procedures, factors, qualifications and limitations set forth in its opinion, the exchange ratio in the proposed merger was fair, from a financial point of view, to the holders of NHP common stock. J.P. Morgan subsequently confirmed its oral opinion by delivering its written opinion, dated February 27, 2011, to the NHP board of directors. After additional discussions and deliberations, the NHP board unanimously determined that the merger agreement, the merger and

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the other transactions contemplated by the merger agreement were advisable and fair to and in the best interests of NHP and its stockholders and approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. The NHP board also resolved unanimously to recommend to NHP's stockholders that they vote to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement.

Later in the day on February 27, 2011, NHP and Ventas executed the merger agreement. A joint press release announcing the transaction was released prior to the opening of trading on February 28, 2011.

**Ventas's Reasons for the Merger; Recommendation by the Ventas Board of Directors**

After careful consideration, the Ventas board of directors, by a unanimous vote of all directors, at a meeting held on February 27, 2011, approved the merger agreement and the transactions contemplated thereby, including the merger. In reaching its decision, the Ventas board of directors consulted with Ventas's senior management and its financial and legal advisors, and considered a number of factors that the board of directors believed supported its decision, including the following material factors:

*Strategic and Financial Considerations.* The Ventas board of directors believes that the merger will provide a number of significant strategic and financial opportunities, including the following:

the creation of the largest healthcare REIT by equity value and one of the largest publicly traded REITs in the U.S., which is expected to position Ventas to compete for a broad spectrum of transactions and to grow and invest in existing relationships;

the assembly of a high-quality portfolio with greater diversification by geography, asset class, tenant/operator and operating model than Ventas currently possesses;

an expansion of the private pay component of Ventas's income, with private pay sources expected to account for approximately 70% of the combined company's \$1.3 billion in net operating income;

the creation of a truly national MOB footprint that includes Ventas's Lillibridge franchise and NHP's joint venture with Pacific Medical Buildings and extensive hospital and health-system relationships;

the belief that the merger will be immediately accretive to Ventas's funds from operations and funds available for distribution;

the potential for future growth by combining NHP's regional acquisition capabilities and Ventas's entity-level acquisition expertise;

an anticipated reduction in Ventas's leverage, strengthening of Ventas's balance sheet and improvement of Ventas's long-term cost of capital and credit profile;

the belief that the combined company's stockholders will benefit from a stable and secure dividend with above-average growth potential; and

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an opportunity to enhance the level of management depth and experience of the combined company by leveraging the talents of the combined board and management teams.

*Fixed Exchange Ratio.* The Ventas board of directors considered that the exchange ratio is fixed and that it will not fluctuate as a result of changes in the price of Ventas common stock or NHP common stock and that a fixed exchange ratio limits the impact of external factors on the transaction. Additionally, the Ventas board of directors noted that, although the nominal \$44 of consideration per share of NHP common stock offered by Ventas had not changed since

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Ventas's proposal of January 4, 2011, the agreed-upon exchange ratio and the total number of Ventas shares to be issued in the merger were lower than the exchange ratio and total number of Ventas shares implied by the January 4<sup>th</sup> proposal because of a subsequent increase in Ventas's stock price.

*Opinion of Financial Advisor.* The Ventas board of directors considered the financial analyses presented to it by Centerview Partners and the opinion of Centerview Partners that, as of February 27, 2011 and based upon and subject to the assumptions and limitations set forth in its opinion, the exchange ratio of 0.7866 was fair, from a financial point of view, to Ventas, as more fully described elsewhere in this joint proxy statement/prospectus.

*Familiarity with Businesses.* The Ventas board of directors considered its knowledge of the business, operations, financial condition, earnings and prospects of Ventas and NHP, taking into account the results of Ventas's due diligence review of NHP, as well as its knowledge of the current and prospective environment in which Ventas and NHP operate, including economic and market conditions.

*High Likelihood of Consummation.* The Ventas board of directors considered the commitment on the part of both parties to complete the business combination between Ventas and NHP pursuant to their respective obligations under the terms of the merger agreement, and the likelihood that the stockholder approvals needed to complete the transaction would be obtained in a timely manner.

The Ventas board of directors also considered a variety of risks and other potentially negative factors concerning the merger agreement and the merger, including the following:

the possibility that the merger may not be completed, or that completion may be unduly delayed, including because NHP stockholders may not adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement, Ventas stockholders may not approve the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger or the Ventas charter amendment or because of reasons beyond the control of Ventas and/or NHP;

the risk that failure to complete the merger could negatively affect the price of Ventas common stock and future business and financial results of Ventas;

the potential risk of diverting management focus and resources from operational matters and other strategic opportunities while working to implement the merger;

the risk of not capturing all of the anticipated operational synergies and cost savings between Ventas and NHP and the risk that other anticipated benefits might not be realized on the expected timeframe or at all;

the substantial costs to be incurred in connection with the transaction, including the costs of integrating the businesses of Ventas and NHP and the transaction expenses arising from the merger;

the restrictions on the conduct of Ventas's business between the date of the merger agreement and the date of the consummation of the proposed merger;

the obligation to pay to NHP a termination fee of \$175 million and/or \$20 million in expense reimbursement if the merger agreement is terminated under certain circumstances; and

the other factors described under "Risk Factors."

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The above discussion of the factors considered by the Ventas board of directors is not intended to be exhaustive, but does set forth the material factors considered by the Ventas board of directors. In reaching its determination, the Ventas board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The Ventas board of directors considered all these factors as a whole, including its discussions with, and inquiry of, Ventas's management and financial and legal advisors, and overall considered these factors to be favorable to, and to support, its determination. The Ventas board of directors also relied on the experience of Centerview Partners, Ventas's financial advisor, for its opinion as to the fairness, from a financial point of view, to Ventas of the exchange ratio.

**For the reasons set forth above, the Ventas board of directors unanimously approved the merger agreement and the transactions contemplated thereby. The Ventas board of directors unanimously recommends that the Ventas stockholders vote "FOR" the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger and "FOR" the Ventas charter amendment.**

**NHP's Reasons for the Merger; Recommendation by the NHP Board of Directors**

After careful consideration, the NHP board of directors, by a unanimous vote of all directors, at a meeting held on February 27, 2011, approved the merger agreement. In the course of reaching its unanimous decision to approve the merger agreement and recommend adoption by the NHP stockholders of the merger agreement and approval by the NHP stockholders of the merger and the other transactions contemplated by the merger agreement, the NHP board of directors consulted with NHP's senior management and NHP's financial and legal advisors and considered a number of factors that the NHP board of directors believed supported its decision, including the following material factors:

*Premium Over Historical Share Prices.* The value of Ventas shares that NHP stockholders will receive in the merger, based on the Ventas closing price of \$57.19 on February 25, 2011, represents a premium over historical trading prices of approximately:

15.5%, based on the closing sales price per share of NHP common stock on February 25, 2011 (the last trading day before the proposed merger was announced); and

19%, based on the average price per share of NHP common stock over the one-month period preceding February 25, 2011.

*Strategic and Financial Considerations.* The NHP board of directors believes that the merger will provide a number of significant strategic and financial opportunities for the combined company, including the following:

the creation of the largest healthcare REIT by equity value and one of the largest publicly traded REITs in the United States which is expected to compete for a broad spectrum of transactions and invest in existing, growth-oriented relationships;

the potential for future growth by combining NHP's regional acquisition capabilities and Ventas's entity-level acquisition expertise;

the creation of a truly national MOB footprint that includes Ventas's Lillibridge franchise and NHP's joint venture with Pacific Medical Buildings and extensive hospital and health-system relationships;

the formation of the largest seniors housing owner in the United States, with over 57,000 units and the opportunity for increased off-market investment with growth-oriented tenants and significant re-development opportunities;

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the belief that the merger will be immediately accretive to Ventas's funds from operation and funds available for distribution;

the expectation that the combined company, as a result of its larger size and strong balance sheet, would have an improved credit profile and lower cost of debt capital; and

an opportunity to enhance the level of management depth and experience of the combined company by leveraging the talents of the combined board and management teams.

*Fixed Exchange Ratio.* The merger consideration is a fixed exchange ratio which will not fluctuate as a result of changes in the price of NHP common stock or Ventas common stock prior to the merger, which limits the impact of external factors on the transaction.

*Participation in Future Appreciation.* The merger consideration will be paid in shares of Ventas common stock, which provides NHP stockholders with the opportunity to participate in any future appreciation of Ventas common stock following the merger, whether from future growth in earnings or as a result of any premium paid to Ventas stockholders in connection with a future acquisition of Ventas.

*Potential for Future Dividend Increases.* Stockholders have the potential for future increases in dividend payments, based on future growth at the combined company, and Ventas's current conservative payout ratio.

*Improved Liquidity.* The merger is expected to result in improved liquidity for stockholders as a result of the increased equity capitalization and the increased stockholder base of the combined company.

*Tax-Free Transaction.* The merger is expected to qualify as a tax-free transaction to NHP stockholders for U.S. federal income tax purposes.

*Strategic Alternatives.* After reviewing possible alternatives to the proposed merger with Ventas, including continuing to operate NHP as an independent company or seeking a business combination with Company A or Company B or another company, and after consultation with NHP's financial advisor, the NHP board of directors believes that it is unlikely that another party would have the ability to meet or exceed the economic and other terms being offered by Ventas and took into account the belief by NHP that an offer by another company on terms economically comparable to Ventas's offer would probably have been dilutive, and therefore reduced the value of any consideration in the form of stock to be paid to NHP stockholders.

*Superior Proposals.* The NHP board of directors has the ability to change its recommendation in favor of the merger upon receipt of a superior proposal, if failure to take such action would be inconsistent with the directors' duties under applicable law and after compliance with the requirements set forth in the merger agreement. The NHP board of directors, after consultation with NHP's legal and financial advisors, believes that the termination fee, equal to 3% of the equity value of the transaction, and the expense reimbursement payable by NHP in such circumstances is reasonable and will not unduly impede the ability of a third party to make a superior proposal.

*Opinion of Financial Advisor.* The NHP board of directors considered the financial analyses reviewed with the NHP board of directors by J.P. Morgan and the opinion of J.P. Morgan that, as of February 27, 2011 and based upon and subject to the assumptions, procedures, factors, qualifications and limitations set forth in its opinion, the exchange ratio of 0.7866 was fair, from a financial point of view, to the holders of NHP common stock, as more fully described under "Opinion of NHP's Financial Advisor."





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*Familiarity with Businesses.* The NHP board of directors considered its knowledge of the business, operations, financial condition, earnings and prospects of both NHP and Ventas, taking into account the results of NHP's due diligence review of Ventas, including the presentation to the NHP board of directors by Ventas's senior management, as well as its knowledge of the current and prospective environment in which NHP and Ventas operate, including economic and market conditions.

*High Likelihood of Consummation.* The NHP board of directors deems it highly likely that the merger will be completed in a timely manner given the commitment of both parties to complete the business combination pursuant to their respective obligations under the merger agreement, the absence of any significant closing conditions under the merger agreement, other than the stockholder approvals, and the likelihood that the stockholder approvals would be obtained.

The NHP board of directors also considered a variety of risks and other potentially negative factors concerning the merger agreement and the merger, including the following:

the fact that the merger consideration is a fixed exchange ratio which will not fluctuate as a result of changes in the price of NHP common stock or Ventas common stock prior to the merger, which means that the value of the merger consideration could decrease prior to the closing of the merger if the trading price of Ventas common stock decreases;

that the Ventas closing price on February 25, 2011, the last trading day prior to the execution of the merger agreement and the agreement upon the exchange ratio, was an all-time high;

that based on the fixed exchange ratio and the quarterly dividend most recently paid by Ventas of \$0.575 per share, the pro forma equivalent dividend to be paid to NHP stockholders is approximately \$0.45 per share, which is less than the quarterly dividend of \$0.48 per share most recently paid by NHP;

that the "force the vote" provision in the merger agreement, which would obligate NHP to hold a stockholders meeting to consider the merger with Ventas even if a third party makes a superior proposal for NHP, might discourage other parties potentially interested in an acquisition of, or combination with, NHP from pursuing such a transaction;

the obligation to pay to Ventas a termination fee of \$175 million and/or \$20 million in expense reimbursement if the merger agreement is terminated under certain circumstances;

the possibility that the merger may not be completed, or that completion may be unduly delayed, for reasons including the failure of NHP stockholders to adopt the merger agreement and approve the merger or the failure of Ventas stockholders to approve the issuance of shares of Ventas common stock in connection with the merger or the Ventas charter amendment or for reasons beyond the control of NHP or Ventas;

the risk that failure to complete the merger could negatively affect the price of NHP common stock and future business and financial results of NHP;

the potential risk of diverting management focus and resources from operational matters and other strategic opportunities while working to implement the merger;

the risk of not capturing all of the anticipated operational synergies and cost savings between NHP and Ventas and the risk that other anticipated benefits might not be realized on the expected timeframe or at all;

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the substantial costs to be incurred in connection with the transaction, including the costs of integrating the businesses of NHP and Ventas and the transaction expenses arising from the merger;

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the restrictions on the conduct of NHP's business between the date of the merger agreement and the date of the consummation of the proposed merger;

the absence of appraisal rights for NHP stockholders under Maryland law; and

the other factors described under "Risk Factors."

In addition to considering the factors described above, the NHP board of directors considered the fact that some of NHP's directors and executive officers have other interests in the merger that are different from, or in addition to, the interests of NHP's stockholders generally, as discussed under "Financial Interests of NHP's Directors and Executive Officers in the Merger" beginning on page 65 of this joint proxy statement/prospectus.

The above discussion of the factors considered by the NHP board of directors is not intended to be exhaustive, but does set forth material factors considered by the NHP board of directors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the NHP board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative or specific weight or values to any of these factors, and individual directors may have given different weights to different factors. The NHP board of directors viewed its position and recommendation as being based on an overall analysis of the totality of the information available to it, including discussions with, and inquiry of, NHP's management and financial and legal advisors, and overall considered these factors to be favorable to, and to support, its determination.

This explanation of NHP's reasons for the merger and other information presented in this section is forward-looking in nature and should be read in light of the "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 23 of this joint proxy statement/prospectus.

**For the reasons set forth above, the NHP board of directors unanimously declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, NHP and its stockholders and unanimously approved the merger agreement. The NHP board of directors unanimously recommends to NHP's stockholders that they vote "FOR" the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.**

**Opinion of Ventas's Financial Advisor**

On February 27, 2011, at a meeting of the Ventas board of directors held to evaluate the merger, Centerview Partners delivered to the Ventas board of directors an oral opinion, which was confirmed by Centerview Partners by delivery of a written opinion dated February 27, 2011, to the effect that, as of that date and based on and subject to various assumptions and limitations described in its written opinion, the exchange ratio provided for in connection with the merger was fair, from a financial point of view, to Ventas.

**The full text of the written opinion of Centerview Partners to the Ventas board of directors, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex C to this joint proxy statement/prospectus. The following summary of the Centerview Partners opinion is qualified in its entirety by reference to the full text of the opinion. Centerview Partners delivered its opinion to the Ventas board of directors for the benefit and use of the Ventas board of directors in connection with its consideration of the merger.**

**The opinion and financial analyses of Centerview Partners do not address any other aspect of the merger (including, without limitation, the fairness or appropriateness of the exchange ratio to NHP) and do not constitute a recommendation to any stockholder of any party to the merger as to how to**

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**vote or act on any matter relating to the merger. The opinion and financial analyses of Centerview Partners were prepared for and delivered to the Ventas board of directors and did not evaluate the merger or the exchange ratio from the point of view of any party other than Ventas. The opinion and financial analyses of Centerview Partners were not intended to be used by NHP's stockholders in evaluating the merger or the exchange ratio.**

In connection with rendering its opinion, Centerview Partners, among other things:

reviewed the merger agreement;

reviewed certain publicly available financial and other information about NHP and Ventas, as the case may be;

reviewed certain information furnished to Centerview Partners by NHP's management (as adjusted by Ventas), including financial forecasts and analyses, relating to the business, operations and prospects of NHP;

reviewed certain information furnished to Centerview Partners by Ventas's management, including financial forecasts and analyses, relating to the business, operations and prospects of Ventas and NHP;

held discussions with members of management of NHP and Ventas concerning certain anticipated strategic, financial and operational benefits relating to the merger and the matters described in the second through fourth bullets above (as applicable);

held discussions with members of management of NHP and Ventas concerning the respective past and current business, operations, financial condition and prospects of NHP and Ventas, including after giving effect to the merger, and discussed the past and current business, operations, financial condition and prospects of NHP and Ventas, including after giving effect to the merger, with Ventas's management;

reviewed the potential pro forma financial impact of the merger on the future financial performance of Ventas;

reviewed information prepared by NHP's management and Ventas's management relating to the relative financial contributions of NHP and Ventas to the future financial performance of the combined company on a pro forma basis;

reviewed certain share trading price history and valuation multiples for Ventas's common stock and NHP's common stock;

compared the financial and operating performance of NHP and Ventas with publicly available information concerning other publicly traded companies Centerview Partners deemed relevant, and reviewed certain current and historical market prices and valuation multiples of the equity securities of such other companies;

compared the proposed financial terms of the merger with the financial terms of certain other transactions that Centerview Partners deemed relevant; and

conducted such other financial studies, analyses and investigations as Centerview Partners deemed appropriate, including analyses of certain anticipated strategic, financial and operational benefits from the merger, and considered such other factors as Centerview Partners deemed appropriate.

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In arriving at its opinion, Centerview Partners assumed and relied upon the accuracy and completeness of the foregoing information, without independent verification of such information. Centerview Partners relied on assurances of the management of each of Ventas and NHP that they were not aware of any facts or circumstances that would make such information inaccurate or

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misleading in any respect material to Centerview Partners's opinion. In connection with the opinion, Centerview Partners did not conduct any independent valuation or appraisal of any of the assets or liabilities (contingent or otherwise) of NHP or Ventas, or concerning the solvency or fair value of NHP or Ventas, and Centerview Partners was not furnished with any such valuation or appraisal. With respect to the financial forecasts provided to and examined by Centerview Partners, Centerview Partners noted that projecting future results of any company is inherently subject to uncertainty. With respect to the financial forecasts provided to Centerview Partners and utilized in its analyses relating to NHP and Ventas, including any analysis of information relating to anticipated strategic, financial and/or operational benefits expected to result from the merger, Centerview Partners assumed, with the consent of Ventas, that the forecasts had been reasonably prepared to reflect the best currently available estimates and judgments of the management of NHP and Ventas as to the future financial performance of NHP and Ventas, respectively. Centerview Partners assumed no responsibility for and expressed no opinion or view as to any forecasts reviewed by Centerview Partners or the assumptions on which they were based. Financial forecasts for NHP that Centerview Partners assumed and relied upon in rendering its opinion were furnished to Centerview Partners by NHP's management (as adjusted by Ventas's management) and financial forecasts for Ventas that Centerview Partners assumed and relied upon in rendering its opinion were furnished to Centerview Partners by Ventas's management. Centerview Partners assumed, with Ventas's consent, that Ventas's pending Atria Acquisition will be consummated upon the terms and conditions set forth in the definitive merger agreement, dated as of October 21, 2010, with respect to such acquisition, without any waiver or modification of any such terms or conditions in any respect material to Centerview Partners's opinion.

Centerview Partners's opinion was necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to Centerview Partners as of, the date of its opinion. Subsequent circumstances, events or developments may affect the opinion, and Centerview Partners does not have any responsibility or obligation to update, revise or reaffirm its opinion based on subsequent circumstances, events or developments. Centerview Partners does not express any opinion as to the prices at which shares of Ventas's common stock may trade at any time subsequent to the announcement of the merger.

