

LTC PROPERTIES INC  
Form DEF 14A  
April 22, 2010

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[Table of Contents](#)

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

**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

**LTC Properties, Inc.**

---

(Name of Registrant as Specified In Its Charter)

---

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3)

## Edgar Filing: LTC PROPERTIES INC - Form DEF 14A

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

- (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
    - o Fee paid previously with preliminary materials.
    - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
      - (1) Amount Previously Paid:
      - (2) Form, Schedule or Registration Statement No.:
      - (3) Filing Party:
      - (4) Date Filed:
-

Table of Contents

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 27, 2010**

---

The 2010 Annual Meeting of Stockholders of LTC Properties, Inc. will be held on Thursday, May 27, 2010 at 9:00 a.m., local time, at the St. Regis Monarch Beach, One Monarch Beach Resort, Dana Point, California 92629 to conduct the following items of business:

- (1) To elect six directors to serve on the Board of Directors for the ensuing year and until the election and qualification of their respective successors;
- (2) To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2010; and
- (3) To transact such other business as may properly come before the meeting.

Only stockholders whose names appear of record on our books at the close of business on **April 15, 2010** are entitled to notice of, and to vote at, such 2010 Annual Meeting or any adjournments of such 2010 Annual Meeting.

All stockholders are cordially invited to attend the meeting in person. However, to assure your representation at the meeting, you are urged to sign and return the enclosed proxy promptly in the postage-paid envelope enclosed for that purpose. Any stockholder attending the meeting may vote in person even if he or she has returned a proxy.

By Order of the Board of Directors

PAMELA J. SHELLEY-KESSLER  
Senior Vice President, Chief Financial Officer and  
Corporate Secretary

Westlake Village, California  
April 22, 2010

**IMPORTANT:** Whether or not you plan to attend the meeting, please complete, date and sign the enclosed proxy and mail it promptly in the enclosed stamped envelope.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 27, 2010** the Proxy Statement and the Annual Report are available at <http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=26002>.

---

Table of Contents

## TABLE OF CONTENTS

<u>PROXY STATEMENT</u>	<u>1</u>
<u>Solicitation</u>	<u>1</u>
<u>Voting Rights</u>	<u>1</u>
<u>Broker Non-Votes</u>	<u>1</u>
<u>Voting of Proxies</u>	<u>2</u>
<u>Revocability of Proxy</u>	<u>2</u>
<u>CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS</u>	<u>3</u>
<u>Code of Ethics</u>	<u>3</u>
<u>Board Structure and Committee Composition</u>	<u>3</u>
<u>Communications with the Board</u>	<u>5</u>
<u>Consideration of Director Nominees</u>	<u>5</u>
<u>Stock Ownership Guidelines</u>	<u>6</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>7</u>
<u>PROPOSALS TO BE VOTED ON</u>	<u>8</u>
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	<u>8</u>
<u>PROPOSAL 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC</u>	
<u>ACCOUNTING FIRM</u>	<u>10</u>
<u>EXECUTIVE OFFICERS</u>	<u>11</u>
<u>EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS</u>	<u>12</u>
<u>Executive Compensation Program Philosophy and Objectives</u>	<u>12</u>
<u>Executive Compensation Program Elements</u>	<u>12</u>
<u>Compensation Committee</u>	<u>13</u>
<u>Competitive Considerations</u>	<u>13</u>
<u>Executive Compensation Practices</u>	<u>14</u>
<u>Tax and Accounting Considerations</u>	<u>18</u>
<u>SUMMARY COMPENSATION TABLE</u>	<u>19</u>
<u>Description of Employment Agreements</u>	<u>21</u>
<u>Grants of Plan Based Awards</u>	<u>21</u>
<u>Outstanding Equity Awards at Year-End</u>	<u>22</u>
<u>Option Exercises and Stock Vested During 2009</u>	<u>23</u>
<u>Potential Payments Upon Termination or Change In Control</u>	<u>23</u>
<u>DIRECTOR COMPENSATION</u>	<u>27</u>
<u>Director Compensation for the Year ended December 31, 2009</u>	<u>27</u>
<u>COMPENSATION COMMITTEE REPORT</u>	<u>29</u>
<u>Compensation Committee Interlocks and Insider Participation</u>	<u>29</u>
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND</u>	
<u>MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	<u>30</u>
<u>Securities Authorized for Issuance under Equity Compensation Plans</u>	<u>32</u>
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR</u>	
<u>INDEPENDENCE</u>	<u>32</u>
<u>Review, Approval or Ratification of Transactions with Related Persons</u>	<u>32</u>
<u>Transactions with Related Persons</u>	<u>33</u>
<u>Director Independence</u>	<u>33</u>
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES AND SERVICES</u>	<u>35</u>
<u>REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS</u>	<u>36</u>
<u>RISK OVERSIGHT</u>	<u>37</u>
<u>OTHER MATTERS</u>	<u>37</u>
<u>Stockholder Proposals</u>	<u>37</u>
<u>Householding</u>	<u>38</u>
<u>Directions</u>	<u>39</u>

---

Table of Contents

**LTC PROPERTIES, INC.**

---

**PROXY STATEMENT**

**Solicitation**

This proxy statement is furnished to the stockholders of LTC Properties, Inc., a Maryland corporation, in connection with the solicitation of proxies by our Board of Directors for use at our 2010 Annual Meeting of Stockholders to be held on Thursday, May 27, 2010 at 9:00 a.m., local time, at the St. Regis Monarch Beach, One Monarch Beach Resort, Dana Point, California 92629 and at any and all adjournments of our 2010 Annual Meeting. The approximate date on which this proxy statement and the form of proxy is first being sent to our stockholders is April 22, 2010.

The cost of the solicitation of proxies will be borne by us. In addition to solicitation by mail, our directors and officers, without receiving any additional compensation, may solicit proxies personally, by telephone, by facsimile or electronically. We will request brokerage houses, banks, and other custodians or nominees holding stock in their names for others to forward proxy materials to their customers or principals who are the beneficial owners of common shares and will reimburse them for their expenses in doing so. We have retained the services of Georgeson Shareholder, Inc. for a fee of \$8,000 plus out-of-pocket expenses, to assist in the solicitation of proxies.

*We will provide without charge to any person solicited hereby, upon the written request of any such person, a copy of our Annual Report on our Form 10-K for the year ended December 31, 2009 filed with the Securities and Exchange Commission (or SEC). Such requests should be directed to our Investor Relations Department, at 31365 Oak Crest Drive, Suite 200, Westlake Village, CA 91361. Also, our Annual Report is available on our website at [www.LTCproperties.com](http://www.LTCproperties.com). We are not including the information contained on our website as part of, or incorporating it by reference into this proxy statement.*

**Voting Rights**

On April 15, 2010, the record date for the determination of stockholders entitled to notice of, and to vote at, our 2010 Annual Meeting, we had 23,794,484 shares of common stock outstanding. Each share of common stock is entitled to one vote on all matters properly brought before the 2010 Annual Meeting. The presence, in person or by proxy, of stockholders entitled to cast a majority of all the votes entitled to be cast constitutes a quorum for the transaction of business at the 2010 Annual Meeting.

**Broker Non-Votes**

If you are a beneficial owner whose shares are held of record by a broker, your broker is required to ask you for instructions on how to vote. If you do not provide voting instructions, your shares will not be voted on any proposal on which the broker does not have discretionary authority to vote. This is called a "broker non-vote." In these cases, the broker can register your shares as being present at the 2010 Annual Meeting for purposes of determining the presence of a quorum but will not be able to vote on those matters for which specific authorization is required under the rules of the New York Stock Exchange (or NYSE).

*There is an important change this year regarding broker non-votes and director elections. Effective for the 2010 Annual Meeting, the NYSE no longer permits brokers to vote with respect to the Proposal 1 election of directors if the broker has not received instructions from the beneficial owner. This represents a change from prior years, when brokers had discretionary voting authority in the election of directors. Accordingly, it is particularly important that beneficial owners instruct their broker how to vote*

Table of Contents

*their shares*. Brokers still are able to exercise discretionary voting authority with respect to the Proposal 2 ratification of the appointment of our independent registered public accounting firm.

**Voting of Proxies**

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board of Directors. The Board of Directors' recommendations are set forth together with the description of each item in this proxy statement. In summary, the Board of Directors recommends a vote:

**For** the election of each of the Board of Directors' nominees for director; and

**For** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2010.

**Revocability of Proxy**

The giving of the enclosed proxy does not preclude the right to vote in person should the stockholder giving the proxy so desire. A proxy may be revoked at any time prior to its exercise by delivering a written statement to our Investor Relations Department that the proxy is revoked, by delivering to us a later-dated proxy executed by the person executing the prior proxy, or by attending the 2010 Annual Meeting and voting in person.

**ALL STOCKHOLDERS ARE URGED TO COMPLETE, SIGN AND RETURN THE ACCOMPANYING PROXY CARD IN THE ENCLOSED ENVELOPE.**

Table of Contents

**CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS**

**Code of Ethics**

LTC Properties, Inc. (or LTC) is committed to having sound corporate governance principles. To that end, we have adopted a Code of Business Conduct, Ethics and Corporate Governance applicable to our Board of Directors, principal executive officer, principal financial officer, controller and other officers and employees. Our Code of Business Conduct, Ethics and Corporate Governance is available on our website ([www.LTCproperties.com](http://www.LTCproperties.com)). If we amend or waive the Code of Business Conduct, Ethics and Corporate Governance with respect to our directors, principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, we will post the amendment or waiver on our website.

**Board Structure and Committee Composition**

The business of LTC is managed under the direction of the Board of Directors (or Board), which is elected by our stockholders. The basic responsibility of the Board is to lead our company by exercising its business judgment to act in what each director reasonably believes to be the best interests of our company and its stockholders. Leadership is important to facilitate the Board acting effectively as a working group so that our company and its performance may benefit. Our Corporate Governance Guidelines contemplate that the Chief Executive Officer will serve on the Board.

Our Board currently separates the positions of Executive Chairman and Chief Executive Officer. Our Executive Chairman, Mr. Dimitriadis, founded LTC in 1992 and until March 2007 served as Chief Executive Officer. As Executive Chairman, he is able to make a time commitment to advise on our company's operations, has an extensive knowledge of our company, its challenges, and opportunities, and has a productive working relationship with the company's officers and employees. The role of Executive Chairman includes providing continuous feedback on the direction, performance and strategy of our company, serving as chairman of regular and executive sessions of the Board, setting the Board's agenda with the Chief Executive Officer, and leading the Board in anticipating and responding to key company developments. Separation of the positions of Chairman and Chief Executive Officer is not mandated by our company's articles, bylaws, or Corporate Governance Guidelines. The Board believes that the advisability of having a separate or combined Executive Chairman and Chief Executive Officer is dependent upon the strengths of the individuals that hold these positions and the most effective means of leveraging these strengths. At this time, given the composition of our Board, the effective interaction between Mr. Dimitriadis, as Executive Chairman, and Ms. Simpson, as Chief Executive Officer, the Board believes that separating the Chief Executive Officer and Executive Chairman positions provides our company with the right foundation to pursue strategic and operational objectives, while maintaining effective oversight and objective evaluation of the performance of our company.

Aside from Mr. Dimitriadis and Ms. Simpson, the four remaining members of our Board are independent directors. Our Corporate Governance Guidelines provide that, where the chairman is not independent, one independent director may be appointed "lead independent director." If no "lead independent director" has been appointed by the Board, the designation of the presiding director at each Independent Directors' meeting will rotate among the Chairmen of each committee. The "lead independent director" will periodically and no less frequently than annually, schedule and conduct separate meetings of the independent directors only. Currently, no "lead independent director" has been designated. The independent directors of the Board have elected to rotate as "lead independent director." In accordance with our Corporate Governance Guidelines, the independent members of the Board meet separately without management directors at least once per year to discuss such matters as the independent directors consider appropriate.

As of the date of this proxy statement, our Board has six directors and the following three committees: (1) Audit; (2) Compensation; and (3) Nominating and Corporate Governance. On



Table of Contents

February 18, 2010, the Board nominated six incumbent directors for election at the Annual Meeting on May 27, 2010. Those nominated were Messrs. Dimitriadis, Hendrickson and King, Dr. Triche and Mses. Simpson and Shapiro. The function of each of the committees and the membership of the committees currently and during the last year are described below. Each of the committees operates under a written charter adopted by the Board. All of the committee charters are available on our website ([www.LTCproperties.com](http://www.LTCproperties.com)). During fiscal 2009, the Board held five meetings. Each Board member attended 100% of Board and Committee meetings in 2009 while he or she served as director. Our policy is to schedule our annual meeting of stockholders after consulting with each director regarding their availability to help ensure their ability to attend. All Board members at that time attended our 2009 Annual Meeting of Stockholders.

The following table reflects the current composition of each committee:

Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Andre C. Dimitriadis			
Boyd W. Hendrickson	*		
Edmund C. King		*	*
Devra G. Shapiro	*	*	*
Wendy L. Simpson			
Timothy J. Triche, MD	*		*

\* Member

Chairman

*Audit Committee*

The Audit Committee has direct oversight of all compliance related to financial matters, SEC reporting and auditing. The "Report of the Audit Committee of the Board of Directors" is contained herein on page 36. The charter of the Audit Committee is available on our website ([www.LTCproperties.com](http://www.LTCproperties.com)). The Audit Committee met five times during 2009.

