

HCP, INC.
Form DEF 14A
March 17, 2015

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

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

HCP, Inc.

(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
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Dear Stockholders,

This year marks the 30th anniversary of our listing on the New York Stock Exchange. HCP stockholders have enjoyed 30 consecutive years of dividend growth, and we take pride in being the only REIT in the S&P 500 Dividend Aristocrats Index. Our goal is to continue to deliver dividend income and build long-term stockholder value by actively managing our investment portfolio and investing in new opportunities that produce attractive risk-adjusted returns. With an experienced management team, a diversified portfolio positioned to generate recurring growth, long-term partnerships with leading operators and a strong balance sheet, we are confident about our future.

We view the attached proxy statement as an opportunity to provide insight regarding our achievements over the past year, including further improvements to our compensation program, the amendment of our Bylaws to include a proxy access provision and the enhancement of our corporate governance practices.

Continuing Evolution of Our Executive Compensation Program

In response to our stockholder engagement initiatives, including stockholder feedback regarding say-on-pay, we continued to evolve our executive compensation program. Our revised 2015 executive compensation program is less complex, more transparent and adds more rigor by increasing the allocation of objective, at-risk performance metrics. For example, 75% of long-term equity compensation is now tied exclusively to future relative total shareholder return and subject to forfeiture for below threshold performance. We believe this evolution promotes the creation of long-term stockholder value by aligning a significant majority of executive compensation directly with our stockholders' interests.

Enhanced Corporate Governance Practices

Proxy Access. After engaging with a number of our largest stockholders regarding the desirability of a proxy access framework, we amended our Bylaws to implement proxy access, allowing eligible stockholders to include their own director nominees in our proxy materials along with the Board-nominated candidates. Our Board carefully considered the feedback we received from our stockholders in creating a thoughtfully designed and balanced approach to proxy access that mitigates the risk of abuse and protects the interests of all of our stockholders, while affording a meaningful proxy access right.

New Directors. We continue to seek diverse and fresh perspectives in the boardroom, and we have added two new independent directors in the past two years. In 2014, we appointed James P. Hoffmann, a former global REIT portfolio manager, most recently serving as Partner and Senior Vice President of Wellington Management Company, and in 2013, we appointed Brian G. Cartwright, former General Counsel of the Securities and Exchange Commission.

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Independent Chairman. Our Board is led by a non-executive Chairman in accordance with corporate governance best practices. We believe that the separation of the roles of Chairman and CEO enhances the Board's independent oversight and strengthens the CEO's focus on our business operations.

Sustainability Leadership

This year, we are excited to introduce our first combined Annual and Sustainability Report, which is included in your proxy materials. Sustainability is an integral part of our overall business strategy, and we have increased the transparency of our business and risk management practices by combining our financial and material sustainability information into a single report.

A Look to the Future

HCP continues to be financially strong and well-positioned for the years to come. As we look to the future, our experienced management team continues to effectively execute our long-term business strategy.

As stewards of your Company, we are committed to acting in the best interests of HCP and its stockholders. We hope that you will attend our 30th Annual Meeting of Stockholders in person, and hear first-hand about our performance and plans for the future. Thank you for your continued support.

Michael D. McKee
Chairman

Brian G. Cartwright
Independent Director

Christine N. Garvey
Independent Director

David B. Henry
Independent Director

Lauralee E. Martin
President and CEO

James P. Hoffmann
Independent Director

Peter L. Rhein
Independent Director

Joseph P. Sullivan
Independent Director

Date • Thursday, April 30, 2015

Time • 9:30 a.m., Pacific Time

Place • The Westin South Coast Plaza
686 Anton Boulevard
Costa Mesa, California 92626

Record Date • Monday, March 9, 2015

Annual Meeting Proposals

Proxy Voting

Please submit your proxy or voting instructions as soon as possible to instruct how your shares are voted at the Annual Meeting, even if you plan to attend. If you later vote in person at the Annual Meeting, your previously submitted proxy or voting instructions will not be used.

