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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number: 1-10989

Ventas, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation or
Organization)

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

111 S. Wacker Drive, Suite 4800
Chicago, Illinois
(Address of Principal Executive Offices)

60606
(Zip Code)

(877) 483-6827
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Class of Common Stock:	Outstanding at July 26, 2010:
Common Stock, \$0.25 par value	157,080,577

VENTAS, INC.
FORM 10-Q

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VENTAS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	June 30, 2010 (Unaudited)	December 31, 2009 (Audited)
Assets		
Real estate investments:		
Land	\$ 556,469	\$ 557,276
Buildings and improvements	5,732,421	5,722,837
Construction in progress	3,788	12,508
	6,292,678	6,292,621
Accumulated depreciation	(1,274,088)	(1,177,911)
Net real estate property	5,018,590	5,114,710
Loans receivable, net	140,870	131,887
Net real estate investments	5,159,460	5,246,597
Cash and cash equivalents	27,794	107,397
Escrow deposits and restricted cash	43,484	39,832
Deferred financing costs, net	24,891	29,252
Other	206,488	193,167
Total assets	<u>\$ 5,462,117</u>	<u>\$ 5,616,245</u>
Liabilities and equity		
Liabilities:		
Senior notes payable and other debt	\$ 2,580,849	\$ 2,670,101
Accrued interest	16,682	17,974
Accounts payable and other liabilities	181,343	190,445
Deferred income taxes	251,829	253,665
Total liabilities	3,030,703	3,132,185
Commitments and contingencies		
Equity:		
Ventas stockholders' equity:		
Preferred stock, \$1.00 par value; 10,000 shares authorized, unissued	—	—
Common stock, \$0.25 par value; 300,000 shares authorized; 156,872 and 156,627 shares issued at June 30, 2010 and December 31, 2009, respectively	39,343	39,160
Capital in excess of par value	2,583,412	2,573,039
Accumulated other comprehensive income	16,506	19,669
Retained earnings (deficit)	(222,853)	(165,710)
Treasury stock, 0 and 15 shares at June 30, 2010 and December 31, 2009, respectively	—	(647)
Total Ventas stockholders' equity	2,416,408	2,465,511
Noncontrolling interest	15,006	18,549
Total equity	2,431,414	2,484,060
Total liabilities and equity	<u>\$ 5,462,117</u>	<u>\$ 5,616,245</u>

See accompanying notes.

VENTAS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands, except per share amounts)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Revenues:				
Rental income	\$ 130,284	\$ 124,612	\$ 259,463	\$ 247,010
Resident fees and services	109,867	103,399	218,353	206,338
Income from loans and investments	3,705	3,333	7,322	6,614
Interest and other income	122	108	385	394
Total revenues	243,978	231,452	485,523	460,356
Expenses:				
Interest	44,045	43,994	88,345	89,924
Depreciation and amortization	50,185	48,643	102,661	98,141
Property-level operating expenses	75,183	72,564	154,062	148,032
General, administrative and professional fees (including non-cash stock-based compensation expense of \$3,057 and \$3,078 for the three months ended 2010 and 2009, respectively, and \$6,089 and \$6,137 for the six months ended 2010 and 2009, respectively)	9,858	10,355	20,541	20,953
Foreign currency loss (gain)	121	5	15	(1)
Loss on extinguishment of debt	6,549	5,975	6,549	6,080
Merger-related expenses and deal costs	4,207	3,502	6,526	5,556
Total expenses	190,148	185,038	378,699	368,685
Income before income taxes, discontinued operations and noncontrolling interest	53,830	46,414	106,824	91,671
Income tax (expense) benefit	(409)	395	(695)	942
Income from continuing operations	53,421	46,809	106,129	92,613
Discontinued operations	5,544	42,374	6,004	71,539
Net income	58,965	89,183	112,133	164,152
Net income attributable to noncontrolling interest (net of tax of \$559 and \$541 for the three months ended 2010 and 2009, respectively, and \$978 and \$931 for the six months ended 2010 and 2009, respectively)	898	802	1,447	1,543
Net income attributable to common stockholders	\$ 58,067	\$ 88,381	\$ 110,686	\$ 162,609
Earnings per common share:				
Basic:				
Income from continuing operations attributable to common stockholders	\$ 0.33	\$ 0.30	\$ 0.67	\$ 0.61
Discontinued operations	0.04	0.27	0.04	0.48
Net income attributable to common stockholders	\$ 0.37	\$ 0.57	\$ 0.71	\$ 1.09
Diluted:				
Income from continuing operations attributable to common stockholders	\$ 0.33	\$ 0.30	\$ 0.66	\$ 0.61
Discontinued operations	0.04	0.27	0.04	0.48
Net income attributable to common stockholders	\$ 0.37	\$ 0.57	\$ 0.70	\$ 1.09
Weighted average shares used in computing earnings per common share:				
Basic	156,611	154,441	156,533	148,798
Diluted	157,441	154,510	157,206	148,859
Dividends declared per common share	\$ 0.535	\$ 0.5125	\$ 1.07	\$ 1.025

See accompanying notes.



VENTAS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
For the Six Months Ended June 30, 2010 and the Year Ended December 31, 2009
(In thousands, except per share amounts)

	Common Stock Par Value	Capital in Excess of Par Value	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Treasury Stock	Total Ventas Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at January 1, 2009	\$ 35,825	\$2,264,125	\$ (21,089)	\$(117,806)	\$ (457)	\$ 2,160,598	\$ 19,137	\$2,179,735
Comprehensive Income:								
Net income	—	—	—	266,495	—	266,495	2,865	269,360
Foreign currency translation	—	—	23,552	—	—	23,552	—	23,552
Unrealized gain on marketable debt securities	—	—	17,327	—	—	17,327	—	17,327
Other	—	—	(121)	—	—	(121)	—	(121)
Comprehensive income	—	—	—	—	—	307,253	2,865	310,118
Net change in noncontrolling interest	—	334	—	—	—	334	(3,453)	(3,119)
Dividends to common stockholders — \$2.05 per share	—	—	—	(314,399)	—	(314,399)	—	(314,399)
Issuance of common stock	3,266	295,935	—	—	—	299,201	—	299,201
Issuance of common stock for stock plans	30	12,819	—	—	175	13,024	—	13,024
Grant of restricted stock, net of forfeitures	39	(174)	—	—	(365)	(500)	—	(500)
Balance at December 31, 2009	39,160	2,573,039	19,669	(165,710)	(647)	2,465,511	18,549	2,484,060
Comprehensive Income:								
Net income	—	—	—	110,686	—	110,686	1,447	112,133
Foreign currency translation	—	—	(2,150)	—	—	(2,150)	—	(2,150)
Unrealized loss on marketable debt securities	—	—	(869)	—	—	(869)	—	(869)
Other	—	—	(144)	—	—	(144)	—	(144)
Comprehensive income	—	—	—	—	—	107,523	1,447	108,970
Net change in noncontrolling interest	—	2,246	—	—	—	2,246	(4,990)	(2,744)
Dividends to common stockholders — \$1.07 per share	—	—	—	(167,829)	—	(167,829)	—	(167,829)
Issuance of common stock for stock plans	149	7,155	—	—	2,455	9,759	—	9,759
Grant of restricted stock, net of forfeitures	34	972	—	—	(1,808)	(802)	—	(802)
Balance at June 30, 2010	<u>\$ 39,343</u>	<u>\$2,583,412</u>	<u>\$ 16,506</u>	<u>\$(222,853)</u>	<u>\$ —</u>	<u>\$ 2,416,408</u>	<u>\$ 15,006</u>	<u>\$2,431,414</u>

See accompanying notes.

VENTAS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	For the Six Months Ended June 30,	
	2010	2009
Cash flows from operating activities:		
Net income	\$ 112,133	\$ 164,152
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amounts in discontinued operations)	102,722	98,815
Amortization of deferred revenue and lease intangibles, net	(2,943)	(3,587)
Other amortization expenses	4,367	2,374
Stock-based compensation	6,089	6,137
Straight-lining of rental income	(4,975)	(5,990)
Loss on extinguishment of debt	6,549	6,080
Net gain on sale of real estate assets	(5,225)	(66,891)
Income tax expense (benefit)	695	(942)
Other	(238)	(12)
Changes in operating assets and liabilities:		
(Increase) decrease in other assets	(5,174)	1,426
Decrease in accrued interest	(1,292)	(4,979)
Decrease in accounts payable and other liabilities	(4,991)	(1,441)
Net cash provided by operating activities	207,717	195,142
Cash flows from investing activities:		
Net investment in real estate property	(22,915)	(19,358)
Investment in loans receivable	(15,796)	(7,373)
Proceeds from real estate disposals	23,029	56,614
Proceeds from loans receivable	1,323	7,701
Capital expenditures	(7,078)	(4,028)
Net cash (used in) provided by investing activities	(21,437)	33,556
Cash flows from financing activities:		
Net change in borrowings under revolving credit facilities	117,280	(289,928)
Proceeds from debt	696	301,115
Repayment of debt	(215,171)	(503,016)
Payment of deferred financing costs	(1,840)	(13,422)
Issuance of common stock, net	—	299,201
Cash distribution to common stockholders	(167,829)	(153,815)
Contributions from noncontrolling interest	633	306
Distributions to noncontrolling interest	(4,277)	(5,024)
Other	4,673	5,457
Net cash used in financing activities	(265,835)	(359,126)
Net decrease in cash and cash equivalents	(79,555)	(130,428)
Effect of foreign currency translation on cash and cash equivalents	(48)	139
Cash and cash equivalents at beginning of period	107,397	176,812
Cash and cash equivalents at end of period	<u>\$ 27,794</u>	<u>\$ 46,523</u>
Supplemental schedule of non-cash activities:		
Assets and liabilities assumed from acquisitions:		
Real estate investments	\$ 496	\$ 8,307
Utilization of escrow funds held for an Internal Revenue Code Section 1031 exchange	—	(9,295)
Other assets acquired	(355)	82
Other liabilities	141	(1,886)
Noncontrolling interest	—	980
Debt transferred on the sale of assets	—	38,759

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — DESCRIPTION OF BUSINESS

Ventas, Inc. (together with its subsidiaries, unless otherwise indicated or except where the context otherwise requires, “we,” “us” or “our”) is a real estate investment trust (“REIT”) with a geographically diverse portfolio of seniors housing and healthcare properties in the United States and Canada. As of June 30, 2010, this portfolio consisted of 503 assets: 242 seniors housing communities, 187 skilled nursing facilities, 40 hospitals and 34 medical office buildings (“MOBs”) and other properties in 43 states and two Canadian provinces. With the exception of our seniors housing communities that are managed by independent third parties, such as Sunrise Senior Living, Inc. (together with its subsidiaries, “Sunrise”), pursuant to long-term management agreements and the majority of our MOBs, we lease our properties to healthcare operating companies under “triple-net” or “absolute-net” leases, which require the tenants to pay all property-related expenses. We also had real estate loan investments relating to seniors housing and healthcare companies or properties as of June 30, 2010.

We conduct substantially all of our business through our wholly owned subsidiaries, Ventas Realty, Limited Partnership (“Ventas Realty”), PSLT OP, L.P. and Ventas SSL, Inc. Our primary business consists of acquiring, financing and owning seniors housing and healthcare properties and leasing those properties to third parties or operating those properties through independent third party managers.

NOTE 2 — ACCOUNTING POLICIES

The accompanying Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information set forth in the Accounting Standards Codification (“ASC”), as published by the Financial Accounting Standards Board (“FASB”), and with the Securities and Exchange Commission (“SEC”) instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results for the interim period have been included. Operating results for the three and six months ended June 30, 2010 are not necessarily an indication of the results that may be expected for the year ending December 31, 2010. The accompanying Consolidated Financial Statements and related notes should be read in conjunction with the consolidated financial statements and notes thereto included in our Current Report on Form 8-K filed with the SEC on May 3, 2010. Certain prior period amounts have been reclassified to conform to the current period presentation.

Revenue Recognition

Certain of our leases, including the majority of our leases with Brookdale Senior Living Inc. (together with its subsidiaries, “Brookdale Senior Living”), provide for periodic and determinable increases in base rent. Base rental revenues under these leases are recognized on a straight-line basis over the terms of the applicable lease. Income on our straight-line revenue is recognized when collectibility is reasonably assured, and in the event we determine that collectibility of straight-line revenue is not reasonably assured, we establish an allowance for estimated losses. Recognizing rental income on a straight-line basis results in recognized revenue exceeding cash amounts contractually due from our tenants during the first half of the term for leases that have straight-line treatment. The cumulative excess is included in other assets, net of allowances, on our Consolidated Balance Sheets and totaled \$82.4 million and \$78.4 million at June 30, 2010 and December 31, 2009, respectively.

Our master lease agreements with Kindred Healthcare, Inc. (together with its subsidiaries, “Kindred”) (the “Kindred Master Leases”) and certain of our other leases provide for an annual increase in rental payments only if certain revenue parameters or other substantive contingencies are met. We recognize the increased rental revenue under these leases only if the revenue parameters or other substantive contingencies are met, rather than on a straight-line basis over the term of the applicable lease.

We recognize income from rent, lease termination fees and all other income when all of the following criteria are met in accordance with SEC Staff Accounting Bulletin 104: (i) the agreement has been fully executed and delivered; (ii) services have been rendered; (iii) the amount is fixed or determinable; and (iv) collectibility is reasonably assured.

We recognize resident fees and services, other than move-in fees, monthly as services are provided. Move-in fees, a component of resident fees and services, are recognized on a straight-line basis over the term of the applicable lease agreement. Lease agreements with residents generally have a term of one year and are cancelable by the resident with 30 days’ notice.

Fair Values of Financial Instruments

The following methods and assumptions were used in estimating fair value disclosures for financial instruments.

- Cash and cash equivalents: The carrying amount of unrestricted cash and cash equivalents reported in our Consolidated Balance Sheets approximates fair value due to the short maturity of these instruments.
- Loans receivable: The fair value of loans receivable is estimated by discounting the future cash flows using current interest rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.
- Marketable debt securities: The fair value of marketable debt securities is estimated using quoted prices in active markets for identical assets or liabilities that we have the ability to access.
- Senior notes payable and other debt: The fair values of borrowings are estimated by discounting the future cash flows using current interest rates at which similar borrowings could be made by us.

Recently Issued or Adopted Accounting Standards

On January 1, 2010, we adopted Accounting Standards Update (“ASU”) No. 2009-17, *Consolidation (Topic 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*. ASU No. 2009-17 requires an enterprise to analyze whether its variable interest gives it a controlling financial interest in a variable interest entity (“VIE”). This analysis identifies the primary beneficiary of a VIE as the enterprise that has both of the following characteristics: (i) the power to direct the activities of the VIE that most significantly impact the entity’s economic performance; and (ii) the obligation to absorb losses or receive benefits of the VIE that could potentially be significant to the entity. ASU No. 2009-17 requires an enterprise to perform this analysis on an ongoing basis and requires additional disclosures about an enterprise’s involvement in VIEs. The adoption of ASU No. 2009-17 did not impact our Consolidated Financial Statements.

On January 1, 2010, we adopted ASU No. 2010-02, *Consolidation (Topic 810): Accounting and Reporting for Decreases in Ownership of a Subsidiary—a Scope Clarification*. ASU No. 2010-02 provides additional clarification regarding decrease-in-ownership provisions and expands the disclosures required upon deconsolidation of a subsidiary. The adoption of ASU 2010-02 did not impact our Consolidated Financial Statements.

On January 1, 2010, we adopted ASU No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*. ASU No. 2010-06 adds new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances and settlements relating to Level 3 measurements. ASU No. 2010-06 is partially effective for periods beginning after December 15, 2009; requirements related to additional Level 3 disclosures will be effective for fiscal years beginning after December 15, 2010. The adoption of ASU No. 2010-06 did not impact our Consolidated Financial Statements.

In February 2010, the FASB issued ASU No. 2010-09, *Subsequent Events (Topic 855): Amendments to Certain Recognition and Disclosure Requirements*. ASU No. 2010-09 includes, among other things, an exemption for SEC filers from the requirement to disclose the date through which subsequent events have been evaluated. We adopted ASU No. 2010-09 during the first quarter of 2010 and will no longer include the date through which subsequent events have been evaluated in our notes to Consolidated Financial Statements.

NOTE 3 — CONCENTRATION OF CREDIT RISK

As of June 30, 2010, approximately 38.9%, 21.5% and 14.1% of our properties, based on the gross book value of real estate investments (including assets held for sale), were managed or operated by Sunrise, Brookdale Senior Living (whose subsidiaries include Brookdale Living Communities, Inc. (“Brookdale”) and Alterra Healthcare Corporation (“Alterra”) and Kindred, respectively. Seniors housing communities and skilled nursing facilities constituted approximately 73.9% and 12.6%, respectively, of our portfolio, based on the gross book value of real estate investments (including assets held for sale), as of June 30, 2010, with the remaining properties consisting of hospitals, MOBs and other healthcare assets. As of June 30, 2010, our properties were located in 43 states and two Canadian provinces, with properties in two states each accounting for 10% or more of total revenues during the six months then ended.

Approximately 25.2% and 26.8% of our total revenues and 37.0% and 38.8% of our total net operating income (“NOI,” which is defined as total revenues, less interest and other income and property-level operating expenses) (including amounts in discontinued operations) for the six months ended June 30, 2010 and 2009, respectively, were derived from our four Kindred Master Leases. Approximately 12.5% and 13.0% of our total revenues and 18.3% and 19.2% of our total NOI (including amounts in discontinued operations) for the six months ended June 30, 2010 and 2009, respectively, were derived from our lease agreements with Brookdale Senior Living. Each of the Kindred Master Leases and our leases with Brookdale Senior Living is a triple-net lease pursuant to which the tenant is required to pay all insurance, taxes, utilities and maintenance and repairs related to the properties. In addition, the tenants are required to comply with the terms of the mortgage financing documents, if any, affecting the properties.

In view of the fact that Kindred and Brookdale Senior Living lease a substantial portion of our triple-net leased properties and are each a significant source of our revenues and operating income, their financial condition and ability and willingness to satisfy their obligations under their respective leases and other agreements with us, as well as their willingness to renew those leases upon expiration of the terms thereof, have a considerable impact on our results of operations and our ability to service our indebtedness and to make distributions to our stockholders. We cannot assure you that Kindred or Brookdale Senior Living will have sufficient assets, income and access to financing to enable it to satisfy its obligations under its respective leases and other agreements with us, and any inability or unwillingness on its part to do so would have a material adverse effect on our business, financial condition, results of operations and liquidity, our ability to service our indebtedness and our ability to make distributions to our stockholders, as required for us to continue to qualify as a REIT (a “Material Adverse Effect”). We also cannot assure you that Kindred or Brookdale Senior Living will elect to renew its respective leases with us upon expiration of the initial base terms or any renewal terms thereof.

We are party to long-term management agreements with Sunrise pursuant to which Sunrise currently provides comprehensive accounting and property management services with respect to 79 of our seniors housing communities. Each management agreement has a term of 30 years from its effective date, the earliest of which began in 2004. Approximately 44.7% and 44.2% of our total revenues and 22.1% and 20.3% of our total earnings before interest, taxes, depreciation and amortization (including non-cash stock-based compensation), excluding merger-related expenses and deal costs and gains and losses on real estate disposals (“Adjusted EBITDA”) (including amounts in discontinued operations) for the six months ended June 30, 2010 and 2009, respectively, were attributable to senior living operations managed by Sunrise.

Unlike Kindred and Brookdale Senior Living, Sunrise does not lease properties from us, but rather acts as a property manager for all of our senior living operations. Therefore, while we are not directly exposed to credit risk with Sunrise, Sunrise’s inability to efficiently and effectively manage our properties and to provide timely and accurate accounting information with respect thereto could have a Material Adverse Effect on us. Although we have various rights as owner under the Sunrise management agreements, we rely on Sunrise’s personnel, good faith, expertise, historical performance, technical resources and information systems, proprietary information and judgment to manage our seniors housing communities efficiently and effectively. We also rely on Sunrise to set resident fees and otherwise operate those properties pursuant to our management agreements. Any adverse developments in Sunrise’s business and affairs or financial condition, including without limitation, the acceleration of its indebtedness, the inability to renew or extend its revolving credit facility, the enforcement of default remedies by its counterparties, or the commencement of insolvency proceedings under the U.S. Bankruptcy Code by or against Sunrise could have a Material Adverse Effect on us.

Each of Kindred, Brookdale Senior Living and Sunrise is subject to the reporting requirements of the SEC and is required to file with the SEC annual reports containing audited financial information and quarterly reports containing unaudited financial information. The information related to Kindred, Brookdale Senior Living and Sunrise contained or referred to in this Quarterly Report on Form 10-Q is derived from filings made by Kindred, Brookdale Senior Living or Sunrise, as the case may be, with the SEC or other publicly available information, or has been provided to us by Kindred, Brookdale Senior Living or Sunrise. We have not verified this information either through an independent investigation or by reviewing Kindred’s, Brookdale Senior Living’s or Sunrise’s public filings. We have no reason to believe that this information is inaccurate in any material respect, but we cannot assure you that all of this information is accurate. Kindred’s, Brookdale Senior Living’s and Sunrise’s filings with the SEC can be found at the SEC’s website at www.sec.gov. We are providing this data for informational purposes only, and you are encouraged to obtain Kindred’s, Brookdale Senior Living’s and Sunrise’s publicly available filings from the SEC.

NOTE 4 — DISPOSITIONS

We present separately, as discontinued operations, in all periods presented the results of operations for all long-lived assets disposed of or held for sale.

2010 Dispositions and Assets Held for Sale

In June 2010, we sold four seniors housing communities for approximately \$22.5 million, including a lease termination fee of \$0.2 million. We recognized a gain from the sale of these assets of \$4.9 million during the second quarter of 2010. The operations for these assets have been reported as discontinued operations for the three and six months ended June 30, 2010 and 2009.

During the first quarter of 2010, we classified the operations of one seniors housing community as held for sale. The net book value of this asset, \$2.5 million, is reflected as held for sale as of June 30, 2010 and is included in other assets on our Consolidated Balance Sheets. The operations for this asset have been reported as discontinued operations for the three and six months ended June 30, 2010 and 2009. We expect to complete the sale of this asset and record a gain from the sale of approximately \$0.1 million during the third quarter of 2010.

In February 2010, we sold one seniors housing community for approximately \$2.5 million. We recognized a gain from the sale of this asset of \$0.1 million during the first quarter of 2010. The operations for this asset have been reported as discontinued operations for all periods presented.

2009 Dispositions

In June 2009, we sold six skilled nursing facilities to Kindred for total consideration of \$58.0 million, consisting of a \$55.7 million aggregate sale price and a \$2.3 million lease termination fee. The proceeds from the sale were held in an Internal Revenue Code Section 1031 exchange escrow account with a qualified intermediary and used for our acquisition of three MOB in December 2009. Cash rent for these assets for the May 1, 2008 to April 30, 2009 lease year was approximately \$5.6 million. We recognized a net gain from the sale of these assets of \$38.9 million in the second quarter of 2009.

During 2009, we also sold five seniors housing communities, one hospital, one MOB and one other property to the existing tenants for an aggregate sale price of \$96.2 million and transferred related debt of \$38.8 million. We recognized a net gain from the sales of these assets of \$27.5 million in 2009.

Set forth below is a summary of the results of operations for the three- and six-month periods ended June 30, 2010 and 2009 with respect to the properties sold or held for sale during the six months ended June 30, 2010 and the year ended December 31, 2009:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
	(In thousands)			
Revenues:				
Rental income	\$ 405	\$ 1,972	\$ 901	\$ 4,432
Interest and other income	225	2,300	225	2,423
	630	4,272	1,126	6,855
Expenses:				
Interest	127	652	286	1,531
Depreciation and amortization	—	266	61	676
	127	918	347	2,207
Income before gain on sale of real estate assets	503	3,354	779	4,648
Gain on sale of real estate assets	5,041	39,020	5,225	66,891
Discontinued operations	\$ 5,544	\$ 42,374	\$ 6,004	\$ 71,539

NOTE 5 — INTANGIBLES

The following is a summary of our intangibles as of June 30, 2010 and December 31, 2009:

	June 30, 2010	December 31, 2009
	(Dollars in thousands)	
Intangible Assets:		
Above market resident leases	\$ 9,370	\$ 10,525
In-place resident leases	96,097	96,274
Other intangibles	3,326	2,522
Accumulated amortization	(93,582)	(92,636)
Net Intangible Assets	<u>\$ 15,211</u>	<u>\$ 16,685</u>
Remaining weighted average amortization period of lease-related intangibles in years	7.5	8.0
Intangible Liabilities:		
Below market resident leases	\$ 15,166	\$ 15,143
Accumulated amortization	(11,134)	(10,760)
Net Intangible Liabilities	<u>\$ 4,032</u>	<u>\$ 4,383</u>
Remaining weighted average amortization period of lease-related intangibles in years	8.1	8.3

NOTE 6 — SENIOR NOTES PAYABLE AND OTHER DEBT

The following is a summary of our senior notes payable and other debt as of June 30, 2010 and December 31, 2009:

	June 30, 2010	December 31, 2009
	(In thousands)	
Unsecured revolving credit facilities	\$ 126,269	\$ 8,466
6 ³ / ₄ % Senior Notes due 2010	—	1,375
3 ⁷ / ₈ % Convertible Senior Notes due 2011	230,000	230,000
9% Senior Notes due 2012	82,433	82,433
6 ⁵ / ₈ % Senior Notes due 2014	71,654	71,654
7 ¹ / ₈ % Senior Notes due 2015	—	142,669
6 ¹ / ₂ % Senior Notes due 2016	400,000	400,000
6 ³ / ₄ % Senior Notes due 2017	225,000	225,000
Mortgage loans and other	1,474,287	1,540,064
Total	2,609,643	2,701,661
Unamortized fair value adjustment	10,214	11,642
Unamortized commission fees and discounts	(39,008)	(43,202)
Senior notes payable and other debt	<u>\$ 2,580,849</u>	<u>\$ 2,670,101</u>

As of June 30, 2010, our indebtedness had the following maturities:

	Principal Amount Due at Maturity	Unsecured Revolving Credit Facilities (1)	Scheduled Periodic Amortization	Total Maturities
	(In thousands)			
2010	\$ 122,246	\$ —	\$ 13,749	\$ 135,995
2011	301,823	—	26,354	328,177
2012	388,937	126,269	22,798	538,004
2013	150,962	—	17,265	168,227
2014	109,137	—	15,054	124,191
Thereafter	1,255,599	—	59,450	1,315,049
Total maturities	<u>\$ 2,328,704</u>	<u>\$ 126,269</u>	<u>\$ 154,670</u>	<u>\$ 2,609,643</u>

- (1) At June 30, 2010, we had \$27.8 million of unrestricted cash and cash equivalents, for a net amount outstanding on our unsecured revolving credit facilities of \$98.5 million.

As of June 30, 2010, our joint venture partners' share of total debt was \$147.7 million with respect to 56 of our properties owned through joint ventures.

Unsecured Revolving Credit Facilities

As of June 30, 2010, our aggregate borrowing capacity under the unsecured revolving credit facilities was \$1.0 billion, all of which matures on April 26, 2012. Borrowings under our unsecured revolving credit facilities bear interest at a fluctuating rate per annum (based on U.S. or Canadian LIBOR, the Canadian Bankers' Acceptance rate, or the U.S. or Canadian Prime rate), plus an applicable percentage based on our consolidated leverage. At June 30, 2010, the applicable percentage was 2.80%. Our unsecured revolving credit facilities have a 20 basis point facility fee. At June 30, 2010, we had \$126.3 million outstanding under our unsecured revolving credit facilities and approximately \$872.7 million of availability.

Senior Notes

On June 1, 2010, we repaid in full, at par, \$1.4 million principal amount outstanding of our senior notes due 2010 upon maturity. In June 2010, we also exercised our option to redeem all \$142.7 million principal amount outstanding of our 7¹/₈% senior notes due 2015, at a redemption price equal to 103.56% of par, plus accrued and unpaid interest to the redemption date, pursuant to the call option contained in the indenture governing the notes. As a result, we paid a total of \$147.8 million, plus accrued and unpaid interest, and recognized a net loss on extinguishment of debt of \$6.4 million during the second quarter.

Mortgages

In June 2010, we repaid \$49.8 million of mortgage loans on two of our Sunrise-managed properties in which we had 80% ownership interests. In connection with our payment of Sunrise's share (\$9.9 million) of those mortgage loans, we acquired Sunrise's 20% noncontrolling interests in the properties.

NOTE 7 — FAIR VALUES OF FINANCIAL INSTRUMENTS

As of June 30, 2010 and December 31, 2009, the carrying amounts and fair values of our financial instruments were as follows:

	June 30, 2010		December 31, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
Cash and cash equivalents	\$ 27,794	\$ 27,794	\$ 107,397	\$ 107,397
Loans receivable, net	140,870	142,025	131,887	129,512
Marketable debt securities	64,800	64,800	65,038	65,038
Senior notes payable and other debt, gross	(2,609,643)	(2,591,820)	(2,701,661)	(2,780,405)

Fair value estimates are subjective in nature and depend on a number of important assumptions, including estimates of future cash flows, risks, discount rates and relevant comparable market information associated with each financial instrument. The use of different market assumptions and estimation methodologies may have a material effect on the reported estimated fair value amounts. Accordingly, the estimates presented above are not necessarily indicative of the amounts we would realize in a current market exchange.

At June 30, 2010, we held marketable debt securities, classified as available-for-sale, with an aggregate amortized cost basis and fair value of \$61.2 million and \$64.8 million, respectively. At December 31, 2009, these securities had an aggregate amortized cost basis and fair value of \$60.6 million and \$65.0 million, respectively. The contractual maturities of our marketable debt securities range from October 1, 2012 to April 15, 2016. We do not intend to sell these securities and it is more likely than not that we will not be required to sell these securities prior to maturity.

NOTE 8 — LITIGATION*Legal Proceedings Defended and Indemnified by Third Parties*

Kindred, Brookdale Senior Living, Sunrise and our other tenants, operators and managers are parties to certain legal actions and regulatory investigations arising in the normal course of their business. In certain cases, the tenant, operator or manager, as applicable, has agreed to indemnify, defend and hold us harmless against these actions and investigations. However, the resolution of any litigation or investigations, either individually or in the aggregate, could have a material adverse effect on Kindred's, Brookdale Senior Living's, Sunrise's or such other tenants', operators' and managers' liquidity, financial condition or results of operations, which, in turn, could have a Material Adverse Effect on us.

Litigation Related to the Sunrise REIT Acquisition

On May 3, 2007, we filed a lawsuit against HCP, Inc. ("HCP") in the United States District Court for the Western District of Kentucky, entitled *Ventas, Inc. v. HCP, Inc.*, Case No. 07-cv-238-JGH. We asserted claims of tortious interference with contract and tortious interference with prospective business advantage. Our complaint alleged that HCP interfered with our purchase agreement to acquire the assets and liabilities of Sunrise Senior Living Real Estate Investment Trust ("Sunrise REIT") and with the process for unitholder consideration of the purchase agreement. The complaint alleged, among other things, that HCP made certain improper and misleading public statements and/or offers to acquire Sunrise REIT and that HCP's actions caused us to suffer substantial damages, including, among other things, the payment of materially greater consideration to acquire Sunrise REIT resulting from the substantial increase in the purchase price above the original contract price necessary to obtain unitholder approval and increased costs associated with the delay in closing the acquisition, including increased costs to finance the transaction as a result of the delay.

HCP brought counterclaims against us alleging misrepresentation and negligent misrepresentation by Sunrise REIT related to its sale process, claiming that we were responsible for those actions as successor. HCP sought compensatory and punitive damages. On March 25, 2009, the District Court granted us judgment on the pleadings against all counterclaims brought by HCP and dismissed HCP's counterclaims with prejudice. Thereafter, the District Court confirmed the dismissal of HCP's counterclaims.

On July 16, 2009, the District Court denied HCP's summary judgment motion as to our claim for tortious interference with business advantage, permitting us to present that claim against HCP at trial. The District Court granted HCP's motion for summary judgment as to our claim for tortious interference with contract and dismissed that claim. The District Court also ruled that we could not seek to recover a portion of our alleged damages.

On September 4, 2009, the jury unanimously held that HCP tortiously interfered with our business expectation to acquire Sunrise REIT at the agreed price by employing significantly wrongful means such as fraudulent misrepresentation, deceit and coercion. The jury awarded us \$101.6 million in compensatory damages, which is the full amount of damages the District Court permitted us to seek at trial. The District Court entered judgment on the jury's verdict on September 8, 2009.

On November 16, 2009, the District Court affirmed the jury's verdict and denied all of HCP's post-trial motions, including a motion requesting that the District Court overturn the jury's verdict and enter judgment for HCP or, in the alternative, award HCP a new trial. The District Court also denied our motion for pre-judgment interest and/or to modify the jury award to increase it to reflect the currency rates in effect on September 8, 2009, the date of entry of the judgment.

On November 17, 2009, HCP appealed the District Court's judgment to the United States Court of Appeals for the Sixth Circuit (the "Sixth Circuit"). HCP argues that the judgment against it should be vacated and the case remanded for a new trial and/or that judgment should be entered in its favor as a matter of law. We are vigorously contesting HCP's appeal and seek confirmation by the Sixth Circuit of both the jury's verdict and the various rulings in our favor in the District Court.

On November 24, 2009, we filed a cross-appeal to the Sixth Circuit, which will be heard and decided in conjunction with HCP's appeal. In addition to maintaining the full benefit of our favorable jury verdict, in our cross-appeal, we have asserted that we are entitled to substantial monetary relief in addition to the jury verdict, including punitive damages, additional compensatory damages and pre-judgment interest. We are vigorously pursuing our cross-appeal and seek additional proceedings in the District Court in which a jury may supplement the current judgment.

On December 11, 2009, HCP posted a \$102.8 million letter of credit in our favor to serve as security to stay execution of the jury verdict pending the appellate proceedings.

The briefing process for HCP's appeal and our cross-appeal is complete, and a final decision by the Sixth Circuit could be issued by June 2011. There can be no assurance as to the outcome of HCP's appeal or our cross-appeal or the timing of a decision by the Sixth Circuit.

Other Litigation

We are party to various other lawsuits, investigations and claims (some of which may not be insured) arising in the normal course of our business, including without limitation in connection with the operations of our seniors housing communities managed by Sunrise. It is the opinion of management that, except as set forth in this Note 8, the disposition of these actions, investigations and claims will not, individually or in the aggregate, have a Material Adverse Effect on us. However, we are unable to predict the ultimate outcome of pending litigation, investigations and claims, and if management's assessment of our liability with respect to these actions, investigations and claims is incorrect, such actions, investigations and claims could have a Material Adverse Effect on us.

NOTE 9 — INCOME TAXES

We have elected for certain of our subsidiaries to be treated as taxable REIT subsidiaries ("TRS" or "TRS entities"), which are subject to federal and state income taxes. Although the TRS entities were not liable for any cash federal income taxes for the three or six months ended June 30, 2010, federal income tax liabilities for these TRS entities may increase in future periods as we exhaust net operating loss carryforwards and as our senior living operations segment grows. Such increases could be significant.

The consolidated provision for income taxes for the three months ended June 30, 2010 and 2009 was an expense of \$0.4 million and a benefit of \$0.4 million, respectively. These amounts were adjusted by income tax expense of \$0.6 million and \$0.5 million, respectively, related to the noncontrolling interest share of net income. The consolidated provision for income taxes for the six months ended June 30, 2010 and 2009 was an expense of \$0.7 million and a benefit of \$0.9 million, respectively. These amounts were adjusted by income tax expense of \$1.0 million and \$0.9 million, respectively, related to the noncontrolling interest share of net income. Realization of a deferred tax benefit is dependent in part upon generating sufficient taxable income in future periods. Our net operating loss carryforwards begin to expire in 2024 with respect to the TRS entities and 2020 with respect to our other entities.

Each TRS is a tax paying component for purposes of classifying deferred tax assets and liabilities. Net deferred tax liabilities related to TRS entities totaled \$251.8 million and \$253.7 million at June 30, 2010 and December 31, 2009, respectively, and related primarily to book and tax basis differences for fixed and intangible assets and to net operating losses.

Generally, we are subject to audit under the statute of limitations by the Internal Revenue Service for the year ended December 31, 2006 and subsequent years and are subject to audit by state taxing authorities for the year ended December 31, 2005 and subsequent years. We are also subject to audit by the Canada Revenue Agency for periods subsequent to 2003 related to entities acquired or formed in connection with our Sunrise REIT acquisition.

NOTE 10 — STOCKHOLDERS' EQUITY

In March 2010, in connection with our outstanding 3 ⁷/₈ % convertible senior notes due 2011, issued in 2006, we filed a registration statement on Form S-3 with the SEC relating to the resale, from time to time, by the selling stockholders of shares of our common stock, if any, that may become issuable upon conversion of the convertible notes. The registration statement replaced our previous resale shelf registration statement, which expired pursuant to the SEC's rules.

Accumulated Other Comprehensive Income

	June 30, 2010	December 31, 2009
	(In thousands)	
Foreign currency translation	\$ 13,909	\$ 16,059
Unrealized gain on marketable debt securities	3,571	4,440
Other	<u>(974)</u>	<u>(830)</u>
Total accumulated other comprehensive income	<u>\$ 16,506</u>	<u>\$ 19,669</u>

NOTE 11 — EARNINGS PER COMMON SHARE

The following table shows the amounts used in computing basic and diluted earnings per common share:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
(In thousands, except per share amounts)				
Numerator for basic and diluted earnings per share:				
Income from continuing operations attributable to common stockholders	\$ 52,523	\$ 46,007	\$ 104,682	\$ 91,070
Discontinued operations	5,544	42,374	6,004	71,539
Net income attributable to common stockholders	<u>\$ 58,067</u>	<u>\$ 88,381</u>	<u>\$ 110,686</u>	<u>\$ 162,609</u>
Denominator:				
Denominator for basic earnings per share — weighted average shares	156,611	154,441	156,533	148,798
Effect of dilutive securities:				
Stock options	357	63	337	55
Restricted stock awards	48	6	45	6
Convertible notes	<u>425</u>	<u>—</u>	<u>291</u>	<u>—</u>
Denominator for diluted earnings per share — adjusted weighted average shares	<u>157,441</u>	<u>154,510</u>	<u>157,206</u>	<u>148,859</u>
Basic earnings per share:				
Income from continuing operations attributable to common stockholders	\$ 0.33	\$ 0.30	\$ 0.67	\$ 0.61
Discontinued operations	<u>0.04</u>	<u>0.27</u>	<u>0.04</u>	<u>0.48</u>
Net income attributable to common stockholders	<u>\$ 0.37</u>	<u>\$ 0.57</u>	<u>\$ 0.71</u>	<u>\$ 1.09</u>
Diluted earnings per share:				
Income from continuing operations attributable to common stockholders	\$ 0.33	\$ 0.30	\$ 0.66	\$ 0.61
Discontinued operations	<u>0.04</u>	<u>0.27</u>	<u>0.04</u>	<u>0.48</u>
Net income attributable to common stockholders	<u>\$ 0.37</u>	<u>\$ 0.57</u>	<u>\$ 0.70</u>	<u>\$ 1.09</u>

NOTE 12 — SEGMENT INFORMATION

As of June 30, 2010, we operated through two reportable business segments: triple-net leased properties and senior living operations. Our triple-net leased properties segment consists of acquiring and owning seniors housing and healthcare properties in the United States and leasing those properties to healthcare operating companies under “triple-net” or “absolute-net” leases, which require the tenants to pay all property-related expenses. Our senior living operations segment primarily consists of investments in seniors housing communities located in the United States and Canada for which we engage independent third parties, such as Sunrise, to manage the operations.

As of June 30, 2010, our MOB segment consists of leasing space primarily to physicians and other healthcare businesses and engaging third parties to manage those operations. Due to our limited operation of and allocation of capital to the MOB, the MOB segment is not individually reported and is included in “All Other” because it did not meet necessary quantitative and qualitative thresholds at June 30, 2010.

We evaluate performance of the combined properties in each segment based on NOI. There are no intersegment sales or transfers.

All other revenues consist primarily of rental income related to the MOB, income from loans and investments and other miscellaneous income.

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Summary information by business segment is as follows:

For the three months ended June 30, 2010:

	<u>Triple-Net Leased Properties</u>	<u>Senior Living Operations</u>	<u>All Other</u>	<u>Total</u>
	(In thousands)			
Revenues:				
Rental income	\$ 118,044	\$ —	\$ 12,240	\$ 130,284
Resident fees and services	—	109,867	—	109,867
Income from loans and investments	—	—	3,705	3,705
Interest and other income	93	7	22	122
Total revenues	<u>\$ 118,137</u>	<u>\$ 109,874</u>	<u>\$ 15,967</u>	<u>\$ 243,978</u>
Segment net operating income	\$ 118,044	\$ 38,808	\$ 11,821	\$ 168,673
Interest and other income	93	7	22	122
Interest expense	(21,441)	(21,422)	(1,182)	(44,045)
Depreciation and amortization	(27,335)	(18,122)	(4,728)	(50,185)
General, administrative and professional fees	—	—	(9,858)	(9,858)
Foreign currency loss	—	(121)	—	(121)
Loss on extinguishment of debt	(6,447)	(102)	—	(6,549)
Merger-related expenses and deal costs	—	(535)	(3,672)	(4,207)
Income (loss) before income taxes, discontinued operations and noncontrolling interest	\$ 62,914	\$ (1,487)	\$ (7,597)	\$ 53,830

For the three months ended June 30, 2009:

	<u>Triple-Net Leased Properties</u>	<u>Senior Living Operations</u>	<u>All Other</u>	<u>Total</u>
	(In thousands)			
Revenues:				
Rental income	\$ 116,269	\$ —	\$ 8,343	\$ 124,612
Resident fees and services	—	103,399	—	103,399
Income from loans and investments	—	—	3,333	3,333
Interest and other income	43	1	64	108
Total revenues	<u>\$ 116,312</u>	<u>\$ 103,400</u>	<u>\$ 11,740</u>	<u>\$ 231,452</u>
Segment net operating income	\$ 116,269	\$ 33,857	\$ 8,654	\$ 158,780
Interest and other income	43	1	64	108
Interest expense	(20,521)	(22,579)	(894)	(43,994)
Depreciation and amortization	(29,854)	(15,813)	(2,976)	(48,643)
General, administrative and professional fees	—	—	(10,355)	(10,355)
Foreign currency loss	—	(5)	—	(5)
Loss on extinguishment of debt	(5,975)	—	—	(5,975)
Merger-related expenses and deal costs	—	(3,498)	(4)	(3,502)
Income (loss) before income taxes, discontinued operations and noncontrolling interest	\$ 59,962	\$ (8,037)	\$ (5,511)	\$ 46,414

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For the six months ended June 30, 2010:

	Triple-Net Leased Properties	Senior Living Operations	All Other	Total
	(In thousands)			
Revenues:				
Rental income	\$ 235,034	\$ —	\$ 24,429	\$ 259,463
Resident fees and services	—	218,353	—	218,353
Income from loans and investments	—	—	7,322	7,322
Interest and other income	298	20	67	385
Total revenues	<u>\$ 235,332</u>	<u>\$ 218,373</u>	<u>\$ 31,818</u>	<u>\$ 485,523</u>
Segment net operating income	\$ 235,034	\$ 72,617	\$ 23,425	\$ 331,076
Interest and other income	298	20	67	385
Interest expense	(43,271)	(42,688)	(2,386)	(88,345)
Depreciation and amortization	(56,902)	(36,084)	(9,675)	(102,661)
General, administrative and professional fees	—	—	(20,541)	(20,541)
Foreign currency loss	—	(15)	—	(15)
Loss on extinguishment of debt	(6,447)	(102)	—	(6,549)
Merger-related expenses and deal costs	<u>(38)</u>	<u>(1,246)</u>	<u>(5,242)</u>	<u>(6,526)</u>
Income (loss) before income taxes, discontinued operations and noncontrolling interest	\$ 128,674	\$ (7,498)	\$ (14,352)	\$ 106,824

For the six months ended June 30, 2009:

	Triple-Net Leased Properties	Senior Living Operations	All Other	Total
	(In thousands)			
Revenues:				
Rental income	\$ 230,319	\$ —	\$ 16,691	\$ 247,010
Resident fees and services	—	206,338	—	206,338
Income from loans and investments	—	—	6,614	6,614
Interest and other income	158	10	226	394
Total revenues	<u>\$ 230,477</u>	<u>\$ 206,348</u>	<u>\$ 23,531</u>	<u>\$ 460,356</u>
Segment net operating income	\$ 230,319	\$ 64,342	\$ 17,269	\$ 311,930
Interest and other income	158	10	226	394
Interest expense	(42,623)	(45,352)	(1,949)	(89,924)
Depreciation and amortization	(59,653)	(32,938)	(5,550)	(98,141)
General, administrative and professional fees	—	—	(20,953)	(20,953)
Foreign currency gain	—	1	—	1
Loss on extinguishment of debt	(6,012)	—	(68)	(6,080)
Merger-related expenses and deal costs	(174)	(5,355)	(27)	(5,556)
Income (loss) before income taxes, discontinued operations and noncontrolling interest	\$ 122,015	\$ (19,292)	\$ (11,052)	\$ 91,671

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
	(In thousands)			
Capital expenditures:				
Triple-net leased properties (1)	\$ 100	\$ 148	\$ 12,092	\$ 10,148
Senior living operations	1,494	1,457	2,893	2,599
All other (2)	12,244	9,524	15,008	19,934
Total capital expenditures	<u>\$ 13,838</u>	<u>\$ 11,129</u>	<u>\$ 29,993</u>	<u>\$ 32,681</u>

- (1) The six months ended June 30, 2009 includes \$9.3 million from funds held in an Internal Revenue Code Section 1031 exchange escrow account with a qualified intermediary.
- (2) The six months ended June 30, 2010 includes \$11.1 million in earnest money deposits related to the acquisition of businesses owned and operated by Lillibridge Healthcare Services, Inc. and its related entities (collectively, “Lillibridge”). See “Note 13—Subsequent Event.”

Our portfolio of properties and real estate investments are located in the United States and Canada. Revenues are attributed to an individual country based on the location of each property.

Geographic information regarding our business segments is as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
	(In thousands)			
Revenues:				
United States	\$ 223,347	\$ 213,797	\$ 444,629	\$ 426,093
Canada	20,631	17,655	40,894	34,263
Total revenues	<u>\$ 243,978</u>	<u>\$ 231,452</u>	<u>\$ 485,523</u>	<u>\$ 460,356</u>
			June 30, 2010	December 31, 2009
			(In thousands)	
Net real estate property:				
United States			\$ 4,610,486	\$ 4,696,674
Canada			408,104	418,036
Total net real estate property			<u>\$ 5,018,590</u>	<u>\$ 5,114,710</u>

NOTE 13 — SUBSEQUENT EVENT

On July 1, 2010, we completed the acquisition of businesses owned and operated by Lillibridge and its real estate interests in 96 MOB's and ambulatory facilities for approximately \$381 million, including the assumption of debt. Lillibridge is a fully-integrated healthcare real estate company that owns, designs, develops and manages MOB's, and offers strategic, financial and operational real estate advisory services, principally for highly rated, not-for-profit healthcare systems nationally. Lillibridge manages for third parties 31 MOB's. As a result of the transaction, we acquired: a 100% interest in Lillibridge's property management, leasing, construction and development, advisory and asset management services business; a 100% interest in 38 MOB's comprising 1.9 million square feet of space; a 20% joint venture interest in 24 MOB's comprising 1.5 million square feet; and a 5% joint venture interest in 34 MOB's comprising 2.3 million square feet. We are the managing member of these joint ventures and the property manager for the joint venture properties. An institutional third party holds the majority interests in these joint ventures, and we have a right of first offer on those interests. We funded the acquisition with cash on hand (including \$11.1 million in earnest money deposits made in June 2010), borrowings under our revolving credit facilities and the assumption of mortgage debt. In connection with the acquisition, approximately \$133 million of mortgage debt was paid off. Our portfolio now includes 153 owned or managed MOB's with 8.6 million square feet in 20 states, including the District of Columbia.

NOTE 14 — CONDENSED CONSOLIDATING INFORMATION

We and certain of our direct and indirect wholly owned subsidiaries (the “Wholly Owned Subsidiary Guarantors”) have fully and unconditionally guaranteed, on a joint and several basis, the obligation to pay principal and interest with respect to the senior notes of our subsidiaries, Ventas Realty and Ventas Capital Corporation (the “Issuers”). Ventas Capital Corporation is a wholly owned direct subsidiary of Ventas Realty that was formed to facilitate the offering of the senior notes and has no assets or operations. In addition, Ventas Realty and the Wholly Owned Subsidiary Guarantors have fully and unconditionally guaranteed, on a joint and several basis, the obligation to pay principal and interest with respect to our convertible notes. We have other subsidiaries (“Non-Guarantor Subsidiaries”) that are not included among the Wholly Owned Subsidiary Guarantors, and such subsidiaries are not obligated with respect to the senior notes or the convertible notes. Contractual and legal restrictions, including those contained in the instruments governing certain Non-Guarantor Subsidiaries’ outstanding indebtedness, may under certain circumstances restrict our ability to obtain cash from our Non-Guarantor Subsidiaries for the purpose of meeting our debt service obligations, including our guarantee of payment of principal and interest on the senior notes and our primary obligation to pay principal and interest on the convertible notes. Certain of our real estate assets are also subject to mortgages. The following summarizes our condensed consolidating information as of June 30, 2010 and December 31, 2009 and for the three and six months ended June 30, 2010 and 2009:

CONDENSED CONSOLIDATING BALANCE SHEET

As of June 30, 2010

	<u>Ventas, Inc.</u>	<u>Wholly Owned Subsidiary Guarantors</u>	<u>Issuers</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Consolidated Elimination</u>	<u>Consolidated</u>
				(In thousands)		
Assets						
Net real estate investments	\$ 1,260	\$ 2,268,480	\$ 736,612	\$ 2,153,108	\$ —	\$ 5,159,460
Cash and cash equivalents	2,557	6,101	—	19,136	—	27,794
Escrow deposits and restricted cash	84	9,945	10,107	23,348	—	43,484
Deferred financing costs, net	3,003	1,234	10,958	9,696	—	24,891
Investment in and advances to affiliates	1,116,730	—	1,028,721	—	(2,145,451)	—
Other	83,405	79,623	9,341	34,119	—	206,488
Total assets	<u>\$ 1,207,039</u>	<u>\$ 2,365,383</u>	<u>\$1,795,739</u>	<u>\$ 2,239,407</u>	<u>\$ (2,145,451)</u>	<u>\$ 5,462,117</u>
Liabilities and equity						
Liabilities:						
Senior notes payable and other debt	\$ 223,257	\$ 405,763	\$ 818,822	\$ 1,133,007	\$ —	\$ 2,580,849
Intercompany loans	(50,691)	450,791	(400,100)	—	—	—
Accrued interest	(105)	1,600	9,862	5,325	—	16,682
Accounts payable and other liabilities	30,617	79,078	24,321	47,327	—	181,343
Deferred income taxes	251,829	—	—	—	—	251,829
Total liabilities	454,907	937,232	452,905	1,185,659	—	3,030,703
Total equity	752,132	1,428,151	1,342,834	1,053,748	(2,145,451)	2,431,414
Total liabilities and equity	<u>\$ 1,207,039</u>	<u>\$ 2,365,383</u>	<u>\$1,795,739</u>	<u>\$ 2,239,407</u>	<u>\$ (2,145,451)</u>	<u>\$ 5,462,117</u>

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2009

	<u>Ventas, Inc.</u>	<u>Wholly Owned Subsidiary Guarantors</u>	<u>Issuers</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Consolidated Elimination</u>	<u>Consolidated</u>
			(In thousands)			
Assets						
Net real estate investments	\$ 9,496	\$ 2,268,865	\$ 769,857	\$ 2,198,379	\$ —	\$ 5,246,597
Cash and cash equivalents	—	4,249	82,886	20,262	—	107,397
Escrow deposits and restricted cash	215	9,184	12,766	17,667	—	39,832
Deferred financing costs, net	1,192	1,610	15,577	10,873	—	29,252
Investment in and advances to affiliates	1,169,609	—	1,308,403	—	(2,478,012)	—
Other	3	76,400	82,346	34,418	—	193,167
Total assets	<u>\$ 1,180,515</u>	<u>\$ 2,360,308</u>	<u>\$2,271,835</u>	<u>\$ 2,281,599</u>	<u>\$ (2,478,012)</u>	<u>\$ 5,616,245</u>
Liabilities and equity						
Liabilities:						
Senior notes payable and other debt	\$ 220,942	\$ 422,182	\$ 876,987	\$ 1,149,990	\$ —	\$ 2,670,101
Intercompany loans	(45,563)	453,784	(408,200)	(21)	—	—
Accrued interest	(3,552)	5,125	10,732	5,669	—	17,974
Accounts payable and other liabilities	15,696	69,254	42,580	62,915	—	190,445
Deferred income taxes	253,665	61	—	(61)	—	253,665
Total liabilities	441,188	950,406	522,099	1,218,492	—	3,132,185
Total equity	739,327	1,409,902	1,749,736	1,063,107	(2,478,012)	2,484,060
Total liabilities and equity	<u>\$ 1,180,515</u>	<u>\$ 2,360,308</u>	<u>\$2,271,835</u>	<u>\$ 2,281,599</u>	<u>\$ (2,478,012)</u>	<u>\$ 5,616,245</u>

CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the Three Months Ended June 30, 2010

	<u>Ventas, Inc.</u>	<u>Wholly Owned Subsidiary Guarantors</u>	<u>Issuers</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Consolidated Elimination</u>	<u>Consolidated</u>
	(In thousands)					
Revenues:						
Rental income	\$ 602	\$ 42,017	\$69,640	\$ 18,025	\$ —	\$ 130,284
Resident fees and services	—	33,564	—	76,303	—	109,867
Income from loans and investments	1,411	468	1,826	—	—	3,705
Equity earnings in affiliates	61,610	437	—	—	(62,047)	—
Interest and other income	85	8	21	8	—	122
Total revenues	63,708	76,494	71,487	94,336	(62,047)	243,978
Expenses:						
Interest	1,387	5,970	20,018	16,670	—	44,045
Depreciation and amortization	417	21,280	9,424	19,064	—	50,185
Property-level operating expenses	2	23,146	137	51,898	—	75,183
General, administrative and professional fees	133	3,782	4,730	1,213	—	9,858
Foreign currency loss (gain)	182	(63)	—	2	—	121
Loss on extinguishment of debt	—	102	6,447	—	—	6,549
Merger-related expenses and deal costs	4,198	(1)	—	10	—	4,207
Intercompany interest	(1,177)	8,332	(7,223)	68	—	—
Total expenses	5,142	62,548	33,533	88,925	—	190,148
Income before income taxes, discontinued operations and noncontrolling interest	58,566	13,946	37,954	5,411	(62,047)	53,830
Income tax (expense) benefit	(499)	90	—	—	—	(409)
Income from continuing operations	58,067	14,036	37,954	5,411	(62,047)	53,421
Discontinued operations	—	(223)	5,767	—	—	5,544
Net income	58,067	13,813	43,721	5,411	(62,047)	58,965
Net income attributable to noncontrolling interest, net of tax	—	—	—	898	—	898
Net income attributable to common stockholders	\$ 58,067	\$ 13,813	\$43,721	\$ 4,513	\$ (62,047)	\$ 58,067

CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the Three Months Ended June 30, 2009

	<u>Ventas, Inc.</u>	<u>Wholly Owned Subsidiary Guarantors</u>	<u>Issuers</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Consolidated Elimination</u>	<u>Consolidated</u>
	<u>(In thousands)</u>					
Revenues:						
Rental income	\$ 588	\$ 37,924	\$67,916	\$ 18,184	\$ —	\$ 124,612
Resident fees and services	—	29,485	—	73,914	—	103,399
Income from loans and investments	—	—	3,333	—	—	3,333
Equity earnings in affiliates	87,813	792	—	—	(88,605)	—
Interest and other income	(1)	(11)	117	3	—	108
Total revenues	88,400	68,190	71,366	92,101	(88,605)	231,452
Expenses:						
Interest	1,062	6,689	22,694	13,549	—	43,994
Depreciation and amortization	162	19,407	9,695	19,379	—	48,643
Property-level operating expenses	—	21,901	122	50,541	—	72,564
General, administrative and professional fees	48	3,805	5,133	1,369	—	10,355
Foreign currency (gain) loss	(38)	38	6	(1)	—	5
Loss on extinguishment of debt	—	—	5,975	—	—	5,975
Merger-related expenses and deal costs	—	3,498	4	—	—	3,502
Intercompany interest	(820)	10,164	(9,238)	(106)	—	—
Total expenses	414	65,502	34,391	84,731	—	185,038
Income before income taxes, discontinued operations and noncontrolling interest	87,986	2,688	36,975	7,370	(88,605)	46,414
Income tax benefit	395	—	—	—	—	395
Income from continuing operations	88,381	2,688	36,975	7,370	(88,605)	46,809
Discontinued operations	—	155	42,219	—	—	42,374
Net income	88,381	2,843	79,194	7,370	(88,605)	89,183
Net (loss) income attributable to noncontrolling interest, net of tax	—	(662)	—	1,464	—	802
Net income attributable to common stockholders	\$ 88,381	\$ 3,505	\$79,194	\$ 5,906	\$ (88,605)	\$ 88,381

CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the Six Months Ended June 30, 2010

	<u>Ventas, Inc.</u>	<u>Wholly Owned Subsidiary Guarantors</u>	<u>Issuers</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Consolidated Elimination</u>	<u>Consolidated</u>
			(In thousands)			
Revenues:						
Rental income	\$ 1,195	\$ 83,023	\$139,344	\$ 35,901	\$ —	\$ 259,463
Resident fees and services	—	66,607	—	151,746	—	218,353
Income from loans and investments	2,841	880	3,601	—	—	7,322
Equity earnings in affiliates	115,741	870	—	—	(116,611)	—
Interest and other income	292	36	42	15	—	385
Total revenues	120,069	151,416	142,987	187,662	(116,611)	485,523
Expenses:						
Interest	2,623	11,742	40,754	33,226	—	88,345
Depreciation and amortization	808	44,041	19,132	38,680	—	102,661
Property-level operating expenses	—	47,598	266	106,198	—	154,062
General, administrative and professional fees	120	8,058	9,838	2,525	—	20,541
Foreign currency loss (gain)	42	(30)	—	3	—	15
Loss on extinguishment of debt	—	102	6,447	—	—	6,549
Merger-related expenses and deal costs	6,467	49	—	10	—	6,526
Intercompany interest	(2,347)	16,571	(14,359)	135	—	—
Total expenses	7,713	128,131	62,078	180,777	—	378,699
Income before income taxes, discontinued operations and noncontrolling interest	112,356	23,285	80,909	6,885	(116,611)	106,824
Income tax (expense) benefit	(1,510)	815	—	—	—	(695)
Income from continuing operations	110,846	24,100	80,909	6,885	(116,611)	106,129
Discontinued operations	(160)	117	6,047	—	—	6,004
Net income	110,686	24,217	86,956	6,885	(116,611)	112,133
Net income attributable to noncontrolling interest, net of tax	—	—	—	1,447	—	1,447
Net income attributable to common stockholders	\$ 110,686	\$ 24,217	\$ 86,956	\$ 5,438	\$ (116,611)	\$ 110,686

CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the Six Months Ended June 30, 2009

	<u>Ventas, Inc.</u>	<u>Wholly Owned Subsidiary Guarantors</u>	<u>Issuers</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Consolidated Elimination</u>	<u>Consolidated</u>
	(In thousands)					
Revenues:						
Rental income	\$ 1,165	\$ 75,717	\$136,860	\$ 33,268	\$ —	\$ 247,010
Resident fees and services	—	58,430	—	147,908	—	206,338
Income from loans and investments	—	—	6,614	—	—	6,614
Equity earnings in affiliates	161,560	1,411	—	—	(162,971)	—
Interest and other income	—	(5)	378	21	—	394
Total revenues	162,725	135,553	143,852	181,197	(162,971)	460,356
Expenses:						
Interest	2,141	12,282	47,418	28,083	—	89,924
Depreciation and amortization	324	40,821	20,253	36,743	—	98,141
Property-level operating expenses	—	43,422	234	104,376	—	148,032
General, administrative and professional fees	89	7,424	10,826	2,614	—	20,953
Foreign currency loss (gain)	5	4	(8)	(2)	—	(1)
Loss on extinguishment of debt	—	—	6,012	68	—	6,080
Merger-related expenses and deal costs	—	5,351	205	—	—	5,556
Intercompany interest	(1,501)	22,074	(20,414)	(159)	—	—
Total expenses	1,058	131,378	64,526	171,723	—	368,685
Income before income taxes, discontinued operations and noncontrolling interest	161,667	4,175	79,326	9,474	(162,971)	91,671
Income tax benefit	942	—	—	—	—	942
Income from continuing operations	162,609	4,175	79,326	9,474	(162,971)	92,613
Discontinued operations	—	(1,559)	61,737	11,361	—	71,539
Net income	162,609	2,616	141,063	20,835	(162,971)	164,152
Net (loss) income attributable to noncontrolling interest, net of tax	—	(1,090)	—	2,633	—	1,543
Net income attributable to common stockholders	\$ 162,609	\$ 3,706	\$141,063	\$ 18,202	\$ (162,971)	\$ 162,609

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Six Months Ended June 30, 2010

	<u>Ventas, Inc.</u>	<u>Wholly Owned Subsidiary Guarantors</u>	<u>Issuers</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Consolidated Elimination</u>	<u>Consolidated</u>
	(In thousands)					
Net cash (used in) provided by operating activities	\$ (5,903)	\$ 87,705	\$ 110,425	\$ 15,490	\$ —	\$ 207,717
Net cash (used in) provided by investing activities	(11,083)	7,467	(14,426)	(3,395)	—	(21,437)
Cash flows from financing activities:						
Net change in borrowings under revolving credit facilities	—	33,280	84,000	—	—	117,280
Proceeds from debt	—	—	—	696	—	696
Repayment of debt	—	(55,794)	(149,127)	(10,250)	—	(215,171)
Net change in intercompany debt	270,919	(116,945)	8,100	(162,074)	—	—
Payment of deferred financing costs	—	(48)	(1,792)	—	—	(1,840)
Cash distribution (to) from affiliates	(88,220)	46,104	(120,018)	162,134	—	—
Cash distribution to common stockholders	(167,829)	—	—	—	—	(167,829)
Contributions from noncontrolling interest	—	—	—	633	—	633
Distributions to noncontrolling interest	—	—	—	(4,277)	—	(4,277)
Other	4,673	—	—	—	—	4,673
Net cash provided by (used in) financing activities	19,543	(93,403)	(178,837)	(13,138)	—	(265,835)
Net increase (decrease) in cash and cash equivalents	2,557	1,769	(82,838)	(1,043)	—	(79,555)
Effect of foreign currency translation on cash and cash equivalents	—	—	(48)	—	—	(48)
Cash and cash equivalents at beginning of period	—	4,332	82,886	20,179	—	107,397
Cash and cash equivalents at end of period	\$ 2,557	\$ 6,101	\$ —	\$ 19,136	\$ —	\$ 27,794

	Ventas, Inc.	Wholly Owned Subsidiary Guarantors	Issuers	Non- Guarantor Subsidiaries	Consolidated Elimination	Consolidated
			(In thousands)			
Net cash provided by operating activities	\$ 185	\$ 37,618	\$ 120,571	\$ 36,768	\$ —	\$ 195,142
Net cash provided by (used in) investing activities	—	58,816	24,203	(49,463)	—	33,556
Cash flows from financing activities:						
Net change in borrowings under revolving credit facilities	—	(39,688)	(250,240)	—	—	(289,928)
Proceeds from debt	—	261	166,000	134,854	—	301,115
Repayment of debt	—	(80,900)	(413,374)	(8,742)	—	(503,016)
Net change in intercompany debt	(40,240)	(25,426)	88,956	(23,290)	—	—
Payment of deferred financing costs	—	(986)	(8,840)	(3,596)	—	(13,422)
Issuance of common stock, net	299,201	—	—	—	—	299,201
Cash distribution (to) from affiliates	(110,788)	45,604	147,893	(82,709)	—	—
Cash distribution to common stockholders	(153,815)	—	—	—	—	(153,815)
Contributions from noncontrolling interest	—	—	—	306	—	306
Distributions to noncontrolling interest	—	(379)	—	(4,645)	—	(5,024)
Other	5,457	—	—	—	—	5,457
Net cash (used in) provided by financing activities	(185)	(101,514)	(269,605)	12,178	—	(359,126)
Net decrease in cash and cash equivalents	—	(5,080)	(124,831)	(517)	—	(130,428)
Effect of foreign currency translation on cash and cash equivalents	—	(1)	139	1	—	139
Cash and cash equivalents at beginning of period	—	10,323	144,918	21,571	—	176,812
Cash and cash equivalents at end of period	\$ —	\$ 5,242	\$ 20,226	\$ 21,055	\$ —	\$ 46,523

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statements

Unless otherwise indicated or except where the context otherwise requires, the terms “we,” “us” and “our” and other similar terms in this Quarterly Report on Form 10-Q refer to Ventas, Inc. and its consolidated subsidiaries.

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements regarding our or our tenants’, operators’, managers’ or borrowers’ expected future financial position, results of operations, cash flows, funds from operations, dividends and dividend plans, financing plans, business strategy, budgets, projected costs, operating metrics, capital expenditures, competitive positions, acquisitions, investment opportunities, merger integration, growth opportunities, dispositions, expected lease income, continued qualification as a real estate investment trust (“REIT”), plans and objectives of management for future operations and statements that include words such as “anticipate,” “if,” “believe,” “plan,” “estimate,” “expect,” “intend,” “may,” “could,” “should,” “will” and other similar expressions are forward-looking statements. These forward-looking statements are inherently uncertain, and security holders must recognize that actual results may differ from our expectations. We do not undertake a duty to update these forward-looking statements, which speak only as of the date on which they are made.