The Board has determined that each member of the Audit Committee is independent within the meaning of the Securities Exchange Act of 1933, as amended (or Exchange Act) and the listing standards of the NYSE. The Board also has determined that Mr. King, the current chair of the Committee, and Ms. Shapiro are qualified as an "audit committee financial expert" as defined by SEC rules and that they have accounting and related financial management expertise within the meaning of the listing standards of the NYSE.

*Compensation Committee*

The Compensation Committee is responsible for establishing and governing our compensation and benefit practices. The Compensation Committee establishes our general compensation policies, reviews and approves compensation of our executive officers and oversees all of our employee benefit plans. The Compensation Committee's charter is available on our website ([www.LTCproperties.com](http://www.LTCproperties.com)). In 2009, the Compensation Committee met three times. The Board has determined that each member of the Compensation Committee is independent within the meaning of the listing standards of the NYSE.

*Nominating and Corporate Governance Committee*

The Nominating and Corporate Governance Committee is responsible for (i) identifying, screening and reviewing individuals qualified to serve as directors and recommending to the Board candidates for

Table of Contents

nomination for election at the 2010 Annual Meeting of Stockholders or to fill Board vacancies; (ii) overseeing our policies and procedures for the receipt of stockholder suggestions regarding Board composition and recommendations of candidates for nomination by the Board; (iii) developing, recommending to the Board and overseeing implementation of our Code of Business Conduct, Ethics and Corporate Governance; and (iv) reviewing on a regular basis our overall corporate governance policies and procedures and recommending improvements when necessary. Specifically, the Committee's key responsibilities are detailed in Section IV of the Nominating and Corporate Governance Committee Charter which is available on our website ([www.LTCproperties.com](http://www.LTCproperties.com)).

The Nominating and Corporate Governance Committee met three times in fiscal 2009. The Board has determined that each member of the Nominating and Corporate Governance Committee is independent within the meaning of the listing standards of the NYSE.

*Independent Directors Meetings*

Meetings of independent directors are held at regularly scheduled Board meetings throughout the year. Each committee chairman presides over the Independent Director Meetings on a rotating basis.

**Communications with the Board**

Stockholders and all other parties interested in contacting members of the Board or its committees may send written correspondence to the Audit Committee Chairman of LTC Properties, Inc. at 31365 Oak Crest Drive, Suite 200, Westlake Village, California 91361. All such communications will be forwarded to the relevant director(s), except for solicitations or other matters unrelated to our company.

**Consideration of Director Nominees**

The Board is responsible for the selection of candidates for the nomination or appointment of all Board members. The Nominating and Corporate Governance Committee, in consultation with the Chief Executive Officer, recommends candidates for election to our Board and considers recommendations for Board candidates submitted by stockholders using the same criteria it applies to recommendations from Nominating and Corporate Governance Committee members, directors and members of management. The Nominating and Corporate Governance Committee will also consider whether to nominate any person nominated by a stockholder pursuant to the provisions of our Bylaws relating to stockholder nominations as described immediately below. Since 2009, there have been no material changes to the procedures by which stockholders may recommend nominees. Stockholders may submit recommendations in writing addressed to the Nominating and Corporate Governance Committee, LTC Properties, Inc., 31365 Oak Crest Drive, Suite 200, Westlake Village, CA 91361.

Stockholders may directly nominate persons for director only by complying with the procedure set forth in our Bylaws, which in summary requires that the stockholder submit the names of such persons in writing to our Corporate Secretary not less than 60 days nor more than 150 days prior to the first anniversary of the date of the preceding year's Annual Meeting. The nominations must set forth (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director and as to the stockholder giving the notice (a) the name, age, business address and residence address of such person, (b) the principal occupation or employment of such person, (c) the class and number of shares of our capital stock which are beneficially owned by such person on the date of such stockholder notice, (d) such nominee's consent to serve as a director if elected and (ii) as to the stockholder giving the notice (a) the name and address, as they appear on our books, of such stockholder to be supporting such nominees and (b) the class and number of shares of our capital stock which are beneficially owned by such stockholder on the date of such stockholder notice and by any other stockholders known by such stockholder to be supporting such nominees on the date of such stockholder notice.

Table of Contents

Once a prospective nominee has been identified, by either the Nominating and Corporate Governance Committee or proposed by the stockholders, the Nominating and Corporate Governance Committee makes an initial determination as to whether to conduct a full evaluation of the prospective candidate. This initial determination would include whatever information is provided with the recommendation of the prospective candidate and the Nominating and Corporate Governance Committee's own knowledge of the prospective candidate. The Nominating and Corporate Governance Committee may make inquiries of the person making the recommendation or of others regarding the qualifications of the prospective candidate. The preliminary determination is based primarily on the need for additional Board members to fill vacancies or expand the size of the Board. The Board's policy is to encourage selection of directors who will contribute to our overall corporate goals and to the discharge of the Board's responsibility to our stockholders. The Nominating and Corporate Governance Committee may, at the request of the Board from time to time, review the appropriate skills and characteristics required of Board members in the context of the current makeup of the Board. Board members are expected to prepare for, attend and participate in meetings of the Board and the committees on which they serve; therefore, a prospective candidate must have the ability to dedicate sufficient time, energy and attention to the diligent performance of his or her duties as a Board member.

The Nominating and Corporate Governance Committee may conduct interviews with prospective nominees in person or by telephone. After completing the evaluation and interviews, the Nominating and Corporate Governance Committee makes a recommendation to the full Board as to the persons who should be nominated by the Board, and the Board determines the nominees after considering the recommendation and report of the Nominating and Corporate Governance Committee.

The Nominating and Governance Committee does not have a specific policy with regard to the consideration of diversity in identifying director nominees. As part of its periodic review of the composition of the Board, the Nominating and Governance Committee considers whether the composition of the Board reflects the appropriate balance of independence, sound judgment, business specialization, technical skills, diversity, and other desired qualities. The Nominating and Governance Committee does not have formal objective criteria for determining the amount of diversity needed or present on the Board. Instead, the Nominating and Governance Committee seeks to have a Board with a diversity of background and experience.

**Stock Ownership Guidelines**

We encourage our executives to hold our company's stock on a long-term basis. The following table represents the company's stock ownership guidelines for our executive officers and independent directors:

Executive Chairman	Three times base salary
Chief Executive Officer	Three times base salary
Chief Financial Officer	Two times base salary
Vice Presidents	One times base salary
Independent Directors	One times annual fee

The company's stock ownership guidelines recommend that the Executive Chairman, Chief Executive Officer, Chief Financial Officer and Vice Presidents achieve the targeted level of ownership within three years from the date of hire, promotion or appointment. Also, the stock ownership guidelines recommend that the independent directors achieve the targeted level of ownership within three years from date of election. Additionally, we do not have any policies regarding the ability of executives to hedge the economic risk of ownership in our company's stock other than as outlined in our Insider Trading Policy which is contained in our Code of Business Conduct, Ethics and Corporate Governance and is available on our website as mentioned previously in the Investor Information section.

Table of Contents

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

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of our company.

To our knowledge, based solely on review of the copies of such reports and written representations that no other reports were required, during the year ended December 31, 2009, all directors, executive officers and persons who beneficially own more than 10% of our common stock have complied with the reporting requirements of Section 16(a); except that one report, covering one transaction, was filed late by Mr. King; three reports, covering a total of three transactions relating to the grant of restricted stock, were filed late by Messrs. King and Hendrickson and Dr. Triche; and NHI failed to file one report relating to five transactions but did report the transaction in its year-end report on Form 5, which was not timely filed.

Table of Contents

**PROPOSALS TO BE VOTED ON**

**PROPOSAL 1  
ELECTION OF DIRECTORS**

Six directors will be elected at the 2010 Annual Meeting of Stockholders. Each person elected as director will hold office until the 2011 Annual Meeting of Stockholders and, in each case, until their respective successors have been duly elected and qualified. Each nominee listed below is currently a director of our company. The names of the six director nominees, their business experience, and specific qualifications, attributes, or skills to serve as director, are set forth below:

**Andre C. Dimitriadis**  
Director since 1992  
Age 69

Mr. Dimitriadis founded LTC Properties, Inc. in 1992 and was our Chairman and Chief Executive Officer from inception through March 2007. In March 2007, Mr. Dimitriadis assumed the position of Executive Chairman.

As founder and former Chief Executive Officer, Mr. Dimitriadis brings to the Board of LTC Properties, Inc. a deep understanding of our company's business, a historical perspective on our company's strategy, and experience in long term care and capital markets. These factors, and Mr. Dimitriadis' prior service as director of LTC Properties, Inc., led the Board to conclude he should be nominated to serve another term as director.

**Boyd W. Hendrickson**  
Director since 2005  
Age 65

Mr. Hendrickson is Chief Executive Officer and Chairman and Member of the Board of Skilled Healthcare Group, Inc. (or SHG). Mr. Hendrickson has been the Chief Executive Officer of SHG since April 2002. SHG is located in Foothill Ranch, California and is a publicly-traded company with subsidiaries that own and operate skilled nursing and assisted living facilities. Previously, Mr. Hendrickson was the Chief Executive Officer of Evergreen Healthcare, LLC from January 2001 through March 2002. Mr. Hendrickson is a past Board Member of The American Federation of Hospitals, Beverly Enterprises, PharMerica and Superior Bank.

Mr. Hendrickson's prior service as an independent director of LTC Properties, Inc., current and past executive and director experience with other public companies, and his multi-decade involvement in the understanding of the health care industry led the Board to conclude he should be nominated to serve another term as director.

**Edmund C. King**  
Director since 1992  
Age 75

Mr. King is the principal owner of Trouver Capital Partners, an investment banking firm located in Los Angeles, California and Provo, Utah. Mr. King has been the principal owner of Trouver Capital Partners since 1997. Previously, Mr. King was Ernst & Young LLP's Southern California senior health care partner from 1973 through September 1991. Mr. King is acting President, Chief Financial Officer and a director of Invisa, Inc., a publicly-held industrial instrument company. He also serves on the Board of Directors of Accentia Biopharmaceuticals, Inc., a publicly-traded biopharmaceutical company.

Mr. King's prior service as an independent director of LTC Properties, Inc., financial management background, history of working with public companies, knowledge of health care matters, and multi-decade experience with accounting-related reporting and controls led the Board to conclude he should be nominated to serve another term as director.

## Edgar Filing: LTC PROPERTIES INC - Form DEF 14A

### Table of Contents

**Devra G. Shapiro**  
Director since 2009  
Age 63

Ms. Shapiro has been the Chief Financial Officer of IPC The Hospitalist Company (or IPC) since 1998. IPC is a publicly-traded national physician group practice company focused on the delivery of hospitalist medicine services and is located in North Hollywood, California. Prior to joining IPC, Ms. Shapiro served as chief financial officer and other executive financial positions with several health care companies and was in the health care practice of an international accounting firm. Ms. Shapiro is a licensed CPA.

Ms. Shapiro's service as a newly-appointed independent director of LTC Properties, Inc. in 2009, her current position as Chief Financial Officer of a public health care company, her many years of experience in financial executive positions with health care companies and in public accounting, and her expertise in accounting, financial reporting and controls led the Board to conclude she should be nominated to serve a full term as director.

**Wendy L. Simpson**  
Director since 1995  
Age 61

Ms. Simpson was appointed Chief Executive Officer and President in March 2007. She also served as Chief Financial Officer from July 2000 through March 2007, Treasurer from January 2005 through March 2007, and President and Chief Operating Officer from October 2005 through March 2007. She also was Vice Chairman of the Board from April 2000 through October 2005.

Having served as a senior executive officer of LTC Properties, Inc. for more than a decade, including currently as President and Chief Executive Officer, Ms. Simpson brings a deep understanding of our company's historical and current business and financial operations. In addition, our Corporate Governance Guidelines contemplate that our Chief Executive Officer shall be nominated to serve on the Board of Directors. These factors, and Ms. Simpson's prior service as director of LTC Properties, Inc., led the Board to conclude that she should be nominated to serve another term as director.

**Timothy J. Triche, MD**  
Director since 2000  
Age 65

Dr. Triche has been the Chairman of the Department of Pathology and Laboratory Medicine at Children's Hospital Los Angeles since 1988. He has also been a Professor of Pathology and Pediatrics at the University of Southern California Keck School of Medicine in Los Angeles, California since 1988. He also serves on the Board of Directors of Novelix Pharmaceuticals, Inc., a private California-based biotechnology company and NanoValent Pharmaceuticals, Inc., a private nanotechnology company.

Dr. Triche's prior service as an independent director of LTC Properties, Inc., current and past executive and director experience with other health care companies, and his overall background in the health care industry led the Board to conclude he should be nominated to serve another term as director.

Unless authority to vote for the election of directors has been specifically withheld, the persons named in the accompanying proxy intend to vote for the election of the nominees named above to hold office as directors until the 2011 Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified.

If any nominee becomes unavailable to serve as a director for any reason (which event is not anticipated), the shares of common stock represented by the enclosed proxy may (unless such proxy

Table of Contents

contains instructions to the contrary) be voted for such other person or persons as may be determined by the holders of such proxies.

**Required Vote and Recommendations**

The six nominees receiving the most votes (providing a quorum is present) will be elected as directors. For purposes of the vote on Proposal 1, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will count towards the presence of a quorum for Proposal 1. Properly executed and unrevoked proxies will be voted FOR the Board's nominees unless contrary instructions or an abstention are indicated in the proxy.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF  
THE BOARD OF DIRECTORS' NOMINEES FOR DIRECTOR.**

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

The Audit Committee of the Board has appointed Ernst & Young LLP as the independent registered public accounting firm to audit LTC Properties, Inc.'s consolidated financial statements for the year ended December 31, 2010. During 2009, Ernst & Young LLP served as our independent registered public accounting firm and also provided certain tax and other audit related services. See "Independent Registered Public Accounting Firm Fees and Services" on page 35. A representative of Ernst & Young LLP is expected to be present at the 2010 Annual Meeting.