In rendering its opinion, Centerview Partners assumed, with Ventas's consent, that the merger will be consummated on the terms set forth in the merger agreement, without any waiver or modification of any material terms or conditions. Centerview Partners also assumed, with Ventas's consent, that obtaining the necessary governmental, regulatory or third party approvals and consents for the merger will not have an adverse effect on NHP or Ventas or on the contemplated benefits expected to be derived from the merger. Centerview Partners did not express any opinion as to any tax or other consequences that might result from the merger, nor does the opinion address any legal, tax, regulatory or accounting matters, as to which Ventas has obtained such advice as it deemed necessary from qualified professionals. Centerview Partners assumed, at the direction of Ventas, that the merger will qualify as a tax-free reorganization for U.S. federal income tax purposes. The opinion addressed only the fairness, from a financial point of view, to Ventas, on the date of the opinion, of the exchange ratio provided for in connection with the merger. Centerview Partners expressed no view or opinion as to any terms or other aspects or implications of the merger (other than, to the extent expressly specified in the opinion, the exchange ratio provided for in connection with the merger), including, without limitation, the form or structure of the merger or any other agreements or arrangements entered into in connection with, or otherwise contemplated by, the merger. In addition, Centerview Partners expressed no view or opinion as to the fairness of the amount or nature of, or any other aspects relating to, the compensation to any officers, directors or employees of any parties to the merger, or class of such persons, relative to the exchange ratio provided for in connection with the merger or otherwise.

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Centerview Partners's opinion was provided for the benefit and use of the Ventas board of directors in connection with its consideration of the merger. The opinion does not constitute a recommendation to any stockholder of Ventas as to how any such stockholder should vote or act on any matter relating to the merger. In addition, Centerview Partners's opinion does not address the relative merits of the merger as compared to any other transaction or business strategy in which Ventas might engage or the merits of the underlying decision by Ventas to engage in the merger. Centerview Partners's opinion was approved by the Centerview Partners LLC Fairness Opinion Committee.

***Financial Analyses of Centerview Partners***

The following is a brief summary of the material financial and comparative analyses that Centerview Partners deemed to be appropriate for this type of merger and that were reviewed with the Ventas board of directors in connection with rendering Centerview Partners's opinion. The following summary, however, does not purport to be a complete description of all the financial analyses performed by Centerview Partners in connection with rendering its opinion, nor does the order of analyses described represent relative importance or weight given to those analyses by Centerview Partners.

**The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by Centerview Partners, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses performed by Centerview Partners. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by Centerview Partners.**

*Relative Historical Stock Price Ratio Analysis.* Centerview Partners reviewed the history of the trading prices of NHP common stock relative to Ventas common stock over the three-year period ended February 25, 2011. For each trading day during such three-year period, the trading price of NHP common stock was divided by the trading price of Ventas common stock to calculate an implied exchange ratio. The implied high and low exchange ratios based on this analysis were 1.068x and 0.669x.

*Relative Analyst Price Target Analysis.* Centerview Partners reviewed selected analyst price targets found in publicly available equity research for NHP common stock and Ventas common stock. In each instance, the analyst price target for NHP was divided by the analyst price target for Ventas to calculate an implied exchange ratio. The following table sets forth the implied mean, median, high and low exchange ratios based on the selected analyst price targets for NHP and Ventas common stock:

	Mean	Median	High	Low
<b>Implied Exchange Ratio</b>	0.713x	0.717x	0.780x	0.645x

*Relative Net Asset Value Analysis.* Centerview Partners reviewed selected net asset value, or NAV, estimates found in publicly available equity research for NHP common stock and Ventas common stock and calculated the implied exchange ratios of NHP common stock to Ventas common stock based upon such estimates. The following table sets forth the implied mean, median, high and low exchange ratios based on the selected NAV estimates for Ventas and NHP common stock:

	Mean	Median	High	Low
<b>Implied Exchange Ratio</b>	0.737x	0.756x	0.818x	0.665x

*Relative Contribution Analysis.* Centerview Partners reviewed and compared the relative contributions of Ventas and NHP to the combined company based on estimated funds from operations,



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or FFO, and estimated funds available for distribution, or FAD, for the calendar years 2011, 2012 and 2013, based on projections for NHP provided by NHP (as adjusted by Ventas) and projections for Ventas provided by Ventas. Centerview Partners compared these ratios to the implied pro forma ownership of the combined company of 65% by the current Ventas stockholders and 35% by the NHP stockholders (assuming consummation of the Atria Acquisition). The analysis implied that between 2011 and 2013: (1) NHP's contribution to FFO would range from 34% to 38% and Ventas's contribution to FFO would range from 66% to 62%, implying high and low exchange ratios of 0.877x and 0.775x; and (2) NHP's contribution to FAD would range from 35% to 39% and Ventas's contribution to FAD would range from 65% to 61%, implying high and low exchange ratios of 0.919x and 0.814x.

*Relative Discounted Cash Flow Analysis.* Centerview Partners calculated the implied exchange ratio of NHP common stock to Ventas common stock based on an illustrative discounted cash flow analysis. The discounted cash flow analysis was based on projections for NHP provided by NHP (as adjusted by Ventas) and projections for Ventas provided by Ventas (assuming consummation of the Atria Acquisition). Centerview Partners calculated terminal values by using an estimated free cash flow perpetuity growth rate of 3.00% for NHP and 4.00% for Ventas. The cash flows and terminal values were then discounted to an illustrative present value using discount rates of 9.0% to 10.0% for NHP and 9.75% to 10.75% for Ventas. Centerview Partners calculated the implied per share equity values of NHP common stock and Ventas common stock based upon the discounted cash flow analysis. The low implied per share equity value of NHP common stock was then divided by the high implied per share equity value of Ventas common stock, to determine the low implied exchange ratio, and the high implied per share equity value of NHP common stock was then divided by the low implied per share equity value of Ventas common stock, to determine the high implied exchange ratio. This calculation indicated the following high and low implied exchange ratios based upon the discounted cash flow analysis:

	High	Low
<b>Implied Exchange Ratio</b>	0.968x	0.621x

*Pro Forma Analysis of the Merger.* Centerview Partners analyzed certain pro forma effects of the merger, including, among other things, the impact of the merger on FFO and FAD per share estimates for Ventas, using projections for NHP provided by NHP (as adjusted by Ventas) and projections for Ventas provided by Ventas (assuming consummation of the Atria Acquisition). The pro forma merger analysis implied that the merger would be immediately accretive to Ventas's FFO per share and FAD per share, after taking into account purchase accounting adjustments required by GAAP.

**Miscellaneous**

As noted above, the discussion set forth above is a summary of the material financial analyses presented by Centerview Partners to the Ventas board of directors in connection with its opinion and is not a comprehensive description of all analyses undertaken by Centerview Partners in connection with its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to partial analysis or summary description. Centerview Partners believes that its analyses summarized above must be considered as a whole. Centerview Partners further believes that selecting portions of its analyses and the factors considered or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying Centerview Partners's analyses and opinion. The fact that any specific analysis has been referred to in the summary above is

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not meant to indicate that such analysis was given greater weight than any other analysis referred to in the summary.

In performing its analyses, Centerview Partners considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of Ventas and NHP. The estimates of the future performance of Ventas and NHP in or underlying Centerview Partners's analyses are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by Centerview Partners's analyses. These analyses were prepared solely as part of Centerview Partners's analysis of the fairness, from a financial point of view, to Ventas of the exchange ratio provided for in connection with the merger and were provided to the Ventas board of directors in connection with the delivery of Centerview Partners's opinion. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or the prices at which any securities have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be Centerview Partners's view of the actual values of Ventas or NHP.

The exchange ratio provided for in connection with the merger was determined through negotiations between Ventas and NHP, rather than by any financial advisor, and was approved by the Ventas board of directors. The decision to enter into the merger agreement was solely that of the Ventas board of directors. As described above, Centerview Partners's opinion and analyses were only one of many factors considered by the Ventas board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the Ventas board of directors or management with respect to the merger or the exchange ratio.

Under the terms of a letter agreement, Ventas engaged Centerview Partners to act as its financial advisor in connection with the merger. Pursuant to the letter agreement, Ventas has agreed to pay Centerview Partners a transaction fee of \$20 million. A portion of the fee equal to \$4 million was contingent and payable upon the delivery of the opinion and Ventas's execution of a definitive agreement regarding the potential acquisition of NHP. A portion of the fee equal to \$16 million is payable upon consummation of the merger. Ventas took the existence of these contingent fees into account when considering the analyses, advice and opinion of its financial advisor. Ventas also has agreed to reimburse Centerview Partners's expenses and to indemnify Centerview Partners against certain liabilities arising out of its engagement. Centerview Partners has in the past performed, and may continue to perform, investment banking services for Ventas and its affiliates, in each case, for customary compensation.

**Opinion of NHP's Financial Advisor**

At the meeting of the NHP board of directors on February 27, 2011, J.P. Morgan rendered its oral opinion to the NHP board of directors that, as of such date and based upon and subject to the assumptions, procedures, factors, qualifications and limitations set forth in its written opinion, the exchange ratio in the proposed merger was fair, from a financial point of view, to the holders of NHP common stock. J.P. Morgan subsequently confirmed its oral opinion by delivering its written opinion, dated February 27, 2011, to the NHP board of directors. No limitations were imposed by the NHP board of directors upon J.P. Morgan with respect to the investigations made or procedures followed by it in rendering its opinion.

**The full text of the written opinion of J.P. Morgan, dated February 27, 2011, which sets forth, among other things, the assumptions made, procedures followed, factors considered, and qualifications and limitations on the review undertaken by J.P. Morgan in rendering its opinion, is attached to this joint proxy statement/prospectus as Annex D. The summary of J.P. Morgan's opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.**

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**NHP stockholders should read the full opinion carefully and in its entirety. J.P. Morgan's opinion is addressed to the NHP board of directors, is directed only to the fairness, from a financial point of view, of the exchange ratio in the merger to holders of NHP common stock as of the date of the opinion, and does not address any other aspect of the transactions contemplated by the merger agreement. J.P. Morgan provided its advisory services and opinion for the information and assistance of the NHP board of directors in connection with its consideration of the merger. The opinion of J.P. Morgan does not constitute a recommendation as to how any NHP stockholder should vote with respect to the merger. In addition, this opinion does not in any manner address the price at which NHP common stock or Ventas common stock will trade at any time subsequent to the date of the opinion. J.P. Morgan's opinion was approved by J.P. Morgan's fairness committee. Neither J.P. Morgan's opinion, nor the summary thereof or of J.P. Morgan's financial analyses set forth in this document, is being provided for the use of any Ventas stockholder and does not constitute a recommendation as to how any Ventas stockholder should vote with respect to the issuance of shares of Ventas common stock to NHP stockholders in connection with the merger or any other matter.**

In arriving at its opinion, J.P. Morgan, among other things:

reviewed a draft dated February 25, 2011 of the merger agreement;

reviewed certain publicly available business and financial information concerning NHP and Ventas and the industries in which they operate;

compared the proposed financial terms of the merger with the publicly available financial terms of certain transactions involving companies J.P. Morgan deemed relevant and the consideration paid for such companies;

compared the financial and operating performance of NHP and Ventas with publicly available information concerning certain other companies J.P. Morgan deemed relevant and reviewed the current and historical market prices of NHP common stock and Ventas common stock and certain publicly traded securities of such other companies;

reviewed certain internal financial analyses and forecasts prepared by or at the direction of the managements of NHP and Ventas relating to their respective businesses as well as the estimated amount and timing of the cost savings and related expenses and synergies expected to result from the merger; and

performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.

In addition, J.P. Morgan held discussions with certain members of the management of NHP and Ventas with respect to certain aspects of the merger, and the past and current business operations of NHP and Ventas, the financial condition and future prospects and operations of NHP and Ventas, the effects of the merger on the financial condition and future prospects of Ventas and certain other matters J.P. Morgan believed necessary or appropriate to its inquiry.

In giving its opinion, J.P. Morgan relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by NHP and Ventas or otherwise reviewed by or for J.P. Morgan, and J.P. Morgan did not independently verify (nor did J.P. Morgan assume responsibility or liability for independently verifying) any such information or its accuracy or completeness. J.P. Morgan did not conduct and was not provided with any valuation or appraisal of any assets or liabilities, nor did J.P. Morgan evaluate the solvency of NHP or Ventas under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to J.P. Morgan or derived therefrom, J.P. Morgan assumed that they had been reasonably prepared based on assumptions reflecting the best then-available estimates and judgments by management as to the expected future results of operations and financial condition of

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NHP and Ventas to which such analyses or forecasts relate. J.P. Morgan expressed no view as to such analyses or forecasts or the assumptions on which they were based. J.P. Morgan also assumed that each of the merger and the other transactions contemplated by the merger agreement will qualify as a tax-free reorganization for U.S. federal income tax purposes, and will be consummated as described in the merger agreement, and that the definitive merger agreement does not differ in any material respects from the draft thereof furnished to J.P. Morgan. J.P. Morgan also assumed that the representations and warranties made by NHP and Ventas in the merger agreement and the related agreements are and will be true and correct in all respects material to J.P. Morgan's analysis. J.P. Morgan is not a legal, regulatory or tax expert and relied on the assessments made by advisors to NHP with respect to such issues. J.P. Morgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on NHP or Ventas, or on the contemplated benefits of the merger.

J.P. Morgan's opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of J.P. Morgan's opinion. It should be understood that subsequent developments may affect J.P. Morgan's opinion, and J.P. Morgan does not have any obligation to update, revise or reaffirm its opinion. J.P. Morgan's opinion is limited to the fairness, from a financial point of view, to the holders of NHP common stock of the exchange ratio in the merger, and J.P. Morgan expressed no opinion as to the fairness of the merger to, or any consideration to be paid to, the holders of any other class of securities, creditors or other constituencies of NHP or as to the underlying decision by NHP to engage in the merger. Furthermore, J.P. Morgan expressed no opinion with respect to the amount or nature of any compensation to any officers, directors or employees of any party to the merger, or any class of such persons, relative to the exchange ratio applicable to the holders of NHP common stock or with respect to the fairness of any such compensation. J.P. Morgan expressed no opinion as to the price at which NHP common stock or Ventas common stock will trade at any time subsequent to the date of the opinion.

The terms of the merger agreement, including the exchange ratio, were determined through arm's-length negotiations between NHP and Ventas, and the decision to enter into the merger agreement was solely that of the NHP board of directors and the Ventas board of directors. J.P. Morgan's opinion and financial analyses were among the many factors considered by the NHP board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the NHP board of directors or management with respect to the merger or the exchange ratio.

In accordance with customary investment banking practice, J.P. Morgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of certain of the financial analyses undertaken by J.P. Morgan and delivered to the NHP board of directors on February 27, 2011, which analyses were among those considered by J.P. Morgan in connection with delivering its opinion. J.P. Morgan's financial analyses that were delivered to the NHP board of directors prior to its meeting on February 27, 2011 were based on an assumed exchange ratio of 0.787 shares of Ventas common stock per share of NHP common stock. J.P. Morgan rendered its opinion using the final exchange ratio of 0.7866 shares of Ventas common stock per share of NHP common stock. Some of the summaries of the financial analyses include information presented in tabular format. The tables are not intended to stand alone, and in order to more fully understand the financial analyses used by J.P. Morgan, the tables must be read together with the full text of each summary. Considering the data set forth below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of J.P. Morgan's analyses.

Table of Contents***Historical Exchange Ratio Analysis***

J.P. Morgan calculated (1) the implied historical exchange ratios during the one-year period ended February 25, 2011 by dividing the daily closing price per share of NHP common stock by that of Ventas common stock for each trading day during that period and (2) the average of those daily implied historical exchange ratios for the one-week, one-month, three-month, six-month, and one-year periods ending February 25, 2011. J.P. Morgan also noted the low and high exchange ratios for each period referenced in clause (2) above and the resulting premiums of the proposed exchange ratio to the average exchange ratios for each such period. The analysis resulted in the following implied exchange ratios for the periods indicated, as compared to the exchange ratio of 0.7866x provided for in the merger:

	Exchange ratio
<b>One-week</b>	
low	0.678x
average	0.680x
high	0.684x
<b>One-month</b>	
low	0.675x
average	0.683x
high	0.696x
<b>Three-month</b>	
low	0.669x
average	0.687x
high	0.706x
<b>Six-month</b>	
low	0.669x
average	0.715x
high	0.775x
<b>One-year</b>	
low	0.669x
average	0.730x
high	0.775x

J.P. Morgan noted that a historical exchange ratio analysis is not a valuation methodology and that such analysis was presented merely for reference purposes.

***Contribution Analysis***

J.P. Morgan analyzed the contribution of each of Ventas and NHP to the pro forma combined company with respect to EBITDA (defined as earnings before interest, taxes, depreciation and amortization including joint ventures' contribution to EBITDA at ownership share), estimated FFO and estimated adjusted funds from operations, or AFFO, for calendar year 2011, which is referred to as CY11. Earnings metrics were adjusted to include the full-year impact of certain acquisitions based on publicly available information. For purposes of the contribution analysis, J.P. Morgan assumed that the contribution with respect to EBITDA reflected each company's contribution to the combined company's pro forma firm value. Equity value contributions and relative ownership interests were then derived by adjusting firm value contributions for outstanding net debt, preferred equity and non-controlling interests of both companies. J.P. Morgan further assumed that the contributions with respect to FFO and AFFO reflected each company's contribution to the combined company's pro forma equity value and relative ownership interests. Synergies were not taken into account in the contribution analysis. The analyses yielded the following pro forma diluted equity value contributions

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and ownership interests with respect to EBITDA, FFO and AFFO and implied exchange ratios ranging from a low of 0.683x to a high of 0.833x, as follows:

	CY11E
<b>EBITDA</b>	
NHP % contribution / ownership	31.3%
Implied exchange ratio	0.683x

	CY11E
<b>FFO</b>	
NHP % contribution / ownership	35.1%
Implied exchange ratio	0.810x

	CY11E
<b>AFFO</b>	
NHP % contribution / ownership	35.8%
Implied exchange ratio	0.833x

### **Public Trading Analysis**

Using publicly available information, including estimated AFFO per share for CY11 published by equity research analysts and adjusted to include the full-year impact of certain acquisitions, including Ventas's Atria Acquisition and certain acquisitions by NHP in December 2010 and January 2011, J.P. Morgan analyzed certain trading multiples of other selected publicly traded REITs. None of the selected companies are identical to NHP. However, the selected companies were chosen because they are publicly traded REITs with operations that, for purposes of J.P. Morgan's analysis, may be considered similar to those of NHP. These companies were as follows:

HCP, Inc.

Health Care REIT, Inc.

Ventas, Inc.

For each of these other REITs, J.P. Morgan calculated the multiple of equity market price per share to the median estimate of its CY11 AFFO per share, as reported by equity research analysts as of February 25, 2011. J.P. Morgan also analyzed the same trading multiples for NHP based on equity research analyst data and data provided by NHP management. Synergies were not taken into account in the public trading analysis.