Our actual future results and trends may differ materially from expectations depending on a variety of factors discussed in our filings with the Securities and Exchange Commission (the “SEC”). These factors include without limitation:

- The ability and willingness of our tenants, operators, borrowers, managers and other third parties to meet and/or perform the obligations under their respective contractual arrangements with us, including, in some cases, their obligations to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities;
- The ability of our tenants, operators, borrowers and managers to maintain the financial strength and liquidity necessary to satisfy their respective obligations and liabilities to third parties, including without limitation obligations under their existing credit facilities and other indebtedness;
- Our success in implementing our business strategy and our ability to identify, underwrite, finance, consummate and integrate diversifying acquisitions or investments, including those in different asset types and outside the United States;
- The nature and extent of future competition;
- The extent of future or pending healthcare reform and regulation, including cost containment measures and changes in reimbursement policies, procedures and rates;
- Increases in our cost of borrowing as a result of changes in interest rates and other factors;
- The ability of our operators and managers, as applicable, to deliver high quality services, to attract and retain qualified personnel and to attract residents and patients;
- The results of litigation affecting us;
- Changes in general economic conditions and/or economic conditions in the markets in which we may, from time to time, compete, and the effect of those changes on our revenues and our ability to access the capital markets or other sources of funds;
- Our ability to pay down, refinance, restructure and/or extend our indebtedness as it becomes due;
- Our ability and willingness to maintain our qualification as a REIT due to economic, market, legal, tax or other considerations;
- Final determination of our taxable net income for the year ended December 31, 2009 and for the year ending December 31, 2010;

- The ability and willingness of our tenants to renew their leases with us upon expiration of the leases and our ability to reposition our properties on the same or better terms in the event such leases expire and are not renewed by our tenants or in the event we exercise our right to replace an existing tenant upon a default;
- Risks associated with our senior living operating portfolio, such as factors causing volatility in our operating income and earnings generated by our properties, including without limitation national and regional economic conditions, costs of materials, energy, labor and services, employee benefit costs, insurance costs and professional and general liability claims, and the timely delivery of accurate property-level financial results for those properties;
- The movement of U.S. and Canadian exchange rates;
- Year-over-year changes in the Consumer Price Index and the effect of those changes on the rent escalators, including the rent escalator for Master Lease 2 with Kindred Healthcare, Inc. (together with its subsidiaries, “Kindred”), and our earnings;
- Our ability and the ability of our tenants, operators, borrowers and managers to obtain and maintain adequate liability and other insurance from reputable and financially stable providers;
- The impact of increased operating costs and uninsured professional liability claims on the liquidity, financial condition and results of operations of our tenants, operators, borrowers and managers and the ability of our tenants, operators, borrowers and managers to accurately estimate the magnitude of those claims;
- The ability and willingness of the lenders under our unsecured revolving credit facilities to fund, in whole or in part, borrowing requests made by us from time to time;
- Risks associated with our recent acquisition of businesses owned and operated by Lillibridge Healthcare Services, Inc. and its related entities (collectively, “Lillibridge”), including our ability to successfully design, develop and manage MOBs and to retain key personnel;
- The ability of the hospitals on or near whose campuses our MOBs are located and their affiliated health systems to remain competitive and financially viable and to attract physicians and physician groups;
- Our ability to maintain or expand our relationships with our existing and future hospital and health system clients;
- Risks associated with our investments in joint ventures, including our lack of sole decision-making authority and our reliance on our joint venture partners’ financial condition;
- The impact of market or issuer events on the liquidity or value of our investments in marketable securities; and
- The impact of any financial, accounting, legal or regulatory issues that may affect us or our major tenants, operators and managers.

Many of these factors are beyond our control and the control of our management.

Kindred, Brookdale Senior Living and Sunrise Information

Each of Kindred, Brookdale Senior Living Inc. (together with its subsidiaries, which include Brookdale Living Communities, Inc. (“Brookdale”) and Alterra Healthcare Corporation (“Alterra”), “Brookdale Senior Living”) and Sunrise Senior Living, Inc. (together with its subsidiaries, “Sunrise”) is subject to the reporting requirements of the SEC and is required to file with the SEC annual reports containing audited financial information and quarterly reports containing unaudited financial information. The information related to Kindred, Brookdale Senior Living and Sunrise contained or referred to in this Quarterly Report on Form 10-Q is derived from filings made by Kindred, Brookdale Senior Living or Sunrise, as the case may be, with the SEC or other publicly available information, or has been provided to us by Kindred, Brookdale Senior Living or Sunrise. We have not verified this information either through an independent investigation or by reviewing Kindred’s, Brookdale Senior Living’s or Sunrise’s public filings. We have no reason to believe that this information is inaccurate in any material respect, but we cannot assure you that all of this information is accurate. Kindred’s, Brookdale Senior Living’s and Sunrise’s filings with the SEC can be found at the SEC’s website at www.sec.gov. We are providing this data for informational purposes only, and you are encouraged to obtain Kindred’s, Brookdale Senior Living’s and Sunrise’s publicly available filings from the SEC.

Company Overview

We are a REIT with a geographically diverse portfolio of seniors housing and healthcare properties in the United States and Canada. As of June 30, 2010, this portfolio consisted of 503 assets: 242 seniors housing communities, 187 skilled nursing facilities, 40 hospitals and 34 medical office buildings (“MOBs”) and other properties in 43 states and two Canadian provinces. With the exception of our seniors housing communities that are managed by independent third parties, such as Sunrise, pursuant to long-term management agreements and the majority of our MOBs, we lease our properties to healthcare operating companies under “triple-net” or “absolute-net” leases, which require the tenants to pay all property-related expenses. We also had real estate loan investments relating to seniors housing and healthcare companies or properties as of June 30, 2010.

We conduct substantially all of our business through our wholly owned subsidiaries, Ventas Realty, Limited Partnership (“Ventas Realty”), PSLT OP, L.P. and Ventas SSL, Inc. Our primary business consists of acquiring, financing and owning seniors housing and healthcare properties and leasing those properties to third parties or operating those properties through independent third-party managers.

Our business strategy is comprised of three principal objectives: (1) portfolio diversification; (2) stable earnings and growth; and (3) maintaining a strong balance sheet and liquidity.

Operating Highlights and Key Performance Trends

2010 Highlights

- Since January 1, 2010, we have received \$235.0 million of additional capital commitments for the portion of our unsecured revolving credit facilities maturing in 2012. As a result, we now have \$1.0 billion of aggregate borrowing capacity under our revolving credit facilities, all of which matures on April 26, 2012.
- Our Board of Directors declared the first and second quarterly installments of our 2010 dividend in the amount of \$0.535 per share, which represents a 4.4% increase over our 2009 quarterly dividend. The first quarterly installment of the 2010 dividend was paid on March 31, 2010 to stockholders of record on March 12, 2010. The second quarterly installment of the 2010 dividend was paid on June 30, 2010 to stockholders of record on June 11, 2010.
- During the first half of 2010, we sold five seniors housing communities for approximately \$25.0 million, including a lease termination fee of \$0.2 million, and recognized a gain from these sales of approximately \$5.0 million.
- On July 1, 2010, we completed the acquisition of businesses owned and operated by Lillibridge and its real estate interests in 96 MOBs and ambulatory facilities for approximately \$381 million, including the assumption of debt. Lillibridge is a fully-integrated healthcare real estate company that owns, designs, develops and manages MOBs, and offers strategic, financial and operational real estate advisory services, principally for highly rated, not-for-profit healthcare systems nationally. Lillibridge manages for third parties 31 MOBs. As a result of the transaction, we acquired: a 100% interest in Lillibridge’s property management, leasing, construction and development, advisory and asset management services business; a 100% interest in 38 MOBs comprising 1.9 million square feet of space; a 20% joint venture interest in 24 MOBs comprising 1.5 million square feet; and a 5% joint venture interest in 34 MOBs comprising 2.3 million square feet. We are the managing member of these joint ventures and the property manager for the joint venture properties. An institutional third party holds the majority interests in these joint ventures, and we have a right of first offer on those interests. We funded the acquisition with cash on hand (including \$11.1 million in earnest money deposits made in June 2010), borrowings under our revolving credit facilities and the assumption of mortgage debt. In connection with the acquisition, approximately \$133 million of mortgage debt was paid off. Our portfolio now includes 153 owned or managed MOBs with 8.6 million square feet in 20 states, including the District of Columbia.

Concentration Risk

Concentration ratios are useful measures in understanding the potential risks of economic downturns involving our various property types, locations or tenants, operators or managers. We evaluate our concentration risk in terms of investment mix and operations mix. Investment mix measures the portion of our investments related to certain property types or tenants, operators or managers. Operations mix measures the portion of our operating results attributable to certain tenants, operators or managers or geographic location. The following tables reflect our concentration risk as of the dates and for the periods presented:

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Investment mix by type ¹ :		
Seniors housing communities	73.9%	74.1%
Skilled nursing facilities	12.6%	12.6%
Hospitals	5.3%	5.4%
MOBs	5.9%	5.8%
Loans receivable, net	2.2%	2.0%
Other properties	0.1%	0.1%
Investment mix by tenant, operator and manager ¹ :		
Sunrise	38.9%	38.9%
Kindred	14.1%	14.1%
Brookdale Senior Living	21.5%	21.8%

¹ Ratios are based on the gross book value of real estate investments (including assets held for sale) as of each reporting date.

	For the Six Months Ended June 30,	
	2010	2009
Tenant, operator and manager operations mix:		
Revenues ¹ :		
Sunrise	44.7%	44.2%
Kindred	25.2%	26.8%
Brookdale Senior Living	12.5%	13.0%
All others	16.0%	14.5%
Adjusted EBITDA ² :		
Sunrise	22.1%	20.3%
Kindred	35.8%	40.3%
Brookdale Senior Living	16.2%	18.7%
All others	25.9%	20.7%
NOI ³ :		
Sunrise	21.9%	20.3%
Kindred	37.0%	38.8%
Brookdale Senior Living	18.3%	19.2%
All others	22.8%	21.7%
Geographic operations mix ⁴ :		
California	12.5%	12.7%
Illinois	10.4%	10.4%
Ontario	5.9%	5.3%
Pennsylvania	5.6%	5.6%
Massachusetts	5.3%	5.3%
All others	58.7%	59.2%

¹ Total revenues includes revenue from loans and investments and interest and other income. Revenues from properties sold or held for sale as of the reporting date are included in this presentation.

² “Adjusted EBITDA” is defined as earnings before interest, taxes, depreciation and amortization (including non-cash stock-based compensation), excluding merger-related expenses and deal costs and gains and losses on real estate disposals (including amounts in discontinued operations).

³ Net operating income (“NOI”) is defined as total revenues, less interest and other income and property-level operating expenses (including amounts in discontinued operations).

⁴ Ratios are based on total revenues for each period presented. Total revenues includes revenue from loans and investments and interest and other income. Revenues from properties held for sale as of the reporting date are included in this presentation. Revenues from properties sold as of the reporting date are excluded from this presentation.

See “Non-GAAP Financial Measures” for further discussion and reconciliations of NOI and Adjusted EBITDA to our net income, as computed in accordance with U.S. generally accepted accounting principles (“GAAP”).

Recent Developments Regarding Government Regulation

Healthcare Legislation

In March 2010, the President signed into law the Patient Protection and Affordable Care Act, along with a reconciliation measure, the Health Care and Education Reconciliation Act of 2010 (collectively, the “Affordable Care Act”). The passage of the Affordable Care Act has resulted in comprehensive reform legislation which is expected to expand health care coverage to millions of currently uninsured people beginning in 2014. To help fund this expansion, the Affordable Care Act outlines certain reductions in Medicare reimbursement rates for various healthcare providers, including long-term acute care hospitals and skilled nursing facilities, as well as certain other changes to Medicare payment methodologies.

The Affordable Care Act, among other things, reduces the inflationary market basket increase included in standard federal payment rates for long-term acute care hospitals by 25 basis points in fiscal year 2010, 50 basis points in fiscal year 2011, 10 basis points in fiscal years 2012 and 2013, 30 basis points in fiscal year 2014, 20 basis points in fiscal years 2015 and 2016, and 75 basis points in fiscal years 2017 through 2019. In addition, under the Affordable Care Act, long-term acute care hospitals and skilled nursing facilities will be subject to a rate adjustment in the market basket increase, beginning in fiscal year 2012, to reflect improvements in productivity. The Affordable Care Act also extends for two years the long-term acute care hospital payment policy changes provided by the Medicare, Medicaid, and SCHIP Extension Act of 2007 and delays the implementation of the RUG-IV classification model for skilled nursing facilities until fiscal year 2012.

We are currently analyzing the financial implications of the Affordable Care Act on the operators of our properties. We cannot assure you that existing or future healthcare reform legislation or changes in the administration or implementation of governmental and non-governmental healthcare reimbursement programs will not have a material adverse effect on our operators’ liquidity, financial condition or results of operations, or on their ability to satisfy their obligations to us, which, in turn, could have a material adverse effect on our business, financial condition, results of operations and liquidity, on our ability to service our indebtedness and other obligations and on our ability to make distributions to our stockholders, as required for us to continue to qualify as a REIT (a “Material Adverse Effect”).

Medicare Reimbursement; Long-Term Acute Care Hospitals

On May 4, 2010, the Centers for Medicare & Medicaid Services (“CMS”) published its proposed rule updating the prospective payment system for long-term acute care hospitals (LTAC PPS) for the 2011 fiscal year (October 1, 2010 through September 30, 2011). Under the proposed rule, the LTAC PPS standard federal payment rate would decrease by 0.1% in fiscal year 2011, reflecting a 2.4% increase in the market basket index, less a 2.5% adjustment to account for an increase in case-mix in fiscal year 2008 and 2009 that CMS attributes to changes in documentation and coding practices, rather than patient severity. However, due to the timing of the proposed rule in relation to the passage of the Affordable Care Act, the proposed rule did not reflect statutory changes made by that legislation. Accordingly, on June 2, 2010, CMS published a supplement to the May 4, 2010 proposed rule to address certain provisions of the Affordable Care Act. Among other things, the supplemental proposed rule updates the increase in the market basket index for fiscal year 2011 to 1.9%, reflecting the 50 basis point reduction required by the Affordable Care Act. Despite the decrease in the LTAC PPS standard federal payment rate, CMS estimates that net payments to long-term acute care hospitals under the supplemental proposed rule would increase by approximately \$13 million, or 0.3%, in fiscal year 2011 due to area wage adjustments, as well as increases in high-cost and short-stay outlier payments.

This rule is a proposed rule and is not final. The proposed rule also does not reflect additional statutory changes made by the Affordable Care Act. We are currently analyzing the financial implications of this proposed rule on the operators of our long-term acute care hospitals.

We cannot assure you that the final rule issued by CMS or other future updates to LTAC PPS or Medicare reimbursement for long-term acute care hospitals will not materially adversely affect our operators, which, in turn, could have a Material Adverse Effect on us.

Medicare Reimbursement; Skilled Nursing Facilities

On June 25, 2010, CMS placed on public display its proposed Medicare Physician Fee Schedule rule for the 2011 calendar year. Under the proposed rule, reimbursement rates for outpatient therapy under Part B, including therapy provided in skilled nursing facilities, would be reduced by approximately 10% (net of a recent 2.2% rate increase enacted as part of other legislation).

On July 16, 2010, CMS placed on public display its proposed rule updating the prospective payment system for skilled nursing facilities (SNF PPS) for the 2011 fiscal year (October 1, 2010 through September 30, 2011). Under the proposed rule, the update to the SNF PPS standard federal payment rate for skilled nursing facilities includes a 2.3% increase in the market basket index for the 2011 fiscal year. The proposed rule also provides a 0.6% adjustment due to an overestimated increase in the market basket index for the 2009 fiscal year. CMS estimates that net payments to skilled nursing facilities as a result of the market basket increase and the adjustment under the proposed rule would increase by approximately \$542 million, or 1.7%, in fiscal year 2011.

The proposed rule includes other provisions, such as the introduction of concurrent therapy, changes to the look-back period and modification of the implementation schedule for the RUG-IV classification model, that may additionally affect net payments to skilled nursing facilities.

These rules are proposed rules and are not final. We are currently analyzing the financial implications of these proposed rules on the operators of our skilled nursing facilities.

Critical Accounting Policies and Estimates

Our Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q have been prepared in accordance with GAAP for interim financial information set forth in the Accounting Standards Codification (“ASC”), as published by the Financial Accounting Standards Board (“FASB”). GAAP requires us to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We base these estimates on our experience and on various other assumptions believed to be reasonable under the circumstances. However, if our judgment or interpretation of the facts and circumstances relating to various transactions or other matters had been different, it is possible that different accounting treatment would have been applied, resulting in a different presentation of our financial statements. From time to time, we re-evaluate our estimates and assumptions, and in the event estimates or assumptions prove to be different from actual results, we make adjustments in subsequent periods to reflect more current estimates and assumptions about matters that are inherently uncertain. The critical accounting policies that affect our more significant estimates and assumptions used in the preparation of our Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q are described in our Current Report on Form 8-K filed with the SEC on May 3, 2010.

Results of Operations

As of June 30, 2010, we operated through two reportable business segments: triple-net leased properties and senior living operations. Our triple-net leased properties segment consists of acquiring and owning seniors housing and healthcare properties in the United States and leasing those properties to healthcare operating companies under “triple-net” or “absolute-net” leases, which require the tenants to pay all property-related expenses. Our senior living operations segment primarily consists of investments in seniors housing communities located in the United States and Canada for which we engage independent third parties, such as Sunrise, to manage the operations.

As of June 30, 2010, our MOB segment consists of leasing space primarily to physicians and other healthcare businesses and engaging third parties to manage those operations. Due to our limited operation of and allocation of capital to the MOB, the MOB segment is not individually reported and is included in “All Other” because it did not meet necessary quantitative and qualitative thresholds at June 30, 2010.

Three Months Ended June 30, 2010 and 2009

The table below shows the results of operations for the three months ended June 30, 2010 and 2009 and the dollar and percentage changes in those results from period to period.

	For the Three Months Ended June 30,		Change	
	2010	2009	\$	%
NOI:				
Triple-Net Leased Properties	\$ 118,044	\$ 116,269	\$ 1,775	1.5%
Senior Living Operations	38,808	33,857	4,951	14.6
All Other	11,821	8,654	3,167	36.6
Total NOI	168,673	158,780	9,893	6.2
Interest and other income	122	108	14	13.0
Interest expense	(44,045)	(43,994)	(51)	0.1
Depreciation and amortization	(50,185)	(48,643)	(1,542)	3.2
General, administrative and professional fees	(9,858)	(10,355)	497	(4.8)
Foreign currency loss	(121)	(5)	(116)	>100
Loss on extinguishment of debt	(6,549)	(5,975)	(574)	9.6
Merger-related expenses and deal costs	(4,207)	(3,502)	(705)	20.1
Income before income taxes, discontinued operations and noncontrolling interest	53,830	46,414	7,416	16.0
Income tax (expense) benefit	(409)	395	(804)	>100
Income from continuing operations	53,421	46,809	6,612	14.1
Discontinued operations	5,544	42,374	(36,830)	(86.9)
Net income	58,965	89,183	(30,218)	(33.9)
Net income attributable to noncontrolling interest	898	802	96	12.0
Net income attributable to common stockholders	<u>\$ 58,067</u>	<u>\$ 88,381</u>	<u>\$ (30,314)</u>	(34.3)%

NOI — Triple-Net Leased Properties

NOI for our triple-net leased properties consists solely of rental income earned from these assets. We incur no direct operating expenses for this segment.

The increase in our second quarter 2010 NOI over the same period in 2009 primarily reflects \$1.6 million of additional rent resulting from the annual escalators in the rent paid under our master lease agreements with Kindred (the “Kindred Master Leases”) effective May 1, 2010 and various other escalations in the rent paid on our other existing properties.

Revenues related to our triple-net leased properties segment consist of fixed rental amounts (subject to annual escalations) received directly from our tenants based on the terms of the applicable leases and generally do not depend on the operating performance of our properties. Therefore, while occupancy information is relevant to the operations of our tenants, our revenues and financial results are not directly impacted by the overall occupancy levels or profits at the triple-net leased properties.

NOI — Senior Living Operations

	For the Three Months Ended June 30,		Change	
	2010	2009	\$	%
	(In thousands)			
NOI — Senior Living Operations:				
Total revenues	\$ 109,874	\$ 103,400	\$ 6,474	6.3%
Less:				
Interest and other income	7	1	6	> 100
Property-level operating expenses	71,059	69,542	1,517	2.2
NOI	\$ 38,808	\$ 33,857	\$ 4,951	14.6%

The majority of revenues related to our senior living operations segment are resident fees and services, which consist primarily of all amounts earned from residents at our seniors housing communities, including rental fees related to resident leases, extended health care fees and other ancillary service income. The increase in revenues during the second quarter of 2010 over the same period in 2009 is attributed primarily to a decrease in the average Canadian dollar exchange rate, which had a favorable impact of \$2.4 million in 2010, higher occupancy rates and higher average daily rates in our communities. Average resident occupancy rates related to our senior living operations managed by third parties were as follows:

	Number of Communities as of June 30,		Average Resident Occupancy For the Three Months Ended June 30,	
	2010	2009	2010	2009
Stabilized Communities	80	78	88.4%	87.2%
Lease-Up Communities	2	1	86.5%	67.9%
Total	<u>82</u>	<u>79</u>	<u>88.3%</u>	<u>86.5%</u>
Same-Store Stabilized Communities	78	78	88.4%	87.2%

Property-level operating expenses related to our senior living operations segment primarily include expenses such as labor, food, utilities, marketing, management and other property operating costs. The increase in property-level operating expenses in the second quarter of 2010 compared to the same period in 2009 primarily reflects a decrease in the average Canadian dollar exchange rate, which had an unfavorable impact of \$1.5 million in 2010 and increases in labor and marketing costs, partially offset by the receipt of \$3 million for expense overages at our Sunrise-managed communities in the second quarter of 2010.

NOI — All Other

	For the Three Months Ended June 30,		Change	
	2010	2009	\$	%
	(In thousands)			
NOI — All Other:				
Rental income	\$ 12,240	\$ 8,343	\$ 3,897	46.7%
Other revenue	3,727	3,397	330	9.7
Total revenues	15,967	11,740	4,227	36.0
Less:				
Interest and other income	22	64	(42)	(65.6)
Property-level operating expenses	4,124	3,022	1,102	36.5
NOI	\$ 11,821	\$ 8,654	\$ 3,167	36.6%

All other revenues consist primarily of rental income related to the MOBs, income from loans and investments and other miscellaneous income. The increase in all other revenues during the second quarter of 2010 compared to the same period in 2009 is attributed primarily to \$3.7 million of additional rent relating to MOBs acquired during 2009 and a \$0.4 million increase in income from loans and investments due primarily to interest earned on the investments we made during 2009. Average occupancy rates related to our MOBs were as follows:

	Number of Properties at June 30,		Average Occupancy For the Three Months Ended June 30,	
	2010	2009	2010	2009
Stabilized MOBs	22	19	94.7%	93.5%
Lease-Up MOBs	4	3	81.6%	67.2%
Total	26	22	92.1%	89.1%
Same-Store Stabilized MOBs	18	18	93.5%	93.5%

All other property-level operating expenses include all expenses related to our MOB operations. The change in property-level operating expenses in the second quarter of 2010 over 2009 primarily reflects increased expenses related to acquisitions that occurred during 2009.

Interest Expense

Total interest expense, including interest allocated to discontinued operations of \$0.1 million and \$0.7 million for the three months ended June 30, 2010 and 2009, respectively, decreased \$0.5 million in the second quarter of 2010 over the same period in 2009 primarily due to a \$0.8 million reduction in interest from lower loan balances. Interest expense includes \$2.3 million and \$1.9 million of amortized deferred financing fees for the three months ended June 30, 2010 and 2009, respectively. Our effective interest rate was 6.6% for the three months ended June 30, 2010, an increase of five basis points from the three months ended June 30, 2009. A decrease in the average Canadian dollar exchange rate had an unfavorable impact on interest expense of \$0.2 million for the three months ended June 30, 2010, compared to the same period in 2009.

Depreciation and Amortization

Depreciation and amortization expense increased primarily due to properties we acquired or developed during the period from July 1, 2009 through June 30, 2010.

Loss on Extinguishment of Debt

Loss on extinguishment of debt for the three months ended June 30, 2010 relates primarily to our redemption of all \$142.7 million principal amount outstanding of our 7 ¹/₈ % senior notes due 2015, at a redemption price equal to 103.56% of par, plus accrued and unpaid interest to the redemption date, pursuant to the call option contained in the indenture governing the notes. Loss on extinguishment of debt for the same period in 2009 relates primarily to our cash tender offers for our outstanding senior notes completed in May 2009.

Merger-Related Expenses and Deal Costs

Merger-related expenses and deal costs consisted of expenses relating to our favorable \$101.6 million jury verdict against HCP, Inc. (“HCP”) arising out of our Sunrise Senior Living REIT (“Sunrise REIT”) acquisition and deal costs required by GAAP to be expensed rather than capitalized into the asset value, which include certain fees and expenses incurred to acquire Lillibridge in 2010 and other deal costs for unconsummated transactions.

Income Tax Expense/Benefit

Income tax expense/benefit before noncontrolling interest represents amounts related to our taxable REIT subsidiaries as a result of the Sunrise REIT acquisition. The change from an income tax benefit in 2009 to an income tax expense in 2010 is primarily due to increased NOI at our seniors housing communities managed by Sunrise. Excluding income taxes related to noncontrolling interest, we have net tax benefit in both periods. See “Note 9 — Income Taxes” of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Discontinued Operations

Discontinued operations for the second quarter of 2010 include a \$4.9 million net gain on the sale of four assets sold during the second quarter of 2010 and a lease termination fee of \$0.2 million. Discontinued operations for the same period in 2009 include a gain on sale of assets of \$38.9 million and a lease termination fee of \$2.3 million related to six assets sold during the second quarter of 2009. See “Note 4—Dispositions” of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Net Income Attributable to Noncontrolling Interest

Net income attributable to noncontrolling interest, net of tax primarily represents Sunrise’s share of net income from its ownership percentage in 58 of our seniors housing communities.

Six Months Ended June 30, 2010 and 2009

The table below shows the results of operations for the six months ended June 30, 2010 and 2009 and the dollar and percentage changes in those results from period to period.

	For the Six Months Ended June 30,		Change	
	2010	2009	\$	%
NOI:				
Triple-Net Leased Properties	\$ 235,034	\$ 230,319	\$ 4,715	2.0%
Senior Living Operations	72,617	64,342	8,275	12.9
All Other	23,425	17,269	6,156	35.6
Total NOI	331,076	311,930	19,146	6.1
Interest and other income	385	394	(9)	(2.3)
Interest expense	(88,345)	(89,924)	1,579	(1.8)
Depreciation and amortization	(102,661)	(98,141)	(4,520)	4.6
General, administrative and professional fees	(20,541)	(20,953)	412	(2.0)
Foreign currency (loss) gain	(15)	1	(16)	>100
Loss on extinguishment of debt	(6,549)	(6,080)	(469)	7.7
Merger-related expenses and deal costs	(6,526)	(5,556)	(970)	17.5
Income before income taxes, discontinued operations and noncontrolling interest	106,824	91,671	15,153	16.5
Income tax (expense) benefit	(695)	942	(1,637)	>100
Income from continuing operations	106,129	92,613	13,516	14.6
Discontinued operations	6,004	71,539	(65,535)	(91.6)
Net income	112,133	164,152	(52,019)	(31.7)
Net income attributable to noncontrolling interest	1,447	1,543	(96)	(6.2)
Net income attributable to common stockholders	<u>\$ 110,686</u>	<u>\$ 162,609</u>	<u>\$ (51,923)</u>	<u>(31.9)%</u>

NOI — Triple-Net Leased Properties

The increase in our NOI for the six months ended June 30, 2010 over the same period in 2009 primarily reflects \$3.1 million of additional rent resulting from the annual escalators in the rent paid under the Kindred Master Leases effective May 1, 2010 and various other escalations in the rent paid on our other existing properties.

NOI — Senior Living Operations

	For the Six Months Ended June 30,		Change	
	2010	2009	\$	%
	(In thousands)			
NOI — Senior Living Operations:				
Total revenues	\$ 218,373	\$ 206,348	\$ 12,025	5.8%
Less:				
Interest and other income	20	10	10	100.0
Property-level operating expenses	145,736	141,996	3,740	2.6
NOI	\$ 72,617	\$ 64,342	\$ 8,275	12.9%

The increase in revenues during the six months ended June 30, 2010 over the same period in 2009 is attributed primarily to a decrease in the average Canadian dollar exchange rate, which had a favorable impact of \$5.8 million in 2010, higher occupancy rates and higher average daily rates in our communities. Average resident occupancy rates related to our senior living operations managed by third parties were as follows:

	Number of Communities at June 30,		Average Resident Occupancy For the Six Months Ended June 30,	
	2010	2009	2010	2009
Stabilized Communities	80	78	88.4%	88.1%
Lease-Up Communities	2	1	85.8%	65.8%
Total	<u>82</u>	<u>79</u>	88.3%	87.3%

Same-Store Stabilized Communities	78	78	88.4%	88.1%
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The increase in property-level operating expenses for the six months ended June 30, 2010 over the same period in 2009 primarily reflects a decrease in the average Canadian dollar exchange rate, which had an unfavorable impact of \$3.9 million in 2010 and increases in labor and marketing costs, partially offset by the receipt of \$3 million for expense overages at our Sunrise-managed communities and a decrease in utility costs in the first six months of 2010.

NOI — All Other

	For the Six Months Ended June 30,		Change	
	2010	2009	\$	%
	(In thousands)			
NOI — All Other:				
Rental income	\$ 24,429	\$ 16,691	\$ 7,738	46.4%
Other revenue	7,389	6,840	549	8.0
Total revenues	31,818	23,531	8,287	35.2
Less:				
Interest and other income	67	226	(159)	(70.4)
Property-level operating expenses	8,326	6,036	2,290	37.9
NOI	\$ 23,425	\$ 17,269	\$ 6,156	35.6%

The increase in all other revenues during the second quarter of 2010 over the same period in 2009 is attributed primarily to \$7.5 million of additional rent relating to MOBs acquired during 2009 and a \$0.7 million increase in income from loans and investments due primarily to interest earned on the investments we made during 2009. Average occupancy rates related to our MOBs were as follows:

	Number of Properties at June 30,		Average Occupancy	
	2010	2009	For the Six Months Ended June 30,	2009
			2010	2009
Stabilized MOBs	22	19	94.9%	94.1%
Lease-Up MOBs	4	3	77.5%	64.7%
Total	26	22	91.5%	89.5%
Same-Store Stabilized MOBs	18	18	93.9%	94.1%

The change in property-level operating expenses during the six months ended June 30, 2010 over the same period in 2009 primarily reflects increased expenses related to acquisitions that occurred during 2009.

Interest Expense

Total interest expense, including interest allocated to discontinued operations of \$0.3 million and \$1.5 million for the six months ended June 30, 2010 and 2009, respectively, decreased \$2.8 million during the six months ended June 30, 2010 over the same period in 2009, primarily due to a \$9.7 million reduction in interest from lower loan balances, partially offset by a \$5.6 million increase in interest from higher effective interest rates. Interest expense includes \$4.5 million and \$3.4 million of amortized deferred financing fees for the six months ended June 30, 2010 and 2009, respectively. Our effective interest rate increased to 6.6% for the six months ended June 30, 2010, from 6.1% for the six months ended June 30, 2009 due to the higher outstanding balances on our revolving credit facilities maintained during the first half of 2009 at lower rates. A decrease in the average Canadian dollar exchange rate had an unfavorable impact on interest expense of \$0.5 million for the six months ended June 30, 2010, compared to the same period in 2009.

Depreciation and Amortization

Depreciation and amortization expense increased primarily due to properties we acquired or developed during the period from July 1, 2009 through June 30, 2010.

Loss on Extinguishment of Debt

Loss on extinguishment of debt for the six months ended June 30, 2010 relates primarily to our redemption of all \$142.7 million principal amount outstanding of our 7 ¹/₈ % senior notes due 2015, at a redemption price equal to 103.56% of par, plus accrued and unpaid interest to the redemption date, pursuant to the call option contained in the indenture governing the notes. Loss on extinguishment of debt for the same period in 2009 relates primarily to our cash tender offers for our outstanding senior notes completed in May 2009.

Merger-Related Expenses and Deal Costs

Merger-related expenses and deal costs consisted of expenses relating to our favorable \$101.6 million jury verdict against HCP arising out of our Sunrise REIT acquisition and deal costs required by GAAP to be expensed rather than capitalized into the asset value, which include certain fees and expenses incurred to acquire Lillibridge in 2010 and other deal costs for un consummated transactions.

Income Tax Expense/Benefit

Income tax expense/benefit before noncontrolling interest represents amounts related to our taxable REIT subsidiaries as a result of the Sunrise REIT acquisition. The change from an income tax benefit in 2009 to an income tax expense in 2010 is primarily due to increased NOI at our seniors housing communities managed by Sunrise. Excluding income taxes related to noncontrolling interest, we had net tax benefit in both periods. See “Note 9—Income Taxes” of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Discontinued Operations

Discontinued operations for the six months ended June 30, 2010 include a \$5.0 million net gain on the sale of five assets sold during the six months ended June 30, 2010 and a lease termination fee of \$0.2 million. Discontinued operations for the same period in 2009 include a gain on sale of assets of \$66.9 million and a lease termination fee of \$2.4 million related to thirteen assets sold during the six months ended June 30, 2009. See “Note 4—Dispositions” of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Net Income Attributable to Noncontrolling Interest

Net income attributable to noncontrolling interest, net of tax primarily represents Sunrise’s share of net income from its ownership percentage in 58 of our seniors housing communities.

Non-GAAP Financial Measures

We believe that net income, as defined by GAAP, is the most appropriate earnings measurement. However, we consider other non-GAAP financial measures to be useful supplemental measures of our operating performance. A non-GAAP financial measure is generally defined as one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measure. Set forth below are descriptions of the non-GAAP financial measures we consider relevant to our business and useful to investors, as well as reconciliations of these measures to our most directly comparable GAAP financial measure.

Our non-GAAP financial measures presented herein are not necessarily comparable to those presented by other real estate companies due to the fact that not all real estate companies use the same definitions. These measures should not be considered as alternatives to net income (determined in accordance with GAAP) as indicators of our financial performance or as alternatives to cash flow from operating activities (determined in accordance with GAAP) as measures of our liquidity, nor are these measures necessarily indicative of sufficient cash flow to fund all of our needs. We believe that in order to facilitate a clear understanding of our consolidated historical operating results, these measures should be examined in conjunction with net income as presented in our Consolidated Financial Statements and data included elsewhere in this Quarterly Report on Form 10-Q.

Funds From Operations and Normalized Funds From Operations and Funds Available for Distribution

Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values, instead, have historically risen or fallen with market conditions, many industry investors have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. To overcome this problem, we consider Funds From Operations (“FFO”) and normalized FFO and Funds Available for Distribution (“FAD”) appropriate measures of performance of an equity REIT. We believe that these measures of operating performance may be used by investors to measure and compare operating performance between periods. We use the National Association of Real Estate Investment Trusts (“NAREIT”) definition of FFO. NAREIT defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of real estate property, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. We define “normalized FFO” as FFO excluding the following items (which may be recurring in nature): (a) gains and losses on the sales of assets; (b) merger-related costs and expenses and deal costs and expenses, including expenses relating to our lawsuit against HCP; (c) the impact of any expenses related to asset impairment and valuation allowances, the write-off of unamortized deferred financing fees, or additional costs, expenses, discounts or premiums incurred as a result of early debt retirement or payment of our debt; and (d) the non-cash effect of income tax benefits/expenses. Normalized FAD represents normalized FFO excluding straight-line rental adjustments and routine capital expenditures. Routine capital expenditures represent improvements or betterments to real estate properties that extend or increase the useful life of the asset and are required to continue to generate current revenues and to maintain the value of the property subsequent to acquisition. Routine capital expenditures exclude the noncontrolling interest share for joint venture properties. As many investors are interested in those capital expenditures made by a company that are not revenue enhancing in nature, we adjust our normalized FFO for routine capital expenditures to arrive at normalized FAD.

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Our FFO and normalized FFO and FAD for the three and six months ended June 30, 2010 and 2009 are summarized in the following table. The increase in our FFO for the three and six months ended June 30, 2010 over the prior year is primarily due to rental increases from our triple-net leased portfolio and higher NOI at our senior living and MOB operating portfolios, including the receipt of \$3 million for expense overages at our Sunrise-managed communities in 2010, and lower interest expense during the six months ended June 30, 2010.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
	(In thousands)			
Net income attributable to common stockholders	\$ 58,067	\$ 88,381	\$ 110,686	\$ 162,609
Adjustments:				
Real estate depreciation and amortization	49,932	48,472	102,179	97,800
Real estate depreciation related to noncontrolling interest	(1,680)	(1,496)	(3,406)	(3,116)
Discontinued operations:				
Gain on sale of real estate assets	(5,041)	(39,020)	(5,225)	(66,891)
Depreciation on real estate assets	—	266	61	676
FFO	101,278	96,603	204,295	191,078
Adjustments:				
Income tax benefit	(150)	(936)	(283)	(1,873)
Loss on extinguishment of debt	6,549	5,975	6,549	6,080
Merger-related expenses and deal costs	4,207	3,502	6,526	5,556
Normalized FFO	111,884	105,144	217,087	200,841
Straight-lining of rental income	(2,526)	(3,052)	(4,975)	(5,990)
Routine capital expenditures	(1,288)	(632)	(1,885)	(1,776)
Normalized FAD	\$ 108,070	\$ 101,460	\$ 210,227	\$ 193,075

Adjusted EBITDA

We define Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization (including non-cash stock-based compensation), excluding merger-related expenses and deal costs and gains and losses on real estate disposals. We believe that Adjusted EBITDA is an important supplemental measure to net income and cash flow from operating activities because it provides additional information to assess and evaluate the performance of our operations. We also consider it to be a profitability measure which indicates our ability to service debt. The following is a reconciliation of Adjusted EBITDA to net income (including amounts in discontinued operations) for the three and six months ended June 30, 2010 and 2009:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
	(In thousands)			
Net income	\$ 58,965	\$ 89,183	\$ 112,133	\$ 164,152
Adjustments:				
Interest	44,172	44,646	88,631	91,455
Loss on extinguishment of debt	6,549	5,975	6,549	6,080
Taxes (including amounts in general, administrative and professional fees)	657	(98)	1,193	(343)
Depreciation and amortization	50,185	48,909	102,722	98,817
Non-cash stock-based compensation expense	3,057	3,078	6,089	6,137
Merger-related expenses and deal costs	4,207	3,502	6,526	5,556
Gain on sale of real estate assets	(5,041)	(39,020)	(5,225)	(66,891)
Adjusted EBITDA	<u>\$ 162,751</u>	<u>\$ 156,175</u>	<u>\$ 318,618</u>	<u>\$ 304,963</u>

NOI

We define NOI as total revenues, less interest and other income and property-level operating expenses. We believe that NOI is an important supplemental measure to net income and cash flow from operating activities because it allows us to evaluate the operating performance of our properties at the property level on an unleveraged basis. The following is a reconciliation of NOI for the three and six months ended June 30, 2010 and 2009:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
	(In thousands)			
Total revenues	\$ 243,978	\$ 231,452	\$ 485,523	\$ 460,356
Less:				
Interest and other income	122	108	385	394
Property-level operating expenses	75,183	72,564	154,062	148,032
NOI (excluding amounts in discontinued operations)	168,673	158,780	331,076	311,930
Discontinued operations	405	1,972	901	4,432
NOI (including amounts in discontinued operations)	<u>\$ 169,078</u>	<u>\$ 160,752</u>	<u>\$ 331,977</u>	<u>\$ 316,362</u>

Liquidity and Capital Resources

During the six months ended June 30, 2010, our principal sources of liquidity were cash flows from operations, proceeds from dispositions, borrowings under our unsecured revolving credit facilities and cash on hand. On July 1, 2010, we funded the Lillibridge transaction with a combination of cash on hand, borrowings under our unsecured revolving credit facilities and assumed secured mortgage financing. For the remainder of 2010, our principal liquidity needs are to: (i) fund normal operating expenses; (ii) meet our debt service requirements; (iii) repay maturing mortgage debt; (iv) fund capital expenditures for our senior living operations and our MOB; (v) fund acquisitions, investments and/or commitments; and (vi) make distributions to our stockholders, as required for us to continue to qualify as a REIT. We believe that these needs will be satisfied by cash flows from operations, cash on hand, debt financings, proceeds from sales of assets and borrowings under our unsecured revolving credit facilities. However, if these sources of capital are not available and/or if we make significant acquisitions and investments, we may be required to obtain funding from additional borrowings, assume debt from the seller, dispose of assets (in whole or in part through joint venture arrangements with third parties) and/or issue secured or unsecured long-term debt or other securities.

As of June 30, 2010, we had a total of \$27.8 million of unrestricted cash and cash equivalents, consisting primarily of operating cash and cash related to our senior living operations that is deposited and held in property-level accounts. Funds maintained in the property-level accounts are used primarily for the payment of property-level expenses and certain capital expenditures. A portion of the cash maintained in these property-level accounts is distributed to us monthly. At June 30, 2010, we also had escrow deposits and restricted cash of \$43.5 million, and unused credit availability of \$872.7 million under our unsecured revolving credit facilities.

Unsecured Revolving Credit Facilities

At June 30, 2010, our aggregate borrowing capacity under the unsecured revolving credit facilities was \$1.0 billion, all of which matures on April 26, 2012. Borrowings under our unsecured revolving credit facilities bear interest at a fluctuating rate per annum (based on U.S. or Canadian LIBOR, the Canadian Bankers' Acceptance rate, or the U.S. or Canadian Prime rate), plus an applicable percentage based on our consolidated leverage. At June 30, 2010, the applicable percentage was 2.80%. Our unsecured revolving credit facilities have a 20 basis point facility fee. As of July 27, 2010, we had \$352.7 million outstanding under our unsecured revolving credit facilities (including outstanding letters of credit of \$7.8 million) and \$647.3 million of availability.

Senior Notes

On June 1, 2010, we repaid in full, at par, \$1.4 million principal amount outstanding of our senior notes due 2010 upon maturity. In June 2010, we also exercised our option to redeem all \$142.7 million principal amount outstanding of our 7 1/8% senior notes due 2015, at a redemption price equal to 103.56% of par, plus accrued and unpaid interest to the redemption date, pursuant to the call option contained in the indenture governing the notes. As a result, we paid a total of \$147.8 million, plus accrued and unpaid interest, and recognized a net loss on extinguishment of debt of \$6.4 million during the second quarter.

Mortgages

In June 2010, we repaid \$49.8 million of mortgage loans on two of our Sunrise-managed properties in which we had 80% ownership interests. In connection with our payment of Sunrise's share (\$9.9 million) of those mortgage loans, we acquired Sunrise's 20% noncontrolling interests in the properties.

Cash Flows

The following is a summary of our sources and uses of cash flows for the six months ended June 30, 2010 and 2009:

	For the Six Months Ended June 30,		Change	
	2010	2009	\$	%
Cash and cash equivalents at beginning of period	\$ 107,397	\$ 176,812	\$ (69,415)	(39.3)%
Net cash provided by operating activities	207,717	195,142	12,575	6.4
Net cash (used in) provided by investing activities	(21,437)	33,556	(54,993)	>100
Net cash used in financing activities	(265,835)	(359,126)	93,291	(26.0)
Effect of foreign currency translation on cash and cash equivalents	(48)	139	(187)	>100
Cash and cash equivalents at end of period	<u>\$ 27,794</u>	<u>\$ 46,523</u>	<u>\$ (18,729)</u>	(40.3)%

Cash Flows from Operating Activities

The increase in our net cash provided by operating activities for the six months ended June 30, 2010 was due primarily to higher FFO during that period as a result of rental increases from our triple-net leased portfolio, higher NOI at our senior living and MOB operating portfolios, including the receipt of \$3 million for expense overages at our Sunrise-managed communities, and lower interest expense in 2010.

Cash Flows from Investing Activities

Investing activities during the six months ended June 30, 2010 and 2009 consisted primarily of our investments in real estate and earnest money deposits (\$22.9 million and \$19.4 million in 2010 and 2009, respectively), investments in loans receivable (\$15.8 million and \$7.4 million in 2010 and 2009, respectively) and capital expenditures (\$7.1 million and \$4.0 million in 2010 and 2009, respectively), offset by proceeds from loans receivable (\$1.3 million and \$7.7 million in 2010 and 2009, respectively) and proceeds from real estate disposals (\$23.0 million and \$56.6 million in 2010 and 2009, respectively).

Cash Flows from Financing Activities

Net cash used in financing activities for the six months ended June 30, 2010 consisted primarily of \$167.8 million of cash dividend payments to common stockholders, \$149.1 million of senior note repayments, \$66.0 million of aggregate principal payments on mortgage obligations, \$4.3 million of distributions to noncontrolling interests and \$1.8 million of payments for deferred financing costs, offset by \$117.3 million of proceeds from borrowings under our unsecured revolving credit facilities.

Net cash used in financing activities for the six months ended June 30, 2009 consisted primarily of \$289.9 million of payments made on our unsecured revolving credit facilities, \$153.8 million of cash dividend payments to common stockholders, \$411.5 million of senior note purchases and repayments, \$91.5 million of aggregate principal payments on mortgage obligations and \$13.4 million of payments for deferred financing costs, offset by \$301.1 million of proceeds from the issuance of debt and \$299.2 million from the issuance of common stock.

Capital Expenditures

Our tenants generally bear the responsibility to maintain and improve our triple-net leased properties. Accordingly, we do not expect to incur any major capital expenditures in connection with these properties. After the terms of the triple-net leases expire, or in the event that the tenants are unable or unwilling to meet their obligations under those leases, we anticipate funding any capital expenditures for which we may become responsible by cash flows from operations or through additional borrowings. With respect to our MOBs and our senior living communities managed by independent third parties pursuant to management agreements, we expect that capital expenditures will be funded by the cash flows from the properties or through additional borrowings. To the extent that unanticipated expenditures or significant borrowings are required, our liquidity may be affected adversely. Our ability to borrow funds may be restricted in certain circumstances by the terms of our unsecured revolving credit facilities and the indentures governing our outstanding senior notes. Our ability to borrow may also be limited by our lenders' ability and willingness to fund, in whole or in part, borrowing requests under our unsecured revolving credit facilities.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following discussion of our exposure to various market risks contains forward-looking statements that involve risks and uncertainties. These projected results have been prepared utilizing certain assumptions considered reasonable in light of information currently available to us. Nevertheless, because of the inherent unpredictability of interest rates as well as other factors, actual results could differ materially from those projected in such forward-looking information.

We are exposed to market risk for changes in interest rates on borrowings under our unsecured revolving credit facilities, certain of our mortgage loans that are floating rate obligations and mortgage loans receivable. These market risks result primarily from changes in U.S. or Canadian LIBOR rates, the Canadian Bankers' Acceptance rate or the U.S. or Canadian Prime rates. We continuously monitor our level of floating rate debt with respect to total debt and other factors, including our assessment of the current and future economic environment.

Interest rate fluctuations generally do not affect our fixed rate debt obligations until such instruments mature. However, changes in interest rates will affect the fair value of our fixed rate instruments. If interest rates have risen at the time our fixed rate debt matures or at the time we refinance such debt, our future earnings and cash flows could be adversely affected by the additional cost of borrowings. Conversely, lower interest rates at the time our debt matures or at the time of refinancing may lower our overall borrowing costs.

To highlight the sensitivity of our fixed rate debt to changes in interest rates, the following summary shows the effects of a hypothetical instantaneous change of 100 basis points (BPS) in interest rates as of June 30, 2010 and December 31, 2009:

	<u>As of</u> <u>June 30, 2010</u>	<u>As of</u> <u>December 31, 2009</u>
	<u>(In thousands)</u>	
Gross book value	\$ 2,316,600	\$ 2,477,225
Fair value ⁽¹⁾	2,472,119	2,572,472
Fair value reflecting change in interest rates: ⁽¹⁾		
-100 BPS	2,568,026	2,681,982
+100 BPS	2,377,046	2,469,655

(1) The change in fair value of fixed rate debt was due primarily to overall changes in interest rates and debt repayments.

The table below sets forth certain information with respect to our debt, excluding premiums and discounts:

	As of June 30, 2010	As of December 31, 2009	As of June 30, 2009
(Dollars in thousands)			
Balance:			
Fixed rate:			
Senior notes	\$ 1,009,087	\$ 1,153,131	\$ 1,153,510
Mortgage loans and other	1,307,513	1,324,094	1,278,214
Variable rate:			
Unsecured revolving credit facilities	126,269	8,466	10,402
Mortgage loans	166,774	215,970	208,614
Total	<u>\$ 2,609,643</u>	<u>\$ 2,701,661</u>	<u>\$ 2,650,740</u>
Percent of total debt:			
Fixed rate:			
Senior notes	38.7%	42.7%	43.5%
Mortgage loans and other	50.1%	49.0%	48.2%
Variable rate:			
Unsecured revolving credit facilities	4.8%	0.3%	0.4%
Mortgage loans	6.4%	8.0%	7.9%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Weighted average interest rate at end of period:			
Fixed rate:			
Senior notes	6.2%	6.3%	6.3%
Mortgage loans and other	6.3%	6.3%	6.4%
Variable rate:			
Unsecured revolving credit facilities	3.2%	3.1%	3.2%
Mortgage loans	1.7%	2.0%	1.1%
Total	5.8%	6.0%	5.9%

The increase in our outstanding variable rate debt from December 31, 2009 is primarily attributable to additional borrowings under our unsecured revolving credit facilities, partially offset by mortgage repayments. Pursuant to the terms of certain leases with one of our tenants, if interest rates increase on certain debt that we have totaling \$80.0 million as of June 30, 2010, our tenant is required to pay us additional rent (on a dollar-for-dollar basis) in an amount equal to the increase in interest expense resulting from the increased interest rates. Therefore, the increase in interest expense related to this debt is equally offset by an increase in additional rent due to us from the tenant. Assuming a one percentage point increase in the interest rate related to the variable rate debt, and assuming no change in the outstanding balance as of June 30, 2010, interest expense for 2010 would increase by approximately \$2.7 million, or \$0.02 per common share on a diluted basis. The fair value of our fixed and variable rate debt is based on current interest rates at which we could obtain similar borrowings.

We have investments in marketable debt securities on which we earn interest on a fixed rate basis. We record these investments as available-for-sale at fair value, with unrealized gains and losses recorded as a component of stockholders' equity. Interest rate fluctuations and market conditions will cause the fair value of these investments to change. As of June 30, 2010 and December 31, 2009, the fair value of our marketable debt securities, which had an original cost of \$58.7 million, was \$64.8 million and \$65.0 million, respectively.

As of June 30, 2010, the fair value of our loans receivable was \$142.0 million, based on our estimates of currently prevailing rates for comparable loans.

We are subject to fluctuations in U.S. and Canadian exchange rates which may, from time to time, have an impact on our financial condition and results of operations. Increases or decreases in the value of the Canadian dollar will impact the amount of net income we earn from our Canadian operations. Based on results for the six months ended June 30, 2010, if the Canadian dollar exchange rate were to increase or decrease by \$0.10, our net income would decrease or increase, as applicable, by \$0.4 million for the six-month period. If we increase our international presence through investments in, and/or acquisitions or development of, seniors housing and/or healthcare assets outside the United States, we may also decide to transact additional business in currencies other than U.S. or Canadian dollars. Although we may decide to pursue hedging alternatives (including additional borrowings in local currencies) to protect against foreign currency fluctuations, we cannot assure you that any such fluctuations will not have a Material Adverse Effect on us.

We may engage in hedging strategies to manage our exposure to market risks in the future, depending on an analysis of the interest rate and foreign currency exchange rate environments and the costs and risks of such strategies. We do not use derivative financial instruments for speculative purposes.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2010. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of June 30, 2010, at the reasonable assurance level.

Internal Control Over Financial Reporting

In January 2010, we implemented an Enterprise Resource Planning (“ERP”) system, which included a new general ledger system. Various internal controls were modified due to the new ERP system. We believe that the system has enhanced internal control over financial reporting. Other than the implementation of the new ERP system and related changes in internal controls, during the first quarter of 2010, there were no significant changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

During the second quarter of 2010, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information contained in “Note 8—Litigation” of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated by reference into this Item 1. Except as set forth therein, there have been no material developments in the legal proceedings reported in our Annual Report on Form 10-K for the year ended December 31, 2009.

ITEM 1A. RISK FACTORS

The following risk factors reflect certain modifications of, or additions to, the risk factors continued in our Annual Report on Form 10-K for the year ended December 31, 2009 as a result of our acquisition of Lillibridge.

The hospitals on whose campuses our MOBs are located and their affiliated health systems could fail to remain competitive or financially viable, which could adversely impact their ability to attract physicians and physician groups to our MOBs.

Our MOB operations depend on the viability of the hospitals on or near whose campuses our MOBs are located and their affiliated health systems in order to attract physicians and other healthcare-related clients. The viability of these hospitals, in turn, depends on factors such as the quality and mix of healthcare services provided, competition, demographic trends in the surrounding community, market position and growth potential, as well as the ability of their affiliated health systems to provide economies of scale and access to capital. If a hospital on or near whose campus one of our MOBs is located is unable to meet its financial obligations, and if an affiliated health system is unable to support that hospital, the hospital may not be able to compete successfully or it could be forced to close or relocate, which could adversely impact its ability to attract physicians and other healthcare-related clients. Because we rely on our proximity to and affiliations with these hospitals to create demand for space in our MOBs, their inability to remain competitive or financially viable, or to attract physicians and physician groups, could materially adversely affect our MOB operations and have a Material Adverse Effect on us.

We may not be able to maintain or expand our relationships with our existing and future hospital and health system clients.

The success of our MOB business depends, to a large extent, on our past, current and future relationships with hospital and health system clients. We invest a significant amount of time to develop these relationships, and they have helped us to secure acquisition and development opportunities, as well as other advisory, property management and hospital project management projects, with both new and existing clients. If any of our relationships with hospital or health system clients deteriorates, or if a conflict of interest or non-compete arrangement prevents us from expanding these relationships, our ability to secure new acquisition and development opportunities or other advisory, property management and hospital project management projects could be adversely impacted and our professional reputation within the industry could be damaged.

Our MOB development projects, including development projects undertaken on a fee-for-service basis or through our joint ventures, may not yield anticipated returns.

A key component of our MOB long-term growth strategy is exploring development opportunities, and when appropriate, making investments in those projects. In deciding whether to make an investment in a particular MOB development, we make certain assumptions regarding the expected future performance of that property. These assumptions are subject to risks normally associated with these projects, including, among others:

- we may be unable to obtain financing for these projects on favorable terms or at all;
- we may not complete development projects on schedule or within budgeted amounts;
- we may encounter delays or refusals in obtaining all necessary zoning, land use, building, occupancy, environmental and other required governmental permits and authorizations, or underestimate the costs necessary to bring the property up to market standards;

- development and construction delays may give tenants the right to terminate preconstruction leases or cause us to incur additional costs;
- volatility in the price of construction materials and labor may increase our development costs;
- hospitals or health systems may maintain significant decision-making authority with respect to the development schedule;
- one of our builders may fail to perform or satisfy the expectations of our clients or prospective clients;
- we may incorrectly forecast risks associated with development in new geographic regions;
- tenants may not lease space at the quantity or rental rate levels projected;
- competition from other developments may lure away desirable tenants;
- the demand for the development project may decrease prior to completion; and
- lease rates and rents at newly developed properties may fluctuate depending on a number of factors, including market and economic conditions.

If any of the foregoing risks occur, our MOB development projects, including development projects undertaken on a fee-for-service basis or through our joint ventures, may not yield anticipated returns, which could materially adversely affect our MOB operations and have a Material Adverse Effect on us.

Our ownership of certain properties subject to ground lease, air rights or other restrictive agreements exposes us to the loss of such properties upon breach or termination of such agreements and limits our uses of these properties and restricts our ability to sell or otherwise transfer such properties .

We hold interests in certain of our MOB properties through leasehold interests in the land on which the buildings are located, through leases of air rights for the space above the land on which the buildings are located or through similar agreements, and we may acquire or develop additional properties in the future that are subject to similar ground lease, air rights or other restrictive agreements. Under these agreements, we are exposed to the possibility of losing our interests in the property upon termination or an earlier breach by us. In addition, many of our ground lease, air rights or other restrictive agreements impose significant limitations on our uses of the subject properties and restrict our right to convey our interest in such agreements, which may limit our ability to timely sell or exchange the properties and impair their value.

The amount and scope of insurance coverage provided by our policies and policies maintained by our tenants, operators and managers may not adequately insure against losses.

We maintain and/or require in our existing leases and other agreements that our tenants, operators and managers maintain all applicable lines of insurance on our properties and their operations. Although we continually review the insurance maintained by us and our tenants, operators and managers and believe the coverage provided to be customary for similarly situated companies in our industry, we cannot assure you that in the future such insurance will be available at a reasonable cost or that we or our tenants, operators and managers will be able to maintain adequate levels of insurance coverage. We also cannot give any assurances as to the future financial viability of our insurers or that the insurance coverage provided will fully cover all losses on our properties upon the occurrence of a catastrophic event.

Should an uninsured loss or a loss in excess of insured limits occur, we could incur substantial liability or lose all or a portion of the capital we have invested in a property, as well as the anticipated future revenues from the property. In such an event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. We cannot assure you that material uninsured losses, or losses in excess of insurance proceeds, will not occur in the future.

As part of our MOB development business, we provide engineering, construction and architectural services, where design, construction or systems failures may result in substantial injury or damage to clients and/or third parties. These claims may arise in the normal course of our development business, and may be asserted with respect to projects completed and/or past occurrences. If any claim results in a loss, there can be no guarantee that our insurance coverage would be adequate to cover the loss in full. If we sustain losses in excess of our insurance coverage, we may be required to make a payment for the difference and could lose both our investment in, and anticipated profits and cash flows from, the affected MOB, which could have a Material Adverse Effect on us.

We may be unable to reposition our properties on as favorable terms, or at all, if we have to replace any of our tenants or operators, and we may be subject to delays, limitations and expenses in repositioning our assets.

We cannot predict whether our tenants will renew existing leases upon the expiration of the terms thereof. If the Kindred Master Leases, our leases with Brookdale Senior Living or any of our other leases are not renewed, we would be required to reposition those properties with another tenant or operator. In certain circumstances, we could also exercise our right to replace any tenant or operator upon a default under the terms of the applicable lease. In case of non-renewal, our tenants are required to continue to perform all obligations (including the payment of all rental amounts) for any assets that are not renewed until expiration of the then current lease term. We generally have one year to arrange for the repositioning of non-renewed assets prior to the expiration of the lease term. If we exercise our right to replace a tenant upon a default under a lease, during any period that we are attempting to locate a suitable replacement tenant or operator, there could be a decrease or cessation of rental payments on those properties. We cannot assure you that we would be successful in identifying suitable replacements or entering into leases with new tenants or operators on terms as favorable to us as our current leases, if at all. In this event, we may be required to fund certain expenses and obligations (e.g., real estate taxes, debt costs and maintenance expenses) to preserve the value and avoid the imposition of liens on properties while they are being repositioned.

Our ability to reposition our properties with another suitable tenant or operator could be significantly delayed or limited by various state licensing, receivership, CON or other laws, as well as by the Medicare and Medicaid change-of-ownership rules. We could also incur substantial additional expenses in connection with any licensing, receivership or change-of-ownership proceedings. In the case of our MOBs, our ability to locate suitable replacement tenants could be impacted by the specialized medical uses of those properties, and we may be required to spend substantial amounts to adapt the MOB to other uses. These delays, limitations and expenses could materially delay or impact our ability to reposition our properties, collect rent, obtain possession of leased properties or otherwise to exercise remedies for tenant default and could have a Material Adverse Effect on us.

ITEM 6. EXHIBITS

Exhibit Number	Description of Document	Location of Document
10.1	Employment Agreement dated as of June 22, 2010 between Ventas, Inc. and Todd W. Lillibridge.	Filed herewith.
10.2	Credit and Guaranty Agreement dated as of April 26, 2006 among Ventas Realty, Limited Partnership, as borrower, Ventas, Inc. and the other guarantors named therein, as guarantors, Bank of America, N.A., as Administrative Agent, Issuing Bank and Swingline Lender, and the lenders identified therein.	Filed herewith.
10.3	Guaranty of Agreement Regarding Leases dated as of November 7, 2006 by Senior Care, Inc. in favor of Ventas Realty, Limited Partnership.	Filed herewith.
10.4	Amended and Restated Employment Agreement dated as of December 28, 2006 between Ventas, Inc. and Debra A. Cafaro.	Filed herewith.
31.1	Certification of Debra A. Cafaro, Chairman, President and Chief Executive Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.	Filed herewith.
31.2	Certification of Richard A. Schweinhart, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.	Filed herewith.
32.1	Certification of Debra A. Cafaro, Chairman, President and Chief Executive Officer, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350.	Filed herewith.
32.2	Certification of Richard A. Schweinhart, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350.	Filed herewith.
101	Interactive Data File.	Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: July 30, 2010

VENTAS, INC.

By: /s/ DEBRA A. CAFARO

Debra A. Cafaro
Chairman, President and
Chief Executive Officer

By: /s/ RICHARD A. SCHWEINHART

Richard A. Schweinhart
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

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EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (the “**Agreement**”) made as of the 22nd day of June, 2010 (the “**Effective Date**”), by and between **Ventas, Inc.**, a Delaware corporation (the “**Company**”) and **Todd W. Lillibridge** (the “**Executive**”).

WITNESSETH THAT

WHEREAS, the Executive is currently employed by Lillibridge Healthcare Services, Inc. (“**Lillibridge**”); and

WHEREAS, concurrently herewith, the Company has entered into that certain Master Transaction Agreement dated as of June 22, 2010 by and among the Company, the other Buyer Parties identified therein, the Seller Parties identified therein and the Shareholders identified therein (the “**Transaction Agreement**”), pursuant to which each such Buyer Party, Seller Party and Shareholder has agreed to and shall consummate, and, to the extent applicable, shall cause each of its controlled affiliates to consummate, on or before the “**Closing**” (as defined therein), their respective obligations pursuant to and pertaining to the transactions described therein (the “**Transactions**”) including the acquisition of each of Lillibridge Healthcare Real Estate Trust (“**LHRET**”), Lillibridge Healthcare Properties Trust and LHP-B Trust by the Company through the merger of an Affiliate of the Company with and into each such entity (such acquisition, the “**Acquisition**”); and

WHEREAS, as of the Closing, the Executive desires to be employed by the Company and the Company desires to hire the Executive subject to, and strictly conditioned upon the occurrence of the Closing; and

WHEREAS, the Board of Directors of the Company (the “**Board**”), or in the alternative, the Company’s Executive Compensation Committee (the “**Committee**”), has determined that it is in the best interests of the Company to enter into this Agreement; and

WHEREAS, the Company has provided good and valuable consideration for the promises and agreements of the Executive contained herein,

NOW, THEREFORE, in consideration of the promises and the respective covenants and agreements contained herein, and intending to be legally bound hereby, the Company and the Executive agree as follows:

1. Employment. The Company hereby agrees to employ the Executive, and the Executive hereby agrees to be employed by the Company, on the terms and conditions herein set forth. Subject to the termination provisions hereinafter provided, the term of the Executive’s employment under this Agreement (the “**Term**”) shall begin on the date on which the Closing occurs (the “**Commencement Date**”) and shall end on the fifth (5th) anniversary of the Commencement Date (the “**Expiration Date**”). The parties agree and acknowledge that if the Closing does not occur as contemplated in the Transaction Agreement by December 31, 2010, that this Agreement shall be null and void ab initio; provided, however, that notwithstanding the foregoing, the provisions of **Section 9** and **Section 10** shall survive and apply to the Executive upon execution of this Agreement, regardless of the occurrence of the Closing.

2. Duties. The Company shall employ the Executive during the Term as its Executive Vice President – MPO and as CEO of Lillibridge and, subject to the oversight, control and direction of the Board and the CEO (defined below), the Executive shall serve as the principal executive officer of the Company’s Medical Property Operations (“**MPO**”). The term “**Medical Property Operations**” means the activities of the Company and its affiliates and their respective subsidiaries with respect to the acquisition, disposition, development, advising and management of Medical Properties (defined below), including the Company’s current MPO activities and the oversight of the Company’s existing MPO relationships, all to the extent mutually agreed to be in the best interest of the Company and in compliance with the Company’s existing contractual relationships, all as determined on a case-by-case basis. In addition to the above, the Executive and the Company shall jointly determine from time to time the Executive’s role and responsibilities in connection with the acquisition, disposition, development, advising and management of inpatient hospital properties of the Company and its affiliates and subsidiaries covered by long-term single tenant leases with not-for-profit organizations. The term “**Medical Properties**” means medical office and outpatient healthcare properties, including medical office and outpatient healthcare properties covered by long-term single tenant leases. For the avoidance of doubt, Medical Properties shall not include for-profit hospital properties with either whole or partial inpatient operations. The Executive shall report to the Company’s Chief Executive Officer (the “**CEO**”). The Executive shall have duties and responsibilities consistent with similarly situated senior officers of MPO divisions of other publicly-traded healthcare real estate investment trusts, at all times within the context of the Company’s organizational goals, budgets, policies, controls and processes and such other duties as determined by the CEO from time to time. The Executive shall be a member of the Management Capital Committee. The Executive shall perform such other duties (including presentations at industry conferences) as are assigned to him and are consistent with his title and other duties. The Executive’s duties will be performed at and from the Company’s offices in Chicago, Illinois; subject, however, to such travel to the Company’s corporate offices in Louisville, Kentucky as may be reasonably required for the performance of the Executive’s duties or as may be reasonably requested by the Company.

3. Extent of Services. Subject to the direction and control of the Board and the CEO, the Executive shall have the power and authority commensurate with his executive status and necessary to perform his duties hereunder. The Company will provide the Executive the resources necessary to perform his duties hereunder, as determined by the Company in its sole discretion. During the Term, the Executive shall devote his entire working time, attention, labor, skill and energies in and to the business of the Company, and shall not, without the prior written consent of the Company, be actively engaged in any other business activity (including arranging or establishing new businesses), whether or not such business activity is pursued for gain, profit or other pecuniary advantage; provided, however, that, the Executive will be entitled to be a member of, participate in, and serve on the boards of professional organizations and charitable organizations to the extent that such participation or service does not interfere with the Executive’s duties under this Agreement; provided further, that serving as a member of any board of any entity will be subject to approval of the Nominating and Governance Committee of the Board and other Company policies as may be in effect or required from time to time; provided further, that as of the Effective Date the Company has so approved the Executive’s service as (i) Vice Chairman and Incoming Chairman for 2010 – 2011 of the World Presidents’ Organization, (ii) member of the Membership Committee of the Economic Club of Chicago and (iii) member of the Board of Directors and Chairman of the Facilities Committee of the Joffrey Ballet.

4. Compensation . As compensation for services hereunder rendered, the Executive shall receive during the Term (each as may be subject to **Section 13**):

(a) **Base Salary** . An annual base salary (“ **Base Salary** ”) of not less than \$375,000, payable in equal installments in accordance with the Company’s normal payroll procedures, to be reviewed annually by the Committee, with input from the CEO. The Executive may receive increases (but not decreases) in his Base Salary from time to time, as approved by the Committee, with input from the CEO. The amount of the Base Salary of the Executive will first be reviewed for adjustment with regard to the Base Salary to be paid in calendar year 2011.

(b) **Annual Bonus** . The Company shall pay or cause to be paid to the Executive an annual cash bonus (“ **Annual Bonus** ”) in accordance with the terms set forth below (in each instance, provided that the Executive is employed by the Company on the date such bonuses are paid).

(i) For calendar year 2010, the amount of the Annual Bonus shall be not less than \$525,000, pro-rated, on a per diem basis, for that portion of calendar year 2010 in which the Executive is employed. The Annual Bonus for calendar year 2010 shall be paid within two and one-half ($2\frac{1}{2}$) months following the end of calendar year 2010, provided that the Executive is employed by the Company on the date of payment (subject to **Sections 7(e)** and **8(a)(5)**).

(ii) For calendar year 2011 and thereafter, the Executive shall be eligible for an Annual Bonus with an expected annual target of 140% of the Executive’s Base Salary for such relevant year based on the Executive’s and the Company’s achievement of individual, MPO and corporate performance goals, as determined by the Committee or such annual incentive plan as may be in effect from time to time (any or all of which, the “ **Bonus Plan** ”) in the Committee’s discretion. The actual amount of each Annual Bonus will be determined based on the attainment of performance goals set by the Committee in accordance with its policies, plans and programs as in effect from time to time and a performance evaluation for the applicable year, each in a manner consistent with that applicable to other executive officers of the Company; the Annual Bonus shall be paid within two and one-half ($2\frac{1}{2}$) months following the end of the calendar year in which earned, provided that the Executive is employed by the Company on the date of payment (subject to **Sections 7(e)** and **8(a)(5)**).