Although ratification is not required by our Bylaws or otherwise, the Board is submitting the selection of Ernst & Young LLP to our stockholders for ratification as a matter of good corporate practice. If the selection is not ratified, the Audit Committee will consider whether it is appropriate to select another registered public accounting firm. Even if the selection is ratified, the Audit Committee in its discretion may select a different registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the company and our stockholders.

**Required Vote and Recommendation**

Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2010 requires the affirmative vote of a majority of all the votes cast at a meeting at which a quorum is present. For purposes of the vote on Proposal 2, abstentions and broker non-votes will not be counted as votes cast and this will have no effect on the result of the vote although they will count towards the presence of a quorum for Proposal 2. Properly executed, unrevoked proxies will be voted FOR Proposal 2 unless a vote against Proposal 2 or abstention is specifically indicated in the proxy.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE  
APPOINTMENT OF ERNST & YOUNG LLP AS LTC PROPERTIES, INC.'S  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
FOR THE YEAR ENDING DECEMBER 31, 2010**

Table of Contents

**EXECUTIVE OFFICERS**

<b>Andre C. Dimitriadis</b> Executive Chairman Age 69	Andre C. Dimitriadis founded LTC Properties, Inc. in 1992 and was our Chairman and Chief Executive Officer from inception through March 2007. In March 2007, Mr. Dimitriadis assumed the position of Executive Chairman.
<b>Wendy L. Simpson</b> Chief Executive Officer and President Age 61	Wendy L. Simpson has been a director since 1995, Vice Chairman from April 2000 through October 2005, Chief Financial Officer from July 2000 through March 2007, Treasurer from January 2005 through March 2007, and President and Chief Operating Officer from October 2005 through March 2007. In March 2007, Ms. Simpson was appointed Chief Executive Officer and President.
<b>Pamela Shelley-Kessler</b> Senior Vice President, Chief Financial Officer and Corporate Secretary Age 44	Pamela Shelley-Kessler joined the company as Vice President and Controller in July 2000. In March 2007 she was appointed Senior Vice President and Chief Financial Officer. Prior to joining the company Ms. Kessler was the Corporate Controller for a privately held commercial and multifamily real estate developer and the Director of Financial Reporting for a Southern California apartment REIT. Formerly she was with Ernst & Young LLP and is a licensed CPA.
<b>Peter G. Lyew</b> Vice President and Director of Tax Age 52	Peter G. Lyew joined the company in June 2000 as Director of Tax and was promoted to Vice President in December 2001. Prior to joining the company he held tax management positions with Sun America Affordable Housing, where he specialized in real estate partnerships, and Ernst & Young Kenneth Leventhal. Formerly he was with Arthur Andersen & Company and is a licensed CPA.
<b>Clint B. Malin</b> Vice President and Chief Investment Officer Age 38	Clint B. Malin joined the company as Vice President and Chief Investment Officer in May 2004. Mr. Malin was employed by Sun Healthcare Group, Inc., (or Sun) a nationwide operator of long-term health care facilities from 1997 through 2004. During his tenure at Sun, Mr. Malin was promoted to Vice President of Corporate Real Estate.
<b>T. Andrew Stokes</b> Vice President, Marketing and Strategic Planning Age 62	T. Andrew Stokes joined the company in June 2007 as Vice President, Marketing and Strategic Planning. From December 2006 to June 2007, Mr. Stokes worked for Gudvi, Sussman and Oppenheim as a certified public accountant. From January 2003 through November 2006, Mr. Stokes worked as an individual investor and consultant in real estate and health care. Prior to 2003 Mr. Stokes was Senior Vice President of Corporate Development for Nationwide Health Properties, Inc. Mr. Stokes is a Director of Southern California Presbyterian Homes and Services, a not-for-profit, charitable provider of skilled nursing, assisted living and affordable senior housing.
<b>Caroline Wong</b> Vice President, Controller and Treasurer Age 33	Caroline Wong joined the company as Accounting Manager in May 2002. In May 2005 she was appointed Assistant Controller and Assistant Treasurer and in March 2007, Ms. Wong was appointed Vice President, Controller and Treasurer. Prior to joining the company she was employed by Ernst & Young, LLP and is a licensed CPA.



Table of Contents

**EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS**

**Executive Compensation Program Philosophy and Objectives**

We endeavor to ensure that the compensation programs for our executive officers are effective in attracting and retaining key executives responsible for our company's success and are administered in appropriate fashion in the long-term interests of our company and our stockholders. Through the oversight of the Compensation Committee, we seek to align total compensation for executive management with our overall performance as well as the individual performance of each executive officer.

Our executive compensation policies may be summarized as follows:

- (1) Our compensation programs are designed to attract, motivate and retain qualified key executives;
- (2) An executive's salary, bonuses and incentive compensation and other benefit programs should reflect both our company's performance as a whole and the executive's individual performance and effort; and
- (3) Our compensation programs should enable the executive to have a financial interest in our company that parallels the financial interests of our stockholders.

**Executive Compensation Program Elements**

We seek to achieve our compensation program objectives through the following key compensation elements: base salary, annual bonus opportunity, long-term equity incentive opportunity and severance upon termination of the executive officers' employment under certain conditions or change in control of our company. We believe that each element of our executive compensation program helps us to achieve one or more of our compensation objectives as follows:

*Base salary* attract, motivate, and retain qualified key executives. We believe the base salary should reflect job responsibilities, value to our company, individual performance/expertise and competitiveness of the market for the executive's services/salary norms for persons in comparable positions at comparable companies.

*Annual bonuses* reward company performance and individual performance and effort. We believe the annual bonus should be linked to individual performance and to our company's performance as a whole, and where practicable, should be related to variables under our management's control.

*Long-term equity incentives* align executives' financial interests with those of our stockholders. We believe that long-term compensation should motivate and reward the creation and preservation of long-term stockholder value.

*Severance* attract, motivate and retain qualified key executives. We believe that providing our executives with severance and other benefits upon termination of employment or change in control is consistent with the severance protections offered by similar companies and is an integral part of total executive compensation.

Base salaries and severance are designed primarily to attract, motivate and retain qualified key executives. These are the elements of our executive compensation program where the value of the benefit in any given year is typically not variable. We believe that it is important to provide executives with predictable benefit amounts that reward the executive's continued service. Base salaries are paid out on a short-term basis and are intended to attract and motivate executives. Severance and other

Table of Contents

benefits are paid out on a longer-term basis such as upon termination of employment or change in control of our company and are designed to aid in retaining executives.

Annual bonuses are designed to reward performance, both at the company and individual level. Annual bonuses are paid out on a short-term basis and are designed to reward performance for that period.

Long-term equity incentives are intended to align executives' and stockholders' interests. Long-term equity incentives are typically earned and paid out on a longer-term basis and are designed to reward performance over one or more years.

**Compensation Committee**

The Compensation Committee reviews and approves the compensation of our executive officers and determines our general compensation policy. The Compensation Committee is also responsible for the administration of our Equity Participation Plans. During 2008, we adopted the 2008 Equity Participation Plan which replaces the 1998 Equity Participation Plan, the 2004 Stock Option Plan and the 2004 Restricted Stock Plan. The Compensation Committee is authorized to determine the options and restricted common stock awards to be granted under such plans and the terms and provisions of such options and restricted common stock awards. The Compensation Committee determines the base salary, annual bonus and long-term equity incentives of our Chief Executive Officer. Wendy L. Simpson, our Chief Executive Officer and President, recommends to the Compensation Committee the base salary, annual bonus and long-term compensation levels for all of our other officers. None of the other executive officers had any role in determining or recommending the form or amount of the compensation of the other executive officers.

**Competitive Considerations**

In determining the level and composition of compensation for the executive officers, the Compensation Committee considers various corporate performance measures, both in absolute terms and in relation to similar companies, and individual performance measures. Although the Compensation Committee considers funds from operations per share as an important measure of our performance, the Compensation Committee does not apply any specific quantitative formula in making compensation decisions. The Compensation Committee also may evaluate the following factors in establishing executive compensation: (a) comparative compensation surveys and other material concerning compensation levels and stock grants at similar companies; (b) our historical compensation levels and stock awards; (c) overall competitive environment for executives and the level of compensation necessary to attract and retain executive talent; (d) financial performance of other real estate investment trusts relative to market condition; and (e) from time to time, the Compensation Committee may seek the advice of an independent compensation consultant in assessing its overall compensation philosophy, although no compensation consultant was retained for 2009 or has been retained for 2010. The Compensation Committee assigns no specific weight to any of the factors discussed above in establishing executive compensation. In determining the appropriate levels of compensation to be paid to executive officers, we do not generally factor in amounts realized from prior compensation.

While the Compensation Committee may review broad-based third party compensation surveys in determining the reasonableness of our executive officers compensation, compensation levels are not set by reference to any percentile or benchmark within any peer group of companies or otherwise. Consistent with our compensation philosophies described above, our goal is to provide each executive officer with a current compensation package that is at market based upon the Compensation Committee's perception of comparable executives at comparable companies, including real estate investment trusts.

Table of Contents**Executive Compensation Practices***Base Salaries*

Base salaries are reviewed and adjusted by the Compensation Committee on an annual basis. We typically pay base salaries in cash at regular intervals throughout the year. The Compensation Committee seeks to ensure that the base salaries are established at levels considered appropriate in light of responsibilities and duties of our executive officers as well as at levels competitive to amounts paid to executive officers of other real estate investment trusts. In determining an individual executive's actual base salary, the Compensation Committee also considers other factors, which may include the executive's past performance and contributions to our success.

Our executive officers each have an employment agreement (see "Description of Employment Agreements" below) granting them the contractual right to receive a fixed base salary as disclosed in the "Summary Compensation Table" below.

*Annual Bonuses*

Bonuses are awarded based on our overall performance and individual performance of each executive officer. We typically pay annual cash bonuses; however, bonuses may be awarded in other forms, such as stock awards, in lieu of cash payments. Bonus amounts awarded may vary from year to year and are typically paid, or awarded, at the end of the period for which performance is being rewarded. Annual bonuses for executive officers are awarded by the Compensation Committee. The Compensation Committee seeks to ensure that bonuses are established at levels considered appropriate in light of responsibilities and duties of our executive officers as well as at levels competitive to amounts paid to executive officers of other real estate investment trusts. In determining an individual executive's annual bonus, the Compensation Committee also considers other factors, which may include the executive's past performance and contributions to our success. None of our executive officers have a contractual right to receive a fixed actual or target bonus for any given year. However, Ms. Simpson's employment agreement provides for an annual target bonus equal to 100% of her base salary awarded at the sole discretion of the Board of Directors.

The following table shows the aggregate 2009 bonuses awarded to our Named Executive Officers for services provided in 2009, which amounts are reflected in the "Summary Compensation Table" below. Bonuses awarded for 2009 performance were paid in 2010.

Named Executive Officer	Cash	Discretionary Bonus Value	
		Restricted Stock Value <sup>(1)</sup>	Total Discretionary Bonus Value
Wendy L. Simpson	\$ 416,000	\$ 2,644,006	\$ 3,060,006
Pamela Shelley-Kessler	90,000	107,606	197,606
Clint B. Malin	90,000	95,004	185,004
T. Andrew Stokes	80,000	70,013	150,013

(1)

The number of shares of restricted common stock awarded to each Named Executive Officer was determined on the grant date, March 1, 2010, based upon the closing price of our common stock on the NYSE on that date. These shares vest ratably over a three-year period from the grant date for Ms. Shelley-Kessler and Messrs. Malin and Stokes. The shares granted to Ms. Simpson will vest ratably over a five-year period with the first date of vesting beginning on December 31, 2010.

In determining bonuses, the Compensation Committee evaluates the performance of our company for the year compared to other real estate investment trusts and the overall market. Accomplishments during 2009 included the acquisition of three assisted living properties with a total of 192 units for

Table of Contents

\$13.0 million and simultaneous lease of these properties to a third party operator under a 12-year master lease with two five-year renewal options. In determining Ms. Simpson's bonus, the Compensation Committee recognized her success in maintaining a financial discipline that resulted in our company being predominately unexposed to the recent global recession and establishing a platform and company reputation that the Compensation Committee believes will position LTC to grow. Additionally, the five-year vesting period, subject to Ms. Simpson's continued employment, of the restricted stock component of the bonus award was designed to align Ms. Simpson's financial interests with those of our stockholders. In determining bonuses, the Compensation Committee does not rely upon any specific performance targets or measurements related to our company. Overall company performance is evaluated relative to stockholder value and return over the year, revenue growth, new investment levels relative to market constraints and external factors outside the control of our company. In determining the individual bonus amounts the Compensation Committee considered the responsibilities and duties of our executive officers, the executive officers total compensation package including raises and equity awards, competitive amounts paid to executive officers at other real estate investment trusts, and the executive's performance and contributions to our success. There are no specific performance targets or measurements for our executive officers that impact their bonuses.

