

MEDICAL PROPERTIES TRUST INC

Form DEF 14A

April 25, 2008

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
SCHEDULE 14A  
(RULE 14A-101)  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE  
SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO.    )**

Filed by the Registrant    

Filed by a Party other than the Registrant   

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-12

**MEDICAL PROPERTIES TRUST, INC.**

(Name of Registrant as Specified in Its Charter)

Not Applicable

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  
  - (2) Aggregate number of securities to which transaction applies:
  
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
  - (4) Proposed maximum aggregate value of transaction:
  
  - (5) Total fee paid:
    - Fee paid previously with preliminary materials:
    - Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
      - (1) Amount previously paid:
  
      - (2) Form, Schedule or Registration Statement No.:
  
      - (3) Filing party:
  
      - (4) Date filed:

**Table of Contents**

April 25, 2008

Dear Fellow Stockholder,

It is with great pleasure that I invite you to attend our 2008 annual stockholders meeting on May 22, 2008. I am honored to have you as one of our stockholders and hope that you will be able to attend the meeting. In the event that you are unable to attend, however, it is important that your shares are represented; therefore, please be sure to sign, date, and mail your proxy in the provided envelope, or vote your proxy by phone or internet as instructed, at your earliest convenience.

Best Regards,

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

---

**Table of Contents**

**NOTICE OF  
2008 ANNUAL MEETING OF STOCKHOLDERS  
May 22, 2008**

To Our Stockholders:

The 2008 Annual Meeting of Stockholders of Medical Properties Trust, Inc. will be held at The Summit Club, 1901 6th Avenue North, Birmingham, Alabama, on May 22, 2008, beginning at 10:30 a.m. Central Time, for the following purposes:

1. To elect the eight director nominees described in the enclosed Proxy Statement;
2. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2008; and
3. To transact any other business that properly comes before the meeting.

Only stockholders of record at the close of business on April 1, 2008, are entitled to receive notice of, to attend, and to vote at the meeting and any adjournment thereof.

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

By Order of the Board of Directors,

Michael G. Stewart  
Executive Vice President, General Counsel and Secretary

April 25, 2008

---

**TABLE OF CONTENTS**

	<b>Page No.</b>
<u>General Information</u>	1
<u>Proposal One Election of Directors</u>	5
<u>Proposal Two Ratification of Independent Registered Public Accounting Firm</u>	9
<u>Share Ownership of Certain Beneficial Owners</u>	10
<u>Independent Auditor</u>	11
<u>Audit Committee Report</u>	12
<u>Executive Officers and Other Senior Management</u>	13
<u>Compensation Discussion and Analysis</u>	14
<u>Compensation Committee Report</u>	18
<u>Compensation of Executive Officers</u>	18
<u>Compensation of Directors</u>	26
<u>Certain Relationships and Related Person Transactions</u>	28
<u>Other Matters</u>	28
<u>Additional Information</u>	29

---

**Table of Contents**

**PROXY STATEMENT  
for  
2008 ANNUAL MEETING OF STOCKHOLDERS  
May 22, 2008**

**GENERAL INFORMATION**

This Proxy Statement is being furnished to the stockholders of Medical Properties Trust, Inc. (the Company) in connection with the solicitation of proxies by the Board of Directors to be voted at the 2008 Annual Meeting of Stockholders to be held at The Summit Club, 1901 6th Avenue North, Birmingham, Alabama, on May 22, 2008, beginning at 10:30 a.m. Central Time, and at any adjournment thereof.

At the meeting, stockholders will be asked to vote on proposals to (1) elect the eight director nominees described in this Proxy Statement and (2) ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2008. Stockholders will also transact any other business that properly comes before the meeting; although, as of the date of this Proxy Statement, the Board of Directors knows of no such other business to be presented. When you submit your proxy, by executing and returning the enclosed proxy card, or by voting by telephone or internet, you will authorize the persons named in the enclosed proxy to represent you and vote your shares of common stock on these proposals as specified by you. If no such specification is made, shares represented by your proxy will be voted:

FOR the election of the eight director nominees; and

FOR the ratification of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2008.

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

This Proxy Statement and the accompanying materials are first being sent or given to our stockholders on or about April 25, 2008.

**Table of Contents**

**INFORMATION ABOUT THE MEETING**

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

At the meeting, our stockholders will vote on proposals:

1. To elect the eight director nominees described in this Proxy Statement; and
2. To ratify the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2008.