(c) **Annual Long-Term Incentive Awards**. The Executive shall be entitled to participate in the Company's 2006 Incentive Plan ("LTIP"), and be granted awards under the LTIP, all on such terms and conditions as may be determined by the Committee from time to time.

(i) For calendar year 2010, the Executive shall receive an award pursuant to the LTIP having a grant date fair value of not less than \$600,000, pro-rated, on a per diem basis, for that portion of calendar year 2010 in which the Executive is employed, and consisting of both Options (as defined in the LTIP) to purchase Shares (as defined in the LTIP) of the Company's common stock and Shares of Restricted Stock (as defined in the LTIP). The LTIP award to the Executive for calendar year 2010 shall be made when equity grants are made to other executive officers of the Company, generally not later than March 31, provided that the Executive is employed by the Company on the date of grant to other executive officers of the Company. The methodology for the valuation of the Options and the allocation between Options and Restricted Stock shall be made in the sole discretion of the Committee; provided that such methodology for the valuation and allocation will be similar to the methodology for valuation and allocation used for other executive officers of the Company, except as may otherwise be determined by the Committee. It is the current intention of the Company that the allocation shall be 30% Options and 70% Restricted Stock; provided, however, that, such allocation is subject to change in the sole discretion of the Committee provided such change is also applicable to other executive officers of the Company. Such Options and Restricted Stock shall vest (and in the case of the Options become exercisable), subject to continued employment on the applicable vesting date, as follows: one third (1/3) on the date of grant; one third (1/3) on the first anniversary of the date of grant; and the remaining one third (1/3) on the second anniversary of the date of grant; provided, however, that such Options and Restricted Stock that are not vested (or exercisable) upon the Executive's termination of employment shall be forfeited upon the Executive's termination of employment except as otherwise provided in the LTIP, the applicable Option or Restricted Stock Award Agreement or this Agreement.

(ii) For calendar year 2011 and thereafter, the Executive shall be eligible for an annual award pursuant to the LTIP with an expected annual target grant date fair value of 160% of the Executive's Base Salary (the "**Annual Grant**"), it being understood that the actual amount of each Annual Grant will be determined based on the Executive's and the Company's achievement of individual, MPO and corporate performance goals, as determined by the Committee, each in a manner consistent with that applicable to other executive officers of the Company and taking into account the performance of the MPO, subject in all events to the authority and discretion of the Committee. The Annual Grants will consist of Options to purchase Shares of the Company's common stock and Shares of Restricted Stock. The methodology for the valuation of the Options and the allocation between Options and Restricted Stock shall be made in the sole discretion of the Committee; provided that such methodology for the valuation and allocation will be similar to the methodology for valuation and allocation used for other executive officers of the Company, except as may otherwise be determined by the Committee. The LTIP award to the Executive for calendar year 2011 and thereafter shall be made when equity grants are made to other executive officers of the Company, generally not later than March 31 of the relevant year, provided that the Executive is employed by the Company on the date of grant to other executive officers of the Company. Such Options and Restricted Stock shall vest (and in the case of the Options become exercisable) all as determined by the Committee; provided, however, that such Options and Restricted Stock that are not vested (or exercisable) upon the Executive's termination of employment shall be forfeited upon the Executive's termination of employment except as otherwise provided in the LTIP, the Option or Restricted Award Agreement or this Agreement.

(iii) Except for any terms set forth in this Agreement, the Options and Restricted Stock Award Agreements will be in form and substance generally similar to the forms adopted under the LTIP and on file with the U.S. Securities and Exchange Commission, subject at all times to the discretion of the Committee to establish the terms and conditions of any award.

(d) Incentive Share Grant I. Subject to **Section 4(g)**, as of the date of Closing, the Company shall issue to the Executive 55,561 restricted shares of its common stock (the “**Incentive Share Grant I**”), pursuant to the LTIP, under the terms and conditions set forth in the restricted stock grant agreement, dated as of the Closing date (the “**Incentive Share Grant I Agreement**”). Subject to the Incentive Share Grant I Agreement, the Incentive Share Grant I will be forfeited upon the termination of the Executive’s employment with the Company, other than terminations that occur by reason of death, Disability, termination of employment by the Company without Cause or termination by the Executive for Good Reason (each of Disability, Cause and Good Reason as defined below). In addition, subject to the Incentive Share Grant I Agreement, the Incentive Share Grant I will be forfeited upon a termination for Cause under **Section 6(b)(i)** hereof. If the Executive is terminated for Cause under **Sections 6(b)(ii)**, **6(b)(iii)** or **6(b)(iv)** hereof, the Incentive Share Grant I will continue to vest on the then-current vesting schedule unless the Executive (i) breaches his obligations under **Section 9** hereof, or (ii) breaches his obligations or restrictions under that certain Intellectual Property Rights Purchase and Sale Agreement, of even date herewith, by and among the Company and the Executive, in which case, subject to the Incentive Share Grant I Agreement, the Incentive Share Grant I will be forfeited. The Incentive Share Grant I Agreement shall provide that such forfeiture restrictions will lapse subject to the applicable vesting schedule, as follows: 30% on the first anniversary of the Closing; 60% on the second anniversary of the Closing; and 100% on the earliest of:

(i) the third anniversary of the Closing;

(ii) upon the Executive’s death or Disability;

(iii) upon the direct or indirect sale of substantially all of (A) the Medical Properties or (B) the Medical Property Operations acquired in the Transactions contemplated by the Acquisition definitive documents (and any other properties, which become 100% owned by the Company or its affiliates after the date hereof, in which THL-191 JV, LLC or LHT SH, LLC or LilliCal JV, LLC owned a minority interest in on the date hereof), if, in the case of (B), those Medical Property Operations represent more than 50% of the net operating income of all of the Company’s Medical Property Operations (measured on a trailing 12-month basis, which shall include pro forma net operating income from acquisitions of Medical Properties made within that 12-month period); provided, however, that the foregoing shall not include any transaction where all or a portion of the Medical Property Operations are transferred to a joint venture between the Company and an institutional third party, and following the formation of the joint venture the Company continues to manage the properties transferred into the joint venture;

(iv) the first anniversary of a Change of Control (as defined below) of the Company, if the Executive is then employed by the Company or its successors; or

(v) the termination of the Executive's employment by the Company other than for Cause, or by the Executive for Good Reason.

(e) Incentive Share Grant II. As of the date of Closing, the Company shall issue to the Executive 55,561 restricted shares of its common stock (the "**Incentive Share Grant II**"), pursuant to the LTIP, under the terms and conditions set forth in the restricted stock grant agreement, dated as of the Closing date (the "**Incentive Share Grant II Agreement**"). Subject to the Incentive Share Grant II Agreement, the Incentive Share Grant II will be forfeited upon the termination of the Executive's employment with the Company, other than terminations that occur by reason of death, Disability, termination of employment by the Company without Cause or termination by the Executive for Good Reason (each of Disability, Cause and Good Reason as defined below). In addition, subject to the Incentive Share Grant II Agreement, the Incentive Share Grant II will be forfeited upon a termination for Cause under **Section 6(b)(i)** hereof. If the Executive is terminated for Cause under **Sections 6(b)(ii) , 6(b)(iii) or 6(b)(iv)** hereof, the Incentive Share Grant II will continue to vest on the then-current vesting schedule unless the Executive (i) breaches his obligations under **Section 9** hereof, or (ii) breaches his obligations or restrictions under that certain Intellectual Property Rights Purchase and Sale Agreement, of even date herewith, by and among the Company and the Executive, in which case, subject to the Incentive Share Grant II Agreement, the Incentive Share Grant II will be forfeited. The Incentive Share Grant II Agreement shall provide that such forfeiture restrictions will lapse subject to the applicable vesting schedule, as follows: 50% on the fourth anniversary of the Closing; and 100% on the earliest of:

(i) the fifth anniversary of the Closing;

(ii) upon the Executive's death or Disability;

(iii) upon the direct or indirect sale of substantially all of (A) the Medical Properties or (B) the Medical Property Operations acquired in the Transactions contemplated by the Acquisition definitive documents (and any other properties, which become 100% owned by the Company or its affiliates after the date hereof, in which THL-191 JV, LLC or LHT SH, LLC or LilliCal JV, LLC owned a minority interest in on the date hereof), if, in the case of (B), those Medical Property Operations represent more than 50% of the net operating income of all of the Company's Medical Property Operations (measured on a trailing 12-month basis, which shall include pro forma net operating income from acquisitions of Medical Properties made within that 12-month period); provided, however, that the foregoing shall not include any transaction where all or a portion of the Medical Property Operations are transferred to a joint venture between the Company and an institutional third party, and following the formation of the joint venture the Company continues to manage the properties transferred into the joint venture;

(iv) the first anniversary of a Change of Control (as defined below) of the Company, if the Executive is then employed by the Company or its successors; or

(v) the termination of the Executive's employment by the Company other than for Cause, or by the Executive for Good Reason.

(f) Incentive Share Agreements. The Incentive Share Grant I Agreement and Incentive Share Grant II Agreement (together, the "**Incentive Share Agreements**") shall provide that all dividends declared with respect to the Incentive Share Grant I and Incentive Share Grant II (together, the "**Incentive Shares**") shall be distributed to the holders of the Incentive Shares without regard to vesting; provided that all dividends paid with respect to unvested shares shall be subject to applicable wage withholding to the extent required by law. Except for any terms set forth in this Agreement, the Incentive Share Agreements will be in form and substance generally similar to the forms adopted under the LTIP and on file prior to the Effective Date with the U.S. Securities and Exchange Commission. If requested by the Executive not more than twenty-five (25) days following the date of Closing, the Company will cooperate with the Executive in the making of one or more elections contemplated under Section 83(b) of the Internal Revenue Code of 1986, as amended (a "**Section 83(b) Election**") with respect to all or any portion of the Incentive Shares. In the event that the Executive and the Company make a timely Section 83(b) Election with respect to all or any portion of the Incentive Shares, to the extent permitted by law such Incentive Shares will be treated as vested for purposes of determining whether applicable wage withholding is required with respect to all dividends paid with respect to such Incentive Shares.

(g) Profits Interests. Notwithstanding the foregoing, as an alternative to the grant of the Incentive Share Grant I, the parties may mutually agree that the Company may grant to the Executive an economic equivalent award of downREIT profits interests, which are convertible into shares of the Company in place of some or all of Incentive Share Grant I. Any such profits interests issued in place of Incentive Share Grant I shall be subject to the terms and provisions of **Section 4(d)**, including, without limitation, the vesting schedule.

5. Benefits.

(a) The Executive shall be entitled to participate in the Ventas, Inc. 401(k) Retirement Savings Plan (the "**401(k) Plan**"), Deferred Compensation Plan (if any), medical, dental, long term disability and group life insurance coverages and fringe benefit plans, policies, practices and programs, from time to time in effect for executives of the Company and its affiliates in accordance with the terms and conditions thereof.

(b) The Executive shall be entitled to accrue four weeks of paid vacation per calendar year, in accordance with the Company's vacation plan, policy or program in effect from time to time, at a time or times mutually agreed between the Executive and the CEO.

(c) The Executive may incur reasonable expenses for promoting the Company's business, including expenses for entertainment, travel and similar items. The Company shall reimburse the Executive for such reasonable expenses upon receipt by the Company of accounting in accordance with the Company's reimbursement policies and procedures in effect from time to time.

(d) The Company will reimburse the Executive for the cost of parking for one automobile at the offices of the Executive's employment and for the cost of membership in the Union League Club of Chicago, Urban Land Institute, Economic Club of Chicago and for 2011 only, the World Presidents' Organization, not to exceed \$22,000 in the aggregate annually. Beginning in 2012, the Company and the Executive shall mutually determine the most beneficial use of the funds attributable to the membership dues for the World Presidents' Organization (approximately \$11,000 annually), including the use of such funds for professional development (e.g. executive coaching, media training and the like) for the Executive, and the Company shall determine whether to continue to reimburse the Executive for such World Presidents' Organization membership dues.

(e) Notwithstanding the foregoing, the parties acknowledge and agree that for a period of time following the Closing, the Executive may remain in certain benefit plans, programs or arrangements of Lillibridge until such plans, programs or arrangements are terminated or integrated into such plans, programs or arrangements maintained by the Company, all as may be determined in the sole discretion of the Company.

6. Termination of Employment. The Executive's employment hereunder and this Agreement may be terminated during the Term by the Company or the Executive at any time, for any reason, without a breach of this Agreement. The Executive's right to benefits and payments, if any, for periods after the date on which his employment with the Company terminates during the Term shall be determined in accordance with the provisions of this **Section 6** and **Section 7**.

(a) Death or Disability. The Executive's employment hereunder and this Agreement shall terminate automatically upon the Executive's death during the Term. If the Company determines in good faith that the Executive's Disability has occurred during the Term, it may give to the Executive written notice of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive, or the Expiration Date, if earlier (the "**Disability Effective Date**"), provided that, within the thirty (30) days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "**Disability**" shall mean a mental or physical condition which, in the reasonable opinion of the Company, based on the opinion of a doctor, renders the Executive with or without reasonable accommodation unable or incompetent to carry out his material job responsibilities which he held or the material duties he was assigned at the time the disability was incurred, which has existed for at least three (3) months and which in the opinion of a physician selected by the Company is expected to be permanent or to last for an indefinite duration or a duration in excess of six (6) months.

(b) Cause. The Company may terminate the Executive's employment hereunder and this Agreement during the Term for Cause. For purposes of this Agreement, "**Cause**" shall mean the Executive's:

- (i) indictment for, conviction of, or plea of nolo contendere to, any felony, of any type, or a misdemeanor involving fraud, dishonesty or moral turpitude;
- (ii) willful or intentional material breach of his duties and responsibilities hereunder;
- (iii) willful or intentional material misconduct in the performance of his duties under this Agreement; or
- (iv) willful or intentional material failure to comply with any lawful written instruction or directive of the CEO.

With respect to provisions (ii), (iii) and (iv) above, any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company, and as such, will not constitute grounds for a determination of "Cause."

(c) Good Reason. The Executive may terminate his employment hereunder and this Agreement during the Term for Good Reason. For purposes of this Agreement, "**Good Reason**" shall mean any of the following:

- (i) the assignment to the Executive of any duties materially and adversely inconsistent with, or a material diminution of, the Executive's position (including offices, titles, reporting requirements or responsibilities), authority or duties as prescribed by **Section 2** ;
- (ii) the Company's requiring the Executive to be based at any office or location that is more than fifty (50) miles from Chicago, Illinois;
- (iii) the failure to pay Base Salary in at least the amount prescribed by **Section 4(a)** ;
- (iv) the failure to provide an Annual Bonus opportunity prescribed by **Section 4(b)** ;
- (v) the failure to provide benefits or perquisites prescribed by **Section 5** or substantially similar benefits or perquisites;
- (vi) if without the Executive's consent (which may be withheld in his sole discretion), the MPO ceases to be operated under the Lillibridge brand and name, either exclusively or non-exclusively in conjunction with the Company's brand and name, as determined from time to time by the Company (by way of example, and not limitation, using "Lillibridge — a Ventas Company" would not constitute Good Reason); or

(vii) any other action or inaction that constitutes a material breach by the Company of this Agreement, or a failure by the Company to cause a successor, prior to or as of the date it becomes a successor, to assume and agree to perform this Agreement in accordance with the provisions of **Section 11(c)** ;

which in each case either is not curable, or if curable is not cured within thirty (30) days after written notice from the Executive to the Company setting forth in reasonable detail the facts and circumstances claimed to constitute Good Reason and affording the Company an opportunity to cure. Any termination of employment by the Executive for Good Reason shall be communicated to the Company by Notice of Termination in accordance with this Agreement. The Executive must deliver to the Company the Notice of Termination not later than ninety (90) days after the Executive has actual knowledge of an act or omission which constitutes Good Reason. In the event that the Company fails to remedy the condition constituting Good Reason during the applicable cure period, the Separation from Service (as defined below) must occur, if at all, within six (6) months following the end of such cure period in order for such termination as a result of such condition to constitute a termination for Good Reason.

(d) Notice of Termination . Any termination of the Executive's employment hereunder by the Company or the Executive's resignation of employment hereunder shall be communicated by notice (a "**Notice of Termination** ") given in accordance with this Agreement.

(i) For purposes of any termination by the Company for Cause or by the Executive for Good Reason, as provided herein, a Notice of Termination means a written notice which (A) indicates the specific termination provision in this Agreement relied upon, (B) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination by the Company (for Cause) or by the Executive (with Good Reason) of the Executive's employment under the provision so indicated, and (C) specifies the intended termination date. The failure by the Company or the Executive to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause or Good Reason shall not waive any right of the Company or the Executive, respectively, hereunder or preclude the Company or the Executive, respectively, from asserting such fact or circumstance in enforcing their respective rights hereunder.

(ii) For purposes of any termination by the Executive without Good Reason, as provided herein, a Notice of Termination means a written notice to such effect provided to the Company not less than sixty (60) days prior to the effective date thereof.

(e) **Date of Termination** . “ **Date of Termination** ” means (i) if the Executive’s employment is terminated by the Company for Cause or by the Executive for Good Reason, the date specified in the Notice of Termination (consistent with the provisions of **Section 6(c)**), (ii) if the Executive’s employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notified the Executive of such termination, (iii) if the Executive resigns other than for Good Reason, the Date of Termination shall be the date sixty (60) days after the Executive notified the Company of such termination and (iv) if the Executive’s employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be. Following the Company’s receipt of a Notice of Termination pursuant to (iii) above, the Company may, by written notice to the Executive, designate an earlier date (not earlier than the date of such notice to the Executive) as of which the Executive’s Date of Termination shall occur; provided that the Company continue to provide Base Salary and insurance benefits to the Executive in lieu of the continued employment of the Executive through the original Date of Termination had such earlier termination not occurred. To the extent necessary to have payments and benefits under this Agreement be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (“ **Section 409A** ”) or comply with the requirements of Section 409A, the Company and the Executive agree to cooperate in a reasonable manner (including with regard to any post-termination services by the Executive) such that the Date of Termination as defined in this Agreement shall constitute a “separation from service” pursuant to Section 409A (“ **Separation from Service** ”). Notwithstanding anything contained in this Agreement to the contrary, the date on which a Separation from Service occurs shall be the “Date of Termination” or termination of employment for purposes of determining the timing of payments under this Agreement to the extent necessary to have such payments and benefits under this Agreement be exempt from the requirements of Section 409A or comply with the requirements of Section 409A.

7. Obligations of the Company Upon Termination . Following any termination of the Executive’s employment hereunder during the Term except for a termination in connection with a Change of Control covered by **Section 8** hereof, the Company shall pay the Executive his Base Salary through the Date of Termination, unpaid expense reimbursement (subject to appropriate documentation) and any amounts accrued or owed (but yet unpaid) to the Executive pursuant to the terms and conditions of the executive benefit plans and programs of the Company at the time such payments are due, including accrued and unpaid vacation (the “ **Accrued Obligations** ”). In addition to the Accrued Obligations, as may be provided below, and strictly conditioned upon the Executive’s execution and non-revocation of a general release of claims in form substantially similar to the form attached hereto as Attachment A (the “ **Release** ”) within thirty (30) days following the Date of Termination, the Executive shall be entitled to the following additional payments:

(a) **Death or Disability** . If, during the Term, the Executive’s employment shall terminate by reason of the Executive’s death or Disability, the Company shall pay to the Executive (or his designated beneficiary or estate, as the case may be) the Accrued Obligations, plus the Annual Bonus the Executive would have received for the year of termination of employment assuming maximum individual and Company performance (the “ **Maximum Annual Bonus** ”), prorated, on a per diem basis, for the number of days in the year of the termination of employment during which the Executive was employed by the Company. The Company will pay such amount to the Executive on the date that such amount would otherwise have been payable to the Executive if the Executive’s employment had not terminated.

(b) Other than for Cause, or for Good Reason . If, during the Term, the Company shall terminate the Executive's employment other than for Cause (but not for Disability), or if the Executive shall terminate his employment for Good Reason,

(1) The Company shall pay the Executive, within thirty (30) days of the Date of Termination of employment (but not earlier than the date on which the Release becomes irrevocable), a severance amount equal to the sum of one (1) year of the Executive's annual Base Salary as then in effect, plus the Maximum Annual Bonus (together the "**Severance Payment**"), with such Severance Payment payable in a single lump-sum payment within thirty (30) days following the date of termination. If the Executive should die after amounts become payable under this Paragraph, such amounts shall thereafter be paid to the Executive's estate. In no event shall the Severance Payment made pursuant to this **Section 7(b)(1)** be in excess of the Maximum Amount. "**Maximum Amount**" for purposes of this Agreement shall mean \$3,000,000, provided, however, that for any termination that occurs in calendar years subsequent to 2011, the Maximum Amount will be adjusted to reflect increases, if any, in the Consumer Price Index that have occurred in the period between December 31, 2010 and the end of the calendar year immediately preceding the date of termination. As an example, if the termination occurs in 2012, the Maximum Amount shall be adjusted for increases in the Consumer Price Index that occur between December 31, 2010 and December 31, 2011 and if the termination occurs in 2013, the Maximum Amount shall be adjusted for increases in the Consumer Price Index that occur between December 31, 2010 and December 31, 2012. For purposes of this Agreement, Consumer Price Index means the CPI for All Urban Consumers (All Items; Base Year 1982), compiled and published by the Bureau of Labor Statistics of the United States Department of Labor.

(2) During the one (1) year period commencing on the Date of Termination (the "**Benefit Period**"), provided the Executive is eligible for and elects continuing coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**"), the Company shall provide the Executive with continued medical, dental, long-term disability and life insurance benefits at the same levels and costs as if he had remained actively employed during the Benefit Period; provided that the Executive shall not participate in any short term disability, bonus (except as provided in **Section 7(b)(1)**), vacation pay, retirement benefits, long-term incentive, stock option or other equity grant plan, program or arrangement after the Date of Termination. The receipt of the medical and dental benefits shall be conditioned upon the Executive continuing to pay the Company on a monthly basis the portion of the periodic cost of such continued coverage equal to the dollar amount of such periodic cost as if he had remained employed during the Benefit Period. Such medical and dental benefits shall become secondary to the extent the Executive receives similar benefits from a subsequent employer; provided, that the Executive agrees to report to the Company any coverage and benefits actually received by or made available to the Executive from such other employer(s). In the event continued long-term disability is unavailable for the Executive on a post-termination basis, the Company shall pay to the Executive, in a single lump-sum, an amount equal to the premiums previously paid for such coverage for a twelve (12) month period.

(3) To the extent requested by the Executive within thirty (30) days following the Date of Termination, the Company shall take all action necessary, if any, to facilitate the Executive's exercise of all conversion privileges, if any, under any applicable group term life insurance policy.

(4) Options and restricted stock held by the Executive for which the exercise period has not yet lapsed or expired shall be subject to applicable terms and conditions of the LTIP and applicable option or restricted stock award agreements; provided, however, that any outstanding and unvested Incentive Shares shall become fully vested.

(c) Cause; Executive Resignation. If the Executive's employment shall be terminated by the Company for Cause or by the Executive other than for Good Reason (and other than due to the Executive's death), during the Term, the Company shall have no further obligations to the Executive under this Agreement other than to pay the Accrued Obligations as provided above.

(d) Death after Termination. In the event of the death of the Executive during the period the Executive is receiving payments pursuant to this Agreement, the Executive's designated beneficiary shall be entitled to receive the balance of the payments, or in the event of no designated beneficiary, the remaining payments shall be made to the Executive's estate.

(e) Annual Bonus Entitlement. In the event of the Executive's termination pursuant to **Sections 7(a) or 7(b)**, and such termination occurs (i) following the completion of an applicable performance period for purposes of the Annual Bonus and (ii) prior to the payment of the Annual Bonus for such performance period, then the Executive shall be entitled to such Annual Bonus, based on the actual performance relative to the performance measures established pursuant to **Section 4(b)**, as determined by the Committee (with the same authority and discretion as provided in **Section 4(b)**), with such payment being made at the same time and in the same manner as annual bonuses are paid to the other executive officers of the Company.

8. Occurrence of a Change in Control.

(a) Termination other than for Cause, or for Good Reason. If during the Term (i) a Change of Control (as defined below) shall occur, and (ii) within one year from the date of the occurrence of such Change of Control (and within the Term) the Company shall terminate the Executive's employment other than for Cause or the Executive shall terminate his employment for Good Reason (a "**Change of Control Severance**"), subject to the Executive's execution and non-revocation of the Release within thirty (30) days following the Date of Termination and in lieu of the benefits under **Section 7** hereof, in addition to payment of the Accrued Obligations, the Executive shall be entitled to the following payments:

(1) The Company shall pay the Executive within thirty (30) days of the Date of Termination of employment (but not earlier than the date on which the Release becomes irrevocable) a lump-sum payment equal to two (2) times the sum of (i) one (1) year of the Executive's annual Base Salary as then in effect, plus (ii) the Executive's Maximum Annual Bonus for the year of termination, plus (iii) the fair market value (determined as of the Date of Termination) of the target number of shares of Restricted Stock authorized to be granted to the Executive under the LTIP in the year of termination assuming all performance criteria for such awards were deemed satisfied (the "**CIC Severance Payment**"); provided that in no event shall the amount of such payment exceed the Maximum Amount.

(2) Options held by the Executive for which the exercise period has not yet lapsed or expired shall become fully vested and exercisable, and all Restricted Stock held by the Executive shall become fully vested.

(3) During the eighteen (18) month period commencing on the date of the Change in Control Severance (the “**CIC Benefit Period**”), provided the Executive is eligible for and elects continuing coverage under COBRA, the Company shall provide the Executive with continued medical, dental, long-term disability and life insurance benefits at the same levels and costs as if he had remained actively employed during the CIC Benefit Period; provided that the Executive shall not participate in any short term disability, bonus (except as provided in **Section 8(a)(1)**), vacation pay, retirement benefits, long-term incentive, stock option or other equity grant plan, program or arrangement after the Date of Termination. The receipt of the medical and dental benefits shall be conditioned upon the Executive continuing to pay the Company on a monthly basis the portion of the periodic cost of such continued coverage equal to the dollar amount of such periodic cost as if he had remained employed during the CIC Benefit Period. Such medical and dental benefits shall become secondary to the extent the Executive receives similar benefits from a subsequent employer; provided, that the Executive agrees to report to the Company any coverage and benefits actually received by or made available to the Executive from such other employer(s).

(4) To the extent requested by the Executive within thirty (30) days following the Date of Termination, the Company shall take all action necessary, if any, to facilitate the Executive’s exercise of all conversion privileges, if any, under any applicable group term life insurance policy.

(5) In the event of the Executive’s termination pursuant to this **Section 8(a)**, and such termination occurs (i) following the completion of an applicable performance period for purposes of the Annual Bonus and (ii) prior to the payment of the Annual Bonus for such performance period, then the Executive shall be entitled to such Annual Bonus, based on the actual performance relative to the performance measures established pursuant to **Section 4(b)**, as determined by the Committee (with the same authority and discretion as provided in **Section 4(b)**), with such payment being made at the same time and in the same manner as annual bonuses are paid to the other executive officers of the Company.

Notwithstanding the foregoing, in the event that the Change of Control does not also qualify as a “change in ownership” or “change in the effective control” of a corporation, as defined under Section 409A of the Code, and the CIC Severance Payment amounts constitute “deferred compensation” under Section 409A of the Code, then such CIC Severance Payment shall be paid in the same time and manner as provided under **Section 7 (b)(1)** .

(b) For purposes of this Agreement, a “ **Change in Control** ” means the occurrence of any of the following events:

(1) An acquisition (other than directly from the Company) of any voting securities of the Company (the “ **Voting Securities** ”) by any “Person” (as defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the “1934 Act”) and used in Section 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d)), immediately after which such Person has “Beneficial Ownership” (within the mean of Rule 13d-3 under the 1934 Act) of more than 50% of the combined voting power of Company’s then outstanding Voting Securities; provided, however, that in determining whether a Change in Control has occurred, Voting Securities which are acquired in an acquisition by (i) the Company or any of its subsidiaries, (ii) an employee benefit plan (or a trust forming a part thereof) maintained by the Company or any of its subsidiaries or (iii) any Person in connection with an acquisition referred to in the preceding clause (i), shall not constitute an acquisition which would cause a Change in Control.

(2) During any twelve month period, the individuals who, as of the Closing, constituted the Board (the “ **Incumbent Board** ”) cease for any reason to constitute over 50% of the Board; provided, however, that if the election, or nomination for election by the Company’s stockholders, of any new director was approved by a vote of over 50% of the Incumbent Board, such new director shall, for purposes of this **Section 8(b)** , be considered as though such person were a member of the Incumbent Board; provided, further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened “Election Contest” (as described in Rule 14a-11 promulgated under the 1934 Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors of the Company (a “ **Proxy Contest** ”), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest.

(3) Consummation of a merger, consolidation or reorganization involving the Company, unless each of the following events occurs in connection with such merger, consolidation or reorganization:

(i) the stockholders of the Company, immediately before such merger, consolidation or reorganization, own, directly or indirectly immediately following such merger, consolidation or reorganization, 50% or more of the combined voting power of all voting securities of the corporation resulting from such merger or consolidation or reorganization (the “ **Surviving Company** ”) over which any Person has Beneficial Ownership in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation or reorganization;

(ii) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute over 50% of the members of the board of directors of the Surviving Company; and

(iii) no Person (other than the Company, any of its subsidiaries, any employee benefit plan (or any trust forming a part thereof) maintained by the Company, the Surviving Company or any Person who, immediately prior to such merger, consolidation or reorganization had Beneficial Ownership of 35% or more of the then outstanding Voting Securities) has Beneficial Ownership of more than 35% of the combined voting power of the Surviving Company’s then outstanding voting securities.

(4) A complete liquidation or dissolution of the Company.

(5) Approval by Company’s stockholders of an agreement for, and the consummation of, the sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to a subsidiary of the Company).

(6) Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any Person (the “ **Subject Person** ”) acquired Beneficial Ownership of more than the permitted amount of the outstanding Voting Securities as a result of the acquisition of Voting Securities by the Company which, by reducing the number of Voting Securities outstanding, increases the proportional number of shares Beneficially Owned by the Subject Person; provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Company, and after such share acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional Voting Securities which increases the percentage of the then outstanding Voting Securities Beneficially Owned by the Subject Person, then a Change in Control shall occur.

9. Restrictive Covenants. The Executive acknowledges that his key position at the Company will provide him with access to highly sensitive information concerning, and participation in material decisions and policies regarding, the Company, including the Company's principal operators, managers, lessors, tenants and their respective affiliates and the contractual arrangements of the Company with such operators, managers, lessors, tenants and their respective affiliates and including decisions regarding the purchase and sale of properties by the Company, all of which are critical to the Company's ability to effectively function and compete in the markets in which it does business, and that if the Executive were to provide services for or information to such principal operators, managers, lessors, tenants and their respective affiliates, or to competitors of the Company who similarly deal with such operators, managers, lessors, tenants and their respective affiliates, or if he were to otherwise violate any of the provisions of this **Section 9**, such services or information would cause irreparable damage to the Company. For the purposes of this **Section 9**, unless the context implies otherwise, the term "**Company**" shall include the Company's affiliates and subsidiaries (including all entities acquired in the Transaction) and for the period commencing on the Effective Date and ending on the Closing or the cancellation of the Transaction Agreement, the term "**Company**" shall also include Lillibridge and its affiliates and subsidiaries. Because of the extensive due diligence and sharing of Confidential Information and other sensitive and proprietary information between the parties in contemplation of the Transactions, the Executive agrees and acknowledges that notwithstanding (i) the termination of this Agreement, (ii) termination of the Executive's employment or (iii) the occurrence of the Closing, this **Section 9** shall apply to the Executive as of the Effective Date; provided, however, that in the event that the Closing does not occur as contemplated by the Transaction Agreement by December 31, 2010 or the Transaction Agreement is terminated at any time in accordance with its terms, then only the Restrictive Covenants contained in **Section 9(a)** shall be effective beyond the date of such termination.

(a) Confidentiality.

(i) The Executive shall not, unless written permission is granted by the Company, disclose to or communicate in any manner with the press or any other media about his employment with the Company, the terms of this Agreement, the termination of his employment with the Company, the Company's businesses or affairs, the Company's officers, directors, employees and/or consultants, or any matter related to any of the foregoing.

(ii) The Executive acknowledges that it is the policy of the Company to maintain as secret and confidential all valuable and unique information and techniques acquired, developed or used by the Company relating to their business, operations, actual or potential products, strategies, potential liabilities, employees, tenants, proposed or prospective tenants and customers, business partners and customers, (including information protected by the Company's attorney/client, work product, or tax advisor/audit privileges; tax matters and information; financial analysis models; the Company's strategic plans; negotiations with third parties; methods, policies, processes, formulas, techniques, know-how and other knowledge; trade practices, trade secrets, or financial matters; lists of customers or customers' purchases; lists of suppliers, representatives, or other distributors; lists of and information about tenants

and lessors; requirements for systems, programs, machines, or their equipment; information regarding the Company's bank accounts, credit agreement or financial projections information; information regarding the Company's directors or officers or their personal affairs) which gives the Company and its subsidiaries a competitive advantage in the businesses in which the Company and its subsidiaries are engaged, whether or not any such information or any of the material described above is explicitly designated or marked as "confidential" (" **Confidential Information** "). Confidential Information shall not include information that (A) is or becomes generally available to the public other than as a result of a disclosure by the Executive in violation of this Agreement, (B) was available to the Executive on a non-confidential basis prior to the date hereof, or (C) is compelled to be disclosed by a court or governmental agency, provided that prior written notice is given to the Company and the Executive cooperates with the Company in any efforts by the Company to limit the scope of such obligation and/or to obtain confidential treatment of any material disclosed pursuant to such obligation. The Executive recognizes that all such Confidential Information is the sole and exclusive property of the Company and its subsidiaries, and that disclosure of Confidential Information would cause damage to the Company and its subsidiaries. The Executive shall not disclose, directly or indirectly, any Confidential Information obtained during his employment with the Company, and will take all necessary precautions to prevent disclosure, to any unauthorized individual or entity inside or outside the Company, and will not use the Confidential Information or permit its use for the benefit of the Executive or other third party other than the Company. These obligations shall continue for so long as the Confidential Information remains Confidential Information.

(b) Noncompetition, Nonsolicitation, Noninterference . The Executive shall not, during the period commencing on the Effective Date and ending on the latest to occur of (i) the fifth (5th) anniversary of the date of the Closing, or (ii) the second (2nd) anniversary of the date of termination of the Executive's employment with the Company for any reason whether such termination occurs during the Term or thereafter (together, the " **Restricted Period** "), either directly or indirectly (through another business or person) engage in or facilitate any of the following activities anywhere in the United States:

(i) hiring, recruiting, engaging as a consultant or adviser, employing or attempting or soliciting to hire, recruit or employ any person employed by the Company, or causing or attempting to cause any third party to do any of the foregoing;

(ii) causing or attempting to cause any person employed at any time during the Restricted Period by the Company to terminate his or her relationship with the Company;

(iii) soliciting, enticing away, or endeavoring to entice away, or otherwise interfering with any employee, customer, tenant, financial partner, vendor, supplier or other similar business relation, who at any time during the Restricted Period or who at any time during the period commencing one year prior to the Date of Termination, to the Executive's knowledge, maintained a material business relationship with the Company or with whom the Company is targeting for a material business relationship or is engaged in discussions with to commence a material business relationship at the time of the Executive's termination of employment with the Company (in each case where the Executive participates in such relationship or potential relationship or where the Executive has had access to Confidential Information regarding such relationship);

(iv) performing services as an employee, director, officer, consultant, independent contractor or advisor to; or investing in (whether in the form of equity or debt, owning any interest or otherwise having an ownership or other interest in or a connection to), any healthcare real estate investment trust (" **REIT** "), or any person which owns in excess of five percent (5%) of the issued and outstanding equity interest of a healthcare REIT, or any other company, entity or person that directly and materially competes with the Company anywhere in the United States. Nothing in this **Section (iv)** shall, however, restrict the Executive from making an investment in and owning, directly or indirectly, up to two percent (2%) of the common stock of any company whose stock is listed on a national exchange, provided that such investment does not give the Executive the right or ability to control or influence the policy decisions of any direct competitor; or

(v) owning, directing, managing, developing, leasing, operating or supervising, or working or performing any services, including consulting or advisory services, for any business or person that, directly or indirectly, owns, directs, manages, develops, leases, operates, or supervises for, any healthcare real estate property, healthcare asset, healthcare facility, or healthcare community, including (whether inpatient or outpatient) any medical office, ambulatory care/surgery, hospital (specialty, short/general term acute, long term acute, psychiatric), diagnostic center, emergency centers, medical centers located in retail businesses and MRI centers. Nothing in this Section (v) shall, however, restrict the Executive from making an investment in and owning, directly or indirectly, up to two percent (2%) of the common stock of any company whose stock is listed on a national exchange, provided that such investment does not give the Executive the right or ability to control or influence the policy decisions of any direct competitor. Notwithstanding anything to the contrary set forth in this Agreement, the Executive's existing investments in real estate that are leased to two retail stores, as previously disclosed to the Company, will be deemed not to violate any provision of this Agreement.

(c) Other Prohibited Activities. The Executive shall not during the Restricted Period, either directly or indirectly (through another business or person) engage in or facilitate any of the following activities anywhere in the United States or in any location outside the United States where the Company conducts or plans to conduct business: (i) performing services as an employee, director, officer, consultant, independent contractor or advisor to, or (ii) investing in, whether in the form of equity or debt, owning any interest or otherwise having an ownership or other interest or a connection to, any company or entity, or any of its parent, sister, subsidiary or affiliated entities in any manner, including as an owner, principal, partner, officer, director, stockholder, employee, consultant, contractor, agent, broker, representative or otherwise of any Person that is then in an existing operator, tenant, lessor or manager relationship with the Company, or any of its affiliates. Nothing in this Section (c) shall, however, restrict the Executive from making an investment in and owning, directly or indirectly, up to two percent (2%) of the common stock of any company whose stock is listed on a national exchange, provided that such investment does not give the Executive the right or ability to control or influence the policy decisions of any direct competitor.

(d) Non-Disparagement

(i) The Executive agrees not to make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written, directly or indirectly) that (A) accuses or implies that the Company and/or any of its affiliates, together with their respective present or former officers, directors, partners, stockholders, employees and agents, and each of their predecessors, successors and assigns, engaged in any wrongful, unlawful, unethical or improper conduct, whether relating to the Executive's employment (or termination thereof), the business or operations of the Company, or otherwise; or (B) disparages, impugns or in any way reflects adversely upon the business, good will, products, business opportunities, competency, character, behavior or reputation of the Company and/or any of its affiliates, together with their respective present or former officers, directors, partners, stockholders, employees and agents, and each of their predecessors, successors and assigns.

(ii) The Company agrees not to make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written, directly or indirectly) that (A) accuses or implies that the Executive engaged in any wrongful, unlawful, unethical or improper conduct, whether relating to the Executive's employment (or termination thereof), the business or operations of the Company, or otherwise; or (B) disparages, impugns or in any way reflects adversely upon the business, good will, business opportunities, competency, character, behavior or reputation of the Executive. Obligations of the Company under this Section (ii) shall only apply to the Board and the CEO.

(iii) Nothing herein shall be deemed to preclude the Executive or the Company from providing truthful testimony or information pursuant to subpoena, court order or other similar legal process.

(e) Limitations on Restrictive Covenants . It is the intention of the parties that, the limitations contained in **Sections 9(b)(iv) and 9(b)(v)** herein shall not be deemed breached by the Executive's continuing to operate in the employ of Lillibridge in the ordinary course of business as in effect prior to the Effective Date, provided that such activity does not utilize any Confidential Information or other proprietary information of the Company obtained during the due diligence process in contemplation of the Transactions. In addition, in the event that the Transaction Agreement is terminated, the Restrictive Covenants, other than **Section 9(a)** , will be null and void in their entirety.

(f) New Employer . The Executive shall provide the terms and conditions of this **Section 9** to any prospective new employer and shall permit the Company to contact any such company, entity or individual to confirm the Executive's compliance with this **Section 9** and shall provide such company, entity or individual with such information (including a copy of this **Section 9**) as it requests to allow such inquiry.

(g) Reasonableness of Restrictive Covenants .

(i) The Executive acknowledges that the covenants contained in this **Section 9** are reasonable in the scope of the activities restricted, the geographic area covered by the restrictions, and the duration of the restrictions, and that such covenants are reasonably necessary to protect the Company's legitimate interests in its Confidential Information, its reputation, and in its relationships with its employees, customers, and suppliers.

(ii) The Company has, and the Executive has had an opportunity to, consult with their respective legal counsel and to be advised concerning the reasonableness and propriety of such covenants. The Executive acknowledges that his observance of the covenants contained herein will not deprive the Executive of the ability to earn a livelihood or to support his dependents.

(h) Right to Injunction . In recognition of the confidential nature of the Confidential Information, and in recognition of the necessity of the limited restrictions imposed by **Section 9** , the Executive and the Company agree that it would be impossible to measure solely in money the damages which the Company would suffer if the Executive were to breach any of his obligations hereunder. The Executive acknowledges that any breach of any provision of this Agreement would irreparably injure the Company. Accordingly, the parties agree that if a party breaches any of the provisions of **Section 9** , the other party shall be entitled, in addition to any other remedies to which the other party may be entitled under this Agreement or otherwise (including the arbitration provisions of **Section 10**), to an injunction to be issued by a court of competent jurisdiction, to restrain any breach, or threatened breach, of any provision of **Section 9** , and the breaching party hereby waives any right to assert any claim or defense that the non-breaching party has an adequate remedy at law for any such breach.

(i) Assistance . During the one-year period following a termination of the Executive's employment with the Company, the Executive shall from time to time provide the Company with such reasonable assistance and cooperation (not in excess of twenty (20) hours per month) as the Company may reasonably from time to time request in connection with any financial and business issues, investigation, claim, dispute, judicial, legislative, administrative or arbitral proceeding, or litigation (any of the foregoing, a "**Proceeding** ") arising out of matters within the knowledge of the Executive and related to his position as an employee of the Company. Such assistance and cooperation shall include providing information, declarations or statements to the Company, signing documents, meeting with attorneys or other representatives of the Company, and preparing for and giving truthful testimony in connection with any Proceeding or related deposition. The Executive shall agree to also make himself available to assist the Company with transition of the Executive's duties to his successor and addressing ongoing issues and problems. In any such instance, the Executive shall provide such assistance and cooperation at times and in places mutually convenient for the Company and the Executive and which do not unreasonably interfere with the Executive's business or personal activities. If and to the extent that the Company shall require the Executive to render assistance pursuant to this **Section 9(i)** , the Company shall pay the Executive \$300 per hour for all time in excess of five (5) hours per month for such services. The Company shall reimburse the Executive's reasonable out-of-pocket costs and expenses in connection with such assistance and cooperation upon the Executive's written request in such form and containing such information as the Company shall reasonably request.

(j) **Consideration**. In consideration of the restrictions set forth in **Sections 9(b)** and **9(c)**, the Company will pay the Executive the amount set forth on Schedule 1 hereto, subject to any applicable withholding pursuant to **Section 13**, with such amount to be paid in a single lump-sum on the day of Closing.

10. Disputes. Any dispute or controversy arising under, out of, or in connection with this Agreement (with the exception of the Company's right to seek an injunction under **Section 9** of this Agreement) shall, at the election and upon written demand of the Company, be finally determined and settled by binding arbitration in the City of Chicago, Illinois, in accordance with the commercial arbitration rules and procedures of JAMS, and judgment upon the award may be entered in any court having jurisdiction thereof. Each party shall bear its own costs, legal fees and other expenses respecting such arbitration; provided, however, if one party shall prevail in the claims in such arbitration, the non-prevailing party shall pay the prevailing party's costs, non-contingent legal fees and other reasonable expenses respecting such arbitration party.

11. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, or any business of the Company for which the Executive's services are principally performed, to assume and agree to perform this Agreement in the same manner and to the same amount that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "**Company**" shall mean the Company as herein before defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

12. Other Severance Benefits. Other than as expressly provided therein, the Executive hereby agrees that in consideration for the payments to be received under **Sections 7** or **8** of this Agreement, the Executive waives any and all rights to any payments or benefits under any plans, programs, contracts or arrangements of the Company or their respective affiliates that provide for severance payments or benefits upon a termination of employment.

13. Withholding. The Company may withhold all applicable required federal, state, local and other employment, income and other taxes from any and all payments to be made pursuant to this Agreement.

14. No Mitigation. The Executive shall have no duty to mitigate his damages by seeking other employment and, should the Executive actually receive compensation from any such other employment, the payments required hereunder, shall not be reduced or offset by any such compensation except that the welfare benefits provided pursuant to **Section 7(b)(2)** or **Section 8(a)(3)** shall end to the extent the Executive receives similar benefits from a subsequent employer and would no longer be eligible for continuation coverage under COBRA.

15. Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given when delivered or sent by telephone facsimile transmission, personal or overnight couriers, or registered mail with confirmation of receipt, addressed as follows:

If to the Executive : at the most recent address on file with the Company.

With a copy to:

Peter I. Mason
Freeborn & Peters, LLP
311 S. Wacker Dr., Ste 3000
Chicago, IL 60606

If to Company :

Ventas, Inc.
111 S. Wacker, Ste. 4800
Chicago, IL 60606
Attention: VP Human Resources

With a copy to

Ventas, Inc.
10350 Ormsby Park Place, Suite 300
Louisville, KY 40223
Attn.: General Counsel

16. Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by either party.

17. Entire Agreement; Amendment. This instrument contains the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements, promises, covenants, arrangements, communications, representations and warranties between them, wither written or oral, with respect to the subject matter hereof (excluding the Acquisition definitive documents). No provisions of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is agreed to in writing signed by the Executive and the Company.

18. Severability and Partial Invalidity . The various covenants and provisions of this Agreement are intended to be severable and to constitute independent and distinct binding obligations. If any covenant or provision of this Agreement is determined to be void and unenforceable, in whole or in part, it shall not be deemed to affect or impair the validity of any other covenant or provision or part thereof, and such covenant or provision or part thereof shall be deemed modified to the extent required to permit enforcement. Without limiting the generality of the foregoing, if the scope of any covenant contained in this Agreement is too broad to permit enforcement to its full extent, such covenant shall be enforced to the maximum extent permitted by law, and the parties hereby agree that such scope may be judicially modified accordingly.

19. Governing Law . This Agreement shall be construed in accordance with and governed by the laws of the State of Illinois, without regards to the conflict of laws provisions of any jurisdiction.

20. Fees and Costs . Upon, and subject to the occurrence of, Closing, the Company agrees to pay, or to reimburse senior management of Lillibridge, including the Executive, for their reasonable out of pocket legal and financial planning expenses incurred solely in connection with and related to the preparation and negotiation of their applicable employment and related agreements (including this Agreement), subject to a cap of \$150,000 in the aggregate for all such Lillibridge senior management.

21. Headings . The headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

22. Survival . The rights and obligations of the Executive and the Company under **Sections 9** and **10** of this Agreement shall survive the termination of the Executive's employment and the termination or expiration of this Agreement. Subject to **Section 9(e)** , it is specifically acknowledged and agreed to by the parties that the rights and obligations of the Executive and the Company under **Sections 9** and **10** of this Agreement are not conditioned upon Closing and shall become effective upon execution of this Agreement. All other rights and obligations of the Executive and the Company (including those rights in **Sections 7** and **8**) shall survive the termination or expiration of this Agreement only to the extent that they expressly contemplate future performance and remain unperformed.

23. Counterparts . This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

24. Compliance With Section 409A . All payments pursuant to this Agreement shall be subject to the provisions of this **Section 24** . Notwithstanding anything herein to the contrary, this Agreement is intended to be interpreted and operated to the fullest extent possible so that the payments and benefits under this Agreement either shall be exempt from or shall comply with the requirements of the requirements of Section 409A; provided, however , that, notwithstanding anything to the contrary in this Agreement, in no event shall the Company be liable to the Executive for or with respect to any taxes, penalties or interest which may be imposed upon the Executive pursuant to Section 409A.

(a) Payments to Specified Employees . To the extent that any payment or benefit pursuant to this Agreement constitutes a "deferral of compensation" subject to Section 409A (after taking into account to the maximum extent possible any applicable exemptions) (a " **409A Payment** ") treated as payable upon Separation from Service, then, if on the date of the Executive's Separation from Service, the Executive is a Specified Employee, then to the extent required for the Executive not to incur additional taxes pursuant to Section 409A, no such 409A Payment shall be made to the Executive earlier than the earlier of (i) six (6) months after the Executive's Separation from Service; or (ii) the date of his death. Should this **Section 24** result in the delay

of benefits, any such benefit shall be made available to the Executive by the Company during such delay period at the Executive's expense. Should this **Section 24** result in a delay of payments or benefits to the Executive, on the first day any such payments or benefits may be made without incurring additional tax pursuant to Section 409A (the "**409A Payment Date**"), the Company shall make such payments and provide such benefits as provided for in this Agreement, provided that any amounts that would have been payable earlier but for the application of this **Section 24**, as well as any reimbursement of the amount the Executive paid for benefits pursuant to the preceding sentence, shall be paid in a lump-sum on the 409A Payment Date along with accrued interest at the rate of interest published in the *Wall Street Journal* as the "prime rate" (or equivalent) on the date that payments or benefits, as applicable, to the Executive should have been made under this Agreement. For purposes of this **Section 24**, the term "Specified Employee" shall have the meaning set forth in Section 409A, as determined in accordance with the methodology established by the Company. For purposes of determining whether a Separation from Service has occurred for purposes of Section 409A, to the extent permissible under Section 409A, subsidiaries and affiliates of the Company are those included by using a twenty percent (20%) standard to define the controlled group under Code Section 1563(a) in lieu of the fifty percent (50%) default rule. In addition, for purposes of determining whether a Separation from Service has occurred for purposes of Section 409A, a Separation from Service is deemed to include a reasonably anticipated permanent reduction in the level of services performed by the Executive to less than fifty (50%) of the average level of services performed by the Executive during the immediately preceding 36-month period.

(b) Reimbursements. For purposes of complying with Section 409A and without extending the payment timing otherwise provided in this Agreement, taxable reimbursements under this Agreement, subject to the following sentence and to the extent required to comply with Section 409A, will be made no later than the end of the calendar year following the calendar year the expense was incurred. To the extent required to comply with Section 409A, any taxable reimbursements and any in-kind benefit under this Agreement will be subject to the following: (a) payment of such reimbursements or in-kind benefits during one calendar year will not affect the amount of such reimbursement or in-kind benefits provided during any other calendar year (other than for medical reimbursement arrangements as excepted under Treasury Regulations §1.409A-3(i)(1)(iv)(B) solely because the arrangement provides for a limit on the amount of expenses that may be reimbursed under such arrangement over some or all of the period the arrangement remains in effect); (b) such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another form of compensation to the Executive and (c) the right to reimbursements under this Agreement will be in effect for the lesser of the time specified in this Agreement or ten years plus the lifetime of the Executive. Any taxable reimbursements or in-kind benefits shall be treated as not subject to Code Section 409A to the maximum extent provided by Treasury Regulations §1.409A-1(b)(9)(v) or otherwise under Section 409A.

(c) Release . Subject to **Section 24(a)** , (i) to the extent that the Executive is required to execute and deliver a Release to receive a 409A Payment and (ii) this Agreement provides for such 409A Payment to be provided prior to the thirtieth (30th) day following the Executive's Separation from Service, such 409A Payment will be provided upon the thirtieth (30th) day following the Executive's Separation from Service provided the Release in the form mutually agreed upon between the Executive and the Company or in the form set forth in Attachment A has been executed, delivered and effective prior to such time. If a Release is required for a 409A Payment and such Release is not executed, delivered and is effective by the thirtieth (30th) day following the Executive's Separation from Service, such 409A Payment shall not be provided to the Executive to the extent that providing such 409A Payment would cause such 409A Payment to fail to comply with Section 409A. To the extent that any payments or benefits under this Agreement are intended to be exempt from Section 409A as a short-term deferral pursuant to Treasury Regulations §1.409A-1(b)(4) or any successor thereto and require the Executive to provide a Release to the Company to obtain such payments or benefits, any Release required for such payment or benefit must be provided in the form mutually agreed upon between the Executive and the Company or in the form set forth in Attachment A no later than March 7th of the calendar year following the calendar year of the Executive's Separation from Service.

(d) No Acceleration; Separate Payments . No 409A Payment payable under this Agreement shall be subject to acceleration or to any change in the specified time or method of payment, except as otherwise provided under this Agreement and consistent with Section 409A. If under this Agreement, a 409A Payment is to be paid in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payment.

(e) Cooperation . If any compensation or benefits provided by this Agreement may result in the application of Section 409A, the Company shall, in consultation with the Executive, modify the Agreement in the least restrictive manner necessary in order to either exclude such compensation from the definition of "deferred compensation" within the meaning of such Section 409A or comply with the provisions of Section 409A and without any diminution in the value of the payments or benefits to the Executive. This **Section 24** is not intended to impose any restrictions on payments or benefits to the Executive other than those otherwise set forth in this Agreement or required for the Executive not to incur additional tax under Section 409A and shall be interpreted and operated accordingly. The Company to the extent reasonably requested by the Executive shall modify this Agreement to effectuate the intention set forth in the preceding sentence.

25. Interpretation and Construction. The parties hereto participated jointly in the negotiation and preparation of this Agreement, and each party has had the opportunity to obtain the advice of legal counsel and to review and comment upon this Agreement. Accordingly, it is agreed that no rule of construction shall apply against any party or in favor of any party. This Agreement shall be construed as if the parties jointly prepared this Agreement, and any uncertainty or ambiguity shall not be interpreted against one party and in favor of the other. In this Agreement, unless otherwise stated or the context otherwise requires, the following uses apply: (a) “ **including** ” means “ **including, but not limited to;** ” (b) all references to sections are to sections in this Agreement unless otherwise specified; (c) all words used in this Agreement will be construed to be of such gender or number as the circumstances and context require; (d) the captions and headings of sections appearing in this Agreement have been inserted solely for convenience of reference and shall not be considered a part of this Agreement nor shall any of them affect the meaning or interpretation of this Agreement or any of its provisions; and (e) any reference to a document or set of documents in this Agreement, and the rights and obligations of the parties under any such documents, shall mean such document or documents as amended from time to time, and any and all modifications, extensions, renewals, substitutions or replacements thereof.

26. WAIVER. TO THE EXTENT PERMITTED BY LAW, EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT THAT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION ARISING IN ANY WAY IN CONNECTION WITH THIS AGREEMENT. EACH PARTY ACKNOWLEDGES THAT SUCH PARTY HAS BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL SELECTED OF SUCH PARTY’S OWN FREE WILL AND THAT IT HAS DISCUSSED THIS WAIVER WITH SUCH LEGAL COUNSEL, OR HAS HAD ADEQUATE OPPORTUNITY TO SEEK SUCH COUNSEL. EACH PARTY FURTHER ACKNOWLEDGES THAT (i) IT HAS READ AND UNDERSTANDS THE MEANING AND RAMIFICATIONS OF THIS WAIVER, AND (ii) THIS WAIVER IS A MATERIAL INDUCEMENT FOR THE OTHER PARTIES TO ENTER INTO THIS AGREEMENT.

[The Remainder of this Page Intentionally Left Blank]

IN WITNESS WHEREOF , the parties have executed this Agreement as of the date first above written.

VENTAS, INC.

By: /s/ T. Richard Riney

Name: T. Richard Riney

Its: Executive Vice President,
Chief Administrative Officer
and General Counsel

/s/ Todd W. Lillibridge

Todd W. Lillibridge

Executive

Signature Page to Employment Agreement

Attachment A

**Employment Agreement by and between Ventas, Inc. and
Todd W. Lillibridge**

AGREEMENT AND GENERAL RELEASE

THIS AGREEMENT AND GENERAL RELEASE (the “ **Release** ”) is made and entered into as of this ____ day of [_____, 20____], by and between [_____] (“ _____ ”) and its successors (collectively referred to herein as the “ **Company** ”), and Todd W. Lillibridge (the “ **Executive** ”).

WHEREAS, the Executive and the Company have entered into an Employment Agreement dated the ____ day of _____, ____ (“ **Employment Agreement** ”); and

WHEREAS, the Executive’s employment with the Company and the Employment Agreement have been terminated,

NOW THEREFORE, in consideration for receiving benefits and severance under the Employment Agreement and in consideration of the representations, covenants and promises set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Termination of Employment . The Executive and the Company agree that the Executive’s employment with the Company terminated effective _____.

2. Severance Benefits . In consideration for the promises made in this Release, the Company agrees to provide the Executive [_____] [to include all cash payments or benefits due to the Executive under the terms of the Employment Agreement, as may be applicable], payable on the [_____] (_____) day following the Date of Termination, after the execution by the Executive (without subsequent revocation) of this Release [Modify for lump-sum or installment payments, as may be applicable]. The Executive acknowledges that the [severance payment and health insurance benefits] are being provided by the Company as consideration for the Executive entering into this Agreement, including the release of claims and waiver of rights provided for herein. The Executive acknowledges that the [severance payment and health insurance benefits] shall be subject to all applicable withholding and reporting requirements.

3. General Release. The Executive, with full understanding of the contents and legal effect of this Release and having the right and opportunity to consult with his counsel, releases and discharges the Company, its shareholders, officers, directors, supervisors, managers, employees, agents, representatives, attorneys, parent companies, divisions, subsidiaries and affiliates, and all related entities of any kind or nature, and its and their predecessors, successors, heirs, executors, administrators, and assigns (collectively, the “ **Company Released Parties** ”) from any and all claims, actions, causes of action, grievances, suits, charges, or complaints of any kind or nature whatsoever, that he ever had or now has, whether fixed or contingent, liquidated or unliquidated, known or unknown, suspected or unsuspected, and whether arising in tort, contract, statute, or equity, before any federal, state, local, or private court, agency, arbitrator, mediator, or other entity, regardless of the relief or remedy, arising prior to the execution of this Release. Without limiting the generality of the foregoing, it being the intention of the parties to make this Release as broad and as general as the law permits, this Release specifically includes any and all subject matters and claims arising from any alleged violation by the Released Parties under the United States Constitution, the constitution of any state, the Age Discrimination in Employment Act of 1967, as amended; Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1866, as amended by the Civil Rights Act of 1991 (42 U.S.C. § 1981); the Rehabilitation Act of 1973, as amended; the Executive Retirement Income Security Act of 1974, as amended; the Illinois Human Rights Act, as amended; the Illinois Personnel Record Review Act, as amended, and other similar state or local laws; the Americans with Disabilities Act; the Worker Adjustment and Retraining Notification Act; the Equal Pay Act; Executive Order 11246; Executive Order 11141; and any other statutory claim, employment or other contract or implied contract claim, claim for equity in the Company, or common law claim for wrongful discharge, breach of an implied covenant of good faith and fair dealing, defamation, or invasion of privacy arising out of or involving his employment with the Company, the termination of his employment with the Company, or involving any continuing effects of his employment with the Company or termination of employment with the Company; *provided, however* , that nothing herein waives or releases the Executive’s rights to which the Executive may be entitled under a Company sponsored tax qualified retirement or savings plan, to any rights of the Executive to indemnification under the Articles of Incorporation or by-laws of the Company or other agreement between the Executive and the Company, to any rights of the Executive under any directors’ and officers’ liability insurance policy maintained by the Company, nor to any payments or benefits the Company is required to pay or provide pursuant to the terms of this Release.

THE UNDERSIGNED ACKNOWLEDGES THAT HE HAS BEEN ADVISED BY LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF ANY APPLICABLE STATE CIVIL CODE (OR ANY SIMILAR PROVISION OF ANY STATE LAW, WHICH MAY BE APPLICABLE), WHICH MAY PROVIDE AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

THE UNDERSIGNED, BEING AWARE OF SAID CODE SECTION (OR APPLICABLE CODE SECTIONS OR LAW), HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

4. Covenant Not to Sue. The Executive agrees not to bring, file, charge, claim, sue or cause, assist, or permit to be brought, filed, charged or claimed any action, cause of action, or proceeding regarding or in any way related to any of the claims described in Paragraph 3 hereof, and further agrees that this Release is, will constitute and may be pleaded as, a bar to any such claim, action, cause of action or proceeding. If any government agency or court assumes jurisdiction of any charge, complaint, or cause of action covered by this Release, the Executive will not seek and will not accept any personal equitable or monetary relief in connection with such investigation, civil action, suit or legal proceeding.

5. Severability. If any provision of this Release shall be found by a court to be invalid or unenforceable, in whole or in part, then such provision shall be construed and/or modified or restricted to the extent and in the manner necessary to render the same valid and enforceable, or shall be deemed excised from this Release, as the case may require, and this Release shall be construed and enforced to the maximum extent permitted by law, as if such provision had been originally incorporated herein as so modified or restricted, or as if such provision had not been originally incorporated herein, as the case may be. The parties further agree to seek a lawful substitute for any provision found to be unlawful; provided, that, if the parties are unable to agree upon a lawful substitute, the parties desire and request that a court or other authority called upon to decide the enforceability of this Release modify the Release so that, once modified, the Release will be enforceable to the maximum extent permitted by the law in existence at the time of the requested enforcement.

6. Non-Disclosure. The Executive agrees that he will keep the terms and amounts set forth in this Release completely confidential and will not disclose any information concerning this Release's terms and amounts to any person other than his attorney, accountant, tax advisor, or immediate family.

7. Representation. The Executive hereby agrees that this Release is given knowingly and voluntarily and acknowledges that:

(a) this Release is written in a manner understood by the Executive;

(b) this Release refers to and waives any and all rights or claims that the Executive may have arising under the Age Discrimination in Employment Act, as amended;

(c) the Executive has not waived any rights arising after the date of this Release;

(d) the Executive has received valuable consideration in exchange for this Release in addition to amounts Executive is already entitled to receive; and

(e) the Executive has been advised to consult with an attorney prior to executing this Release.

8. Consideration and Revocation. The Executive is receiving this Release on _____, 20____, and Executive shall be given twenty-one (21) days from receipt of this Release to consider whether to sign the Release. The Executive agrees that changes or modifications to this Release do not restart or otherwise extend the above twenty-one (21) day period. Moreover, the Executive shall have seven (7) days following execution to revoke this Release in writing to the Secretary of the Company and this Release shall not take effect until those seven (7) days have ended.

9. Amendment . This Release may not be altered, amended, or modified except in writing signed by both the Executive and the Company.

10. Joint Participation . The parties hereto participated jointly in the negotiation and preparation of this Release, and each party has had the opportunity to obtain the advice of legal counsel and to review and comment upon the Release. Accordingly, it is agreed that no rule of construction shall apply against any party or in favor of any party. This Release shall be construed as if the parties jointly prepared this Release, and any uncertainty or ambiguity shall not be interpreted against one party and in favor of the other.

11. Binding Effect; Assignment . This Agreement and the various rights and obligations arising hereunder shall inure to the benefit of and be binding upon the parties and their respective successors, heirs, representatives and permitted assigns. Neither party may assign its respective interests hereunder without the express written consent of the other party.

12. Applicable Law and Disputes . This Release shall be governed by, and construed in accordance with, the state laws as provided in the Employment Agreement. The resolution of any disputes under this Release shall be subject to the provisions of Section 10 of the Employment Agreement.

13. Execution of Release . This Release may be executed in several counterparts, each of which shall be considered an original, but which when taken together, shall constitute one Release.

PLEASE READ THIS RELEASE AND CAREFULLY CONSIDER ALL OF ITS PROVISIONS BEFORE SIGNING IT. THIS RELEASE CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS, INCLUDING THOSE UNDER THE FEDERAL AGE DISCRIMINATION IN EMPLOYMENT ACT, AND OTHER FEDERAL, STATE AND LOCAL LAWS PROHIBITING DISCRIMINATION IN EMPLOYMENT.

If the Executive signs this Release less than twenty-one (21) days after he receives it from the Company, he confirms that he does so voluntarily and without any pressure or coercion from anyone at the Company.

IN WITNESS WHEREOF, the Executive and the Company have voluntarily signed this Agreement and General Release on the date set forth above.

The Company

Todd W. Lillibridge

By: _____

Its: _____

[_____]

Date

Date

Schedule 1

Consideration

\$1,900,000.00

Published CUSIP Number: _____

CREDIT AND GUARANTY AGREEMENT

Dated as of April 26, 2006

among

VENTAS REALTY, LIMITED PARTNERSHIP,
as Borrower,

THE GUARANTORS REFERRED TO HEREIN,

THE LENDERS REFERRED TO HEREIN

and

BANK OF AMERICA, N.A.,
as Administrative Agent, Issuing Bank and Swingline Lender

CALYON NEW YORK BRANCH
and
CITICORP NORTH AMERICA, INC.,
as Co-Syndication Agents

MERRILL LYNCH & CO. INC.
and
UBS SECURITIES LLC,
as Co-Documentation Agents

DEUTSCHE BANK TRUST COMPANY AMERICAS,
BANK OF MONTREAL,
KEYBANK NATIONAL ASSOCIATION,
LASALLE BANK NATIONAL ASSOCIATION
and
MORGAN STANLEY BANK,
as Managing Agents

BANC OF AMERICA SECURITIES LLC
and
CALYON NEW YORK BRANCH,
as Joint Lead Arrangers and Joint Book Managers

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2.4(e)-2	Form of Swingline Note
2.7(b)	Form of Notice of Prepayment
5.1(g)	Form of Closing Certificate
6.2(a)	Form of Compliance Certificate
6.12	Form of Joinder Agreement
12.6(b)	Form of Assignment and Assumption

CREDIT AND GUARANTY AGREEMENT, dated as of April 26, 2006 (as amended, restated, extended, supplemented, renewed, replaced or otherwise modified from time to time, this “Credit Agreement”), among VENTAS REALTY, LIMITED PARTNERSHIP, a Delaware limited partnership (the “Borrower”), VENTAS, INC., a Delaware corporation (“Ventas”), and certain Subsidiaries of Ventas identified herein, as Guarantors, the Lenders identified herein, including Bank of America, N.A., as Issuing Bank for the Letters of Credit hereunder, Bank of America, N.A. as Administrative Agent, Calyon New York Branch and Citicorp North America, Inc., as Co-Syndication Agents, and Merrill Lynch & Co. Inc. and UBS Securities LLC, as Co-Documentation Agents.

INTRODUCTORY STATEMENT

A \$300,000,000 revolving credit facility was established in favor of the Borrower pursuant to the terms of that certain Third Amended and Restated Credit, Security and Guaranty Agreement dated as of September 8, 2004 among the Borrower, the guarantors identified therein and the lenders identified therein (as amended by that certain Amendment No. 1 dated as of May 6, 2005 and as otherwise modified or amended from time to time, the “Prior Credit Agreement”).

The Borrower has requested that the Administrative Agent, on behalf of the Lenders under the Prior Credit Agreement, release all collateral previously pledged in connection with the Prior Credit Agreement, and has requested certain modifications to the Prior Credit Agreement, including, among other things, an increase in the principal amount of the revolving credit facility to \$500,000,000, and the Administrative Agent and the Lenders have agreed to such modifications on the terms and conditions set forth herein.