*Long-Term Equity Incentives*

Long-term incentives are designed to align the executives' financial interests with those of our stockholders. Therefore, our long-term incentive compensation for our executive officers has historically taken the form of a mix of restricted common stock and stock option awards. The Compensation Committee does not have a formula for determining the mix of restricted common stock and/or stock options awarded. Awards are made on an individual basis and are not granted at any pre-determined time during the year. Restricted common stock and stock option awards typically vest ratably over a three to five-year period and are generally subject to the individual executive officer's continued employment. The level of long-term incentive compensation is determined by the Compensation Committee based on an evaluation of competitive factors in conjunction with total compensation provided to each individual executive officer. The relevant weight given to each of these factors varies from individual to individual. Stock price performance has not been a factor in determining annual compensation because the price of our common stock is subject to a variety of factors outside of our control. We do not have an exact formula for allocating between cash and non-cash compensation. Nor do we have a policy for allocating between long-term and currently paid out compensation.

The grant date of an equity award is typically the date the Compensation Committee approves the equity award, if approved at a meeting, or the date the last signature is obtained if approved by unanimous written consent. The grant date may also be a future date from the date of approval as specified by the board resolution. In no instances has the grant date been retroactive or prior to the date the Compensation Committee approved the equity award. For long-term incentive awards in the form of stock options, the exercise price is the closing price of our company's stock as reported by the NYSE on the grant date. The Compensation Committee has not and does not time the granting of equity awards with any favorable or unfavorable news released by us.

During 2008, we adopted the 2008 Equity Participation Plan (or the 2008 Plan) which replaces The 1998 Equity Participation Plan (or the 1998 Plan), The 2004 Stock Option Plan and The 2004 Restricted Stock Plan. Under the 2008 Plan, awards may be granted including stock options (incentive or non-qualified), stock appreciation rights, restricted common stock, deferred stock and dividend equivalents. We reserved 600,000 shares of common stock for issuance under this plan. Subsequent to the restricted common stock award discussed below, there are 431,321 shares of common stock reserved for issuance under The 2008 Plan. The 2008 plan is administered by the Compensation Committee which sets the terms and provisions of the awards granted under the plan. Incentive stock options, stock appreciation rights, restricted common stock, deferred stock and dividend equivalents may only be

Table of Contents

awarded to officers and other full-time employees to promote our long-term performance and specifically, to retain and motivate senior management to achieve a sustained increase in stockholder value. Non-qualified stock options, stock appreciation rights, restricted common stock, deferred stock and dividend equivalents may be awarded to non-employee directors, officers, employees, consultants and other key persons who provide services to us. The Compensation Committee reviews and evaluates the overall compensation package of the executive officers and determines the awards based on our overall performance and the individual performance of the executive officers.

The following table shows the aggregate long-term equity incentives awarded to our Named Executive Officers in 2010, which was part of the bonuses awarded in 2010 but related to services provided in 2009.

Named Executive Officer	Restricted Stock Value <sup>(1)</sup>	Number of Restricted Stock
Wendy L. Simpson	\$ 2,644,006	99,661
Pamela Shelley-Kessler	107,606	4,056
Clint B. Malin	95,004	3,581
T. Andrew Stokes	70,013	2,639

- (1) The number of shares of restricted common stock awarded to each Named Executive Officer was determined on the grant date, March 1, 2010, based upon the closing price of our common stock on the NYSE on that date. These shares vest ratably over a three-year period from the grant date for Ms. Shelley-Kessler and Messrs. Malin and Stokes. The shares granted to Ms. Simpson will vest ratably over a five-year period with the first date of vesting beginning on December 31, 2010.

*Severance and Other Benefits Upon Termination of Employment or Change in Control*

As discussed in greater detail in the section "Employment Agreements" below, we have provided our executive officers with severance and other benefits upon termination of employment or a change in control of our company. We believe that we need to provide our executive officers with severance protections that are competitive with severance protections offered by companies similar to ours. We believe the severance protections we have provided our executive officers are consistent with our compensation objective to attract, motivate and retain qualified key executives.

We believe that severance should be payable to our executive officers if their employment is terminated for any reason, except for a termination for cause or a voluntary resignation. The amount of cash severance we will pay and other severance benefits we extend to our executive officers upon such an occurrence is intended to help them avoid financial hardship during the period of time when the executive officer is likely to be unemployed and seeking new employment. If the executive officer's employment is terminated for any reason, except for a termination for cause or a voluntary resignation without a good reason, then we will pay the officer a lump sum severance payment equal to the following:

Executive Chairman	Four times base salary
Chief Executive Officer	Four times base salary
Chief Financial Officer	One times base salary
Vice Presidents	One times base salary

Additionally, medical and dental insurance coverage will be extended for up to 18 months at our expense to the executive officer. We have agreed to provide Ms. Simpson with health insurance benefits for life if Ms. Simpson's employment terminates for any reason except for a termination for cause or a

Table of Contents

voluntary resignation without good reason. We may elect to pay Ms. Simpson a one-time cash payment of \$250,000 in lieu of continuing health insurance benefits.

We believe that severance should be payable to our executive officers upon a change of control because a change of control transaction creates uncertainty regarding the continued employment of the executive officers. The amount of cash severance we will pay and other severance benefits we extend to our executive officers upon a change of control is intended to encourage the executive officers to remain employed by us during an important time when their prospects for continued employment following the change of control transaction are often uncertain. Upon a change in control of our company whether or not the officer's employment is terminated, we will pay the officer a severance payment in cash equal to the following:

Executive Chairman	\$5,000,000
Chief Executive Officer	\$3,000,000
Chief Financial Officer	Two times base salary
Vice Presidents	Two times base salary

Further, upon a change of control all stock options and/or restricted common stock automatically vest. We have agreed to provide Ms. Simpson with health insurance benefits for life upon change of control of our company whether or not Ms. Simpson's employment is terminated. We may elect to pay Ms. Simpson a one-time cash payment of \$250,000 in lieu of continuing health insurance benefits. The Compensation Committee believes that a change of control typically results in a constructive termination of the executive officers and therefore designed severance protection effective upon a change of control, rather than actual termination in the event of a change of control of our company.

If any payment or benefit received by Mr. Dimitriadis or Ms. Simpson from us subjects them to excise taxes under the "golden parachute" rules on payments and benefits, then they will be entitled to receive an additional amount (a "gross-up payment" to make the officer whole for these excise taxes and for all taxes on the gross-up payment). We have agreed to provide Mr. Dimitriadis with health insurance benefits for life and Mr. Dimitriadis' two dependents with health insurance benefits until they reach the age of 22. However, we may elect to pay Mr. Dimitriadis a one-time cash payment of \$250,000 in lieu of continuing health insurance benefits for Mr. Dimitriadis and his two dependents. The Compensation Committee believes that there are several situations that could result in continuing health care coverage not being available to these executives as a result of an action taken by us or a transaction involving our company. The provision of continuing health insurance benefits was included in the evaluation of the overall compensation package we have provided to our top two executive officers. The buyout clause was designed to limit our exposure to increasing health insurance costs.

Notwithstanding the foregoing, we will have no liability if an executive officer's employment is terminated for cause or by voluntary resignation without a good reason.

*401(k) Savings Plan*

We have a 401(k) Savings Plan which is a defined contribution plan covering all of our employees. Each year participants may contribute up to 15% of pre-tax annual compensation. In 2009 the contributions may not exceed \$16,500, or \$22,000 if the employee is 50 years or older. We match up to 3% of salaries for our vice presidents and contribute 3% of the individual's salary for staff that open an account. We will not contribute any amount, nor match contributions for our executive officers at the senior vice president level and higher.

*Benefits*

With limited exceptions, the Compensation Committee's policy is to provide benefits to executive officers that are substantially the same as those offered to other officers of our company at or above

Table of Contents

the level of vice president. Except for the lifetime health insurance benefits described above and the supplemental medical insurance discussed below, the employee benefits programs in which our executive officers participate (which provide benefits such as medical, dental and vision benefits coverage, life insurance protection, and 401(k) savings plan) are generally the same programs offered to all of our full-time employees. Our officers at the level of vice president and above are eligible to participate in a supplemental medical insurance program which provides participants with reimbursements for eligible out-of-pocket medical expenses such as primary insurance co-payments, deductibles, and certain elective medical procedures not covered by the employee's primary insurance policy. Amounts reimbursed to our executive officers during 2009 are included in the "Summary Compensation Table" below. We have agreed to provide Ms. Simpson and Mr. Dimitriadis with health insurance benefits for life and Mr. Dimitriadis' two dependents with health insurance benefits until they reach the age of 22. However, we may elect to pay Ms. Simpson and Mr. Dimitriadis a one-time cash payment of \$250,000 each in lieu of continuing health insurance benefits for Ms. Simpson, Mr. Dimitriadis and Mr. Dimitriadis' two dependents. The Compensation Committee believes that there are several situations that could result in continuing health care coverage not being available to these executives as a result of an action taken by us or a transaction involving our company. The provision of continuing health insurance benefits was included in the evaluation of the overall compensation package we have provided to our top two executive officers. The buyout clause was designed to limit our exposure to increasing health insurance costs.

**Tax and Accounting Considerations**

*Policy with Respect to Section 162(m)*

Section 162(m) of the Code denies deduction for Federal income tax purposes for certain compensation in excess of \$1,000,000 paid to certain executive officers, unless certain performance, disclosure, stockholder approval and other requirements are met. The Compensation Committee will continue to review the effects of its compensation programs with regard to Code Section 162(m). We will continue to evaluate alternatives to ensure executive compensation is reasonable, performance-based, and consistent with our overall compensation objectives. The Compensation Committee reserves the right to design programs that recognize a full range of performance criteria important to our success, even where the compensation paid under such programs may not be deductible.

Interpretations of and changes in the tax laws and other factors beyond the Compensation Committee's control may affect the deductibility of certain compensation payments. The Compensation Committee will consider various alternatives to preserve the deductibility of compensation payments and benefits to the extent reasonably practicable and to the extent consistent with its other compensation objectives.

Table of Contents**SUMMARY COMPENSATION TABLE**

This table presents information regarding compensation of our Named Executive Officers for services provided in 2009, 2008 and 2007.

Name and Principal Position	Year	Salary	Bonus <sup>(1)</sup>	Stock Awards <sup>(2)</sup>	Options Awards <sup>(2)</sup>	All other Compensation <sup>(3)</sup>	Total
Andre C. Dimitriadis Executive Chairman	2009	\$ 240,000	\$	\$	\$	\$ 28,088	\$ 268,088
	2008	240,000				18,204	258,204
	2007	266,667 <sup>(5)</sup>				207	266,874
Wendy L. Simpson Chief Executive Officer and President	2009	416,000	416,000 <sup>(8)</sup>	2,644,006 <sup>(8)</sup>		5,245	3,481,251
	2008	408,012	<sup>(6)</sup>	416,008 <sup>(6)</sup>		6,054	830,074
	2007	391,667 <sup>(5)</sup>	130,000	1,039,200		500	1,561,367
Pamela Shelley-Kessler Senior Vice President, Chief Financial Officer and Corporate Secretary	2009	197,600	90,000 <sup>(8)</sup>	107,606 <sup>(8)</sup>		12,339	407,545
	2008	193,800	75,000 <sup>(7)</sup>	95,997 <sup>(7)</sup>		5,026	369,823
	2007	185,833 <sup>(5)</sup>	90,000	285,480	61,200	3,084	625,597
Clint B. Malin Vice President and Chief Investment Officer	2009	166,400	90,000 <sup>(8)</sup>	95,004 <sup>(8)</sup>		13,097	364,501
	2008	163,200	75,000 <sup>(7)</sup>	63,003 <sup>(7)</sup>		7,188	308,391
	2007	160,000	90,000	285,480	61,200	7,976	604,656
T. Andrew Stokes Vice President, Marketing and Strategic Planning	2009	166,400	80,000 <sup>(8)</sup>	70,013 <sup>(8)</sup>		18,547	334,960
	2008	163,200	70,000 <sup>(7)</sup>	56,008 <sup>(7)</sup>		15,571	304,779
	2007	90,360 <sup>(4)</sup>	55,000	281,640	65,400	2,768	495,168

(1) The executive officers' bonus awarded for 2009, 2008 and 2007 performance was paid in 2010, 2009 and 2008, respectively.

(2) In accordance with recent changes in the SEC's disclosure rules, the amounts reported for Stock Awards and Options Awards of the table above for 2009 reflect the fair value on the grant date of the stock awards and option awards granted to our Named Executive Officers in 2010 but related to services provided in 2009. These values have been determined under the principles used to calculate the grant date fair value of equity awards for purposes of our company's financial statements. For a discussion of the assumptions and methodologies used to value the awards reported in the table above, please see the discussion of stock awards and option awards contained in Note 10. Equity to LTC's Consolidated Financial Statements, included as part of LTC's 2009 Annual Report on Form 10-K, filed with the SEC. Under U.S. generally accepted accounting principles, compensation expense with respect to stock awards and option awards granted to our employees and directors is generally recognized over the vesting periods applicable to the awards. The SEC's disclosure rules previously required that we present stock award and option award information for 2008 and 2007 based on the amount recognized during the corresponding year for financial statement reporting purposes with respect to these awards (which meant, in effect, that in any given year we could recognize for financial statement reporting purposes amounts with respect to grants made in that year as well as with respect to grants from past years that vested in or were still vesting during that year). However, the recent changes in the SEC's disclosure rules require that we now present the stock award and option award amounts in the applicable columns of the table above with respect to 2008 and 2007 on a similar basis as the 2009 presentation using the grant date fair value of the awards granted during the corresponding year (regardless of the period over which the awards are scheduled to vest). Since this requirement differs from the SEC's past disclosure rules, the amounts reported in the table above for stock award and option awards in 2008 and 2007 differ from the amounts previously reported in our Summary Compensation Table for these years. As a result, each named executive officer's total compensation amounts for 2008 and 2007 also differ from the amounts previously reported



in our Summary Compensation Table for these years.