The following presents the results of this analysis:

		Price / AFFO per share Multiple
		CY11
Other REITs (including Ventas)	Median equity research estimate	18.2x
Ventas	Median equity research estimate	19.5x
NHP	Median equity research estimate	16.3x
NHP	Management estimate	15.9x

J.P. Morgan applied a range of these multiples to the CY11 AFFO per share estimates for NHP and Ventas per median equity research estimates, which resulted in the following range of implied share prices for each share of NHP and Ventas, rounded to the nearest \$0.50, as compared to the (1) closing price per share of NHP common stock on February 25, 2011 of \$38.96, (2) closing price per share of Ventas common stock on February 25, 2011 of \$57.19 and (3) implied price per share of NHP



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common stock of \$44.99 based on the exchange ratio of 0.7866x provided for in the merger applied to the closing price per share of Ventas common stock on February 25, 2011:

		CY11 AFFO per share Implied share Multiple price	
NHP	High	17.0x	\$ 40.50
	Low	15.0x	\$ 36.00
Ventas	High	19.5x	\$ 57.50
	Low	17.5x	\$ 51.50

J.P. Morgan compared the results of the implied equity values per share for Ventas and NHP. For each comparison, J.P. Morgan compared the highest equity value per share for NHP to the highest equity value per share for Ventas to derive the highest exchange ratio implied by each pair of estimates. J.P. Morgan also compared the lowest equity value per share for NHP to the lowest equity value per share for Ventas to derive the lowest exchange ratio implied by each pair of estimates. The implied exchange ratios resulting from this analysis, as compared to the exchange ratio of 0.7866x provided for in the merger, were:

	Exchange ratio CY11 AFFO per share
Highest NHP equity value per share to highest Ventas equity value per share	0.709x
Lowest NHP equity value per share to lowest Ventas equity value per share	0.697x

### ***Dividend Discount Analysis***

J.P. Morgan performed a dividend discount analysis of NHP's common stock and Ventas's common stock using three-year projections for each company as provided by each company's management, and seven-year extrapolations thereof that were reviewed and approved by NHP's management for the purpose of determining the fully diluted implied equity value per share of each company. The dividend per share payout ratios (as a percentage of AFFO per share) for NHP that were provided to J.P. Morgan for 2011, 2012, 2013, 2014 and 2015 through 2020, respectively, were as follows: 80.0%; 80.0%; 80.0%; 82.5%; and 85.0%. The dividend per share payout ratios (as a percentage of AFFO per share) for Ventas that were provided to J.P. Morgan for 2011, 2012, 2013, 2014 and 2015 through 2020, respectively, were as follows: 77.5%; 76.2%; 75.7%; 77.9%; and 80.0%. A dividend discount analysis is a method of evaluating the equity value of a company using estimates of future dividends to shareholders generated by the company and taking into consideration the time value of money with respect to those future dividends by calculating their "present value." "Present value" refers to the current value of the future dividends to shareholders paid by the company and is obtained by discounting those future dividends back to the present using a discount rate that takes into account macro-economic assumptions, estimates of risk, the opportunity cost of capital and other appropriate factors.

Based on the dividends NHP was projected to distribute during fiscal years 2011 through 2020, J.P. Morgan discounted the dividend stream to present values using a range of discount rates from 9.50% to 10.50%, which was chosen by J.P. Morgan based upon an analysis of the cost of equity for NHP. J.P. Morgan also calculated a range of terminal values for the company at the end of the 10-year period ending fiscal year 2020 by applying a perpetual dividend growth rate ranging from 2.50% to 3.25% and discounted the terminal value using a range of discount rates from 9.50% to 10.50%. "Terminal value" refers to the capitalized value of all future dividends to shareholders paid by the company for periods beyond the financial forecast. Synergies were not taken into account in the dividend discount analysis.



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Based on the dividends Ventas was projected to distribute during fiscal years 2011 through 2020, J.P. Morgan discounted the dividend stream to present values using a range of discount rates from 9.50% to 10.50%, which was chosen by J.P. Morgan based upon an analysis of the cost of equity for Ventas. J.P. Morgan also calculated a range of terminal values for the company at the end of the 10-year period ending fiscal year 2020 by applying a perpetual dividend growth rate ranging from 4.00% to 4.75% and discounted the terminal value using a range of discount rates from 9.50% to 10.50%.

The analysis yielded the following implied equity value per share, compared to the implied price per share of NHP common stock of \$44.99 based on the exchange ratio of 0.7866x provided for in the merger applied to the closing price per share of Ventas common stock on February 25, 2011:

	NHP	Ventas
High	\$ 42.00	\$ 60.50
Low	\$ 34.00	\$ 46.00

J.P. Morgan compared the results for NHP to the results for Ventas. For each comparison, J.P. Morgan compared the highest equity value per share for NHP to the highest equity value per share for Ventas to derive the lowest exchange ratio implied by each pair of estimates. J.P. Morgan also compared the lowest equity value per share for NHP to the lowest equity value per share for Ventas to derive the highest exchange ratio implied by each pair of estimates. The implied exchange ratios resulting from this analysis, as compared to the exchange ratio of 0.7866x provided for in the merger, were:

	Exchange Ratio
<b>NHP to Ventas</b>	
Highest NHP equity value per share to highest Ventas equity value per share	0.694x
Lowest NHP equity value per share to lowest Ventas equity value per share	0.739x

### **Net Asset Value Analysis**

J.P. Morgan prepared a per share net asset value analysis for NHP using forward 12 months cash net operating income and asset and liability balances as of December 31, 2010, adjusted to include the full year impact of certain acquisitions by NHP in December 2010 and January 2011, as provided by NHP. J.P. Morgan applied a weighted average range of capitalization rates of 7.34% to 8.34% to the last quarter annualized cash net operating income, excluding net operating income from investments made late in the fourth quarter of 2010, for the portfolio to arrive at an aggregate value for the property portfolio at December 31, 2010. The capitalization rate range represented the weighted average capitalization rates provided by equity research analysts, weighted by NHP's corresponding net operating income contribution by property type. To this aggregate value amount, J.P. Morgan added the value of other tangible real estate and non-real estate assets, including certain acquisitions by NHP in December 2010 and January 2011 and mortgage loans. From gross asset value, J.P. Morgan deducted debt balances and other tangible liabilities. This analysis implied a net asset value per share of \$27.50 to \$32.00 per share.

J.P. Morgan prepared a per share net asset value analysis for Ventas using forward 12 months cash net operating income and asset and liability balances as of December 31, 2010, as provided in Ventas's public filings, adjusted to include the full-year impact of certain acquisitions, including Ventas's Atria Acquisition at its purchase price. J.P. Morgan applied a weighted average range of capitalization rates of 7.33% to 8.33% to the last quarter annualized cash net operating income for the portfolio to arrive at an aggregate value for the property portfolio at December 31, 2010. The capitalization rate range represented the weighted average capitalization rates provided by equity research analysts, weighted by

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Ventas's corresponding net operating income contribution by property type. To this aggregate value amount, J.P. Morgan added the value of other tangible real estate and non-real estate assets, including Ventas's Atria Acquisition and loan receivables. From gross asset value, J.P. Morgan deducted debt balances and other tangible liabilities. This analysis implied a net asset value per share of \$38.00 to \$43.50 per share. Synergies were not taken into account in the net asset value analysis.

The implied exchange ratios resulting from this analysis, as compared to the exchange ratio of 0.7866x provided for in the merger, were:

	Exchange Ratio
<b>NHP to Ventas</b>	
Highest NHP net asset value per share to highest Ventas net asset value per share	0.734x
Lowest NHP net asset value per share to lowest Ventas net asset value per share	0.721x
<b>Value Creation Analysis</b>	

**Intrinsic Value.** J.P. Morgan prepared a value creation analysis that compared the intrinsic equity value per share of Ventas common stock based on the dividend discount analysis to the pro forma combined company equity value per share. The pro forma combined company equity value per share was equal to: (1) (a) the mid-point intrinsic equity value of NHP, plus (b) the mid-point intrinsic equity value of Ventas, plus (c) the present value of expected synergies calculated by discounting the expected cash flows from NHP management's estimated \$24 million of synergies, growing at a rate equal to (i) NHP's budgeted growth rate for G&A expenses for 2012, (ii) a straight line decrease of such growth rate from the budgeted growth rate for 2013 to 2% in 2019, (iii) 2% for 2020, and (iv) 1.25% for a terminal period, by a discount rate of 10% based on the blended midpoint of discount rates utilized in the dividend discount analyses for Ventas and NHP, less (d) \$100 million of estimated costs to achieve such synergies and transaction-related expenses; divided by (2) pro forma diluted outstanding shares of common stock of the combined company. There can be no assurance that the synergies, estimated cost to achieve such synergies or estimated transaction-related expenses will not be substantially greater or less than the NHP management estimate described above. The value creation analysis at the exchange ratio of 0.7866x provided for in the merger yielded accretion to the holders of NHP common stock of 7.5%.

**Market Value.** J.P. Morgan prepared a value creation analysis that compared the closing share price of NHP's common stock on February 25, 2011 to the pro forma combined company equity value per share for the merger. The pro forma combined company equity value per share was equal to: (1) (a) the market equity value of NHP as of February 25, 2011, plus (b) the market equity value of Ventas as of February 25, 2011, plus (c) the value of expected synergies calculated by applying a blended FFO multiple of NHP and Ventas (based on market capitalization) of 17.1x to NHP management's estimate of \$24 million of synergies, less (d) \$100 million of estimated costs to achieve such synergies and transaction-related expenses; divided by (2) pro forma diluted outstanding shares of common stock of the combined company. There can be no assurance that the synergies, estimated cost to achieve such synergies or estimated transaction-related expenses will not be substantially greater or less than the NHP management estimate described above. The value creation analysis at the exchange ratio of 0.7866x provided for in the merger yielded accretion to the holders of NHP common stock of 12.3%.

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by J.P. Morgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses or focusing on information in

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tabular format, in each case, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above were merely utilized to create points of reference for analytical purposes and should not be taken to be the view of J.P. Morgan with respect to the actual value of NHP or Ventas. The order of analyses described does not represent the relative importance or weight given to those analyses by J.P. Morgan. In arriving at its opinion, J.P. Morgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, J.P. Morgan considered the totality of the factors and analyses performed in determining its opinion. Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by J.P. Morgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, J.P. Morgan's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. Except as otherwise noted, the foregoing quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before February 25, 2011, and is not necessarily indicative of current market conditions. J.P. Morgan's opinion and financial analyses was only one of the many factors considered by the NHP board of directors in its evaluation of the proposed merger and should not be viewed as determinative of the views of the NHP board of directors or management with respect to the proposed merger or the merger consideration. The consideration was determined through negotiation between NHP and Ventas.

As a part of its investment banking business, J.P. Morgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes. J.P. Morgan was selected on the basis of such experience and its familiarity with NHP to advise NHP in connection with the merger and to deliver a fairness opinion to the NHP board of directors addressing only the fairness from a financial point of view of the exchange ratio to the holders of shares of NHP common stock pursuant to the merger agreement as of the date of such opinion.

For services rendered in connection with the merger (including the delivery of its opinion), NHP has agreed to pay J.P. Morgan a fee of 0.47% of the total consideration in the merger, approximately \$[ ] million based on the market price of Ventas common stock as of [ ], 2011, \$7 million of which was payable upon the earlier of public announcement of a transaction or delivery by J.P. Morgan of its opinion, and the remainder of which is contingent upon the consummation of the merger. NHP took the existence of these contingent fees into account when considering the analyses, advice and opinion of its financial advisor. In addition, NHP has agreed to reimburse J.P. Morgan for certain expenses incurred in connection with its services, including the fees and disbursements of counsel, and has agreed to indemnify J.P. Morgan against certain liabilities, including liabilities arising under the federal securities laws.

During the two years preceding the date of its opinion, J.P. Morgan and its affiliates have had commercial and investment banking relationships with NHP and Ventas, for which J.P. Morgan and such affiliates have received customary compensation. Such services during such period have included executing open market repurchases by NHP of certain of its outstanding debt securities in May 2010. In addition, J.P. Morgan's commercial banking affiliate is an agent bank and a lender under outstanding credit facilities of NHP and a lender under outstanding credit facilities of Ventas and also provides treasury and cash management services to each of NHP and Ventas, for which it receives customary compensation or other financial benefits. J.P. Morgan's asset management affiliate also provides asset and wealth management services to NHP for customary compensation. In the ordinary course of their businesses, J.P. Morgan and its affiliates may actively trade the debt and equity securities of NHP or

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Ventas for their own accounts or for the accounts of customers and, accordingly, they may at any time hold long or short positions in such securities.

**Financial Interests of NHP's Directors and Executive Officers in the Merger**

NHP's directors and executive officers have financial interests in the merger that are different from, or in addition to, the interests of NHP stockholders generally. The NHP board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, in approving the merger agreement, and in recommending to NHP stockholders that the merger agreement be adopted and the merger and the other transactions contemplated by the merger agreement be approved.

***Stock Options***

In connection with the merger, each outstanding NHP stock option will become fully vested and exercisable as of the closing of the merger and will, in the discretion of Ventas, either (a) be exchanged for a cash payment based on the spread of the option (calculated using a formula based on a 10-day volume weighted average of Ventas's stock price) or (b) be assumed by Ventas based on the stock option's existing terms and conditions after taking into account its acceleration of vesting and exercisability and subject to adjustment for the exchange ratio, except that stock options granted to Mr. Pasquale in February 2011 will be assumed by Ventas and remain outstanding in accordance with their terms (as adjusted to reflect the exchange ratio). Pursuant to the terms of his employment agreement (described below), Mr. Pasquale's stock options (including stock options granted to him in February 2011) would become fully exercisable upon his resignation for any reason during the period six-months prior to and three years following the closing, and as such all of his unvested stock options have been included in the chart below. Assuming a merger completion date of [ ], 2011, the number of unvested stock options held by NHP's executive officers which will vest in connection with the merger is set forth in the table below. The NHP directors do not hold any outstanding NHP stock options.

Name	Number of Unvested Stock Options
Douglas M. Pasquale	[ ]
Abdo H. Khoury	[ ]
Donald D. Bradley	[ ]

***Restricted Stock Units***

In connection with the merger all NHP restricted stock units, including restricted stock units held by Mr. Pasquale which were granted pursuant to the terms of dividend equivalent rights associated with previously granted restricted stock units, will vest in full and be cashed out based on the exchange ratio, except that (i) restricted stock units granted to Mr. Pasquale in February 2011 will be assumed by Ventas and remain outstanding in accordance with their terms and (ii) restricted stock units granted to Messrs. Khoury and Bradley on April 23, 2007 will vest and be settled in accordance with their terms (in each case, as adjusted to reflect the exchange ratio). Pursuant to the terms of his employment agreement (described below), Mr. Pasquale would be entitled to full vesting and settlement of his restricted stock units (including restricted stock units granted to him in February 2011) upon his resignation for any reason during the period six-months prior to and three years following the closing, and as such all of his unvested restricted stock units have been included in the chart below. Messrs. Khoury and Bradley were granted restricted stock units on April 23, 2007, and additional restricted stock units were credited pursuant to the terms of associated dividend equivalent rights. The terms of such grants provide for the accelerated vesting of a portion of the units upon a change in control event, with the number of units so accelerated determined based on the year in which the change in control event occurs.

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Assuming a merger completion date of [ ], 2011 and that Mr. Pasquale resigns immediately following the merger, the number of unvested restricted stock units held by each of NHP's executive officers and directors which will vest in connection with the merger is set forth in the table below.

Name	Number of Unvested Restricted Stock Units
Douglas M. Pasquale	[ ]
R. Bruce Andrews	[ ]
Abdo H. Khoury	[ ]
Donald D. Bradley	[ ]
David R. Banks	[ ]
William K. Doyle	[ ]
Richard I. Gilchrist	[ ]
Robert D. Paulson	[ ]
Keith P. Russell	[ ]
Jeffrey L. Rush, M.D.	[ ]

### ***Performance Shares***

In connection with the merger, vesting of each grant of NHP performance shares will accelerate under the award agreements in respect of the shortened performance period ending as of the closing of the merger, and the shares earned in respect of such accelerated vesting will be converted into Ventas common stock, based on the exchange ratio. Assuming a merger completion date of [ ], 2011, the number of performance shares held by each of NHP's executive officers which are expected to vest in the merger is set forth in the table below. The NHP directors do not hold any outstanding NHP performance shares.

Name	Number of Unvested Performance Shares
Douglas M. Pasquale	[ ]
Abdo H. Khoury	[ ]
Donald D. Bradley	[ ]

### ***Employment Agreement with Mr. Pasquale***

NHP is party to an employment agreement with Mr. Pasquale which provides that in the event Mr. Pasquale's employment is terminated during the employment term either by NHP other than for "cause" or "disability" or by Mr. Pasquale for "good reason" (which includes resignation for any reason during the period six-months prior to and three years following a "change in control" of NHP) (as those terms are defined in the employment agreement), Mr. Pasquale will be entitled to severance pay that includes: (1) any accrued but unpaid base salary through the termination date; (2) a pro-rated portion of the annual bonus for the year of separation; (3) an amount equal to three times Mr. Pasquale's highest base salary during any of the last three full fiscal years prior to the termination date, payable in equal monthly installments over the three-year period following the termination date; (4) an amount equal to three times the average annual bonus earned by Mr. Pasquale over the last three full fiscal years prior to the termination date, payable in equal annual installments over the three-year period following the termination date; (5) for a period of three years following the termination date, continuation of all benefits in place as of the date of termination for Mr. Pasquale, with terms no less favorable, in the aggregate, than the most favorable of those provided to Mr. Pasquale during the year immediately preceding the termination date; (6) accelerated vesting of Mr. Pasquale's equity-based awards to the extent outstanding on the termination date and not otherwise vested; (7) any performance-based dividend equivalents on then-outstanding stock options for

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the three-year period following the termination date; (8) payment of any compensation previously deferred (including matching contributions and earnings) by Mr. Pasquale in accordance with the provisions of NHP's Deferred Compensation Plan; and (9) in the event that Mr. Pasquale's separation benefits (whether under his employment agreement or any other plan or arrangement) are subject to the excise tax imposed under Section 4999 of the Code, a gross-up payment so that the net amount of such payment (after taxes) he receives is sufficient to pay the excise tax due. If the employment of Mr. Pasquale was terminated immediately following the merger under circumstances giving rise to the right to receive the separation benefits, the approximate value of the payments and benefits to be provided under the employment agreement would be approximately as follows:

Executive	Cash Severance	Benefit Continuation	Dividend Equivalent Payment	Gross-Up	Total
Douglas M. Pasquale	[ ]	[ ]	[ ]	[ ]	[ ]

***Change in Control Agreements***

NHP is party to change in control agreements with each of Messrs. Khoury and Bradley which provide that, if within six months prior to or three years following a "change in control" of NHP the executive's employment is terminated by NHP without "cause" or by the executive for "good reason" (as those terms are defined in the change in control agreements), then the executive will be entitled to receive the following separation benefits: (1) an amount equal to three times the executive's highest annual base salary during any of the last three full fiscal years prior to separation, payable in equal monthly installments over the three-year period following separation; (2) an amount equal to three times the average annual bonus earned by the executive over the last three full fiscal years prior to separation, payable in equal annual installments over the three-year period following separation; (3) continued medical and life insurance benefits for three years following separation, on terms no less favorable in the aggregate than the most favorable of those provided to the executive during the year immediately preceding the separation; (4) accelerated vesting of all outstanding stock-based awards (except that, as described above, restricted stock units granted to Messrs. Khoury and Bradley on April 23, 2007 will vest and be settled in accordance with their terms); (5) performance-based dividend equivalents on outstanding stock options for the three-year period following separation; and (6) any compensation previously deferred by the executive in accordance with the provisions of the plan under which such compensation was deferred. If the executive's separation benefits (whether under the change in control agreement or any other plan or arrangement) are subject to the excise tax imposed under Section 4999 of the Code, the change in control agreements provide that NHP will make an additional payment to the executive so that the net amount of such payment (after taxes) received by the executive is sufficient to pay the excise tax due. The consummation of the merger will constitute a "change in control" for purposes of the change in control agreements. If the employment of Messrs. Khoury and Bradley was terminated immediately following the merger under circumstances giving rise to the right to receive the separation benefits, the approximate value of the payments and benefits to be provided under the change in control agreements would be approximately as follows:

Executive	Cash Severance	Welfare Benefit Continuation	Dividend Equivalent Payment	Gross-Up	Total
Abdo H. Khoury	[ ]	[ ]	[ ]	[ ]	[ ]
Donald D. Bradley	[ ]	[ ]	[ ]	[ ]	[ ]

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**Board of Directors and Management Following the Merger**

Ventas has agreed to take all necessary action to cause three members of NHP's current board of directors to be appointed to the Ventas board of directors, effective as of the closing of the merger. One of these persons will be NHP's Chairman, President and Chief Executive Officer, Douglas M. Pasquale. The other persons will be individuals who are acceptable to the Nominating and Corporate Governance Committee of Ventas. Those individuals have not yet been selected as of the date of this joint proxy statement/prospectus.