This Credit Agreement supersedes and replaces in its entirety the Prior Credit Agreement.

To provide assurance for the repayment of the Loans hereunder and the other Obligations of the Credit Parties, the Borrower will, among other things, provide or cause to be provided to the Administrative Agent, for the benefit of the holders of the Obligations so guaranteed, a guaranty of the Obligations by each of the Guarantors pursuant to Article IX hereof;

Subject to the terms and conditions set forth herein, the Administrative Agent is willing to act as administrative agent for the Lenders, the Issuing Bank is willing to issue Letters of Credit as provided herein, the Swingline Lender is willing to make Swingline Loans as provided herein, and each of the Revolving Lenders is willing to make Revolving Loans and to participate in Letters of Credit to the Borrower as provided herein in an aggregate amount at any one time outstanding not in excess of such Lender’s Revolving Commitment hereunder.

Accordingly, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

Section 1.1 Definitions .

For the purposes hereof unless the context otherwise requires, all references to Articles and Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Credit Agreement, terms defined in the Introductory Statement shall have the meanings provided therein, the following terms shall have the meanings indicated:

“Acquisition” by any Person, shall mean the purchase or acquisition by such Person of any Capital Stock in or any asset of another Person, whether or not involving a merger or consolidation with such other Person.

“ Adjusted Base Rate ” shall mean the Base Rate plus the Applicable Percentage.

“ Adjusted Eurodollar Rate ” shall mean the Eurodollar Rate plus the Applicable Percentage.

“ Administrative Agent ” shall mean Bank of America, in its capacity as administrative agent for the Lenders hereunder or such successor Administrative Agent as may be appointed pursuant to Section 11.8 hereof.

“ Administrative Agent’s Office ” shall mean the Administrative Agent’s address as set forth on Schedule 12.2, or such other address as the Administrative Agent may from time to time change by notice thereof given to the Borrower and the Lenders in accordance with Section 12.2(d).

“ Administrative Questionnaire ” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“ Affiliate ” means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“ Affiliated Group ” shall mean a group of Persons, each of which is an Affiliate of some other Person in the group.

“ Agent Parties ” shall have the meaning given to such term in Section 12.2(c).

“ Applicable Percentage ” shall mean, for any applicable period, (a) a per annum rate based on, subject to clause (b) below, the Consolidated Total Leverage Ratio as follows:

Pricing Level	Consolidated Total Leverage Ratio	Revolving Loans	
		Applicable Percentage for Eurodollar Rate Loans	Applicable Percentage for Base Rate Loans
I	greater than 55%	1.25%	0.00%
II	greater than 50% but less than or equal to 55%	1.05%	0.00%
III	greater than 45% but less than or equal to 50%	0.90%	0.00%
IV	greater than 35% but less than or equal to 45%	0.75%	0.00%
V	less than or equal to 35%	0.50%	0.00%

Any increase or decrease in the Applicable Percentage resulting from a change in the Consolidated Total Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is required to be delivered pursuant to Section 6.2(b); provided, however, that if a Compliance Certificate is not delivered when due in accordance with such Section, then Pricing Level I shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered until the Business Day following the delivery of the Compliance Certificate. The Applicable Percentage in effect from the Closing Date through the first Business Day following delivery of the Compliance Certificate pursuant to Section 6.2(a) with respect to the fiscal quarter ending March 31, 2006 shall be determined based upon Pricing Level IV.

(b) In the event that the Borrower achieves an investment grade Debt Rating by S&P or Moody's, the Borrower may, upon written notice to the Administrative Agent, elect to convert to the ratings-based pricing grid set forth below. Any such election to the ratings-based pricing grid below may be made only one time after the Closing Date and shall be irrevocable.

Pricing Level	Debt Rating S&P/Moody's	Revolving Loans	
		Applicable Percentage for Eurodollar Rate Loans	Applicable Percentage for Base Rate Loans
1	BBB-/Baa3	0.90%	0.00%
2	BBB/Baa2	0.80%	0.00%
3	BBB+/Baa1	0.65%	0.00%

Initially, the Applicable Percentage shall be determined based upon the Debt Rating effective at the time of the Borrower's election to convert to a ratings-based pricing grid. Thereafter, each change in the Applicable Percentage resulting from a publicly announced change in the Debt Rating shall be effective, in the case of an upgrade, during the period commencing on the date of delivery by the Borrower to the Administrative Agent of notice thereof and ending on the day immediately preceding the effective date of the next such change and, in the case of a downgrade, during the period commencing on the date of the public announcement thereof and ending on the day immediately preceding the effective date of the next such change. If the Borrower achieves an investment grade Debt Rating by both S&P and Moody's and the respective Debt Ratings issued by S&P and Moody's differ by one level, then the Pricing Level for the higher of such Debt Ratings shall apply (with the Debt Rating for Pricing Level 3 being the highest and the Debt Rating for Pricing Level 1 being the lowest). If the Borrower achieves an investment grade Debt Rating by both S&P and Moody's, but there is a split in Debt Ratings of more than one level, then the Pricing Level that is one level higher than the Pricing Level of the lower Debt Rating shall apply. If the Borrower has only one investment grade Debt Rating, then that Debt Rating shall apply. If the Borrower has elected to convert to a ratings-based pricing grid as provided above but fails to maintain an investment grade Debt Rating by at least one of S&P or Moody's, then the Applicable Percentage shall be determined pursuant to clause (a) above during the period commencing on the date of the public announcement thereof and ending on the Revolving Commitment Termination Date.

" Approved Fund " shall mean any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

" Assignee Group " means two (2) or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“ Assignment and Assumption ” shall mean an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 12.6(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit 12.6(b) or any other form approved by the Administrative Agent.

“ Authorized Officer ” shall mean, with respect to the Borrower or any Guarantor, the president, vice president, chief financial officer, controller or other chief accounting officer, secretary, treasurer or general counsel of the general partner or managing member of such entity or of such entity itself, as the case may be, and, solely for purposes of notices given pursuant to Article II, any other officer or employee of the Borrower so designated by any of the foregoing officers in a notice to the Administrative Agent.

“ Bank of America ” shall mean Bank of America, N.A., and its successors.

“ Bankruptcy Code ” shall mean the Bankruptcy Reform Act of 1978, as heretofore and hereafter amended, as codified at 11 U.S.C. § 101 et seq., and the rules and regulations promulgated thereunder, or any successor provision thereto.

“ BBA LIBOR ” shall have the meaning given to such term in the definition of “Eurodollar Base Rate”.

“ Base Rate ” shall mean a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate in effect for the relevant period plus one half of one percent (0.5%) and (b) the Prime Rate in effect for the relevant period.

“ Base Rate Loan ” shall mean a Loan based on the Base Rate in accordance with the provisions of Article II hereof.

“ Board ” shall mean the Board of Governors of the Federal Reserve System of the United States of America, or any successor thereto.

“ Board of Directors ” shall mean (a) with respect to a corporation, the Board of Directors of the corporation; (b) with respect to a partnership, the Board of Directors of the general partner of the partnership or the board or committee of the general partner of the partnership serving a similar function; and (c) with respect to any other Person, the board or committee of such Person serving a similar function.

“ Borrower ” shall have the meaning given to such term in the initial paragraph of this Credit Agreement, and its permitted successors.

“ Borrowing ” shall mean a group of Loans of a single Interest Rate Type and as to which a single Interest Period is in effect on a single day.

“ Borrowing Base ” shall mean, at any time, an amount equal to sixty percent (60%) of the Consolidated UAP Property Value.

“ Borrowing Base Certificate ” shall mean a certificate delivered to the Administrative Agent pursuant to Section 6.2 (c) identifying the UAP Properties, providing a summary of the Consolidated UAP Property Value relating thereto and stating the Consolidated Unencumbered NOI from UAP Properties attributable to each UAP Property, in form, substance and detail reasonably satisfactory to the Administrative Agent. A form of Borrowing Base Certificate is provided in Exhibit 2.1.

“Brookdale” shall mean any of Brookdale Senior Living, Inc. and its Subsidiaries and Affiliates.

“Business Day” shall mean any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the applicable Laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located and, if such day relates to any Eurodollar Rate Loan, any such day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“Capital Stock” means (a) in the case of a corporation, capital stock, (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (c) in the case of a partnership, partnership interests (whether general or limited), (d) in the case of a limited liability company, membership interests and (e) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“Capitalization Rate” shall mean (i) eight percent (8.0%) in the case of non-government reimbursed properties and assets and (ii) nine and three-quarters percent (9.75%) in the case of government reimbursed properties and assets.

“Cash Collateral Account” shall have the meaning given to such term in Section 10.1 hereof.

“Cash Collateral Bank” shall have the meaning given to such term in Section 10.1 hereof.

“Cash Collateralize” means to pledge and deposit with or deliver to the Cash Collateral Bank, for the benefit of the Issuing Bank and the Lenders, as collateral for the LOC Obligations, cash or deposit account balances pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the Issuing Bank (which documents are hereby consented to by the Lenders). Derivatives of such term have corresponding meanings.

“Cash Equivalents” means (a) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition, (b) interest bearing or discounted obligations of United States federal agencies and government-sponsored entities, or pools of such instruments offered by banks which have a long-term debt rating of AA or better by S&P or Aa2 by Moody’s, including, Federal Home Loan Mortgage Corporation participation sale certificates, Government National Mortgage Association modified pass through certificates, Federal National Mortgage Association bonds and notes and Federal Farm Credit System securities, (c) Eurodollar certificates of deposit, bankers acceptances, floating rate notes, other money market instruments and letters of credit each issued by banks which have a long-term debt rating of AA or better by S&P or Aa2 by Moody’s, (d) loan participations, each of which at the time of investment is rated at least AA by S&P, and/or Aa2 by Moody’s and/or unconditionally guaranteed by an entity having an AA rating by S&P, an Aa2 rating by Moody’s, or better rated credit, (e) real estate loan pool participations, guaranteed by an entity with an AA rating or better by S&P or an Aa2 rating or better by Moody’s and shares of any mutual fund that has its assets primarily invested in the types of investments referred to in clauses (a) through

(d) above, (f) Dollar-denominated time deposits and certificates of deposit of (i) any Lender, (ii) any domestic commercial bank of recognized standing having capital and surplus in excess of \$500,000,000 or (iii) any bank whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof, in each case with maturities of not more than one year from the date of acquisition, (g) commercial paper and variable or fixed rate notes issued by any bank referred to in clause (f)(iii) above (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by, any domestic corporation rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's and maturing within one year of the date of acquisition, (h) repurchase agreements entered into by any Person with a bank or trust company (including any of the Lenders) or recognized securities dealer having capital and surplus in excess of \$500,000,000 for direct obligations issued by or fully guaranteed by the United States in which such Person shall have a perfected first priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations and (i) Investments (classified in accordance with GAAP as current assets) in money market investment programs registered under the Investment Company Act of 1940 that are administered by reputable financial institutions having capital of at least \$500,000,000 and the portfolios of which are limited to Investments of the character described in the foregoing subclauses hereof.

“ Change in Control ” shall mean either (a) a Person or an Affiliated Group shall acquire thirty-five percent (35%) or more of any class of the voting stock of Ventas, and the Borrower shall not have repaid all of the outstanding Obligations in full in cash, Cash Collateralized all outstanding Letters of Credit in an amount equal to one hundred percent (100%) of the then current LOC Obligations and terminated the Commitments within forty-five (45) days after such Person or Affiliated Group shall have acquired such percentage of such stock; or (b) Ventas shall cease to be the sole general partner of the Borrower; or (c) Ventas shall cease to own sixty percent (60%) or more of the partnership interests in the Borrower.

“ Change in Law ” shall mean the occurrence, after the date of this Credit Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (having the force of law) by any Governmental Authority.

“ Closing Date ” shall mean the date on which the conditions precedent set forth in Section 5.1 hereof have been satisfied or waived.

“ Code ” shall mean the Internal Revenue Code of 1986, as codified at 26 U.S.C. § 1 et seq., and the rules and regulations promulgated thereunder, or any successor provision thereto.

“ Commitment Period ” shall mean the period from and including the Closing Date to but not including the earlier of (a) the Revolving Commitment Termination Date or (b) the date on which the Revolving Commitments terminate in accordance with the provisions of this Credit Agreement.

“ Commitments ” shall mean, collectively, the Revolving Commitments, the LOC Commitment and the Swingline Commitment.

“ Compensation Period ” shall have the meaning given to such term in Section 2.13(b)(ii)(B).

“ Compliance Certificate ” means a certificate substantially in the form of Exhibit 6.2(a).

“ Consolidated Adjusted Net Worth ” shall mean, as of any day for the Consolidated Group, the sum of (a) total stockholders’ equity or net worth plus (b) accumulated depreciation, in each case, determined on a consolidated basis in accordance with GAAP; but excluding, in any event, for purposes hereof, unrealized gains and losses on Interest Rate Protection Agreements, Currency Agreements or other interest rate derivatives reported on a consolidated balance sheet as accumulated other comprehensive income or loss.

“ Consolidated EBITDA ” shall mean, for any period for the Consolidated Group, the sum of Consolidated Net Income plus, without duplication, to the extent deducted in computing Consolidated Net Income, (a) amortization and depreciation expense, (b) other non-cash charges as are reasonably acceptable to the Administrative Agent and the Required Lenders, (c) Consolidated Interest Expense and (d) provision for taxes, in each case determined on a consolidated basis in accordance with GAAP; but excluding, in any event, (i) extraordinary gains and losses and related tax effects thereon, (ii) non-cash impairment charges, (iii) non-cash stock or option based compensation and (iv) other non-cash gains and losses and related tax effects thereon as are reasonably acceptable to the Administrative Agent and the Required Lenders, and including, in any event, a pro rata share of the foregoing items and components attributable to interests in Joint Ventures. Except as otherwise expressly provided, the applicable period shall be the four (4) consecutive fiscal quarters ending as of the date of determination.

“ Consolidated Fixed Charge Coverage Ratio ” shall mean the ratio of Consolidated EBITDA to Consolidated Fixed Charges.

“ Consolidated Fixed Charges ” shall mean, for any period for the Consolidated Group, the sum of, without duplication, (a) Consolidated Interest Expense, plus (b) scheduled principal payments on Consolidated Funded Debt (excluding any balloon or final payment) during the applicable period, plus (c) dividends and distributions on preferred stock of Ventas, if any, in each case determined on a consolidated basis in accordance with GAAP; but excluding, in any event, (i) gains and losses from unwinding or break-funding Interest Rate Protection Agreements, (ii) write-offs of unamortized deferred financing fees, (iii) prepayment fees, premiums and penalties, and (iv) other unusual items as are reasonably acceptable to the Administrative Agent and the Required Lenders. Except as otherwise expressly provided, the applicable period shall be the four (4) consecutive fiscal quarters ending as of the date of determination.

“ Consolidated Funded Debt ” shall mean, as of any day, Funded Debt for the Consolidated Group, determined on a consolidated basis in accordance with GAAP, but including, in any event, a pro rata share of the foregoing items and components attributable to interests in Joint Ventures.

“ Consolidated Gross Asset Value ” shall mean, as of any day for the Consolidated Group, the sum of (a) unrestricted cash, restricted cash to the extent a corresponding liability is included in Consolidated Total Liabilities, restricted cash held by third party lenders as collateral for indebtedness, and Cash Equivalents, plus (b) an amount equal to the quotient of Consolidated EBITDA for the period of four (4) consecutive fiscal quarters most recently ended divided by the Capitalization Rate, plus (c) one hundred percent (100%) of the book value of all development in progress, including land, plus (d) one hundred percent (100%) of the book value of other non-real property assets other than goodwill and other intangible assets, in each case determined on a consolidated basis in accordance with GAAP, but including, in any event, a pro rata share of the foregoing items and components attributable to interests in Joint Ventures; provided, however, that for purposes of clause (b), Acquisitions will be valued for the period of four (4) consecutive fiscal quarters following the date of Acquisition at the greater of (i) 100% of the purchase price or Acquisition cost thereof, or (ii) the quotient of the portion of Consolidated EBITDA for a period of four (4) consecutive fiscal quarters attributed to the Acquisition on a Pro Forma Basis divided by the Capitalization Rate.

“Consolidated Group” shall mean Ventas and any of its Subsidiaries determined on a consolidated basis in accordance with GAAP.

“Consolidated Interest Expense” shall mean, for any period for the Consolidated Group, interest expense determined in accordance with GAAP, but including, in any event, (i) the interest component under capital leases and the implied interest component under securitization transactions and (ii) a pro rata share of the foregoing items and components attributable to interests in Joint Ventures, and excluding, in any event, amortization of deferred financing fees, amortization of debt discounts and swap breakage costs. Except as otherwise expressly provided, the applicable period shall be the four (4) consecutive fiscal quarters ending as of the date of determination.

“Consolidated Net Income” shall mean, for any period for the Consolidated Group, net income or loss determined on a consolidated basis in accordance with GAAP; but including, in any event, a pro rata share of the foregoing items and components attributable to interests in Joint Ventures, and excluding, in any event, (a) the income or loss of any Person that is not a member of the Consolidated Group in which any member of the Consolidated Group has an equity investment or comparable interest, except to the extent of the amount of dividends or other distributions actually paid to members of the Consolidated Group by such Person during such period, (b) the income or loss of any Person accrued prior to the date that it became a member of the Consolidated Group or that such Person’s assets were acquired by a member of the Consolidated Group (except as otherwise required in connection with Section 1.2), and (c) any net after tax gains or losses attributable to sales of non-current assets out of the ordinary course of business and write-downs of non-current assets in anticipation of losses to the extent they have decreased net income. Except as otherwise expressly provided, the applicable period shall be the four (4) consecutive fiscal quarters ending as of the date of determination.

“Consolidated Secured Debt” shall mean the aggregate principal amount of Consolidated Funded Debt that is secured by a mortgage, deed of trust, lien, pledge, encumbrance or other security interest on property owned or leased by a member of the Consolidated Group, but including, in any event, a pro rata share of the foregoing items and components attributable to interests in Joint Ventures.

“Consolidated Secured Debt Leverage Ratio” shall mean the ratio of Consolidated Secured Debt to Consolidated Gross Asset Value.

“Consolidated Total Leverage Ratio” shall mean the ratio of Consolidated Total Liabilities to Consolidated Gross Asset Value.

“Consolidated Total Liabilities” shall mean, as of any day for the Consolidated Group, all liabilities determined on a consolidated basis in accordance with GAAP (subject to the inclusions, exclusions and limitations set forth in the definition of “Funded Debt” hereunder), but including, in any event, (a) all Consolidated Funded Debt, (b) accounts payable arising in the ordinary course of business and payable in accordance with customary trade terms, (c) dividends which have been declared or accrued but not yet paid, and (d) a pro rata share of the foregoing items and components attributable to interests in Joint Ventures, and excluding, in any event, (i) deferred income taxes, (ii) liabilities arising from the unwinding or break-funding of Interest Rate Protection Agreements, Currency Agreements and all other liabilities related to interest rate hedges, Currency Agreements and other such derivatives except to the extent such liabilities become current and realizable, provided that regular scheduled quarterly or monthly settlement payments on such agreements and other derivatives shall not be considered current and realizable for purposes hereof, (iii) Covered Liabilities and (iv) security deposits, accrued liabilities and prepaid rents, each as defined in accordance with GAAP.

“ Consolidated UAP Property Value ” shall mean an amount, determined as of the end of each calendar quarter, equal to the quotient of Consolidated Unencumbered NOI from UAP Properties divided by the Capitalization Rate.

“ Consolidated Unencumbered Assets ” shall mean, for the Consolidated Group, all real properties that are not encumbered by a mortgage, deed of trust, lien, pledge, encumbrance or other security interest to secure Funded Debt, but including, in any event, a pro rata share of the foregoing items and components attributable to interests in Joint Ventures.

“ Consolidated Unencumbered EBITDA ” shall mean, for any period for the Consolidated Group, the portion of Consolidated EBITDA that is generated by Consolidated Unencumbered Assets, but including, in any event, a pro rata share of the foregoing items and components attributable to interests in Joint Ventures.

“ Consolidated Unencumbered Interest Coverage Ratio ” shall mean the ratio of Consolidated Unencumbered EBITDA to Consolidated Unencumbered Interest Expense.

“ Consolidated Unencumbered Interest Expense ” shall mean, for any period for the Consolidated Group, the portion of Consolidated Interest Expense that is not attributable to Consolidated Secured Debt, but including, in any event, a pro rata share of the foregoing items and components attributable to interests in Joint Ventures.

“ Consolidated Unencumbered NOI from UAP Properties ” shall mean the portion of consolidated net operating income that is generated by the UAP Properties.

“ Consolidated Unsecured Debt ” shall mean, for the Consolidated Group, the portion of Consolidated Funded Debt that is not Consolidated Secured Debt.

“ Consolidated Unsecured Leverage Ratio ” shall mean the ratio of Consolidated Unsecured Debt to Consolidated UAP Property Value.

“ Contractual Obligation ” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“ Control ” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “ Controlling ” and “ Controlled ” have meanings correlative thereto.

“Covered Liabilities” shall mean any obligation or liability of any Credit Party or other member of the Consolidated Group that (i) is secured by a letter of credit issued for the benefit of a Credit Party or other member of the Consolidated Group in form and substance and from a financial institution reasonably acceptable to the Administrative Agent, but only to the extent no Credit Party or other member of the Consolidated Group has liability therefor, (ii) any obligation (including obligations under so called “sandwich leases”) against which a third Party indemnifies any Credit Party, or guarantees all loss suffered by any Credit Party or other member of the Consolidated Group on account thereof, to the extent the indemnitor or guarantor has the financial wherewithal to satisfy its obligation, or (iii) is otherwise acceptable as a “Covered Liability” in the reasonable discretion of the Administrative Agent and the Required Lenders.

“Credit Agreement” shall have the meaning given to such term in the initial paragraph of this agreement.

“Credit Party” shall mean the Borrower and each of the Guarantors.

“Credit Party Materials” shall have the meaning given to such term in Section 6.2.

“Currency Agreement” shall mean any foreign exchange contract, currency swap agreement, futures contract, option contract, synthetic cap or other similar agreement designed to protect a Credit Party or other member of the Consolidated Group against fluctuations in currency values or reduce the effect of any such fluctuations.

“Debt Rating” means, as of any date of determination, the rating as determined by either S&P or Moody’s of the Borrower or the Borrower’s non-credit-enhanced, senior unsecured long-term debt.

“Debtor Relief Laws” shall mean the Bankruptcy Code and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States of America or other applicable jurisdictions from time to time in effect affecting the rights of creditors generally.

“Default” shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

“Defaulting Lender” shall mean, at any time, any Lender which shall not have theretofore made available to the Administrative Agent or the Issuing Bank, as applicable, any amounts required to be made by such Lender hereunder or otherwise failed to pay any obligation owing by such Lender pursuant to this Credit Agreement.

“Disposition” or “Dispose” means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction) of any Property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, but excluding, for purposes hereof, (a) Dispositions of obsolete or worn out Property, whether now owned or hereafter acquired, in the ordinary course of business; (b) Dispositions of inventory in the ordinary course of business; and (c) Dispositions of equipment or real Property to the extent that (i) such Property is exchanged for credit against the purchase price of similar replacement Property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement Property.

“Disqualified Stock” shall mean, with respect to any entity, any Capital Stock of such entity which by the terms of such Capital Stock (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable), upon the happening of any event or otherwise (other than pursuant to a change of control provision not materially more favorable to the holder thereof than provided under this Credit Agreement), (a) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than Capital Stock which is redeemable solely in exchange for Capital Stock which is not Disqualified Stock or for subordinated debt), (b) is convertible into or exchangeable or exercisable for Indebtedness, other than subordinated Indebtedness or Disqualified Stock, or (c) is redeemable at the option of the holder thereof, in whole or in part (other than Capital Stock which is redeemable solely in exchange for Capital Stock which is not Disqualified Stock or for subordinated Indebtedness); in each case on or prior to the stated maturity of the Loans and Obligations under this Credit Agreement.

“Dollars” and “\$” shall mean lawful money of the United States of America.

“Domestic Credit Party” means any Credit Party that is organized under the laws of any state of the United States or the District of Columbia.

“Domestic Subsidiary” means any Subsidiary that is organized under the laws of any state of the United States or the District of Columbia.

“Earnings from Operations” shall mean, for any period for the Consolidated Group, consolidated net income without reduction for any minority interests, excluding gains and losses on sales of investments, extraordinary items (including, in any event, losses on extinguishment of debt), distributions on equity securities, property valuation losses, and the net income of any Person, other than a Subsidiary of Ventas (except to the extent of cash dividends or distributions paid to Ventas or any Subsidiary of Ventas) as reflected in the financial statements of the Consolidated Group for such period, determined on a consolidated basis in accordance with GAAP, and excluding the cumulative effect of changes in accounting principles.

“Eligible Assignee” “Eligible Assignee” means any Person that meets the requirements to be an assignee under Section 12.6(b)(iii), (v) and (vi) (subject to such consents, if any, as may be required under Section 12.6(b)(iii)); provided that notwithstanding the foregoing, “Eligible Assignee” shall not include (A) the Borrower or any of the Borrower’s Affiliates or Subsidiaries, (B) Kindred or any other tenant under a Material Lease, (C) another prospective assignee or successor administrative agent (other than a Lender or an Affiliate of a Lender) which (1) is or has been an adverse party in litigation or other legal proceedings with, or has threatened, litigation or other legal proceedings against, Ventas or the Borrower or (2) is a REIT investing primarily in healthcare and/or senior assisted care living facilities or (D) an Affiliate of any of the foregoing entities listed in clauses (B) or (C) hereof.

“Environment” shall mean any surface or subsurface water, groundwater, water vapor, surface or subsurface land, air, fish, wildlife, microorganisms and all other natural resources.

“Environmental Laws” shall mean any and all applicable Laws relating to pollution and the protection of the Environment or the release of any materials into the Environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“ Environmental Liability ” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower, any other Credit Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the Environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ Environmental Permit ” shall mean any permits, licenses, approvals, consents or authorizations required by any Governmental Authority under or in connection with any Environmental Law and includes any and all orders, consent orders or binding agreements issued or entered into by a Governmental Authority under any applicable Environmental Law.

“ Equity Interest ” shall mean Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“ Equity Transaction ” shall mean, with respect to the Consolidated Group, any issuance or sale of shares of its Capital Stock, other than an issuance (a) to any member of the Consolidated Group, (b) in connection with a conversion of debt securities to equity, (c) in connection with the Ventas Distribution Reinvestment and Stock Purchase Plan, the Ventas Directors Stock Purchase Plan or the Ventas Employee and Director Stock Purchase Plan, (d) to any present or former employee, officer or director of Ventas, or in connection with the exercise of options by a present or former employee, officer or director of such Person under a stock incentive plan, stock option plan or other equity-based compensation plan or arrangement, (e) in connection with the issuance of limited partnership units in the Borrower under so-called UPREIT transactions, (f) in connection with the conversion of any such UPREIT units into any Capital Stock of any member of the Consolidated Group, or (g) of operating units (whether or not exchangeable or convertible into common stock) under any incentive plan or director stock plan of Borrower or Ventas, Inc. or in connection with the conversion of any such operating units into common stock.

“ ERISA ” means the Employee Retirement Income Security Act of 1974.

“ ERISA Affiliate ” means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“ ERISA Event ” means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate.

“ Eurodollar Base Rate ” shall have the meaning given to such term in the definition of Eurodollar Rate.

“ Eurodollar Rate ” shall mean for any Interest Period with respect to a Eurodollar Rate Loan, a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

Where,

“ Eurodollar Base Rate ” shall mean, for any Interest Period with respect to a Eurodollar Rate Loan, the rate per annum equal to the British Bankers Association LIBOR Rate (“ BBA LIBOR ”), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Administrative Agent from time to time) at approximately 11:00 a.m., (London time) two (2) Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period. If such rate is not available at such time for any reason, then the “Eurodollar Base Rate” for such Interest Period shall be the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Rate Loan being made, continued or converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America’s London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two (2) Business Days prior to the commencement of such Interest Period.

“ Eurodollar Reserve Percentage ” shall mean, for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five (5) decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurodollar funding (currently referred to as “Eurocurrency liabilities”). The Eurodollar Rate for each outstanding Eurodollar Rate Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

“ Eurodollar Rate Loan ” shall mean a Loan that bears interest at a rate based on the Eurodollar Rate.

“ Event of Default ” shall have the meaning given to such term in Article VIII hereof.

“ Excluded Indebtedness ” shall mean any and all monetary obligations (if any) relating to: (a) accounts payable arising in the ordinary course of business and payable in accordance with customary trade terms; (b) deferred income taxes; (c) dividends payable; (d) liabilities related to interest rate hedges, Currency Agreements and other such derivatives except to the extent such liabilities become current and realizable (provided that the regular scheduled quarterly or monthly settlement payments on interest rate protection agreements and other derivatives shall not be considered current and realizable for purposes hereof); and (e) Covered Liabilities.

“ Excluded Taxes ” means with respect to the Administrative Agent, any Lender, or any other recipient of any payment to be made by or an account of any obligation of the Borrower, Ventas, or any other Credit Party hereunder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located, (b) any branch profits taxes imposed by the United States or any similar tax imposed by another jurisdiction in which the Borrower, Ventas, or any other Credit Party is located and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower, Ventas, or any other Credit Party under Section 12.14), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new Lending Office) or is attributable to such Foreign Lender’s failure or inability (other than as a result of a Change in Law) to comply with Section 3.1(e) , except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new Lending Office (or assignment), to receive additional amounts from the Borrower, Ventas, or any other Credit Party with respect to such withholding tax pursuant to Section 3.1(a) .

“ Existing Letter of Credit ” shall mean the letter of credit outstanding on the Closing Date and identified on Schedule 2.11(b) .

“ Extension of Credit ” shall mean, as to any Lender, the making of, or participation in, a Loan by such Lender (including continuations and conversions thereof) or the issuance or extension of, or participation in, a Letter of Credit by such Lender.

“ Facility Fee ” and “ Facility Fees ” shall have the meaning in Section 2.5(a) hereof.

“ Federal Funds Rate ” shall mean, for any applicable period, the rate per annum (rounded upwards, if necessary, to the nearest 1/100th of one percent (0.01%)) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

“ Fee Letter ” shall mean that certain letter agreement dated as of March 6, 2006 between the Borrower and the Administrative Agent, relating to the payment of certain fees, as such letter agreement may be amended, modified or supplemented from time to time by a written instrument executed by the parties thereto.

“ Foreign Lender ” shall mean any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes. For purposes of this definition, the United States, each state thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“ Fund ” shall mean any Person (other than a natural person) that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“ Fundamental Documents ” shall mean this Credit Agreement, any note issued to evidence any Loan hereunder, all LOC Documents, any Loan Notice, the Fee Letter and any other documentation which is required to be or is otherwise executed by any Credit Party and delivered in connection with this Credit Agreement or any of the documents listed above.

“ Funded Debt ” shall mean (without duplication), at any time and with respect to any Person (a) indebtedness of such Person for borrowed money (whether by loan or the issuance and sale of debt securities) or for the deferred purchase price of property or services purchased (other than amounts constituting trade payables arising in the ordinary course of business and payable in accordance with customary trading terms in the ordinary course of business); (b) all indebtedness of such Person evidenced by a note, bond, debenture or similar instrument (whether or not disbursed in full in the case of a construction loan); (c) indebtedness of others secured by a Lien on assets of such Person, whether or not such Person shall have assumed such indebtedness (provided , that if such Person has not assumed such indebtedness of such other Person, then the amount of indebtedness of such Person pursuant to this clause (c) for purposes of this definition shall be equal to the lesser of the amount of the indebtedness of such other Person or the fair market value of the assets of such Person which secures such other indebtedness); (d) obligations of such Person in respect of letters of credit, acceptance facilities, drafts or similar instruments issued or accepted by banks and other financial institutions for the account of such Person; (e) any Support Obligations in connection with Funded Debt by such Person; (f) obligations of such Person under capital leases; (g) the attributed principal amount of securitization transactions, (h) the attributed principal amount of Synthetic Leases; (i) all preferred stock or comparable equity interests of such Person providing for mandatory redemption, sinking fund or other like payments; and (j) the Funded Debt of any partnership or joint venture or other similar entity in which such Person is a general partner or joint venturer and, as such, has personal liability for such obligations, but only if and to the extent there is recourse to such Person for payment thereof. For purposes of this Credit Agreement, “Funded Debt” shall not include any Excluded Indebtedness.

“ Funds from Operations ” shall mean, for any period for the Consolidated Group, Earnings from Operations for such period plus amounts that have been deducted, and minus amounts that have been added, for the following (without duplication): (a) provision for taxes of the Consolidated Group based on income, (b) amortization of debt discount and deferred financing costs, (c) provisions for gains and losses on properties and property depreciation and amortization, (d) the effect of any non-cash charge resulting from a change in accounting principles in determining Earnings from Operations for such period, (e) amortization of deferred charges, and (f) provisions for gains and losses on account of any partial or total termination of any Hedging Agreement.

“ GAAP ” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board that are applicable to the circumstances as of the date of determination, consistently applied, subject, however, to the provisions of Section 1.2.

“Governmental Authority” shall mean any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, or any court, in each case whether of the United States or any foreign jurisdiction.

“Guarantors” shall mean (a) Ventas and (b) any Subsidiary of Ventas that guarantees the loans and obligations hereunder pursuant to the terms hereof, in each case with their successors and permitted assigns; provided, however, that any Person constituting a Guarantor as described above shall cease to constitute a Guarantor when its obligations hereunder are released in accordance with the terms of this Credit Agreement.

“Guaranteed Obligations” shall have the meaning given to such term in Section 9.1.

“Guaranty” shall mean the guaranty of the Obligations by each of the Guarantors pursuant to Article IX hereof.

“Hazardous Materials” shall mean petroleum, petroleum hydrocarbons or petroleum products, petroleum by-products, radioactive materials, asbestos or asbestos-containing materials, gasoline, diesel fuel, pesticides, radon, urea formaldehyde, lead or lead-containing materials, polychlorinated biphenyls; and any other chemicals, materials, substances or wastes in any amount or concentration which are now or hereafter become defined as or included in the definition of “hazardous substances”, “hazardous materials”, “hazardous wastes”, “extremely hazardous wastes”, “restricted hazardous wastes”, “toxic substances”, “toxic pollutants”, “pollutants”, “regulated substances”, “solid wastes”, or “contaminants” or words of similar import, under any Environmental Law, but excluding any substance or material customarily located on and used in properties of like type that are stored and used in strict conformity with all applicable Laws.

“Hedging Agreements” shall mean any Interest Rate Protection Agreement or Currency Agreement entered into from time to time between a Lender or an Affiliate of a Lender and the Borrower as permitted by this Credit Agreement.

“Hedging Banks” shall mean any Lender or Affiliate of a Lender that has entered into a Hedging Agreement.

“Honor Date” shall have the meaning given to such term in Section 2.11(c)(i).

“incur” shall mean issue, create, assume, guarantee, incur or otherwise become liable for; provided, however, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be incurred by such Subsidiary at the time it becomes a Subsidiary. Neither the accrual of interest nor the accretion of original issue discount shall be deemed to be an incurrence of Indebtedness. The term “incurrence” when used as a noun shall have a correlative meaning.

“Indebtedness” shall mean (without duplication), at any time and with respect to any Person, (a) all Funded Debt of such Person, (b) all obligations of such Person under take-or-pay or similar arrangements or under commodities agreements, (c) all obligations of such Person under any Interest Rate Protection Agreement or Currency Agreement, (d) Indebtedness of any partnership or joint venture or other similar entity in which such Person is a general partner or joint venturer and, as such, has personal liability for such obligations, but only if and to the extent there is recourse to such Person for payment thereof, (e) any Support Obligations of such Person of the Indebtedness of another and (f) Indebtedness of another Person secured by a Lien on any assets of such Person, whether or not such Person shall have assumed such Indebtedness (provided, that if such Person has not assumed such Indebtedness of such other Person, then the amount of Indebtedness of such Person pursuant to this clause (f) for purposes of this definition shall be equal to the lesser of the amount of the Indebtedness of such other Person or the fair market value of the assets of such Person which secures such other Indebtedness). The term “Indebtedness” shall not include any Excluded Indebtedness.

“ Indemnified Taxes ” shall mean Taxes other than Excluded Taxes.

“ Indemnitee ” shall have the meaning given to such term in Section 12.4(b).

“ Initial Date ” shall mean (a) in the case of the Administrative Agent and Bank of America, in its capacity as the Issuing Bank, the Closing Date, (b) in the case of each Lender which is an original party to this Credit Agreement, the Closing Date and (c) in the case of any other Lender, the effective date on which it became a Lender.

“ Interest Payment Date ” shall mean (a) as to any Base Rate Loan and any Swingline Loan, the first Business Day after the end of each March, June, September and December and the Revolving Commitment Termination Date and (b) as to any Eurodollar Rate Loan, the last Business Day of each Interest Period for such Loan, the date of repayment of principal of such Loan and the Revolving Commitment Termination Date, and, in addition, where the applicable Interest Period is more than three (3) months, then also on the date three (3) months from the beginning of the Interest Period, and each three (3) months thereafter. If an Interest Payment Date falls on a date that is not a Business Day, such Interest Payment Date shall be deemed to be the next succeeding Business Day.

“ Interest Period ” shall mean, as to any Eurodollar Rate Loan, a period of one (1), two (2), three (3) or six (6) months, as the Borrower may elect, in each case commencing on the date of the Borrowing (including conversions, continuations and renewals); provided, however, (a) if any Interest Period would end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day (except in the case of Eurodollar Rate Loans where the next succeeding Business Day falls in the next succeeding calendar month, then such Interest Period shall end on the next preceding Business Day), (b) in the case of Revolving Loans, no Interest Period shall extend beyond the Revolving Commitment Termination Date, and (c) in the case of Eurodollar Rate Loans, where an Interest Period begins on a day for which there is no numerically corresponding day in the calendar month in which the Interest Period is to end, such Interest Period shall end on the last day of such calendar month.

“ Interest Rate Protection Agreement ” shall mean any interest rate swap agreement, Currency Agreement, interest rate cap agreement, synthetic cap, collar or floor or other financial agreement or arrangement designed to protect a Credit Party against fluctuations in interest rates or to reduce the effect of any such fluctuations.

“ Interest Rate Type ” shall mean either Base Rate Loans or Eurodollar Rate Loans, as appropriate.

“ Investment ” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Capital Stock of another Person, (b) a loan, advance or capital contribution to, guaranty or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor undertakes any Support Obligations with respect to Indebtedness of such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

“ IRS ” means the United States Internal Revenue Service.

“ ISP ” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance).

“ Issuing Bank ” shall mean (a) as to Existing Letters of Credit, those Lenders identified as an issuer on Schedule 2.11 (b), and (b) as to Letters of Credit issued hereunder, Bank of America in its capacity as issuer of Letters of Credit hereunder, in each case together with its successors in such capacity

“ Issuing Bank Fee ” shall have the meaning given to such term in Section 2.5(b)(iii).

“ Joinder Agreement ” shall mean a joinder agreement substantially in the form of Exhibit 6.12 executed and delivered in accordance with the provisions of Section 6.12.

“ Joint Venture ” shall mean any Person in which any Credit Party or other member of the Consolidated Group directly or indirectly has an ownership interest but is not a Subsidiary.

“ Kindred ” shall mean (collectively or individually, as appropriate) Kindred Healthcare, Inc. (formerly Vencor, Inc.), a Delaware corporation, and Kindred Healthcare Operating, Inc., a Delaware corporation.

“ Laws ” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case having the force of law.

“ Lenders ” shall mean each of the Persons identified as a “Lender” or “Swingline Lender” on the signature pages hereto, and their successors and assigns.

“ Lending Office ” shall mean, with respect to any of the Lenders, the branch or branches (or affiliate or affiliates) from which such Lender’s Eurodollar Rate Loans or Base Rate Loans, as the case may be, are made or maintained and for the account of which all payments of principal of, and interest on, such Lender’s Eurodollar Rate Loans or Base Rate Loans are made, as notified to the Administrative Agent from time to time.

“ Letter of Credit ” shall mean any standby or trade letter of credit issued by the Issuing Bank in accordance with the terms of Section 2.1(b) and shall include the Existing Letters of Credit.

“ Letter of Credit Application ” shall mean an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the Issuing Bank.

“ Letter of Credit Expiration Date ” shall mean the day that is seven (7) days prior to the Revolving Commitment Termination Date.

“ Letter of Credit Fees ” shall mean, collectively, the Standby Letter of Credit Fees and the Trade Letter of Credit Fees.

“ Lien ” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property and any financing lease having substantially the same economic effect as any of the foregoing).

“ Loan ” or “ Loans ” shall mean the Revolving Loans and the Swingline Loans, and the Base Rate Loans and Eurodollar Rate Loans comprising such Loans.

“ Loan Notice ” shall mean a written loan notice in substantially the form of Exhibit 2.2.

“ LOC Advance ” means, with respect to each Lender, such Lender’s funding of its participation in any LOC Borrowing in accordance with its LOC Commitment.

“ LOC Borrowing ” means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Revolving Loan.

“ LOC Commitment ” shall mean (a) with respect to the Issuing Bank, the commitment of the Issuing Bank to issue, and to honor payment obligations under, Letters of Credit and (b) with respect to each other Lender, the commitment of such Lender to purchase Participation Interests in the Letters of Credit up to such Lender’s LOC Committed Amount.

“ LOC Committed Amount ” shall have the meaning given to such term in Section 2.1(b).

“ LOC Documents ” shall mean, with respect to any Letter of Credit, such Letter of Credit, any amendments thereto, any documents delivered in connection therewith, the Letter of Credit Application and any agreements, instruments, guarantees or other documents (whether general in application or applicable only to such Letter of Credit) governing or providing for (a) the rights and obligations of the parties concerned or at risk or (b) any collateral security for such obligations.

“ LOC Obligations ” shall mean, at any time, the sum (without duplication) of (a) the maximum amount that is, or at any time thereafter may become, available to be drawn under Letters of Credit then outstanding, assuming compliance with all requirements for drawings referred to in such Letters of Credit plus (b) the aggregate amount of all drawings under Letters of Credit honored by the Issuing Bank but not yet reimbursed. For all purposes of this Credit Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“ Margin Stock ” shall be as defined in Regulation U.

“ Material Adverse Effect ” shall mean any event or condition that (a) has a material adverse effect on the business, assets, properties, operations or financial condition of the Credit Parties taken as a whole or (b) materially impairs the ability of the Credit Parties as a whole to perform their material obligations under the Credit Agreement; provided , however , that any event or condition will be deemed to have a “Material Adverse Effect” if such event or condition when taken together with all other events and conditions occurring or in existence at such time (including all other events and conditions which, but for the fact that a representation, warranty or covenant is subject to a “Material Adverse Effect” exception, would cause such representation or warranty contained herein to be untrue or such covenant to be breached) would result in a “Material Adverse Effect”, even though, individually, such event or condition would not do so.

“ Material Indebtedness ” shall mean any Indebtedness of any Credit Party (other than the Obligations) which, if recourse in nature, exceeds \$25,000,000 in the aggregate, and, if non-recourse in nature, exceeds \$50,000,000 in the aggregate.

“ Material Lease ” shall mean any lease in which any Credit Party is the landlord that individually or together with other such leases in which such Credit Party is the landlord, requires annual base rent to be paid to such Credit Party landlord in excess of \$100,000,000.

“ Maximum Rate ” shall have the meaning given to such term in Section 12.9 .

“ Moody’s ” shall mean Moody’s Investors Service, Inc. and any successor thereto.

“ Multiemployer Plan ” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

“ Net Cash Proceeds ” shall mean the aggregate cash proceeds received by a Credit Party or any Subsidiary thereof (including, as applicable, all cash proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received), minus (without duplication) reasonable and customary brokerage commissions and other reasonable and customary fees and expenses related to such transaction (including reasonable and customary fees and expenses of counsel and investment bankers actually paid by the applicable Credit Party or Subsidiary and reasonable expenditures made to improve the property in connection with the applicable transaction).

“ Note ” or “ Notes ” shall mean the Revolving Notes and the Swingline Note.

“ Notice of Prepayment ” shall mean a written notice of prepayment in substantially the form of Exhibit 2.7(b) , as required by Section 2.7 .

“ Obligations ” shall mean (a) all obligations whether, direct or indirect, contingent or absolute, of every type or description and at any time existing, of the Borrower to make due and punctual payment of (i) principal of and all interest on the Loans, the Facility Fees, the Letter of Credit Fees, any reimbursement obligations in respect of Letters of Credit, costs and attorneys’ fees and all other monetary obligations of the Borrower to the Administrative Agent, the Issuing Bank or any Lender under or in respect of this Credit Agreement, any note evidencing any of the Loans hereunder, any other Fundamental Document or the Fee Letter and (ii) all obligations under Hedging Agreements (including interest accruing at the then applicable rate provided in this Credit Agreement after the maturity of any of the Loans, and interest accruing at the then applicable rate provided in this Credit Agreement after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower or any other Credit Party, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), (b) all obligations under any Treasury Management Agreement between any Credit Party and any Lender or Affiliate of a Lender and (c) all other obligations of the Borrower or any other Credit Party pursuant to this Credit Agreement or any other Fundamental Document.

“ Operative Documents ” shall mean, collectively, (a) this Credit Agreement, (b) any note issued to evidence any Loans hereunder, and (c) any Joinder Agreement.

“ Organizational Documents ” shall mean (a) with respect to any corporation, the certificate or articles of incorporation and bylaws; (b) with respect to any limited liability company, the certificate or articles of formation and operating agreement; and (c) with respect to any partnership, joint venture or other form of business entity, the partnership agreement and any agreement, filing or notice with respect thereto filed with the secretary of state of the state of its formation, in each case as amended from time to time.

“ Other Taxes ” shall mean all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Fundamental Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Credit Agreement or any other Fundamental Document.

“ Participant ” shall have the meaning given to such term in Section 12.6(d).

“ Participation Interest ” shall mean the purchase by a Lender of a participation in LOC Obligations as provided in Section 2.11(b), in Swingline Loans as provided in Section 2.12 and in Loans as provided in Section 2.14.

“ Patriot Act ” shall have the meaning given to such term in Section 12.17.

“ PBGC ” means the Pension Benefit Guaranty Corporation.

“ Pension Plan ” means any “employee pension benefit plan” (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five plan years.

“ Permitted Liens ” means (a) Liens securing Obligations, (b) Liens for taxes not yet due or Liens for taxes being contested in good faith by appropriate proceedings for which adequate reserves have been established, (c) Liens in respect of property imposed by law arising in the ordinary course of business such as materialmens’, mechanics’, warehousemens’, carriers’, landlords’ and other nonconsensual statutory Liens which are not yet overdue for more than 30 days or which are being contested in good faith by appropriate proceedings for which adequate reserves have been established; (d) easements, rights-of-way, restrictions (including zoning restrictions), covenants, conditions and restrictions, party wall agreements, structural support agreements, matters of plat, minor defects or irregularities in title and other similar charges or encumbrances not, in any material respect, impairing the use of the encumbered property for its intended purposes; (e) pledges or deposits in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA; (f) deposit arrangements to secure the performance of construction or renovation, bids, trade contracts and leases (other than Funded Debt), statutory obligations, surety bonds (other than bonds related to judgments or litigation), performance bonds and other obligations of a like nature incurred in the ordinary course of business, including, without limitation, in the course of development or renovation; and (g) assignments to a reverse Section 1031 exchange trust.

“ Person ” shall mean any natural person, corporation, partnership, limited liability partnership, limited liability company, trust, joint venture, association, company, estate, unincorporated organization or government or any agency or political subdivision thereof.

“ Plan ” means any “employee benefit plan” (as such term is defined in Section 3(3) of ERISA) established by the Borrower or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any ERISA Affiliate.

“ Platform ” shall have the meaning given to such term in Section 6.2.

“ Premises ” shall mean any real property currently or formerly owned, leased or operated by any Credit Party or any Subsidiary of any Credit Party, including, but not limited to, all soil, surface water, or groundwater thereat.

“ Prepayment Date ” shall have the meaning given to such term in Section 2.7(f) hereof.

“ Prime Rate ” shall mean, for any applicable period, the rate per annum in effect for such day as publicly announced from time to time by Bank of America as its “prime rate”, changing as and when such rate changes are so announced. Such rate is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

“ Prior Credit Agreement ” shall have the meaning given to such term in the Introductory Statement of this Credit Agreement.

“ Pro Forma Basis ” shall mean, for purposes of determining the applicable pricing level under clause (a) of the definition of “Applicable Percentage”, determining Consolidated EBITDA, Consolidated Gross Asset Value and any financial covenant hereunder, that the subject transaction shall be deemed to have occurred as of the first day of the period of four (4) consecutive fiscal quarters ending as of the end of the most recent fiscal quarter for which annual or quarterly financial statements shall have been delivered in accordance with the provisions of this Credit Agreement. Further, for purposes of making calculations on a “Pro Forma Basis” hereunder, (a) in the case of a Disposition, (i) income statement items (whether positive or negative) attributable to the property, entities or business units that are the subject of such Disposition shall be excluded to the extent relating to any period prior to the date of the subject transaction, and (ii) Indebtedness paid or retired in connection with the subject transaction shall be deemed to have been paid and retired as of the first day of the applicable period; (b) in the case of an Acquisition, (i) income statement items (whether positive or negative) attributable to the property, entities or business units that are the subject of such Acquisition shall be included to the extent relating to any period prior to the date of the subject transaction, and (ii) Indebtedness incurred in connection with the subject transaction shall be deemed to have been incurred as of the first day of the applicable period (and interest expense shall be imputed for the applicable period utilizing the actual interest rates thereunder or, if actual rates are not ascertainable, assuming prevailing interest rates hereunder) and (c) in the case of the issuance or exercise of an Equity Interest, Indebtedness paid or retired in connection therewith shall be deemed to have been paid and retired as of the first day of the applicable period.

“ Property ” means an interest of any kind in any property or asset, whether real, personal or mixed, and whether tangible or intangible.

“ pro rata share ” means, with respect to interests in Joint Ventures by any member of the Consolidated Group, (i) in the case of income statement items and components, such as net income, EBITDA and interest expense, such member’s direct or indirect percentage ownership interest of the respective Joint Venture in such items and components, and (ii) in the case of Indebtedness, such member’s direct or indirect percentage ownership interest in the respective Joint Venture in such Indebtedness, unless the Indebtedness is expressly non-recourse to the members of the Consolidated Group.

“ Public Lender ” shall have the meaning given to such term in Section 6.2.

“ Register ” shall have the meaning given to such term in Section 12.6(c).

“ Regulation U ” shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“ REIT ” shall mean a real estate investment trust as defined in Sections 856-860 of the Code.

“ Related Parties ” shall mean, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person’s Affiliates.

“ Release ” shall mean any discharging, disposing, emitting, leaking, pumping, pouring, emptying, injecting, escaping, leaching, dumping or spilling of any Hazardous Material into the Environment.

“ Reportable Event ” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty (30) day notice period has been waived.

“ Required Lenders ” shall mean, at any time, Lenders having in the aggregate more than fifty percent (50%) of the Commitments or, if the Commitments have been terminated, Lenders having in the aggregate more than fifty percent (50%) of the aggregate principal amount of the Revolving Obligations outstanding (taking into account in each case Participation Interests or obligations to participate therein); provided that the Commitments of, and outstanding principal amount of Revolving Obligations (taking into account Participation Interests or obligations to participate therein) owing to, a Defaulting Lender shall be excluded for purposes hereof in making a determination of Required Lenders.

“ Restricted Payments ” shall mean any dividend or other distribution (whether in cash, securities or other property) with respect to any Capital Stock of any member of the Consolidated Group or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Capital Stock or other Equity Interest, or on account of any return of capital to such member’s stockholders, partners or members (or the equivalent Person thereof).

“Revolving Commitment” shall mean the commitment of a Lender to make Revolving Loans to the Borrower and to participate in Letters of Credit and Swingline Loans from the Initial Date applicable to such Lender through the Revolving Commitment Termination Date, up to an aggregate amount, at any one time outstanding, not in excess of the amount set forth (a) opposite such Lender’s name under the column entitled “Revolving Commitment” on Schedule 1.1, or (b) in any applicable Assignment and Assumption(s) to which such Lender may be a party, as the case may be, as such amount may be reduced or increased from time to time in accordance with the terms of this Credit Agreement (including pursuant to Section 12.1 hereof).

“Revolving Commitment Percentage” shall mean, for each Lender, a fraction (expressed as a percentage) the numerator of which is the Revolving Commitment of such Lender at such time and the denominator of which is the Total Revolving Committed Amount at such time. The initial Revolving Commitment Percentage of each Lender is set forth on Schedule 1.1.

“Revolving Commitment Termination Date” shall mean April 26, 2009, as such date may be extended hereunder.

“Revolving Lender” shall mean any Lender holding a Revolving Commitment hereunder.

“Revolving Loans” shall have the meaning given to such term in Section 2.1(a) hereof.

“Revolving Note” or “Revolving Notes” shall mean the promissory notes in favor of each of the Lenders evidencing the Revolving Loans in substantially the form attached as Exhibit 2.4(e)-1, individually or collectively, as appropriate, as such promissory notes may be amended, modified, supplemented, extended, renewed or replaced from time to time.

“Revolving Obligations” shall mean, as of any date, the aggregate principal amount of all Revolving Loans outstanding plus the aggregate principal amount of LOC Obligations outstanding plus the aggregate principal amount of Swingline Loans outstanding on such date.

“S&P” shall mean Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

“SEC” shall mean the United States Securities and Exchange Commission, or any successor thereto.

“Standby Letter of Credit Fee” shall have the meaning given to such term in Section 2.5(b)(i).

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity the accounts of which are consolidated with the accounts of such Person in such Person’s consolidated financial statements prepared in accordance with GAAP. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrower.

“ Support Obligations ” shall mean, as to any Person, any direct or indirect obligation of such Person guaranteeing or intending to guarantee, or otherwise providing credit support for, any Indebtedness, capital lease, dividend or other monetary obligation (a “ primary obligation ”) of any other Person (the “ primary obligor ”) in any manner, whether directly or indirectly, by contract, as a general partner or otherwise, including any obligation of such Person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, or (c) to purchase property, securities or services from the primary obligor or other Person, in each case, primarily for the purpose of assuring the performance of the primary obligor of any such primary obligation or assuring the owner of any such primary obligation of the repayment of such primary obligation. The amount of any Support Obligation shall be deemed to be an amount equal to (x) the stated or determinable amount of the primary obligation in respect of which such Support Obligation is made (or, if the amount of such primary obligation is not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder)) or (y) the stated maximum liability under such Support Obligation, whichever is less. The term “Support Obligations” shall not include any Excluded Indebtedness.

“ Swingline Commitment ” shall mean, with respect to the Swingline Lender, the commitment of the Swingline Lender to make Swingline Loans hereunder and, with respect to each other Lender, the commitment of such Lender to purchase Participation Interests in Swingline Loans hereunder.

“ Swingline Committed Amount ” shall have the meaning given to such term in Section 2.1(c).

“ Swingline Lender ” shall mean Bank of America.

“ Swingline Loan ” shall have the meaning given to such term in Section 2.1(c).

“ Swingline Note ” shall mean the promissory note in favor of the Swingline Lender evidencing the Swingline Loans in substantially the form attached as Exhibit 2.4(e)-2, as such note may be amended, modified, supplemented, extended, renewed or replaced from time to time.

“ Synthetic Lease ” shall mean any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease under GAAP.

“ Taxes ” shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“ Total Revolving Committed Amount ” shall have the meaning given to such term in Section 2.1(a).

“ Trade Letter of Credit Fee ” shall have the meaning given to such term in Section 2.5(b)(ii).

“ Treasury Management Agreement ” means any agreement governing the provision of treasury or cash management services, including deposit accounts, funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade finance services.

“ UAP Property ” shall mean any real property asset located in the United States owned or leased by a Domestic Credit Party:

(a) that constitutes or is used as a skilled nursing home center, hospital, personal healthcare facility, assisted living facility, independent living facility, medical office building, continuum of care facility, life care facility, sheltered care facility, seniors housing, seniors living facility or other property customarily constituting an asset of a REIT specializing in healthcare or seniors housing property;

(b) that is more than ninety percent (90%) owned by a Credit Party which ownership is either (i) fee simple or (ii) a long-term ground leasehold approved by the Administrative Agent such approval not to be unreasonably withheld;

(c) that is free from material environmental problems as represented in Section 4.14 (without the need for environmental reports or other related information except upon request by the Administrative Agent), or, in the alternative, such environmental problems are the subject of environmental indemnities from a credit-worthy party in form and amount reasonably acceptable to the Administrative Agent such approval not to be unreasonably withheld or is otherwise a Covered Liability;

(d) that is (i) leased to or managed by Kindred, Brookdale or any other tenant or operator of any Property owned or leased by a Credit Party as of the Closing Date, (ii) leased to or managed by another acceptable third party operator or tenant on market terms or otherwise acceptable to the Administrative Agent, or (iii) operated by a member of the Consolidated Group;

(e) with respect to which no base rent payments owing in respect thereof are more than sixty (60) days past due; and

(f) that is not encumbered by any mortgage, deed of trust, lien, pledge, encumbrance or other security interest to secure Funded Debt (other than any Permitted Lien that does not secure Funded Debt).

“ UCC ” shall mean the Uniform Commercial Code as in effect in the State of New York at the relevant time.

“ UCP ” shall have the meaning given to such term in Section 2.11(h).

“ Unfunded Pension Liability ” means the excess of a Pension Plan’s benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan’s assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

“ Unreimbursed Amount ” shall have the meaning given to such term in Section 2.11(c)(i).

“ Ventas ” shall have the meaning given to such term in the initial paragraph of this Credit Agreement, and its permitted successors.

Section 1.2 Accounting Terms .

(a) Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Lenders hereunder shall be prepared in accordance with GAAP. All calculations made for the purposes of determining compliance with this Credit Agreement shall (except as otherwise expressly provided herein) be made by application of GAAP on a basis consistent with the most recent annual or quarterly financial statements delivered pursuant to Section 6.1 (or, prior to the delivery of the first financial statements pursuant to Section 6.1, consistent with the annual audited financial statements referenced in Section 4.6 hereof); provided, however, if (i) the Borrower shall object to determining such compliance on such basis at the time of delivery of such financial statements due to any change in GAAP or the rules promulgated with respect thereto or (ii) the Administrative Agent or the Required Lenders shall so object in writing within sixty (60) days after delivery of such financial statements, then such calculations shall be made on a basis consistent with the most recent financial statements delivered by the Credit Parties to the Lenders as to which no such objection shall have been made. Any other prorations utilized by the Borrower in making any calculation under this Credit Agreement shall be subject to the approval of the Administrative Agent in its sole discretion.

(b) Determinations of (i) the applicable pricing level under clause (a) of the definition of “Applicable Percentage”, (ii) Consolidated EBITDA and Consolidated Gross Asset Value and (iii) compliance with the financial covenants hereunder shall be made on a Pro Forma Basis.

Section 1.3 Letter of Credit Amounts .

Unless otherwise specified, all references herein to the amount of a Letter of Credit at any time shall be deemed to mean the maximum face amount of such Letter of Credit after giving effect to all increases thereof contemplated by such Letter of Credit or the LOC Documents related thereto, whether or not such maximum face amount is in effect at such time.

Section 1.4 Other Interpretive Provisions .

With reference to this Credit Agreement and each other Fundamental Document, unless otherwise specified herein or in such other Fundamental Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Fundamental Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “herein,” “hereof” and “hereunder”, and words of similar import when used in any Fundamental Document, shall be construed to refer to such Fundamental Document in its entirety and not to any particular provision thereof, (iv) all references in a Fundamental Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Fundamental Document in which such references appear, (v) any reference to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such Law and any reference to any Law shall, unless otherwise specified, refer to such Law as amended, modified or supplemented from time to time, (vi) the words “asset” and “property” shall be construed to have the same meaning, and (vii) the words “unreasonably withheld” mean “unreasonably withheld or delayed.”

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including,” the words “to” and “until” each mean “to but excluding”; and the word “through” means “to and including”.

(c) Section headings herein and in the other Fundamental Documents are included for convenience of reference only and shall not affect the interpretation of this Credit Agreement or any other Fundamental Document.

ARTICLE II

THE LOANS

Section 2.1 Commitments .

(a) Revolving Commitment . During the Commitment Period, subject to the terms and conditions hereof, each Revolving Lender severally agrees to make revolving credit loans (the “Revolving Loans”) to the Borrower in Dollars from time to time in the amount of such Revolving Lender’s Revolving Commitment Percentage of the Revolving Loans requested by the Borrower hereunder for the purposes hereinafter set forth; provided that (i) the aggregate principal amount of Revolving Obligations outstanding shall not at any time exceed FIVE HUNDRED MILLION DOLLARS (\$500,000,000) (as such amount may be increased or reduced from time to time in accordance with the provisions hereof, the “Total Revolving Committed Amount”), (ii) the aggregate principal amount of Revolving Obligations outstanding shall not at any time exceed the Borrowing Base, and (iii) with regard to each Revolving Lender individually, such Revolving Lender’s Revolving Commitment Percentage of the Revolving Obligations outstanding shall not at any time exceed such Revolving Lender’s Revolving Commitment. Revolving Loans may consist of Base Rate Loans or Eurodollar Rate Loans, or a combination thereof, as the Borrower may request, and may be repaid and reborrowed in accordance with the provisions hereof.

(b) Letter of Credit Commitment . During the Commitment Period, subject to the terms and conditions hereof, if any, and such other terms and conditions which the Issuing Bank may require, the Issuing Bank shall issue, and the Revolving Lenders shall participate in, such Letters of Credit in Dollars as the Borrower may request for its own account or for the account of another Credit Party as provided herein, in a form acceptable to the Issuing Bank, for the purposes hereinafter set forth; provided that (i) the aggregate principal amount of LOC Obligations shall not at any time exceed SEVENTY-FIVE MILLION DOLLARS (\$75,000,000) (as such amount may be increased in accordance with the provisions of Section 2.1(d)(ix) or decreased in accordance with the provisions of Section 2.6(b), the “LOC Committed Amount”), (ii) the aggregate principal amount of Revolving Obligations outstanding at any time shall not exceed the Total Revolving Committed Amount, (iii) the aggregate principal amount of Revolving Obligations outstanding shall not at any time exceed the Borrowing Base, and (iv) with regard to each Revolving Lender individually, such Revolving Lender’s Revolving Commitment Percentage of Revolving Obligations outstanding at any time shall not exceed such Revolving Lender’s Revolving Commitment. Each request by the Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by the Borrower that the Extension of Credit so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, the Borrower’s ability to obtain Letters of Credit shall be fully revolving, and accordingly the Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed. The Revolving Lenders hereby purchase from the Issuing Bank a participation interest in the Existing Letters of Credit in an amount equal to each such Lender’s Revolving Commitment Percentage thereof. All Existing Letters of Credit shall be deemed to have been issued pursuant hereto, and from and after the Closing Date shall be subject to and governed by the terms and conditions hereof.

(c) Swingline Commitment. During the Commitment Period, subject to the terms and conditions hereof, the Swingline Lender agrees to make certain revolving credit loans (the “Swingline Loans”) to the Borrower in Dollars from time to time for the purposes hereinafter set forth; provided that (i) the aggregate principal amount of Swingline Loans outstanding shall not at any time exceed FIFTY MILLION DOLLARS (\$50,000,000) (as such amount may be increased in accordance with the provisions of Section 2.1(d)(ix) or decreased in accordance with the provisions of Section 2.6(b), the “Swingline Committed Amount”), (ii) the aggregate principal amount of Revolving Obligations outstanding at any time shall not exceed the Total Revolving Committed Amount and (iii) the aggregate principal amount of Revolving Obligations outstanding shall not at any time exceed the Borrowing Base. Each Swingline Loan shall be repaid three (3) days after the date of borrowing and shall be a Base Rate Loan. Swingline Loans may be repaid and reborrowed in accordance with the provisions hereof.

(d) Increase in Total Revolving Committed Amount. Subject to the terms and conditions set forth herein, the Borrower may at any time upon notice to the Administrative Agent increase the Total Revolving Committed Amount by up to ONE HUNDRED MILLION DOLLARS (\$100,000,000); provided that:

(i) each increase in the Revolving Commitment of an existing Lender and each new Revolving Commitment from a new Lender shall be in a minimum aggregate principal amount of \$5,000,000 and integral multiples of \$1,000,000 in excess thereof (or the remaining amount, if less);

(ii) the conditions to the making of a Revolving Loan set forth in Section 5.2 shall have been satisfied or waived;

(iii) none of Banc of America Securities LLC, Bank of America or Calyon New York Branch shall have any responsibility for arranging any additional commitments hereunder without their prior written consent and subject to such conditions, including fee arrangements, as they may provide (and which are acceptable to the Borrower) in connection therewith;

(iv) the Borrower shall obtain (or cause to be obtained) commitments for the amount of the increase from existing Lenders (which shall be under no obligation to increase their commitments hereunder) or other commercial banks or financial institutions that would qualify as Eligible Assignees; provided that such other commercial banks and financial institutions join in this Credit Agreement as Lenders by Joinder Agreement or other arrangement reasonably acceptable to the Administrative Agent;

(v) if any Revolving Loans are outstanding at the time of any such increase, the Borrower shall make such payments and adjustments on the Revolving Loans (including payment of any amounts owing under Section 3.5) as necessary to give effect to the revised commitment percentages and commitment amounts;

(vi) after giving effect to any such increase, the aggregate amount of the Revolving Commitments shall not exceed SIX HUNDRED MILLION DOLLARS (\$600,000,000);

(vii) the Borrower pays upfront and/or arrangement fees, if any, as are acceptable to the Borrower and the Lenders providing new commitments or increasing their commitment in respect of the new commitments so established;

(viii) in connection with any such increase, (A) Schedule 1.1 shall be revised to reflect the Revolving Commitments and Revolving Commitment Percentages of the Lenders after giving effect thereto, (B) the Borrower will provide supporting corporate resolutions, legal opinions, notes and other items as may be reasonably requested by the Administrative Agent and the Lenders in connection therewith, and (C) the Borrower will pay all fees and expenses related thereto; and

(ix) on any date that the Total Revolving Committed Amount is increased pursuant to this Section 2.1(d), the LOC Committed Amount shall also be increased proportionately to an amount equal to fifteen percent (15%) of the Total Revolving Committed Amount and the Swingline Committed Amount shall also be increased proportionately to an amount equal to the lesser of (A) twenty percent (20%) of the Total Revolving Committed Amount, or (B) \$50,000,000.

(e) One Time Extension of Revolving Commitment Termination Date. The Borrower may, at its option, on a one-time basis, elect to extend the Revolving Commitment Termination Date for an additional period of one (1) year to April 26, 2010; provided that:

(i) the Borrower shall give written notice to the Administrative Agent of its election to extend the Revolving Commitment Termination Date not less than thirty (30) days, prior to the original Revolving Commitment Termination Date;

(ii) the conditions precedent to the making of a Loan set forth in subsections (b) and (c) of Section 5.2 shall be satisfied or waived by the Required Lenders on the date of the request for extension and the Borrower shall give written confirmation thereof; and

(iii) receipt by the Administrative Agent of payment by the Borrower of an extension fee of fifteen basis points (0.15%) on the aggregate amount of Revolving Commitments for the ratable benefit of the Revolving Lenders.

Section 2.2 Method of Borrowing.