Table of Contents

- (3) Represents our match of up to 3% of the individual's salary under our 401(k) savings plan and executive health insurance benefits.

Named Executive Officer		401(k) Matching	Supplemental Insurance Plan	Total All Other Compensation
Andre C. Dimitriadis	2009	\$	\$ 28,088	\$ 28,088
	2008		18,204	18,204
	2007		207	207
Wendy L. Simpson	2009		5,245	5,245
	2008		6,054	6,054
	2007		500	500
Pamela Shelley-Kessler	2009		12,339	12,339
	2008		5,026	5,026
	2007	825	2,259	3,084
Clint B. Malin	2009	4,992	8,105	13,097
	2008	4,896	2,292	7,188
	2007	4,800	3,176	7,976
T. Andrew Stokes	2009	4,992	13,555	18,547
	2008	4,896	10,675	15,571
	2007	2,711	57	2,768

- (4) Mr. Stokes' employment commenced on June 8, 2007.
- (5) Effective March 1, 2007, Mr. Dimitriadis assumed the role of Executive Chairman, Ms. Simpson was promoted to Chief Executive Officer and President, and Ms. Shelley-Kessler was promoted to Senior Vice President, Chief Financial Officer and Corporate Secretary. Previously, Mr. Dimitriadis was Chief Executive Officer, Ms. Simpson was President, Chief Financial Officer, Chief Operating Officer and Treasurer and Ms. Shelley-Kessler was Vice President, Controller and Corporate Secretary.
- (6) Ms. Simpson requested to receive one hundred percent of her 2008 bonus in restricted common stock and was awarded 24,385 shares of restricted common stock on February 27, 2009. These shares vest ratably over a three-year period.
- (7) Amount represents cash bonuses paid in 2009 but related to services provided in 2008. Bonuses in 2008 were generally lower than in 2007 and 2009, reflecting the lower level of new investments in 2008. Additionally, Named Executive Officers received the following restricted common stock awards on February 27, 2009. This award relates to services provided in 2008 and vests ratably over a three-year period.

Named Executive Officer	Restricted Stock Value	Number of Restricted Stock
Wendy L. Simpson	\$ 416,008	24,385
Pamela Shelley-Kessler	95,997	5,627
Clint B. Malin	63,003	3,693
T. Andrew Stokes	56,008	3,283

- (8) Amount represents cash bonuses paid in 2010 but related to services provided in 2009. Additionally, Named Executive Officers received the following restricted common stock awards on March 1, 2010. This award relates to services provided in 2009 and vests ratably over a three-year period for Ms. Shelley-Kessler and

Table of Contents

Messrs. Malin and Stokes. The shares granted to Ms. Simpson will vest ratably over a five-year period with the first date of vesting being December 31, 2010.

Named Executive Officer	Restricted Stock Value	Number of Restricted Stock
Wendy L. Simpson	\$ 2,644,006	99,661
Pamela Shelley-Kessler	107,606	4,056
Clint B. Malin	95,004	3,581
T. Andrew Stokes	70,013	2,639

**Description of Employment Agreements**

The following table provides details regarding the employment agreements for our Named Executive Officers during the year ended December 31, 2009:

Named Executive Officer	Agreement Date	Agreement Term	Salary	Change of Control Severance	Termination Severance
Andre C. Dimitriadis <sup>(1)</sup>	7/1/07	4-year evergreen	\$ 240,000	\$5,000,000	Four times base salary
Wendy L. Simpson <sup>(2)</sup>	12/4/07	3-year evergreen	416,000	\$3,000,000	Four times base salary
Pamela Shelley-Kessler	12/4/07	1-year evergreen	197,600	Two times base salary	One times base salary
Clint B. Malin	12/4/07	1-year evergreen	166,400	Two times base salary	One times base salary
T. Andrew Stokes	12/4/07	1-year evergreen	166,400	Two times base salary	One times base salary

- (1) Mr. Dimitriadis' employment agreement provides Mr. Dimitriadis with health insurance benefits for life and his two dependents with health insurance benefits until they reach the age of 22. However, we may elect to pay Mr. Dimitriadis a one-time cash payment of \$250,000 in lieu of continuing health insurance benefits for Mr. Dimitriadis and his two dependents. See "Severance and Other Benefits Upon Termination of Employment or Change in Control" above for further discussion.
- (2) Ms. Simpson's employment agreement provides Ms. Simpson with health insurance benefits for life if Ms. Simpson's employment with us is terminated for any reason, except for a termination for cause or a voluntary resignation without a good reason, or upon a change in control of our company whether or not Ms. Simpson's employment is terminated. However, we may elect to pay Ms. Simpson a one-time cash payment of \$250,000 in lieu of continuing health insurance benefits. See "Severance and Other Benefits Upon Termination of Employment or Change in Control" above for further discussion.

The employment agreements provide that the base salaries may be increased at the discretion of our Board. Any increase in base salary will automatically amend each executive's respective employment agreement to provide that thereafter the executive's annual base salary will not be less than the increased base salary approved by our Board. During the term of his employment by us, each officer will devote the time necessary to provide the services reasonably required by our Board and will not, without the express approval of our Board, engage for his own account or for the account of any other person or entity, in a business which competes with us.

**Grants of Plan Based Awards**

During the year ended December 31, 2009, our Compensation Committee awarded restricted stock under our 2008 Equity Participation Plan to our Named Executive Officers, except for Mr. Dimitriadis. The restricted stock compensation was awarded as part of the bonuses to our Named Executive

## Edgar Filing: LTC PROPERTIES INC - Form DEF 14A

### Table of Contents

Officers for services rendered in 2008 and vests ratably over a three-year period. The following table provides detail regarding these restricted stock awards.

Name	Grant Date	Number of Shares of Stock	Grant Date Fair Value of Stock Awards
Wendy Simpson	2/27/2009	24,385	\$ 416,008
Pamela Shelley-Kessler	2/27/2009	5,627	95,997
Clint Malin	2/27/2009	3,693	63,003
T. Andrew Stokes	2/27/2009	3,283	56,008

Subsequent to December 31, 2009, the Compensation Committee awarded restricted stock under our 2008 Equity Participation Plan to our Named Executive Officers, except for Mr. Dimitriadis. The restricted stock compensation was awarded as part of the bonuses awarded to our Named Executive Officers for services rendered in 2009. The restricted stock vests ratably over a three-year period with the first date of vesting being the anniversary of grant date for Ms. Shelley-Kessler and Messrs. Malin and Stokes, and will vest ratably over a five-year period with the first date of vesting being December 31, 2010 for Ms. Simpson. The following table provides detail regarding these restricted stock awards:

Name	Grant Date	Number of Shares of Stock	Grant Date Fair Value of Stock Awards
Wendy L. Simpson	3/1/2010	99,661	\$ 2,644,006
Pamela Shelley-Kessler	3/1/2010	4,056	107,606
Clint B. Malin	3/1/2010	3,581	95,004
T. Andrew Stokes	3/1/2010	2,639	70,013

### **Outstanding Equity Awards at Year-End**

The following table presents information regarding the outstanding equity awards held by each Named Executive Officer as of December 31, 2009.

Named Executive Officer	Option awards				Stock awards	
	Number of securities underlying unexercised options exercisable	Number of securities underlying unexercised options unexercisable	Option exercise price	Option expiration date	Number of shares or units of stock that have not vested	Market value of shares or units of stock that have not vested <sup>(1)</sup>
Andre C. Dimitriadis			\$			\$
Wendy L. Simpson					35,572 <sup>(7)</sup>	\$ 951,551
Pamela Shelley-Kessler		10,000 <sup>(5)</sup>	\$ 23.79	05/15/17	9,627 <sup>(8)</sup>	\$ 257,522
Clint B. Malin	20,000 <sup>(2)</sup>	10,000 <sup>(5)</sup>	\$ 23.79	05/15/17	7,693 <sup>(9)</sup>	\$ 205,788
	10,000 <sup>(3)</sup>		\$ 15.13	05/10/14		\$
T. Andrew Stokes	20,000 <sup>(4)</sup>	10,000 <sup>(6)</sup>	\$ 23.47	06/08/17	7,283 <sup>(10)</sup>	\$ 194,820

- (1) The market value is the number of shares that have not vested multiplied by the closing price of our common stock as reported by the NYSE on December 31, 2009, the last trading day of 2009.
- (2) Vested on May 15, 2008 and 2009
- (3) Vested on May 10, 2007
- (4) Vested on June 8, 2008 and 2009



Table of Contents

- (5) Vests as follows: 10,000 on May 15, 2010
- (6) Vests as follows: 10,000 on June 8, 2010
- (7) Vests as follows: 11,187 on March 1, 2010; 8,129 on February 27, 2010; 8,128 on February 27, 2011 and 2012
- (8) Vests as follows: 4,000 on May 15, 2010; 1,876 on February 27, 2010 and 2011; 1,875 on February 2012
- (9) Vests as follows: 4,000 on May 15, 2010; 1,231 on February 27, 2010, 2011 and 2012
- (10) Vests as follows: 4,000 on June 8, 2010; 1,095 on February 27, 2010; 1,094 on February 27, 2011 and 2012

**Option Exercises and Stock Vested During 2009**

The following table shows the number and value of stock options exercised and the number of shares and value of restricted common stock that vested related to each of our Named Executive Officers during the year ended December 31, 2009.

Name	Option awards		Stock awards	
	Number of shares acquired on exercise	Value realized on exercise <sup>(1)</sup>	Number of shares acquired on vesting	Value realized on vesting <sup>(2)</sup>
Andre C. Dimitriadis		\$		\$
Wendy L. Simpson		\$	11,187	\$ 189,172
Pamela Shelley-Kessler	20,000	\$ 74,262	4,500	\$ 87,140
Clint B. Malin		\$	4,500	\$ 87,140
T. Andrew Stokes		\$	4,000	\$ 86,200

- (1) The value realized is the difference between the market price of the underlying securities at exercise, as measured by the closing price of our common stock as reported by NYSE on the date of exercise, and the exercise price times the number of shares acquired on exercise.
- (2) The value realized is the number of shares that vested multiplied by the closing price of our common stock as reported by the NYSE on the vesting date. This differs from the compensation expense disclosed in the "Summary Compensation Table" which is determined using the fair value on the grant date of the stock award.

**Potential Payments Upon Termination or Change In Control**

We have provided our executive officers with employment contracts that provide certain benefits depending on the circumstances surrounding their termination of employment with us. In addition to the benefits described below, upon termination of employment with us, the executive officer is generally entitled to amounts or benefits earned or accrued during the term of employment, including earned but unpaid salary. We have calculated the amount of any potential payments as if the termination or change of control occurred on December 31, 2009 and therefore used the closing price of our common stock as reported by the NYSE on December 31, 2009, the last trading day of 2009.

*Severance and Other Benefits Upon Termination of Employment*

## Edgar Filing: LTC PROPERTIES INC - Form DEF 14A

As described above under "Description of Employment Agreements" the employment agreements we have with our executive officers provide for payments of severance and other benefits upon termination of employment. If the executive officer's employment is terminated for any reason, except for a termination for cause or a voluntary resignation without a good reason, then we will pay the

Table of Contents

officer a lump sum severance payment equal to four times base salary for Mr. Dimitriadis and Ms. Simpson and one times base salary for Ms. Shelley-Kessler, Messrs. Malin, and Stokes. Additionally, medical and dental insurance coverage will be extended for up to 18 months, at our expense, to the executive officer. Further, we have agreed to provide Mr. Dimitriadis and Ms. Simpson with health insurance benefits for life and Mr. Dimitriadis' two dependents with health insurance benefits until they reach the age of 22. However, we may elect to pay Ms. Simpson and Mr. Dimitriadis a one-time cash payment of \$250,000 each in lieu of continuing health insurance benefits for Ms. Simpson, Mr. Dimitriadis and Mr. Dimitriadis' two dependents. If any payment or benefit received by Mr. Dimitriadis or Ms. Simpson from us subjects them to excise taxes under the "golden parachute" rules on payments and benefits, then they will be entitled to receive an additional amount (a "gross-up payment" to make the officer whole for these excise taxes and for all taxes on the gross-up payment).