Ventas currently anticipates that all of the existing executive officers of Ventas will remain executive officers of Ventas following the merger. As of the date of this joint proxy statement/prospectus, Ventas has not finalized any arrangements with existing executive officers of NHP with respect to their employment by the combined company. If none of the existing executive officers of NHP remains employed by Ventas following the merger, it is anticipated that the associated severance costs would be approximately \$[ ] based on calculations made as of [ ], 2011. However, it is expected that Douglas M. Pasquale will serve as a senior advisor to Ventas to ensure an orderly transition.

**Accounting Treatment**

Ventas prepares its financial statements in accordance with GAAP. The merger will be accounted for by applying the acquisition method, which requires the identification of the acquirer, the determination of the acquisition date, the recognition and measurement, at fair value, of the identifiable assets acquired, liabilities assumed and any noncontrolling interest in the consolidated subsidiaries of the acquiree and recognition and measurement of goodwill or a gain from a bargain purchase. The accounting guidance for business combinations, referred to as ASC 805, provides that in a business combination involving the exchange of equity interests, the entity issuing the equity interests is usually the acquirer; however, all pertinent facts and circumstances must be considered, including the relative voting rights of the stockholders of the constituent companies in the combined entity, the composition of the board of directors and senior management of the combined company, the relative size of the company and the terms of the exchange of equity interests in the business combination, including payment of a premium.

Based on the fact that Ventas is the entity issuing the equity securities, that upon completion of the merger it is estimated that current Ventas stockholders will own approximately 65% of the combined company and former NHP stockholders will own approximately 35% of the combined company and that Ventas board members and senior management will represent the majority of the board and senior management of the combined company, and based on the terms of the merger, with NHP stockholders receiving a premium (as of the trading day immediately preceding the merger announcement) over the fair market value of their shares on such date, Ventas is considered the acquirer for accounting purposes. Therefore, Ventas will recognize and measure, at fair value, the identifiable assets acquired, liabilities assumed and any noncontrolling interests in the consolidated subsidiaries of NHP, and Ventas will recognize and measure goodwill and any gain from a bargain purchase, in each case, upon completion of the merger.

**Regulatory Approvals Required for the Merger**

Based upon applicable statutes and communications with state regulators, certain states where NHP tenants hold licenses from state health care facility licensing agencies will require notices in connection with the merger. Some states may require that updated information be filed concerning the ownership of the properties. One state will require the filing and approval of a certificate of need application. Another state could require an application that could trigger an inspection of three

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facilities. To date, we have no reason to believe that any required filing will be rejected or that any approvals will not be obtained in advance of the planned closing date.

**Litigation Relating to the Merger**

In the weeks following the announcement of the merger on February 28, 2011, purported stockholders of NHP filed seven lawsuits against NHP and its directors. Six of these lawsuits also named Ventas as a defendant and five named Needles Acquisition LLC as a defendant. The purported stockholder plaintiffs commenced these actions in two jurisdictions: the Superior Court of the State of California, Orange County, which we refer to as the California State Court; and the Circuit Court for Baltimore City, Maryland, which we refer to as the Maryland State Court. All of these actions were brought as putative class actions, and two also purport to assert derivative claims on behalf of NHP. All of these stockholder complaints allege that NHP's directors breached certain alleged duties to NHP's stockholders by approving the merger agreement, and certain complaints allege that NHP aided and abetted those breaches. Those complaints that name Ventas and Needles Acquisition LLC allege that Ventas and Needles Acquisition LLC aided and abetted the purported breaches of certain alleged duties by NHP's directors. All of the complaints request an injunction of the merger. Certain of the complaints also seek damages.

In the California State Court, the following actions were filed purportedly on behalf of NHP stockholders: on February 28, 2011, a putative class action entitled *Palma v. Nationwide Health Properties, Inc., et al.*; on March 3, 2011, a putative class action entitled *Barker v. Nationwide Health Properties, Inc., et al.*; and on March 3, 2011, a putative class action entitled *Davis v. Nationwide Health Properties, Inc., et al.*, which was subsequently amended on March 11, 2011 under the caption *Davids v. Nationwide Health Properties, Inc., et al.* Each action names NHP and members of the NHP board of directors as defendants. The *Barker* and *Davids* actions also name Ventas as a defendant, and the *Davids* action names Needles Acquisition LLC as a defendant. Each complaint alleges, among other things, that NHP's directors breached certain alleged duties by approving the merger agreement between NHP and Ventas because the proposed transaction purportedly fails to maximize stockholder value and provides the directors personal benefits not shared by NHP stockholders. The *Palma* and *Davids* actions allege that NHP aided and abetted those purported breaches; the *Barker* and *Davids* actions allege that Ventas aided and abetted those purported breaches; and the *Davids* action alleges that Needles Acquisition LLC aided and abetted those purported breaches. Along with other relief, the complaints seek an injunction against the closing of the proposed merger. On March 22, 2011, the parties to the *Palma*, *Barker*, and *Davids* actions signed a Stipulation and Proposed Order on Consolidation of Related Actions providing for consolidation of all three actions. On April 4, 2011, the defendants in all three actions demurred and moved to stay the proceedings in favor of parallel litigation pending in the Maryland State Court.

In the Maryland State Court, the following actions were filed purportedly on behalf of NHP stockholders: on March 7, 2011, a putative class action entitled *Crowley v. Nationwide Health Properties, Inc., et al.*; on March 10, 2011, a putative class action entitled *Taylor v. Nationwide Health Properties, Inc., et al.*; on March 17, 2011, a putative class action entitled *Haughey Family Trust v. Pasquale, et al.*; and on March 31, 2011, a putative class action entitled *Rappaport v. Pasquale, et al.* All four actions name NHP, its directors, Ventas and Needles Acquisition LLC as defendants. All four actions allege, among other things, that NHP's directors breached certain alleged duties by approving the merger agreement between NHP and Ventas because the proposed transaction purportedly fails to maximize stockholder value and provides certain directors personal benefits not shared by NHP stockholders. The *Haughey* and *Rappaport* actions allege that NHP, Ventas and Needles Acquisition LLC aided and abetted those purported breaches; the *Crowley* action alleges that NHP and Ventas aided and abetted those purported breaches, and the *Taylor* action alleges that Ventas and Needles Acquisition LLC aided and abetted those purported breaches. In addition to asserting direct



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claims on behalf of a putative class of NHP shareholders, the *Haughey* and *Rappaport* actions purport to bring derivative claims on behalf of NHP, asserting breaches of certain alleged duties by NHP's directors in connection with their approval of the proposed transaction. All four actions seek to enjoin the proposed merger, and the *Taylor* action seeks damages.

On March 30, 2011, pursuant to stipulation of the parties, the Maryland State Court entered an order consolidating the Crowley, Taylor and Haughey actions. On April 1, 2011, pursuant to stipulation of the parties, the Maryland State Court entered an order: (i) certifying a class of NHP shareholders; and (ii) providing for the plaintiffs to file a consolidated amended complaint.

NHP, its directors, Ventas and Needles Acquisition LLC believe that each of these actions is without merit.

**Exchange of Shares in the Merger**

At or prior to the effective time of the merger, Ventas will appoint an exchange agent to handle the exchange of shares of NHP common stock for shares of Ventas common stock. As promptly as practicable after the effective time of the merger, the exchange agent will send to each holder of record of NHP common stock at the effective time of the merger who holds shares of NHP common stock in certificated form a letter of transmittal and instructions for effecting the exchange of NHP common stock certificates for the merger consideration the holder is entitled to receive under the merger agreement. Upon surrender of stock certificates for cancellation along with the executed letter of transmittal and other documents described in the instructions, an NHP stockholder will receive any whole shares of Ventas common stock such holder is entitled to receive and cash in lieu of any fractional shares of Ventas common stock such holder is entitled to receive. After the effective time of the merger, NHP will not register any transfers of shares of NHP common stock.

Upon completion of the merger, shares of NHP common stock held in book-entry form will be automatically converted into whole shares of Ventas common stock in book-entry form and the exchange agent will deliver to holders of book-entry shares cash in lieu of any fractional shares of Ventas common stock such holder is entitled to receive.

Ventas stockholders need not take any action with respect to their stock certificates or book-entry shares.

**Dividends**

Each company plans to continue its current dividend policy until the closing of the merger. Ventas currently pays an annualized dividend equating to \$2.30 per share and NHP currently pays an annualized dividend equating to \$1.92 per share. Following the closing of the merger, Ventas expects to continue its current dividend policy for stockholders of the combined company, subject to the discretion of the Ventas board of directors, which reserves the right to change Ventas's dividend policy at any time and for any reason. See "Risk Factors Risk Factors Relating to Ventas Following the Merger Ventas cannot assure you that it will be able to continue paying dividends at the current rate" on page 20. NHP and Ventas have each agreed to declare a prorated dividend to their respective stockholders for the period between the record date of their last dividend and the closing, at the same rate as their respective dividends for the prior period. The record and payment date for the pro rata dividend will be the close of business on the last business day prior to the effective time of the merger. For additional information on the treatment of dividends under the merger agreement, see "The Merger The Merger Agreement Covenants and Agreements Dividends" on page 87.

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**Listing of Ventas Common Stock**

It is a condition to the completion of the merger that the shares of Ventas common stock issuable in connection with the merger be approved for listing on the NYSE, subject to official notice of issuance.

**De-Listing and Deregistration of NHP Common Stock**

After the merger is completed, the NHP common stock currently listed on the NYSE will cease to be listed on the NYSE and will be deregistered under the Exchange Act.

**Arrangements Between Ventas and NHP Prior to the Merger**

Atria, which has agreed to sell to Ventas substantially all of its real estate assets, is a party to confidentiality agreements, lease agreements and other commercial arrangements with NHP. Neither Ventas nor NHP views any of these arrangements as material to Ventas or NHP.

**No Appraisal Rights**

Under Section 3-202 of Maryland law, holders of NHP common stock may not exercise the rights of objecting stockholders to receive the fair value of their shares in connection with the merger because the shares of NHP are listed on the NYSE.

Under Section 262 of Delaware law, the holders of Ventas common stock are not entitled to appraisal rights in connection with the merger or the matters to be voted upon at the Ventas special meeting.

**Certain Ventas Financial Information**

Ventas does not, as a matter of course, make public internal prospective financial analysis and information due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, in connection with the evaluation of the merger, Ventas provided the NHP board of directors and management and J.P. Morgan with hypothetical, unaudited financial information for Ventas for fiscal years 2011 through 2013, which we refer to as the Ventas case. The Ventas case is speculative by its nature and is based on numerous assumptions, including with regard to the volume of, and returns on, acquisitions, borrowing costs and cost of equity, which are inherently uncertain and beyond the knowledge and control of Ventas management. Ventas has included below a summary of the Ventas case to give Ventas stockholders and NHP stockholders access to certain non-public information that was furnished to third parties. A subset of this information not reflecting the impact of future acquisition activity was also made available to the Ventas board of directors and Centerview Partners in connection with their evaluation of the merger.

The inclusion of the Ventas case should not be regarded as an indication that any of Ventas, NHP, Centerview Partners, J.P. Morgan or any other recipient of this information considered, or now considers, it to be predictive of actual future results. The Ventas case is subjective in many respects and there can be no assurance that the results indicated will be realized or that actual results will not be significantly higher or lower than estimated. Since the Ventas case covers multiple years, such information by its nature becomes less predictive with each successive year.

Ventas stockholders and NHP stockholders are urged to review Ventas's SEC filings for a description of risk factors with respect to Ventas's business. See "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 23 and "Where You Can Find More Information" beginning on page 131. The Ventas case was not prepared with a view toward public disclosure, nor was it prepared with a view toward compliance with published guidelines of the SEC, the guidelines

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established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information, or GAAP.

Neither Ernst & Young LLP nor any other independent accountants, have compiled, examined or performed any procedures with respect to the the Ventas case, nor have they expressed any opinion or any other form of assurance on such information or its achievability. The report of Ernst & Young LLP contained in Ventas's Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated by reference into this joint proxy statement/prospectus, relates to Ventas's historical financial information. It does not extend to the Ventas case and should not be read to do so. Furthermore, the Ventas case does not take into account any circumstances or events occurring after the date it was prepared.

The following table presents a summary of the Ventas case:

	2011	2012	2013
	(In thousands)		
Revenues	\$ 1,604,571	\$ 1,917,624	\$ 2,083,928
Normalized EBIT (Excluding Gains and Losses)	526,222	620,975	716,347
Net Income Attributable to Common Stockholders	197,936	428,753	397,711
Normalized FFO	588,003	694,245	777,132
Normalized FAD	552,466	657,929	744,496

Normalized FFO is a non-GAAP financial measure that Ventas defines as net income, computed in accordance with GAAP, excluding gains or losses from sales of real estate property, plus real estate depreciation and amortization expenses and after adjustments for unconsolidated partnerships and joint ventures, and excluding certain income and expense items (which may be recurring in nature). Normalized FAD is a non-GAAP financial measure that Ventas defines as normalized FFO excluding straight-line rental adjustments and routine capital expenditures.

The inclusion of the above information in this joint proxy statement/prospectus should not be regarded as an indication that Ventas, NHP, Centerview Partners or J.P. Morgan, or their respective officers, directors and other affiliates consider such information to be an accurate prediction of future events or necessarily achievable. The estimates and assumptions underlying the Ventas case involve judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions that may not be realized and that are inherently speculative and subject to significant business, economic, competitive and regulatory uncertainties and contingencies, including, among others, the risks and uncertainties described under "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" beginning on pages 16 and 23, respectively, and in Ventas's Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated by reference into this joint proxy statement/prospectus. All of these uncertainties and contingencies are difficult to predict and many of them are beyond the control of Ventas and/or NHP and will be beyond the control of the combined company. There can be no assurance that the underlying assumptions will prove to be accurate or that the estimated results will be realized, and actual results likely will differ, and may differ materially, from those reflected in the Ventas case, whether or not the merger is completed. None of Ventas, NHP, Centerview Partners or J.P. Morgan or their respective officers, directors and other affiliates has made any representations regarding the Ventas case.

In addition, although presented with numerical specificity, the above information reflects numerous assumptions and estimates as to future events made by Ventas management that Ventas management believed were reasonable at the time the Ventas case was prepared, but which may not accurately predict future events. The above information does not give effect to the merger. Ventas stockholders and NHP stockholders are urged to review Ventas's most recent SEC filings for a description of Ventas's results of operations and financial condition and capital resources during 2010, including

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"Management's Discussion and Analysis of Financial Condition and Results of Operations" in Ventas's Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 131 of this joint proxy statement/prospectus.

Readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on the information set forth above. No representation is made by Ventas, NHP or any other person to any Ventas stockholder or any NHP stockholder regarding the ultimate performance of Ventas compared to the information included in the Ventas case. The inclusion of the Ventas case in this joint proxy statement/prospectus should not be regarded as an indication that such information will be an accurate prediction of future events, and the information should not be relied on as such.

**VENTAS DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE ABOVE INFORMATION TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE WHEN MADE OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING SUCH INFORMATION ARE NO LONGER APPROPRIATE, EXCEPT AS MAY BE REQUIRED BY APPLICABLE LAW.**

**Certain NHP Financial Information**

NHP does not as a matter of course make public long-term projections as to future revenues, earnings or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, NHP is including these projections that were made available to the NHP board of directors, the Ventas board of directors and management, J.P. Morgan and/or Centerview Partners in connection with the evaluation of the merger. The inclusion of this information should not be regarded as an indication that any of NHP, Ventas, J.P. Morgan, Centerview Partners or any other recipient of this information considered, or now considers, it to be predictive of actual future results.

The projections are subjective in many respects. As a result, there can be no assurance that the prospective results will be realized or that actual results will not be significantly higher or lower than estimated. Since the projections cover multiple years, such information by its nature becomes less predictive with each successive year. NHP stockholders and Ventas stockholders are urged to review the SEC filings of NHP for a description of risk factors with respect to the business of NHP. See "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 23 and "Where You Can Find More Information" beginning on page 131. The projections were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information, or GAAP.

Neither Ernst & Young LLP nor any other independent accountants have compiled, examined, or performed any audit or other procedures with respect to the projections contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability. The report of Ernst & Young LLP contained in NHP's Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated by reference into this joint proxy statement/prospectus, relates to the historical financial information of NHP. It does not extend to the projections and should not be read to do so. Furthermore, the projections do not take into account any circumstances or events occurring after the respective dates on which they were prepared.

In November 2010, NHP's management prepared projections for NHP's internal use, which were provided during the course of Ventas's due diligence process to Ventas, Centerview Partners and J.P. Morgan. The November 2010 projections set forth below were not used by J.P. Morgan in

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connection with the preparation of J.P. Morgan's fairness opinion. The following table presents selected unaudited prospective financial information for the fiscal years ending 2011 through 2013:

	<b>Forecast for Fiscal Year Ending December 31,</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>(In thousands)</b>		
Revenue	\$ 526,558	\$ 682,659	\$ 869,543
Income from Continuing Operations	176,756	243,490	306,872
Net Income Attributable to NHP Common Stockholders	191,665	254,701	322,150
Adjusted Diluted FFO	343,199	421,400	518,775
Adjusted Diluted FAD	342,463	418,971	513,683

In February 2011, NHP's management updated their November 2010 projections to reflect current information and assumptions. In updating the projections, NHP's management assumed different market conditions, including higher interest rates, and a lower rent amount from Hearthstone. These projections were provided to J.P. Morgan and used by J.P. Morgan in connection with the preparation of its fairness opinion. These projections were not provided to Ventas or Centerview Partners because they relied on a financial model that Ventas had prepared based on the November 2010 projections, and both Ventas and Centerview were aware of the factors that caused NHP management to update their projections. The following table presents revised selected unaudited prospective financial information for the fiscal years ending 2011 through 2013 that was prepared in February 2011:

	<b>Forecast for Fiscal Year Ending December 31,</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>(In thousands)</b>		
Revenue	\$ 526,891	\$ 676,440	\$ 858,836
Income from Continuing Operations	170,128	238,004	300,629
Net Income Attributable to NHP Common Stockholders	190,366	264,663	337,690
Adjusted Diluted FFO	338,784	416,055	512,621
Adjusted Diluted FAD	332,554	414,376	508,946

Adjusted Diluted FFO and Adjusted Diluted FAD are non-GAAP measures that NHP believes are important to understanding NHP's operations. NHP believes Adjusted Diluted FFO is an important supplemental measure of operating performance because it excludes the effects of depreciation and amortization and gains (losses) from sales of facilities (both of which are based on historical costs and which may be of limited relevance in evaluating current performance). NHP believes Adjusted Diluted FAD is an important supplemental measure of operating performance because, in addition to the items excluded in calculating Adjusted Diluted FFO, it excludes straight-lined rent and other non-cash items that have become more significant for NHP and NHP's competitors over the last several years. Adjusted Diluted FFO and Adjusted Diluted FAD also exclude acquisition costs, which is dependent on acquisitions made and can fluctuate significantly from period to period. NHP believes that net income is the most directly comparable GAAP measure to Adjusted Diluted FFO and Adjusted Diluted FAD.

In preparing the foregoing projections, NHP made a number of assumptions and estimates regarding, among other things, future interest rates, NHP's future stock price, the level of future investments by NHP and the yield to be achieved on such investments, financing of future investments, including leverage ratios, future property sales by NHP, future mortgage and receivable loan payoffs to NHP, the ability to refinance certain of NHP's outstanding secured and unsecured debt and the terms of any such refinancing, and future lease renewals, purchase option exercises, capital expenditures and dividend rates. NHP management believed these assumptions and estimates were reasonable at the time the projections were prepared, but these assumptions and estimates may not be realized and are

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inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies, including, among others, the risks and uncertainties described under "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" beginning on pages 16 and 23, respectively, and in NHP's Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated by reference into this joint proxy statement/prospectus. All of these uncertainties and contingencies are difficult to predict and many are beyond the control of NHP and/or Ventas and will be beyond the control of the combined company.

Readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on the projections set forth above. The inclusion of the above projections in this joint proxy statement/prospectus should not be regarded as an indication that NHP, Ventas, J.P. Morgan, Centerview Partners or their respective officers, directors and other affiliates consider such information to be an accurate prediction of future events or necessarily achievable. There can be no assurance that the underlying assumptions will prove to be accurate or that the projected results will be realized, and actual results likely will differ, and may differ materially, from those reflected in the projections, whether or not the merger is completed. In addition, the above projections do not give effect to the merger. None of NHP, Ventas, J.P. Morgan, Centerview Partners or their respective officers, directors and other affiliates has made any representations regarding the performance of NHP compared to the information included in the above projections.

NHP stockholders and Ventas stockholders are urged to review NHP's most recent SEC filings for a description of NHP's results of operations and financial condition and capital resources during 2010, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in NHP's Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 131.

**NHP DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE ABOVE PROJECTIONS TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE WHEN MADE OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING SUCH PROJECTIONS ARE NO LONGER APPROPRIATE, EXCEPT AS MAY BE REQUIRED BY APPLICABLE LAW.**

**The Merger Agreement**

*The following is a summary of the material terms and conditions of the merger agreement. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. This summary is qualified in its entirety by reference to the merger agreement, a copy of which is attached as Annex A to, and incorporated by reference into, this joint proxy statement/prospectus. The rights and obligations of the parties are governed by the express terms and conditions of the merger agreement and not by this summary or any other information contained in this joint proxy statement/prospectus. You are urged to read the merger agreement carefully and in its entirety before making any decisions regarding the merger.*

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***Explanatory Note Regarding the Merger Agreement and the Summary of the Merger Agreement: Representations, Warranties and Covenants in the Merger Agreement Are Not Intended to Function as Public Disclosures***

*The merger agreement and the summary of its terms in this joint proxy statement/prospectus have been included only to provide you with information about the terms and conditions of the merger agreement. The terms and information in the merger agreement are not intended to provide any other public disclosure of factual information about Ventas, NHP or any of their respective subsidiaries, affiliates or businesses. The representations, warranties and covenants contained in the merger agreement are made by Ventas, NHP and Needles Acquisition LLC only for purposes of the merger agreement and as of specific dates and were qualified and subject to certain limitations and exceptions agreed to by Ventas, NHP and Needles Acquisition LLC in connection with negotiating the terms of the merger agreement. In particular, in your review of the representations and warranties contained in the merger agreement and described in this summary, it is important to bear in mind that the representations and warranties were made solely for the benefit of the parties to the merger agreement and were negotiated for the purpose of allocating contractual risk among the partiespx;">*

14,479

64,183

1,667

Capitalized interest

(208,595

)

(140,168

)

(4,469

)

\$

152,868

\$

69,431

\$

16,544

***10. Derivative Instruments***

*The holders' exchange rights contained in the Exchangeable Notes issued in December 2010 constitute embedded derivative instruments that are required to be accounted for separately from the debt host instrument at fair value. As a result, upon the issuance of the Exchangeable Notes, we recognized exchange options, which we refer to as Exchange Options, with an estimated fair value of \$231.5 million as a derivative liability. The Exchange Options are indexed to Class A Common Stock, have a notional amount of 103.0 million shares and mature in 2040. We do not apply hedge accounting to the Exchange Options. Therefore, gains and losses due to changes in fair value are reported in our consolidated statements of operations. At December 31, 2010, the Exchange Options' estimated fair value of \$167.9 million was reported in other current liabilities on our consolidated balance sheet. For the year ended December 31, 2010, we recognized a gain of \$63.6 million from the changes in the estimated fair value since inception in gain (loss) on derivative instruments in our consolidated statements of operations. See Note 11, Fair Value, for information regarding valuation of the Exchange Options.*

*During 2009, we had two interest rate swap contracts which were based on 3-month LIBOR with a combined notional of \$600.0 million. We used these swaps as economic hedges of the interest rate risk related to a portion of our long-term debt. The interest rate swaps were used to reduce the variability of future interest payments on our LIBOR based debt. We were not holding these interest rate swap contracts for trading or speculative purposes. We did not apply hedge accounting to these swaps, therefore the gains and losses due to changes in fair value were reported in other income (expense), net in our consolidated statements of operations.*

*For the year ended December 31, 2009, we recognized a net loss of \$7.0 million on undesignated swap contracts. During the fourth quarter of 2009, we terminated the swap contracts and paid the swap counterparties \$18.4 million which consisted of \$14.7 million mark to market losses and \$3.7 million accrued interest.*





## 11. Fair Value

The following is a description of the valuation methodologies and pricing assumptions we used for financial instruments measured and recorded at fair value on a recurring basis in our financial statements and the classification of such instruments pursuant to the valuation hierarchy.

### Cash Equivalents and Investments

Where quoted prices for identical securities are available in an active market, we use quoted market prices to determine the fair value of investment securities and cash equivalents, and they are classified in Level 1 of the valuation hierarchy. Level 1 securities include U.S. Government and Agency Issues and money market mutual funds for which there are quoted prices in active markets.

For other debt securities which are classified in Level 3, we use discounted cash flow models to estimate the fair value using various methods including the market and income approaches. In developing these models, we utilize certain assumptions that market participants would use in pricing the investment, including assumptions about risk and the risks inherent in the inputs to the valuation technique. We maximize the use of observable inputs in the pricing models where quoted market prices from securities and derivatives exchanges are available and reliable. We also use certain unobservable inputs that cannot be validated by reference to a readily observable market or exchange data and rely, to a certain extent, on management's own assumptions about the assumptions that market participants would use in pricing the security. We use many factors that are necessary to estimate market values, including interest rates, market risks, market spreads, timing of contractual cash flows, market liquidity, review of underlying collateral and principal, interest and dividend payments.

### Derivatives

Derivatives are classified in Level 3 of the valuation hierarchy. To estimate the fair value, we use an income approach based on valuation models, including option pricing models and discounted cash flow models. We maximize the use of market-based observable inputs in the models and develop our own assumptions for unobservable inputs based on management estimates of market participants' assumptions in pricing the instruments.

We use a trinomial option pricing model to estimate the fair value of the Exchange Options. The inputs include the contractual terms of the instrument and market-based parameters such as interest rate forward curves, stock price and dividend yield. A level of subjectivity is applied to estimate our stock price volatility. The stock price volatility is based on our historical stock price volatility giving consideration to our estimates of market participant adjustments for general market conditions as well as company-specific factors such as market trading volume and our expected future performance.

The following table summarizes our financial assets and liabilities by level within the valuation hierarchy at December 31, 2010 (in thousands):

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Financial assets:				
Cash and cash equivalents	\$1,230,242	\$ —	\$ —	\$1,230,242
Short-term investments	\$502,316	\$ —	\$ —	\$502,316

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Long-term investments	\$—	\$ —	\$ 15,251	\$15,251
Other assets — derivative assets	\$—	\$ —	\$ 292	\$292
Financial liabilities:				
Other current liabilities — derivative liabilities	\$—	\$ —	\$ (167,892 )	\$(167,892 )

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The following table summarizes our financial assets and liabilities by level within the valuation hierarchy at December 31, 2009 (in thousands):

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Financial assets:				
Cash and cash equivalents	\$1,690,552	\$ —	\$ —	\$1,690,552
Short-term investments	\$2,106,661	\$ —	\$ —	\$2,106,661
Long-term investments	\$74,516	\$ —	\$ 13,171	\$87,687

The following table presents the change in Level 3 financial assets and liabilities measured on a recurring basis for the year ended December 31, 2010 (in thousands):

	January 1, 2010	Acquisitions, Issuances and Settlements	Net Unrealized Gains (Losses) Included in Earnings	Net Unrealized Gains (Losses) Included in Accumulated Other Comprehensive Income	December 31, 2010	Net Unrealized Gains (Losses) Included in 2010 Earnings Relating to Instruments Held at December 31, 2010
Long-term investments:						
Other debt securities	\$13,171	\$ —	\$ —	\$ 2,080	\$15,251	\$ —
Other assets:						
Derivatives	—	648	(356)(1)	—	292	(356 )
Other current liabilities:						
Derivatives	—	(231,503 )	63,611(1)	—	(167,892 )	63,611

(1) Included in Gain (loss) on derivative instruments in the consolidated statements of operations.

The following table presents the change in Level 3 financial assets and liabilities measured on a recurring basis for the year ended December 31, 2009 (in thousands):

	January 1, 2009	Acquisitions, Issuances and Settlements	Net Unrealized Gains (Losses) Included in Earnings	Net Unrealized Gains (Losses) Included in Accumulated Other Comprehensive Income	December 31, 2009	Net Unrealized Gains (Losses) Included in 2009 Earnings Relating to Instruments Held at December 31, 2009
Long-term investments:						
Other debt securities	\$18,974	\$ —	\$(10,015 )	(1) \$ 4,212	\$ 13,171	\$(10,015 )
Other current liabilities:						
Derivatives	(21,591 )	14,652	6,939	(2) —	—	—

- (1) Included in Other income (expense), net in the consolidated statements of operations.
- (2) Included in Gain (loss) on derivative instruments in the consolidated statements of operations.

During the year ended December 31, 2010, we recognized losses of \$10.8 million on nonrecurring fair value measurements, which were categorized as Level 3 measurements, on certain assets held and used by international subsidiaries. These losses were included in Net loss from discontinued operations, see Note 20, Discontinued Operations. We no longer hold these assets at December 31, 2010.

The following is the description of the fair value for financial instruments we hold that are not subject to fair value recognition.

## Debt Instruments

To estimate the fair value of the Senior Secured Notes and Rollover Notes, the Second-Priority Secured Notes and the Exchangeable Notes, we used the average indicative price from several market makers.

To estimate the fair value of the Vendor Financing Notes, we used an income approach based on the contractual terms of the notes and market-based parameters such as interest rates. A level of subjectivity and judgment was used to estimate an appropriate discount rate to calculate the present value of the estimated cashflows.

The following table presents the carrying value and the approximate fair value of our outstanding debt instruments at December 31, 2010 and 2009 (in thousands):

	December 31, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Notes:				
Senior Secured Notes and Rollover Notes	\$2,905,107	\$3,180,662	\$2,714,731	\$2,810,616
Second-Priority Secured Notes	\$500,000	\$520,833		
Exchangeable Notes(1)	\$499,129	\$746,107		
Vendor Financing Notes	\$59,987	\$60,793		

(1) Carrying value as of December 31, 2010 is net of \$230.1 million discount arising from the separation of the Exchange Options from the debt host instrument.

## 12. Commitments and Contingencies

Future minimum payments under obligations for our continuing operations listed below (including all optional expected renewal periods on operating leases) as of December 31, 2010, are as follows (in thousands):

	Total	2011	2012	2013	2014	2015	Thereafter, including all renewal periods
Long-term debt obligations	\$4,236,995	\$15,062	\$20,084	\$20,084	\$5,021	\$2,947,494	\$1,229,250
Interest payments	3,997,363	474,514	476,077	474,895	473,937	473,862	1,624,078
Operating lease obligations(1)	13,601,360	385,999	435,759	443,715	450,156	461,108	11,424,623
Spectrum lease obligations	5,950,009	156,579	163,057	162,037	170,480	165,151	5,132,705
Spectrum service credits	107,682	1,130	1,130	1,130	1,130	1,130	102,032
Capital lease obligations(2)	126,297	12,450	12,731	13,022	13,996	11,538	62,560
Signed spectrum agreements	9,925	9,925	—	—	—	—	—
Network equipment purchase obligations	40,222	40,222	—	—	—	—	—
Other purchase obligations	181,800	67,010	49,660	28,880	10,000	10,000	16,250
Total	\$28,251,653	\$1,162,891	\$1,158,498	\$1,143,763	\$1,124,720	\$4,070,283	\$19,591,498

(1) Includes executory costs of \$36.2 million.

(2) Payments include \$54.1 million representing interest.

Spectrum and operating lease obligations — Our commitments for non-cancelable operating leases consist mainly of leased spectrum license fees, office space, equipment, and leased sites, including towers and rooftop locations. Certain

of the leases provide for minimum lease payments, additional charges and escalation clauses. Certain of the tower leases specify a minimum number of new leases to commence by December 31, 2011. Charges apply if these commitments are not satisfied. Leased spectrum agreements have terms of up to 30 years. Operating leases generally have initial terms of five years with multiple renewal options for additional five-year terms totaling between 20 and 25 years.

Expense recorded related to spectrum and operating leases of continued operations was as follows (in thousands):

	Year Ended December 31,		
	2010	2009	2008
Spectrum lease expense	\$222,560	\$201,461	\$72,923
Amortization of prepaid spectrum licenses	57,433	57,898	17,109
Total spectrum lease expense	\$279,993	\$259,359	\$90,032
Operating lease expense	\$473,410	\$235,079	\$50,482

Other spectrum commitments — We have commitments to provide Clearwire services to certain lessors in launched markets, and reimbursement of capital equipment and third-party service expenditures of the lessors over the term of the lease. We accrue a monthly obligation for the services and equipment based on the total estimated available service credits divided by the term of the lease. The obligation is reduced as actual invoices are presented and paid to the lessors. During the years ended December 31, 2010, 2009 and 2008 we satisfied \$987,000, \$779,000 and \$76,000, respectively, related to these commitments. The maximum remaining commitment at December 31, 2010 is \$107.7 million and is expected to be incurred over the term of the related lease agreements, which generally range from 15-30 years.

As of December 31, 2010, we have signed agreements to acquire approximately \$9.9 million in new spectrum, subject to closing conditions. These transactions are expected to be completed within the next twelve months.

Network equipment purchase obligations — We have purchase commitments with take-or-pay obligations and/or volume commitments for equipment that are non-cancelable and outstanding purchase orders for network equipment for which we believe delivery is likely to occur.

Other purchase obligations — We have purchase obligations that include minimum purchases we have committed to purchase from suppliers over time and/or unconditional purchase obligations where we guarantee to make a minimum payment to suppliers for goods and services regardless of whether suppliers fully deliver them. They include, among other things, agreements for backhaul, subscriber devices and IT related and other services. In addition, we are party to various arrangements that are conditional in nature and create an obligation to make payments only upon the occurrence of certain events, such as the actual delivery and acceptance of products or services. Because it is not possible to predict the timing or amounts that may be due under these conditional arrangements, no such amounts have been included in the table above. The table above also excludes blanket purchase order amounts where the orders are subject to cancellation or termination at our discretion or where the quantity of goods or services to be purchased or the payment terms are unknown because such purchase orders are not firm commitments.

AMDOCS Agreement — On March 31, 2009, we entered into a Customer Care and Billing Services Agreement, as amended, which we refer to as the Amdocs Agreement, with Amdocs Software Systems Limited, which we refer to as Amdocs, under which Amdocs will provide a customized customer care and billing platform, which we refer to as the Platform, to us. In connection with the provision of these services and the establishment of the Platform, Amdocs will also license certain of its software to us.

The initial term of the Amdocs Agreement is seven years. Under the terms of the Amdocs Agreement, we are required to pay Amdocs licensing fees, implementation fees, monthly subscriber fees, and reimbursable expenses. In addition, the Amdocs Agreement contains detailed terms governing implementation and maintenance of the Platform; performance specifications; acceptance testing; charges, credits and payments; and warranties.

Legal proceedings — As more fully described below, we are involved in a variety of lawsuits, claims, investigations and proceedings concerning intellectual property, business practices, commercial and other matters. We determine whether we should accrue an estimated loss for a contingency in a particular legal proceeding by assessing whether a loss is deemed probable and can be reasonably estimated. We reassess our views on estimated losses on a quarterly

basis to reflect the impact of any developments in the matters in which we are involved. Legal proceedings are inherently unpredictable, and the matters in which we are involved often present complex legal and factual issues. We vigorously pursue defenses in legal proceedings and engage in discussions where possible to resolve these matters on terms favorable to us. It is possible, however, that our business, financial condition and results of operations in future periods could be materially and adversely affected by increased litigation expense, significant settlement costs and/or unfavorable damage awards.



On April 22, 2009, a purported class action lawsuit was filed against Clearwire U.S. LLC in Superior Court in King County, Washington by a group of five plaintiffs from Hawaii, Minnesota, North Carolina and Washington (Chad Minnick, et al.). The lawsuit generally alleges that we disseminated false advertising about the quality and reliability of our services; imposed an unlawful early termination fee, which we refer to as ETF; and invoked unconscionable provisions of our Terms of Service to the detriment of subscribers. Among other things, the lawsuit seeks a determination that the alleged claims may be asserted on a class-wide basis; an order declaring certain provisions of our Terms of Service, including the ETF provision, void and unenforceable; an injunction prohibiting us from collecting ETFs and further false advertising; restitution of any early termination fees paid by our subscribers; equitable relief; and an award of unspecified damages and attorneys' fees. On May 27, 2009, an amended complaint was filed and served, adding seven additional plaintiffs, including individuals from New Mexico, Virginia and Wisconsin. On June 2, 2009, plaintiffs served the amended complaint. We removed the action to the United States District Court for the Western District of Washington. On July 23, 2009, we filed a motion to dismiss the amended complaint. The Court stayed discovery pending its ruling on the motion. The Court granted our motion to dismiss in its entirety on February 2, 2010. Plaintiffs filed a notice of appeal to the Ninth Circuit Court of Appeals. Oral argument before the Ninth Circuit Court of Appeals took place on November 3, 2010. The Court has not yet ruled on the appeal. This case is in the early stages of litigation, its outcome is unknown and an estimate of any potential loss cannot be made at this time.

On September 1, 2009, we were served with a purported class action lawsuit filed in King County Superior Court, brought by representative plaintiff Rosa Kwan. The complaint alleges we placed unlawful telephone calls using automatic dialing and announcing devices and engaged in unlawful collection practices. It seeks declaratory, injunctive, and/or equitable relief and actual and statutory damages under federal and state law. On October 1, 2009, we removed the case to the United States District Court for the Western District of Washington. On October 22, 2009, the Court issued a stipulated order granting plaintiff until October 29, 2009 to file an Amended Complaint. The parties further stipulated to allow a Second Amended Complaint, which plaintiffs filed on December 23, 2009. We then filed a motion to dismiss that was fully briefed on January 15, 2010. On February 22, 2010 the Court granted our motion to dismiss in part, dismissing certain claims with prejudice and granting plaintiff leave to further amend the complaint. Plaintiff filed a Third Amended Complaint adding additional state law claims and joining Bureau of Recovery, which we refer to as BOR, a purported collection agency, as a co-defendant. The parties have stipulated that plaintiff may file a Fourth Amended Complaint adding two new class representatives. Clearwire's response to the Fourth Amended Complaint is due March 3, 2011. Plaintiffs' motion for class certification is due April 7, 2011. This case is in the early stages of litigation, its outcome is unknown and an estimate of any potential loss cannot be made at this time.

We have been engaged in ongoing negotiations with Sprint to resolve issues related to wholesale pricing for Sprint 4G smartphone usage under our commercial agreements with Sprint. On October 29, 2010, we received a notice from Sprint initiating an arbitration process to resolve these issues. On November 22, 2010, in response to the notice, we commenced an arbitration action against Sprint with the American Arbitration Association, which we refer to as AAA. The primary dispute between the parties relates to the pricing to be paid to us for smartphone usage by Sprint and Sprint's subscribers over our 4G network. In particular, the parties are disputing the proper interpretation and enforceability of the 4G MVNO Agreement with respect to the options for such smartphone pricing. We filed our Statement of Claim against Sprint on December 14, 2010. On January 21, 2011, Sprint answered the Statement of Claim and asserted counterclaims seeking related relief under the 4G MVNO Agreement. On February 7, 2011, Clearwire filed its reply to Sprint's counterclaims, denying all material allegations in Sprint's response and counterclaims and asserting various affirmative defenses. The action will proceed before a single arbitrator, but no arbitrator has been appointed yet and no final hearing dates have been scheduled. Finally, while not part of this arbitration action, the parties have served on each other various notices preserving their rights to arbitrate certain invoices relating to multi-mode devices submitted by both parties under the 3G MVNO and 4G MVNO Agreements. But no arbitration action has been commenced with regard to any of those invoices at this time. The process is in the early stages, and its outcome is unknown.