The Borrower shall request an Extension of Credit by submitting a Loan Notice or a Letter of Credit Application, as applicable (or by telephonic notice promptly confirmed in writing) as follows:

(a) Revolving Loans. In the case of Revolving Loans, by submitting a Loan Notice to the Administrative Agent not later than 11:00 a.m. (Charlotte, North Carolina time) on the Business Day prior to the date of the requested Borrowing in the case of Base Rate Loans, and on the third Business Day prior to the date of the requested Borrowing in the case of Eurodollar Rate Loans. Each such Loan Notice shall be irrevocable and shall specify (i) the date of the requested Borrowing (which shall be a Business Day), (ii) the aggregate principal amount to be borrowed, and (iii) whether the Borrowing shall be comprised of Base Rate Loans, Eurodollar Rate Loans or a combination thereof, and if Eurodollar Rate Loans are requested, the Interest Period(s) therefor; provided that if in connection with any such request for a Revolving Loan, the Borrower shall fail to specify (1) an applicable Interest Period in the case of a Eurodollar Rate Loan, the Borrower shall be deemed to have requested an Interest Period of one (1) month or (2) the Interest Rate Type for the Revolving Loan requested, the Borrower shall be deemed to have requested a Base Rate Loan. The Administrative Agent shall give notice to each Revolving Lender promptly upon receipt of each Loan Notice pursuant to this Section 2.2(a), the contents thereof and such Revolving Lender's share of any Borrowing to be made pursuant thereto. Each Lender shall make the amount of its share of the Borrowing available to the Administrative Agent in immediately available funds at the Administrative Agent's office by not later than 1:00 p.m. (Charlotte, North Carolina time)

on the Business Day specified in the applicable Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 5.2 (and, if such Borrowing is the initial Extension of Credit, Section 5.1), the Administrative Agent shall make all funds so received available to the Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of the Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with wire instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower; provided, however, that if, on the date the Loan Notice with respect to such Borrowing is given by the Borrower, there are LOC Borrowings outstanding that have remained outstanding for more than five (5) Business Days after the Administrative Agent has requested in writing that the Borrower repay them, then the proceeds of such Borrowing, first, shall be applied to the payment in full of any such LOC Borrowings, and second, shall be made available to the Borrower as provided above.

(b) Letters of Credit. In the case of Letters of Credit, by submitting a Letter of Credit Application in accordance with the terms of Section 2.11(b) hereof.

(c) Swingline Loans. In the case of Swingline Loans, to the Swingline Lender with a copy to the Administrative Agent not later than 2:00 p.m. (Charlotte, North Carolina time) on the Business Day of the requested Borrowing. Each such request for Borrowing shall be irrevocable and shall specify (A) that a Swingline Loan is requested, (B) the date of the requested Borrowing (which shall be a Business Day) and (C) the aggregate principal amount to be borrowed.

(d) Maximum Number of Eurodollar Rate Loans. Loans may be comprised of no more than fifteen (15) Eurodollar Rate Loans outstanding at any time. For purposes hereof, Eurodollar Rate Loans with separate or different Interest Periods will be considered as separate Eurodollar Rate Loans even if their Interest Periods expire on the same date.

(e) Minimum Amounts. Each Revolving Loan shall be (i) in the case of Eurodollar Rate Loans, in a minimum principal amount of \$1,000,000 and integral multiples of \$100,000 in excess thereof (or, if less, the amount by which the Total Revolving Committed Amount exceeds the Revolving Obligations) and (ii) in the case of Base Rate Loans, \$500,000 and integral multiples of \$100,000 in excess thereof (or, if less, the amount by which the Total Revolving Committed Amount exceeds the Revolving Obligations). Each Swingline Loan shall be in a minimum principal amount of \$500,000 and integral multiples of \$100,000 in excess thereof (or, if less, the amount by which the Swingline Committed Amount exceeds the outstanding balance of the Swingline Loans).

Section 2.3 Interest.

(a) Subject to subsection (c) below, the Loans shall bear interest at a per annum rate, payable in arrears on each applicable Interest Payment Date (or at such other times as may be specified herein), as follows:

(i) Base Rate Loans. During such periods as the Loans shall be comprised of Base Rate Loans, the Adjusted Base Rate; and

(ii) Eurodollar Rate Loans. During such periods as the Loans shall be comprised of Eurodollar Rate Loans, the Adjusted Eurodollar Rate.

(b) Accrual of Interest. Interest in respect of any Loan hereunder shall accrue from and including the date of such Loan to but excluding the date on which such Loan is paid or, if applicable, converted to a Loan of a different Interest Rate Type.

(c) Legal Maximum. Anything in this Credit Agreement or in any note evidencing any Loan hereunder to the contrary notwithstanding, the interest rate on the Loans or with respect to any drawing under a Letter of Credit shall in no event be in excess of the maximum rate permitted by applicable Laws.

(d) Computations of Interest and Fees. Except as expressly provided otherwise herein, all computations of interest and fees shall be made on the basis of the actual number of days elapsed over a year of three hundred sixty (360) days, except with respect to computation of interest on Base Rate Loans determined by reference to the Prime Rate, which shall be calculated based on a year of three hundred sixty-five (365) or three hundred sixty-six (366) days, as the case may be.

Section 2.4 Payments; Evidence of Indebtedness.

(a) Repayment of Loans.

(i) Revolving Loans. The principal amount of all Revolving Loans shall be due and payable in full on the Revolving Commitment Termination Date.

(ii) Swingline Loans. The principal amount of all Swingline Loans shall be due and payable in full on the earlier of (A) the maturity date agreed to by the Swingline Lender (which shall not be less than three (3) days after the funding of such Swingline Loan) or (B) the Revolving Commitment Termination Date.

(b) Evidence of Indebtedness. Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) Register. The Administrative Agent shall maintain the Register in accordance with Section 12.6(c), including a record of (i) the amount of each outstanding Loan hereunder, the Interest Rate Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) No Effect on Obligations. The entries made in the accounts maintained pursuant to subsection (b) or (c) of this Section 2.4 shall be *prima facie* evidence of the existence and amounts of the Obligations recorded therein; provided, however, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans and the other Obligations in accordance with the terms of this Credit Agreement.

(e) Notes. The Revolving Loans shall be evidenced by the Revolving Notes, and the Swingline Loans shall be evidenced by the Swingline Note.

(f) Allocation of Payments After Event of Default. Notwithstanding any other provisions of this Credit Agreement to the contrary, after the occurrence and during the continuation of an Event of Default, all amounts collected or received on or in respect of the Obligations (or other amounts owing under the Fundamental Documents in connection therewith) shall be paid over or delivered as follows:

FIRST, to the payment of all unreimbursed costs and expenses (including reasonable attorneys' fees and expenses, excluding the allocated cost of internal counsel) of the Administrative Agent which are payable by the Borrower or any of the other Credit Parties pursuant to this Credit Agreement and any fees owed to the Administrative Agent by the Borrower or any of the other Credit Parties pursuant to this Credit Agreement;

SECOND, to the payment of all unreimbursed costs and expenses of the Lenders which are payable by the Borrower or any of the other Credit Parties under the Fundamental Documents;

THIRD, to the payment of all accrued but unpaid Facility Fees and Letter of Credit Fees to the Revolving Lenders and all other fees owed to the Lenders by the Borrower or any of the other Credit Parties pursuant to this Credit Agreement;

FOURTH, to the payment of accrued but unpaid interest on the Loans;

FIFTH, to the payment of the principal outstanding balance of the Loans and the Cash Collateralization of LOC Obligations outstanding;

SIXTH, to the payment of the remainder of the Obligations or any other amounts then due and owing under this Credit Agreement or any other Fundamental Document; and

SEVENTH, to the payment of the surplus, if any, to the Borrower or to whoever else may be lawfully entitled to receive such surplus under any applicable court order.

In carrying out the foregoing, (i) amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category; (ii) except as otherwise provided, the Lenders shall receive amounts to be applied pursuant to clauses SECOND , THIRD , FOURTH and FIFTH above, ratably first , between the Revolving Lenders, in accordance with the relative proportion of Revolving Obligations outstanding and second , pro rata among the Revolving Lenders based on their respective Revolving Commitment Percentages; and (iii) to the extent that any amounts available for distribution pursuant to clause FIFTH above are attributable to the issued but undrawn amount of outstanding Letters of Credit, such amounts shall be held by the Administrative Agent in the Cash Collateral Account, shall be subject to the Lien of the Administrative Agent thereon and applied (A) first, to reimburse the Issuing Bank for any drawings under such Letters of Credit and (B) then, following the expiration of all Letters of Credit, to all other obligations of the types described in clauses THIRD , FOURTH and FIFTH above in the manner provided in this Section 2.4(f) .

Section 2.5 Facility Fees, Letter of Credit Fees and Other Fees .

(a) The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Lender in accordance with its Revolving Commitment Percentage, a facility fee at a per annum rate equal to (A) during any period in which the Borrower does not maintain an investment grade Debt Rating, twenty basis points (0.20%) or otherwise (B) during any period in which the Borrower does maintain an investment grade Debt Rating, fifteen basis points (0.15%) of the actual daily amount of the Total Revolving Committed Amount (as such amount may be reduced pursuant to Section 2.6 below), regardless of usage, or, if the Revolving Commitments have terminated, on the outstanding amount of all Revolving Loans, Swingline Loans and LOC Obligations, (the “ Facility Fee ” and collectively, for all the Revolving Lenders, the “ Facility Fees ”). The Facility Fee shall accrue at all times during the Commitment Period (and thereafter so long as any Revolving Loans, Swingline Loans and LOC Obligations remain outstanding), including at any time during which one or more of the conditions in subsection (b) or (c) of Section 5.2 is not met, and shall be due and payable quarterly in arrears on the first Business Day after the end of each March, June, September and December for the immediately preceding fiscal quarter (or a portion thereof), commencing with the first such date to occur after the Closing Date, and on the Revolving Commitment Termination Date (and, if applicable, thereafter on demand).

(b) Letter of Credit Fees .

(i) Standby Letter of Credit Issuance Fee . In consideration of the issuance of standby Letters of Credit, the Borrower shall pay to the Administrative Agent for the account of each Revolving Lender a fee (the “ Standby Letter of Credit Fee ”) on such Revolving Lender’s Revolving Commitment Percentage of the average daily maximum amount available to be drawn under each such standby Letter of Credit computed at a per annum rate from the date of issuance to the date of expiration or earlier cancellation equal to the Applicable Percentage for Revolving Loans that are Eurodollar Rate Loans. The Standby Letter of Credit Fee shall be payable quarterly in arrears on the first Business Day after the end of each March, June, September and December for the immediately preceding fiscal quarter (or a portion thereof) and on the Revolving Commitment Termination Date.

(ii) Trade Letter of Credit Issuance Fee . In consideration of the issuance of trade Letters of Credit, the Borrower shall pay to the Administrative Agent for the account of each Revolving Lender a fee (the “ Trade Letter of Credit Fee ”) on such Revolving Lender’s Revolving Commitment Percentage of the average daily maximum amount available to be drawn under each such trade Letter of Credit computed at a per annum rate from the date of issuance to the date of expiration or earlier cancellation equal to the Applicable Percentage for Revolving Loans that are Eurodollar Rate Loans. The Trade Letter of Credit Fee shall be payable quarterly in arrears on the first Business Day after the end of each March, June, September and December for the immediately preceding fiscal quarter (or a portion thereof) and on the Revolving Commitment Termination Date.

(iii) Fronting Fee and Documentary and Processing Charges Payable to Issuing Bank . The Borrower shall pay directly to the Issuing Bank for its own account a fronting fee (the “ Issuing Bank Fee ”) (i) with respect to each trade Letter of Credit, at the rate specified in the Fee Letter, computed on the amount of such Letter of Credit, and payable upon the issuance thereof, (ii) with respect to any amendment of a commercial Letter of Credit increasing the amount of such Letter of Credit, at a rate separately agreed between the Borrower and the Issuing Bank, computed on the amount of such increase, and payable upon the effectiveness of such amendment, and (iii) with respect to each standby Letter of Credit, at the rate per annum specified in the Fee Letter, computed on the daily amount available to be drawn under such Letter of Credit on a quarterly basis in arrears. The Issuing Bank Fee shall be due and payable quarterly in arrears on the first Business Day after the end of each March, June, September and December in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, and on the Letter of Credit Expiration Date and thereafter on demand. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.3 . In addition, the Borrower shall pay directly to the Issuing Bank for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the Issuing Bank relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(c) In addition, the Borrower agrees to pay to the Administrative Agent any and all other fees not expressly covered hereunder on the dates and in the amounts set forth in the Fee Letter.

Section 2.6 Termination and/or Reduction of the Total Revolving Committed Amount .

(a) Upon at least three (3) Business Days' prior written, facsimile or telephonic notice (provided that such telephonic notice is immediately followed by written confirmation) to the Administrative Agent, the Borrower may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Total Revolving Committed Amount. In the case of a partial reduction, each such reduction of the Total Revolving Committed Amount shall be in a minimum aggregate principal amount of \$500,000 or an integral multiple thereof; provided, however, that the Total Revolving Committed Amount may not be reduced to an amount less than the aggregate principal amount of all Revolving Obligations then outstanding.

(b) On any date that the Total Revolving Committed Amount is reduced pursuant to subsection (a) above, each of the Swingline Committed Amount and the LOC Committed Amount shall also be reduced proportionately, such that the LOC Committed Amount shall at all times remain equal to fifteen percent (15%) of the Total Revolving Committed Amount, and the Swingline Committed Amount shall at all times remain equal to the lesser of (i) twenty percent (20%) of the Total Revolving Committed Amount, or (ii) \$50,000,000.

(c) Any partial reduction of the Total Revolving Committed Amount hereunder shall be made among the Revolving Lenders ratably in accordance with their respective Revolving Commitment Percentages.

(d) Simultaneously with each termination or reduction of the Total Revolving Committed Amount, the Borrower shall pay to the Administrative Agent, for the benefit of the Revolving Lenders, all accrued and unpaid Facility Fees on the amount of the Total Revolving Committed Amount so terminated or reduced through the date of such termination or reduction.

Section 2.7 Prepayments .

(a) If at any time (i) the aggregate principal amount of Revolving Obligations outstanding shall exceed the Total Revolving Committed Amount, (ii) the aggregate principal amount of Revolving Obligations outstanding shall exceed the Borrowing Base, (iii) the aggregate principal amount of LOC Obligations outstanding shall exceed the LOC Committed Amount or (iv) the aggregate principal amount of all Swingline Loans outstanding shall exceed the Swingline Committed Amount, the Borrower will immediately prepay Revolving Obligations (or, in the case of a prepayment in respect of Letters of Credit under clause (iii), to a cash collateral account) to the extent necessary to eliminate any such excess; provided that any such prepayment shall be subject to the terms of Section 3.5.

(b) Subject to the terms of Section 3.5 hereof, the Borrower shall have the right at its option at any time and from time to time to prepay any of the Loans hereunder; provided (i) any such prepayment of a Base Rate Loan, in whole or in part, shall be (A) received not later than 11:00 a.m. (Charlotte, North Carolina time) on the Business Day that is the date of such prepayment, (B) in the principal amount of \$500,000 or such greater amount which is an integral multiple of \$250,000 if prepaid in part, and (C) accompanied by a Notice of Prepayment, and (ii) any such prepayment of a Eurodollar Rate Loan, in whole or in part, shall be (A) received not later than 11:00 a.m. (Charlotte, North Carolina time) on the Business Day that is the date of such prepayment, (B) in the principal amount of \$1,000,000 or such greater amount which is an integral multiple of \$100,000 if prepaid in part, and (C) accompanied by a Notice of Prepayment. Each Notice of Prepayment shall specify the prepayment date, each Loan to be prepaid and the principal amount thereof, shall be irrevocable and shall commit the Borrower to prepay each such Loan in the amount and on the date stated therein.

(c) Any prepayments pursuant to this Section 2.7 not otherwise specifically provided for in this Section 2.7, shall be applied as provided in Section 2.4(f) hereof.

(d) All prepayments of Loans under this Section 2.7 shall, as regards Interest Rate Type, be applied first to Base Rate Loans, and subject to Section 2.7(f) hereof, then to Eurodollar Rate Loans in the order of the scheduled expiry of Interest Periods with respect thereto (i.e., those Eurodollar Rate Loans with Interest Periods which end sooner would be paid before those with Interest Periods which end later).

(e) All prepayments under this Section 2.7 shall be accompanied by accrued but unpaid interest on the principal amount being prepaid to (but not including) the date of prepayment.

(f) If on any day on which Loans would otherwise be required to be prepaid pursuant to this Section 2.7, but for the operation of this Section 2.7(f) (each a “ Prepayment Date ”), the amount of such required prepayment exceeds the then outstanding aggregate principal amount of Base Rate Loans which are of the type required to be prepaid (i.e., Revolving Loans), and no Default or Event of Default exists or is continuing, then on such Prepayment Date, (i) the Borrower shall deposit Dollars into the Cash Collateral Account in an amount equal to such excess, and only the outstanding Base Rate Loans which are of the type required to be prepaid shall be required to be prepaid on such Prepayment Date and (ii) on the last day of each Interest Period after such Prepayment Date in effect with respect to a Eurodollar Rate Loan which is of the type required to be prepaid, the Administrative Agent is irrevocably authorized and directed to apply funds from the Cash Collateral Account (and liquidate investments held in the Cash Collateral Account, as necessary) to prepay such Eurodollar Rate Loans for which the Interest Period is then ending to the extent funds are available in the Cash Collateral Account.

Section 2.8 Default Interest.

(a) In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the Borrower shall on demand from time to time pay interest, to the extent permitted by applicable Laws, on all Loans and overdue amounts outstanding up to (but not including) the date of actual payment of such Loan or overdue amount (after as well as before judgment) (i) for the remainder of the then current Interest Period for each Eurodollar Rate Loan, at three percent (3%) in excess of the rate then in effect for each such Eurodollar Rate Loan (it being understood by the parties hereto that no Eurodollar Rate Loan may be continued into a subsequent Interest Period and no Base Rate Loan may be converted to a Eurodollar Rate Loan, at any time when an Event of Default shall have occurred and then be continuing unless the Administrative Agent and the Required Lenders otherwise consent), (ii) for all periods subsequent to the then current Interest Period for each Eurodollar Rate Loan and for all Base Rate Loans of a certain type (i.e., Revolving Loan), at three percent (3%) in excess of the rate then in effect for Base Rate Loans of the same type and (iii) for all other overdue amounts hereunder, at three percent (3%) in excess of the rate then in effect for Base Rate Loans that are Revolving Loans; provided, however, that if an Event of Default is waived by the applicable Lenders in accordance with the terms of this Credit Agreement, then the provisions of this Section 2.8(a) shall also be deemed waived from and after the effective date of the applicable waiver.

(b) In the event, and on each occasion, that on or before the day on which the Eurodollar Rate for a Eurodollar Rate Loan is to be determined as set forth herein, (i) the Administrative Agent shall have received notice from any Lender of such Lender's determination (which determination, absent manifest error, shall be conclusive) that Dollar deposits in an amount equal to the principal amount of such Lender's Eurodollar Rate Loan are not generally available in the London interbank market or that the rate at which such Dollar deposits are being offered will not adequately and fairly reflect the cost to such Lender of making or maintaining the principal amount of such Lender's Eurodollar Rate Loan during the applicable Interest Period or (ii) the Administrative Agent shall have determined that reasonable means do not exist for ascertaining the applicable Eurodollar Rate, the Administrative Agent shall, as soon as practicable thereafter, give written or facsimile notice of such determination by such Lender or the Administrative Agent to the Borrower and the Lenders and any request by the Borrower for a Eurodollar Rate Loan pursuant to Section 2.2 or conversion to or continuation as a Eurodollar Rate Loan pursuant to Section 2.9, made after receipt of such notice and until the circumstances giving rise to such notice no longer exist, shall be deemed to be a request for a Base Rate Loan; provided, however, that in the circumstances described in clause (i) above, such deemed request shall only apply to the affected Lender's portion thereof.

Section 2.9 Continuation and Conversion of Loans .

The Borrower shall have the right, at any time, (i) to convert any Eurodollar Rate Loan or portion thereof to a Base Rate Loan, (ii) to continue any Eurodollar Rate Loan for a successive Interest Period, or (iii) to convert any Base Rate Loan or portion thereof to a Eurodollar Rate Loan, subject to the following:

(a) at least three (3) Business Days prior to any conversion or continuation hereunder, the Borrower shall deliver to the Administrative Agent written notice with respect thereto in the form of a Loan Notice (or by telephonic notice promptly confirmed in writing); such notice shall be irrevocable and to be effective, must be received by the Administrative Agent on the day required not later than 11:00 a.m. (Charlotte, North Carolina time);

(b) unless the Administrative Agent and the Required Lenders otherwise consent, no Default or Event of Default shall have occurred and be continuing at the time of any conversion to a Eurodollar Rate Loan or continuation of a Eurodollar Rate Loan into a subsequent Interest Period;

(c) the aggregate principal amount of Loans continued as, or converted to, Eurodollar Rate Loans as part of the same continuation or conversion, shall be in a minimum amount of \$1,000,000 or in such greater amount which is an integral multiple of \$100,000;

(d) if fewer than all Loans of a particular type at the time outstanding shall be continued or converted, such continuation or conversion shall be made pro rata among the applicable Lenders in accordance with the respective principal amount of such Loans held by the applicable Lenders immediately prior to such continuation or conversion;

(e) no Base Rate Loan (or portion thereof) may be converted to a Eurodollar Rate Loan and no Eurodollar Rate Loan may be continued as a Eurodollar Rate Loan if, after such conversion or continuation, and after giving effect to any concurrent prepayment of Loans, an aggregate of more than fifteen (15) separate Eurodollar Rate Loans would be outstanding hereunder with respect to a Lender (for purposes of determining the number of such Loans outstanding, Loans with different Interest Periods shall be counted as different Eurodollar Rate Loans even if made on the same date);

(f) the Interest Period with respect to a new Eurodollar Rate Loan effected by a continuation or conversion shall commence on the date of such continuation or conversion;

(g) if a Eurodollar Rate Loan is converted to a Base Rate Loan other than on the last day of the Interest Period with respect thereto, the amounts required by Section 3.5 shall be paid upon such conversion; and

(h) each request for a continuation as, or conversion to, a Eurodollar Rate Loan which fails to state an applicable Interest Period shall be deemed to be a request for an Interest Period of one (1) month.

Subject to the foregoing, in the event that the Borrower shall not give notice to continue or convert any Eurodollar Rate Loan as provided above, such Loan (unless repaid) shall automatically be converted to a Base Rate Loan at the expiration of the then current Interest Period. The Administrative Agent shall, after it receives notice from the Borrower, promptly give the Lenders notice of any continuation or conversion.

Section 2.10 Payments Generally; Administrative Agent's Clawback .

(a) General . All payments to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 3:00 p.m. (Charlotte, North Carolina time) on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Revolving Commitment Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 3:00 p.m. (Charlotte, North Carolina time) shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) (i) Funding by Lenders; Presumption by Administrative Agent . Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing of Eurodollar Rate Loans (or, in the case of any Borrowing of Base Rate Loans, prior to 12:00 noon (Charlotte, North Carolina time) on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.2 (or, in the case of a Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.2) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (B) in the case of a payment to be made by the Borrower, the interest rate applicable to Base Rate Loans. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(ii) Payments by Borrower; Presumptions by Administrative Agent . Unless the Administrative Agent shall have received notice from the Borrower prior to 2:00 p.m. (Charlotte, North Carolina time) on the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or the Issuing Bank, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent . If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II , and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Extension of Credit set forth in Article V are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several . The obligations of the Lenders hereunder to make Loans, to fund participations in Letters of Credit and Swingline Loans and to make payments pursuant to Section 12.4(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 12.4(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 12.4(c) .

(e) Funding Source . Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

Section 2.11 Additional Provisions Relating to Letters of Credit.

(a) Limitations on Obligation to Issue of Letters of Credit.

(i) The Issuing Bank shall not issue any Letter of Credit, if:

(A) the expiry date of such requested Letter of Credit would occur more than twelve months after the date of issuance or last extension, unless the Required Lenders have approved such expiry date; or

(B) the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Lenders have approved such expiry date.

(ii) The Issuing Bank shall not be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Issuing Bank from issuing such Letter of Credit, or any Law applicable to the Issuing Bank or any request or directive (whether or not having the force of Law) from any Governmental Authority with jurisdiction over the Issuing Bank shall prohibit, or request that the Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Bank is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the Issuing Bank in good faith deems material to it;

(B) the issuance of such Letter of Credit would violate one or more policies of the Issuing Bank applicable to letters of credit generally;

(C) except as otherwise agreed by the Administrative Agent and the Issuing Bank, such Letter of Credit is in an initial stated amount less than \$100,000, in the case of a commercial Letter of Credit, or \$500,000, in the case of a standby Letter of Credit;

(D) such Letter of Credit is to be denominated in a currency other than Dollars; or

(E) a default of any Lender's obligations to fund under Section 2.11(c) exists or any Lender is at such time a Defaulting Lender hereunder, unless the Issuing Bank has entered into satisfactory arrangements with the Borrower or such Lender to eliminate the Issuing Bank's risk with respect to such Lender.

(iii) The Issuing Bank shall not amend any Letter of Credit if the Issuing Bank would not be permitted at such time to issue such Letter of Credit in its amended form under the terms hereof.

(iv) The Issuing Bank shall be under no obligation to amend any Letter of Credit if (A) the Issuing Bank would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(v) The Issuing Bank shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the Issuing Bank shall have all of the benefits and immunities (A) provided to the Administrative Agent in Article XI with respect to any acts taken or omissions suffered by the Issuing Bank in connection with Letters of Credit issued by it or proposed to be issued by it and LOC Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in Article XI included the Issuing Bank with respect to such acts or omissions, and (B) as additionally provided herein with respect to the Issuing Bank.

(b) Procedures for Issuance and Amendment of Letters of Credit .

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Borrower delivered to the Issuing Bank (with a copy to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Authorized Officer of the Borrower. Such Letter of Credit Application must be received by the Issuing Bank and the Administrative Agent not later than 11:00 a.m. (Charlotte, North Carolina time) at least two (2) Business Days (or such later date and time as the Administrative Agent and the Issuing Bank may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the Issuing Bank: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as the Issuing Bank may reasonably require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the Issuing Bank (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the Issuing Bank may reasonably require. Additionally, the Borrower shall furnish to the Issuing Bank and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any LOC Documents, as the Issuing Bank or the Administrative Agent may reasonably require.

(ii) Promptly after receipt of any Letter of Credit Application, the Issuing Bank will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the Borrower and, if not, the Issuing Bank will provide the Administrative Agent with a copy thereof. Unless the Issuing Bank has received written notice from any Lender, the Administrative Agent or any Credit Party, at least one (1) Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Article V shall not then be satisfied, then, subject to the terms and conditions hereof, the Issuing Bank shall, on the requested date, issue a Letter of Credit for the account of the Borrower (or the applicable Subsidiary) or enter into the applicable amendment, as the case may be, in each case in accordance with the Issuing Bank's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Issuing Bank a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Revolving Commitment Percentage multiplied by the amount of such Letter of Credit.

(iii) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the Issuing Bank will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations .

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the Issuing Bank shall notify the Borrower and the Administrative Agent thereof. Not later than 2:00 p.m. (Charlotte, North Carolina) on the date of any payment by the Issuing Bank under a Letter of Credit (each such date, an "Honor Date"), the Borrower shall reimburse the Issuing Bank through the Administrative Agent in an amount equal to the amount of such drawing. If the Borrower fails to so reimburse the Issuing Bank by such time, the Administrative Agent shall promptly notify each Lender of the Honor Date, the amount of the unreimbursed drawing (the "Unreimbursed Amount"), and the amount of such Lender's Revolving Commitment Percentage thereof. In such event, the Borrower shall be deemed to have requested a Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.2(e) for the principal amount of Base Rate Loans, but subject to the amount of the unutilized portion of the Revolving Commitments and the conditions set forth in Section 5.2 (other than the delivery of a Loan Notice). Any notice given by the Issuing Bank or the Administrative Agent pursuant to this Section 2.11(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Lender shall upon any notice pursuant to Section 2.11(c)(i) make funds available to the Administrative Agent for the account of the Issuing Bank at the Administrative Agent's Office in an amount equal to its Revolving Commitment Percentage of the Unreimbursed Amount not later than 1:00 p.m. (Charlotte, North Carolina time) on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.11(c)(iii), each Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the Issuing Bank.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Borrowing of Base Rate Loans because the conditions set forth in Section 5.2 cannot be satisfied or for any other reason, the Borrower shall be deemed to have incurred from the Issuing Bank an LOC Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which LOC Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Adjusted Base Rate plus three percent (3%). In such event, each Lender's payment to the Administrative Agent for the account of the Issuing Bank pursuant to Section 2.11(c)(ii) shall be deemed payment in respect of its participation in such LOC Borrowing and shall constitute an LOC Advance from such Lender in satisfaction of its participation obligation under this Section 2.11.

(iv) Until each Lender funds its Loan or LOC Advance pursuant to this Section 2.11(c) to reimburse the Issuing Bank for any amount drawn under any Letter of Credit, interest in respect of such Lender's Revolving Commitment Percentage of such amount shall be solely for the account of the Issuing Bank.

(v) Each Lender's obligation to make Loans or LOC Advances to reimburse the Issuing Bank for amounts drawn under Letters of Credit, as contemplated by this Section 2.11(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Issuing Bank, the Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Loans pursuant to this Section 2.11(c) is subject to the conditions set forth in Section 5.2 (other than delivery by the Borrower of a Loan Notice). No such making of an LOC Advance shall relieve or otherwise impair the obligation of the Borrower to reimburse the Issuing Bank for the amount of any payment made by the Issuing Bank under any Letter of Credit, together with interest as provided herein.

(vi) If any Lender fails to make available to the Administrative Agent for the account of the Issuing Bank any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.11(c) by the time specified in Section 2.11(c)(ii), the Issuing Bank shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Issuing Bank at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the Issuing Bank in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Issuing Bank in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Loan included in the relevant Borrowing or LOC Advance in respect of the relevant LOC Borrowing, as the case may be. A certificate of the Issuing Bank submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(d) Repayment of Participations .

(i) At any time after the Issuing Bank has made a payment under any Letter of Credit and has received from any Lender such Lender's LOC Advance in respect of such payment in accordance with Section 2.11(c), if the Administrative Agent receives for the account of the Issuing Bank any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Revolving Commitment Percentage thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's LOC Advance was outstanding) in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of the Issuing Bank pursuant to Section 2.11(c)(i) is required to be returned under any of the circumstances described in Section 12.5 (including pursuant to any settlement entered into by the Issuing Bank in its discretion), each Lender shall pay to the Administrative Agent for the account of the Issuing Bank its Revolving Commitment Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Credit Agreement.

(e) Obligations Absolute . The obligation of the Borrower to reimburse the Issuing Bank for each drawing under each Letter of Credit and to repay each LOC Borrowing shall be absolute, unconditional and irrevocable (provided that if there is any gross negligence or willful misconduct by the Issuing Bank, then such reimbursement by Borrower shall not be deemed to waive or otherwise impair any claim of Borrower against the Issuing Bank on account of such gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and non-appealable judgment), and shall be paid strictly in accordance with the terms of this Credit Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Credit Agreement, or any other Fundamental Document;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that the Borrower or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the Issuing Bank or any other Person, whether in connection with this Credit Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the Issuing Bank under such Letter of Credit against presentation of a draft or certificates that does not strictly comply with the terms of such Letter of Credit; or any payment made by the Issuing Bank under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or any Subsidiary.

The Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower's instructions or other irregularity, the Borrower will as soon as possible notify the Issuing Bank. The Borrower shall be conclusively deemed to have waived any such claim against the Issuing Bank and its correspondents unless such notice is given as aforesaid; provided that such waiver shall not be ultimately applicable to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of the Issuing Bank or from a breach in bad faith of the Issuing Bank's obligations hereunder.

(f) Role of Issuing Bank. Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, the Issuing Bank shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the Issuing Bank, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the Issuing Bank shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or LOC Document. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the Issuing Bank, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the Issuing Bank shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.11(e); provided, however, that anything herein to the contrary notwithstanding, the Borrower may have a claim against the Issuing Bank, and the Issuing Bank may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by the Issuing Bank's willful misconduct or gross negligence or the Issuing Bank's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the Issuing Bank shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) Cash Collateral. Upon the request of the Administrative Agent, (i) if the Issuing Bank has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an LOC Borrowing, or (ii) if, as of the Letter of Credit Expiration Date, any LOC Obligation for any reason remains outstanding, the Borrower shall, in each case, immediately Cash Collateralize the then outstanding amount of all LOC Obligations. Sections 2.4 and 2.7 set forth certain additional requirements to deliver Cash Collateral hereunder. The Borrower hereby grants to the Administrative Agent, for the benefit of the Issuing Bank and the Lenders, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Cash Collateral shall be maintained in the Cash Collateral Account.

(h) Applicability of ISP and UCP. Unless otherwise expressly agreed by the Issuing Bank and the Borrower when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), (i) the rules of the ISP shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits (the “UCP”), as most recently published by the International Chamber of Commerce at the time of issuance shall apply to each trade Letter of Credit.

(i) Conflict with LOC Documents. In the event of any conflict between the terms hereof and the terms of any LOC Document, the terms hereof shall control.

(j) Letters of Credit Issued for Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary, the Borrower shall be obligated to reimburse the Issuing Bank hereunder for any and all drawings under such Letter of Credit. The Borrower hereby acknowledges that the issuance of Letters of Credit for the account of Subsidiaries inures to the benefit of the Borrower, and that the Borrower’s business derives substantial benefits from the businesses of such Subsidiaries.

Section 2.12 Additional Provisions Relating to Swingline Loans.

The Swingline Lender may, at any time, in its sole discretion, by written notice to the Borrower and the Revolving Lenders, demand repayment of its Swingline Loans by way of a Revolving Loan advance, in which case the Borrower shall be deemed to have requested a Revolving Loan advance comprised solely of Base Rate Loans in the amount of such Swingline Loans; provided, however, that any such demand shall be deemed to have been given one (1) Business Day prior to the Revolving Commitment Termination Date and on the date of the occurrence of any Event of Default described in Article VIII and upon acceleration of the indebtedness hereunder and the exercise of remedies in accordance with the provisions of Article VIII. Each Revolving Lender hereby irrevocably agrees to make its Revolving Commitment Percentage of each such Revolving Loan in the amount, in the manner and on the date specified in the preceding sentence notwithstanding (a) that the amount of such Revolving Loan may not comply with the minimum amount for advances of Revolving Loans otherwise required hereunder, (b) whether any conditions specified in Section 5.2 are then satisfied, (c) whether a Default or an Event of Default then exists, (d) failure of any such request or deemed request for a Revolving Loan to be made by the time otherwise required hereunder, (e) whether the date of such Borrowing is a date on which Revolving Loans are otherwise permitted to be made hereunder or (f) any termination of the Revolving Commitments relating thereto immediately prior to or contemporaneously with such Borrowing. In the event

that any Revolving Loan cannot for any reason be made on the date otherwise required above (including as a result of the commencement of a proceeding under the Bankruptcy Code with respect to the Borrower or any other Credit Party), then each Revolving Lender hereby agrees that it shall forthwith purchase (as of the date such Borrowing would otherwise have occurred, but adjusted for any payments received from the Borrower on or after such date and prior to such purchase) from the Swingline Lender such Participation Interests in the outstanding Swingline Loans as shall be necessary to cause each such Revolving Lender to share in such Swingline Loans ratably based upon its Revolving Commitment Percentage (determined before giving effect to any termination of the Revolving Commitments pursuant to Article VIII); provided that (i) all interest payable on the Swingline Loans shall be for the account of the Swingline Lender until the date as of which the respective Participation Interests are funded and (ii) at the time any purchase of Participation Interests pursuant to this Section 2.12 is actually made, the purchasing Revolving Lender shall be required to pay to the Swingline Lender, to the extent not paid to the Swingline Lender by the Borrower in accordance with the terms hereof, interest on the principal amount of Participation Interests purchased for each day from and including the day upon which such Borrowing would otherwise have occurred to but excluding the date of payment for such Participation Interests, at the rate equal to the Federal Funds Rate.

Section 2.13 Pro Rata Treatment.

Except to the extent otherwise provided herein:

(a) Loans. Each advance of a Revolving Loan, each payment or prepayment of the principal of the Revolving Loans (other than Swingline Loans, the principal of which shall be paid solely to the Swingline Lender until the funding of the other Lenders' participation interests therein), each reimbursement obligation arising from drawings under Letters of Credit or other payment of LOC Obligations, each payment of interest on the Revolving Loans (other than Swingline Loans, the interest on which shall be paid solely to the Swingline Lender until the funding of the other Lenders' participation interests therein), each payment of the Facility Fees, each payment of a Letter of Credit Fee, each reduction of the Revolving Commitments and each continuation or conversion of Revolving Loans shall be allocated pro rata among the Revolving Lenders according to their respective Revolving Commitment Percentages; and

(b) Advances.

(i) No Lender shall be responsible for the failure or delay by any other Lender in its obligation to make its ratable share of a Borrowing hereunder; provided, however, that the failure of any Lender to fulfill its obligations hereunder shall not relieve any other Lender of its obligations hereunder.

(ii) Unless the Borrower or any Lender has notified the Administrative Agent prior to the date any payment is required to be made by it to the Administrative Agent hereunder, that the Borrower or such Lender, as the case may be, will not make such payment, the Administrative Agent may assume that the Borrower or such Lender, as the case may be, has timely made such payment and may (but shall not be so required to), in reliance thereon, make available a corresponding amount to the Person entitled thereto. If and to the extent that such payment was not in fact made to the Administrative Agent in immediately available funds, then:

(A) if the Borrower failed to make such payment, each Lender shall forthwith on demand repay to the Administrative Agent the portion of such assumed payment that was made available to such Lender in immediately available funds, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent in immediately available funds, at the Federal Funds Rate from time to time in effect; and

(B) if any Lender failed to make such payment, such Lender shall forthwith on demand pay to the Administrative Agent the amount thereof in immediately available funds, together with interest thereon for the period from the date such amount was made available by the Administrative Agent to the Borrower to the date such amount is recovered by the Administrative Agent (the “ Compensation Period ”) at a rate per annum equal to the Federal Funds Rate from time to time in effect. If such Lender does not pay such amount forthwith upon the Administrative Agent’s demand therefor, the Administrative Agent may make a demand therefor upon the Borrower, and the Borrower shall pay such amount to the Administrative Agent, together with interest thereon for the Compensation Period at a rate per annum equal to the rate of interest applicable to the applicable Borrowing. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Commitment or to prejudice any rights that the Administrative Agent or the Borrower may have against any Lender as a result of any default by such Lender hereunder. A notice of the Administrative Agent to any Lender with respect to any amount owing under this Section 2.13(b)(ii)(B) shall be conclusive, absent manifest error.

Section 2.14 Sharing of Payments .

(a) Lenders . The Lenders agree that, in the event that any Lender shall obtain payment in respect of any Revolving Loan, LOC Obligation or any other obligation owing to such Lender under this Credit Agreement through the exercise of a right of setoff, banker’s lien or counterclaim, or pursuant to a secured claim under Section 506 of the Bankruptcy Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, in excess of its pro rata share of such payment as provided in this Credit Agreement, such Lender shall promptly purchase from the other Lenders a Participation Interest in such Revolving Loan, LOC Obligation or other obligations in such amounts, and make such other adjustments from time to time, as shall be equitable to the end that all the Lenders share such payment in accordance with their respective Revolving Commitment Percentages, as provided in this Credit Agreement. The Lenders further agree that if payment to any such Lender obtained by such Lender through the exercise of a right of setoff, banker’s lien, counterclaim or other event as aforesaid shall be rescinded or must otherwise be restored, each Lender that shall have shared the benefit of such payment shall, by repurchase of a Participation Interest theretofore sold, return its share of that benefit (together with its share of any accrued interest payable with respect thereto) to each such Lender whose payment shall have been rescinded or otherwise restored. The Borrower agrees that any Lender so purchasing such a Participation Interest may, to the fullest extent permitted by law, exercise all rights of payment, including setoff, banker’s lien or counterclaim, with respect to such participation as fully as if such Lender were a holder of such Revolving Loan, LOC Obligation or other obligation in the amount of such Participation Interest. If under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this subsection (a) applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders under this subsection (a) to share in the benefits of any recovery on such secured claim.

(b) Lenders and Administrative Agent . Except as otherwise expressly provided in this Credit Agreement, if any Lender or the Administrative Agent shall fail to remit to the Administrative Agent or any other Lender an amount payable by such Lender or the Administrative Agent to the Administrative Agent or such other Lender pursuant to this Credit Agreement on the date when such amount is due, such payments shall be made together with interest thereon for each date from the date such amount is due until the date such amount is paid to the Administrative Agent or such other Lender at a rate per annum equal to the Federal Funds Rate.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

Section 3.1 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of a Credit Party hereunder or under any other Fundamental Document shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes, provided that if a Credit Party shall be required by applicable Laws to withhold or deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased as necessary so that after making all required withholdings or deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, Lender or Issuing Bank, as the case may be, receives an amount equal to the sum it would have received had no such withholdings or deductions been made, (ii) such Credit Party shall make such withholdings or deductions and (iii) such Credit Party shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with applicable Laws.

(b) Payment of Other Taxes by the Borrower. Without limiting the provisions of subsection (a) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Laws.

(c) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent, each Lender and the Issuing Bank, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agent, such Lender or the Issuing Bank, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or an Issuing Bank (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender or the Issuing Bank, shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Status of Lenders. Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Fundamental Document, shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable Laws or reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable Laws as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Laws or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

Without limiting the generality of the foregoing, in the event that the Borrower is resident for tax purposes in the United States, any Foreign Lender shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Credit Agreement (and from time to time thereafter upon the request of the Borrower or the Administrative Agent, but only if such Foreign Lender is legally entitled to do so), whichever of the following is applicable:

- (i) duly completed copies of IRS Form W-8BEN claiming eligibility for benefits of an income tax treaty to which the United States is a party,
- (ii) duly completed copies of IRS Form W-8ECI,
- (iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not (A) a “bank” within the meaning of section 881(c)(3)(A) of the Code, (B) a “10 percent shareholder” of the Borrower within the meaning of section 881(c)(3)(B) of the Code, or (C) a “controlled foreign corporation” described in section 881(c)(3)(C) of the Code and (y) duly completed copies of IRS Form W-8BEN, or
- (iv) any other form prescribed by applicable Laws as a basis for claiming exemption from or a reduction in United States federal withholding tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Laws to permit the Borrower to determine the withholding or deduction required to be made.

Without limiting the obligations of the Lenders set forth above regarding delivery of certain forms and documents to establish each Lender’s status for U.S. withholding tax purposes, each Lender agrees to deliver to the Administrative Agent or the Borrower, as the Administrative Agent or the Borrower reasonably shall have requested in writing, on or prior to the Closing Date, and promptly thereafter, such other documents and forms required by any relevant taxing authorities under the Laws of any other jurisdiction, duly executed and completed by such Lender, as are required under such Laws to confirm such Lender’s entitlement to any available exemption from, or reduction of, applicable withholding taxes in respect of all payments to be made to such Lender outside of the United States by the Borrower pursuant to this Credit Agreement or otherwise to establish such Lender’s status for withholding tax purposes in such other jurisdiction. Each Lender shall promptly (i) notify the Administrative Agent of any change in circumstances which would modify or render invalid any such claimed exemption or reduction, and (ii) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid any requirement of applicable Laws of any such jurisdiction that the Borrower make any deduction or withholding for taxes from amounts payable to such Lender. Additionally, the Borrower shall deliver to the Administrative Agent or any Lender, as the Administrative Agent or such Lender reasonably shall have requested in writing, on or prior to the Closing Date, and promptly thereafter, on the written request therefor, such documents and forms required by any relevant taxing authorities under the applicable Laws of any jurisdiction, duly executed and completed by the Borrower, as are reasonably required to be furnished by such Lender or the Administrative Agent under such Laws in connection with any payment by the Administrative Agent or any Lender of Taxes or Other Taxes, or otherwise in connection with the Fundamental Documents, with respect to such jurisdiction.

(f) Treatment of Certain Refunds . If the Administrative Agent, any Lender or the Issuing Bank determines, in good faith in its sole discretion, that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section, it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent, such Lender or the Issuing Bank, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrower, upon the request of the Administrative Agent, such Lender or the Issuing Bank, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent, such Lender or the Issuing Bank in the event that the Administrative Agent, such Lender or the Issuing Bank is required to repay such refund to such Governmental Authority. This subsection shall not be construed to require the Administrative Agent, any Lender or the Issuing Bank to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person.

Section 3.2 Illegality .

If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Eurodollar Rate Loans, or to determine or charge interest rates based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

Section 3.3 Inability to Determine Rates .

If the Required Lenders determine that for any reason in connection with any applicable request for a Eurodollar Rate Loan or a conversion to or continuation thereof that (a) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Eurodollar Rate Loan, (b) adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan, or (c) the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

Section 3.4 Increased Cost; Capital Adequacy; Reserves on Eurodollar Rate Loans .

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Eurodollar Rate) or the Issuing Bank;

(ii) subject any Lender or the Issuing Bank to any Tax of any kind whatsoever with respect to this Credit Agreement, any Letter of Credit, any participation in a Letter of Credit or any Eurodollar Rate Loan made by it, or change the basis of taxation of payments to such Lender or the Issuing Bank in respect thereof (all except for Indemnified Taxes or Other Taxes covered by Section 3.1 and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender or the Issuing Bank); or

(iii) impose on any Lender or the Issuing Bank or the London interbank market any other condition, cost or expense affecting this Credit Agreement or Eurodollar Rate Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Rate Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or the Issuing Bank of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or the Issuing Bank hereunder (whether of principal, interest or any other amount) in each case by or in an amount which such Lender in its sole judgment shall deem material, then, upon request of such Lender or the Issuing Bank, the Borrower will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements . If any Lender or the Issuing Bank determines that any Change in Law affecting such Lender or the Issuing Bank or any Lending Office of such Lender or such Lender's or the Issuing Bank's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Credit Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy), by an amount deemed by such Lender in its sole judgment to be material then from time to time the Borrower will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered to the extent attributable to this Credit Agreement or the Loans made or Letters of Credit issued pursuant hereto; provided that the Borrower shall not be liable to any Lender in respect of any such reduction with respect to any period of time more than three (3) months before the Borrower receives from such Lender the certificates required by the first sentence of Section 3.4(c).

(c) Certificates for Reimbursement. A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Borrower in detail sufficient to allow the Borrower to verify the computation thereof shall be conclusive absent manifest error. The Borrower shall pay such Lender or the Issuing Bank, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender or the Issuing Bank pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than three (3) months prior to the date that such Lender or the Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the three (3) month period referred to above shall be extended to include the period of retroactive effect thereof).

Section 3.5 Compensation for Losses.

Upon delivery of a certificate, as hereinafter provided by any Lender (with a copy to the Administrative Agent) from time to time, the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by the Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by the Borrower; or

(c) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 12.14,

including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrower to the Lenders under this Section 3.5, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Rate for such Loan by a matching deposit or other Borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

Each Lender shall deliver to the Administrative Agent as soon as reasonably practicable but in no event more than thirty (30) Business Days after (x) in the case of a prepayment or conversion prior to the last day of the Interest Period for a Eurodollar Rate Loan, the date of such prepayment or conversion of such Loan or (y) in the case of a failure to borrow, continue or convert, the last day of the Interest Period for such Loan which would have commenced on the date of such failure to borrow, continue or convert, a certificate setting forth the amount of such loss and expenses (and in reasonable detail the manner of computation thereof) as determined by such Lender, which certificate shall be conclusive absent manifest error. Promptly after the end of such period of thirty (30) Business Days, the Administrative Agent shall notify the Borrower of all certificates received by it during such period and shall deliver to the Borrower copies of all certificates received by the Administrative Agent from the Lenders. The Borrower shall pay each Lender timely delivering a certificate under this Section 3.5 the amount shown on the applicable certificate delivered by such Lender on the next Interest Payment Date which is at least five (5) Business Days following the Borrower's receipt of such certificate.

Section 3.6 Mitigation Obligations; Replacement of Lenders .

(a) Designation of a Different Lending Office . If any Lender requests compensation under Section 3.4 , or the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.1 , or if any Lender gives a notice pursuant to Section 3.2 , then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.1 or 3.4 , as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.2 , as applicable, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders . If any Lender requests compensation under Section 3.4 , or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.1 , the Borrower may replace such Lender in accordance with Section 12.14 .

Section 3.7 Survival Losses .

All of the Borrower's obligations under this Article III shall survive termination of the Revolving Commitments and repayment of all other Obligations hereunder.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF CREDIT PARTIES

In order to induce the Administrative Agent, the Issuing Bank and the Lenders to enter into this Credit Agreement, to make the Loans, to make the Extensions of Credit hereunder, the Credit Parties, jointly and severally, make the following representations and warranties to, and agreements with, the Administrative Agent, the Issuing Bank and the Lenders, all of which shall survive the execution and delivery of this Credit Agreement, the issuance of any Notes evidencing any of the Loans hereunder, the making of the Loans and the issuance of the Letters of Credit:

Section 4.1 Existence and Power .

(a) The Borrower is a limited partnership duly organized, validly existing and in good standing under the laws of Delaware and is qualified to do business and is in good standing in all jurisdictions where both (i) the nature of its properties or business so requires and (ii) the failure to be in good standing is reasonably likely to have a Material Adverse Effect. Ventas is the sole general partner of the Borrower. Schedule 4.1(a) hereto contains a true and complete list of all of the limited partners of the Borrower as of the Closing Date.

(b) Ventas is a corporation duly organized, validly existing and in good standing under the laws of Delaware and is qualified to do business and is in good standing in all jurisdictions where both (i) the nature of its properties or business so requires and (ii) the failure to be in good standing is reasonably likely to have a Material Adverse Effect.

(c) Each Credit Party acquired or created after the Closing Date shall be a corporation, limited liability company, limited partnership, general partnership or business trust duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and shall be qualified to do business and shall be in good standing in all jurisdictions where both (i) the nature of its properties or business so requires and (ii) the failure to be in good standing is reasonably likely to have a Material Adverse Effect.

(d) Each of the Credit Parties has the partnership, company or corporate, as the case may be, power and authority (i) to own its respective properties and carry on its respective business as now being, or as now intended to be, conducted where the failure to do so is reasonably likely to have a Material Adverse Effect, (ii) to execute, deliver and perform, as applicable, its obligations under the Fundamental Documents to which it is or will be a party; and (iii) in the case of the Borrower, to execute, deliver and perform its obligations under this Credit Agreement and any Notes evidencing any of the Loans hereunder and to borrow hereunder; and in the case of the Guarantors, to guaranty the Obligations as contemplated by Article IX hereof.

(e) Ventas has the corporate power and authority as the Borrower's general partner, on behalf of the Borrower, to execute, deliver and perform the obligations of the Borrower under the Fundamental Documents (including this Credit Agreement and any notes evidencing any of the Loans hereunder) and any other documents contemplated hereby or thereby to which the Borrower is or will be a party; and to cause the Borrower to borrow hereunder.

Section 4.2 Authority and No Violation .

Except as set forth in Schedule 4.2 hereto, the execution, delivery and performance of this Credit Agreement and the other Fundamental Documents to which it is a party, by each Credit Party and by the Borrower's general partner, Ventas, on behalf of the Borrower, and, in the case of the Borrower, the Borrowings hereunder and the execution, delivery and performance of the Notes evidencing any of the Loans hereunder and, in the case of each Guarantor, the guaranty of the Obligations as contemplated in Article IX hereof, (i) have been duly authorized by all necessary company, partnership or corporate (as applicable) action on the part of each such Credit Party, (ii) will not constitute a violation of any provision of applicable Laws or any order of any Governmental Authority applicable to such Credit Party or any of its respective properties or assets, (iii) will not violate any provision of the Organizational Documents of any Credit Party or any Subsidiary of a Credit Party, or any provision of any material indenture, agreement, bond, note, mortgage, deed of trust, or other similar instrument to which such Credit Party is a party or by which such Credit Party or any of its respective properties or assets are bound or to which such Credit Party is subject, (iv) will not be in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under, or create any right to terminate, any such indenture, agreement, bond, note, mortgage, deed of trust, or other instrument, and (v) will not result in the creation or imposition of (or the obligation to create or impose) any Lien whatsoever upon any of the properties or assets of any of the Credit Parties or any Subsidiary of a Credit Party other than pursuant to this Credit Agreement or the other Fundamental Documents.

Section 4.3 Governmental Approval; Other Consents .

All authorizations, approvals, orders, consents, licenses, registrations or filings from or with any Governmental Authority or any other Person necessary or required in connection with the execution, delivery and performance by any Credit Party or Ventas (as the Borrower's general partner on behalf of the Borrower) of this Credit Agreement and the other Fundamental Documents to which it is a party, and the execution and delivery by the Borrower of any Notes evidencing any of the Loans hereunder, have been duly obtained or made, and are in full force and effect.

Section 4.4 Binding Agreements .

Each Credit Party has duly executed and delivered this Credit Agreement and each other Fundamental Document to which it is a party. Each of this Credit Agreement and the other Fundamental Documents constitutes the legal, valid and binding obligation of each Credit Party that is a party thereto, enforceable against such Credit Party in accordance with its respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject to general principles of equity, whether such enforceability is considered in a proceeding at law or in equity.

Section 4.5 No Material Adverse Effect .

Since December 31, 2005, there has been no event or circumstance that has had a Material Adverse Effect.

Section 4.6 Financial Information .

The audited, consolidated balance sheet of the Consolidated Group at December 31, 2005, together with the related statements of income, stockholders' equity and cash flows and the related notes and supplemental information, in the forms which have previously been delivered to the Lenders, have been prepared in accordance with GAAP consistently applied, except as otherwise indicated in the notes to such financial statements. All of such financial statements fairly present, in accordance with GAAP, the consolidated financial position and the results of operations, as the case may be, of the Consolidated Group, at the dates or for the periods indicated.

Section 4.7 Credit Parties .

Attached hereto as Schedule 4.7 is a correct and complete list as of the Closing Date, of each Credit Party (and each Subsidiary of a Credit Party who is not otherwise a Credit Party) showing, as to each, (i) its name, (ii) the jurisdiction in which it was incorporated or otherwise organized, (iii) in the case of a Credit Party which is a corporation, its authorized capitalization, the number of shares of its Capital Stock outstanding and in the case of a Credit Party other than Ventas, the ownership of such Capital Stock, (iv) in the case of a Credit Party which is a limited partnership, the general partners and limited partners of such Credit Party and the ownership of its partnership interests, and (v) in the case of a Credit Party which is a limited liability company, the members of such Credit Party and the ownership of its limited liability company interests.

Section 4.8 Litigation; Judgments .

Except for litigation for which a Credit Party has been fully indemnified and such indemnity remains in full force and effect and has not been cancelled or terminated, there are no actions, suits or other proceedings at law or in equity by or before any arbitrator or arbitration panel, or any Governmental Authority (including matters relating to environmental liability) nor, to the best of each Credit Party's knowledge, any investigation by any Governmental Authority of the affairs of, or threatened action, suit or other proceeding against or affecting, any Credit Party, any Subsidiary of a Credit Party or of any of their respective properties or rights which either (A) could reasonably be expected to have a Material Adverse Effect, or (B) relate to this Credit Agreement, or any Loans hereunder. No Credit Party and no Subsidiary of a Credit Party is in default, beyond any applicable cure period, with respect to any order, writ, injunction, decree, rule or regulation of any Governmental Authority binding upon such Person, which default could reasonably be expected to have a Material Adverse Effect.

Section 4.9 Federal Reserve Regulations .

No Credit Party is engaged principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the Loans will be used, directly or indirectly, whether immediately, incidentally or ultimately to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

Section 4.10 Investment Company Act .

No Credit Party is, or will during the term of this Credit Agreement be, an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940.

Section 4.11 Taxes .

Each Credit Party and each Subsidiary of a Credit Party has filed or caused to be filed all United States federal tax returns, state income tax returns and other material tax returns which are required to be filed with any Governmental Authority after giving effect to applicable extensions, and has paid or has caused to be paid all taxes as shown on said returns or on any assessment received by them, to the extent that such taxes have become due, except as permitted by Section 6.8 hereof. No Credit Party knows of any material additional assessments which have not been disclosed to the Administrative Agent or reserved for on Ventas' financial statements. In the reasonable, good faith opinion of the Credit Parties, the charges, accruals and reserves on the books of the Credit Parties and their Subsidiaries in respect of taxes or other governmental charges are adequate.

Section 4.12 Compliance with ERISA .

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state Laws. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the best knowledge of the Borrower, nothing has occurred which would prevent, or cause the loss of, such qualification. The Borrower and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the best knowledge of the Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) neither the Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither the Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither the Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

Section 4.13 Disclosure .

Neither this Credit Agreement nor any other Fundamental Document nor any agreement, document, certificate or statement furnished to the Administrative Agent, the Issuing Bank or any Lender by or on behalf of any Credit Party in connection with the transactions contemplated hereby, at the time it was furnished or delivered, contained any untrue statement of a material fact regarding the Credit Parties or their Subsidiaries or, when taken together with all such other agreements, documents, certificates and statements, omitted to state a material fact necessary under the circumstances under which it was made in order to make the statements contained herein or therein not misleading provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

Section 4.14 Environmental Matters .

Each Credit Party conducts in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Laws on its respective business, operations and properties, and as a result thereof the Borrower has reasonably concluded that such Environmental Laws and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 4.15 Compliance with Laws .

Each Credit Party is in compliance in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

Section 4.16 No Default .

No Default or Event of Default exists under or with respect to any Fundamental Document.

Section 4.17 REIT Status .

Ventas is qualified to be taxed as a REIT for income tax purposes under the Code.

Section 4.18 Solvency.

Immediately after giving effect to the initial Extensions of Credit made on the Closing Date, (a) the fair value of the assets of the Credit Parties, taken as a whole, will exceed their debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of the Credit Parties, taken as a whole, will be greater than the amount that will be required to pay the probable liability of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and mature; and (c) no Credit Party will have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted following the Closing Date.

ARTICLE V

CONDITIONS PRECEDENT

Section 5.1 Conditions Precedent to the Effectiveness of this Credit Agreement.

The effectiveness of this Credit Agreement is subject to the satisfaction in full or waiver by the Required Lenders of the following conditions precedent:

(a) Credit Agreement. The Administrative Agent shall have received executed counterparts of this Credit Agreement, which, when taken together, bear the signatures of the Administrative Agent, the Issuing Bank, all of the Credit Parties and all of the Lenders.

(b) Supporting Documents of the Credit Parties. The Administrative Agent shall have received:

(i) a copy of the Certificate of Limited Partnership of the Borrower, certified as of a recent date by the Secretary of State (or other appropriate governmental official) of Delaware;

(ii) a copy of the articles of incorporation or certificate of organization or formation of each Credit Party, (x) with respect to the Borrower and Ventas, certified within thirty (30) days by the Secretary of State (or other appropriate governmental official) of Delaware, together with a certification by an Authorized Officer that there have been no changes since the date of such certification by such Secretary of State (or other appropriate governmental official) and such documents remain true, complete and in effect as of the Closing Date, (y) with respect to Ventas Capital Corporation, Ventas LP Realty, L.L.C., ElderTrust, Elder Trust Operating Limited Partnership, PSLT GP, LLC, PSLT OP, L.P., PSLT-ALS Properties I, LLC, PSLT-ALS Properties Holdings, LLC, PSLT-BLC Properties Holdings, LLC, Ventas Finance I, Inc. and Ventas Provident, LLC, certified within the past six (6) months by the Secretary of State (or other appropriate governmental official) of the jurisdiction of incorporation, organization or formation, together with a certification by an Authorized Officer that there have been no changes since the date of such certification by such Secretary of State (or other appropriate governmental official) and such documents remain true, complete and in effect as of the Closing Date or (z) with respect to each Guarantor (other than those identified in clauses (x) and (y) above), certified by an Authorized Officer of each such Guarantor that such documents are true, complete and in effect as of the Closing Date.

(iii) certificates of good standing or the equivalent for each Credit Party from (A) its jurisdiction of incorporation, organization or formation and (B) any other jurisdiction reasonably requested by the Administrative Agent.

(iv) a certificate or certificates of the Secretary or Authorized Officer of each Credit Party, dated as of the Closing Date and certifying, respectively, (A) that attached thereto is a true and complete copy of resolutions adopted by Ventas' Board of Directors authorizing the Borrowings by the Borrower, the Guaranty hereunder by Ventas and Guarantors named therein and the execution, delivery and performance by the Borrower and the Guarantors named therein in accordance with, the respective terms of this Credit Agreement, the other Fundamental Documents to which it is or will be a party and any other documents required or contemplated hereunder or thereunder and further certifying that such resolutions have not been amended, rescinded or supplemented and are currently in effect, (B) that attached thereto is a true and complete copy of resolutions adopted by the Board of Directors, Board of Managers or Board of Trustees, as applicable, of each Guarantor (other than those Guarantors whose resolutions are certified pursuant to clause (A) above), or each entity acting on behalf of such Guarantors, as applicable, authorizing the Guaranty hereunder by each such Guarantor to which such resolutions respectively relate and the execution, delivery and performance by each such Guarantor in accordance with the respective terms of this Credit Agreement, and further certifying that such resolutions have not been amended, rescinded or supplemented and are currently in effect and (C) as to the incumbency and specimen signature of each officer of Ventas and each other Credit Party, or each entity acting on behalf of such Credit Party, executing this Credit Agreement, the Notes (on behalf of the Borrower), the other Fundamental Documents or any other document delivered in connection herewith or therewith on behalf of Ventas or on behalf of Ventas as the Borrower's general partner on behalf of the Borrower (such certificate to contain a certification by another officer of Ventas as to the incumbency and signature of the officer signing the certificate referred to in this clause (iv)); and

(v) such additional documents relating to the Borrower, Ventas, or any other Credit Party as the Administrative Agent or its counsel or any Lender may reasonably request.

(c) Opinion of Counsel. The Administrative Agent shall have received the written opinions of (i) T. Richard Riney, internal general counsel to the Credit Parties, with respect to the authorization, execution and delivery of the Fundamental Documents and certain other matters, and (ii) Barack Ferrazzano Kirschbaum Perlman & Nagelberg LLP, counsel to the Credit Parties, with respect to enforceability of this Credit Agreement and the Notes assuming that the substantive laws of the States of Illinois and New York are identical and certain other matters, each dated as of the Closing Date and addressed to the Administrative Agent, the Issuing Bank and the Lenders, which opinions shall be in form and substance reasonably satisfactory to the Administrative Agent and to Moore & Van Allen PLLC, counsel to the Administrative Agent.

(d) Notes. The Administrative Agent shall have received appropriate Notes in favor of each Lender, each duly executed on behalf of the Borrower, dated the date hereof and payable to the order of such Lender in the principal amount equal to such Lender's Revolving Commitment.

(e) Payment of Fees and Expenses. The Administrative Agent shall have received all fees and other amounts due and owing pursuant to the Fee Letter, which amounts shall be non-refundable under all circumstances. All out-of-pocket expenses incurred by the Administrative Agent in connection with this Credit Agreement or the transactions contemplated hereby and by the other Fundamental Documents, including all statements presented for reasonable fees and disbursements of any financial, accounting or valuation advisors or special counsel retained by the Administrative Agent (including, but not limited to Moore & Van Allen PLLC, counsel to the Administrative Agent), shall have been paid by the Borrower.

(f) Borrowing Base Certificate. The Administrative Agent shall have received a Borrowing Base Certificate signed by an Authorized Officer of the Borrower.

(g) Closing Certificate. The Administrative Agent shall have received a closing certificate signed by an Authorized Officer of the Borrower, substantially in the form of Exhibit 5.1(g), which shall, among other things, set forth computations in reasonable detail satisfactory to the Administrative Agent demonstrating compliance with the financial covenants contained herein as of the Closing Date on a Pro Forma Basis.

(h) Other Documents. The Administrative Agent and its counsel shall have received such other documentation as the Administrative Agent or its counsel may reasonably request.

Section 5.2 Conditions Precedent to Each Loan and Each Letter of Credit

The obligation of the Issuing Bank to issue each Letter of Credit and of the Lenders to make their respective Loans and if applicable, to participate in each Letter of Credit (including the initial Loans and/or Letter of Credit) are subject to the following conditions precedent:

(a) Notice. The Administrative Agent shall have received a Loan Notice with respect to such Borrowing or the Issuing Bank and the Administrative Agent shall have received a Letter of Credit Application with respect to such Letter of Credit as required by Section 2.2 hereof, as applicable, duly completed and executed by an Authorized Officer of the Borrower.

(b) Representations and Warranties. The representations and warranties set forth in Article IV hereof and in the other Fundamental Documents shall be true and correct in all material respects on and as of the date of each Borrowing or issuance of a Letter of Credit hereunder (except to the extent that such representations and warranties expressly relate to an earlier date) with the same effect as if made on and as of such date.

(c) No Event of Default. On the date of each Borrowing or issuance of a Letter of Credit hereunder, no Default or Event of Default shall have occurred and be continuing, nor shall any such event occur by reason of the making of the requested Loan or the issuance of the requested Letter of Credit.

Each request for a Borrowing or issuance of a Letter of Credit hereunder shall be deemed to be a representation and warranty by the Borrower on the date of such Borrowing or issuance of a Letter of Credit hereunder as to the matters specified in subsections (b) and (c) of this Section 5.2.

ARTICLE VI

AFFIRMATIVE COVENANTS

Until the Revolving Obligations shall have been paid in full or otherwise satisfied, and the Commitments hereunder shall have expired or been terminated, the Borrower will, and (except in the case of the covenants set forth in Sections 6.1, 6.2 and 6.3) will cause each of its Subsidiaries to:

Section 6.1 Financial Statements.

Deliver to the Administrative Agent and each Lender, in form and detail reasonably satisfactory to the Administrative Agent and the Required Lenders:

(a) as soon as available, but in any event not later than the earlier of (i) the date five Business Days following the date such deliveries are required by the SEC and (ii) ninety days after the end of each fiscal year of Ventas, or such later date as may be contained in any SEC filing extension (but in no event later than one hundred twenty (120) days after the end of such fiscal year), the audited, consolidated balance sheet of the Consolidated Group as at the end of such fiscal year (beginning with the fiscal year ending December 31, 2006), and the related audited, consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of Ernst & Young or another independent registered public accounting firm of nationally recognized standing reasonably acceptable to the Required Lenders, (it being understood and agreed that the Administrative Agent shall not withhold its approval of any "Big Four" accounting firm) and shall not unreasonably withhold its approval of any other accounting firm which report and opinion shall be prepared in accordance with generally accepted auditing standards relating to reporting and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit; and

(b) as soon as available, but in any event not later than the earlier of (i) the date five Business Days following the date such deliveries are required by the SEC and (ii) forty-five days after the end of each of the first three fiscal quarters of each fiscal year of Ventas (beginning with the fiscal quarter ending March 31, 2006), or such later date as may be contained in any SEC Filing extension (but in no event later than sixty (60) days after the end of such fiscal quarter) the unaudited, consolidated balance sheet of the Consolidated Group as at the end of, and the related unaudited consolidated statements of income for, such quarter, and for the portion of the fiscal year through the end of such quarter, and the corresponding figures as at the end of such quarter, and for the corresponding period, in the preceding fiscal year, together with a certificate signed by an Authorized Officer of Ventas, on behalf of Ventas, to the effect that such financial statements, while not examined by an independent registered public accounting firm, reflect, in the opinion of Ventas, all adjustments necessary to present fairly the financial position of the Consolidated Group as at the end of the fiscal quarter and the results of operations for the quarter then ended in conformity with GAAP, subject to normal year-end audit adjustments and the absence of footnotes.