The following table lists the Named Executive Officers and the estimated amounts they would have received under their respective employment agreements if their employment with us terminated for any reason, except for a termination for cause or a voluntary resignation without a good reason on December 31, 2009:

Name	Estimated Total Value of Cash Payments- Base Salary <sup>(1)</sup>	Estimated Total Value of Deferred Compensation Payment <sup>(2)</sup>	Estimated Total Value of Health Coverage Continuation <sup>(3)</sup>	Estimated Total Value of Equity Acceleration	Estimated Total Value of Excise Tax "Gross-Up"
Andre C. Dimitriadis	\$ 960,000	\$	\$ 250,000	\$	\$
Wendy L. Simpson	1,664,000	392,797	250,000		
Pamela Shelley-Kessler	197,600	30,040	46,000		
Clint B. Malin	166,400		31,000		
T. Andrew Stokes	166,400		65,000		

- (1) Represents base salaries and termination provisions in effect at December 31, 2009.
- (2) In previous years, executive officers were eligible to participate in our Amended Deferred Compensation Plan (or Deferred Plan) whereby we made contributions to the plan for each executive officer. This Deferred Plan was frozen in 2002 and no contributions have been made on behalf of any employee since 2001. All previous contributions made by us to the deferred compensation plan trust were invested in shares of our common stock and as dividends are paid on these shares, additional shares of our common stock are purchased on behalf of the participants in the Deferred Plan. As of December 31, 2009 the Deferred Plan held 14,684 and 1,123 shares of our common stock on behalf of Mses. Simpson and Shelley-Kessler, respectively. Messrs. Dimitriadis, Malin and Stokes do not hold any shares in the Deferred Plan as of December 31, 2009.
- (3) The employment agreements state that if the executive officer's employment is terminated upon a change in control of our company then the executive shall not be given the opportunity to participate in any medical or dental insurance coverage. However, if the executive officer's employment is terminated for any reason, except for a termination for cause or a voluntary resignation without a good reason, medical and dental insurance coverage will be extended for up to 18 months, at our expense, to the executive officer. Estimates provided in this table are based on amounts we paid for medical and dental insurance for our Named Executive Officers in 2009. As described above under "Description of Employment Agreements," we agreed to provide Mr. Dimitriadis with health insurance benefits for life and Mr. Dimitriadis' two dependents with health insurance benefits until they reach the age of 22. However, we may elect to pay Mr. Dimitriadis a one-time cash payment of \$250,000 in lieu of continuing health insurance benefits for Mr. Dimitriadis and his two dependents. Also as described above under "Description of Employment Agreements," we agreed to provide Ms. Simpson with health insurance benefits for



Table of Contents

life if Ms. Simpson's employment with us is terminated for any reason, except for a termination for cause or a voluntary resignation without a good reason. However, we may elect to pay Ms. Simpson a one-time cash payment of \$250,000 in lieu of continuing health insurance benefits.

*Severance and Other Benefits Upon Change of Control*

As described above under "Description of Employment Agreements" the employment agreements we have with our Named Executive Officers provide for payments of severance and other benefits upon a change of control of our company. Upon a change in control of our company whether or not the Named Executive Officer's employment is terminated, we will pay the Named Executive Officer a severance payment in cash equal to \$5,000,000 for Mr. Dimitriadis, \$3,000,000 for Ms. Simpson and two times base salary for Ms. Shelley-Kessler, Messrs. Malin and Stokes. If any payment or benefit received by Mr. Dimitriadis or Ms. Simpson from us subjects them to excise taxes under the "golden parachute" rules on payments and benefits, then they will be entitled to receive an additional amount (a "gross-up payment" to make the officer whole for these excise taxes and for all taxes on the gross-up payment). Further, upon a change of control all stock options and/or restricted common stock automatically vest.

A "Change in Control" occurs if:

- (a) Any Person or related group of Persons (other than Executive and her Related Persons, the company or a Person that directly or indirectly controls, is controlled by, or is under common control with, the company) is or becomes the Beneficial Owner, directly or indirectly, of securities of the company representing 30% or more of the combined voting power of the company's then outstanding securities;
- (b) The stockholders of the company approve a merger or consolidation of the company with any other corporation (or other entity), other than a merger or consolidation which would result in the voting securities of the company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 66<sup>2</sup>/<sub>3</sub>% of the combined voting power of the voting securities of the company or such surviving entity outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of the company (or similar transaction) in which no Person acquires 30% or more of the combined voting power of the company's then outstanding securities shall not constitute a Change in Control;
- (c) The stockholders of the company approve a plan of complete liquidation of the company or an agreement for the sale or disposition by the company of all or substantially all of the company's assets; or
- (d) A majority of the members of the Board of Directors of the company cease to be Continuing Directors.

The following table lists the Named Executive Officers and the estimated amounts they would have received under their respective employment agreements if there had been a change of control of our

## Edgar Filing: LTC PROPERTIES INC - Form DEF 14A

### Table of Contents

company on December 31, 2009 whether or not the Named Executive Officer's employment is terminated:

Name	Estimated Total Value of Cash Payments- Base Salary <sup>(1)</sup>	Estimated Total Value of Deferred Compensation Payment <sup>(2)</sup>	Estimated Total Value of Health Coverage Continuation <sup>(3)</sup>	Estimated Total Value of Equity Acceleration <sup>(4)</sup>	Estimated Total Value of Excise Tax "Gross-Up"
Andre C. Dimitriadis	\$ 5,000,000	\$ 392,797	\$ 250,000	\$ 951,551	\$ 2,074,000
Wendy L. Simpson	3,000,000	392,797	250,000	951,551	1,159,000
Pamela Shelley-Kessler	395,200	30,040		287,122	
Clint B. Malin	332,800			410,788	
T. Andrew Stokes	332,800			293,220	

- (1) Represents base salaries and change of control provisions in effect at December 31, 2009.
- (2) In previous years, executive officers were eligible to participate in our Amended Deferred Compensation Plan (or Deferred Plan) whereby we made contributions to the plan for each executive officer. This Deferred Plan was frozen in 2002 and no contributions have been made on behalf of any employee since 2001. All previous contributions made by us to the deferred compensation plan trust were invested in shares of our common stock and as dividends are paid on these shares, additional shares of our common stock are purchased on behalf of the participants in the Deferred Plan. As of December 31, 2009 the Deferred Plan held 14,684 and 1,123 shares of our common stock on behalf of Mses. Simpson and Shelley-Kessler, respectively. Messrs. Dimitriadis, Malin and Stokes do not hold any shares in the Deferred Plan as of December 31, 2009.
- (3) The employment agreements state that if the executive officer's employment is terminated upon a change in control of our company then the executive shall not be given the opportunity to participate in any medical or dental insurance coverage. As described above under "Description of Employment Agreements," we agreed to provide Mr. Dimitriadis with health insurance benefits for life and Mr. Dimitriadis' two dependents with health insurance benefits until they reach the age of 22. However, we may elect to pay Mr. Dimitriadis a one-time cash payment of \$250,000 in lieu of continuing health insurance benefits for Mr. Dimitriadis and his two dependents. Also as described above under "Description of Employment Agreements," we agreed to provide Ms. Simpson with health insurance benefits for life upon a change in control of our company whether or not Ms. Simpson's employment is terminated. However, we may elect to pay Ms. Simpson a one-time cash payment of \$250,000 in lieu of continuing health insurance benefits.
- (4) For invested restricted common stock this amount represents the closing market price as reported by the NYSE on December 31, 2009, the last trading day of 2009. For stock options this amount represents the difference between the exercise price and the closing market price as reported by the NYSE on December 31, 2009, the last trading day of 2009.

Table of Contents**DIRECTOR COMPENSATION**

Compensation for our Board of Directors typically consists of quarterly board fees, fees for attending meetings whether in-person or by telephone, and periodic equity awards. The following table presents information regarding the compensation we paid during 2009 to members of our independent Board of Directors. Two members of our Board are also employed by us and therefore are not entitled to receive additional compensation for their services as directors. Compensation information related to our two employee directors is included in the previous discussion and tables related to executive compensation.

**Director Compensation for the Year ended December 31, 2009**

Name	Fees Earned or Paid in Cash	Stock Awards <sup>(1)</sup>	Option Awards <sup>(1)</sup>	Total
Boyd W. Hendrickson	\$ 39,775	\$ 18,340	\$	\$ 58,115
Edmund C. King	42,575	18,340		60,915
Devra G. Shapiro	13,833	73,950	50,850	138,633
Timothy J. Triche	39,775	18,340		58,115

- (1) See "Equity Awards" below for the aggregate number of stock awards and option awards outstanding at year end. In accordance with recent changes in the SEC's disclosure rules, the amounts reported for Stock Awards and Options Awards of the table above for 2009 reflect the fair value on the grant date of the stock awards and option awards granted in 2009. These values have been determined under the principles used to calculate the grant date fair value of equity awards for purposes of our company's financial statements. For a discussion of the assumptions and methodologies used to value the awards reported in the table above, please see the discussion of stock awards and option awards contained in Note 10. Equity to LTC's Consolidated Financial Statements, included as part of LTC's 2009 Annual Report on Form 10-K, filed with the SEC. Under U.S. generally accepted accounting principles, compensation expense with respect to stock awards and option awards granted to our employees and directors is generally recognized over the vesting periods applicable to the awards.

*Quarterly Board and Meeting Fees*

The following table represents the schedule of meeting fees and quarterly fees for each independent director in effect during 2009:

Type of Fee <sup>(1)</sup>	January to April	May to December
Quarterly Fee	\$ 6,500	\$ 6,500
Quarterly Audit Committee Chairman Fee	2,275	2,500
Quarterly Compensation Committee Chairman Fee	975	2,000
Quarterly Nominating Committee Chairman Fee	975	2,000
Meeting Fee <sup>(2)</sup>	1,300	1,500
Committee Meeting Fee <sup>(2)</sup>	780	1,000

- (1) Along with meeting fees and quarterly fees, we reimburse independent directors for travel expenses incurred in connection with their duties as our director. Travel expense reimbursements are not included in this table.
- (2) The board meeting and committee meeting fees are paid to each independent director for attendance in person or telephonically at each meeting of the Board of Directors or of any committee meeting held on a day on which the Board of Directors did not meet. If a committee

Table of Contents

meeting is held on a day on which a meeting of the Board of Directors is held, there is no fee paid for the committee meeting.

*Equity Awards*

Directors participate in our 2008 Equity Participation Plan (or the 2008 Plan) which permits the Compensation Committee to grant nonqualified stock options or restricted common shares to directors from time-to-time. In 2009, the Compensation Committee granted 15,000 stock options and 3,000 shares of restricted common stock to Ms. Shapiro at \$24.65 per share. Also, the Compensation Committee granted 1,000 shares of restricted common stock to Messrs. Hendrickson and King and Dr. Triche at \$18.34 per share. These shares vest ratably over a three-year period. The following table presents the number of outstanding and unexercised option awards and the number of unvested shares of restricted common stock held by each of our independent directors at December 31, 2009.

Name	Number of options outstanding	Number of unvested shares of restricted common stock outstanding
Boyd W. Hendrickson	10,000 <sup>(1)</sup>	1,334 <sup>(4)</sup>
Edmund C. King	10,000 <sup>(1)</sup>	1,334 <sup>(4)</sup>
Devra G. Shapiro	15,000 <sup>(2)</sup>	3,000 <sup>(5)</sup>
Timothy J. Triche	15,000 <sup>(3)</sup>	1,334 <sup>(4)</sup>

(1) 3,333 vested on May 15, 2008 and 2009; 3,334 will vest on May 15, 2010.

(2) 5,000 will vest on July 30, 2010, 2011 and 2012.

(3) 2,000 vested on April 23, 2006; 3,000 vested on October 3, 2006; 3,333 vested on May 15, 2008 and 2009; 3,334 will vest on May 15, 2010.

(4) Vests as follows: 667 on May 15, 2010, 333 on May 15, 2011; 334 on May 15, 2012.

(5) Vests as follows: 1,000 on July 30, 2010, 2011 and 2012.

In previous years, directors were eligible to participate in our Deferred Plan whereby we made contributions of up to \$10,000 for each independent director. This Deferred Plan was frozen in 2002 and no contributions have been made on behalf of any employee or Board member since 2001. All previous contributions made by us to the deferred compensation plan trust were invested in shares of our common stock and as dividends are paid on these shares, additional shares of our common stock are purchased on behalf of the participants in the Deferred Plan. As of December 31, 2009 the Deferred Plan held 16,358 and 6,492 shares of our common stock on behalf of Mr. King and Dr. Triche, respectively. Mr. Hendrickson and Ms. Shapiro do not hold any shares in the Deferred Plan as of December 31, 2009.

Table of Contents

**COMPENSATION COMMITTEE REPORT**

*The Compensation Committee Report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such Acts.*

The Compensation Committee of the Board of Directors has reviewed and discussed with management the Executive Compensation Discussion and Analysis for 2009. Based on the review and discussions, the Committee recommended to the Board, and the Board has approved, that the Executive Compensation Discussion and Analysis be included in this Proxy Statement.

Compensation Committee

Timothy J. Triche, M.D., Chair  
Edmund C. King  
Devra G. Shapiro

**Compensation Committee Interlocks and Insider Participation**

During 2009, the Compensation Committee consisted of Timothy J. Triche, MD, Edmund C. King and Devra G. Shapiro, all of whom are independent directors. None of the members of the Compensation Committee are, or have been, officers or employees of the company. There are no "interlocks" (as defined by the rules of the SEC) with respect to any member of the Compensation Committee of the Board of Directors other than Mr. Hendrickson's relationship to SHG.

Since the beginning of 2007 and including any currently proposed, the only transactions within the scope of Item 404 of Regulation S-K involved Boyd W. Hendrickson, one of our independent directors. His interest in these transactions arises indirectly and as a result of serving as Chief Executive Officer of SHG.

In December 2005, we purchased, on the open market, \$10,000,000 face value of SHG Senior Subordinate Notes with a face rate of 11.0% and an effective yield of 11.1%. Our Board of Directors, with Mr. Hendrickson abstaining, ratified the purchase of SHG Senior Subordinated Notes. As a result of early redemptions by SHG in 2007, at December 31, 2009, we had a remaining investment in \$6,500,000 face value of SHG Senior Subordinated Notes. During 2009, we recognized \$720,000 of interest income related to the SHG Senior Subordinated Notes and expect to recognize \$720,000 of interest income in 2010 assuming no further redemptions by SHG. Interest on the notes is payable semi-annually in arrears and the notes mature on January 15, 2014.