On November 15, 2010 a purported class action was filed by Angelo Dennings against Clearwire in the U.S. District Court for the Western District of Washington. The complaint generally alleges we slow network speeds when network demand is highest and that such network management violates our agreements with subscribers and is contrary to the company's advertising and marketing claims. Plaintiffs also allege that subscribers do not review the Terms of Service prior to subscribing, and when subscribers cancel service due to network management, we charge an ETF or restocking fee that they claim is unconscionable under the circumstances. The claims asserted include violations of the Computer Fraud and Abuse Act, breach of contract, breach of the covenant of good faith and fair dealing and unjust enrichment. Plaintiffs seek class certification; unspecified damages and restitution; a declaratory judgment that Clearwire's ETF and restocking fee are unconscionable under the alleged circumstances; an injunction prohibiting Clearwire from engaging in alleged deceptive marketing and from charging ETFs; interest; and attorneys' fees and costs. Plaintiff had indicated that it will file an Amended Complaint adding additional class representatives by March 3, 2011. If the Amended Complaint is filed, Clearwire's responsive motions are due March 31, 2011. This case is in the early stages of litigation, its outcome is unknown and an estimate of any potential loss cannot be made at this time.

In addition to the matters described above, we are often involved in certain other proceedings which seek monetary damages and other relief. Based upon information currently available to us, none of these other claims are expected to have a material adverse effect on our business, financial condition or results of operations.

Indemnification agreements — We are currently a party to indemnification agreements with certain officers and each of the members of our Board of Directors. No liabilities have been recorded in the consolidated balance sheets for any indemnification agreements, because they are not probable nor estimable.

### 13. Share-Based Payments

In connection with the Closing, we assumed the Old Clearwire 2008 Stock Compensation Plan, which we refer to as the 2008 Plan, the Old Clearwire 2007 Stock Compensation Plan, which we refer to as the 2007 Plan, and the Old Clearwire 2003 Stock Option Plan, which we refer to as the 2003 Plan. Share grants generally vest ratably over four years and expire no later than ten years after the date of grant. Grants to be awarded under the 2008 Plan will be made available at the discretion of the Compensation Committee of the Board of Directors from authorized but unissued shares, authorized and issued shares reacquired, or a combination thereof. At December 31, 2010, there were 55,324,492 shares available for grant under the 2008 Plan, which authorizes us to grant incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, and other stock awards to our employees, directors and consultants. With the adoption of the 2008 Plan, no additional stock options will be granted under the 2007 Plan or the 2003 Plan.

Share-based compensation expense is based on the estimated grant-date fair value of the award and is recognized net of estimated forfeitures on those shares expected to vest over a graded vesting schedule on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards.

#### Restricted Stock Units

In connection with the Transactions, all Old Clearwire restricted stock units, which we refer to as RSUs, issued and outstanding at the Closing were exchanged on a one-for-one basis for RSUs with equivalent terms. Following the Closing, we granted RSUs to certain officers and employees under the 2008 Plan. All RSUs generally vest over a four-year period. The fair value of our RSUs is based on the grant-date fair market value of the common stock, which equals the grant date market price.

A summary of the RSU activity for the years ended December 31, 2010, 2009 and 2008 is presented below:

	Number of RSU's	Weighted- Average Grant Price
Restricted stock units outstanding — January 1, 2008	—	
Restricted stock units acquired in purchase accounting — November 28, 2008	3,216,500	\$ 13.19
Granted	716,000	4.10
Forfeited	(43,000)	)—
Released	(508,098)	)5.18
Cancelled	(108,777)	)—
Restricted stock units outstanding — December 31, 2008	3,272,625	\$ 13.19
Granted	10,938,677	4.39
Forfeited	(1,217,857)	)5.17
Released	(1,140,251)	)6.95
Cancelled	—	—
Restricted stock units outstanding — December 31, 2009	11,853,194	\$ 4.60

Granted	10,523,277	6.71
Forfeited	(3,613,124 )	5.55
Released	(4,087,694 )	4.22
Cancelled	—	—
Restricted stock units outstanding — December 31, 2010	14,675,653	\$ 5.99

The total fair value of grants during 2010, 2009 and 2008 was \$70.6 million, \$48.0 million and \$2.9 million, respectively. The intrinsic value of RSUs released during the years ended December 31, 2010, 2009 and 2008 was \$29.5 million, \$7.9 million and \$3.2 million, respectively. As of December 31, 2010, there were 14,675,653 RSUs outstanding and total unrecognized compensation cost of approximately \$50.3 million, which is expected to be recognized over a weighted-average period of approximately 1.6 years.

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For the years ended December 31, 2010, 2009 and 2008, we used a forfeiture rate of 7.15%, 7.75% and 7.50%, respectively, in determining compensation expense for RSUs.

### Stock Options

In connection with the Transactions, all Old Clearwire stock options issued and outstanding at the Closing were exchanged on a one-for-one basis for stock options with equivalent terms. Following the Closing, we granted options to certain officers and employees under the 2008 Plan. All options generally vest over a four-year period. The fair value of option grants was estimated on the date of grant using the Black-Scholes option pricing model.

A summary of option activity from January 1, 2008 through December 31, 2010 is presented below:

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value As of 12/31/2010 (In millions)
Options outstanding — January 1, 2008	—			
Options acquired in purchase accounting — November 28, 2008	19,093,614	\$ 14.38		
Granted	425,000	4.10		
Forfeited	(337,147 )	11.64		
Exercised	(9,866 )	3.00		
Options outstanding — December 31, 2008	19,171,601	\$ 14.21	6.36	
Granted	7,075,000	4.30		
Forfeited	(4,084,112 )	15.13		
Exercised	(624,758 )	3.51		
Options outstanding — December 31, 2009	21,537,731	\$ 11.09	6.39	
Granted	996,648	7.37		
Forfeited	(3,007,895 )	12.79		
Exercised	(3,083,243 )	4.44		
Options outstanding — December 31, 2010	16,443,241	\$ 11.80	5.69	\$7.7
Vested and expected to vest — December 31, 2010	15,773,721	\$ 12.01	5.59	\$7.2
Exercisable outstanding — December 31, 2010	11,074,772	\$ 13.93	4.68	\$3.3

The intrinsic value of options exercised during the years ended December 31, 2010, 2009 and 2008 was \$10.5 million, \$2.3 million and \$15,000, respectively.

Information regarding stock options outstanding and exercisable as of December 31, 2010 is as follows:

	Options Outstanding			Options Exercisable	
		Weighted			
		Average			
		Contractual	Weighted		Weighted
		Life	Average		Average
Exercise Prices	Number of	Remaining	Exercise	Number of	Exercise
	Options	(Years)	Price	Options	Price
\$2.25 — \$3.00	454,701	1.25	\$2.86	454,701	\$2.86
\$3.03	2,902,000	8.16	3.03	952,000	3.03
\$3.53 — \$5.45	562,625	6.61	4.34	237,875	4.31
\$6.00	2,029,238	3.94	6.00	2,029,238	6.00
\$6.07 — \$7.66	1,940,656	8.64	7.13	410,625	7.24
\$7.87 — \$15.00	2,241,589	5.16	11.78	1,338,283	13.26

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\$16.02	138,625	2.60	16.02	125,875	16.02
\$17.11	1,768,442	3.55	17.11	1,346,218	17.11
\$18.00 — \$20.16	1,667,621	4.50	18.09	1,663,871	18.08
\$23.30 — \$25.33	2,737,744	5.54	24.25	2,516,086	24.27
Total	16,443,241	5.69	\$ 11.80	11,074,772	\$ 13.93

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The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model using the following assumptions for the years ended December 31, 2010, 2009 and 2008:

	Year Ended December 31,			
	2010	2009	2008	
Expected volatility	58.80%-62.22%	63.35%-67.65%	66.52	%
Expected dividend yield	—	—	—	
Expected life (in years)	6.25	4.75-6.25	4.75	
Risk-free interest rate	2.00%-3.15%	1.36% - 2.98%	1.93	%
Weighted average fair value per option at grant date	\$4.27	\$ 2.63	\$2.24	

The fair value of option grants in 2010 and 2009 was \$4.3 million and \$18.6 million, respectively. In addition to options issued in exchange as part of the Transactions, the fair value of option grants during 2008 was \$954,000. The total fair value of options vested during the years ended December 31, 2010, 2009 and 2008 was \$9.8 million, \$5.8 million and \$815,000, respectively. The total unrecognized share-based compensation costs related to non-vested stock options outstanding at December 31, 2010 was approximately \$5.8 million and is expected to be recognized over a weighted average period of approximately 1.3 years.

For the years ended December 31, 2010, 2009 and 2008, we used a forfeiture rate of 10.09%, 12.66% and 12.66% respectively, in determining compensation expense for options.

Share-based compensation expense recognized for all plans for the years ended December 31, 2010, 2009 and 2008 is as follows (in thousands):

	Year Ended December 31		
	2010	2009	2009
Options	\$16,749	\$6,386	\$2,371
RSUs	30,582	20,091	1,292
Sprint Equity Compensation Plans	204	1,035	2,802
	\$47,535	\$27,512	\$6,465

During the years ended December 31, 2010, 2009 and 2008, we recorded \$10.9 million, \$2.4 million and \$0, respectively, of additional compensation expense related to the accelerated vesting of options and RSUs.

### Sprint Equity Compensation Plans

In connection with the Transactions, certain of the Sprint WiMAX Business employees became employees of Clearwire and currently hold unvested Sprint stock options and RSUs in Sprint's equity compensation plans, which we refer to collectively as the Sprint Plans. The underlying share for awards issued under the Sprint Plans is Sprint common stock. The Sprint Plans allow for continued plan participation as long as the employee remains employed by a Sprint subsidiary or affiliate. Under the Sprint Plans, options are generally granted with an exercise price equal to the market value of the underlying shares on the grant date, generally vest over a period of up to four years and have a contractual term of ten years. RSUs generally have both performance and service requirements with vesting periods ranging from one to three years. RSUs granted after the second quarter 2008 included quarterly performance targets but were not granted until performance targets were met. Therefore, at the grant date these awards only had a remaining service requirement and vesting period of six months following the last day of the applicable quarter. Employees who were granted RSUs were not required to pay for the shares but generally must remain employed with Sprint or a subsidiary, until the restrictions lapse, which was typically three years or less. At December 31, 2010, there were 35,257 unvested options and 66,451 unvested RSUs outstanding.

The share-based compensation associated with these employees is incurred by Sprint on our behalf. Sprint provided us with the fair value of the options and RSUs for each reporting period, which must be remeasured based on the fair value of the equity instruments at each reporting period until the instruments are vested. Total unrecognized share-based compensation costs related to unvested stock options and RSUs outstanding as of December 31, 2010 was \$6,000 and \$27,000, respectively, and is expected to be recognized over approximately one year.



## 14. Stockholders' Equity

### Class A Common Stock

The Class A Common Stock represents the common equity of Clearwire. The holders of the Class A Common Stock are entitled to one vote per share and, as a class, are entitled to 100% of any dividends or distributions made by Clearwire, with the exception of certain minimal liquidation rights provided to the Class B Common Stockholders, which are described below. Each share of Class A Common Stock participates ratably in proportion to the total number of shares of Class A Common Stock issued by Clearwire. Holders of Class A Common Stock have 100% of the economic interest in Clearwire and are considered the controlling interest for the purposes of financial reporting.

Upon liquidation, dissolution or winding up, the Class A Common Stock will be entitled to any assets remaining after payment of all debts and liabilities of Clearwire, with the exception of certain minimal liquidation rights provided to the Class B Common Stockholders, which are described below.

### Class B Common Stock

The Class B Common Stock represents non-economic voting interests in Clearwire, and holders of this stock are considered the non-controlling interests for the purposes of financial reporting. Identical to the Class A Common Stock, the holders of Class B Common Stock are entitled to one vote per share. However, they do not have any rights to receive distributions other than stock dividends paid proportionally to each outstanding Class A and Class B Common Stockholder or upon liquidation of Clearwire, an amount equal to the par value per share, which is \$0.0001 per share.

Each holder of Class B Common Stock holds an equivalent number of Clearwire Communications Class B Common Interests, which, in substance, reflects their economic stake in Clearwire. This is accomplished through an exchange feature that provides the holder the right, at any time, to exchange one share of Class B Common Stock plus one Clearwire Communications Class B Common Interest for one share of Class A Common Stock.

### Private Placement

On November 9, 2009, we entered into an investment agreement, which we refer to as the Investment Agreement, with each of Sprint, Comcast Corporation, which we refer to as Comcast, Intel Corporation, which we refer to as Intel, Time Warner Cable Inc., which we refer to as Time Warner Cable, Bright House Networks, LLC, which we refer to as Bright House, and Eagle River Holdings LLC, which we refer to as Eagle River, who we collectively refer to as the Participating Equityholders, providing for additional equity investments by the Participating Equityholders and new debt investments by certain of these investors. The Investment Agreement sets forth the terms of the transactions pursuant to which the Participating Equityholders invested in Clearwire Communications an aggregate of approximately \$1.564 billion in exchange for 213,369,711 shares of Clearwire Communications non-voting Class B Common Interest and Clearwire Communications voting interests, which we refer to as the Private Placement, and the investment by certain of the Participating Equityholders in Rollover Notes.

The Private Placement was consummated in three closings. On November 9, 2009, the Participating Equityholders contributed in aggregate approximately \$1.057 billion in cash in exchange for 144,231,268 Clearwire Communications Class B Common Interests, and Clearwire Communications voting interests, which we collectively refer to as Clearwire Communications Interests, pro rata based on their respective investment amounts. We refer to this closing as the First Investment Closing. On December 21, 2009, the Participating Equityholders contributed in aggregate approximately \$440.3 million in cash in exchange for 60,066,822 Clearwire Communications Interests. We refer to this closing as the Second Investment Closing. On March 2, 2010, the Participating Equityholders contributed in aggregate approximately \$66.5 million in cash in exchange for 9,071,621 Clearwire Communications Interests. We refer to the consummation of this purchase as the Third Investment Closing.



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In the Private Placement, the Participating Equityholders agreed to invest in Clearwire Communications a total of \$1.564 billion in exchange for Clearwire Communications Interests in the following amounts (in millions, except for Interests):

Investor	Investment Interests	
Sprint	\$ 1,176.0	160,436,562
Comcast	196.0	26,739,427
Time Warner Cable	103.0	14,051,841
Bright House	19.0	2,592,087
Intel	50.0	6,821,282
Eagle River	20.0	2,728,512
	\$ 1,564.0	213,369,711

Immediately following the receipt by the Participating Equityholders of Clearwire Communications Interests, each of the Participating Equityholders agreed to contribute to Clearwire its Clearwire Communications voting interests in exchange for an equal number of shares of Clearwire's Class B Common Stock, par value \$0.0001 per share.

Under the Investment Agreement, in exchange for the purchase by Sprint, Comcast, Time Warner Cable and Bright House of Clearwire Communications Class B Common Interests and Clearwire Communications Voting Interests in amounts exceeding certain amounts stipulated in the Investment Agreement, Clearwire Communications agreed to pay a fee, which we refer to as an Over Allotment Fee, equal to the following amounts. Such fee is payable in cash, or Clearwire Communications Class B Common Interests and Clearwire Communications Voting Interests, at the option of the Participating Equityholder:

Investor	Over Allotment Fee
Sprint	\$18,878,934
Comcast	\$3,135,911
Time Warner Cable	\$1,659,287
Bright House	\$315,325

At the Second Investment Closing, Clearwire Communications delivered a portion of the Over Allotment Fee, \$6.9 million in cash and \$9.5 million in Clearwire Communications Class B Common Interests, valued at \$7.33 per interest, and an equal number of Clearwire Communications Voting Interests to Sprint, \$2.7 million in cash to Comcast, \$1.4 million in cash to Time Warner Cable and \$275,000 in cash to Bright House. At the Third Investment Closing, Clearwire Communications paid the remaining Over Allotment Fee of \$3.2 million, in the aggregate. Clearwire Communications delivered the applicable Over Allotment Fee to Sprint, one-half in cash and one-half in the form of Clearwire Communications Class B Common Interests valued at \$7.33 per interest and an equal number of Clearwire Communications Voting Interests, and to Comcast, Time Warner Cable and Bright House Networks in cash.

Clearwire holds all of the outstanding Clearwire Communications Class A Common Interests, and all the outstanding Clearwire Communications voting interests, representing 25% of the economics and 100% of the voting rights of Clearwire Communications as of December 31, 2010.

The following table lists the interests in Clearwire as of December 31, 2010:

Investor	Class A Common Stock	Class A Common Stock % Outstanding	Class B Common Stock(1)	Class B Common Stock % Outstanding	Total	Total % Outstanding
Sprint	—	—	531,724,348	71.5	% 531,724,348	53.9 %
Comcast	—	—	88,504,132	11.9	% 88,504,132	8.9 %
Time Warner Cable	—	—	46,404,782	6.2	% 46,404,782	4.7 %

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Bright House	—	—	8,474,440	1.1	% 8,474,440	0.9	%
Intel	36,666,666	15.1	% 65,644,812	8.9	% 102,311,478	10.3	%
Eagle River	35,922,958	14.7	% 2,728,512	0.4	% 38,651,470	3.9	%
Google Inc.	29,411,765	12.1	% —	—	29,411,765	3.0	%
Other Shareholders	140,954,238	57.9	% —	—	140,954,238	14.3	%
CW Investment Holdings LLC	588,235	0.2	% —	—	588,235	0.1	%
	243,543,862	100.0	% 743,481,026	100.0	% 987,024,888	100.0	%

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(1) The holders of Class B Common Stock hold an equivalent number of Clearwire Communications Class B Common Interests.

Sprint and the Investors, other than Google, Inc., which we refer to as Google, own shares of Class B Common Stock, which have equal voting rights to Clearwire's \$0.0001 par value, Class A Common Stock, but have only limited economic rights. Unlike the holders of Class A Common Stock, the holders of Class B Common Stock have no right to dividends and no right to any proceeds on liquidation other than the par value of the Class B Common Stock. Sprint and the Investors, other than Google, hold their economic rights through ownership of Clearwire Communications Class B Common Interests. Google owns shares of Class A Common Stock.

Under the Investment Agreement, Clearwire committed to a rights offering, pursuant to which rights to purchase shares of Class A Common Stock were granted to each holder of Class A Common Stock along with certain participating securities as of December 17, 2009, which we refer to as the Rights Offering. We distributed subscription rights which were exercisable for up to 93,903,300 shares of Class A Common Stock. Each subscription right entitled a shareholder to purchase 0.4336 shares of Class A Common Stock at a subscription price of \$7.33 per share. The subscription rights expired if they were not exercised by June 21, 2010. The Participating Equityholders and Google waived their respective rights to participate in the Rights Offering with respect to shares of Class A Common Stock they each hold as of the applicable record date. In connection with the Rights Offering, rights to purchase 39.6 million shares of Class A Common Stock were exercised for an aggregate purchase price of \$290.3 million.