By Order of the Board of Directors,

James W. Mercer

Executive Vice President, Chief Administrative Officer,

General Counsel and Corporate Secretary



| | |
|---|-----------|
| | 1 |
| <u>Corporate Governance Highlights: Our Director Nominees</u> | 2 |
| <u>Performance Highlights</u> | 3 |
| <u>Our Business Strategy</u> | 6 |
| <u>Revised Performance Incentive Compensation Plan for Executives</u> | 7 |
| <u>2014 Executive Compensation</u> | 9 |
| <u>Summary of Stockholder Engagement and Compensation Program Evolution</u> | 11 |
| | 12 |
| | 17 |
| <u>Board Independence and Leadership Structure: Committees of the Board</u> | 17 |
| <u>Board and Stockholder Meeting Attendance: Risk Oversight: Corporate Governance and Compensation Policies</u> | 18 |
| <u>Director Selection Process</u> | 20 |
| <u>Stockholder Communications with the Board</u> | 21 |
| | 22 |
| | 24 |
| | 26 |
| <u>Section 16(a) Beneficial Ownership Reporting Compliance</u> | 27 |
| | 28 |
| | 29 |
| | 30 |
| | 31 |
| <u>A Message to Our Stockholders: Compensation Committee Report</u> | 31 |
| | 32 |
| <u>Compensation Philosophy: Overview of Our Revised 2015 Compensation Plan</u> | 32 |
| <u>2014 NEO Compensation</u> | 35 |
| <u>Presentation of Compensation Based on Performance Year</u> | 39 |
| | 41 |
| <u>Summary Compensation Table 2014</u> | 41 |
| <u>Grants of Plan-Based Awards During 2014: Description of Plan-Based Awards</u> | 43 |

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| | |
|---|-----------|
| <u>Outstanding Equity Awards at December 31, 2014</u> | 46 |
| <u>Option Exercises and Stock Vested During 2014; Non-Qualified Deferred Compensation During 2014; Potential Payments Upon a Termination or Change in Control</u> | 47 |
| <u>Compensation Governance</u> | 51 |
| | 54 |
| | 55 |
| <u>Stockholder Proposal</u> | 55 |
| <u>Board of Directors - Statement Opposing the Stockholder Proposal</u> | 56 |
| | 58 |
| <u>Voting at the Annual Meeting</u> | 58 |
| <u>Inspector of Elections; Proxy Solicitation; Voting Results</u> | 59 |
| | 60 |
| <u>2016 Stockholder Proposals: Delivery of Proxy Materials</u> | 60 |
| <u>Financial Statements</u> | 61 |
| | 62 |

Our Board of Directors (Board) solicits your proxy for the 2015 annual meeting of stockholders and any adjournment or postponement thereof (the Annual Meeting). These proxy materials are first being made available to our stockholders on or about March 17, 2015.

This summary provides an overview of information contained in our proxy statement and does not contain all of the information that you should consider before voting. We encourage you to review the entire proxy statement before casting your vote.

Your Vote Is Important

Even if you plan to attend the Annual Meeting, please submit your proxy or voting instructions as soon as possible. If you later attend the Annual Meeting and vote in person, your previously submitted proxy or voting instructions will not be used.

How to Vote

Corporate Governance Highlights

HCP is committed to sustainable corporate governance practices that promote long-term value creation, transparency and accountability to our stockholders. We have enhanced our corporate governance structure by:

- **Proxy Access:** Adopting proxy access, which generally permits stockholders holding 5% of our shares for a minimum of three years to nominate up to 20% of our directors and have their nominees included in our proxy statement, beginning at our 2016 annual meeting
- **New Directors:** Appointing James P. Hoffmann, an accomplished global real estate investment trust (REIT) analyst and portfolio manager, to the Board, the second addition to our Board in just over one year

Our Director Nominees

Our Board represents a breadth of experience and diversity in perspective and background, as reflected in the summary below. We believe the broad range of tenures of our directors creates a balance between institutional knowledge and new perspectives and ideas, as well as ensures a smooth succession over time.

Performance Highlights

This past year was one of growth and excellent financial performance for HCP. Despite substantial changes and uncertainty in the healthcare industry, we achieved strong operating and financial performance, successfully managed through a change in leadership and continued to have important discussions with our operators on their strategic priorities and capital needs in the wake of healthcare reform initiatives.

2014 Financial Performance*

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* We present reconciliations of certain non-GAAP financial measures to their most directly comparable GAAP measures in Appendix A to this proxy statement.

Dividend Increase for 30th Consecutive Year

Our Board increased our quarterly dividend in January 2015 by 3.7% to \$0.565 per share, representing 30 consecutive years of dividend growth. HCP is the only REIT in the S&P 500 Dividend Aristocrats Index, which recognizes S&P 500 companies that have increased their dividend for at least 25 consecutive years. We are proud of this exclusive achievement, which embodies our commitment to consistently grow stockholder value.

** Estimated full year 2015 dividend based on the \$0.565 per share quarterly dividend paid on February 24, 2015.

2014 Operator Relationships and Asset Management

2014 Sustainability Leadership

Produced our first combined Annual and Sustainability Report. This achievement represents one of our significant initiatives for 2014 as a leading sustainability practice in the U.S. REIT industry. Sustainability is an integral part of our overall business strategy, and we have enhanced the transparency of our business and risk management practices by combining our financial and material sustainability information into a single report

Named the Global Leader for the Healthcare Sector by GRESB, marking the 3rd consecutive year ranking #1 in our sector