In addition, during September 2007, SHG purchased the assets of Laurel Healthcare (or Laurel). One of the assets SHG purchased was Laurel's leasehold interests in the skilled nursing properties Laurel leased from us under a 15-year master lease agreement dated in February 2006. Our Board of Directors, with Mr. Hendrickson abstaining, ratified our consent to the assignment of Laurel's master lease to subsidiaries of SHG. The economic terms of the master lease agreement did not change as a result of our assignment of the master lease to subsidiaries of SHG. During 2009, subsidiaries of SHG paid us \$4,058,000 in rent and are expected to pay approximately \$4,160,000 in rent to us during 2010. During 2009, we recorded \$443,000 of straight-line rental income from subsidiaries of SHG and expect to record \$342,000 of straight-line rental income from subsidiaries of SHG in 2010. At December 31, 2009, the straight-line rent receivable from subsidiaries of SHG was \$2,480,000.

Table of Contents

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND  
MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

This table shows information as of March 22, 2010 with respect to the beneficial ownership of our common stock by (1) each person who is known by us to own beneficially more than 5% of our common shares based on the most recent Schedule 13D or 13G filings made by such person with the Securities and Exchange Commission pursuant to rules and regulations promulgated under the Exchange, (2) each director and director nominee, (3) each Named Executive Officer identified in the Summary Compensation Table above, and (4) the current directors and executive officers as a group.

<b>Name and Address of Beneficial Owner</b>	<b>Title of Class</b>	<b>Amount and Nature of Beneficial Ownership<sup>(1)</sup></b>	<b>Percent of Outstanding Shares in Class<sup>(2)</sup></b>
<i>Principal Stockholders:</i>			
<b>National Health Investors, Inc.</b> 222 Robert Rose Drive Murfreesboro, TN 37129	Common Stock	2,674,800 <sup>(3)</sup>	10.4%
<b>BlackRock, Inc.</b> 40 East 52 <sup>nd</sup> Street New York, NY 10022	Common Stock	2,371,289 <sup>(4)</sup>	10.0%
<b>The Vanguard Group, Inc.</b> 100 Vanguard Boulevard Malvern, PA 19355	Common Stock	2,195,703 <sup>(5)</sup>	9.3%
<b>Deutsche Bank AG</b> Theodor-Heuss-Allee 70 60468 Frankfurt am Main Federal Republic of Germany	Common Stock	1,416,230 <sup>(6)</sup>	6.0%
<i>Named Executive Officers:</i>			
<b>Andre C. Dimitriadis</b>	Common Stock	192,679	*
<b>Wendy L. Simpson</b>	Common Stock	293,052 <sup>(8)</sup>	1.2%
<b>Pamela Shelley-Kessler</b>	Common Stock	52,918 <sup>(7)(8)(9)</sup>	*
<b>Clint B. Malin</b>	Common Stock	62,274 <sup>(7)</sup>	*
<b>T. Andrew Stokes</b>	Common Stock	35,922 <sup>(7)</sup>	*
<i>+Director and Director Nominees:</i>			
<b>Boyd W. Hendrickson</b>	Common Stock	26,550 <sup>(7)(10)</sup>	*
<b>Edmund C. King</b>	Common Stock	68,481 <sup>(7)(8)(11)(12)</sup>	*
<b>Devra G. Shapiro</b>	Common Stock	3,000	*
<b>Timothy J. Triche, M.D.</b>	Common Stock	41,303 <sup>(7)(8)</sup>	*
<b>All directors and executive officers as a group (10 persons)</b>	Common Stock	825,072 <sup>(7)(8)(9)(10) (11)(12)</sup>	3.5%

\*

Less than 1%

+

Does not include information concerning directors Andre C. Dimitriadis and Wendy L. Simpson, each of whom is also an executive officer, which information is provided above.

Table of Contents

- (1) Except as otherwise noted below, all shares are owned beneficially by the individual or entity listed with sole voting and/or investment power.
- (2) For purposes of computing the percentages, the number of shares outstanding on March 22, 2010 was 23,601,484.
- (3) Based upon information contained in National Health Investors, Inc.'s (or NHI) Annual Report on Form 10-K for the year ended December 31, 2009 filed with the SEC and with respect to the ownership of our common stock as of December 31, 2009, NHI directly owns 674,800 shares and has sole voting and dispositive power over these shares. Additionally, NHI owns our Series C Cumulative Convertible Preferred Stock, which has an option to convert at a price of \$19.25 per share into 2,000,000 shares of common stock. For the purpose of computing this percentage, the number of shares subject to conversion is deemed to be outstanding only for the calculation of NHI's percent of class calculation.
- (4) Based upon information contained in the a Schedule 13G/A filed with the SEC on February 8, 2010 by BlackRock, Inc. (or BlackRock) with respect to the ownership of our common stock as of December 31, 2009, BlackRock beneficially owns 2,371,289 shares. BlackRock has the sole voting power and sole power to dispose of or to direct the disposition of 2,371,289 shares.
- (5) Based upon information contained in a Schedule 13G/A filed with the SEC on February 4, 2010 by The Vanguard Group, Inc. (or VGI) with respect to the ownership of our common stock as of December 31, 2009, VGI beneficially owns 2,195,703 shares. VGI has the sole voting power of 37,686 shares and sole power to dispose of or to direct the disposition of 2,158,017 shares. Vanguard Fiduciary Trust Company (or VFTC), a wholly-owned subsidiary of VGI, is the beneficial owner of 37,686 shares of our common stock outstanding of LTC as a result of its serving as investment manager of collective trust accounts. VFTC directs the voting of these shares.
- (6) Based upon information contained in a Schedule 13G filed with the SEC on February 12, 2010 by Deutsche Bank AG, RREEF America L.L.C. (or RREEF), Deutsche Investment Management Americas (or DIMA), DWS Investments S.A., Luxembourg (or DWS) and Deutsche Asset Management Australia Ltd. (or DAMA) with respect to the ownership of our common stock as of December 31, 2009, the Private Clients and Asset Management business group (or PCAM) of Deutsche Bank AG and its subsidiaries (including RREEF, DIMA, DWS and DAMA) and affiliates (or collectively, DBAG) beneficially own 1,416,230 shares. Of this amount, Deutsche Bank AG has sole voting power and sole dispositive power over 1,416,230 shares, RREEF has sole voting power and sole dispositive power over 1,333,174 shares, DIMA has sole voting power and sole dispositive power over 38,920 shares, DWS has sole voting power and sole dispositive power over 3,600 shares, and DAMA has sole voting power and sole dispositive power over 40,536 shares.
- (7) Includes shares purchasable by such individual upon exercise of outstanding options that are presently exercisable or will become exercisable within 60 days of March 22, 2010 as follows:

	<b>Exercisable Outstanding Options</b>
<i>Named Executive Officer:</i>	
Pamela Shelley-Kessler	10,000
Clint B. Malin	40,000
T. Andrew Stokes	20,000
<i>Director and Director Nominees:</i>	
Boyd W. Hendrickson	10,000
Edmund C. King	3,334
Timothy J. Triche, M.D.	15,000



Table of Contents

(8) Includes shares held in the deferred compensation trust as of March 22, 2010.

	Number of Shares
<i>Named Executive Officer:</i>	
Wendy L. Simpson	14,832
Pamela Shelley-Kessler	1,135
<i>Director and Director Nominees:</i>	
Edmund C. King	16,522
Timothy J. Triche, M.D.	6,557

(9) Includes 1,000 shares of common stock held by spouse in an individual retirement account.

(10) Includes 550 shares of common stock held in an individual retirement account.

(11) Includes 1,685 shares of common stock held by spouse in an individual retirement account.

(12) 17,700 of the shares beneficially owned have been pledged as security.

**Securities Authorized for Issuance under Equity Compensation Plans**

Securities authorized for issuance under equity compensation plans as of December 31, 2009 is as follows:

Plan Category	Equity Compensation Plan Information		
	(a) Number of securities to be issued upon exercise of outstanding options warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	197,000	\$ 22.88	542,012
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>197,000</b>	<b>\$ 22.88</b>	<b>542,012</b>

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

**Review, Approval or Ratification of Transactions with Related Persons**

## Edgar Filing: LTC PROPERTIES INC - Form DEF 14A

We have adopted a written policy that addresses related person transactions requiring disclosure under Item 404 of Regulation S-K under the Securities Act. A related person of our company includes a director, a director nominee, an executive officer, a shareholder beneficially owning a 5% voting interest in our company, or an immediate family member of any of the foregoing. Under the policy, any transaction in which a related person has a direct or indirect material interest and where the amount exceeds \$120,000 must be approved by disinterested members of our Board of Directors.

In determining whether to approve or ratify a related person transaction, our Board of Directors will take into account, whether (i) the terms are fair to our company and on the same basis generally available to an unrelated person, (ii) there are business reasons for our company to enter into the transaction, (iii) it would impair independence of an outside director, and (iv) any other factors exist that our Board deems relevant.

Table of Contents

**Transactions with Related Persons**

Since the beginning of 2007 and including any currently proposed, the only transactions within the scope of Item 404 of Regulation S-K involved Boyd W. Hendrickson, one of our independent directors. His interest in these transactions arises indirectly and as a result of serving as Chief Executive Officer of SHG.

In December 2005, we purchased, on the open market, \$10,000,000 face value of SHG Senior Subordinate Notes with a face rate of 11.0% and an effective yield of 11.1%. Our Board of Directors, with Mr. Hendrickson abstaining, ratified the purchase of SHG Senior Subordinated Notes. As a result of early redemptions by SHG in 2007, at December 31, 2009, we had a remaining investment in \$6,500,000 face value of SHG Senior Subordinated Notes. During 2009, we recognized \$720,000 of interest income related to the SHG Senior Subordinated Notes and expect to recognize \$720,000 of interest income in 2010 assuming no further redemptions by SHG. Interest on the notes is payable semi-annually in arrears and the notes mature on January 15, 2014.

In addition, during September 2007, SHG purchased the assets of Laurel Healthcare (or Laurel). One of the assets SHG purchased was Laurel's leasehold interests in the skilled nursing properties Laurel leased from us under a 15-year master lease agreement dated in February 2006. Our Board of Directors, with Mr. Hendrickson abstaining, ratified our consent to the assignment of Laurel's master lease to subsidiaries of SHG. The economic terms of the master lease agreement did not change as a result of our assignment of the master lease to subsidiaries of SHG. During 2009, subsidiaries of SHG paid us \$4,058,000 in rent and are expected to pay approximately \$4,160,000 in rent to us during 2010. During 2009, we recorded \$443,000 of straight-line rental income from subsidiaries of SHG and expect to record \$342,000 of straight-line rental income from subsidiaries of SHG in 2010. At December 31, 2009, the straight-line rent receivable from subsidiaries of SHG was \$2,480,000.

**Director Independence**

To assist us in determining director independence and other governance matters, we have adopted "Corporate Governance Policies," a copy of which is available on our website at [www.LTCproperties.com](http://www.LTCproperties.com). The provisions of our Corporate Governance Policies regarding director independence meet the listing standards of the NYSE. Our Corporate Governance Policies provide that:

A director who is, or has been within the last three years, an employee of the company, or whose immediate family member is, or has been within the last three years an executive officer of the company may not be deemed independent. Employment as an interim Chairman or Chief Executive Officer will not disqualify a director from being considered independent following that employment.

A director who has received, or who has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), may not be deemed independent. Compensation received by a director for former service as an interim Chairman or Chief Executive Officer and compensation received by an immediate family member for service as a non-executive employee of the company will not be considered in determining independence under this test.

A director who is, or whose immediate family member is, a current partner of a firm that is the company's external auditor; a director who is a current employee of such a firm; a director who has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or a director who was, or whose immediate family member was, within the last three years (but is no longer)

Table of Contents

a partner or employee of such a firm and personally worked on the company's audit within that time may not be deemed independent.

A director who is, or whose immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the company's present executive officers at the time serves or served on that company's compensation committee may not be deemed independent.

A director who is a current employee or whose immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the company for property or services in an amount which, in any of the last three years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues, may not be deemed independent.

For purposes of these guidelines, the terms:

"affiliate" means any consolidated subsidiary of the company and any other company or entity that controls, is controlled by or is under common control with the company, as evidenced by the power to elect a majority of the board of directors or comparable governing body of such entity;

"executive officer" means an "officer" within the meaning of Rule 16a-1(f) under the Exchange Act; and

"immediate family" means spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone (other than employees) sharing a person's home, but excluding any person who is no longer an immediate family member as a result of legal separation or divorce, or death or incapacitation.

Pursuant to our Corporate Governance Policies on Director Independence, the Board undertook its annual review of director independence in 2009. During this review, the Board considered transactions and relationships between each director or any member of his or her immediate family and our company and its subsidiaries and affiliates, including those within the scope of "Transactions with Related Persons" above. The Board also considered whether there were any transactions or relationships between directors or any member of their immediate family (or any entity of which a director or an immediate family member is an executive officer, general partner or significant equity holder) and members of our senior management or their affiliates. The purpose of this review was to determine whether any such relationships or transactions existed that were inconsistent with a determination that the director is independent.