As to any information contained in materials furnished pursuant to Section 6.2(e), the Borrower shall not be separately required to furnish such information under clause (a) or (b) above, but the foregoing shall not be in derogation of the obligation of the Borrower to furnish the information and materials described in clauses (a) and (b) above at the times specified therein.

Section 6.2 Certificates; Other Information.

Deliver to the Administrative Agent and each Lender, in form and detail reasonably satisfactory to the Administrative Agent and the Required Lenders:

(a) concurrently with the delivery of the financial statements referred to in Sections 6.1(a) and (b), (beginning with the fiscal quarter ending March 31, 2006), a duly completed Compliance Certificate signed by an Authorized Officer of Ventas (i) setting forth computations in reasonable detail satisfactory to the Administrative Agent demonstrating compliance with the financial covenants contained herein, (ii) certifying that to such officer's knowledge, after due inquiry, no Default or Event of Default exists as of the date thereof (or the nature and extent thereof and proposed actions with respect thereto) and (iii) including a summary of all material changes in GAAP and in the consistent application thereof, the effect on the financial covenants resulting therefrom, and a reconciliation between calculation of the financial covenants (and determination of the applicable pricing level under the definition of "Applicable Percentage") before and after giving effect to such changes;

(b) as soon as available, but in any event simultaneously with the delivery of the statements referred to in subsection (a) of Section 6.1 for each fiscal year of Ventas, financial projections on an annual basis for the coming fiscal year prepared by management Ventas for the Consolidated Group, in form reasonably satisfactory to the Administrative Agent; provided that such projections shall be required no more than once per fiscal year of Ventas;

(c) simultaneously with the delivery of the statements referred to in subsections (a) and (b) of Section 6.1, a Borrowing Base Certificate duly completed and executed by an Authorized Officer of Ventas;

(d) promptly after their becoming available, copies of any detailed audit reports, management letters or recommendations submitted to the Board of Directors (or the audit committee of the Board of Directors) of the Borrower by independent accountants in connection with the accounts or books of the Borrower or any Subsidiary, or any audit of any of them;

(e) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of the Borrower, and copies of all annual, regular, periodic and special reports and registration statements that the Borrower may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, and not otherwise required to be delivered to the Administrative Agent pursuant hereto;

(f) promptly, and in any event within five Business Days after receipt thereof by any Credit Party or any Subsidiary thereof, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation by such agency regarding financial or other operational results of any Credit Party or any Subsidiary thereof; and

(g) promptly, such additional information regarding the business, financial or corporate affairs of any Credit Party or any Subsidiary of a Credit Party, or compliance with the terms of the Fundamental Documents, as the Administrative Agent or any Lender may from time to time reasonably request (without requiring the Borrower to incur unreasonable costs to gather such information).

Documents required to be delivered pursuant to Section 6.1(a) or (b) or Section 6.2(e) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which Ventas posts such documents, or provides a link thereto on Ventas' website on the Internet at the website address listed on Schedule 12.2; or (ii) on which such documents are posted on Ventas' behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (A) the Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (B) the Borrower shall notify (which may be by facsimile or electronic mail) the Administrative Agent and each Lender of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Borrower shall be required to provide paper copies of the Compliance Certificates required by Section 6.2(a) to the Administrative Agent. Except for such Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

The Credit Parties hereby acknowledge that the Administrative Agent will make available to the Lenders and the Issuing Bank materials and/or information provided by or on behalf of the Credit Parties hereunder (collectively, the “Credit Party Materials”) by posting the Credit Party Materials on IntraLinks or another similar electronic system (the “Platform”) and that certain of the Lenders may be “public-side” Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Credit Parties or their securities) (each, a “Public Lender”). The Credit Parties hereby agree that (1) all Credit Party Materials that do not contain material non-public information with respect to the Credit Parties that are to be made available to Public Lenders shall be clearly and conspicuously marked “PUBLIC” (which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof); (2) by marking the Credit Party Materials “PUBLIC,” the Credit Parties shall be deemed to have authorized the Administrative Agent and the Lenders to treat such Credit Party Materials as either publicly available information or not material information (although it may be sensitive and proprietary) with respect to the Credit Parties or their securities for purposes of United States federal and state securities laws; (3) all Credit Party Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated as “Public Investor”; and (4) the Administrative Agent shall be entitled to treat any Credit Party Materials that are not designated “PUBLIC” as being suitable only for posting on a portion of the Platform not marked as “Public”. The Administrative Agent, the Issuing Bank, the Swingline Lender and the Lenders shall take reasonable steps to preserve the confidentiality of all such non-public Credit Party Materials in accordance with the provisions of this Section 6.2.

Section 6.3 Notification.

Promptly notify the Administrative Agent:

(a) of the occurrence of any Default or Event of Default;

(b) of any matter that has resulted or would reasonably be expected to result in a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a Contractual Obligation of the Borrower or any Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension between the Borrower or any Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Borrower or any Subsidiary, including pursuant to any applicable Environmental Laws;

(c) of the occurrence of any ERISA Event;

(d) of any material change in accounting policies or financial reporting practices by Ventas or any of its Subsidiaries; and

(e) of any announcement by Moody’s or S&P of any change or possible change in a Debt Rating.

Each notice pursuant to this Section shall be accompanied by a statement of an Authorized Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.3(a) shall describe with particularity any and all provisions of this Credit Agreement and any other Fundamental Document that have been breached.

Section 6.4 Payment of Obligations .

Pay and discharge as the same shall become due and payable, all of its obligations and liabilities, including (a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary; (b) all lawful claims that, if unpaid, would by law become a Lien upon its property; and (c) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness, in each case where failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 6.5 Preservation of Existence, Etc.

(a) Preserve, renew and maintain in full force and effect its legal existence and good standing under applicable Laws of the jurisdiction of its organization (except in connection with a transaction permitted by Section 7.4, 7.5 or 7.7 or to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect); (b) take all commercially reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which would reasonably be expected to have a Material Adverse Effect.

Section 6.6 Maintenance of Properties .

(a) Maintain, preserve and protect or make contractual or other provisions to maintain, preserve or protect all of its material Property and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted, in each case except where the failure to do so would not reasonably be expected to have a Material Adverse Effect; (b) make, or make contractual or other provisions to cause to be made, all necessary repairs thereto and renewals and replacements thereof, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect; and (c) use the standard of care typical in the industry in the operation and maintenance of its facilities.

Section 6.7 Maintenance of Insurance .

Maintain, or use reasonable efforts to cause the tenants under the leases to maintain, with financially sound and reputable insurance companies not Affiliates of the Borrower, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons or as is otherwise permitted in the applicable leases .

Section 6.8 Compliance with Laws .

Comply in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith would not reasonably be expected to have a Material Adverse Effect.

Section 6.9 Books and Records .

Maintain or cause to be maintained proper books of record and account, in which true and correct entries in conformity with GAAP shall be made of all financial transactions and matters involving the assets and business of the Borrower or such Subsidiary, as the case may be.

Section 6.10 Inspection Rights .

Permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies and abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, at such reasonable times during normal business hours and as often as may be reasonably desired for the purpose of verifying any report delivered by the Borrower pursuant to this Credit Agreement or for otherwise ascertaining compliance with any Fundamental Document, upon reasonable advance notice to the Borrower and subject to the terms and provisions of any leases or other agreements regarding the properties; provided, however, that when an Event of Default exists the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and without advance notice but subject to the terms and provisions of any leases or other agreements regarding the properties.

Section 6.11 Use of Proceeds .

Use the proceeds of the Extensions of Credit for general corporate purposes, including to refinance Indebtedness and for working capital expenditures, payment of dividends, distributions, acquisitions and development and other purposes not in contravention of any Law or of any Fundamental Document.

Section 6.12 Withdrawal or Addition of UAP Properties .

The Borrower may add and withdraw Properties from the pool of UAP Properties without the consent of the Administrative Agent; provided that (i) in the case of addition of a Property by a member of the Consolidated Group that is not a Credit Party, the owner of the Property shall have provided a fully executed Joinder Agreement, together with an officer's certificate with copies of resolutions, applicable Organizational Documents, and favorable opinions of counsel, in each case, in substantially the form and substance as previously provided at closing of the Loan to the Administrative Agent for the other UAP Properties and the Credit Parties, and such other information about the owner of the subject Property as is required to indicate compliance with the requirements of and for a UAP Property, as may be reasonably requested by the Administrative Agent and (ii) in the case of withdrawal of a Property, the Borrower shall have given notice thereof to the Administrative Agent, together with a request to release the owner of the subject Property, where appropriate, in accordance with the provisions hereof, and (iii) in any such case, the Borrower shall have delivered to Administrative Agent a Borrowing Base Certificate reflecting the addition or withdrawal of the subject Property.

In the case of withdrawal of a subject Property from the pool of UAP Properties entitling the owner of the subject Property to a release from its Guaranty hereunder, the Administrative Agent shall acknowledge (in writing delivered to the Borrower upon written request of the Borrower) withdrawal of the subject Property and release of Guaranty of the owner in respect thereof (excepting a situation where an Event of Default shall then exist and be continuing, or where withdrawal of the subject Property would cause the pool of UAP Properties to be insufficient to support the Loan Obligations then outstanding, which in either such case, the owner of the subject Property shall not be released from its Guaranty hereunder until such time as the foregoing conditions no longer exist).

Section 6.13 REIT Status .

Continue to meet all requirements necessary to maintain Ventas' status as a REIT.

ARTICLE VII

NEGATIVE COVENANTS

Until the Revolving Obligations shall have been paid in full or otherwise satisfied, and the Commitments hereunder shall have expired or been terminated, the Credit Parties will not, and will not permit any of their Subsidiaries to:

Section 7.1 Liens .

Contract, create, incur, assume or permit to exist any Lien with respect to any UAP Property other than Permitted Liens.

Section 7.2 Investments .

Make or permit to exist any Investments in loans to third parties, construction land purchases, development and Joint Ventures in the aggregate at any time in excess of 25% of Consolidated Gross Asset Value.

Section 7.3 Indebtedness .

Incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness under the Fundamental Documents;

(b) other Indebtedness; provided, that immediately after giving effect to the incurrence or assumption thereof on a Pro Forma Basis, the Consolidated Group shall be in compliance with the terms of this Credit Agreement, including the financial covenants hereunder; and

(c) other Funded Debt of other members of the Consolidated Group secured by mortgage Liens; provided that such Funded Debt shall be non-recourse to members of the Consolidated Group except to the extent of the property pledged to secure such Funded Debt.

Section 7.4 Mergers and Dissolutions .

Merge, dissolve, liquidate, consolidate with or into another Person, except that, so long as no Default exists or would result therefrom, any Subsidiary may merge with (a) the Borrower, provided that the Borrower shall be the continuing or surviving Person, or (b) any one or more Credit Parties or other Subsidiaries, provided that when any wholly-owned Subsidiary is merging with another Subsidiary, the wholly-owned Subsidiary shall be the continuing or surviving Person.

Section 7.5 Dispositions .

Make any Disposition of all or any substantial part of the assets of the Borrower and its Subsidiaries.

Section 7.6 Restricted Payments .

Neither the Borrower nor Ventas shall make, directly or indirectly, any Restricted Payment, except that:

(a) the Borrower may make cash dividend or distribution payments to Ventas for payment to its shareholders, and Ventas may make such cash dividend or distribution payments to its shareholders, of up to ninety-five percent (95%), or any such greater amount as may be required to maintain REIT status, of the aggregate cumulative Funds From Operations from April 1, 2002;

(b) so long as no Default or Event of Default shall have occurred and be continuing at such time or would result therefrom after giving effect thereto on a Pro Forma Basis, the Borrower and Ventas may declare and make dividend payments or other distributions payable solely in the same class of partnership interests of the Borrower or Capital Stock of Ventas, respectively;

(c) so long as no Default or Event of Default shall have occurred and be continuing at such time or would result therefrom after giving effect thereto on a Pro Forma Basis, the Borrower and Ventas may purchase, redeem or otherwise acquire partnership interests in the Borrower or Capital Stock of Ventas with the proceeds from a substantially concurrent issuance of new partnership interests or capital stock, respectively; and

(d) so long as no Default or Event of Default shall have occurred and be continuing at such time or would result therefrom after giving effect thereto on a Pro Forma Basis, the Borrower may make additional distributions of cash and property to Ventas for payment or distribution to its shareholders, and Ventas may make such additional distributions of cash and property to its shareholders, in an amount not to exceed \$40 million in the aggregate from the Closing Date.

Section 7.7 Change in Nature of Business .

Engage in any material line of business substantially different from those lines of business conducted by the Consolidated Group on the date hereof or any business substantially related or incidental thereto.

Section 7.8 Transactions with Affiliates .

Enter into any transaction of any kind with any Affiliate of the Borrower (other than a Domestic Subsidiary), whether or not in the ordinary course of business, other than on fair and reasonable terms substantially as favorable to the Borrower or such Subsidiary as would be obtainable by the Borrower or such Subsidiary at the time in a comparable arm's length transaction with a Person other than an Affiliate.

Section 7.9 Burdensome Agreements .

Enter into any contractual obligation (other than this Credit Agreement or any other Fundamental Document) that limits the ability of (a) any wholly-owned Subsidiary of the Borrower (other than a Subsidiary that is a bankruptcy remote special purpose entity) to Guarantee the Indebtedness of the Borrower or (b) any Credit Party to create, incur, assume or suffer to exist Liens on UAP Property; provided, however, that this clause (b) shall not prohibit any negative pledge incurred or provided in favor of any holder of Indebtedness permitted under Section 7.3 solely to the extent any such negative pledge (i) relates to the property financed by or the subject of such Indebtedness or (ii) only requires the grant of a Lien to secure such Indebtedness if a Lien is granted by the Borrower or its Subsidiaries to secure other Indebtedness of the Borrower.

Section 7.10 Financial Covenants .

(a) Consolidated Total Leverage Ratio . As of the end of each fiscal quarter, permit Consolidated Total Leverage Ratio to be greater than sixty percent (60%).

(b) Consolidated Secured Debt Leverage Ratio . As of the end of each fiscal quarter, permit the Consolidated Secured Debt Leverage Ratio to be greater than thirty percent (30%).

(c) Consolidated Unsecured Leverage Ratio . As of the end of each fiscal quarter, permit the Consolidated Unsecured Leverage Ratio to be greater than sixty percent (60%).

(d) Consolidated Fixed Charge Coverage Ratio . As of the end of each fiscal quarter, permit the Consolidated Fixed Charge Coverage Ratio to be less than 1.75:1.0.

(e) Consolidated Unencumbered Interest Coverage Ratio . As of the end of each fiscal quarter, permit the Consolidated Unencumbered Interest Coverage Ratio to be less than 2.0:1.0.

(f) Consolidated Adjusted Net Worth . As of the end of each fiscal quarter, permit the Consolidated Adjusted Net Worth to be less than an amount equal to the sum of (i) \$900,000,000, plus (ii) eighty-five percent (85%) of Net Cash Proceeds from Equity Transactions after the Closing Date.

ARTICLE VIII

EVENTS OF DEFAULT

In the case of the happening and during the continuance of any of the following events (each, an “Event of Default”):

(a) any representation, warranty, certification or statement made by a Credit Party in this Credit Agreement or any other Fundamental Document to which it is a party or in any statement or representation made by or on behalf of any Credit Party in any report, financial statement, certificate or other document furnished to the Administrative Agent, the Issuing Bank or any Lender pursuant to this Credit Agreement or any other Fundamental Document, shall prove to have been false or misleading in any material respect when made or delivered;

(b) default shall be made in the payment of principal of any of the Loans as and when due and payable, whether at the due date thereof, by reason of maturity, mandatory prepayment, acceleration or otherwise;

(c) default shall be made in the payment of interest on the Loans, the Facility Fees, the Letter of Credit Fees, the Issuing Bank Fees or other amounts payable to the Administrative Agent, the Issuing Bank or a Lender under this Credit Agreement or any other Fundamental Document, with respect to any Letter of Credit or under the Fee Letter, when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise and such default shall continue unremedied for three (3) Business Days;

(d) default shall be made by any Credit Party in the due observance or performance of any covenant, condition or agreement contained in clauses (a) or (b) of Section 6.3, or Article VII of this Credit Agreement, and such default shall continue unremedied for five (5) Business Days;

(e) default shall be made by any Credit Party in the due observance or performance of any other covenant, condition or agreement to be observed or performed pursuant to the terms of this Credit Agreement or any other Fundamental Document (other than those covered by subsections (a), (b), (c) or (d) of this Article VIII), and such default shall continue unremedied for thirty (30) days after a Credit Party receives notice thereof from the Administrative Agent;

(f) default shall be made by any Credit Party with respect to any payment, when due, of any Material Indebtedness if the effect of such default is to accelerate the maturity of such Material Indebtedness; or any other circumstance arises or event occurs (other than the mere passage of time) by reason of which any Credit Party or any Subsidiary of a Credit Party (as applicable) is required to repurchase or offer to the holders of Material Indebtedness of any such Person, the opportunity to have repurchased, any such Material Indebtedness in full; or any such Material Indebtedness shall become or be declared to be due and payable in full prior to its stated maturity;

(g) any Credit Party or any Subsidiary of a Credit Party shall generally not pay its debts as they become due or shall admit in writing its inability to pay its debts, or shall make a general assignment for the benefit of creditors; or any Credit Party or any Subsidiary of a Credit Party shall commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor or to adjudicate it a bankrupt or insolvent or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any Debtor Relief Law or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property or shall file an answer or other pleading in any such case, proceeding or other action admitting the material allegations of any petition, complaint or similar pleading filed against it or consenting to the relief sought therein; or any Credit Party or any Subsidiary of a Credit Party shall take any action to authorize any of the foregoing;

(h) any involuntary case, proceeding or other action against any Credit Party or any Subsidiary of a Credit Party which Subsidiary owns any UAP Property, shall be commenced seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any Debtor Relief Law, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property, and such case, proceeding or other action (i) results in the entry of any order for relief against it or (ii) shall remain undismissed for a period of sixty (60) days; provided that in each case such Person remains a Credit Party;

(i) final, non-appealable judgment(s) for the payment of money in excess of \$25,000,000 in the aggregate, if recourse in nature, or \$50,000,000 in the aggregate, if non-recourse in nature (excluding (i) a judgment as to which, and only to the extent, a reputable insurance company has acknowledged coverage of such claim in writing or (ii) a judgment as to which the Borrower has been indemnified provided such indemnity remains in full force and effect and has not been cancelled or terminated) shall be rendered against any Credit Party or any Subsidiary of a Credit Party and either (A) within thirty (30) days from the entry of such judgment, shall not have been discharged or stayed pending appeal, or shall not have been discharged within thirty (30) days from the entry of a final order of affirmance on appeal or (B) enforcement proceedings shall be commenced by any creditor on any such judgment;

(j) an ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of Ventas under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$15,000,000, or Ventas or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of \$15,000,000;

(k) a Change in Control shall occur and shall not have been consented to by the Required Lenders;

(l) (x) non-payment, for more than sixty (60) days past its date due, of base rent under Material Leases; or (y) termination of Material Leases without sufficient of the relevant real property assets, in replacement of the terminated Material Leases, being: (i) leased or managed by Kindred, Brookdale or any other tenant or operator of any Property owned or leased by a Credit Party as of the Closing Date; (ii) leased to or managed by another acceptable third party operator or tenant on market terms or otherwise acceptable to the Administrative Agent; or (iii) operated by a member of the Consolidated Group;

(m) at any time, for any reason, any Credit Party shall repudiate, or seek to repudiate, any of its Obligations under any Fundamental Document to which it is a party;

(n) any Operative Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or satisfaction in full of all the Revolving Obligations, ceases to be in full force and effect; or any Credit Party or any Affiliate of any Credit Party contests in any manner the validity or enforceability of any Operative Document; or any Credit Party denies that it has any or further liability or obligation for the payment of principal and regular interest under any Operative Document other than by reason of satisfaction in full of such liabilities or obligations or manifest error in any demand with respect thereto, or purports to revoke, terminate or rescind any Operative Document; or

then, in every such event and at any time thereafter during the continuance of such event, the Administrative Agent may, and if directed by the Required Lenders shall, take any or all of the following actions, at the same or different times: (x) terminate forthwith the Revolving Commitments and/or (y) declare the principal of and the interest on the Loans and the Notes evidencing the Loans hereunder and all other amounts payable hereunder or thereunder to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable, without presentment, demand, protest, notice of acceleration or other notice of any kind, all of which are hereby expressly waived, anything in this Credit Agreement or in any note evidencing any Loan hereunder to the contrary notwithstanding and/or (z) require the Borrower to deliver to the Administrative Agent from time to time cash or Cash Equivalents in an amount equal to one hundred percent (100%) of the amount of the LOC Obligations or to furnish other security therefor acceptable to the Issuing Bank and the Required Lenders. If an Event of Default specified in subsection (g) or (h) above shall have occurred, the Revolving Commitments shall automatically terminate and the principal of, and interest on, the Loans and the Notes evidencing the Loans hereunder and all other amounts (including cash collateral for LOC Obligations) payable hereunder and thereunder shall automatically become due and payable without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived, anything in this Credit Agreement or any Note evidencing any Loan hereunder to the contrary notwithstanding. Such remedies shall be in addition to any other remedy available to the Administrative Agent and any of the Lender pursuant to applicable Laws or otherwise.

ARTICLE IX

GUARANTY

Section 9.1 The Guaranty.

(a) Each of the Guarantors hereby jointly and severally guarantees to the Administrative Agent and each of the holders of the Obligations, as hereinafter provided, as primary obligor and not as surety, the prompt payment of the Obligations (the “Guaranteed Obligations”) in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory Cash Collateralization or otherwise) strictly in accordance with the terms thereof. The Guarantors hereby further agree that if any of the Guaranteed Obligations are not paid in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory Cash Collateralization or otherwise), the Guarantors will, jointly and severally, promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration, as a mandatory Cash Collateralization or otherwise) in accordance with the terms of such extension or renewal.

(b) Notwithstanding any provision to the contrary contained herein, in any of the other Fundamental Documents or other documents relating to the Obligations, the obligations of each Guarantor under this Credit Agreement and the other Fundamental Documents shall be limited to an aggregate amount equal to the largest amount that would not render such obligations subject to avoidance under the Debtor Relief Laws or any comparable provisions of any applicable state law.

Section 9.2 Obligations Unconditional.

The obligations of the Guarantors under Section 9.1 are joint and several, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Fundamental Documents or other documents relating to the Obligations, or any substitution, compromise, release, impairment or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, to the fullest extent permitted by applicable Laws, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 9.2 that the obligations of the Guarantors hereunder shall be absolute and unconditional under any and all circumstances. Each Guarantor agrees that such Guarantor shall have no right of subrogation, indemnity, reimbursement or contribution against the Borrower or any other Guarantor for amounts paid under this Article IX until such time as the Obligations have been irrevocably paid in full and the Commitments relating thereto have expired or been terminated. Without limiting the generality of the foregoing, it is agreed that, to the fullest extent permitted by law, the occurrence of any one or more of the following shall not alter or impair the liability of any Guarantor hereunder, which shall remain absolute and unconditional as described above:

(a) at any time or from time to time, without notice to any Guarantor, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(b) any of the acts mentioned in any of the provisions of any of the Fundamental Documents, or other documents relating to the Guaranteed Obligations or any other agreement or instrument referred to therein shall be done or omitted;

(c) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Obligations shall be modified, supplemented or amended in any respect, or any right under any of the Fundamental Documents or other documents relating to the Guaranteed Obligations, or any other agreement or instrument referred to therein shall be waived or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released, impaired or exchanged in whole or in part or otherwise dealt with;

(d) any Lien granted to, or in favor of, the Administrative Agent or any of the holders of the Guaranteed Obligations as security for any of the Guaranteed Obligations shall fail to attach or be perfected; or

(e) any of the Guaranteed Obligations shall be determined to be void or voidable (including for the benefit of any creditor of any Guarantor) or shall be subordinated to the claims of any Person (including any creditor of any Guarantor).

With respect to its obligations hereunder, each Guarantor hereby expressly waives diligence, presentment, demand of payment, protest notice of acceptance of the guaranty given hereby and of extensions of credit that may constitute Guaranteed Obligations, notices of amendments, waivers and supplements to the Fundamental Documents and other documents relating to the Guaranteed Obligations, or the compromise, release or exchange of collateral or security, and all notices whatsoever, and any requirement that the Administrative Agent or any holder of the Guaranteed Obligations exhaust any right, power or remedy or proceed against any Person under any of the Fundamental Documents or any other documents relating to the Guaranteed Obligations or any other agreement or instrument referred to therein, or against any other Person under any other guarantee of, or security for, any of the Obligations.

Section 9.3 Reinstatement

Neither the Guarantors' obligations hereunder nor any remedy for the enforcement thereof shall be impaired, modified, changed or released in any manner whatsoever by an impairment, modification, change, release or limitation of the liability of the Borrower, by reason of the Borrower's bankruptcy or insolvency or by reason of the invalidity or unenforceability of all or any portion of the Guaranteed Obligations. The obligations of the Guarantors under this Article IX shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any proceedings pursuant to any Debtor Relief Law or otherwise, and each Guarantor agrees that it will indemnify the Administrative Agent and each holder of Guaranteed Obligations on demand for all reasonable costs and expenses (including all reasonable fees, expenses and disbursements of any law firm or other counsel) incurred by the Administrative Agent or such holder of Guaranteed Obligations in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any Debtor Relief Law.

Section 9.4 Certain Waivers .

Each Guarantor acknowledges and agrees that (a) the guaranty given hereby may be enforced without the necessity of resorting to or otherwise exhausting remedies in respect of any other security or collateral interests, and without the necessity at any time of having to take recourse against the Borrower hereunder or against any collateral securing the Guaranteed Obligations or otherwise, (b) it will not assert any right to require the action first be taken against the Borrower or any other Person (including any co-guarantor) or pursuit of any other remedy or enforcement any other right and (c) nothing contained herein shall prevent or limit action being taken against the Borrower hereunder, under the other Fundamental Documents or the other documents and agreements relating to the Guaranteed Obligations or from foreclosing on any security or collateral interests relating hereto or thereto, or from exercising any other rights or remedies available in respect thereof, if neither the Borrower nor the Guarantors shall timely perform their obligations, and the exercise of any such rights and completion of any such foreclosure proceedings shall not constitute a discharge of the Guarantors' obligations hereunder unless as a result thereof, the Guaranteed Obligations shall have been paid in full and the Commitments relating thereto shall have expired or been terminated, it being the purpose and intent that the Guarantors' obligations hereunder be absolute, irrevocable, independent and unconditional under all circumstances.

Section 9.5 Remedies .

The Guarantors agree that, to the fullest extent permitted by law, as between the Guarantors, on the one hand, and the Administrative Agent and the holders of the Guaranteed Obligations, on the other hand, the Guaranteed Obligations may be declared to be forthwith due and payable as provided in Article VIII (and shall be deemed to have become automatically due and payable in the circumstances provided in Article VIII) for purposes of Section 9.1 , notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing the Guaranteed Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or the Guaranteed Obligations being deemed to have become automatically due and payable), the Guaranteed Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the Guarantors for purposes of Section 9.1 .

Section 9.6 Rights of Contribution .

The Guarantors hereby agree as among themselves that, in connection with payments made hereunder, each Guarantor shall have a right of contribution from each other Guarantor in accordance with applicable Laws. Such contribution rights shall be subordinate and subject in right of payment to the Guaranteed Obligations until such time as the Guaranteed Obligations have been irrevocably paid in full and the Commitments relating thereto shall have expired or been terminated, and none of the Guarantors shall exercise any such contribution rights until the Guaranteed Obligations have been irrevocably paid in full and the Commitments relating thereto shall have expired or been terminated.

Section 9.7 Guaranty of Payment; Continuing Guaranty .

The guarantee in this Article IX is a guaranty of payment and not of collection, and is a continuing guarantee, and shall apply to all Guaranteed Obligations whenever arising.

ARTICLE X

CASH COLLATERAL

Section 10.1 Cash Collateral Account .

There shall be established with the Administrative Agent an account (the “Cash Collateral Account”) in the name of the Administrative Agent (for the benefit of the Administrative Agent, the Issuing Bank, the Lenders and the Hedging Banks), into which the Borrower may from time to time deposit Dollars pursuant to, and in accordance with, Section 2.7(f) hereof. Bank of America, in its capacity as the bank (within the meaning of Section 9-102 of the UCC) with respect to the Cash Collateral Account (the “Cash Collateral Bank”), hereby agrees to comply with all orders and instructions of the Administrative Agent with regard to the Cash Collateral Account without the consent of any Credit Party. The documentation for and terms of the Cash Collateral Account shall be in form and substance satisfactory to the Administrative Agent.

Section 10.2 Investment of Funds .

(a) The Administrative Agent is hereby authorized and directed to invest and reinvest the funds from time to time deposited into the Cash Collateral Account, so long as no Event of Default has occurred and is continuing, on the instructions of the Borrower (provided that any such instructions given verbally shall be confirmed promptly in writing) or, if the Borrower shall fail to give such instructions upon delivery of any such funds, in the sole discretion of the Administrative Agent, provided that in no event may the Borrower give instructions to the Administrative Agent to, or may the Administrative Agent in its discretion, invest or reinvest funds in the Cash Collateral Account other than in Dollars or Cash Equivalents.

(b) Any net income or gain on the investment of funds from time to time held in the Cash Collateral Account, shall be promptly reinvested by the Administrative Agent as a part of the Cash Collateral Account, and any net loss on any such investment shall be charged against the Cash Collateral Account.

(c) Neither of the Administrative Agent nor any of the Lenders shall be a trustee for any of the Credit Parties, or shall have any obligations or responsibilities, or shall be liable for anything done or not done, in connection with the Cash Collateral Account, except as expressly provided herein. Neither of the Administrative Agent nor any of the Lenders shall have any obligation or responsibility or shall be liable in any way for any investment decision made in accordance with this Section 10.2 or for any decrease in the value of the investments held in the Cash Collateral Account.

Section 10.3 Remedies .

At any time upon the occurrence and during the continuation of an Event of Default, the Administrative Agent may sell any documents, instruments and securities held in the Cash Collateral Account and may immediately apply the proceeds thereof and any other cash held in the Cash Collateral Account in accordance with Section 2.4(f).

ARTICLE XI

ADMINISTRATIVE AGENT

Section 11.1 Appointment and Authorization of Administrative Agent .

(a) Each Lender hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Credit Agreement and each other Fundamental Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Credit Agreement or any other Fundamental Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Fundamental Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Lender or Participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Credit Agreement or any other Fundamental Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term “agent” herein and in the other Fundamental Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Laws. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) The Issuing Bank shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the Issuing Bank shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Article XI with respect to any acts taken or omissions suffered by the Issuing Bank in connection with Letters of Credit issued by it or proposed to be issued by it and the applications and agreements for letters of credit pertaining to such Letters of Credit as fully as if the term “Administrative Agent” as used in this Article XI and in the definition of “Agent Parties” included the Issuing Bank with respect to such acts or omissions, and (ii) as additionally provided herein with respect to the Issuing Bank.

Section 11.2 Delegation of Duties .

The Administrative Agent may execute any of its duties under this Credit Agreement or any other Fundamental Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct.

Section 11.3 Exculpatory Provisions .

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Fundamental Documents. Without limiting the generality of the foregoing, the Administrative Agent shall not:

(a) be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Fundamental Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Fundamental Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Fundamental Document or applicable Laws; and

(c) except as expressly set forth herein and in the other Fundamental Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Persons serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Article VIII and Section 12.1) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have any knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by the Borrower, a Lender or the Issuing Bank.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Credit Agreement or any other Fundamental Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Credit Agreement, any other Fundamental Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article V or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

Section 11.4 Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the Issuing Bank, the Administrative Agent may presume that such condition is satisfactory to such Lender or the Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or the Issuing Bank prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and, in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and non-appealable judgment, shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 11.5 Notice of Default.

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or the Borrower referring to this Credit Agreement, describing such Default or Event of Default and stating that such notice is a “notice of default.” The Administrative Agent shall take such action with respect to such Default or Event of Default as may be directed by the Required Lenders in accordance herewith; provided, however, that unless and until the Administrative Agent has received any such direction, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Lenders.

Section 11.6 Credit Decision; Disclosure of Information by Administrative Agent .

Each Lender acknowledges that no Agent Party has made any representation or warranty to it, and that no act by the Administrative Agent hereafter taken, including any consent to and acceptance of any assignment or review of the affairs of any Credit Party or any Affiliate thereof, shall be deemed to constitute any representation or warranty by any Agent Party to any Lender as to any matter, including whether Agent Parties have disclosed material information in their possession. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon any Agent Party and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Credit Parties and their respective Subsidiaries, and all applicable bank or other regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Credit Agreement and to extend credit to the Borrower and the other Credit Parties hereunder. Each Lender also represents that it will, independently and without reliance upon any Agent Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Credit Agreement and the other Fundamental Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and the other Credit Parties. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent herein, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any of the Credit Parties or any of their respective Affiliates that may come into the possession of any Agent Party.

Section 11.7 Administrative Agent in its Individual Capacity .

Bank of America and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with each of the Credit Parties and their respective Affiliates as though Bank of America were not the Administrative Agent, the Swingline Lender or the Issuing Bank hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, Bank of America or its Affiliates may receive information regarding any Credit Party or its Affiliates (including information that may be subject to confidentiality obligations in favor of such Credit Party or such Affiliate) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans, Bank of America shall have the same rights and powers under this Credit Agreement as any other Lender and may exercise such rights and powers as though it were not the Administrative Agent, the Swingline Lender or the Issuing Bank, and the terms “Lender” and “Lenders” include Bank of America in its individual capacity.

Section 11.8 Successor Administrative Agent .

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the Swingline Lender, the Issuing Bank and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders, the Swingline Lender and the Issuing Bank, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (i) the retiring Administrative Agent shall be discharged from

its duties and obligations hereunder and under the other Fundamental Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the Issuing Bank under any of the Fundamental Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (ii) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender, the Swingline Lender and the Issuing Bank directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section 11.8. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Fundamental Documents (if not already discharged therefrom as provided above in this Section 11.8) from and after the effective date of such resignation. The resigning Administrative Agent will refund to the Borrower a ratable portion of the annual fee for the period beyond the effective date of resignation. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Fundamental Documents, the provisions of this Article and Section 12.4 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

(b) Any resignation by Bank of America as Administrative Agent pursuant to this Section 11.8 shall also constitute its resignation as Issuing Bank and Swingline Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuing Bank and Swingline Lender, (ii) the retiring Issuing Bank and Swingline Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Fundamental Documents, and (iii) the successor Issuing Bank shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring Issuing Bank to effectively assume the obligations of the retiring Issuing Bank with respect to such Letters of Credit.

No resignation described in this Section 11.8 shall waive or release any rights or remedies available to the Borrower for any obligations of such retiring party under this Credit Agreement or any Fundamental Document while such party served as the Administrative Agent, the Issuing Bank or the Swingline Lender, as applicable.

If, at any time, the Administrative Agent, the Issuing Bank or the Swingline Lender ceases to be a Lender, then at any time no Default or Event of Default shall then exist, at the option of the Borrower (said option to be exercised by written notice thereof from the Borrower given to such Administrative Agent, Issuing Bank and/or Swingline Lender), such Administrative Agent, Issuing Bank and/or Swingline Lender (as applicable) shall promptly resign following receipt of any such notice.

Section 11.9 Administrative Agent May File Proofs of Claim .

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Credit Party, the Administrative Agent (irrespective of whether the principal of any Loan or LOC Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, LOC Obligations and all other Obligations (other than obligations under Hedging Agreements to which the Administrative Agent is not a party) that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuing Bank and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Issuing Bank and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the Issuing Bank and the Administrative Agent under Sections 3.5 and 12.4) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the Issuing Bank to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Issuing Bank, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 3.5 and 12.4.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or the Issuing Bank any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Section 11.10 Collateral and Guaranty Matters .

The Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion, to release any Guarantor from its obligations under the Guaranty if such Person ceases to be required to be a Guarantor as a result of a transaction permitted hereunder.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the authority of Administrative Agent to release any Guarantor from its obligations hereunder pursuant to this Section 11.10.

Section 11.11 Other Agents; Arrangers and Managers .

None of the Lenders or other Persons identified on the facing page or signature pages of this Credit Agreement as a “Co-Syndication Agent”, “Co-Documentation Agent”, “Managing Agent”, “Joint Lead Arranger” or “Joint Book Manager” shall have any right, power, obligation, liability, responsibility or duty under this Credit Agreement other than, in the case of such Lenders, those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders or other Persons so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so identified in deciding to enter into this Credit Agreement or in taking or not taking action hereunder.

ARTICLE XII
MISCELLANEOUS

Section 12.1 Amendments, Etc.

No amendment or waiver of, or any consent to deviation from, any provision of this Credit Agreement or any other Fundamental Document shall be effective unless in writing and signed by the Borrower or the applicable Credit Party, as the case may be, and the Administrative Agent or the Required Lenders, as the case may be, and acknowledged by the Administrative Agent, and each such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given; provided, however, that:

(a) unless also consented to in writing by each Lender directly affected thereby, no such amendment, waiver or consent shall:

(i) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Article VIII), it being understood that the amendment or waiver of an Event of Default or a mandatory reduction or a mandatory prepayment in Commitments shall not be considered an increase in Commitments,

(ii) waive non-payment or postpone any date fixed by this Credit Agreement or any other Fundamental Document for any payment of principal, interest, fees or other amounts due to any Lender hereunder or under any other Fundamental Document,

(iii) reduce the principal of, or the rate of interest specified herein on, any Loan or LOC Borrowing, or (subject to clause (v) of the last proviso of this Section 12.1) any fees or other amounts payable hereunder or under any other Fundamental Document; provided, however, that only the consent of the Required Lenders shall be necessary (A) to amend the additional rates of interest charged during the continuance of an Event of Default as set forth in Section 2.8 (a) or to waive any obligation of the Borrower to pay such additional rates of interest (including with respect to LOC Borrowings) or (B) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or LOC Borrowing or to reduce any fee payable hereunder,

(iv) change any provision of this Credit Agreement regarding pro rata sharing or pro rata funding with respect to (A) the making of advances (including participations), (B) the manner of application of payments or prepayments of principal, interest, or fees, (C) the manner of application of reimbursement obligations from drawings under Letters of Credit, or (D) the manner of reduction of commitments and committed amounts,

(v) change any provision of this Section 12.1(a) or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, or

(vi) release all or substantially all of the Guarantors from their obligations under the Fundamental Documents (other than as provided herein or as appropriate in connection with transactions permitted hereunder); or

(b) unless also consented to in writing by the Issuing Bank, no such amendment, waiver or consent shall affect the rights or duties of the Issuing Bank under this Credit Agreement or any LOC Documents relating to any Letter of Credit issued or to be issued by it;

(c) unless also consented to in writing by the Swingline Lender, no such amendment, waiver or consent shall affect the rights or duties of the Swingline Lender under this Credit Agreement; and

(d) unless also consented to in writing by the Administrative Agent, no such amendment, waiver or consent shall affect the rights or duties of the Administrative Agent under this Credit Agreement or any other Fundamental Document; and

provided however, that notwithstanding anything to the contrary contained herein, (i) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender, (ii) each Lender is entitled to vote as such Lender sees fit on any bankruptcy or insolvency reorganization plan that affects the Loans, (iii) each Lender acknowledged that the provisions of Section 1126(c) of the Bankruptcy Code supersedes the unanimous consent provisions set forth herein, (iv) the Required Lenders may consent to allow a Credit Party to use Cash Collateral in the context of a bankruptcy or insolvency proceeding, and (v) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto.

Section 12.2 Notices; Effectiveness; Electronic Communication .

(a) Notices Generally . Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrower, the Administrative Agent, the Issuing Bank or the Swingline Lender, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 12.2 ; and

(ii) if to any other Lender, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b) .

(b) Electronic Communications . Notices and other communications to the Lenders and the Issuing Bank hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or the Issuing Bank pursuant to Article II if such Lender or the Issuing Bank, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE AGENT PARTIES DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE CREDIT PARTY MATERIALS OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE CREDIT PARTY MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE CREDIT PARTY MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Borrower or any other Credit Party, any Lender, the Issuing Bank or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrower's or any other Credit Party's or the Administrative Agent's transmission of Credit Party Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to the Borrower or any other Credit Party, any Lender, the Issuing Bank or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. . Each of the Borrower, the Administrative Agent, the Issuing Bank and the Swingline Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address telecopier number or telephone number for notices and other communications hereunder by notice to the Borrower, the Administrative Agent, the Issuing Bank and the Swingline Lender.

(e) Reliance by Administrative Agent, Issuing Bank and Lenders . The Administrative Agent, the Issuing Bank and the Lenders shall be entitled to rely and act upon any notices (including telephonic notices with respect to Extensions of Credit) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify the Administrative Agent, the Issuing Bank, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

Section 12.3 No Waiver; Cumulative Remedies .

No failure by any Lender, the Issuing Bank, the Swingline Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 12.4 Expenses; Indemnity; Damage Waiver .

(a) Costs and Expenses . The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Credit Agreement and the other Fundamental Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Lender or the Issuing Bank (including the fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or the Issuing Bank), in connection with the enforcement or protection of its rights (A) in connection with this Credit Agreement and the other Fundamental Documents, including its rights under this Section 12.4 , or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Borrower . The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and the Issuing Bank, and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnatee”) against, and hold each Indemnatee harmless from, any and all losses, claims, damages, penalties, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnatee), incurred by any Indemnatee or asserted against any Indemnatee by any third party or by the Borrower or any other Credit Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Credit Agreement, any other Fundamental Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Credit Agreement and the other Fundamental Documents, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by an Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Credit Party, and regardless of whether any Indemnatee is a party thereto; provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnatee or (y) in any litigation in which the Indemnified Party and one or more Credit Parties are adverse to each other, and in which the Credit Parties prevail on their claims and the Indemnatee does not prevail on its defenses or its counterclaims interposed in such litigation or result from a claim brought by the Borrower or any other Credit Party against an Indemnatee for breach in bad faith of such Indemnatee’s obligations hereunder or under any other Fundamental Document, if the Borrower or such Credit Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(c) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section 12.4 to be paid by it to the Administrative Agent (or any sub-agent thereof), an Issuing Bank or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the Issuing Bank or such Related Party, as the case may be, such Lender's Revolving Commitment Percentage (determined in each case as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or an Issuing Bank in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or an Issuing Bank in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.10(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Laws, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Credit Agreement or any other Fundamental Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Credit Agreement or the other Fundamental Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section 12.4 shall be payable not later than ten (10) Business Days after demand therefor.

(f) Survival. The agreements in this Section 12.4 shall survive the resignation of the Administrative Agent and the Issuing Bank, the replacement of any Lender, the termination of the Revolving Commitments and the repayment, satisfaction or discharge of all the other Obligations.

Section 12.5 Payments Set Aside.

To the extent that any payment by or on behalf of the Borrower is made to the Administrative Agent, an Issuing Bank or any Lender, or the Administrative Agent, an Issuing Bank or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent, an Issuing Bank or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and the Issuing Bank severally agrees to pay to the Administrative Agent on demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect, in the applicable currency of such recovery or payment. The obligations of the Lenders and the Issuing Bank under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Credit Agreement.

Section 12.6 Successors and Assigns .

(a) Successors and Assigns Generally . The provisions of this Credit Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither the Borrower nor any other Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Credit Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Credit Agreement.

(b) Assignments by Lenders . Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Credit Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b) , participations in LOC Obligations and in Swingline Loans) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts .

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided , however , that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single assignee (or to an assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met.

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Credit Agreement with respect to the Loans or the Commitment assigned, except that this clause (ii) shall not apply to the Swingline Lender's rights and obligations in respect of Swingline Loans;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender;

(C) the consent of the Issuing Bank (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding); and

(D) the consent of the Swingline Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount, if any, required as set forth in Schedule 12.6; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to the Borrower. No such assignment shall be made to the Borrower or any of the Borrower's Affiliates or Subsidiaries.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person or anyone other than an Eligible Assignee.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Credit Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Credit Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Credit Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Credit Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.1, 3.4, 3.5, and 12.4 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Credit Agreement that does not comply with this subsection shall be treated for purposes of this Credit Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans and LOC Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Credit Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person who is an Eligible Assignee (other than a natural person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Credit Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in LOC Obligations and/or Swingline Loans) owing to it); provided that (i) such Lender's obligations under this Credit Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Lenders and the Issuing Bank shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Credit Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Credit Agreement and to approve any amendment, modification or waiver of any provision of this Credit Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 12.1 that affects such Participant. Subject to subsection (e) of this Section, each Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.1, 3.4 and 3.5 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by Law, each Participant also shall be entitled to the benefits of Section 12.8 as though it were a Lender, provided such Participant agrees to be subject to Section 2.14 as though it were a Lender.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.1 or 3.4 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.1 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 3.1(e) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Credit Agreement (including under its Note(s), if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Electronic Execution of Assignments. The words “execution”, “signed”, “signature”, and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(h) Resignation as Issuing Bank or Swingline Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Loans pursuant to subsection (b) above, Bank of America may, (i) upon thirty (30) days’ notice to the Borrower and the Lenders, resign as Issuing Bank and/or (ii) upon thirty (30) days’ notice to the Borrower, resign as Swingline Lender. In the event of any such resignation as Issuing Bank or Swingline Lender, the Borrower shall be entitled to appoint from among the Lenders a successor Issuing Bank or Swingline Lender hereunder; provided, however, that no failure by the Borrower to appoint any such successor shall affect the resignation of Bank of America as Issuing Bank or Swingline Lender, as the case may be. If Bank of America resigns as Issuing Bank, it shall retain all the rights, powers, privileges and duties of the Issuing Bank hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as Issuing Bank and all LOC Obligations with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.12(c)). If Bank of America resigns as Swingline Lender, it shall retain all the rights of the Swingline Lender provided for hereunder with respect to Swingline Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Loans or fund risk participations in outstanding Swingline Loans pursuant to Section 2.13. Upon the appointment of a successor Issuing Bank and/or Swingline Lender, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuing Bank or Swingline Lender, as the case may be, and (b) the successor Issuing Bank shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

Section 12.7 Confidentiality .

Each of the Administrative Agent, the Lenders and the Issuing Bank agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, including accountants, legal counsel and other advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential; provided that any independent contractors of the Administrative Agent and the Lenders shall have agreed to be bound by this Section 12.7), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it or any of its Affiliates (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Fundamental Document or any action or proceeding relating to this Credit Agreement or any other Fundamental Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 12.7 , to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Credit Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section 12.7 or (y) becomes available to the Administrative Agent, any Lender, the Issuing Bank or any of their respective Affiliates on a nonconfidential basis from a source other than any Credit Party or other Subsidiary.

For purposes of this Section 12.7 , "Information" means all information received from any Credit Party or other Subsidiary relating to any Credit Party or other Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or the Issuing Bank on a nonconfidential basis prior to disclosure by such Credit Party or other Subsidiary. Any Person required to maintain the confidentiality of Information as provided in this Section 12.7 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent, the Lenders and the Issuing Bank acknowledges that (a) the Information may include material non-public information concerning the Credit Party or other Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Laws, including federal and state securities laws.

Section 12.8 Set-off .

In addition to any rights and remedies of the Lenders provided by law, upon the occurrence and during the continuance of any Event of Default, each Lender and each of its Affiliates are authorized at any time and from time to time, without prior notice to the Borrower or any other Credit Party, any such notice being waived by the Borrower (on its own behalf and on behalf of each Credit Party) to the fullest extent permitted by Law (except as otherwise provided in Section 2.14(a)), to set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Lender or Affiliate to or for the credit or the account of the respective Credit Parties against any and all Obligations owing to such Lender hereunder or under any other Fundamental Document, now or hereafter existing, irrespective of whether or not the Administrative Agent or such Lender shall have made demand under this Credit Agreement or any other Fundamental Document and although such Obligations may be contingent or unmatured or denominated in a currency different from that of the applicable deposit or indebtedness. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender; provided , however, that the failure to give such notice shall not affect the validity of such set-off and application.

Section 12.9 Interest Rate Limitation .

Notwithstanding anything to the contrary contained in any Fundamental Document, the interest paid or agreed to be paid under the Fundamental Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Laws (the “ Maximum Rate ”). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Laws, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

Section 12.10 Counterparts; Effectiveness .

This Credit Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Except as provided in Section 5.1, this Credit Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Credit Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Credit Agreement.

Section 12.11 Integration .

This Credit Agreement, together with the other Fundamental Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and thereof and supersedes all prior agreements, written or oral, on such subject matter. In the event of any conflict between the provisions of this Credit Agreement and those of any other Fundamental Document, the provisions of this Credit Agreement shall control; provided that the inclusion of supplemental rights or remedies in favor of the Administrative Agent or the Lenders in any other Fundamental Document shall not be deemed a conflict with this Credit Agreement. Each Fundamental Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

Section 12.12 Survival of Representations and Warranties .

All representations and warranties made hereunder and in any other Fundamental Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or Event of Default at the time of any Extension of Credit, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

Section 12.13 Severability.

If any provision of this Credit Agreement or the other Fundamental Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Credit Agreement and the other Fundamental Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 12.14 Replacement of Lenders.

If any Lender requests compensation under Section 3.4, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.1, or if any Lender is a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 12.6), all of its interests, rights and obligations under this Credit Agreement and the related Fundamental Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(a) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and its funded participations in LOC Borrowings, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Fundamental Documents (including any amounts under Section 3.5) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(b) in the case of any such assignment resulting from a claim for compensation under Section 3.4 or payments required to be made pursuant to Section 3.1, such assignment will result in a reduction in such compensation or payments thereafter; and

(c) such assignment does not conflict with applicable Laws.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 12.15 Affirmation.

Promptly after the Closing Date, the Administrative Agent will use all reasonable efforts to (a) cause to be cancelled and returned to the Borrower all promissory notes and (b) cause recordable release of all mortgages and other lien, to be recorded and delivered to the Borrower, delivered under or in connection with the Prior Credit Agreement.

Section 12.16 No Advisory or Fiduciary Responsibility .

In connection with all aspects of each transaction contemplated hereby, each Borrower and each other Credit Party acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) the credit facility provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Fundamental Document) are an arm's-length commercial transaction between the Borrower, the other Credit Parties and their respective Affiliates, on the one hand, and the Administrative Agent and the Joint Lead Arrangers, on the other hand, and the Borrower and the other Credit Parties are capable of evaluating and understanding and understand and accept the terms, risks and conditions of the transactions contemplated hereby and by the other Fundamental Documents (including any amendment, waiver or other modification hereof or thereof); (ii) in connection with the process leading to such transaction, the Administrative Agent and each of the Joint Lead Arrangers is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for any of the Borrower, any other Credit Parties or any of their respective Affiliates, stockholders, creditors or employees or any other Person; (iii) neither the Administrative Agent nor either of the Joint Lead Arrangers has assumed or will assume an advisory, agency or fiduciary responsibility in favor of any Borrower or any other Credit Party with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Fundamental Document (irrespective of whether the Administrative Agent or either of the Joint Lead Arrangers has advised or is currently advising any of the Borrower, the other Credit Parties or their respective Affiliates on other matters) and neither the Administrative Agent nor either of the Joint Lead Arrangers has any obligation to any of the Borrower, the other Credit Parties or their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Fundamental Documents; (iv) the Administrative Agent, the Joint Lead Arrangers and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower, the other Credit Parties and their respective Affiliates, and neither the Administrative Agent nor either of the Joint Lead Arrangers has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) the Administrative Agent and the Joint Lead Arrangers have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Fundamental Document) and the Borrower and each other Credit Party has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. The Borrower and each other Credit Party hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against the Administrative Agent and the Joint Lead Arrangers with respect to any breach or alleged breach of agency or fiduciary duty.

Section 12.17 Patriot Act; Anti-Money Laundering .

Each Lender and the Administrative Agent (for itself and not on behalf of any other party) hereby notifies the Borrower that, pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107-56, signed into law October 26, 2001 (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Patriot Act. Promptly following a request by the Administrative Agent or any Lender, the Credit Parties shall provide or cause to be provided all documentation and other information that the Administrative Agent or such Lender reasonably requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

Section 12.18 GOVERNING LAW .

(a) THIS CREDIT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE; PROVIDED THAT THE ADMINISTRATIVE AGENT AND EACH LENDER SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS CREDIT AGREEMENT OR ANY OTHER FUNDAMENTAL DOCUMENT MAY BE BROUGHT IN THE STATE OR FEDERAL COURTS LOCATED IN THE STATE OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS CREDIT AGREEMENT, THE BORROWER, THE ADMINISTRATIVE AGENT AND EACH LENDER CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. THE BORROWER, THE ADMINISTRATIVE AGENT AND EACH LENDER IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, THAT IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY FUNDAMENTAL DOCUMENT OR OTHER DOCUMENT RELATED THERETO. THE BORROWER, THE ADMINISTRATIVE AGENT AND EACH LENDER WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, THAT MAY BE MADE BY ANY OTHER MEANS PERMITTED BY THE LAW OF SUCH STATE.

Section 12.19 WAIVER OF RIGHT TO TRIAL BY JURY .

EACH PARTY TO THIS CREDIT AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY FUNDAMENTAL DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY FUNDAMENTAL DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS CREDIT AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 12.19 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

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IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be duly executed as of the day and the year first written.

BORROWER:

VENTAS REALTY, LIMITED PARTNERSHIP

By: Ventas, Inc., its General Partner

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Executive Vice President, General Counsel and
Corporate Secretary

GUARANTORS:

VENTAS, INC.

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS CAPITAL CORPORATION

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS LP REALTY, L.L.C.

By: Ventas, Inc., its Sole Member

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS TRS, LLC

By: Ventas Realty, Limited Partnership, its
Sole Member

By: Ventas, Inc., its General Partner

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

VENTAS HEALTHCARE PROPERTIES, INC.

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS MANAGEMENT, LLC

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS FRAMINGHAM, LLC

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS SUN LLC

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS CAL SUN LLC

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS PROVIDENT, LLC

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS FINANCE I, INC.

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Executive Vice President and Secretary

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

VENTAS SPECIALTY I, INC.

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Executive Vice President and Secretary

VENTAS SPECIALTY I, LLC

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Executive Vice President and Secretary

ELDERTRUST

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Trustee and Secretary

ELDER TRUST OPERATING LIMITED
PARTNERSHIP

By: ElderTrust, its General Partner

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Trustee and Secretary

ET CAPITAL CORP.

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Secretary

ET SUB-BERKSHIRE LIMITED PARTNERSHIP

By: ET Berkshire, LLC, its General
Partner

By: ElderTrust Operating Limited
Partnership, its Sole Member

By: ElderTrust, its General Partner

By: /s/ T. Richard Riney
Name: T. Richard Riney
Title: Trustee and Secretary

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

ET BERKSHIRE, LLC

By: ElderTrust Operating Limited
Partnership, its Sole Member

By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

CABOT ALF, L.L.C.

By: ElderTrust Operating Limited
Partnership, its Sole Member

By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

CLEVELAND ALF, L.L.C.

By: ElderTrust Operating Limited
Partnership, its Sole Member

By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

ET SUB-HERITAGE WOODS, L.L.C.

By: ElderTrust Operating Limited
Partnership, its Sole Member

By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

ET SUB-HIGHGATE, L.P.

By: ET GENPAR, L.L.C., its General Partner

By: ElderTrust Operating Limited
Partnership, its Sole Member

By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

ET GENPAR, L.L.C.

By: ElderTrust Operating Limited
Partnership, its Sole Member

By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

ET SUB-LACEY I, L.L.C.

By: ElderTrust Operating Limited
Partnership, its Sole Member

By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

ET SUB-LEHIGH LIMITED PARTNERSHIP

By: ET Lehigh, LLC, its General Partner

By: ElderTrust Operating Limited
Partnership, its Sole Member

By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

ET LEHIGH, LLC

By: ElderTrust Operating Limited
Partnership, its Sole Member

By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

ET SUB-LOPATCONG, L.L.C.

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Secretary

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

ET SUB-PENNSBURG MANOR LIMITED PARTNERSHIP,
L.L.P.

By: ET Pennsburg Finance, L.L.C., its
General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Secretary

ET PENNSBURG FINANCE, L.L.C.

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Secretary

ET SUB-PHILLIPSBURG I, L.L.C.

By: ElderTrust Operating Limited
Partnership, its Sole Member

By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

ET SUB-PLEASANT VIEW, L.L.C.

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Secretary

ET SUB-RITTENHOUSE LIMITED PARTNERSHIP, L.L.P.

By: ET GENPAR, L.L.C., its General Partner

By: ElderTrust Operating Limited
Partnership, its Sole Member

By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

ET SUB-RIVERVIEW RIDGE LIMITED PARTNERSHIP, L.L.P.

By: ET GENPAR, L.L.C., its General Partner
By: ElderTrust Operating Limited
Partnership, its Sole Member
By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

ET SUB-SANATOGA LIMITED PARTNERSHIP

By: ET Sanatoga, LLC, its General Partner
By: ElderTrust Operating Limited
Partnership, its Sole Member
By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

ET SANATOGA, LLC

By: ElderTrust Operating Limited
Partnership, its Sole Member
By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

ET SUB-SMOB, L.L.C.

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Secretary

VERNON ALF, L.L.C.

By: ElderTrust Operating Limited
Partnership, its Sole Member
By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

ET SUB-WILLOWBROOK LIMITED PARTNERSHIP, L.L.P.

By: ET GENPAR, L.L.C., its General Partner
By: ElderTrust Operating Limited
Partnership, its Sole Member
By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

ET SUB-WAYNE I LIMITED PARTNERSHIP, L.L.P.

By: ET Wayne Finance, L.L.C., its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Secretary

ET WAYNE FINANCE, L.L.C.

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Secretary

ET WAYNE FINANCE, INC.

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Chairman, Executive Vice President and Secretary

ET SUB-WOODBRIDGE, L.P.

By: ET GENPAR, L.L.C., its General Partner
By: ElderTrust Operating Limited Partnership,
its Sole Member
By: ElderTrust, its General Partner

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Trustee and Secretary

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

PSLT GP, LLC

By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

PSLT OP, L.P.

By: PSLT GP, LLC, its General Partner

By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

PSLT-BLC PROPERTIES HOLDINGS, LLC

By: PSLT OP, L.P., its Sole Member

By: PSLT GP, LLC, its General Partner

By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

BROOKDALE LIVING COMMUNITIES OF ARIZONA-EM,
LLC

By: PSLT-BLC Properties Holdings, LLC, its
Sole Member

By: PSLT OP, L.P., its Sole Member

By: PSLT GP, LLC, its General Partner

By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

BROOKDALE LIVING COMMUNITIES OF CALIFORNIA,
LLC

By: PSLT-BLC Properties Holdings, LLC, its Sole
Member
By: PSLT OP, L.P., its Sole Member
By: PSLT GP, LLC, its General Partner
By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

BROOKDALE LIVING COMMUNITIES OF CALIFORNIA-RC,
LLC

By: PSLT-BLC Properties Holdings, LLC, its
Sole Member
By: PSLT OP, L.P., its Sole Member
By: PSLT GP, LLC, its General Partner
By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

BROOKDALE LIVING COMMUNITIES OF CALIFORNIA-
SAN MARCOS, LLC

By: PSLT-BLC Properties Holdings, LLC, its
Sole Member
By: PSLT OP, L.P., its Sole Member
By: PSLT GP, LLC, its General Partner
By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

BROOKDALE LIVING COMMUNITIES OF ILLINOIS-2960,
LLC

By: PSLT-BLC Properties Holdings, LLC, its
Sole Member

By: PSLT OP, L.P., its Sole Member

By: PSLT GP, LLC, its General Partner

By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

BROOKDALE LIVING COMMUNITIES OF ILLINOIS-II, LLC

By: PSLT-BLC Properties Holdings, LLC, its
Sole Member

By: PSLT OP, L.P., its Sole Member

By: PSLT GP, LLC, its General Partner

By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

BLC OF CALIFORNIA-SAN MARCOS, L.P.

By: Brookdale Living Communities of
California-San Marcos, LLC,
its General Partner
By: PSLT-BLC Properties Holdings, LLC, its
Sole Member
By: PSLT OP, L.P., its Sole Member
By: PSLT GP, LLC, its General Partner
By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

BROOKDALE HOLDINGS, LLC

By: PSLT-BLC Properties Holdings, LLC, its
Sole Member
By: PSLT OP, L.P., its Sole Member
By: PSLT GP, LLC, its General Partner
By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

BROOKDALE LIVING COMMUNITIES OF INDIANA-OL,
LLC

By: PSLT-BLC Properties Holdings, LLC, its
Sole Member
By: PSLT OP, L.P., its Sole Member
By: PSLT GP, LLC, its General Partner
By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

BROOKDALE LIVING COMMUNITIES OF
MASSACHUSETTS-RB, LLC

By: PSLT-BLC Properties Holdings, LLC, its
Sole Member
By: PSLT OP, L.P., its Sole Member
By: PSLT GP, LLC, its General Partner
By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

BROOKDALE LIVING COMMUNITIES OF MINNESOTA, LLC

By: PSLT-BLC Properties Holdings, LLC, its
Sole Member
By: PSLT OP, L.P., its Sole Member
By: PSLT GP, LLC, its General Partner
By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

BROOKDALE LIVING COMMUNITIES OF NEW YORK-GB,
LLC

By: PSLT-BLC Properties Holdings, LLC, its
Sole Member
By: PSLT OP, L.P., its Sole Member
By: PSLT GP, LLC, its General Partner
By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

BROOKDALE LIVING COMMUNITIES OF WASHINGTON-
PP, LLC

By: PSLT-BLC Properties Holdings, LLC, its
Sole Member
By: PSLT OP, L.P., its Sole Member
By: PSLT GP, LLC, its General Partner
By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

THE PONDS OF PEMBROKE LIMITED PARTNERSHIP

By: Brookdale Holdings, LLC, its General
Partner
By: PSLT-BLC Properties Holdings, LLC, its
Sole Member
By: PSLT OP, L.P., its Sole Member
By: PSLT GP, LLC, its General Partner
By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

RIVER OAKS PARTNERS

By: Brookdale Holdings, LLC, its General Partner
By: PSLT-BLC Properties Holdings, LLC, its
Sole Member
By: PSLT OP, L.P., its Sole Member
By: PSLT GP, LLC, its General Partner
By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

PSLT-ALS PROPERTIES HOLDINGS, LLC

By: PSLT OP, L.P., its Sole Member
By: PSLT GP, LLC, its General Partner
By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

PSLT-ALS PROPERTIES I, LLC

By: PSLT-ALS Properties Holdings, LLC, its
Sole Member
By: PSLT OP, L.P., its Sole Member
By: PSLT GP, LLC, its General Partner
By: Ventas Provident, LLC, its Sole Member

By: /s/ T. Richard Riney

Name: T. Richard Riney

Title: Executive Vice President, General Counsel and
Corporate Secretary

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ Charles Graber

Name: Charles Graber

Title: Vice President

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

LENDERS:

BANK OF AMERICA, N.A., individually as a Lender, the
Swingline Lender and the Issuing Bank

By: /s/ Peter D. Griffith

Name: Peter D. Griffith

Title: SVP

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

CALYON NEW YORK BRANCH

By: /s/ Attila Coach

Name: Attila Coach

Title: Managing Director

By: /s/ Douglas Weir

Name: Douglas Weir

Title: Director

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

CITICORP NORTH AMERICA, INC.

By: /s/ Malav Kakad

Name: Malav Kakad

Title: Vice President

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

MERRILL LYNCH CAPITAL CORPORATION

By: /s/ Michael E. O'Brien

Name: Michael E. O'Brien

Title: Vice President

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

UBS LOAN FINANCE LLC

By: /s/ Iris R. Otsa

Name: Iris R. Otsa

Title: Associate Director Banking Products
Services, US

By: /s/ Toba Lumbantobing

Name: Toba Lumbantobing

Title: Associate Director Banking Products
Services, US

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

DEUTSCHE BANK TRUST COMPANY
AMERICAS

By: /s/ Frederick W. Laird

Name: Frederick W. Laird

Title: Managing Director

By: /s/ Ming K. Chu

Name: Ming K. Chu

Title: Vice President

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

BANK OF MONTREAL

By: /s/ Virginia Neale
Name: Virginia Neale
Title: Vice President

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

KEYBANK NATIONAL ASSOCIATION

By: /s/ Florentina Djulvezan

Name: Florentina Djulvezan

Title: Vice President

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

LASALLE BANK NATIONAL ASSOCIATION

By: /s/ A. Brad Feine
Name: A. Brad Feine
Title: AVP

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

MORGAN STANLEY BANK

By: /s/ Daniel Twenge

Name: Daniel Twenge

Title: Vice President

Morgan Stanley Bank

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

JPMORGAN CHASE BANK, N.A.

By: /s/ Marc E. Costantino

Name: Marc E. Costantino

Title: Vice President

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

WACHOVIA BANK, NATIONAL ASSOCIATION

By: /s/ Jeanette A. Griffin

Name: Jeanette A. Griffin

Title: Director

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

EMIGRANT BANK

By: /s/ Dan LePage

Name: Dan LePage

Title: Managing Director & VP

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

ALLIED IRISH BANKS, PLLC

By: /s/ Denise Mayger

Name: Denise Mayger

Title: Vice President

By: /s/ Gregory J. Wiske

Name: Gregory J. Wiske

Title: Vice President

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

BANK OF THE WEST

By: /s/ Stacey Michrowski

Name: Stacey Michrowski

Title: Vice President

By: /s/ Jan Manista

Name: Jan Manista

Title: Vice President

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

STATE BANK OF INDIA, NEW YORK BRANCH

By: /s/ Rakesh Chandra

Name: Rakesh Chandra

Title: Vice President & Head (Credit)

VENTAS REALTY, LIMITED PARTNERSHIP
CREDIT AND GUARANTY AGREEMENT

Schedule 1.1

LENDERS AND COMMITMENTS

<u>Lender</u>	<u>Revolving Commitment</u>	<u>Revolving Commitment Percentage</u>
Bank of America, N.A.	\$ 52,000,000.00	10.400000000%
Calyon New York Branch	\$ 47,000,000.00	9.400000000%
Citicorp North America, Inc.	\$ 37,000,000.00	7.400000000%
Merrill Lynch Capital Corporation	\$ 37,000,000.00	7.400000000%
UBS Loan Finance LLC	\$ 37,000,000.00	7.400000000%
Deutsche Bank Trust Company Americas	\$ 35,000,000.00	7.000000000%
Bank of Montreal	\$ 35,000,000.00	7.000000000%
KeyBank National Association	\$ 35,000,000.00	7.000000000%
LaSalle Bank National Association	\$ 35,000,000.00	7.000000000%
Morgan Stanley Bank	\$ 35,000,000.00	7.000000000%
JPMorgan Chase Bank, N.A.	\$ 25,000,000.00	5.000000000%
Wachovia Bank, National Association	\$ 25,000,000.00	5.000000000%
Emigrant Bank	\$ 25,000,000.00	5.000000000%
Allied Irish Banks, plc	\$ 15,000,000.00	3.000000000%
Bank of the West	\$ 15,000,000.00	3.000000000%
State Bank of India, New York Branch	\$ 10,000,000.00	2.000000000%
Total:	<u>\$ 500,000,000.00</u>	<u>100.000000000%</u>

Schedule 2.11(b)

EXISTING LETTERS OF CREDIT

Irrevocable Transferable Standby Letter of Credit No. 3074663 dated as of April 22, 2006 and issued by Bank of America, N.A. for the account of the Borrower in favor of 111 South Wacker Venture, LLC, c/o The John Buck Company, in an original amount not to exceed \$225,000, expiring April 22, 2007.