#### Clearwire Communications Interests

Clearwire is the sole holder of voting interests in Clearwire Communications. As such, Clearwire controls 100% of the decision making of Clearwire Communications and consolidates 100% of its operations. Clearwire also holds all of the outstanding Clearwire Communications Class A Common Interests representing 25% of the economics of Clearwire Communications as of December 31, 2010. The holders of the Class B Common Interests own the remaining 75% of the economic interests. The following shows the effects of the changes in Clearwire's ownership interests in Clearwire Communications (in thousands):

	Year Ended December 31, 2010	Year Ended December 31, 2009	Period From November 29, 2008 to December 31, 2008
Net loss attributable to Clearwire	\$(496,875)	\$(319,199)	\$(29,621)
Decrease in Clearwire's additional paid-in capital for issuance of Class A and B Common Stock related to the post-closing adjustment	—	(33,632)	—
Decrease in Clearwire's additional paid-in capital for issuance of Class B Common Stock	(64,569)	(140,253)	—
Increase in Clearwire's additional paid-in capital for issuance of Class A Common Stock	301,849	17,957	161
Other effects of changes in Clearwire's additional paid-in capital for issuance of Class A and Class B Common Stock	145,785	—	—
Change from net loss attributable to Clearwire and transfers to non-controlling interests	\$(113,810)	\$(475,127)	\$(29,460)

The non-voting Clearwire Communication units are designated as either Clearwire Communications Class A Common Interests, all of which are held by Clearwire, or Clearwire Communications Class B Common Interests, which are held by Sprint and the Investors, with the exception of Google. Both classes of non-voting Clearwire Communication units participate in distributions of Clearwire Communications on an equal and proportionate basis.

Each holder of Clearwire Communications Class B Common Interests holds an equivalent number of shares of Clearwire's Class B Common Stock and will be entitled at any time to exchange one share of Class B Common Stock plus one Clearwire Communications Class B Common Interest for one share of Class A Common Stock.

It is intended that at all times, the number of Clearwire Communications Class A Common Interests held by Clearwire will equal the number of shares of Class A Common Stock issued by Clearwire. Similarly, it is intended that, at all times, Sprint and each Investor, except Google, will hold an equal number of shares of Class B Common Stock and Clearwire Communications Class B Common Interests.

## Dividend Policy

We have not declared or paid any cash dividends on Class A or Class B Common Stock since the Closing. We currently expect to retain future earnings, if any, for use in the operations and expansion of our business. We do not anticipate paying any cash dividends in the foreseeable future. In addition, covenants in the indenture governing our Senior Secured Notes impose significant restrictions on our ability to pay cash dividends to our stockholders. The distribution of subscription rights as part of the Rights Offering represents a stock dividend distribution.

## Non-controlling Interests in Clearwire Communications

Clearwire Communications is consolidated into Clearwire because we hold 100% of the voting interest in Clearwire Communications. Therefore, the holders of the Clearwire Communications Class B Common Interests represent non-controlling interests in a consolidated subsidiary. As a result, the income (loss) consolidated by Clearwire is decreased in proportion to the outstanding non-controlling interests. As of December 31, 2010, at the Clearwire level, non-controlling interests represent approximately 75% of the non-economic voting interests.

## Warrants

All Old Clearwire warrants issued and outstanding at the Closing were exchanged on a one-for-one basis for warrants to purchase our Class A Common Stock with equivalent terms. The fair value of the warrants exchanged of \$18.5 million was included in the calculation of purchase consideration using the Black-Scholes option pricing model and a share price of \$6.62. Holders may exercise their warrants at any time, with exercise prices ranging from \$3.00 to \$48.00. Old Clearwire granted the holders of the warrants registration rights covering the shares subject to issuance under the warrants. As of December 31, 2010, there were 16,031,219 warrants outstanding with an expiration date of May 17, 2011, 1,400,001 warrants outstanding with an expiration date of March 12, 2012 and 375,000 warrants outstanding with an expiration date of November 13, 2012.

## 15. Net Loss Per Share

## Basic Net Loss Per Share

The net loss per share attributable to holders of Class A Common Stock is calculated based on the following information (in thousands, except per share amounts):

	Year Ended December 31, 2010	Year Ended December 31, 2009	Period From November 29, 2008 to December 31, 2008
Net loss from continuing operations	\$(2,251,202)	\$(1,208,588)	\$(185,674)
Non-controlling interests in net loss from continuing operations of consolidated subsidiaries	1,775,840	894,841	156,829
Net loss from continuing operations attributable to Clearwire Corporation	(475,362)	(313,747)	(28,845)
Distribution to warrant and restricted stock unit holders	—	(9,491)	—
Net loss from continuing operations attributable to Class A Common Stockholders	(475,362)	(323,238)	(28,845)
Net loss from discontinued operations attributable to Class A Common Stockholders	(12,075)	(11,835)	(1,088)
Net loss attributable to Class A Common Stockholders	\$(487,437)	\$(335,073)	\$(29,933)
Weighted average shares Class A Common Stock outstanding	222,527	194,696	189,921

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Net loss per share from continuing operations	\$(2.14	)\$(1.66	)\$(0.15	)
Net loss per share from discontinued operations	(0.05	)(0.06	)(0.01	)
Net loss per share	\$(2.19	)\$(1.72	)\$(0.16	)

The subscription rights we distributed on December 21, 2009 to purchase shares of Class A Common Stock to Class A Common Stockholders of record on December 17, 2009, warrant holders, and certain holders of RSUs represent a dividend distribution. Certain Participating Equityholders and Google, who were Class A Common Stockholders of record holding approximately 102 million shares



and entitled to the subscription rights, agreed not to exercise or transfer their rights. The fair value of the rights distributed was \$57.5 million or \$0.51 per share of Class A Common Stock. Certain outstanding warrants meet the definition of participating securities as their terms provide for participation in distributions with Class A Common Stock prior to exercise. Therefore, the two-class method is used to compute the net loss per share and as a result, the fair value of the rights distributed to the warrant and RSU holders of \$9.5 million increased the net loss attributable to Class A Common Stockholders.

#### Diluted Net Loss Per Share

The potential exchange of Clearwire Communications Class B Common Interests together with Class B Common Stock for Class A Common Stock will have a dilutive effect on diluted net loss per share due to certain tax effects. That exchange would result in both an increase in the number of Class A Common Stock outstanding and a corresponding increase in the net loss attributable to the Class A Common Stockholders through the elimination of the non-controlling interests' allocation. Further, to the extent that all of the Clearwire Communications Class B Common Interests and Class B Common Stock are converted to Class A Common Stock, the Clearwire Communications partnership structure would no longer exist and Clearwire would be required to recognize a tax provision related to indefinite lived intangible assets.

Shares issuable upon the conversion of the Exchangeable Notes were included in the computation of diluted net loss per share for the year ended December 31, 2010 on an "if converted" basis since the result was dilutive. For purpose of this computation, the change in fair value of the Exchange Options and interest expense on the Exchangeable Notes, were reversed for the period.

Net loss per share attributable to holders of Class A Common Stock on a diluted basis, assuming conversion of the Clearwire Communications Class B Common Interests and Class B Common Stock and conversion of the Exchangeable Notes, is calculated based on the following information (in thousands, except per share amounts):

	Year Ended December 31, 2010	Year Ended December 31, 2009	Period From November 29, 2008 to December 31, 2008
Net loss from continuing operations attributable to Class A Common Stockholders	\$(475,362)	\$(323,238)	\$(28,845)
Non-controlling interests in net loss from continuing operations of consolidated subsidiaries	(1,775,840)	(894,841)	(156,829)
Tax adjustment resulting from dissolution of Clearwire Communications	(27,117)	(27,356)	(4,158)
Reversal of gain on Exchange Options and Exchangeable Notes interest expense, upon exchange of notes	(58,296)	—	—
Net loss from continuing operations available to Class A Common Stockholders, assuming the exchange of Class B to Class A Common Stock and conversion of the Exchangeable Notes	(2,336,615)	(1,245,435)	(189,832)
Net loss from discontinued operations attributable to Class A Common Stockholders	(12,075)	(11,835)	(1,088)
Non-controlling interests in net loss from discontinued operations of consolidated subsidiaries	(39,817)	(33,423)	(2,892)
Net loss from discontinued operations available to Class A Common Stockholders, assuming the exchange of Class B to Class A Common Stock	(51,892)	(45,258)	(3,980)
Net loss available to Class A Common Stockholders, assuming the exchange of Class B to Class A Common Stock and conversion of the	\$(2,388,507)	\$(1,290,693)	\$(193,812)

## Exchangeable Notes

Weighted average shares Class A Common Stock outstanding	222,527	194,696	189,921	
Weighted average shares converted from Class B Common Stock outstanding	741,962	546,375	505,000	
Weighted average shares converted from the Exchangeable Notes	6,276	—	—	
Total weighted average shares Class A Common Stock outstanding (diluted)	970,765	741,071	694,921	
Net loss per share from continuing operations	\$(2.41	)\$(1.68	)\$(0.27	)
Net loss per share from discontinued operations	(0.05	)(0.06	)(0.01	)
Net loss per share	\$(2.46	)\$(1.74	)\$(0.28	)

Higher net loss per share on a diluted basis is due to the hypothetical loss of partnership status for Clearwire Communications upon conversion of all Clearwire Communications Class B Common Interests and Class B Common Stock and the conversion of the non-controlling interests discussed above as well as the hypothetical conversion of the Exchangeable Notes.

The diluted weighted average shares did not include the effects of the following potential common shares as their inclusion would have been antidilutive (in thousands):

	Year Ended December 31, 2010	Year Ended December 31, 2009	Period From November 29, 2008 to December 31, 2008
Stock options	18,380	22,154	19,317
Restricted stock units	12,414	9,488	3,054
Warrants	17,806	17,806	17,806
Subscription rights	22,657	—	—
Contingent shares	1,519	12,747	28,824
	72,776	62,195	69,001

The contingent shares for the year ended December 31, 2010 relate to Clearwire Communications Class B Common Interests and Clearwire Communications voting interests that were issued to Participating Equityholders upon the Third Investment Closing, as such interests can be exchanged for Class A Common Stock.

The contingent shares for the year ended December 31, 2009, primarily relate to Clearwire Communications Class B Common Interests and Clearwire Communications voting interests that were to be issued to Participating Equityholders upon the Second and Third Investment Closings as such interests, on a combined basis, can be exchanged for Class A Common Stock. The Second Investment Closing was December 21, 2009. The Third Investment Closing was March 2, 2010.

The contingent shares for the year ended December 31, 2008, relate to purchase price share adjustment of 28,235,294 million shares of Class A Common Stock and equity issuance to CW Investment Holdings of 588,235 shares of Class A Common Stock, all of which were issued in February of 2009.

We have calculated and presented basic and diluted net loss per share of Class A Common Stock. Class B Common Stock net loss per share is not calculated since it does not contractually participate in distributions of Clearwire. Prior to the Closing, we had no equity as we were a wholly-owned division of Sprint. As such, we did not calculate or present net loss per share for the period from January 1, 2008 to November 28, 2008.

## 16. Business Segments

Information about operating segments is based on our internal organization and reporting of revenue and operating income (loss) based upon internal accounting methods. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing financial performance. Our chief operating decision maker is our Chief Executive Officer. Prior to June 30, 2011, we had identified two reportable segments: the United States and the international operations. As of June 30, 2011, substantially all of our international operations' assets and liabilities are being held for sale and have been classified and accounted for as discontinued operations. As a result, prior periods which included these assets and liabilities as well as the related results of operations have been retrospectively adjusted to separately disclose them as discontinued operations. For the years ended December 31, 2010, 2009 and 2008, our business now constitutes a single reportable segment as a provider of wireless broadband services in the United States. Subsequent to June 30, 2011, our remaining

international assets are comprised primarily of investments in international affiliates and notes receivables.

#### 17. Related Party Transactions

We have a number of strategic and commercial relationships with third parties that have had a significant impact on our business, operations and financial results. These relationships have been with Sprint, the Investors, Eagle River, Switch & Data, Inc., Dashwire, Inc., Motorola, Inc. and Bell Canada, as well as others discussed below, all of which are or have been related parties. Some of these relationships include agreements pursuant to which we sell wireless broadband services to certain of these related parties on a wholesale basis, which such related parties then resell to each of their respective end user subscribers. We sell these services at terms defined in our contractual agreements.

The following amounts for related party transactions are included in our consolidated financial statements (in thousands):

	December 31,		
	2010	2009	
Accounts receivable	\$22,297	\$3,221	
Accounts payable and accrued expenses	\$11,161	\$22,521	
	Year Ended December 31,		
	2010	2009	2008
Revenue	\$50,808	\$2,230	\$—
Cost of goods and services and network costs (inclusive of capitalized costs) (COGS)	\$104,883	\$75,283	\$118,331
Selling, general and administrative (SG&A)	\$7,150	\$10,773	\$95,840
Total contributions and advances from Sprint	\$—	\$—	\$451,925

**Rollover Notes** — In connection with the issuance of the Senior Secured Notes, on November 24, 2009, we also issued \$252.5 million of notes to Sprint and Comcast with identical terms as the Senior Secured Notes. The proceeds from the Rollover Notes were used to retire the principal amounts owed to Sprint and Comcast under our Senior Term Loan Facility. From time to time, other related parties may hold debt under our Senior Secured Notes, and as debtholders, would be entitled to receive interest payments from us.

**Sprint Pre-Closing Financing Amount and Amended Credit Agreement** — As a result of the Transactions, we assumed the liability to reimburse Sprint for the Sprint Pre-Closing Financing Amount. We were required to pay \$213.0 million, plus related interest of \$4.5 million, to Sprint in cash on the first business day after the Closing, with the remainder added as the Sprint Tranche under the Amended Credit Agreement for our senior term loan facility in the amount of \$179.2 million. During 2009, we repaid our senior term loan facility with proceeds from our Senior Secured Notes and Rollover Notes.

**Sprint** — Sprint assigned, where possible, certain costs to us based on our actual use of the shared services, which included office facilities and management services, including treasury services, human resources, supply chain management and other shared services, up through the Closing. Where direct assignment of costs was not possible or practical, Sprint used indirect methods, including time studies, to estimate the assignment of its costs to us, which were allocated to us through a management fee. The allocations of these costs were re-evaluated periodically. Sprint charged us management fees for such services of \$171.1 million in the year ended December 31, 2008. Additionally, we have entered into lease agreements with Sprint for various switching facilities and transmitter and receiver sites for which we recorded rent expense of \$36.4 million in the year ended December 31, 2008.

**Relationships among Certain Stockholders, Directors, and Officers of Clearwire** — Sprint, through a wholly-owned subsidiary Sprint HoldCo LLC, owns the largest interest in Clearwire with an effective voting and economic interest in Clearwire of approximately 54%, and the Investors collectively owned a 28% interest in Clearwire.

Eagle River is the holder of 35,922,958 shares of our outstanding Class A Common Stock and 2,612,516 shares of our Class B Common Stock, which represents an approximate 4% ownership interest in Clearwire. Eagle River Inc., which we refer to as ERI, is the manager of Eagle River. Each entity is controlled by Craig McCaw, a former director of Clearwire. Mr. McCaw and his affiliates have significant investments in other telecommunications businesses, some of which may compete with us currently or in the future. It is likely Mr. McCaw and his affiliates will continue to make additional investments in telecommunications businesses.

As of December 31, 2010, Eagle River held warrants entitling it to purchase 613,333 shares of Class A Common Stock at an exercise price of \$15.00 per share with an expiration date of May 17, 2011, and warrants to purchase 375,000 shares of Class A Common Stock at an exercise price of \$3.00 per share with an expiration date of

November 13, 2013.

Certain of our officers and directors provide additional services to Eagle River, ERI and their affiliates for which they are separately compensated by such entities. Any compensation paid to such individuals by Eagle River, ERI and/or their affiliates for their services is in addition to the compensation paid by us.

Following the Closing, Clearwire, Sprint, Eagle River and the Investors agreed to enter into an equityholders' agreement, which set forth certain rights and obligations of the equityholders with respect to governance of Clearwire, transfer restrictions on our common stock, rights of first refusal and pre-emptive rights, among other things. In addition, we have also entered into a number of commercial agreements with Sprint and the Investors which are outlined below.

Additionally, the wife of Mr. Salemme, our former Executive Vice President, Strategy, Policy and External Affairs, who is now serving as a consultant, is a Group Vice President at Time Warner Cable. She was not directly involved in any of our transactions with Time Warner Cable.

**Davis Wright Tremaine LLP** — The law firm of Davis Wright Tremaine LLP serves as our primary outside counsel, and handles a variety of corporate, transactional, tax and litigation matters. Mr. Wolff, who currently sits on our board of directors and is our former Chief Executive Officer, is married to a partner at Davis Wright Tremaine LLP. As a partner, Mr. Wolff's spouse is entitled to share in a portion of the firm's total profits, although she has not received any compensation directly from us. For the years ended December 31, 2010, 2009 and 2008, we paid \$3.2 million, \$4.1 million and \$907,000 to Davis Wright Tremaine LLP for legal services, respectively. This does not include fees paid by Old Clearwire.

**Ericsson, Inc** — Ericsson, Inc., which we refer to as Ericsson, provides network deployment services to us, including site acquisition and construction management services. Dr. Hossein Eslambolchi, who currently sits on our board of directors, had a consulting agreement with Ericsson. As part of his consulting agreement, Dr. Eslambolchi received payments for his services from Ericsson. He has not received any compensation directly from us related to his relationship with Ericsson. For the year ended December 31, 2010, we capitalized \$8.9 million in costs paid to Ericsson to Network and Base Station Equipment, of which \$1.8 million was included in Accounts payable and other current liabilities.

**Master Site Agreement** — We entered into a master site agreement with Sprint, which we refer to as the Master Site Agreement, pursuant to which Sprint and we established the contractual framework and procedures for the leasing of tower and antenna collocation sites to each other. Leases for specific sites will be negotiated by Sprint and us on request by the lessee. The leased premises may be used by the lessee for any activity in connection with the provision of wireless communications services, including attachment of antennas to the towers at the sites. The term of the Master Site Agreement is ten years from the Closing. The term of each lease for each specific site will be five years, but the lessee has the right to extend the term for up to an additional 20 years. The monthly fee will increase 3% per year. The lessee is also responsible for the utility costs and for certain additional fees. During the years ended December 31, 2010, 2009 and 2008, we recorded rent expense of \$52.7 million, \$28.2 million and \$2.8 million, respectively.

**Master Agreement for Network Services** — We entered into a master agreement for network services, which we refer to as the Master Agreement for Network Services, with various Sprint affiliated entities, which we refer to as the Sprint Entities, pursuant to which the Sprint Entities and we established the contractual framework and procedures for us to purchase network services from Sprint Entities. We may order various services from the Sprint Entities, including IP network transport services, data center co-location, toll-free services and access to the following business platforms: voicemail, instant messaging services, location-based systems and media server services. The Sprint Entities will provide a service level agreement that is consistent with the service levels provided to similarly situated subscribers. Pricing is specified in separate product attachments for each type of service; in general, the pricing is based on the mid-point between fair market value of the service and the Sprint Entities' fully allocated cost for providing the service. The term of the Master Agreement for Network Services is five years, but the lessee will have the right to extend the term for an additional five years. Additionally, in accordance with the Master Agreement for Network Services with the Sprint Entities, we assumed certain agreements for backhaul services with certain of the Investors that contain commitments that extend up to five years.

**IT Master Services Agreement** — We entered into an IT master services agreement with the Sprint Entities, which we refer to as the IT Master Services Agreement, pursuant to which the Sprint Entities and we established the contractual framework and procedures for us to purchase IT application services from the Sprint Entities. We may order various IT application services from the Sprint Entities, including human resources applications, supply chain and finance applications, device management services, data warehouse services, credit/address check, IT help desk services, repair

services applications, customer trouble management, coverage map applications, network operations support applications, and other services. The specific services requested by us will be identified in Statements of Work to be completed by the Sprint Entities and us. The Sprint Entities will provide service levels consistent with the service levels the Sprint Entities provide to their affiliates for the same services. Pricing will be specified in each separate Statement of Work for each type of service. The term of the IT Master Services Agreement is five years, but we have the right to extend the term for an additional five years.

4G MVNO Agreement — We entered into a non-exclusive 4G MVNO agreement at the Closing with Comcast MVNO II, LLC, TWC Wireless, LLC, BHN Spectrum Investments, LLC and Sprint Spectrum L.P., which we refer to as the 4G MVNO Agreement. We sell wireless broadband services to the other parties to the 4G MVNO Agreement for the purposes of the purchasers marketing and reselling our wireless broadband services to their respective end user subscribers. The wireless broadband services to be provided under the 4G MVNO Agreement include standard network services, and, at the request of any of the parties, certain non-standard network services.