The Board has affirmatively determined that each of the current directors standing is independent within the meaning of our director independence standards, which reflect the NYSE director independence standards, except for Mr. Dimitriadis and Ms. Simpson. Mr. Dimitriadis and Ms. Simpson are considered inside directors because of their employment as senior executives of our company. In determining that each of the other directors is independent, the Board considered that our company owns Senior Subordinated Notes issued by Skilled Healthcare Group, Inc., a company at which Boyd W. Hendrickson, one of our independent directors, serves as the chief executive officer. During 2007, Skilled Healthcare Group, Inc. (or SHG) purchased the assets of one of our operators and now operates skilled nursing properties under a master lease with us. The payments received from SHG did not exceed either \$1 million or 2% of SHG's consolidated gross revenues. Mr. Hendrickson does not have a direct material interest in these transactions and his only interest arises solely from his position as Chief Executive Officer of SHG. The Board determined that this relationship did not impair Mr. Hendrickson's independence.

Table of Contents**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES AND SERVICES**

Ernst & Young LLP audited our financial statements during year ended December 31, 2009 and have been our auditors since our organization in May 1992. Their fees for the last two fiscal years were:

	<b>2009</b>	<b>2008</b>
Audit Fees	\$ 434,200	\$ 428,800
Audit-Related Fees	1,995	1,995
Tax Fees	49,300	46,000
All Other Fees		
<i>Audit Fees</i>		

For 2009 and 2008, these fees represent aggregate fees billed for professional services rendered for the audit of our annual financial statements and internal control over financial reporting and the review of the financial statements included in our Quarterly Reports on Form 10-Q.

*Audit-Related Fees*

These fees represent aggregate fees billed for professional services rendered regarding various technical issues in 2009 and 2008. These services are reasonably related to the performance of the audit of our annual financial statements for 2009 and 2008.

*Tax Fees*

These fees represent aggregate fees billed for services rendered for tax compliance and consultation, including REIT qualification matters during 2009 and 2008.

All audit, audit related and tax services were pre-approved by the Audit Committee. On an annual basis the Audit Committee pre-approves specifically described audit, audit-related and tax services to be performed by Ernst & Young LLP. The Audit Committee has delegated to the Chair of the Audit Committee the authority to pre-approve non-audit services to be performed by Ernst & Young LLP, provided that the Chair shall report any decision to pre-approve such non-audit services to the full Audit Committee at its next regular meeting.

In accordance with Section III, Item 6 of the Audit Committee Charter, the Audit Committee reviewed the effectiveness of Ernst & Young LLP's audit effort, including approval of the scope of, and fees charged in connection with, the annual audit, quarterly reviews and any non-audit services provided. The Audit Committee concluded that the provision of the non-audit services by Ernst & Young LLP was compatible with the maintenance of that firm's independence in the conduct of its auditing functions.

Table of Contents

**REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

*The Audit Committee Report of LTC Properties, Inc. (or company) shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such Acts.*

The Audit Committee of the Board of Directors is comprised of three independent directors as determined by the Board within the meaning of the New York Stock Exchange listing standards and operates under a written charter adopted by the Board.

The Audit Committee has direct oversight of all compliance related to financial matters, Securities and Exchange Commission reporting and auditing. Additionally, it is the Audit Committee's duty to review annually the Audit Committee Charter and recommend any changes to the Board.

The Audit Committee is appointed by the Board to assist the Board in its oversight function by monitoring, among other things, the integrity of the company's financial statements, the company's financial reporting process and the independence and performance of the independent registered public accounting firm. It is the responsibility of executive management of the company to prepare financial statements in accordance with U.S. generally accepted accounting principles and of the company's independent registered public accounting firm to audit those financial statements. The Audit Committee has the sole authority and responsibility to select, appoint, evaluate, compensate and retain, approve significant non-audit services, confirm the independence of the independent registered public accounting firm and, where appropriate, replace the independent registered public accounting firm. Additionally, the Audit Committee determines the extent of funding that the company must provide to it.

Management is responsible for the company's internal controls and the financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of the company's consolidated financial statements and internal control over financial reporting in accordance with standards of the Public Company Accounting Oversight Board (United States) and to issue a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

In this context, the Audit Committee has met and held discussions with management and Ernst & Young LLP, the company's independent registered public accounting firm. Management represented to the Audit Committee that the company's consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles, and the Audit Committee has reviewed and discussed the audited consolidated financial statements with management and Ernst & Young LLP. The Audit Committee discussed with Ernst & Young LLP matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

In addition, the Audit Committee has received the written disclosures and the letter required by the Public Company Accounting Oversight Board's Ethic and Independence Rule 3526 (Communications with Audit Committees Concerning Independence), as amended, from Ernst & Young LLP and has discussed with Ernst & Young LLP its independence from the company and its management. Further, the Audit Committee has considered whether the non-audit services provided by Ernst & Young LLP are compatible with maintaining its independence.

Further, the Audit Committee periodically meets with Ernst & Young LLP, without management present, to discuss the results of their examinations, the evaluations of the company's internal controls and the overall quality of the company's financial reporting.

During the past year, the Audit Committee met with Ernst & Young LLP eight times in total and without management present three times.

Table of Contents

Based on the reviews and discussions referred to above, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and set forth in the Charter, the Audit Committee recommended to the Board that the audited financial statements be included in the company's 2009 Form 10-K for filing with the Securities and Exchange Commission.

Audit Committee

Edmund C. King, Chair  
Boyd W. Hendrickson  
Devra G. Shapiro  
Timothy J. Triche, M.D.

**RISK OVERSIGHT**

Management continually monitors the material risks facing our company, including financial risk, strategic risk, operational risk, and legal and compliance risk. The Board of Directors is responsible for exercising oversight of management's identification of, planning for, and managing those risks. The Board may delegate to its committees oversight responsibility for those risks that are directly related to their area of focus. Pursuant to its charter, the Audit Committee has the responsibility and duty to review the financial, investment and risk management policies followed by our company in operating its business activities. The full Board reviews risks that may be material to our company, including those detailed in the Audit Committee's reports and as disclosed in our quarterly and annual reports filed with the SEC. We believe that our leadership structure also enhances the Board's risk oversight function. Due to his knowledge of our company and industry, our Executive Chairman is well-positioned to lead Board discussions on risk areas. Our Executive Chairman regularly discusses with management the material risks facing our company and is also expected to report candidly to his fellow directors on his assessment of those material risks. This structure fosters greater communication between management and the Board on matters including with respect risk.

**OTHER MATTERS**

Other business may properly come before the 2010 Annual Meeting, and in that event, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion. However, we have not received timely and proper notice from any stockholder of any other matter to be prepared at the 2010 Annual Meeting. Our management and Board of Directors know of no matters to be brought before the 2010 Annual Meeting other than as set forth herein.

**Stockholder Proposals**

Stockholder proposals intended to be presented at the 2011 Annual Meeting must be received by us for inclusion in our proxy statement by December 23, 2010 and otherwise comply with the regulations of the SEC governing inclusion of such proposals.

Matters (other than nominations of candidates for election as directors) may be brought before the meeting by stockholders only by complying with the procedure set forth in our Bylaws, which in summary requires that notice be delivered to our principal executive offices not less than 60 days nor more than 150 days prior to the anniversary of the 2010 Annual Meeting of Stockholders. Each such stockholder notice shall set forth (i) as to each matter the stockholder proposes to bring before the 2011 Annual Meeting, (a) a brief description of the matter desired to be brought before the 2011 Annual Meeting and the reasons for bringing such matter before the 2011 Annual Meeting and (b) any material interest of the stockholder in such matter; and (ii) as to the stockholder giving the notice (a) the name and address, as they appear on our books, of such stockholder and any other stockholders known by such stockholder to be supporting the bringing of such matter before the 2011 Annual

Table of Contents

Meeting as of the date of such stockholder notice and (b) the class and number of shares of our capital stock which are beneficially owned by such stockholder on the date of such stockholder notice and by any other stockholder known by such stockholder to be supporting the bringing of such matter before the 2011 Annual Meeting as of the date of such stockholder notice.

For information regarding nominating candidates for election as directors, please refer to "Consideration of Director Nominees" in the Corporation Governance Principles and Board Matters section above.

**Householding**

We have adopted a procedure approved by the SEC called "householding." Under this procedure, stockholders of record who have the same address and last name will receive only one copy of our Notice of Annual Meeting of Stockholders, Proxy Statement, and Annual Report, unless one or more of these stockholders notifies us that they wish to continue receiving individual copies. This procedure will reduce our printing costs and postage fees.

Stockholders who participate in householding will continue to receive separate proxy cards. Also, householding will not in any way affect dividend check mailings.

If you are eligible for householding, but you and other stockholders of record with whom you share an address currently receive multiple copies of the Notice of Annual Meeting of Stockholders and Proxy Statement and the accompanying documents, or if you hold stock in more than one account, and in either case you wish to receive only a single copy of each of these documents for your household, please contact our Transfer Agent, American Stock Transfer & Trust Company, at 866-708-5586.

If you participate in householding and wish to receive a separate copy of this Notice of Annual Meeting of Stockholders, Proxy Statement and the accompanying documents, or if you do not wish to participate in householding and prefer to receive separate copies of these documents in the future, please also contact our Transfer Agent, American Stock Transfer & Trust Company, at 866-708-5586.

Beneficial owners can request information about householding from their banks, brokers, or other holders of record.



Table of Contents

**Directions**

Directions to the St. Regis Monarch Beach, One Monarch Beach Resort, Dana Point, California 92629

*US-5 North*

Exit 79 to merge onto CA-1 Pacific Coast Highway  
towards beach

Turn right onto Niguel Road

Turn left toward Monarch Beach Resort

Turn right onto Monarch Beach Resort North; the entrance  
to the Hotel will be on the left

*US-5 South*

Exit 79 to merge onto CA-1 North Pacific Coast Highway

Turn right onto Niguel Road

Turn left toward Monarch Beach Resort

Turn right onto Monarch Beach Resort North; the entrance

to the Hotel will be on the left

By Order of the Board of Directors

Westlake Village, California  
April 22, 2010

PAMELA J. SHELLEY-KESSLER  
Senior Vice President, Chief Financial Officer and  
Corporate Secretary

39

---

**PROXY  
LTC PROPERTIES, INC.**

**THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS  
FOR THE ANNUAL MEETING OF STOCKHOLDERS MAY 27, 2010**

The undersigned acknowledges receipt of the Notice of Annual Meeting of Stockholders to be held on May 27, 2010, each dated April 22, 2010, and revoking all prior proxies, hereby appoints: Andre C. Dimitriadis and Wendy L. Simpson, or either of them, each with the power of substitution, as Proxies, and hereby authorizes each of them to represent and vote, as designated below, the shares held of record by the undersigned at the annual meeting of stockholders of LTC Properties, Inc. to be held at the St. Regis Monarch Beach, One Monarch Beach Resort, Dana Point, California 92629, on Thursday, May 27, 2010 at 9:00 A.M., or any adjournments or postponements thereof, as designated on the reverse side, and in their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

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

---

ANNUAL MEETING OF STOCKHOLDERS OF

**LTC PROPERTIES, INC.**

May 27, 2010

**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:**

The Notice of Meeting, proxy statement and proxy card are available at <http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=26002>

**Please sign, date and mail your proxy card in the envelope provided as soon as possible.**

-->Please detach along perforated line and mail in the envelope provided.<--

**THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY RECOMMEND THAT YOU VOTE "FOR" ALL OF THE FOLLOWING: PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE**

- |   |   | FOR   | AGAINST               | ABSTAIN               |
|---|---|---|-----------------------|-----------------------|
| 1. Election of Directors: Six directors will be elected to hold office until the 2011 Annual Meeting of Stockholders and, in each case, until their respective successors have been duly elected and qualified. |   | <input type="radio"/>   | <input type="radio"/> | <input type="radio"/> |
| 2. Ratification of the Company's Independent Auditors.  |   | <input type="radio"/>   | <input type="radio"/> | <input type="radio"/> |
| o <b>FOR ALL NOMINEES</b>   | <b>NOMINEES:</b><br>O Andre C. Dimitriadis<br>O Boyd W. Hendrickson | Please check here if you would like to receive future documents electronically. |                       | <input type="radio"/> |
| o <b>WITHHOLD AUTHORITY FOR ALL NOMINEES</b>  | O Edmund C. King<br>O Devra G. Shapiro<br>O Wendy L. Simpson        |   |                       |                       |
| o <b>FOR ALL EXCEPT</b><br>(See instructions below)   | O Timothy J. Triche,<br>M.D.  |   |                       |                       |

**ELECTRONIC ACCESS TO FUTURE DOCUMENTS**

If you would like to receive future shareholder communications over the Internet exclusively, and no longer receive any material by mail please visit <http://www.amstock.com>. Click on Shareholder Account Access to enroll. Please enter your account number and tax identification number to log in, then select **Receive Company Mailings via E-Mail** and provide your e-mail address.

**INSTRUCTIONS:** To withhold authority to vote for any individual nominee(s), mark **"FOR ALL EXCEPT"** and fill in the circle next to each nominee you wish to withhold, as shown here:

In accordance with the judgments of the Proxies, upon any other matter that may properly come before the Annual Meeting of Stockholders or any adjournment thereof.

**This Proxy will be voted as directed. If no contrary direction is made, this Proxy will be voted in accordance with the Directors' recommendations.**

To change the address on your account, please check the box at right  and indicate your new address in the address space above. Please

Edgar Filing: LTC PROPERTIES INC - Form DEF 14A

note that changes to the registered name(s) on the account may not be submitted via this method.

---

Signature of  
Stockholder

---

Date:

---

Signature of  
Stockholder

---

Date:

---

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

---