Schedule 4.1(a)

LIST OF LIMITED PARTNERS OF BORROWER

The sole limited partner of the Borrower is:

Ventas LP Realty, L.L.C.
10350 Ormsby Park Place, Suite 300
Louisville, Kentucky 40223

Schedule 4.2

EXCEPTIONS TO AUTHORITY AND NO VIOLATION REPRESENTATION AND WARRANTY

Agreements evidencing the following guaranty and indemnification obligation in favor of Ventas:

Obligation (facility number)	Amount (Balance as of 12/31/98)	Indemnity in favor of Ventas from:
Omega Healthcare	\$0.3 million	Kindred Healthcare Operating, Inc.

Schedule 4.7

CREDIT PARTIES AND THEIR SUBSIDIARIES

Credit Parties:

Name	Jurisdiction of Incorporation or Organization	Ownership
Ventas, Inc. ("Ventas")	Delaware	Authorized capital stock: 180,000,000 shares of common stock, \$0.25 par value; 10,000,000 shares of preferred stock, \$1.00 par value Shares outstanding: 103,850,175 shares of common stock, no shares of preferred stock at March 31, 2006
Ventas Realty, Limited Partnership ("VRLP")	Delaware	99% owned by Ventas, its sole general partner; 1% owned by Ventas LP Realty, L.L.C., its limited partner
Ventas Capital Corporation	Delaware	100 shares of common stock authorized and outstanding; 100% owned by VRLP
Ventas LP Realty, L.L.C.	Delaware	100% owned by Ventas
Ventas TRS, LLC	Delaware	100% owned by VRLP
Ventas Healthcare Properties, Inc.	Delaware	1,000 shares of common stock authorized and outstanding; 100% owned by Ventas
Ventas Management, LLC	Delaware	100% owned by Ventas
Ventas Framingham, LLC	Delaware	100% owned by VRLP
Ventas Sun LLC	Delaware	100% owned by VRLP
Ventas Cal Sun LLC	Delaware	100% owned by VRLP
Ventas Provident, LLC	Delaware	100% owned by VRLP
Ventas Finance I, Inc.	Delaware	100 shares of common stock authorized and outstanding; 100% owned by Ventas
Ventas Specialty I, Inc.	Delaware	100 shares of common stock authorized and outstanding; 100% owned by Ventas
Ventas Specialty I, LLC	Delaware	100% owned by Ventas Specialty I, Inc.
ElderTrust	Maryland	100% owned by Ventas

Name	Jurisdiction of Incorporation or Organization	Ownership
ElderTrust Operating Limited Partnership (“ETOP”)	Delaware	92.4% owned by ElderTrust, its sole general partner and a limited partner; 6.7% owned by Ventas, a limited partner; 0.4% owned by ET Sub-Washington-Falls, LLC (a subsidiary of Norland Plastics Company), a limited partner; 0.5% owned by former Provident shareholders, limited partners
ET Capital Corp.	Delaware	1,000 shares of common stock authorized and outstanding; 100% owned by ETOP
ET Sub-Berkshire Limited Partnership	Delaware	1% owned by ET Berkshire, LLC, its sole general partner; 99% owned by ETOP, its limited partner
ET Berkshire, LLC	Delaware	100% owned by ETOP
Cabot ALF, L.L.C.	Delaware	100% owned by ETOP
Cleveland ALF, L.L.C.	Delaware	100% owned by ETOP
ET Sub-Heritage Woods, L.L.C.	Delaware	100% owned by ETOP
ET Sub-Highgate, L.P.	Pennsylvania	0.1% owned by ET GENPAR, L.L.C., its sole general partner; 99.9% owned by ETOP, its limited partner
ET GENPAR, L.L.C.	Delaware	100% owned by ETOP
ET Sub-Lacey I, L.L.C.	Delaware	100% owned by ETOP
ET Sub-Lehigh Limited Partnership	Delaware	1% owned by ET Lehigh, LLC, its sole general partner; 99% owned by ETOP, its limited partner
ET Lehigh, LLC	Delaware	100% owned by ETOP
ET Sub-Lopatcong, L.L.C.	Delaware	100% owned by ETOP
ET Sub-Pennsburg Manor Limited Partnership, L.L.P.	Virginia	0.1% owned by ET Pennsburg Finance, L.L.C., its sole general partner; 99.9% owned by ETOP, its limited partner
ET Pennsburg Finance, L.L.C.	Delaware	100% owned by ETOP
ET Sub-Phillipsburg I, L.L.C.	Delaware	100% owned by ETOP
ET Sub-Pleasant View, L.L.C.	Delaware	100% owned by ETOP
ET Sub-Rittenhouse Limited Partnership, L.L.P.	Virginia	0.1% owned by ET GENPAR, L.L.C., its sole general partner; 99.9% owned by ETOP, its limited partner
ET Sub-Riverview Ridge Limited Partnership, L.L.P.	Virginia	0.1% owned by ET GENPAR, L.L.C., its sole general partner; 99.9% owned by ETOP, its limited partner
ET Sub-Sanatoga Limited Partnership	Delaware	1% owned by ET Sanatoga, LLC, its sole general partner; 99% owned by ETOP, its limited partner

Name	Jurisdiction of Incorporation or Organization	Ownership
ET Sanatoga, LLC	Delaware	100% owned by ETOP
ET Sub-SMOB, L.L.C.	Delaware	100% owned by ETOP
Vernon ALF, L.L.C.	Delaware	100% owned by ETOP
ET Sub-Willowbrook Limited Partnership, L.L.P.	Virginia	0.1% owned by ET GENPAR, L.L.C., its sole general partner; 99.9% owned by ETOP, its limited partner
ET Sub-Wayne I Limited Partnership, L.L.P.	Virginia	0.1% owned by ET Wayne Finance, L.L.C., its sole general partner; 99.9% owned by ETOP, its limited partner
ET Wayne Finance, L.L.C.	Delaware	100% owned by ETOP
ET Wayne Finance, Inc.	Delaware	100 shares of common stock authorized and outstanding; 100% owned by ElderTrust
ET Sub-Woodbridge, L.P.	Pennsylvania	0.1% owned by ET GENPAR, L.L.C., its sole general partner; 99.9% owned by ETOP, its limited partner
PSLT GP, LLC	Delaware	100% owned by Ventas Provident, LLC
PSLT OP, L.P.	Delaware	1% owned by PSLT GP, LLC, its sole general partner; 97.55% owned by Ventas Provident, its limited partner; 1.45% owned by ETOP, its limited partner
PSLT-BLC Properties Holdings, LLC (“BLC Holdings”)	Delaware	100% owned by PSLT OP, L.P.
Brookdale Living Communities of Arizona-EM, LLC	Delaware	100% owned by BLC Holdings
Brookdale Living Communities of California, LLC	Delaware	100% owned by BLC Holdings
Brookdale Living Communities of California-RC, LLC	Delaware	100% owned by BLC Holdings
Brookdale Living Communities of California-San Marcos, LLC	Delaware	100% owned by BLC Holdings
Brookdale Living Communities of Illinois-2960, LLC	Delaware	100% owned by BLC Holdings
Brookdale Living Communities of Illinois-II, LLC	Delaware	100% owned by BLC Holdings
BLC of California-San Marcos, L.P.	Delaware	1% owned by Brookdale Living Communities of California-San Marcos, LLC, its sole general partner; 99% owned by BLC Holdings, its limited partner
Brookdale Holdings, LLC	Delaware	100% owned by BLC Holdings

Name	Jurisdiction of Incorporation or Organization	Ownership
Brookdale Living Communities of Indiana-OL, LLC	Delaware	100% owned by BLC Holdings
Brookdale Living Communities of Massachusetts-RB, LLC	Delaware	100% owned by BLC Holdings
Brookdale Living Communities of Minnesota, LLC	Delaware	100% owned by BLC Holdings
Brookdale Living Communities of New York-GB, LLC	Delaware	100% owned by BLC Holdings
Brookdale Living Communities of Washington-PP, LLC	Delaware	100% owned by BLC Holdings
The Ponds of Pembroke Limited Partnership	Illinois	1% owned by Brookdale Holdings, LLC, its sole general partner; 99% owned by BLC Holdings
River Oaks Partners	Illinois	1% owned by Brookdale Holdings, LLC, its sole general partner; 99% owned by BLC Holdings
PSLT-ALS Properties Holdings, LLC	Delaware	100% owned by PSLT OP, L.P.
PSLT-ALS Properties I, LLC	Delaware	100% owned by PSLT-ALS Properties I, LLC

Subsidiaries of Credit Parties (who are not otherwise Credit Parties):

Name	Jurisdiction of Incorporation or Organization	Ownership
Ventas Kansas City I, LLC	Delaware	100% owned by Ventas
Ventas Farmington Hills, LLC	Delaware	100% owned by Ventas
Ventas Regency Medical Park I, LLC	Delaware	100% owned by Ventas
Ventas Fairwood, LLC	Delaware	100% owned by Ventas
Ventas Whitehall Estates, LLC	Delaware	100% owned by Ventas
Ventas Bayshore Medical, LLC	Delaware	100% owned by Ventas
Ventas Brighton, LLC	Delaware	100% owned by Ventas
Ventas Amberleigh, LLC	Delaware	100% owned by VRLP
Ventas Crown Pointe, LLC	Delaware	100% owned by VRLP
Ventas Harrison, LLC	Delaware	100% owned by VRLP
Ventas West Shores, LLC	Delaware	100% owned by VRLP
Ventas Santa Barbara, LLC	Delaware	100% owned by VRLP
Ventas Georgetowne, LLC	Delaware	100% owned by VRLP

Name	Jurisdiction of Incorporation or Organization	Ownership
Ventas Rose Arbor, LLC	Delaware	100% owned by VRLP
ET Heritage Andover Finance, Inc.	Delaware	100 shares of common stock authorized and outstanding; 100% owned by ElderTrust
ET DCMH Finance, Inc.	Delaware	100 shares of common stock authorized and outstanding; 100% owned by ElderTrust
ET POB I Finance, Inc.	Delaware	100 shares of common stock authorized and outstanding; 100% owned by ElderTrust
ET Belvedere Finance, Inc.	Delaware	100 shares of common stock authorized and outstanding; 100% owned by ElderTrust
ET Sub-Cabot Park, LLC	Delaware	99% owned by ETOP; 1% owned by Cabot ALF, L.L.C.
ET Sub-Vernon Court, LLC	Delaware	99% owned by ETOP; 1% owned by Vernon ALF, L.L.C.
ET Sub-Cleveland Circle, LLC	Delaware	99% owned by ETOP; 1% owned by Cleveland ALF, L.L.C.
ET Sub-Heritage Andover, LLC	Delaware	100% owned by ETOP
ET DCMH Finance, L.L.C.	Delaware	100% owned by ETOP
ET Sub-DCMH Limited Partnership, L.L.P.	Virginia	0.1% owned by ET DCMH Finance, L.L.C., its sole general partner; 99.9% owned by ETOP, its limited partner
ET POB I Finance, L.L.C.	Delaware	100% owned by ETOP
ET Sub-POB I Limited Partnership, L.L.P.	Virginia	0.1% owned by ET POB I Finance, L.L.C., its sole general partner; 99.9% owned by ETOP, its limited partner
ET Belvedere Finance, L.L.C.	Delaware	100% owned by ETOP
ET Sub-Belvedere Limited Partnership, L.L.P.	Virginia	0.1% owned by ET Belvedere Finance, L.L.C., its sole general partner; 99.9% owned by ETOP, its limited partner
Brookdale Living Communities of Illinois-HV, LLC	Delaware	100% owned by BLC Holdings
Brookdale Living Communities of Connecticut, LLC	Delaware	100% owned by BLC Holdings
BLC Issuer II, LLC	Delaware	100% owned by BLC Holdings
DBF Issuer I, LLC	Ohio	100% owned by BLC Issuer II, LLC
Brookdale Living Communities of Illinois-Hoffman Estates, LLC	Delaware	100% owned by BLC Holdings

Name	Jurisdiction of Incorporation or Organization	Ownership
BLC of Indiana-OL, L.P.	Delaware	1% owned by Brookdale Living Communities of Indiana-OL, LLC, its sole general partner; 99% owned by BLC Holdings
Brookdale Living Communities of Florida-CL, LLC	Delaware	100% owned by BLC Holdings
Brookdale Living Communities of New Jersey, LLC	Delaware	100% owned by BLC Holdings
Brookdale Living Communities of Connecticut-WH, LLC	Delaware	100% owned by BLC Holdings
Brookdale Living Communities of Illinois-HLAL, LLC	Delaware	100% owned by BLC Holdings
Brookdale Living Communities of New Mexico-SF, LLC	Delaware	100% owned by BLC Holdings
PSLT-ALS Properties II, LLC	Delaware	100% owned by PSLT-ALS Properties Holdings, LLC

Schedule 12.2

NOTICE ADDRESSES

Credit Parties :

Ventas Realty, Limited Partnership
10350 Ormsby Park Place, Suite 300
Louisville, KY 40223
Attention: General Counsel
Telephone: (502) 357-9020
Facsimile: (502) 357-9001
Website: www.ventasreit.com

With a copy to:

Barack Ferrazzano Kirschbaum Perlman & Nagelberg LLP
333 West Wacker Drive, Suite 2700
Chicago, IL 60606
Attention: Howard Kirschbaum
Telephone: (312) 984-3103
Facsimile: (312) 984-3150

Administrative Agent :

For payments and requests for Extensions of Credit:

Bank of America, N.A.
101 North Tryon Street, NC1-001-04-39
Charlotte, NC 28255
Attention: Monika Patel, Agency Services
Telephone: (704) 386-5094
Facsimile: (704) 409-0157
Email: monika.patel@bankofamerica.com

Wiring Instructions:

Bank of America NA
New York, NY
ABA # : 026009593
Acct # : 1366212250600
Account Name: Credit Services
Ref: Ventas Realty, Limited Partnership

For all other notices:

Bank of America, N.A., as Administrative Agent
Mailcode CA5-701-05-19
1455 Market Street, 5th Floor
San Francisco, CA 94103
Attention: Charles D. Graber, Vice President
Telephone: (415) 436-3495
Facsimile: (415) 503-5006
Email: charles.graber@bankofamerica.com

With a copy to:

Bank of America, N.A.
100 N. Tryon Street, NC1-007-17-11
Charlotte, NC 28255
Attention: Harrison Perry, Assistant Vice President
Telephone: (704) 386-6603
Facsimile: (704) 388-6002
Email: harrison.perry@bankofamerica.com

Schedule 12.6

PROCESSING AND RECORDATION FEES

The Administrative Agent will charge a processing and recordation fee (an “ Assignment Fee ”) in the amount of \$3,500 for each assignment; provided, however, that in the event of two or more concurrent assignments to members of the same Assignee Group (which may be effected by a suballocation of an assigned amount among members of such Assignee Group) or two or more concurrent assignments by members of the same Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group), the Assignment Fee will be \$2,500 plus the amount set forth below:

Transaction	Assignment Fee
First four concurrent assignments or suballocations to members of an Assignee Group (or from members of an Assignee Group, as applicable)	\$ 0
Each additional concurrent assignment or suballocation to a member of such Assignee Group (or from a member of such Assignee Group, as applicable)	\$ 500

Exhibit 2.1

FORM OF BORROWING BASE CERTIFICATE

Reference is hereby made to the Credit and Guaranty Agreement, dated as of April 26, 2006 (as amended, restated, extended, supplemented, renewed, replaced or otherwise modified from time to time, the “Credit Agreement”), by and among Ventas Realty, Limited Partnership (the “Borrower”), the Guarantors referred to therein, the lenders from time to time party thereto (together with their successors and assigns, the “Lenders”), and Bank of America, N.A., as administrative agent (the “Administrative Agent”) for the Lenders, the Issuing Bank and the Swingline Lender. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

The Borrower does hereby certify that (i) the information set forth on Annex I is true, complete and correct in all respects to the best of its knowledge, (ii) the calculations set forth on Annex I (Unencumbered Asset Pool and Calculation of Borrowing Base) are calculated as of the date of this certificate, and (B) comply in all respects with the terms and conditions of the Credit Agreement and (iii) each of the properties shown on Annex I meets the conditions for eligibility as a “UAP Property” for inclusion in the “Borrowing Base” under the Credit Agreement, including the condition that no base rent payments are more than sixty (60) days past due.

VENTAS REALTY, LIMITED PARTNERSHIP,
a Delaware limited partnership

By: VENTAS, INC., a Delaware corporation, its
general partner

By: _____
Name:
Title:

Annex I

UNENCUMBERED ASSET POOL AND CALCULATION OF BORROWING BASE
(in thousands of Dollars)

As of _____, 20__

Recap of NOI

Government reimbursed properties and assets	\$ _____
Non-government reimbursed properties and assets	\$ _____
Properties at cost	\$ _____
Total:	\$ _____

Summary of Consolidated UAP Property Value

Government reimbursed properties and assets	—%	\$ _____
Non-government reimbursed properties and assets	—%	\$ _____
Properties at cost		\$ _____
Total:		\$ _____

Calculation of Borrowing Base

Consolidated UAP Property Value	\$ _____
Stated Percentage	_____ %
Borrowing Base	\$ _____

Tenant/Operator	Property Identification Number	Property Name and Address	Capitalization Rate	Consolidated Unencumbered NOI
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Legend

G	Government reimbursed properties and assets
N	Non-government reimbursed properties and assets
C	Cost

ML1, ML1a, ML2, ML3, ML4 and ML-5 — Kindred Healthcare, Inc. Master Leases

CSL — Capital Senior Living

Exhibit 2.2

FORM OF LOAN NOTICE

Date: _____

To: Bank of America, N.A., as Administrative Agent

Re: Credit and Guaranty Agreement, dated as of April 26, 2006 (as amended, restated, extended, supplemented, renewed, replaced or otherwise modified from time to time, the “Credit Agreement”), by and among Ventas Realty, Limited Partnership (the “Borrower”), the Guarantors referred to therein, the lenders from time to time party thereto (together with their successors and assigns, the “Lenders”), and Bank of America, N.A., as administrative agent (the “Administrative Agent”) for the Lenders, the Issuing Bank and the Swingline Lender. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

Ladies and Gentlemen:

1. The undersigned hereby requests the following:

- | | |
|--|--|
| ☐ a Swingline Loan Borrowing | ☐ a Revolving Loan Borrowing |
| ☐ a Revolving Loan continuation | ☐ a Revolving Loan conversion |

2. Date of Borrowing (which shall be a Business Day): _____

3. Amount and Currency of Borrowing: _____

4. Type of Loan requested (select one):

- ☐ Base Rate Loan (required for Domestic Swingline)
- ☐ Eurodollar Rate Loan

5. Interest Period for Eurodollar Rate Loans (select one):

- ☐ One Month ☐ Two Months ☐ Three Months ☐ Six Months

The Borrower hereby represents and warrants that (a) this request for Extension of Credit complies with the requirements of Section 2.1(a), with respect to Revolving Loans, and Section 2.1(c), with respect to new Swingline Loans, and with the requirements of Section 2.2 of the Credit Agreement and (b) the representations and warranties contained in Section 5.2(b) and (c) of the Credit Agreement will be satisfied on and as of the date of the requested Extension of Credit.

BORROWER:

VENTAS REALTY, LIMITED PARTNERSHIP,
a Delaware limited partnership

By: VENTAS, INC., a Delaware corporation, its
general partner

By: _____

Name:

Title:

FORM OF REVOLVING NOTE

_____, 20__

FOR VALUE RECEIVED, the undersigned (the “Borrower”), hereby promises to pay to _____, its successors or registered assigns (the “Revolving Lender”), the amount of the Revolving Lender’s Revolving Commitment, or if less, the aggregate unpaid principal amount of all Revolving Loans owing to the Revolving Lender by the Borrower under the Credit and Guaranty Agreement, dated as of April 26, 2006 (as amended, restated, extended, supplemented, renewed, replaced or otherwise modified from time to time, the “Credit Agreement”), by and among Ventas Realty, Limited Partnership (the “Borrower”), the Guarantors referred to therein, the lenders from time to time party thereto (together with their successors and assigns, the “Lenders”), and Bank of America, N.A., as administrative agent (the “Administrative Agent”) for the Lenders, the Issuing Bank and the Swingline Lender. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

The Borrower promises to pay interest on the unpaid principal amount of each Revolving Loan from the date of such Revolving Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Credit Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Revolving Lender, at the Administrative Agent’s Office, in Dollars in immediately available funds. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (before as well as after judgment) computed at the applicable per annum rate set forth in the Credit Agreement.

This Revolving Note is one of the Notes referred to in the Credit Agreement and is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided in the Credit Agreement. Revolving Loans made by the Revolving Lender may be evidenced by one or more loan accounts or records maintained by the Revolving Lender in the ordinary course of business. The Revolving Lender may also attach schedules to this Revolving Note and endorse thereon the date, amount and maturity of its Revolving Loans and payments with respect thereto.

Upon the occurrence and continuation of an Event of Default, all amounts then remaining unpaid on this Revolving Note shall become, or may be declared to be, immediately due and payable as provided in the Credit Agreement, without diligence, presentment, protest and demand or notice of protest, demand, dishonor and non-payment of this Revolving Note, all of which are hereby waived by the Borrower, for itself and its successors and assigns.

THIS REVOLVING NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE.

[SIGNATURE ON FOLLOWING PAGE]

BORROWER:

VENTAS REALTY, LIMITED PARTNERSHIP,
a Delaware limited partnership

By: VENTAS, INC., a Delaware corporation, its
general partner

By: _____

Name:

Title:

FORM OF SWINGLINE NOTE

_____, 20__

FOR VALUE RECEIVED, the undersigned (the “Borrower”), hereby promises to pay to _____, its successors or registered assigns (the “Swingline Lender”), the aggregate unpaid principal amount of all Swingline Loans owing by the Borrower to the Swingline Lender under the Credit Agreement, dated as of April 26, 2006 (as amended, restated, extended, supplemented, renewed, replaced or otherwise modified from time to time, the “Credit Agreement”), by and among Ventas Realty, Limited Partnership (the “Borrower”), the Guarantors referred to therein, the lenders from time to time party thereto (together with their successors and assigns, the “Lenders”), and Bank of America, N.A., as administrative agent (the “Administrative Agent”) for the Lenders, the Issuing Bank and the Swingline Lender. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

The Borrower promises to pay interest on the unpaid principal amount of each Swingline Loan from the date of such Swingline Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Credit Agreement. All payments of principal and interest shall be made to the Swingline Lender in Dollars in immediately available funds. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (before as well as after judgment) computed at the applicable per annum rate set forth in the Credit Agreement.

This Swingline Note is one of the Notes referred to in the Credit Agreement and is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided in the Credit Agreement. Swingline Loans made by the Swingline Lender may be evidenced by one or more loan accounts or records maintained by the Swingline Lender in the ordinary course of business. The Swingline Lender may also attach schedules to this Swingline Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

Upon the occurrence and continuation of an Event of Default, all amounts then remaining unpaid on this Swingline Note shall become, or may be declared to be, immediately due and payable as provided in the Credit Agreement, without diligence, presentment, protest and demand or notice of protest, demand, dishonor and non-payment of this Swingline Note, all of which are hereby waived by the Borrower, for itself and its successors and assigns.

THIS SWINGLINE NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE.

[SIGNATURE ON FOLLOWING PAGE]

BORROWER:

VENTAS REALTY, LIMITED PARTNERSHIP,
a Delaware limited partnership

By: VENTAS, INC., a Delaware corporation, its
general partner

By: _____

Name:

Title:

Exhibit 2.7(b)

FORM OF NOTICE OF PREPAYMENT

Re: Credit and Guaranty Agreement, dated as of April 26, 2006 (as amended, restated, extended, supplemented, renewed, replaced or otherwise modified from time to time, the “Credit Agreement”), by and among Ventas Realty, Limited Partnership (the “Borrower”), the Guarantors referred to therein, the lenders from time to time party thereto (together with their successors and assigns, the “Lenders”), and Bank of America, N.A., as administrative agent (the “Administrative Agent”) for the Lenders, the Issuing Bank and the Swingline Lender. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

The undersigned hereby notifies the Administrative Agent that it is making a prepayment of Loans as follows:

1. _____ Date of prepayment.
2. _____ Type and principal amount of existing Loan being prepaid. ¹
3. _____ If a Eurodollar Rate Loan is being prepaid, last day of the Interest Period with respect thereto.

IN WITNESS WHEREOF, the undersigned has caused this notice to be executed this ____ day of _____.

VENTAS REALTY, LIMITED PARTNERSHIP,
a Delaware limited partnership

By: VENTAS, INC., a Delaware corporation, its
general partner

By: _____
Name:
Title:

¹ Specify Base Rate Loan or Eurodollar Rate Loan.

Exhibit 5.1(g)

FORM OF CLOSING CERTIFICATE

Reference is made to that certain Credit and Guaranty Agreement, dated as of April 26, 2006 (as amended, restated, extended, supplemented, renewed, replaced or otherwise modified from time to time, the “Credit Agreement”), by and among Ventas Realty, Limited Partnership (the “Borrower”), the Guarantors referred to therein, the lenders from time to time party thereto (together with their successors and assigns, the “Lenders”), and Bank of America, N.A., as administrative agent (the “Administrative Agent”) for the Lenders, the Issuing Bank and the Swingline Lender. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

The undersigned Authorized Officer of the Borrower hereby certifies, pursuant to Section 5.1(g) of the Credit Agreement, that immediately after giving effect to the initial Loans made and Letters of Credit issued on the Closing Date:

1. all of the representations and warranties set forth in Article IV of the Credit Agreement and in any other Fundamental Document in existence as of the date hereof are true and correct in all material respects on and as of the date hereof;
 2. the Credit Parties are in compliance on a Pro Forma Basis with each of the financial covenants set forth in Section 7.10 of the Credit Agreement; and
 3. no Default or Event of Default has occurred and is continuing as of the date hereof.
-

IN WITNESS WHEREOF, I have hereunto set my hand as _____ of the Borrower.

VENTAS REALTY, LIMITED PARTNERSHIP,
a Delaware limited partnership

By: VENTAS, INC., a Delaware corporation, its
general partner

By: _____
Name:
Title:

Date: April ___, 2006

Exhibit 6.2(a)

FORM OF COMPLIANCE CERTIFICATE

Financial Statement Date: _____, 200__

To: Bank of America, N.A., as Administrative Agent

Re: Credit and Guaranty Agreement, dated as of April 26, 2006 (as amended, restated, extended, supplemented, renewed, replaced or otherwise modified from time to time, the “Credit Agreement”), by and among Ventas Realty, Limited Partnership (the “Borrower”), the Guarantors referred to therein, the lenders from time to time party thereto (together with their successors and assigns, the “Lenders”), and Bank of America, N.A., as administrative agent (the “Administrative Agent”) for the Lenders, the Issuing Bank and the Swingline Lender. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

Ladies and Gentlemen:

The undersigned Authorized Officer hereby certifies as of the date hereof that [he/she] is the _____ of Ventas, and that, in [his/her] capacity as such, [he/she] is authorized to execute and deliver this certificate to the Administrative Agent and the Lenders on the behalf of Ventas, and that:

[Use following paragraph 1 for fiscal year-end financial statements:]

[1. [Attached hereto as Schedule 1 are the] [The] audited, consolidated financial statements required by Section 6.1(a) of the Credit Agreement for the fiscal year of Ventas ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section [have been electronically delivered to the Administrative Agent pursuant to the conditions set forth in Section 6.2 of the Credit Agreement].]

[Use following paragraph 1 for fiscal quarter-end financial statements:]

[1. [Attached hereto as Schedule 1 are the] [The] unaudited, consolidated financial statements required by Section 6.1(b) of the Credit Agreement for the fiscal quarter of Ventas ended as of the above date [have been electronically delivered to the Administrative Agent pursuant to the conditions set forth in Section 6.2 of the Credit Agreement]. Such financial statements fairly present the financial condition, results of operations and cash flows of the Consolidated Group in accordance with GAAP as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes.]

2. The undersigned has reviewed and is familiar with the terms of the Credit Agreement and has made, or has caused to be made, a detailed review of the transactions and condition (financial or otherwise) of each member of the Consolidated Group during the accounting period covered by the attached financial statements.

3. A review of the activities of each member of the Consolidated Group during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the Credit Parties have performed and observed all their respective Obligations under the Fundamental Documents, and

[select one:]

[to the best knowledge of the undersigned during such fiscal period, each of the Credit Parties has performed and observed each covenant and condition of the Fundamental Documents applicable to it.]

[or:]

[the following covenants or conditions have not been performed or observed and the following is a list of each such Default and its nature and status:]

4. The financial covenant analyses and information set forth on Schedule 2 hereto are true and accurate on and as of the date of this certificate.

5. The Borrower's Debt Ratings are as follows:

[Insert Debt Ratings]

[SIGNATURE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned has executed this certificate as of _____, 20____.

VENTAS REALTY, LIMITED PARTNERSHIP,
a Delaware limited partnership

By: VENTAS, INC., a Delaware corporation, its
general partner

By: _____
Name:
Title:

Exhibit 6.12

FORM OF JOINDER AGREEMENT

THIS JOINDER AGREEMENT, dated as of _____, 20____ (this “Joinder Agreement”), is by and between _____, a _____ (the “New Subsidiary”), and Bank of America, N.A., in its capacity as Administrative Agent under that certain Credit and Guaranty Agreement, dated as of April 26, 2006 (as amended, restated, extended, supplemented, renewed, replaced or otherwise modified from time to time, the “Credit Agreement”), by and among Ventas Realty, Limited Partnership (the “Borrower”), the Guarantors referred to therein, the lenders from time to time party thereto (together with their successors and assigns, the “Lenders”), and the Administrative Agent. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

In connection with the addition of Properties to the pool of UAP Properties, the Credit Parties are required by Section 6.12 of the Credit Agreement to cause the New Subsidiary to become a “Guarantor” thereunder. Accordingly, the New Subsidiary hereby agrees as follows with the Administrative Agent, for the benefit of the Lenders:

1. The New Subsidiary hereby acknowledges, agrees and confirms that, by its execution of this Joinder Agreement, the New Subsidiary will be deemed to be a party to the Credit Agreement and a “Guarantor” for all purposes of the Credit Agreement, and shall have all of the obligations of a Guarantor thereunder as if it had executed the Credit Agreement. The New Subsidiary hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions applicable to the Guarantors contained in the Credit Agreement. Without limiting the generality of the foregoing terms of this paragraph 1, the New Subsidiary hereby jointly and severally, together with the other Guarantors, guarantees to the Administrative Agent and each of the holders of the Obligations, as provided in Article IX of the Credit Agreement, the prompt payment of the Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory Cash Collateralization or otherwise) strictly in accordance with the terms thereof.

2. The New Subsidiary hereby represents and warrants to the Administrative Agent that, as of the date hereof:

(a) The New Subsidiary’s exact legal name and jurisdiction of incorporation or formation are as set forth on the signature pages hereto, and other than as set forth on Schedule 1 hereto, the New Subsidiary has not changed its legal name, jurisdiction of incorporation or formation, been party to a merger, consolidation or other change in structure or used any tradename in the five years preceding the date hereof.

(b) Schedule 2 hereto includes all Subsidiaries of the New Subsidiary, including the jurisdiction of incorporation or formation.

3. The address of the New Subsidiary for purposes of all notices and other communications is the address designated for all Credit Parties on Schedule 12.2 to the Credit Agreement or such other address as the New Subsidiary may from time to time notify the Administrative Agent in writing.

4. The New Subsidiary hereby waives acceptance by the Administrative Agent and the Lenders of the guaranty by the New Subsidiary under Article IX of the Credit Agreement upon the execution of this Joinder Agreement by the New Subsidiary.

5. This Joinder Agreement may be executed in multiple counterparts, each of which shall constitute an original but all of which when taken together shall constitute one contract.

6. THIS JOINDER AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the New Subsidiary has caused this Joinder Agreement to be duly executed by its authorized officer, and the Administrative Agent, for the benefit of the Lenders (including the Swingline Lender and the Issuing Bank), has caused the same to be accepted by its authorized officer, as of the day and year first above written.

[NEW SUBSIDIARY],

a _____

By: _____

Name:

Title:

Acknowledged and accepted:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____

Name:

Title:

Exhibit 12.6(b)

FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this “ Assignment and Assumption ”) is dated as of the Effective Date set forth below and is entered into by and between the Assignor identified in item 1 below (the “ Assignor ”) and the Assignee identified in item 2 below (the “ Assignee ”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified in item 5 below (the “ Credit Agreement ”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor’s rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including, without limitation, the Letters of Credit and the Swingline Loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable Law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by the Assignor to the Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as the “ Assigned Interest ”). Each such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor : _____

2. Assignee : _____

_____ [indicate [Affiliate][Approved Fund] of [*identify Lender*]]

3. Borrower : VENTAS REALTY, LIMITED PARTNERSHIP

4. Administrative Agent : BANK OF AMERICA, N.A., as the administrative agent under the Credit Agreement

5. Credit Agreement : Credit and Guaranty Agreement, dated as of April 26, 2006 (as amended, restated, extended, supplemented, renewed, replaced or otherwise modified from time to time, the “ Credit Agreement ”), by and among Ventas Realty, Limited Partnership (the “ Borrower ”), the Guarantors referred to therein, the lenders from time to time party thereto (together with their successors and assigns, the “ Lenders ”), and Bank of America, N.A., as administrative agent (the “ Administrative Agent ”) for the Lenders, the Issuing Bank and the Swingline Lender.

6. Assigned Interest :

<u>Assignor</u>	<u>Assignee</u>	<u>Aggregate Amount of Commitment/Loans for all Lenders ¹</u>	<u>Amount of Commitment/Loans Assigned</u>	<u>Percentage Assigned of Commitment/ Loans ²</u>	<u>CUSIP Number</u>
-----------------	-----------------	--	--	--	-------------------------

[7. Trade Date : _____] ³

Effective Date: _____, 20____ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Title:

[Consented to and] ⁴ Accepted:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____
Title:

¹ Amounts in this column and in the column immediately to the right to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

² Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

³ To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

⁴ To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

[Consented to:] ⁵

[VENTAS REALTY, LIMITED
PARTNERSHIP,
a Delaware limited partnership

By: VENTAS, INC., a Delaware corporation, its
general partner

By: _____
Name:
Title:

BANK OF AMERICA, N.A., as Issuing Bank
and Swingline Lender

By: _____
Name:
Title:] ⁶

⁵ To be added only if the consent of the Borrower and/or other parties (e.g. Swingline Lender, Issuing Bank) is required by the terms of the Credit Agreement.

⁶ To be added only if the consent of other parties (*i.e.* , the Borrower, the Issuing Bank and/or the Swingline Lender) is required by the terms of the Credit Agreement.

Annex 1
to Assignment and Assumption

STANDARD TERMS AND CONDITIONS

1. Representations and Warranties.

1.1. Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Fundamental Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Fundamental Documents or any collateral thereunder, (iii) the financial condition of the Borrower, the Guarantors, any of their Subsidiaries or Affiliates or any other Person obligated in respect of any Fundamental Document or (iv) the performance or observance by the Borrower or the Guarantors, any of their Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Fundamental Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.1 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, (v) if it is a Foreign Lender, it has delivered (or will promptly deliver) to the Administrative Agent and the Borrower any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Fundamental Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Fundamental Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts that have accrued to but excluding the Effective Date and to the Assignee for amounts that accrue from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. THIS ASSIGNMENT AND ASSUMPTION SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE.

GUARANTY OF AGREEMENT REGARDING LEASES

THIS GUARANTY OF AGREEMENT REGARDING LEASES (this “Guaranty”) is made and entered into to be effective as of November 7, 2006 (the “Effective Date”), by **SENIOR CARE, INC.**, a Delaware corporation (“Guarantor”) in favor of **VENTAS REALTY, LIMITED PARTNERSHIP**, a Delaware limited partnership (“VRLP”).

RECITALS:

WHEREAS, as of the Effective Date, VRLP and Senior Care Operations Holdings, LLC, a Delaware limited liability company (“SCT Holdings”), have executed and delivered that certain Agreement Regarding Leases (as the same may be renewed, extended, amended or modified from time to time, with or without notice to Guarantor, the “Agreement Regarding Leases”), pertaining to the Facilities referred to therein;

WHEREAS, Guarantor is a direct or indirect owner of 100% of the beneficial ownership interest in SCT Holdings, and Guarantor will derive substantial direct and indirect benefits from the transactions contemplated by the Agreement Regarding Leases; and

WHEREAS, it is a condition to the entering into of the Agreement Regarding Leases by VRLP that Guarantor shall have executed and delivered this Guaranty.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by Guarantor, and in order to induce VRLP to enter into the Agreement Regarding Leases, Guarantor hereby agrees as follows:

SECTION 1 DEFINITIONS. For purposes of this Guaranty, any capitalized terms used and not otherwise defined shall have the respective meanings ascribed to such terms in the Agreement Regarding Leases. In addition, as used herein the following capitalized terms shall have the following meanings:

“Acquisition” by any Person, shall mean the purchase or acquisition by such Person of any Capital Stock in another Person or any asset of another Person, whether or not involving a merger or consolidation with such other Person.

“Action” means any civil, criminal or administrative action, suit, demand, claim, arbitration, hearing, litigation, dispute or other proceeding or investigation by or before any Governmental Authority or arbitrator.

“Actual Balanced Care EBITDAR” means, for any period for Balanced Care Tenant, Consolidated Net Income for such period calculated solely with respect to Balanced Care Tenant, plus without duplication, to the extent deducted or otherwise not included in determining such Consolidated Net Income, the sum for such period of the following items, in each case determined solely with respect to Balanced Care Tenant: (i) amortization and depreciation expense, (ii) provision for income taxes (including provision for deferred taxes not payable currently), (iii) Consolidated Interest Expense, (iv) Rent Expense, and (v) non-cash charges as are reasonably acceptable to VRLP, but, excluding, for purposes hereof to the extent included in determining Consolidated Net Income for such period the following items, in each case determined solely with respect to Balanced Care Tenant: (A) extraordinary gains and losses and related tax effects thereon, and (B) other non-cash gains and losses thereon as are reasonably acceptable to VRLP.

“ Actual Monthly Consolidated EBITDAR ” means, for any calendar month for Guarantor and its Consolidated Subsidiaries determined on a consolidated basis, Consolidated Net Income for such period, plus without duplication, to the extent deducted or otherwise not included in determining Consolidated Net Income, the sum for such period of (i) amortization and depreciation expense, (ii) provision for income taxes (including provision for deferred taxes not payable currently), (iii) Consolidated Interest Expense, (iv) Rent Expense, and (v) non-cash charges as are reasonably acceptable to VRLP, but, excluding, for purposes hereof to the extent included in determining Consolidated Net Income for such period (A) extraordinary gains and losses and related tax effects thereon, and (B) other non-cash gains and losses thereon as are reasonably acceptable to VRLP.

“ Agreement Regarding Leases ” has the meaning set forth in the Recitals.

“ Asset Disposition ” by any Person shall mean and include (i) the sale, lease or other disposition of any property by such Person (including the Capital Stock of a Subsidiary of such Person), but for purposes hereof shall not include, in any event, (A) the sale of inventory in the ordinary course of business, (B) the sale, lease or other disposition of machinery and equipment no longer used or useful in the conduct of business and (C) a sale, lease, transfer or disposition of property to another Consolidated Subsidiary, and (ii) receipt by such Person of any cash insurance proceeds or condemnation award payable by reason of theft, loss, physical destruction or damage, taking or similar event with respect to any of its property.

“ Average Debt ” means, as of any date, for any Person, the average Debt balance for the immediately preceding calendar month.

“ Balanced Care Guaranty ” shall mean that certain Guaranty of Balanced Care Rent and Rent Payment Agreement made by IPC Equity Holdings Limited and SCRE Investments, Inc. in favor of VRLP and the Ventas Lessors listed thereunder (collectively, the “ Balanced Care Landlord ”) in respect of certain rent required to be paid pursuant to the Master Lease, as the same may be amended, renewed, supplemented, extended or modified from time to time.

“ Balanced Care Landlord ” shall have the meaning set forth in the definition of Balanced Care Guaranty, set forth herein.

“ Balanced Care Tenant ” shall mean collectively, jointly and severally, the entities listed on Schedule 1 attached hereto, together with their permitted successors and assigns.

“ BR Trust ” shall mean BR Trust, a trust organized under the laws of the Bailiwick of Guernsey.

“ Capital Lease ” as applied to any Person, shall mean any lease of any property (whether real, personal or mixed) by that Person as lessee which, in accordance with GAAP and in the reasonable judgment of such Person, is required to be accounted for as a capital lease on the balance sheet of that Person.

“ Capital Stock ” shall mean, with respect to any entity, any capital stock (including preferred stock), shares, interests, participation or other ownership interests (however designated) of such entity and any rights (other than debt securities convertible into or exchangeable for capital stock), warrants or options to purchase any thereof; provided , however , that leases of real property that provide for contingent rent based on the financial performance of the tenant shall not be deemed to be Capital Stock.

“ Cash Interest Expense ” shall mean, for any period, for Guarantor and its Consolidated Subsidiaries determined on a consolidated basis without duplication in accordance with GAAP, all interest payable in cash in respect of Debt during such period (whether or not actually paid during such period) and all payments due under Interest Rate Protection Agreements by Guarantor and its Consolidated Subsidiaries determined on a consolidated basis (net of payments to such parties by any counter party thereunder).

“ Code ” means the United States Internal Revenue Code of 1986, as amended.

“ Consolidated Adjusted Leverage Ratio ” shall mean, at any date, for Guarantor and its Consolidated Subsidiaries determined on a consolidated basis, the ratio of:

(a) the sum of:

(i) Average Debt, net of cash and restricted cash shown on the balance sheet, and

(ii) Rent Expense, as of such date, for the Trailing Four Quarter Period ending on such date multiplied by eight (8), to:

(b) Consolidated EBITDAR for the Trailing Four Quarter Period ending on such date.

“ Consolidated EBITDAR ” shall mean, for any period, for Guarantor and its Consolidated Subsidiaries determined on a consolidated basis, Consolidated Net Income for such period, plus without duplication, to the extent deducted in determining Consolidated Net Income, the sum for such period of (i) amortization and depreciation expense, (ii) provision for income taxes (including provision for deferred taxes not payable currently), (iii) Consolidated Interest Expense, (iv) Rent Expense, and (v) non-cash charges as are reasonably acceptable to the Landlord but , excluding , for purposes hereof to the extent included in determining Consolidated Net Income for such period (A) extraordinary gains and losses and related tax effects thereon, and (B) other non-cash gains and losses thereon as are reasonably acceptable to the Landlord, provided , that during the First Lease Year, Consolidated EBITDAR with respect to Guarantor and its Consolidated Subsidiaries other than Balanced Care Tenant shall equal the First Year Consolidated EBITDAR, and provided further that for the period beginning on the date hereof and ending on the last day prior to the third anniversary of the date hereof, Consolidated EBITDAR for Balanced Care Tenant shall mean, for any period, the greater of (a) Actual Balanced Care EBITDAR for such period, and (b) the aggregate sum of each Guarantor Rent Payment actually paid to Balanced Care Landlord during such period.

“ Consolidated Interest Expense ” shall mean, for any period, all interest expense for Guarantor and its Consolidated Subsidiaries during such period determined on a consolidated basis for such period taken as a single accounting period in accordance with GAAP, including amortization of debt discount and premium, the interest component under Capital Leases (and also including, to the extent required under GAAP, the implied interest component under a Securitization) and all payments due under Interest Rate Protection Agreements by Guarantor and its Consolidated Subsidiaries determined on a consolidated basis (net of payments to such parties by any counter party thereunder), but excluding the amortization of any deferred financing fees. The applicable period of determination shall be the Trailing Four Quarter Period.

“ Consolidated Net Income ” shall mean, for any period, the net income or loss of Guarantor and its Consolidated Subsidiaries during such period determined on a consolidated basis for such period taken as a single accounting period in accordance with GAAP. The applicable period of determination shall be the Trailing Four Quarter Period.

“ Consolidated Net Worth ” shall mean, as of any date, for Guarantor and its Consolidated Subsidiaries on a consolidated basis, consolidated shareholders’ equity or net worth (including preferred and common equity) less goodwill and other intangible assets as of such date as determined in accordance with GAAP.

“ Consolidated Subsidiary ” shall mean, as to any Person, at any date, any Subsidiary or other entity the accounts of which would be consolidated with those of such Person in its consolidated financial statements if such statements were prepared as of such date.

“ Control ”, with respect to any Person, shall mean the legal right or power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, by contract or through the ownership of voting securities, partnership interests or other equity interests, or otherwise. “ Controlled ” and “ Controlling ” shall have the correlative meanings thereto.

“ Debt ” of Guarantor or any of its Consolidated Subsidiaries shall mean, without duplication, any indebtedness of Guarantor or any of its Consolidated Subsidiaries, whether or not contingent, in respect of:

- (i) borrowed money or evidenced by bonds, notes, debentures or similar instruments;
- (ii) indebtedness for borrowed money secured by any encumbrance existing on property owned by Guarantor or its Consolidated Subsidiaries, to the extent of the lesser of (x) the amount of indebtedness so secured or (y) the fair market value of the property subject to such encumbrance;
- (iii) all reimbursement obligations in connection with any letters of credit or amounts representing the balance deferred and unpaid of the purchase price of any property or services, except any such balance that constitutes an accrued expense, trade payable, conditional sale obligation or obligation under any title retention agreement;

(iv) all net obligations of such Person under any Interest Rate Protection Agreement valued in accordance with GAAP;

(v) all obligations in respect of any preferred equity to the extent payments are being made thereon;

(vi) indebtedness of any partnership or joint venture or other similar entity in which such Person is a general partner or joint venturer and, as such, has personal liability for such obligations, but only if and to the extent there is recourse to such Person for payment thereof,

(vii) any obligations of Guarantor and its Consolidated Subsidiaries with respect to redemption, repayment or other repurchase of any Equity Interest or the principal amount of any Subordinated Debt (regardless of whether interest or principal is then-currently payable with respect thereto);

(viii) any lease of property by Guarantor or any of its Consolidated Subsidiaries as lessee which is reflected as a capital lease obligation on the consolidated balance sheet of Guarantor or its Consolidated Subsidiaries;

to the extent, in the case of items of indebtedness under clauses (i) through (viii) above, that any such items would appear as a liability on Guarantor's or its Consolidated Subsidiaries' consolidated balance sheet in accordance with GAAP; or

(ix) the liquidation preference of any Equity Interest of Guarantor or any shares of preferred stock of any of its Consolidated Subsidiaries to the extent payments are being made thereon.

Debt also includes, to the extent not otherwise included, any obligations by Guarantor and its Consolidated Subsidiaries to be liable for, or to pay, as obligor, guarantor or otherwise (other than for purposes of collection in the ordinary course of business), Debt of another Person (other than Guarantor or any other Guarantor) including Debt secured by a Lien on any assets of such Person, whether or not such Person shall have assumed such indebtedness.

Debt shall not include endorsements of instruments for deposit or collection in the ordinary course of business. In the case of Debt as of any date issued with original issue discount, the amount of such Debt shall be the accreted value thereof as of such date.

“Equity Interest” shall mean Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“First Lease Year” shall mean the period beginning on the date hereof and ending on the last day prior to the first anniversary of the date hereof.

“First Year Consolidated EBITDAR” shall mean

(i) as of the date hereof and the first day of the next following calendar month, Pro Forma Consolidated EBITDAR, and

(ii) as of the first day of each following calendar month thereafter, an amount equal to: (A) the First Year Consolidated EBITDAR as of the first day of the preceding calendar month less (B) 1/12 of the Pro Forma Consolidated EBITDAR plus (C) Actual Monthly Consolidated EBITDAR with respect to the preceding calendar month.

“ Fiscal Quarter ” shall mean a fiscal quarter of any Guarantor or any of their Consolidated Subsidiaries, as the context may require.

“ Fiscal Year ” shall mean a fiscal year of any Guarantor or any of their Consolidated Subsidiaries, as the context may require.

“ Fixed Charge Coverage Ratio ” shall mean, for Guarantor and its Consolidated Subsidiaries on a consolidated basis, Consolidated EBITDAR for such period divided by the sum of (i) scheduled principal payments on Debt of Guarantor and its Consolidated Subsidiaries required to be made during such period (regardless of whether actually paid) and amortization of discount or premium related to any such Debt for such period, whether expensed or capitalized, (ii) Cash Interest Expense for such period, (iii) Rent Expense for such period and (iv) dividends or distributions to the extent paid on or in respect of any preferred equity of Guarantor for such period notwithstanding the prohibition on payment of same. The applicable period of determination shall be the Trailing Four Quarter Period.

“ GAAP ” shall mean generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), or in such other statements by such entity as may be in general use by significant segments of the U.S. accounting profession.

“ Governmental Authority ” means any United States federal, state or local or any supra-national or non-U.S. government, political subdivision, governmental, regulatory or administrative authority, instrumentality, agency, body or Commission, self-regulatory organization or any court, tribunal, or judicial or arbitral body.

“ Governmental Order ” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

“ Guarantor Rent Payment ” has the meaning set forth in the Balanced Care Guaranty.

“ Indemnified Party ” has the meaning set forth in Section 10.

“ Interest Rate Protection Agreements ” shall mean any interest rate swap agreement, interest rate cap agreement, synthetic cap, collar or floor or other financial agreement or arrangement designed to protect Guarantor or any Consolidated Subsidiary against fluctuations in interest rates or to reduce the effect of any such fluctuations.

“ Lien ” shall mean with respect to any asset or property, any mortgage, deed of trust, lien, pledge, hypothecation, assignment, security interest, or any other encumbrance, charge or transfer of, on or affecting such asset or property or any portion thereof or any tenant or any interest therein, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement, and mechanic’s, materialmen’s and other similar liens and encumbrances.

“ Losses ” means, without duplication, all losses, damages, costs, expenses, liabilities, obligations and claims of any kind (including any Action brought by any Governmental Authority or Person), including reasonable attorneys’ fees and costs of investigation.

“ Master Lease ” shall mean that certain Master Lease Agreement, dated as of the date hereof, as the same may be amended, modified, or supplemented, including, without limitation pursuant to the “Combination Lease” and the “New Lease” provisions set forth in Section 39 and Section 40 thereof.

“ Parents ” means with respect to any Person, the entity or entities Controlling such Person.

“ Person ” shall mean any individual or entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so requires.

“ Pro Forma Basis ” shall mean, for purposes of determining compliance with any financial covenant hereunder, that the subject transaction shall be deemed to have occurred as of the first day of the applicable period ending on a Quarterly Measurement Date for which annual or quarterly financial statements shall have been delivered in accordance with the provisions of this Guaranty. Further, for purposes of making calculations on a “Pro Forma Basis” hereunder, (i) in the case of an Asset Disposition, (A) income statement items (whether positive or negative) attributable to the property, entities or business units that are the subject of such Asset Disposition shall be excluded to the extent relating to any period prior to the actual date of the subject transaction, and (B) Debt paid or retired in connection with the subject transaction shall be deemed to have been paid and retired as of the first day of the applicable period; and (ii) in the case of an Acquisition, (A) income statement items (whether positive or negative) attributable to the property, entities or business units that are the subject of such Acquisition shall be included to the extent relating to any period prior to the actual date of the subject transaction, and (B) Debt incurred in connection with the subject transaction shall be deemed to have been incurred as of the first day of the applicable period (and interest expense shall be imputed for the applicable period utilizing the actual interest rates thereunder or, if actual rates are not ascertainable, assuming prevailing interest rates hereunder).

“ Pro Forma Consolidated EBITDAR ” means Fifty-Nine Million Eight Hundred and Four Thousand Six Hundred and Sixty-Three Dollars (\$59,804,663).

“ Property Lease ” and “ Property Leases ” have the meanings set forth in the Agreement Regarding Leases.

“Quarterly Measurement Date” shall mean the last Business Day of March, June, September and December in each year, commencing on or after the date hereof.

“Rent Expense” shall mean, for any period for Guarantor and its Consolidated Subsidiaries, rent expense computed under and in accordance with GAAP.

“SCT Holdings” has the meaning set forth in the Recitals.

“SCT Lessees” has the meaning set forth in the Agreement Regarding Leases.

“SCT Parent” shall mean SC Operations Holdings Inc., an Ontario corporation.

“SCT Rent Payments” has the meaning set forth in the Agreement Regarding Leases.

“SEC” shall mean the Securities and Exchange Commission.

“Securities Purchase Agreement” shall mean that certain Securities Purchase Agreement, dated as of September 6, 2006 among SCRE Investments, Inc., IPC Equity Holdings Limited, Ventas Holdings, and Ventas, Inc.

“Securitization” shall mean a securitization of any assets in a single asset securitization or a pooled loan securitization.

“Subordinated Debt” shall mean Debt which by the terms of such Debt is subordinated in right of payment to the principal of and interest and premium, if any, on the loans and obligations owing hereunder and the guaranties thereof.

“Third Party Claim” shall mean a pending or threatened claim or demand asserted by a third party, including any Governmental Authority, against an Indemnified Party.

“Trailing Four Quarter Period” shall mean with respect to a date, (i) if such date is between the date hereof and June 30, 2006 inclusive, the second calendar quarter of 2006, (ii) if such date is between July 1, 2006 and September 30, 2006 inclusive, the second and third calendar quarters of 2006, (iii) if such date is between October 1, 2006 and December 31, 2006 inclusive, the second, third and fourth calendar quarters of 2006, and (iv) on or after January 1, 2007, the period of four consecutive full fiscal quarters of the Guarantor and its Consolidated Subsidiaries ended on such date. Any amount measured with respect to a Trailing Four Quarter Period that is less than one year, shall be annualized by multiplying such amount by a fraction, the numerator of which is four and the denominator of which is the number of calendar quarters in such Trailing Four Quarter Period.

“Ventas Holdings” shall mean VSCRE Holdings, LLC, a Delaware limited liability company.

SECTION 2 GUARANTY . Guarantor hereby jointly and severally, unconditionally and irrevocably guarantees (i) the full and prompt payment of all SCT Rent Payments and other sums required to be paid by SCT Holdings under the Agreement Regarding Leases, (ii) the full and timely performance of all other terms, conditions, covenants and obligations, of SCT Holdings under the Agreement Regarding Leases, and (iii) any and all expenses (including reasonable attorneys' fees and expenses) incurred by VRLP in enforcing any rights under the Agreement Regarding Leases or this Guaranty (all such obligations in clauses (i)-(iii), collectively, are referred to as the "Guaranteed Obligations"). Guarantor agrees that this Guaranty is a guarantee of payment and performance, not collection, and that Guarantor is primarily liable and responsible for the payment and performance of the Guaranteed Obligations. It is not necessary for VRLP, in order to enforce payment and performance by Guarantor under this Guaranty, first or contemporaneously to institute suit or exhaust remedies against SCT Holdings or others liable for any of the Guaranteed Obligations or to enforce rights against any collateral securing any of it. With the exception of the defense of prior payment, performance, or compliance by SCT Holdings or Guarantor of the Guaranteed Obligations which Guarantor is called upon to pay, or the defense that VRLP's claim against Guarantor hereunder is barred by the applicable statute of limitations, all defenses of the law of guaranty or suretyship, including, without limitation, substantive defenses and procedural defenses, are waived and released by Guarantor to the extent permitted by law. Except as provided in the preceding sentence, under no circumstances will the liability of Guarantor under this Guaranty be terminated either with respect to any period of time when the liability of SCT Holdings under the Agreement Regarding Leases continues, or with respect to any circumstances as to which the Guaranteed Obligations have not been fully discharged by payment, performance or compliance.

SECTION 3 GUARANTY ABSOLUTE . The liability and responsibilities of Guarantor under this Guaranty shall be absolute and unconditional, shall not be subject to any counterclaim, setoff, or deduction and shall not be released, discharged, affected or impaired by (i) any change in the time, manner, or place of payment or performance of any of the Guaranteed Obligations, or any other amendment or waiver of, or any consent to or departure from, or termination of, the Agreement Regarding Leases or any of the Property Leases, (ii) any release or discharge of SCT Holdings or any SCT Lessee in any bankruptcy, receivership or other similar proceedings, (iii) the impairment, limitation or modification of the liability of SCT Holdings or the estate of SCT Holdings in bankruptcy or any SCT Lessee or the estate of any SCT Lessee in bankruptcy, or of any remedy for the enforcement of SCT Holdings's liability under the Agreement Regarding Leases, resulting from the operation of any present or future provisions of any bankruptcy code or other statute or from the decision in any court, the rejection or disaffirmance of the Agreement Regarding Leases in any such proceedings, or the assignment or transfer of the Agreement Regarding Leases by SCT Holdings, (iv) any failure, omission or delay on the part of VRLP to enforce, assert or exercise any right, power or remedy conferred on or available to VRLP in or by the Agreement Regarding Leases or this Guaranty, or any action on the part of VRLP granting indulgence or extension in any form whatsoever or any invalidity, irregularity or unenforceability as to SCT Holdings of all or any part of the Guaranteed Obligations or any security therefor, (v) the waiver by VRLP of the performance or observance by SCT Holdings or Guarantor of any of the agreements, covenants, terms or conditions contained in the Agreement Regarding Leases or this Guaranty, (vi) any merger, consolidation, reorganization or similar transaction involving SCT Holdings even if SCT Holdings ceases to exist as a result of (and is not the surviving party in) such transaction, (vii) the inability of VRLP or SCT Holdings to enforce any provision of the Agreement Regarding Leases for any reason, (viii) any change in the corporate relationship between SCT Holdings and Guarantor or any termination of such relationship, (ix) any change in the ownership of all or any part of the membership interests in SCT Holdings, (x) the inability of

SCT Holdings to perform, or the release of SCT Holdings or Guarantor from the performance of, any obligation, agreement, covenant, term or condition under the Agreement Regarding Leases or this Guaranty by reason of any law, regulation or decree, now or hereafter in effect, (xi) any merger of the leasehold estate of any SCT Lessee with the fee estate or any other estate in any facility or (xii) any disability or other defense of SCT Holdings. VRLP and SCT Holdings, without notice to or consent by Guarantor, may at any time or times enter into such modifications, extensions, amendments, or other covenants with respect to the Agreement Regarding Leases as they may deem appropriate and Guarantor shall not be released thereby, but shall continue to be fully liable for the payment and performance of all liabilities, obligations and duties of SCT Holdings under the Agreement Regarding Leases as so modified, extended or amended.

SECTION 4 REINSTATEMENT. Guarantor further agrees that, if at any time all or any part of any payment applied to any of the Guaranteed Obligations is or must be rescinded or returned for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of Guarantor), such Guaranteed Obligations shall, for the purposes of this Guaranty, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application, and this Guaranty shall continue to be effective or be reinstated, as the case may be, as to such Guaranteed Obligations, all as though such application had not been made.

SECTION 5 CERTAIN ACTIONS. VRLP may, from time to time, at its discretion and without notice to Guarantor, take any or all of the following actions: (a) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to Guarantor, with respect to any of the Guaranteed Obligations; (b) extend or renew for one or more periods (regardless of whether longer than the original period), or release or compromise any obligation of Guarantor hereunder or any obligation of any nature of any other obligor (including, without limitation, SCT Holdings) with respect to any of the Guaranteed Obligations; or (c) release or fail to perfect any lien upon or security interest in, or impair, surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Guaranteed Obligations or any obligation hereunder, or extend or renew for one or more periods (regardless of whether longer than the original period) or release or compromise any obligations of any nature of any obligor with respect to any such property.

SECTION 6 WAIVER. To the extent permitted by applicable law, Guarantor hereby expressly waives: (i) notice of the acceptance of this Guaranty, (ii) except as otherwise provided in the Agreement Regarding Leases or this Guaranty, notice of the existence or creation or non-payment of all or any of the Guaranteed Obligations, (iii) presentment, demand, notice of dishonor, protest and all other notices whatsoever except as otherwise provided in the Agreement Regarding Leases or this Guaranty, and (iv) all diligence in collection or protection of or realization upon the Guaranteed Obligations or any part thereof, any obligation hereunder, or any security for or guaranty of any of the foregoing.

SECTION 7 WAIVER OF SUBROGATION. Guarantor hereby waives all rights of subrogation which it may at any time otherwise have as a result of this Guaranty to the claims of VRLP against SCT Holdings and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from SCT Holdings which it may at any time otherwise have as a result of this Guaranty prior to final payment and satisfaction of the Guaranteed Obligations.

SECTION 8 DELIVERY OF FINANCIAL INFORMATION.

8.1. Financial Statements, Etc. Guarantor shall deliver the following information to VRLP:

(a) as soon as available, and in any event within fifty (50) days (or ninety (90) days in the event that VRLP notifies Guarantor in writing that VRLP and its Parents are not required, pursuant to the rules and regulations of the SEC, to include such statements in their filings with the SEC) after the close of each Fiscal Year, in hard copy and electronic format, in form satisfactory to VRLP and accompanied by a checklist in the form attached hereto as Exhibit A completed by Guarantor, and presented on a consolidated as well as a property-by-property basis, complete financial statements prepared for such year with respect to Guarantor and its Consolidated Subsidiaries, including a balance sheet as of the end of such year, together with related statements of operations, cash flows and changes in equity for such Fiscal Year, audited by a “Big Four” accounting firm or a nationally recognized, independent certified public accounting firm reasonably satisfactory to VRLP whose opinion shall be to the effect that such financial statements have been prepared in accordance with GAAP applied on a consistent basis and shall not be qualified as to the scope of the audit or as to the status of Guarantor as a going concern or any other material qualification. Together with Guarantor’s audited financial statements, Guarantor shall furnish to Landlord an Officer’s Certificate (i) certifying as of the date thereof whether to the best of such Guarantor’s knowledge there exists an event or circumstance which constitutes a default or Event of Default under the Agreement Regarding Leases or under the Property Leases and if such default or Event of Default exists, the nature thereof, the period of time it has existed and the action then being taken to remedy the same, (ii) certifying that the information contained in such financial statements is true and correct in all material respects, and (iii) demonstrating in reasonable detail compliance with the provisions of Sections 9.1, 9.2, 9.3, and 9.5 hereof (including in detail all calculations necessary therein).

(b) as soon as available and in any event within thirty (30) days (or forty-five (45) days in the event that VRLP notifies Guarantor in writing that VRLP and its Parents are not required, pursuant to the rules and regulations of the SEC, to include such statements in their filings with the SEC) after the close of each Fiscal Year, in form satisfactory to VRLP and accompanied by a checklist in the form attached hereto as Exhibit A completed by the applicable Guarantor, unaudited financial statements prepared for such year with respect to Guarantor and its Consolidated Subsidiaries including a balance sheet as of the end of such year, together with related statements of operations and cash flows for such Fiscal Year. Together with Guarantor’s unaudited financial statements, Guarantor shall furnish to Landlord an Officer’s Certificate (i) certifying as of the date thereof whether to the best of such Guarantor’s knowledge there exists an event or circumstance which constitutes a default or Event of Default under the Agreement Regarding Leases or under the Property Leases and if such default or Event of Default exists, the nature thereof, the period of time it has existed and the action then being taken to remedy the same, (ii) certifying that the information contained in such financial statements is true and correct in all material respects, and (iii) demonstrating in reasonable detail compliance with the provisions of Sections 9.1, 9.2, 9.3, and 9.5 hereof (including in detail all calculations necessary therein).

(c) as soon as available and in any event within thirty (30) days after the end of each of the first three Fiscal Quarters of each Fiscal Year of Guarantor and its Consolidated Subsidiaries, in form satisfactory to VRLP and accompanied by a checklist in the form attached hereto as Exhibit A completed by Guarantor, (i) an unaudited consolidated balance sheet of Guarantor and its Consolidated Subsidiaries, together with the related consolidated and consolidating statements of operations for such Fiscal Quarter and for the portion of the Fiscal Year ended at such Fiscal Quarter and a consolidated statement of cash flows for the portion of the Fiscal Year ended at the end of such Fiscal Quarter, all of which shall be prepared on a comparative basis with the same periods of the previous year (to the extent available) in accordance with GAAP. Together with Guarantor's interim financial statements, Guarantor shall furnish to Landlord an Officer's Certificate (i) certifying as of the date thereof whether to the best of such Guarantor's knowledge there exists an event or circumstance which constitutes a default or Event of Default under the Agreement Regarding Leases or under the Property Leases and if such default or Event of Default exists, the nature thereof, the period of time it has existed and the action then being taken to remedy the same, (ii) certifying that the information contained in such financial statements is true and correct in all material respects, and (iii) demonstrating in reasonable detail compliance with the provisions of Sections 9.1, 9.2, 9.3, and 9.5 hereof (including in detail all calculations necessary therein).

(d) as soon as available and in any event within thirty (30) days after the end of each month of each Fiscal Year of Guarantor and its Consolidated Subsidiaries (and, with respect to the calendar month immediately preceding the month in which the Effective Date occurs, thirty (30) days following the end of such calendar month), (i) an unaudited consolidated balance sheet of Guarantor and its Consolidated Subsidiaries, together with the related consolidated and consolidating statements of operations for such month and for the portion of the Fiscal Year ended at such month and a consolidated statement of cash flows for the portion of the Fiscal Year ended at the end of such month, all of which shall be prepared on a comparative basis with the same periods of the previous year (to the extent available) and in accordance with GAAP.

8.2. Guarantor agrees that any financial statements of Guarantor and its Consolidated Subsidiaries required to be delivered to VRLP hereunder and under the Lease Documents may, without the prior consent of, or notice to, Guarantor, be included and disclosed in offering memoranda or prospectuses, or similar publications in connection with syndications, private placements or public offerings of VRLP's (or VRLP's direct or indirect Parent's) securities or interests, and in any registration statement, report or other document permitted or required to be filed under applicable federal and state laws, including those of any successor to VRLP. Guarantor agrees to provide such other reasonable financial and other information necessary to facilitate a private placement or a public offering or to satisfy the SEC or regulatory disclosure requirements. Guarantor agrees to cause its independent auditors, at VRLP's cost, to consent, in a timely manner, to the inclusion of their audit report issued with respect to such financial statements in any registration statement or other filing under federal and state laws and to provide the underwriters participating in any offering of securities or interests of VRLP (or VRLP's direct or indirect Parent) with a standard accountant's "comfort" letter with regard to the financial information of Guarantor and its Consolidated Subsidiaries included or incorporated

by reference into any prospectus or other offering document. Guarantor also agrees to make available to any underwriter participating in an offering of Ventas (or VRLP's direct or indirect Parent's) securities or interests, and any attorney, accountant or other agent or representative retained by an underwriter (an "Inspector"), all financial and other records and pertinent corporate documents of Guarantor as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause Guarantor's directors, officers and employees to supply all information requested by any such Inspector in connection with such offering. Upon request of VRLP, Guarantor shall notify VRLP of any necessary corrections to information VRLP proposes to publish within a reasonable period of time (not to exceed three (3) Business Days) after being informed thereof by VRLP. Without limiting the foregoing, Guarantor shall provide or cause to be provided to VRLP and take such actions, in each case, as required under this Section 8.2 promptly and in any event within such time periods to permit VRLP to make all filings required by the SEC or any other Governmental Authority in a timely fashion under applicable laws. All reasonable costs and expenses incurred by Guarantor and/or Guarantor's directors, officers, and employees solely with respect to this Section 8.2 shall be the sole responsibility of VRLP.