We sell these services at prices defined in the 4G MVNO Agreement. We have been engaged in ongoing negotiations with Sprint to resolve issues related to wholesale pricing for Sprint 4G smartphone usage under our commercial agreements. See Note 12, Commitments and Contingencies, for further information.

**3G MVNO Agreement** — We entered into a non-exclusive 3G MVNO agreement with Sprint Spectrum L.P., which we refer to as the 3G MVNO Agreement, whereby Sprint agrees to sell its code division multiple access, which we refer to as CDMA and mobile voice and data communications service, which we refer to as PCS Service, for the purpose of resale to our retail customers. The PCS Service includes Sprint's existing core network services, other network elements and information that enable a third party to provide services over the network, or core network enablers, and subject to certain limitations and exceptions, new core network services, core network enablers and certain customized services.

**Intel Market Development Agreement** — We entered into a market development agreement with Intel, which we refer to as the Intel Market Development Agreement, pursuant to which we committed to deploy mobile WiMAX on our networks and to promote the use of certain notebook computers and mobile Internet devices on our networks, and Intel would develop, market, sell and support WiMAX embedded chipsets for use in certain notebook computers and mobile Internet devices that may be used on our networks. The Intel Market Development Agreement will last for a term of seven years from the date of the agreement, with Intel having the option to renew the agreement for successive one year terms up to a maximum of 13 additional years provided that Intel meets certain requirements. If Intel elects to renew the agreement for the maximum 20-year term, the agreement will thereafter automatically renew for successive one year renewal periods until either party terminates the agreement. The agreement may be terminated by either party with 30 days written notice of termination. Under certain circumstances, we will pay to Intel a portion of the revenues received from certain retail subscribers using certain Intel-based notebook computers, or other mutually agreed on devices on our networks, for a certain period of time. Subject to certain qualifications, we will pay to Intel activation fees for each qualifying Intel-based device activated on our networks during the initial term.

**Google Products and Services Agreement** — We entered into a products and services agreement with Google, which we refer to as the Google Products and Services Agreement, pursuant to which Google and we will collaborate on a variety of products and services. Google will provide advertising services to us for use with certain websites and devices, and we will utilize these Google advertising services on an exclusive basis for its retail subscribers. Google will pay us a percentage of the revenue that Google generates from these advertising services. Google will also provide a suite of hosted communications services, including email, instant messaging and calendar functionality, to us for integration into our desktop portal offering. Furthermore, we will support the open-source Android platform, will work with Google to offer certain other Google applications, and will explore working with Google on a variety of other potential products and services. The Google Products and Services Agreement has a term of three years.

**Google Spectrum Agreement** — We entered into a spectrum agreement with Google, which we refer to as the Google Spectrum Agreement, pursuant to which we will make available to Google certain of our excess 2.5 GHz spectrum in various markets for experimental usage by Google, and for development of alternative applications by third-parties operating under the direction and approval of Google and us. The third-party use of our spectrum beyond that used for WiMAX technology cannot be in a manner that will interfere with our use of our spectrum for WiMAX technology, and will be subject to availability. The revenue generated from the spectrum usage other than for WiMAX technology will be shared by Google and us. In addition, both parties will agree to form a joint technology team to manage the activities outlined in the Google Spectrum Agreement. The Google Spectrum Agreement provides for an initial term of five years from the date of the agreement. The Google Spectrum Agreement will be terminable by either party on default of the other party.

## 18. Quarterly Financial Information (unaudited)

Summarized quarterly financial information for the years ended December 31, 2010 and 2009 is as follows (in thousands, except per share data):

	First	Second	Third	Fourth	Total
2010 quarter:					
Total revenues	\$100,762	\$117,029	\$142,162	\$175,150	\$535,103
Operating loss	\$(394,996)	\$(510,973)	\$(519,492)	\$(737,189)	\$(2,162,650)
Net loss from continuing operations	\$(426,934)	\$(537,023)	\$(548,675)	\$(738,570)	\$(2,251,202)
Net loss from continuing operations attributable to Clearwire Corporation	\$(91,425)	\$(123,634)	\$(135,501)	\$(124,802)	\$(475,362)
Net loss attributable to Clearwire Corporation	\$(94,092)	\$(125,916)	\$(139,420)	\$(128,009)	\$(487,437)
Net loss from continuing operations attributable to Clearwire Corporation per Class A Common Share:					
Basic	\$(0.46)	\$(0.60)	\$(0.56)	\$(0.51)	\$(2.14)
Diluted	\$(0.47)	\$(0.60)	\$(0.56)	\$(0.79)	\$(2.41)
Net loss attributable to Clearwire Corporation per Class A Common Share:					
Basic	\$(0.47)	\$(0.61)	\$(0.58)	\$(0.53)	\$(2.19)
Diluted	\$(0.48)	\$(0.61)	\$(0.58)	\$(0.81)	\$(2.46)
2009 quarter:					
Total revenues	\$54,685	\$55,924	\$61,100	\$72,063	\$243,772
Operating loss	\$(220,153)	\$(230,306)	\$(282,286)	\$(407,174)	\$(1,139,919)
Net loss from continuing operations	\$(247,101)	\$(252,584)	\$(296,422)	\$(412,481)	\$(1,208,588)
Net loss from continuing operations attributable to Clearwire Corporation	\$(67,430)	\$(70,286)	\$(80,006)	\$(96,025)	\$(313,747)
Net loss attributable to Clearwire Corporation	\$(71,055)	\$(73,374)	\$(82,427)	\$(98,726)	\$(325,582)
Net loss from continuing operations attributable to Clearwire Corporation per Class A Common Share:					
Basic	\$(0.35)	\$(0.36)	\$(0.41)	\$(0.54)	\$(1.66)
Diluted	\$(0.36)	\$(0.36)	\$(0.42)	\$(0.54)	\$(1.68)
Net loss attributable to Clearwire Corporation per Class A Common Share:					
Basic	\$(0.37)	\$(0.38)	\$(0.42)	\$(0.55)	\$(1.72)
Diluted	\$(0.38)	\$(0.38)	\$(0.43)	\$(0.55)	\$(1.74)

## 19. Parent Company Only Condensed Financial Statements

Under the terms of agreements governing the indebtedness of Clearwire Communications, a subsidiary of Clearwire, such subsidiary is significantly restricted from making dividend payments, loans or advances to Clearwire. The restrictions have resulted in the restricted net assets (as defined in Securities and Exchange Commission Rule 4-08(e)(3) of Regulation S-X) of Clearwire's subsidiary exceeding 25% of the consolidated net assets of Clearwire and its subsidiaries.

The following condensed parent-only financial statements of Clearwire account for the investment in Clearwire Communications under the equity method of accounting. The financial statements should be read in conjunction with the consolidated financial statements of Clearwire and subsidiaries and notes thereto. As described in Note 1, Description of Business, Clearwire was formed on November 28, 2008 and therefore, the condensed statement of operation and the condensed statement of cash flow for 2008 only included activity from November 29, 2008 to December 31, 2008.

CLEARWIRE CORPORATION  
CONDENSED BALANCE SHEETS

	December 31, 2010	December 31, 2009
	(In thousands)	
<b>ASSETS</b>		
Cash and cash equivalent	\$ 11	\$ —
Other assets	3,321	4,577
Investments in equity method investees	1,552,932	1,597,585
Total assets	\$ 1,556,264	\$ 1,602,162
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Other liabilities	\$ 1,552	\$ 11,183
Stockholders' equity	1,554,712	1,590,979
Total liabilities and stockholders' equity	\$ 1,556,264	\$ 1,602,162

CLEARWIRE CORPORATION  
CONDENSED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2010	Year Ended December 31, 2009	Period From November 29, 2008 to December 31, 2008
	(In thousands)		
Revenues	\$—	\$—	\$—
Operating expenses	7,283	6,390	312
Operating loss	(7,283	)(6,390	)(312 )
Other income (expense):			
Loss from equity investees	(496,875	)(319,199	)(29,621 )
Other income	16,784	7	—
Total other expense, net	(480,091	)(319,192	)(29,621 )
Net loss	\$(487,374	)\$ (325,582	)\$ (29,933 )

CLEARWIRE CORPORATION  
CONDENSED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2010 (In thousands)	Year Ended December 31, 2009	Period From November 29, 2008 to December 31, 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss	\$(487,374	\$(325,582	\$(29,933 )
Adjustments to reconcile net loss to net cash used in operating activities:			
Loss from equity investees	496,875	319,199	29,621
Changes in assets and liabilities, net:			
Prepays and other assets	1,256	(3,980	) 150
Other liabilities	(10,469	) 543	162
Net cash provided (used) in operating activities	288	(9,820	) —
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment in equity investees	(304,015	)(12,196	)(500,000 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net advances from Clearwire Communications	—	9,820	—
Proceeds from issuance of common stock	303,738	12,196	500,000
Net cash provided by financing activities	303,738	22,016	500,000
Net increase in cash and cash equivalents	11	—	—
Cash and cash equivalents:			
Beginning of period	—	—	—
End of period	\$11	\$—	\$—

## 20. Discontinued Operations

As a result of a strategic decision to focus investment in the United States market, during the second quarter of 2011, we committed to sell our operations in Belgium, Germany and Spain. We expect these sales to be completed within one year. These businesses comprised substantially all of the remaining operations previously reported in our International segment. Associated results of operations and financial position are separately reported as discontinued operations for all periods presented. Results of operations and financial position presented for periods prior to the second quarter of 2011 include other businesses that were reported in our International segment. The sale of our businesses in Ireland, Poland, and Romania were individually immaterial for separate disclosure in prior periods. Summarized financial information for discontinued operations is shown below (in thousands):

	Year Ended December 31,		
	2010	2009	2008
Total revenues	\$21,723	\$30,686	\$2,643
Loss from discontinued operations before income taxes	\$(53,266)	\$(44,706)	\$(3,742)
Income tax benefit (provision)	1,374	(552)	(238)
Net loss from discontinued operations	(51,892)	(45,258)	(3,980)
Less: non-controlling interests in net loss from discontinued operations of consolidated subsidiaries	39,817	33,423	2,892
Net loss from discontinued operations attributable to Clearwire Corporation	\$(12,075)	\$(11,835)	\$(1,088)

  

	December 31,	
	2010	2009
Assets		
Current assets:		
Cash and cash equivalents	\$3,320	\$7,465
Prepaid assets and other assets	4,058	6,214
Total current assets	7,378	13,679
Property, plant and equipment, net	17,160	22,991
Spectrum licenses, net	68,610	90,407
Other assets	3,617	9,051
Total assets of discontinued operations	\$96,765	\$136,128
Liabilities		
Current liabilities	\$11,067	\$16,466
Other long-term liabilities	21,004	23,338
Total liabilities of discontinued operations	\$32,071	\$39,804

## 21. Subsequent Events - 2011 Results and Liquidity Update (Unaudited)

The subsequent event information that follows should be read in conjunction with the information included in the Company's Form 10-K for the year ended December 31, 2010, filed February 22, 2011, other than Items 6, 7, and 8 (as updated herein), the information contained in the Company's Form 10-Q for the quarter ended March 31, 2011, filed May 4, 2011, other than Items 1 and 2 (as updated herein), the Company's Form 10-Q for the quarter ended June 30, 2011, filed August 4, 2011 and the Company's Form 10-Q for the quarter ended September 30, 2011, filed November 3, 2011.

As of September 30, 2011, we offered our services in 88 markets in the United States covering an estimated 134.9 million people, including an estimated 132.7 million people covered by our 4G mobile broadband networks in 71

markets. We ended the quarter with approximately 1.3 million retail and 8.2 million wholesale subscribers. As of September 30, 2011, our other 17 markets in the United States, covering an estimated 2.2 million people, continued to operate with a legacy network technology, which we refer to as Pre-4G, that is based on a proprietary set of technical standards offered by a subsidiary of Motorola Solutions, Inc., which we refer to as Motorola.

Internationally, as of September 30, 2011, our networks covered an estimated 2.9 million people and we had approximately 40,000 retail subscribers. We offer 4G mobile broadband services in Seville and Malaga, Spain and a Pre-4G network in Brussels and Ghent,

Belgium. As a result of a strategic decision to focus investment in the United States market, during the second quarter of 2011, we committed to sell our operations in Belgium, Germany and Spain. We expect these sales to be completed by the second quarter of 2012. As a result, the assets and related liabilities and results of operations of these international operations are separately disclosed as discontinued operations.

On April 18, 2011, we signed a series of agreements with Sprint that substantially changed the terms upon which we sell 4G wireless broadband services to Sprint and purchase 3G wireless services from Sprint. Under those agreements, which we collectively refer to as the Sprint Wholesale Amendments, the parties agreed on a new usage-based pricing structure that applies to most 4G wireless broadband services purchased by Sprint, and Sprint agreed, subject to certain exceptions, to pay us a minimum of \$300.0 million for our services in 2011 and \$550.0 million in 2012, to prepay us another \$175.0 million over a two-year period for services purchased beyond those covered by the minimum commitment and to pay us approximately \$28.2 million to settle outstanding disputes related to prior usage. Additionally, the Sprint Wholesale Amendments resolved a number of disputes related to wholesale pricing. Of these amounts, Sprint paid us approximately \$305.6 million during the first nine months of 2011 and \$110.1 million in October 2011.

We have also implemented various cost savings initiatives. We entered into a managed services agreement with Ericsson, under which Ericsson will operate, maintain, and support our network. As part of the agreement, approximately 700 network operations employees and contractors were transferred to Ericsson, and we will pay Ericsson annual service fees over the 7-year term. Additionally, we transitioned a substantial portion of our current customer care operations to TeleTech Holdings, Inc., which we refer to as TeleTech, in connection with the expansion of an existing outsourcing agreement. Under the agreement, TeleTech will be responsible for managing day-to-day customer care services for our customers. Approximately 700 customer care employees in Las Vegas, Nevada and Milton, Florida were transferred to TeleTech. With these agreements and other reductions in our workforce, as of September 30, 2011, we had approximately 3,200 fewer employees than we had at our peak in the third quarter 2010 and ended the quarter with 1,053 employees. To reduce costs, we also terminated, or elected not to renew, a number of existing tower leases that are not currently used to provide service. In addition, we continued to lower the cost of our retail business by, among other things, increasing the use of lower cost sales channels such as indirect dealers and online sales and reducing the amount we spend on marketing. Each of these actions has lowered our operating costs and our need for additional capital for our current business. However, we believe certain of these initiatives will also likely result in slower growth in our retail subscriber base throughout 2011 compared to prior periods.

Our future plans, which are subject to raising additional capital, focus on deploying Long Term Evolution technology, which we refer to as LTE, on our network alongside existing mobile WiMAX. With Sprint's recent announcements that it plans to deploy its own LTE network and that it is only committed to selling mobile WiMAX devices through 2012, together with the recent decision by Sprint to limit usage of our mobile WiMAX network by its subscribers with hot spot functionality and non-smartphone devices, we believe that the revenues we will receive from our mobile WiMAX wholesale business in future periods, when combined with the revenues we expect to receive from our retail business, could fall materially short of the amount required to continue to operate our business. To generate sufficient revenues, we believe we need to both obtain further wholesale commitments from Sprint beyond those in the Sprint Wholesale Amendments and secure new wholesale partners. We believe that both require that we successfully implement our plans to deploy LTE alongside mobile WiMAX on our network.

Our initial LTE deployment, which we refer to as the LTE Network, would cover those areas of our existing markets where we and other carriers have historically experienced the highest concentration of usage. We believe that this scope of LTE deployment will provide us with the best opportunity to receive significant wholesale revenue from current and future wholesale partners over the long term, while not substantially impairing our retail business. In addition to the deployment of LTE, further network development may include, among other things, expanding our network to new markets and improving our network coverage in markets we have previously launched by increasing site density and/or our coverage area.



Reaching agreement with Sprint on an adequate wholesale commitment for our planned LTE Network, as well as an agreement providing us with additional mobile WiMAX revenue beyond the existing commitments under the Sprint Wholesale Amendments, is our top priority. On October 25, 2011, we entered into a non-binding cooperation agreement with Sprint to work together on the technical specifications of the LTE network. The cooperation extends to the design and operations of the network to ensure seamless hand-offs and service layer control that meet Sprint's customer experience requirements, cover the cell site selection and timing of site builds, and involves working with original equipment manufacturers to design devices and to include certain chipsets in devices. While the cooperation agreement does not include any further wholesale commitments from Sprint, we believe that it may clear the way for an agreement on commercial terms under which Sprint would agree to utilize and pay for use on our LTE Network.

During the nine months ended September 30, 2011, we incurred \$2.21 billion of net losses from continuing operations. We utilized \$641.9 million of cash in operating activities of continuing operations and spent \$387.1 million on capital expenditures in the improvement

and maintenance of our networks. We do not expect our operations to generate cumulative positive cash flows during the next twelve months. As of September 30, 2011, we had available cash and short-term investments of approximately \$697.8 million. On December 1, 2011, we have interest payments due on our outstanding indebtedness of \$236.9 million.

As of September 30, 2011, we believe that we had sufficient cash to fund the near-term liquidity needs of our business for the next 12 months based on the cash and short term investments we had on hand as of the end of the quarter, the expected impact of our recent expense reductions, our decision to condition any further network development on receipt of additional capital, and the cash we expect to receive for our mobile WiMAX services from our retail business and from Sprint under the Sprint Wholesale Amendments. If our business fails to perform as we expect or if we incur unforeseen expenses, we may be required to raise additional capital in the near term to fund our current business. Also, we believe we will need to raise substantial additional capital to fund our business and meet our financial obligations beyond the next 12 months as well as to deploy the LTE Network and otherwise continue the development of our networks.

The amount of additional capital we will need to fund our business and the LTE Network, and the timing of our capital needs, will depend on a number of factors, many of which are outside of our control and subject to a number of uncertainties. The primary factor determining the amount of additional capital we require will be the amount of cash we receive from Sprint for our services, which will likely depend on whether we receive further wholesale commitments from Sprint beyond those in the Sprint Wholesale Amendments. Other factors include the amount of cash generated by our retail business and by the wholesale business from new and existing wholesale customers other than Sprint, our ability to maintain reduced operating expenses and capital expenditures and the accuracy of our other projections of future financial performance.

The amount and timing of additional financings, if any, to satisfy our additional capital needs are difficult to estimate at this time. We have been pursuing various alternatives for securing additional capital. We are continuing to seek additional equity and debt financing from a number of potential sources, including new and existing strategic investors, private or public offerings and vendors. With the recent trading price of our Class A common stock, any additional equity financings would be extremely dilutive to our stockholders, while any additional debt financings could increase our future financial commitments, including aggregate interest payments on our existing and new indebtedness, to levels that we find unsustainable. Other alternatives being explored include, among other things, a sale of certain of our assets that we believe are not essential for our business.

Our recent efforts to obtain additional capital have been hampered by, among other things, continued volatility in the capital markets, declines in the trading prices of our outstanding debt and equity, recent announcements by Sprint related to its future 4G business strategy and the perceived impact of Sprint's new 4G strategy on our business and the value of our assets. If these events continue to adversely affect us, additional capital may not be available on acceptable terms, or at all.

If we are unable to raise sufficient additional capital or fail to receive adequate further wholesale commitments from Sprint, our business prospects, financial condition and results of operations will likely be materially and adversely affected, and we will be forced to consider all available alternatives.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following exhibit is furnished with this report:

Exhibit No.	Description
23.1	Consent of Independent Registered Public Accounting Firm

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SPRINT NEXTEL CORPORATION

Date: November 4, 2011

/s/ Timothy O'Grady  
By: Timothy O'Grady  
Assistant Secretary

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EXHIBIT INDEX

Number	Exhibit
23.1	Consent of Independent Registered Public Accounting Firm