SECTION 9 FINANCIAL COVENANTS.

9.1. Fixed Charge Coverage Ratio.

(a) Guarantor covenants and agrees with VRLP that at each Quarterly Measurement Date the Fixed Charge Coverage Ratio will not be less than 1.10 to 1.00.

(b) For purposes of calculating the foregoing ratio, Asset Dispositions or Acquisitions which have occurred during such period shall be included on a Pro Forma Basis.

9.2. Consolidated Adjusted Leverage Ratio.

(a) Guarantor covenants and agrees with VRLP that at each Quarterly Measurement Date the Consolidated Adjusted Leverage Ratio will not exceed 8.00:1.00.

(b) For purposes of calculating the foregoing ratio, Asset Dispositions or Acquisitions which have occurred during such period shall be included on a Pro Forma Basis.

9.3. Minimum Consolidated Net Worth.

(a) Guarantor covenants and agrees with VRLP that for each Fiscal Quarter, the Consolidated Net Worth of Guarantor will not be less than the sum of (a) Forty Million Dollars (\$40,000,000.00) plus (b) 90% of any proceeds (without duplication) received by Guarantor or any of its Consolidated Subsidiaries pursuant to the issuance of any equity securities of such entities following the Effective Date.

9.4. INTENTIONALLY OMITTED.

9.5. Distributions. Following the occurrence and during the continuance of a default hereunder or an Event of Default under the Agreement Regarding Leases or the Property Leases, Guarantor shall not make any distributions to any partners, parent entities, or affiliates.

9.6. Default. If, at any time during the term of the Agreement Regarding Leases, Guarantor fails to comply with any of the covenants set forth in this Section 9, Guarantor shall be deemed to be in default hereunder, beyond any applicable notice and/or cure periods. Notwithstanding the foregoing, following the occurrence and during the continuance of a default under Section 9.1 (a) hereof or an Event of Default resulting from a breach of the covenant relating to the Portfolio Coverage Ratio pursuant to **Paragraph 6(a)(xviii)** of the Agreement Regarding Leases, in each case, within the first twelve (12) months following the date of this Guaranty only, neither VRLP nor any Ventas Lessor (as such term is defined under the Agreement Regarding Leases) shall exercise any of the rights and remedies set forth in Paragraph 6(b) of the Agreement Regarding Leases or in **Section 17.2, Section 17.3, or Section 17.4** of the Property Leases during such twelve (12) month period, provided, that during such twelve (12) month period, VRLP and each Ventas Lessor shall have all other rights and remedies available to them under the other provisions of the Transaction Documents with respect to any such default.

SECTION 10 INDEMNITY.

10.1. INTENTIONALLY OMITTED.

10.2. Guarantor shall indemnify and save VRLP, its Affiliates, its direct and indirect Parents, directors, employees, agents and each Person, if any, who controls VRLP or any such Affiliate within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended, (each such party, an “Indemnified Party” and collectively, the “Indemnified Parties”) harmless from and against (i) any and all claims against any of them of whatever nature arising from any act, omission or negligence of Guarantor, its contractors, licensees, subtenants, agents, servants, employees, invitees or visitors, (ii) all claims against any Indemnified Party arising from any accident, injury or damage whatsoever caused to any person or to the property of any person and occurring during the term of this Lease in or about the Facilities or in connection with the Lease Documents, and (iii) all damages resulting from any breach, violation or non-performance of any covenant, condition or agreement in this Guaranty, the Agreement Regarding Leases, or the Property Leases set forth and contained on the part of Guarantor, SCT Holdings or the SCT Lessees to be fulfilled, kept, observed and performed. This indemnity and hold harmless agreement shall include indemnity from and against any and all liability, consequential damages, fines, suits, demands, costs and expenses of any kind or nature incurred in or in connection with any such claim or proceeding brought thereon (including, without limitation, reasonable attorneys’ fees), and the defense thereof.

SECTION 11 DEFAULTS. In addition to any default or breach of any representation, warranty, agreement, covenant or other undertaking by Guarantor hereunder, the following shall also constitutes defaults hereunder: (i) any default under the Agreement Regarding Lease or under any Property Lease, beyond applicable notice and cure periods, (ii) if at any time during the term of the Agreement Regarding Leases, any audit or financial statement of Guarantor contains a qualified opinion regarding Guarantor’s ability to continue its operations as a “going concern”, or (iii) the insolvency of Guarantor or its inability to pay any of its obligations when due.

SECTION 12 REPRESENTATIONS AND WARRANTIES. To induce VRLP and the Ventas Lessors to enter into the Transaction Documents, Guarantor represents and warrants to VRLP as follows:

(a) Status and Authority of Guarantor. Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Guarantor has all requisite power and authority to enter into and perform its obligations under this Guaranty and to consummate the transactions contemplated hereby. Guarantor is duly qualified and is in good standing, to transact business in each jurisdiction in which the nature of the business conducted by it requires such qualification.

(b) Action of Guarantor. Guarantor has taken all necessary action to authorize the execution, delivery and performance of this Guaranty, and this Guaranty constitutes the valid and binding obligation and agreement of Guarantor, enforceable against Guarantor in accordance with its terms.

(c) No Violations of Agreements. Neither the execution, delivery or performance of this Guaranty by Guarantor, nor compliance with the terms and provisions hereof, will result in any breach of the terms, conditions or provisions of, or conflict with or constitute a default under, or result in any breach of the terms, conditions or provisions of, or conflict with or constitute a default under, or result in the creation of any lien, charge or encumbrance upon any Facility or any property or assets of Guarantor pursuant to the terms of, any indenture, mortgage, deed of trust, note, evidence of indebtedness or any other material agreement or instrument by which Guarantor is bound.

(d) Litigation. Guarantor has received no written notice and, to Guarantor's knowledge, no action or proceeding is pending or threatened which questions the validity of this Agreement or any action taken or to be taken pursuant hereto.

(e) Ownership Structure. Attached here to as Exhibit B (and Schedule A attached thereto) is a true and correct structure chart depicting and describing the direct and indirect ownership interests in the SCT Lessees, SCT Holdings, and Guarantor.

SECTION 13 MISCELLANEOUS.

13.1. Amendments, Etc. No amendment or waiver of any provision of this Guaranty nor consent to any departure by Guarantor therefrom shall be effective unless the same shall be in writing and signed by VRLP.

13.2. Addresses for Notices . All notices hereunder shall be in writing, personally delivered, delivered by overnight courier service, sent by facsimile transmission (with confirmation of receipt), or sent by certified mail, return receipt requested, addressed as follows, or to such other address as shall be designated by Guarantor or VRLP in written notice to the other party:

If to Guarantor: Senior Care, Inc.
Plaza II Office Building
9510 Ormsby Station Road
Louisville, Kentucky 40223
Attention: President
Facsimile: (502) 753-6101

with a copy to:

Senior Care, Inc.
Plaza II Office Building
9510 Ormsby Station Road
Louisville, Kentucky 40223
Attention: General Counsel
Facsimile: (502) 753-6104

If to VRLP: Ventas Realty Limited Partnership
c/o Ventas, Inc.
111 South Wacker Drive
Suite 4800
Chicago, Illinois 60606
Attention: Lease Administration
Facsimile: (312) 660-3850

with a copy to: Ventas, Inc.
10350 Ormsby Park Place
Suite 300
Louisville, Kentucky 40223
Attention: General Counsel
Facsimile: (502) 357-9001

13.3. No Waiver; Remedies . No failure on the part of VRLP to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any other remedies available at law or equity.

13.4. Continuing Guaranty; Transfer of Interest . This Guaranty shall create a continuing guaranty and will (i) remain in full force and effect until payment and performance in full and satisfaction of the Guaranteed Obligations, (ii) be binding upon Guarantor and its successors and assigns, and (iii) inure, together with the rights and remedies of VRLP hereunder, to the benefit of VRLP and its successors, as permitted under the Agreement Regarding Leases. Without limiting the generality of the foregoing clause, if and when VRLP assigns or otherwise transfers any interest held by it under the Agreement Regarding Leases to any other person, that other person shall thereupon become vested with all the benefits held by VRLP under this Guaranty.

13.5. GOVERNING LAW . THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

13.6. INDUCEMENT TO LANDLORD . Guarantor acknowledges and agrees that the execution and delivery of this Guaranty by Guarantor to VRLP has served as a material inducement to VRLP to execute and deliver the Agreement Regarding Leases, and Guarantor further acknowledges and agrees that but for the execution and delivery of this Guaranty by Guarantor, VRLP would not have executed and delivered the Agreement Regarding Leases.

13.7. SUBMISSION TO JURISDICTION . Guarantor hereby irrevocably submits to the non-exclusive jurisdiction of any State or Federal court located in New York County, New York State over any action, suit or proceeding to enforce or defend any right under this Guaranty or otherwise arising from or relating to this Guaranty, and Guarantor irrevocably agrees that all claims in respect of any such action, suit or proceeding may be heard and determined in such court. Guarantor hereby irrevocably waives, to the fullest extent that it may effectively do so, the defense of an inconvenient forum or venue to the maintenance of any such action, suit or proceeding. Guarantor hereby agrees that a final, non-appealable judgment in, any such action, suit or proceeding shall be, conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

13.8. WAIVER OF JURY TRIAL . Guarantor hereby waives, to the fullest extent permitted by applicable law, any right to a trial by jury in any action, suit or proceeding to enforce or defend any rights under this Guaranty or any other transaction document or any amendment, instrument, document or agreement delivered or which may in the future be delivered in connection herewith or arising from or relating to any relationship existing in connection with this guaranty, and agrees, to the fullest extent permitted by applicable law, that any such action, suit or proceeding shall be tried before a court and not before a jury.

13.9. COOPERATION, FURTHER ASSURANCES . Guarantor covenants, and agrees to sign, execute and deliver or cause to be signed, executed and delivered and to do or make, or to cause to be done or make, upon the written request of VRLP, any and all agreements, instruments, papers, deeds, acts or things, supplemental, confirming or otherwise, as may be reasonably required by VRLP for the purpose of, or in connection with, the transaction contemplated hereby, including, without limitation, a reaffirmation of this Guaranty upon the execution of any Other Leases. Upon full and final payment and performance of the Guaranteed Obligations, VRLP agrees to execute a release for the benefit of Guarantor, in form and content reasonably satisfactory to VRLP. Notwithstanding anything to the contrary contained herein, this Guaranty shall survive for a period of twelve (12) months after the expiration or earlier termination of the Agreement Regarding Leases, and Guarantor shall be liable to VRLP hereunder for any Guaranteed Obligations which arise during such period and relate to matters which (i) occurred during the term of the Agreement Regarding Leases or (ii) SCT Holdings is otherwise required to indemnify VRLP against pursuant to the terms of the Agreement Regarding Leases.

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Guarantor has caused this Guaranty to be effective as of the Effective Date.

GUARANTOR:

**SENIOR CARE, INC.,
a Delaware corporation**

By: /s/ Robin L. Barber

Name: Robin L. Barber

Title: Secretary

ACKNOWLEDGMENT

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

ss:

On the 1st day of November, 2006 before me, the undersigned, personally appeared Robin L. Barber, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument on behalf of SENIOR CARE, INC. and acknowledged to me that he/she executed the same in his/her capacity and that by his/her signatures on the instrument, such entity upon behalf of which the individual acted, executed the instrument.

/s/ illegible

(Notary Seal)

Signature and Office of Individual Taking

Acknowledgement

EXHIBIT A

Checklist

**ARL Guaranty
Financial Reporting Checklist**

Quarterly Reporting

Section 8.1(c)	Unaudited financial statements of Guarantor with Officer's Certificate <i>30 Days after the end of first three Fiscal Quarters</i>	☐
Section 8.1(c)	Unaudited financial statements of Consolidated Subsidiaries <i>30 Days after the end of first three Fiscal Quarters</i>	☐

Annual Reporting

Section 8.1(a)	Audited financial statements of Guarantor with Officer's Certificate <i>50 Days after the end of each Fiscal Year</i>	☐
Section 8.1(a)	Audited financial statements of Consolidated Subsidiaries <i>50 Days after the end of each Fiscal Year</i>	☐
Section 8.1(b)	Unaudited financial statements of Guarantor with Officer's Certificate <i>30 Days after the end of each Fiscal Year</i>	☐
Section 8.1(b)	Unaudited financial statements of Consolidated Subsidiaries <i>30 Days after the end of each Fiscal Year</i>	☐

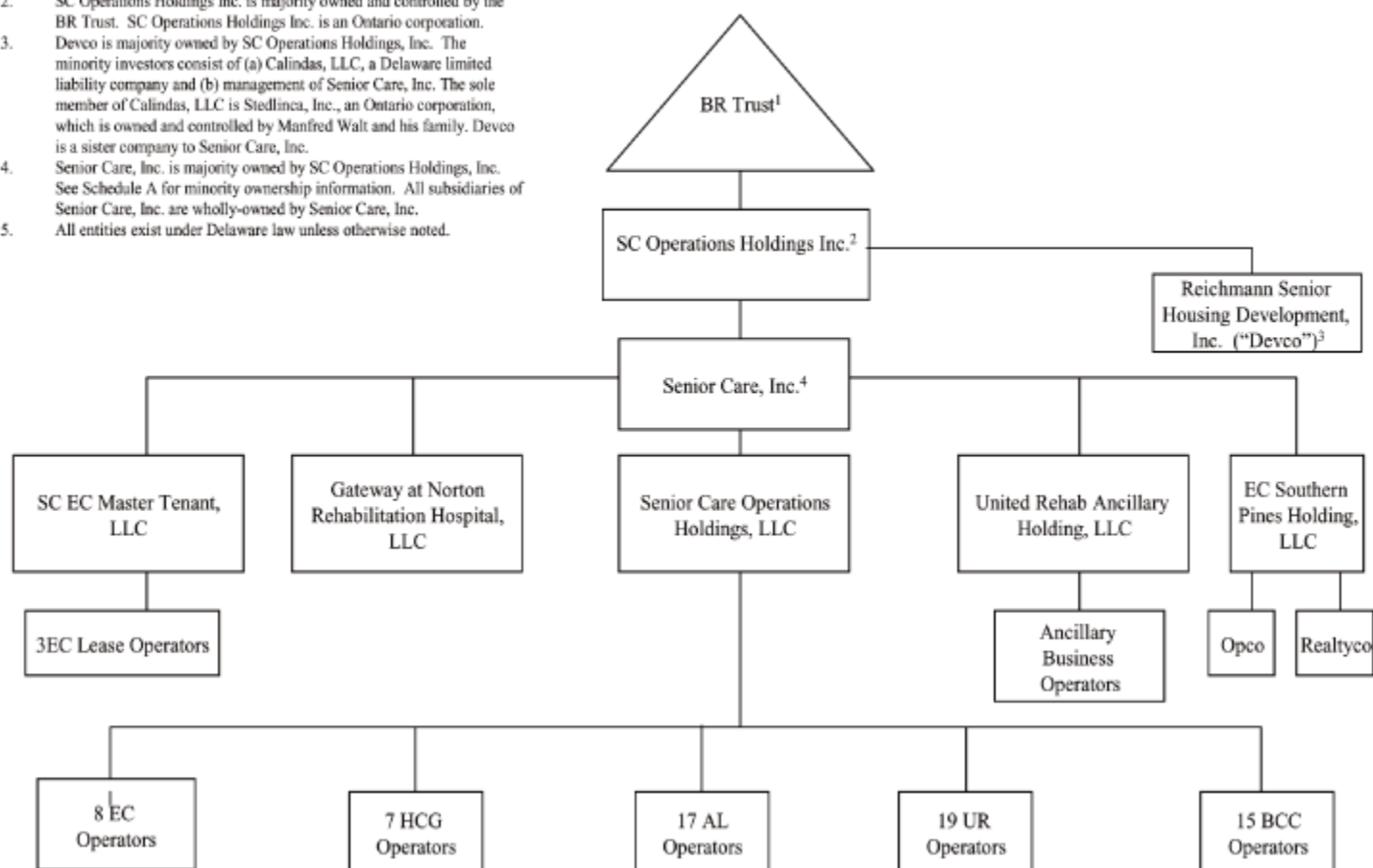
By: _____
Name:
Title:

EXHIBIT B

Ownership Chart

1. The BR Trust is resident in Canada but is governed by Guernsey law. Barry Reichmann is the sole beneficiary of the BR Trust. The trustee is TBMM Services, Inc., an Ontario corporation. TBMM Services Inc. is owned/controlled by Barry Reichmann.
2. SC Operations Holdings Inc. is majority owned and controlled by the BR Trust. SC Operations Holdings Inc. is an Ontario corporation.
3. Devco is majority owned by SC Operations Holdings, Inc. The minority investors consist of (a) Calindas, LLC, a Delaware limited liability company and (b) management of Senior Care, Inc. The sole member of Calindas, LLC is Stedlinca, Inc., an Ontario corporation, which is owned and controlled by Manfred Walt and his family. Devco is a sister company to Senior Care, Inc.
4. Senior Care, Inc. is majority owned by SC Operations Holdings, Inc. See Schedule A for minority ownership information. All subsidiaries of Senior Care, Inc. are wholly-owned by Senior Care, Inc.
5. All entities exist under Delaware law unless otherwise noted.

Operations Structure



Schedule A to Exhibit B

Ownership of Senior Care, Inc.

The total number of shares of all classes of stock which the Senior Care, Inc. shall have authority to issue is (i) 200,000 shares of Class A Common Stock, \$.01 par value per share ("Class A Common Stock"), (ii) 20,000 shares of Class B Common Stock, \$.01 par value per share, ("Class B Common Stock," and together with the Class A Common Stock, "Common Stock") and (iii) 100,000 shares of Preferred Stock ("Preferred Stock"), \$.01 par value per share, of which 25,000 shall be designated "Series A Preferred Stock," of which 1000 shall be designated "Series B Preferred Stock," of which 39,000 shall be designated "Series C Preferred Stock," and of which 35,000 shares shall be designated "Series D Convertible Preferred Stock. On the date hereof, the Common Stock and the Preferred Stock are owned as follows:

Holder	Class	Number of Shares Issued and Outstanding
SC Operations Holdings, Inc.	Class A Common	88,000
Calindas, LLC	Class B Common	12,000
SC Operations Holdings, Inc.	Series A Preferred	25,000
SC Operations Holdings, Inc.	Series B Preferred	1,000
SC Operations Holdings, Inc.	Series C Preferred	4,748
Management	Series D Convertible Preferred	25,000

Schedule 1

Balanced Care Tenant

BCC Medina Operations, LLC
AL Sagamore Hills Operations, LLC
BCC Washington Township Operations, LLC
BCC Ontario Operations, LLC
AL Kingsport Operations, LLC
BCC Shippensburg Operations, LLC
AL Dillsburg Operations, LLC
AL Lebanon Operations, LLC

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT (“Agreement”) is made as of the 28th day of December, 2006 (the “Effective Date”), by and between Ventas, Inc., a Delaware corporation (the “Company”), and Debra A. Cafaro (the “Executive”).

WITNESSETH:

WHEREAS, Executive has, pursuant to the terms of an Employment Agreement dated as of March 5, 1999 (the “Existing Employment Agreement”), served as President and Chief Executive Officer of the Company since March 5, 1999 and as Chairman of the Board of Directors of the Company (the “Board”) since January 28, 2003;

WHEREAS, the Company and Executive desire to amend and restate in its entirety, subject to Section 21 herein, the Existing Employment Agreement and enter into this Agreement pursuant to which the Executive will continue to serve as the Company’s President, Chief Executive Officer and Chairman of the Board; and

NOW, THEREFORE, in consideration of the premises and the respective covenants and agreements contained herein, and intending to be legally bound hereby, the Company and Executive agree as follows:

1. EMPLOYMENT. The Company hereby agrees to employ the Executive and Executive hereby agrees to be employed by the Company upon the terms and subject to the conditions herein set forth. The term of employment of Executive by the Company pursuant to this Agreement (the “Employment Term”) shall commence on the date hereof and shall continue until terminated pursuant to Section 6 or amended pursuant to Section 21.

2. DUTIES. The Company hereby employs Executive and Executive hereby accepts employment with the Company as President and Chief Executive Officer. During the Employment Term, Executive shall have the title, status and duties of President and Chief Executive Officer, shall report directly to the Board, and shall have duties consistent with and authority comparable to Chief Executive Officers of other publicly-traded REITs, including the designation of senior management. During the Employment Term, the Company shall cause Executive to be nominated for election as a member of the Board.

3. EXTENT OF SERVICES . Executive, subject to the direction and control of the Board, shall have the power and authority commensurate with her status as President and Chief Executive Officer and necessary to perform her full-time duties hereunder. During the term, Executive shall devote her working time, attention, labor, skill and energies to the business of the Company, and shall not, without the consent of the Company, be actively engaged in any other business activity, whether or not such business activity is pursued for gain, profit or other pecuniary advantage, that competes, conflicts or interferes with the performance of her duties hereunder in any material way.

4. COMPENSATION. As compensation for services hereunder rendered, Executive shall receive during the Employment Term:

(a) BASE SALARY. A base salary at a rate of not less than six hundred thousand dollars (\$600,000) per year subject to increases from time to time as determined by the Executive Compensation Committee acting in its sole discretion. Executive's base salary shall be payable in equal installments in accordance with the Company's normal payroll procedures (but no less frequently than semimonthly). The term "Base Salary" for purposes of this Agreement shall refer to Executive's base salary annualized, as most recently increased.

(b) 2007 ANNUAL BONUS AND LONG-TERM INCENTIVE COMPENSATION. In addition to Base Salary, Executive shall be eligible to receive such other bonuses and incentive compensation as the Board may approve from time to time. Provided that Executive's employment is not terminated prior to December 31, 2007, she shall be entitled to the following annual bonus and long-term incentive compensation in respect of her services during 2007:

(i) *Annual Bonus Paid in 2008 in Respect of Services Rendered During 2007*. Executive's annual bonus for the 2007 fiscal year under the Company's annual incentive plan shall be \$2,100,000, which shall be paid at the same time and in the same manner as annual bonuses in respect of fiscal 2007 are paid to the Company's other senior executives. Executive shall not be entitled to any other annual bonus in respect of fiscal 2007; provided, however, that if Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason and Executive has executed and delivered a general release of claims in form substantially similar to the form attached hereto as Exhibit B (the "Release"), the Company shall pay Executive on Executive's Date of Termination a lump sum payment in the amount of \$2,100,000;

(ii) *Long-Term Incentives Awarded in 2008 in Respect of Services Rendered During 2007*. Executive shall in 2008 be awarded a package of long-term incentives in respect of services during 2007 that shall have a total value at grant of \$5,400,000. This package of incentives shall be divided among restricted stock, stock options and/or awards under the Company's Performance Cash Plan in the manner determined by the Executive Compensation Committee in the exercise of its sole discretion; provided, however, that if Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason and Executive has executed and delivered the Release, the Company shall pay Executive on Executive's Date of Termination a lump sum payment in cash in the amount of \$5,400,000. Executive shall not be entitled to any other long-term incentive compensation in respect of fiscal 2007.

5. BENEFITS.

(a) Executive shall be entitled to participate in any and all pension benefit, welfare benefit (including, without limitation, medical, dental, disability and group life insurance coverages) and fringe benefit plans from time to time in effect for executives of the Company and its affiliates. Without limitation of the foregoing, the Company shall provide Executive, without any cost to Executive, with two million dollars of life insurance coverage and executive disability coverage with an "own occupation" definition of disability providing annual benefits of at least 100% of Executive's Base Salary. To the extent any of the benefits or payments within this Section 5(a) are treated as taxable to the Executive, the Company shall pay Executive an additional amount such that the net amount or benefit retained by Executive after deduction or payment of all federal, state, local and other taxes with respect to amounts or benefits under this Section 5(a) shall be equal to the full amount of the payments or benefits required by this Section 5(a).

(b) Executive shall be granted on the Effective Date 179,813 shares of restricted common stock of the Company under the Ventas, Inc. 2000 Incentive Compensation Plan, as amended. The agreement evidencing such award shall be substantially in the form attached to this Agreement as Exhibit A.

(c) Executive shall be entitled to participate in such bonus, stock option and other incentive compensation plans of the Company and its affiliates in effect from time to time for executives of the Company.

(d) Executive shall be entitled to four weeks of paid vacation each year, earned on the Effective Date and the first day of each subsequent calendar year. The Executive shall schedule the timing of such vacations in a reasonable manner. The Executive may also be entitled to such other leave, with or without compensation, as shall be mutually agreed by the Company and Executive.

(e) Executive may incur reasonable business related expenses including for promoting the business and expenses for entertainment, travel, cellular telephone and similar items related thereto. The Company shall reimburse Executive for all such reasonable expenses subject to the Company's reimbursement procedures regarding the reporting and documentation of such expenses.

(f) The Company shall pay or promptly reimburse Executive for all reasonable travel expenses incurred by Executive to travel to and from the Chicago area once each week. To the extent any of the payments within this Section 5(f) are treated as taxable to the Executive, the Company shall pay Executive an additional amount such that the net amount retained by Executive after deduction or payment of all federal, state, local and other taxes with respect to amounts under this Section 5(f) shall be equal to the full amount of the payments required by this Section 5(f).

(g) The Company intends that all provisions of this Agreement will be fully operative, effective, binding and enforceable as of the Effective Date and agrees to adopt such employee benefit plans, amendments to employee benefit plans or other arrangements, as applicable, take such other acts and pay such other amounts as are necessary to effectuate the provisions of this Agreement effective on the Effective Date. Without limitation of the foregoing, to the extent Executive experiences any economic or tax or other detriment or diminution in benefit on account of or related to any of such provisions not being fully operative, effective, binding and enforceable on the Effective Date fully in accordance with the terms and provisions of such provisions, or any delay or failure to comply with such provisions, the Company shall immediately take such actions, and pay such amounts, as Executive and the Executive Compensation Committee reasonably determine are appropriate so that the Executive achieves at least the same economic, tax and other benefits the Executive would have had if such provisions were fully operative, effective, binding and enforceable in accordance with their terms as of the Effective Date.

6. TERMINATION OF EMPLOYMENT.

(a) DEATH OR DISABILITY. Executive's employment shall terminate automatically upon Executive's death during the Employment Term. If the Company determines in good faith that the Disability of Executive has occurred during the Employment Term (pursuant to the definition of Disability set forth below), it may give to Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, Executive shall not have returned to performance of Executive's duties. For purposes of this Agreement, "Disability" shall mean the total disability as determined by the Board in accordance with standards and procedures similar to those under the Company's long-term disability plan, or, if none, a physical or mental infirmity which impairs the Executive's ability to perform substantially her duties for a period of 180 consecutive days.

(b) CAUSE. The Company may terminate Executive's employment during the Employment Term for Cause or without Cause. For purposes of this Agreement, "Cause" shall mean the Executive's (i) conviction of or plea of nolo contendere to a crime involving moral turpitude; or (ii) willful and material breach by Executive of her duties and responsibilities which is directly and materially harmful to the business and reputation of the Company and which is committed in bad faith or without reasonable belief that such breaching conduct is in the best interests of the Company and its affiliates, but with respect to (ii) only if the Board adopts a resolution by a vote of at least 75% of its members so finding after giving the Executive and her attorney an opportunity to be heard by the Board. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company.

(c) GOOD REASON. Executive's employment may be terminated by Executive for Good Reason or otherwise. "Good Reason" shall exist upon the occurrence, without Executive's express written consent, of any of the following events:

(i) a diminution in Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities (including the assignment to Executive of any duties inconsistent with Executive's position, authority, duties or responsibilities), in each case, as President and Chief Executive Officer, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive, it being understood that it shall constitute a diminution in Executive's position within the meaning of this provision if Executive is, following a transaction in which the Company is a participant, no longer the chief executive officer of a publicly traded company;

(ii) the Company shall (A) reduce the Base Salary or annual maximum bonus opportunity of Executive or (B) reduce (other than pursuant to a uniform reduction applicable to all similarly situated executives of the Company) Executive's benefits and perquisites;

(iii) the Company shall require Executive to relocate Executive's principal business office to any location more than 30 miles from its location on the Effective Date except that a relocation of the Executive's principal business office to the Chicago business district shall not constitute Good Reason;

(iv) the Company's failure or refusal to comply with any provision of this Agreement;

(v) the Company (1) is a debtor in any bankruptcy case in which an order for relief is entered under any chapter of the federal Bankruptcy Code; (2) is adjudicated a bankrupt under any bankruptcy, insolvency, or reorganization law; (3) has a receiver of all or a substantial portion of its assets or property appointed; or (4) makes an assignment for the benefit of creditors; or

(vi) the failure of the Company to obtain the assumption of this Agreement as contemplated by Section 12(c).

Notwithstanding anything in this Agreement to the contrary, a termination by Executive for any reason during the 30-day period immediately following the one-year anniversary of a Change of Control shall be deemed to be a termination with Good Reason for all purposes of this Agreement.

(d) For purposes of this Agreement, "Change of Control" shall mean the occurrence of any one of the following events:

(i) An acquisition of any voting or other securities by any "Person" (having the meaning ascribed to such term in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended ("1934 Act") and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d)), such that immediately after which such Person has "Beneficial Ownership" (within the meaning of Rule 13d-3 under the 1934 Act) of 20% or more of either (i) any class of then-outstanding equity securities of the Company ("Outstanding Shares") or (ii) the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors ("Voting Securities"); provided, however, that in determining whether a Change of Control has occurred, Outstanding Shares or Voting Securities which are acquired in an acquisition by (i) the Company or any of its subsidiaries or, (ii) an employee benefit plan (or a trust forming a part thereof) maintained by the Company or any of its subsidiaries shall not constitute an acquisition which would cause a Change of Control;

(ii) The individuals who, as of the Effective Date, constituted the Board (the “Incumbent Board”) cease for any reason to constitute over 50% of the Board; provided, however, that if the election, or nomination for election by the Company’s stockholders, of any new director was approved by a vote of over 50% of the Incumbent Board, such new director shall, for purposes of this Section 6(d), be considered as though such person were a member of the Incumbent Board; provided, further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened “Election Contest” (as described in Rule 14a-11 promulgated under the 1934 Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Incumbent Board (a “Proxy Contest”), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest;

(iii) Consummation of a merger, consolidation or reorganization involving the Company, unless each of the following events occurs in connection with such merger, consolidation or reorganization:

1) the stockholders of the Company, immediately before such merger, consolidation or reorganization, have Beneficial Ownership, directly or indirectly immediately following such merger, consolidation or reorganization, of over 50% of the then outstanding shares of common stock and the combined voting power of all voting securities of the corporation resulting from such merger or consolidation or reorganization (the “Surviving Company”) in substantially the same proportion as their Beneficial Ownership of the Outstanding Shares and Voting Securities immediately before such merger, consolidation or reorganization;

2) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute over 50% of the members of the board of directors of the Surviving Company; and

3) no Person (other than the Company, any of its subsidiaries, any employee benefit plan (or any trust forming a part thereof) maintained by the Company, the Surviving Company or any Person who, immediately prior to such merger, consolidation or reorganization had Beneficial Ownership of 20% or more of the then Outstanding Shares or Voting Securities) has Beneficial Ownership of 20% or more of the then Outstanding Shares of the Surviving Company or combined voting power of the Surviving Company’s then outstanding voting securities;

(iv) Approval by the Company’s stockholders of a complete liquidation or dissolution of the Company, or the occurrence of the same.

(v) Approval by the Company’s stockholder of an agreement for the assignment, sale, conveyance, transfer, lease or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to a subsidiary of the Company), or the occurrence of the same.

(vi) The occurrence of any transaction which is reasonably likely to result in the Company not continuing to be a real estate investment trust as defined under section 856 of the Code (for example, such as because the Company will not have sufficient qualifying income or assets).

(vii) Any other event that the Board shall determine constitutes an effective Change of Control or Company.

(viii) Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because any Person (the "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the Outstanding Shares or Voting Securities as a result of the acquisition of Outstanding Shares or Voting Securities by the Company which, by reducing the number of Outstanding Shares or Voting Securities outstanding, increases the proportional number of shares Beneficially Owned by the Subject Person; provided that if a Change of Control would occur (but for the operation of this sentence) as a result of the acquisition of Shares or Voting Securities by the Company, the Subject Person becomes the Beneficial Owner of any additional Outstanding Shares or Voting Securities which increases the percentage of the then Outstanding Shares or Voting Securities Owned by the Subject Person, then a Change of Control shall occur.

(e) NOTICE OF TERMINATION. Any termination by the Company for Cause, or by Executive for Good Reason, shall be communicated by a Notice of Termination given in accordance with this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and (iii) specifies the intended termination date (which date, in the case of a termination for Good Reason, shall be not more than thirty days after the giving of such notice). The failure by Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company, respectively, hereunder or preclude Executive or the Company, respectively, from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

(f) DATE OF TERMINATION. "Date of Termination" means (i) if Executive's employment is terminated by the Company for Cause, or by Executive for Good Reason, the later of the date specified in the Notice of Termination or the date that is one day after the last day of any applicable cure period, (ii) if Executive's employment is terminated by the Company other than for Cause or Disability, or Executive resigns without Good Reason, the Date of Termination shall be the date on which the Company or Executive notified Executive or the Company, respectively, of such termination and (iii) if Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of Executive or the Disability Effective Date, as the case may be.

7. OBLIGATIONS OF THE COMPANY UPON TERMINATION. Following any termination of Executive's employment hereunder for any reason whatsoever, the Company shall pay Executive her Base Salary through the Date of Termination, all amounts earned by Executive through the Date of Termination (including accrued vacation and bonus and expenses incurred but not yet reimbursed), and all amounts owed to Executive pursuant to the terms and conditions of the benefit plans, programs and arrangements of the Company at the time such payments are due. In addition, Executive shall be entitled to the following additional payments and benefits.

(a) DEATH OR DISABILITY. If, during the Employment Term, Executive's employment shall terminate by reason of Executive's death or Disability, the Company shall pay to Executive (or her designated beneficiary or estate, as the case may be) the prorated portion of any Target Bonus (as defined in Section 7(d)) Executive would have received for the year of termination of employment. Such amount shall be paid within 30 days of the date when such amounts would otherwise have been payable to the Executive if Executive's employment had not terminated. In addition, if during the Employment Term, Executive's employment shall terminate by reason of Executive's Disability, the Company shall provide the benefits set forth in Section 7(b)(2).

(b) GOOD REASON; OTHER THAN FOR CAUSE. Subject to Executive's execution and delivery of the Release, if the Company shall terminate Executive's employment other than for Cause (but not for Disability) or the Executive shall terminate her employment for Good Reason:

(1) The Company shall pay Executive on the Executive's Date of Termination an amount equal to the sum of (i) the prorated portion of the Target Bonus for Executive for the year in which the Date of Termination occurs, plus (ii) an amount equal to three (3) times the sum of the Executive's Base Salary and Target Bonus as of the Date of Termination.

(2) For a period of two (2) years following the Date of Termination, the Executive shall be treated as if she had continued to be an Executive for all purposes under the Company's Health Insurance Plan and Dental Insurance Plan; or if the Company has not yet established its own Health Insurance Plan and/or Dental Plan or the Executive is prohibited from participating in such plan, the Company shall, at its sole cost and expense, provide health and dental insurance coverage for Executive which is equivalent to the coverage provided to Executive as of the Date of Termination. Such benefits shall not have any waiting period for coverage and shall provide coverage for any pre-existing condition. Following this continuation period, the Executive shall be entitled to receive continuation coverage under Part 6 of Title I of ERISA treating the end of this period as a termination of the Executive's employment if allowed by law.

(3) For a period of two (2) years following the Date of Termination, Company shall maintain in force, at its expense, all life insurance being provided or required to be provided to the Executive by the Company as of the Date of Termination and shall thereafter enable Executive to assume such life insurance at the Executive's expense.

(4) For a period of two (2) years following the Executive's Date of Termination, the Company shall provide short-term and long-term disability insurance benefits to Executive equivalent to the coverage that the Executive would have had she remained employed under the disability insurance plans applicable to Executive on the Date of Termination. Should Executive become disabled during such period, Executive shall be entitled to receive such benefits, and for such duration, as the applicable plan provides.

(5) To the extent not already vested pursuant to the terms of such plan, the Executive's interests under any retirement, savings, deferred compensation, profit sharing or similar arrangement of the Company shall be automatically fully (*i.e.* , 100%) vested, without regard to otherwise applicable percentages for the vesting of employer contributions based upon the Executive's years of service with the Company.

(6) The Company shall adopt such employee benefit plans or amendments to its employee benefit plans, if any, as are necessary to effectuate the provisions of this Agreement.

(7) Executive shall become vested in all restricted stock awards, stock options and other performance related compensation, including any performance cash plan awards or awards under a successor or replacement plan, on the basis of the maximum payout for any open performance cycles.

(8) The Company shall provide Executive with executive office space and an executive secretary (both the office space and secretary shall be of a quality comparable to that the Executive had during the Employment Term) in a city or other locale chosen by Executive for a period of one year after the termination of Executive's employment with an aggregate cost not to exceed \$50,000.

(c) DEATH AFTER TERMINATION . In the event of the death of Executive during the period Executive is receiving payments pursuant to this Agreement, Executive's designated beneficiary shall be entitled to receive the balance of the payments; or in the event of no designated beneficiary, the remaining payments shall be made to Executive's estate.

(d) TARGET BONUS . For the purposes of all provisions of this Agreement, the term " Target Bonus " shall mean the greater of (x) the highest actual bonus paid to Executive pursuant to the Company's annual incentive plan with respect to any of the three preceding calendar years and (y) the full amount of the annual bonus that would be payable to the Executive, assuming all performance criteria (at the maximum level) on which such bonus is based were deemed to be satisfied, in respect of services for the calendar year in which the date in question occurs.

8. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY. If Executive becomes entitled to any payments or benefits whether pursuant to the terms of or by reason of this Agreement or any other plan, arrangement, agreement, policy or program (including without limitation any restricted stock, stock option, stock appreciation right or similar right, or the lapse or termination of any restriction on the vesting or exercisability of any of the foregoing) with the Company, any successor to the Company or to all or a part of the business or assets of the Company (whether direct or indirect, by purchase, merger, consolidation, spin off, or otherwise and regardless of whether such payment is made by or on behalf of the Company or such successor) or any person whose actions result in a change of control or any person affiliated with the Company or such persons (in the aggregate, “Payments” or singularly, “Payment”), which Payments are reasonably determined by the Executive to be subject to the tax imposed by Section 4999 or any successor provision of the Code or any similar state or local tax, or any interest or penalties are incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the “Excise Tax”), the Company shall pay Executive an additional amount (“Gross-Up Payment”) such that the net amount retained by Executive, after deduction or payment of (i) any Excise Tax on Payments, (ii) any federal, state and local income tax and Excise Tax upon the payment provided for by this Section, and (iii) any additional interest and penalties imposed because the Excise Tax is not paid when due, shall be equal to the full amount of the Payments. The Gross-Up Payment shall be paid to the Executive within ten (10) days of the Company’s receipt of written notice from the Executive that the Excise Tax has been paid, is or was payable or will be payable at any time in the future.

9. TAX PAYMENT. For purposes of determining the amount of payments pursuant to Sections 5(a), 5(f), 5(g), 8, 10 and 16 and elsewhere in this Agreement, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the payment is to be made and state and local income taxes at the highest marginal rates of taxation in the state and locality of the Executive’s residence or the Executive’s place of business, whichever is higher, on the date the payment is to be made. Without limitation on any other provision of this Agreement, all such payments involving the calculation of taxes shall be made no later than two (2) days after the receipt by the Company of written advice from a professional tax advisor selected by the Executive that taxes are payable. The expense incurred in obtaining such advice shall be paid by the Company. Without limitation on any other provisions of this Agreement, the Company shall indemnify Executive for all taxes with respect to the amounts for which payments described in the first sentence of this Section are required to be made pursuant to this Agreement and all other costs including interest and penalties with respect to the payment of such taxes. To the extent any of the payments pursuant to this Section are treated as taxable to the Executive, the Company shall pay Executive an additional amount such that the net amount retained by the Executive after deduction or payment of all federal, state, local and other taxes with respect to amounts pursuant to this Section shall be equal to the full amount of the payments required by this Section.

10. DISPUTES. Any dispute or controversy arising under, out of, or in connection with this Agreement shall, at the election and upon written demand of either party, be finally determined and settled by binding arbitration in the City of Chicago, Illinois, in accordance with the Labor Arbitration rules and procedures of the American Arbitration Association, and judgment upon the award may be entered in any court having jurisdiction thereof. The Company shall pay all costs of the arbitration and all reasonable attorneys’ and accountants’ fees of the Executive in connection therewith, including any litigation to enforce any arbitration award. To the extent any of the payments within this Section are treated as taxable to the Executive, the Company shall pay Executive an additional amount such that the net amount retained by Executive after deduction or payment of all federal, state, local and other taxes with respect to amounts under this Section shall be equal to the full amount of the payments required by this Section.

11. RESTRICTIVE COVENANTS.

(a) CONFIDENTIALITY.

(i) The Executive acknowledges that in the course of the Executive's employment with the Company the Executive has and will become familiar with trade secrets and other confidential information concerning the Company and its subsidiaries and that the Executive's services will be of special, unique and extraordinary value to the Company and its subsidiaries.

(ii) Executive acknowledges that it is the policy of the Company and its subsidiaries to maintain as secret and confidential all valuable and unique information and techniques acquired, developed or used by the Company and its subsidiaries relating to their business, operations, actual or potential products, strategies, potential liabilities, employees, tenants, proposed or perspective tenants and customers, business partners and customers, (including without limitation information protected by the Company's attorney/client, work product, or tax advisor/audit privileges; tax matters and information; financial analysis models; the Company's strategic plans; negotiations with third parties; methods, policies, processes, formulas, techniques, know-how and other knowledge; trade practices, trade secrets, or financial matters; lists of customers or customers' purchases; lists of suppliers, manufacturers, representatives, or other distributors; lists of and information about tenants; requirements for systems, programs, machines, or their equipment; information regarding the Company's bank accounts, credit agreement or financial projections information; information regarding the Company's directors or officers or their personal affairs) which gives the Company and its subsidiaries a competitive advantage in the businesses in which the Company and its subsidiaries are engaged ("Confidential Information"). "Confidential Information" shall not include information that (A) is or becomes generally available to the public other than as a result of a disclosure by Executive in violation of this Agreement, (B) was available to Executive on a non-confidential basis prior to the date hereof, or (C) is compelled to be disclosed by a court or governmental agency, provided that prior written notice is given to the Company and Executive cooperates with the Company in any efforts by the Company to limit the scope of such obligation and/or to obtain confidential treatment of any material disclosed pursuant to such obligation. Executive recognizes that all such Confidential Information is the sole and exclusive property of the Company and its subsidiaries, and that disclosure of Confidential Information would cause damage to the Company and its subsidiaries. Executive shall not disclose, directly or indirectly, any Confidential Information obtained during her employment with the Company, and will take all necessary precautions to prevent disclosure, to any unauthorized individual or entity inside or outside the Company, and will not use the Confidential Information or permit its use for the benefit of Executive or other third party other than the Company. These obligations shall continue for so long as the Confidential Information remains Confidential Information.

(b) NONCOMPETITION, NONSOLICITATION, NONINTERFERENCE. Executive shall not during the Employment Term, and during the one-year period after the termination of Executive's employment with the Company for any reason (the "Restricted Period"), either directly or indirectly (through another business or person) engage in or facilitate any of the following activities anywhere in the United States:

(i) soliciting to hire, recruit or employ any person who is, or during the six-month period preceding such activity was, employed by the Company or any subsidiary, or causing or attempting to cause any third party to do any of the foregoing;

(ii) performing services as an employee, director, officer, consultant, independent contractor or advisor; or investing in, whether in the form of equity or debt, owning any interest or otherwise having an ownership or other interest or a connection to any Prohibited Entity or performing services as an employee, director, officer, consultant, independent contractor or advisor to any other company, entity or person if those services relate directly to a business or businesses that directly and materially compete with the Company anywhere in the United States. Nothing in this Section (ii) shall, however, restrict Executive from (A) making an investment in and owning up to one-percent (1%) of the common stock of any company whose stock is listed on a national exchange, provided that such investment does not give Executive the right or ability to control or influence the policy decisions of any direct competitor, or (B) except as provided in Section 11(c) below, performing services as an employee, director, officer, consultant, independent contractor or advisor in an operating company which provides healthcare services or goods other than leasing or financing of real property (for example, a hospital or a nursing facility). For purposes of this Agreement, a Prohibited Entity is any company, entity or person that derives more than 20% of its consolidated gross revenues from a business or businesses that directly and materially compete with the Company.

(c) OTHER PROHIBITED ACTIVITIES. Executive acknowledges that her position at the Company provides her with access to highly sensitive information concerning the Company's principal lessee and its affiliates and leases to such lessee and its affiliates which are critical to the Company's ability to effectively function and to the properties to be purchased by the Company, and that if Executive were to provide services for such principal lessee and/or its affiliates such services would cause irreparable damages to the Company. Executive shall not during the Employment Term and the Restricted Period, either directly or indirectly (through another business or person) engage in or facilitate any of the following activities anywhere in the United States or in any location outside the United States where the Company conducts or plans to conduct business: performing services as an employee, director, officer, consultant, independent contractor or advisor; or investing in, whether in the form of equity or debt, owning any interest or otherwise having an ownership or other interest or a connection to Kindred Healthcare, Inc. or any of its parent, sister, subsidiary or affiliated entities in any manner, including without limitation as an owner, principal, partner, officer, director, stockholder, employee, consultant, contractor, agent, broker, representative or otherwise (unless Executive becomes a stockholder in Kindred Healthcare as part of a restructuring of Kindred Healthcare where the Company's stockholders receive Kindred Healthcare stock), provided, however that subsection (c) shall not preclude Executive from owning any equity or debt interest in Kindred Healthcare to which she became entitled by reason of her previous employment by Kindred Healthcare.

(d) NON-DISPARAGEMENT.

(i) Executive agrees not to make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written, directly or indirectly) that (A) accuses or implies that the Company and/or any of its affiliates, together with their respective present or former officers, directors, partners, stockholders, employees and agents, and each of their predecessors, successors and assigns, engaged in any wrongful, unlawful, unethical or improper conduct, whether relating to Executive's employment (or termination thereof), the business or operations of the Company, or otherwise; or (B) disparages, impugns or in any way reflects adversely upon the business, good will, products, business opportunities, competency, character, behavior or reputation of the Company and/or any of its affiliates, together with their respective present or former officers, directors, partners, stockholders, employees and agents, and each of their predecessors, successors and assigns.

(ii) The Company agrees not to make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written, directly or indirectly) that (A) accuses or implies that Executive engaged in any wrongful, unlawful, unethical or improper conduct, whether relating to Executive's employment (or termination thereof), the business or operations of the Company, or otherwise; or (B) disparages, impugns or in any way reflects adversely upon the business, business opportunities, competency, character, behavior or reputation of Executive.

(iii) Nothing herein shall be deemed to preclude Executive or the Company from providing truthful testimony or information pursuant to subpoena, court or other similar legal process.

(e) NEW EMPLOYER. Executive shall provide the terms and conditions of this Section 11 to any prospective new employer or new employer and shall permit the Company to contact any such company, entity or individual to confirm Executive's compliance with this Section 11 and shall provide the Company with such information as it requests to allow such inquiry.

(f) REASONABLENESS OF RESTRICTIVE COVENANTS.

(i) Executive acknowledges that the covenants contained in this Section 11 are reasonable in the scope of the activities restricted, the geographic area covered by the restrictions, and the duration of the restrictions, and that such covenants are reasonably necessary to protect the Company's legitimate interests in its Confidential Information, its reputation, and in its relationships with its employees, customers, and suppliers.

(ii) The Company has, and the Executive has had an opportunity to, consult with their respective legal counsel and to be advised concerning the reasonableness and propriety of such covenants. Executive acknowledges that her observance of the covenants contained herein will not deprive Executive of the ability to earn a livelihood or to support her dependents.

(g) RIGHT TO INJUNCTION. In recognition of the confidential nature of the Confidential Information, and in recognition of the necessity of the limited restrictions imposed by Section 11, Executive and the Company agree that it would be impossible to measure solely in money the damages which the Company would suffer if Executive were to breach any of her obligations hereunder. Executive acknowledges that any breach of any provision of this Agreement would irreparably injure the Company. Accordingly, Executive agrees that if she breaches any of the provisions of Section 11, the Company shall be entitled, in addition to any other remedies to which the Company may be entitled under this Agreement or otherwise, to an injunction to be issued by a court of competent jurisdiction, to restrain any breach, or threatened breach, of any provision of Section 11, and Executive hereby waives any right to assert any claim or defense that the Company has an adequate remedy at law for any such breach.

(h) ASSISTANCE. During the one-year period following a termination of Executive's employment with the Company, Executive shall from time to time provide the Company with such reasonable assistance and cooperation as the Company may reasonably from time to time request in connection with any financial and business issues, investigation, claim, dispute, judicial, legislative, administrative or arbitral proceeding, or litigation arising out of matters within the knowledge of Executive and related to her position as an employee of the Company at the times and on the terms agreed to in good faith by Executive and the Company.

12. SUCCESSORS.

(a) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. This Agreement shall not be terminated by the voluntary or involuntary dissolution of the Company or by any merger or consolidation where the Company is not the surviving corporation, or upon any transfer of all or substantially all of the Company's stock or assets. In the event of such merger, consolidation or transfer, the provisions of this Agreement shall be binding upon and shall inure to the benefit of the surviving corporation or corporation to which such stock or assets of the Company shall be transferred.

(c) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, or any business of the Company for which Executive's services are principally performed, to assume expressly, absolutely and unconditionally and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as herein before defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

13. OTHER SEVERANCE BENEFITS. Executive hereby agrees that in consideration for and subject to the receipt of the payments to be received under this Agreement, Executive waives any and all rights to any payments or benefits under any other plans, programs, contracts or arrangements of the Company or their respective affiliates that provide for severance payments or benefits upon a termination of employment, except as provided in this Agreement.

14. PRESS RELEASE. The Company shall not issue or permit to be issued any press release or other public announcement regarding the Executive or the terms of Executive's employment (including related to any termination of Executive's employment for any reason) without Executive's prior approval, which shall not be unreasonably withheld.

15. INDEMNIFICATION AND INSURANCE. Beginning on the Effective Date and continuing thereafter, including after the termination of Executive's employment hereunder, the Company shall indemnify, defend and hold the Executive harmless from and against any and all Expenses, liabilities, damages, costs, judgments, penalties, fines and amounts paid in settlement, incurred by Executive in connection with any Proceeding involving her by reason of her being or having been an officer, director, employee or agent of the Company (or any affiliate of the Company) to the fullest extent permitted by law, whether or not Executive is, or is threatened to be made, a party to any threatened, pending, or completed Proceeding, and whether or not Executive is successful in such Proceeding. In addition, upon receipt from Executive of (i) a written request for an advancement of Expenses which Executive reasonably believes will be subject to indemnification hereunder and (ii) a written undertaking by Executive to repay any such amounts if it shall ultimately be determined that she is not entitled to indemnification under this Agreement or otherwise, the Company shall advance such Expenses to Executive or pay such Expenses for Executive, all in advance of the final disposition of any such matter. The provisions of the preceding two sentences shall survive the termination of Executive's employment hereunder for any reason whatsoever and the termination of this Agreement. The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Executive may at any time be entitled under applicable law, the Certificate of Incorporation, the By-Laws of the Company, any other agreement, a vote of stockholders or a resolution of the Board, or otherwise. For purposes hereof, "Expenses" shall include all reasonable fees and expenses including, without limitation, reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and disbursements and expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness in a Proceeding; and "Proceeding" shall include (without limitation) any and all proceedings, including, without limitation, actions, suits, arbitrations, alternative dispute resolution mechanisms, investigations, administrative hearings and other proceedings, whether civil, criminal, administrative or investigative, and whether or not by or in the right of the Company. Beginning on the Effective Date and continuing thereafter, including after the termination of Executive's employment hereunder, Executive shall have coverage under a director's and officer's liability insurance policy in amounts no less than, and on terms no less favorable than those, as provided to officers of the Company as of the Effective Date and in amounts no less than, and on terms no less favorable than those, as provided to the other members of the Board and senior executive officers of the Company from time to time.

16. ATTORNEY FEES. The Company will pay, or reimburse Executive for, at Executive's discretion, all attorneys fees, costs and expenses incurred by Executive in connection with the negotiation, execution and delivery of this Agreement. All reasonable costs and expenses (including fees and disbursements of counsel) incurred by Executive in seeking to interpret this Agreement or enforce rights pursuant to this Agreement shall be paid on behalf of or reimbursed to Executive promptly by the Company, whether or not Executive is successful in asserting such rights; provided, however, that no reimbursement shall be made of such expenses relating to any unsuccessful assertion of rights if and to the extent that Executive's assertion of such rights was in bad faith. To the extent any of the payments within this Section are treated as taxable to the Executive, the Company shall pay Executive an additional amount such that the net amount retained by Executive after deduction or payment of all federal, state, local and other taxes with respect to amounts under this subsection shall be equal to the full amount of the payments required by this Section.

17. WITHHOLDING. All payments to be made to Executive hereunder will be subject to all applicable required withholding of taxes.

18. NO MITIGATION. Executive shall have no duty to mitigate her damages by seeking other employment or taking other action by way of mitigation of the amounts payable to the Executive under this Agreement and the payments required hereunder shall not be reduced or offset by any amounts, including compensation from other employment. Further, the Company's obligations to make any payments hereunder shall not be subject to or affected by any set off, counterclaims or defenses which the Company may have against Executive or others.

19. NOTICES. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given and effective when delivered by personal or overnight couriers, or registered mail, in each case with confirmation of receipt, prepaid and addressed as follows:

If to Executive:

Debra A. Cafaro
166 Sheridan Road
Winnetka, Illinois 60093

With a copy to:

Wachtell, Lipton, Rosen & Katz
51 W. 52nd Street
New York, New York 10019
Attention: Adam D. Chinn

If to Company:

Ventas, Inc.
10350 Ormsby Park Place
Suite 300

Louisville, Kentucky 40223
Attn: General Counsel

Either party may change its specified address by giving notice in writing to the other in accordance with the foregoing method.

20. WAIVER OF BREACH AND SEVERABILITY. The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by either party. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision, which other provision shall remain in full force and effect. In the event any provision of this Agreement is found to be invalid or unenforceable, it may be severed from the Agreement and the remaining provisions of the Agreement, including all make-whole provisions of this Agreement, shall continue to be binding and effective.

21. ENTIRE AGREEMENT; AMENDMENT. This instrument contains the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements (including the Existing Employment Agreement), promises, covenants, arrangements, communications, representations and warranties between them, whether written or oral, with respect to the subject matter hereof; provided, however, notwithstanding anything to the contrary found herein (including this Section 21), Section 6 of the Existing Employment Agreement shall not be modified in any way and the loans granted and outstanding as of the Effective Date pursuant to such Section 6 shall continue to represent the Executive's obligations to the Company. The penultimate sentence of Section 5(c) of the Existing Agreement shall also remain in full force and effect. No provisions of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is agreed to in writing signed by Executive and such officer of the Company specifically designated by the Board.

22. COMPLIANCE WITH SECTION 409A OF THE INTERNAL REVENUE CODE. All payments pursuant to this Agreement shall be subject to the provisions of this Section 22. If Executive is a "Specified Employee" of the Company for purposes of Internal Revenue Code Section 409A ("Code Section 409A") at the time of a payment event set forth in this Agreement, then no severance or other payments pursuant to this Agreement shall be made to Executive by the Company until the amount of time has passed that is necessary to avoid incurring excise taxes under Code Section 409A. Should this Section 22 result in a delay of payments to Executive, on the first day any such payments may be made without incurring a penalty pursuant to Code Section 409A (the "409A Payment Date"), the Company shall begin to make such payments as provided for in this Agreement, provided that any amounts that would have been payable earlier but for the application of this Section 22, shall be paid in lump-sum on the 409A Payment Date along with accrued interest at the rate of interest published in the Wall Street Journal as the "prime rate" (or equivalent) on the date that payments to Executive should have been made under this Agreement. For purposes of this provision, the term Specified Employee shall have the meaning set forth in Section 409A(2)(B)(i) of the Internal Revenue Code of 1986, as amended or any successor provision and the treasury regulations and rulings issued thereunder. If any compensation or benefits provided by this Agreement may result in the application of Code Section 409A, the Company shall, in consultation with the Executive, modify the Agreement in the least restrictive manner necessary in order to exclude such compensation from the definition of "deferred compensation" within the meaning of such Code Section 409A or in order to comply with the provisions of Code Section 409A of the Code and without any diminution in the value of the payments or benefits to the Executive.

23. GOVERNING LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware.

24. HEADINGS. The headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

25. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

VENTAS, INC.

By: /s/ Ronald G. Geary
Ronald G. Geary, Director

/s/ Debra A. Cafaro
Executive

VENTAS, INC.
RESTRICTED STOCK AGREEMENT

THIS RESTRICTED STOCK AGREEMENT ("Agreement") is made and entered into as of the 28th day of December, 2006 ("Effective Date"), by and between **VENTAS, INC.**, a Delaware corporation ("Company"), and Debra A. Cafaro, an employee of the Company ("Employee").

RECITALS :

A. Company has adopted the 2000 Incentive Compensation Plan, as amended ("Plan"), to promote the interests of Company, its subsidiaries (hereinafter the term "Company" includes, where appropriate, all of Company's subsidiaries, as that term is defined in Section 424(f) of the Internal Revenue Code of 1986, as amended ("Code")) and its stockholders by encouraging selected employees of Company, such as Employee, to invest in Company's shares of Common Stock, having a par value of \$.25 per share ("Common Stock").

B. Company believes that such investment should increase the personal interest and special efforts of Employee in providing for the continued success and progress of Company and should enhance the efforts of Company to attract and retain competent key employees.

AGREEMENT :

NOW, THEREFORE, the parties agree as follows:

1. Issuance of Common Stock. The Company shall cause to be issued to Employee 179,813 shares of Common Stock (the "Shares"). The certificates representing the Shares, together with a stock power duly endorsed in blank by Employee, shall be deposited with the Company to be held by it until the restrictions imposed upon the Shares by this Agreement have expired.

2. Vesting of Shares. If Employee has not forfeited any of the Shares, the restriction on the Transfer (as defined herein) of the Shares shall expire with respect to one-fifth (20%) of the Shares on each of the first five annual anniversaries of the Effective Date. Upon expiration of the restriction against Transfer of any of the Shares pursuant to this Section 2, the Shares shall vest. Notwithstanding the foregoing, in the event of (A) a Change of Control, (B) the death or Disability of Employee or (C) termination of Employee's employment by the Company without Cause or by Employee with Good Reason (as each of such terms in this Paragraph 2 are defined in Employee's Amended and Restated Employment Agreement, dated as of the date hereof ("Employment Agreement"), the Shares shall automatically vest and all restrictions on the Shares shall lapse.

3. Forfeiture of Shares. If Employee ceases to be an Employee for any reason other than death or Disability or termination by the Company without Cause or by Employee with Good Reason (as such terms are defined in Employee's Employment Agreement), all of the Shares which have not vested in accordance with Section 2 of this Agreement shall be forfeited and reconveyed to the Company by Employee without additional consideration and Employee shall have no further rights with respect thereto.

4. Restriction on Transfer of Shares . Employee shall not Transfer any of the Shares owned by Employee until such restriction on the Transfer of the Shares is removed pursuant to this Agreement. For the purposes of this Agreement, the term “Transfer” shall mean any sale, exchange, assignment, gift, encumbrance, lien, transfer by bankruptcy or judicial order, transfers by operation of law and all other types of transfers and dispositions, whether direct or indirect, voluntary or involuntary.

5. Rights as Stockholder . Unless the Shares are forfeited, Employee shall be considered a stockholder of the Company with respect to all such Shares that have not been forfeited and shall have all rights appurtenant thereto, including the right to vote or consent to all matters that may be presented to the stockholders and to receive all dividends and other distributions paid on such Shares. If any dividends or distributions are paid in Common Stock, such Common Stock shall be subject to the same restrictions as the Shares with respect to which it was paid.

6. Restrictive Legend . Each certificate representing the Shares may bear the following legend:

The sale or other transfer of the shares represented by this Certificate, whether voluntary, involuntary or by operation of law, is subject to certain restrictions on transfer as set forth in the Ventas, Inc. 2000 Incentive Compensation Plan, and in the related Restricted Stock Agreement. A copy of the Plan and such Restricted Stock Agreement may be obtained from the Secretary of Ventas, Inc.

When the Shares have become vested, Employee shall have the right to have the preceding legend removed from the certificate representing such vested Shares.

7. Agreement Does Not Grant Employment Rights . The granting of Shares shall not be construed as granting to Employee any right to employment by the Company. The right of the Company to terminate Employee’s employment at any time, whether by dismissal, discharge, retirement or otherwise, is specifically reserved.

8. Miscellaneous .

(a) **Incorporation of Plan** . This Agreement is and shall be, in all respects, subject to the terms and conditions of the Plan, a copy of which Employee acknowledges receiving prior to the execution hereof and the terms of which are incorporated by reference.

(b) **Captions** . The captions and section headings used herein are for convenience only, shall not be deemed a part of this Agreement and shall not in any way restrict or modify the context or substance of any section or paragraph of this Agreement.

(c) **Governing Law** . This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without regard to its conflict of laws rules.

(d) **Section 83(b) Election Under the Code**. If Employee timely elects, under Section 83(b) of the Code, to include the fair market value of the Shares on the date hereof in such Employee's gross income for the current taxable year, Employee agrees to give prompt written notice of such election to the Company. Employee hereby acknowledges that the Company will be obligated to withhold income taxes for the income includable in Employee's income and hereby agrees to make whatever arrangements are necessary to enable the Company to withhold as required by law.

(e) **Defined Terms**. All capitalized terms not defined herein shall have the same meanings as set forth in the Plan unless a different meaning is plainly required by the context.

IN WITNESS WHEREOF, the parties have executed this Agreement on and as of the date first above written.

VENTAS, INC.

By: _____

Title: _____

DEBRA A. CAFARO

General Release

This agreement, release and waiver (the "Agreement"), made as of the ____ day of _____, _____ (the "Effective Date"), is made by and between Ventas, Inc. (together with all successors thereto, "Company") and Debra A. Cafaro ("Executive").

WHEREAS, the Executive and the Company have entered into an Amended and Restated Employment Agreement dated the ____ day of December, 2006 ("Employment Agreement");

NOW THEREFORE, in consideration for receiving benefits and severance under the Employment Agreement and in consideration of the representations, covenants and promises set forth in this Agreement, the parties agree as follows:

1. Release. Except with respect to the Company's obligations under the Employment Agreement, the Executive, and Executive's heirs, executors, assigns, agents, legal representatives, and personal representatives, hereby releases, acquits and forever discharges the Company, its agents, subsidiaries, affiliates, and their respective officers, directors, agents, servants, employees, attorneys, shareholders, successors, assigns and affiliates, of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorneys fees, damages, indemnities and obligations of every kind and nature, in law, equity, or otherwise, known and unknown, suspected and unsuspected, disclosed and undisclosed, arising out of or in any way related to agreements, events, acts or conduct at any time prior to the day prior to execution of this Agreement, including but not limited to any and all such claims and demands directly or indirectly arising out of or in any way connected with the Executive's employment with the Company; the Executive's termination of employment with the Company; claims or demands related to salary, bonuses, commissions, stock, stock options, or any other ownership interests in the Company, vacation pay, fringe benefits, expense reimbursements, sabbatical benefits, severance benefits, or any other form of compensation or equity; claims pursuant to any federal, state, local law, statute, ordinance or cause of action including, but not limited to, the federal Civil Rights Act of 1964, as amended; the federal Age Discrimination in Employment Act of 1967, as amended; the federal Americans with Disabilities Act of 1990; tort law; contract law; wrongful discharge; discrimination; fraud; defamation; harassment; emotional distress; or breach of the implied covenant of good faith and fair dealing. This Release does not apply to the payment of any benefits to which the Executive may be entitled under a Company sponsored tax qualified retirement or savings plan, nor to any rights of the Executive to indemnification under the Articles of Incorporation or by-laws of the Company or other agreement between Executive and the Company, nor to any rights of the Executive under any directors' and officers' liability insurance policy maintained by the Company.
 2. No Inducement. Executive agrees that no promise or inducement to enter into this Agreement has been offered or made except as set forth in this Agreement, that the Executive is entering into this Agreement without any threat or coercion and without reliance or any statement or representation made on behalf of the Company or by any person employed by or representing the Company, except for the written provisions and promises contained in this Agreement.
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3. Damages . The parties agree that damages incurred as a result of a breach of this Agreement will be difficult to measure. It is, therefore, further agreed that, in addition to any other remedies, equitable relief will be available in the case of a breach of this Agreement. It is also agreed that, in the event Executive files a claim against the Company with respect to a claim released by Executive herein (other than a proceeding before the EEOC), the Company may withhold, retain, or require reimbursement of all or any portion of the benefits and severance payments under the Severance Agreement until such claim is withdrawn by Executive.
4. Advice of Counsel; Time to Consider; Revocation . Executive acknowledges the following:
 - (a) Executive has read this Agreement, and understands its legal and binding effect. Executive is acting voluntarily and of Executive's own free will in executing this Agreement.
 - (b) Executive has been advised to seek and has had the opportunity to seek legal counsel in connection with this Agreement.
 - (c) Executive was given at least 21 days to consider the terms of this Agreement before signing it.

Executive understands that, if Executive signs the Agreement, Executive may revoke it within seven days after signing it. Executive understands that this Agreement will not be effective until after the seven-day period has expired; provided, however, that if Executive shall revoke this Agreement, Executive shall be obligated to return to the Company all payments made to Executive pursuant to the Employment Agreement that were contingent upon the execution and delivery of this Agreement.
5. Severability . If all or any part of this Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any other portion of this Agreement. Any section or a part of a section declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of the section to the fullest extent possible while remaining lawful and valid.
6. Amendment . This Agreement shall not be altered, amended, or modified except by written instrument executed by the Company and the Executive. A waiver of any portion of this Agreement shall not be deemed a waiver of any other portion of this Agreement.
7. Counterparts . This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same instrument.
8. Headings . The headings of this Agreement are not part of the provisions hereof and shall not have any force or effect.

9. Applicable Law. The provisions of this Agreement shall be interpreted and construed in accordance with the laws of the Commonwealth of Kentucky without regard to its choice of law principles.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates specified below.

EXECUTIVE

DATE: _____

VENTAS, INC.

BY: _____

TITLE: _____

DATE: _____

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I, Debra A. Cafaro, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ventas, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report, any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2010

/s/ Debra A. Cafaro

Debra A. Cafaro

Chairman, President and Chief Executive Officer

I, Richard A. Schweinhart, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ventas, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report, any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2010

/s/ Richard A. Schweinhart

Richard A. Schweinhart

Executive Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Ventas, Inc. (the “Company”) for the period ended June 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Debra A. Cafaro, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 30, 2010

/s/ Debra A. Cafaro

Debra A. Cafaro

Chairman, President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Ventas, Inc. (the “Company”) for the period ended June 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard A. Schweinhart, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 30, 2010

/s/ Richard A. Schweinhart

Richard A. Schweinhart

Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.