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

**Who is entitled to vote?**

The record date for the meeting is April 1, 2008. Only stockholders of record at the close of business on April 1, 2008 are entitled to receive notice of the meeting and to vote at the meeting the shares of our common stock that they held of record on that date. Each outstanding share of common stock entitles its holder to one vote on each matter voted on at the meeting. At the close of business on March 31, 2008, there were outstanding and entitled to vote 66,364,324 shares of common stock.

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

If you are the beneficial owner of shares held in street name by a brokerage firm, bank, or other nominee, such entity is required to vote the shares in accordance with your instructions. If you do not give instructions to your nominee, it will nevertheless be entitled to vote your shares on discretionary items but will not be permitted to do so on non-discretionary items. We have been informed that Proposal 1 (election of directors) and Proposal 2 (ratification of auditors) are discretionary items on which your nominee will be entitled to vote your shares even in the absence of instructions from you.

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

A quorum must be present at the meeting in order for any business to be conducted. The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date 33,182,163 shares will constitute a quorum. Abstentions and broker non-votes will be included in the number of shares considered present at the meeting for the purpose of determining whether there is a quorum.

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

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

**How do I vote my shares?**

If your shares are held in street name, you may be eligible to provide voting instructions to your nominee by telephone or on the Internet. If you are a beneficial owner of shares held in street name (*i.e.*, your shares are held in the name of a brokerage firm, bank, or other nominee), you may be eligible to provide voting instructions to your nominee by telephone or on the Internet. A large number of brokerage firms, banks, and other nominees participate in a program provided through ADP Investor Communications Services that offers telephone and Internet voting options. If your shares are held in street name by a brokerage firm, bank, or other nominee that participates in the ADP program, you may provide voting instructions to your nominee by telephone or on the Internet by following the instructions set forth on the voting instruction form provided to you.



## **Table of Contents**

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

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

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

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

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

Your Board of Directors recommends that you vote FOR the following proposals:

1. The election of the eight nominees to the Board of Directors; and
2. The ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2008.

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

If you submit a proxy but do not indicate any voting instructions, your shares will be voted FOR each of the proposals.

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

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

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

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

***Ratification of Independent Auditors.*** KPMG LLP's appointment as our registered independent public accounting firm will be ratified if this proposal receives a majority of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter.

**Table of Contents**

**How will abstentions be treated?**

You do not have the option of abstaining from voting on Proposal 1 (election of directors), but you may abstain from voting on Proposal 2 (ratification of the Company's auditors). With respect to Proposals 2, an abstention will have the effect of a vote against the proposal.

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

Broker non-votes will not have any effect on Proposal 1 (election of directors) or Proposal 2 (ratification of our auditors).

Table of Contents

**PROPOSAL 1 ELECTION OF DIRECTORS**

**Director Nominees**

The Board of Directors proposes that the eight nominees listed below, all of whom are currently serving on our Board, be elected to serve as directors until the 2009 annual meeting of stockholders and until his or her successor is duly elected and qualified. The Board of Directors does not know of any reason why any nominee would not be able to serve as a director. However, if any nominee were to become unable to serve as a director, the Board of Directors may designate a substitute nominee, in which case the persons named as proxies will vote for such substitute nominee. Alternatively, the Board of Directors may reduce the number of directors to be elected at the annual meeting.

**Edward K. Aldag, Jr.** Mr. Aldag, age 44, is our founder and has served as our Chief Executive Officer and President since August 2003, and as Chairman of the Board since March 2004. Mr. Aldag served as our Vice Chairman of the Board of Directors from August 2003 until March 2004 and as our Secretary from August 2003 until March 2005. Prior to that, Mr. Aldag served as an executive officer and director with our predecessor from its inception in August 2002 until August 2003. From 1986 to 2001, Mr. Aldag managed two private real estate companies, Guilford Capital Corporation and Guilford Medical Properties, Inc. Mr. Aldag served as President and a member of the Board of Directors of Guilford Medical Properties, Inc. Mr. Aldag was the President of Guilford Capital Corporation from 1998 to 2001 and from 1990 to 1998 served as Executive Vice President, Chief Operating Officer and was a member of the Board of Directors from 1990 to 2001. Mr. Aldag received his B.S. in Commerce & Business from the University of Alabama with a major in corporate finance.

**Virginia A. Clarke.** Ms. Clarke, age 49, has served as a member of our Board of Directors since February 2005. Ms. Clarke has been a search consultant in the global executive search firm of Spencer Stuart since 1997. Ms. Clarke was with DHR International, an executive search firm, during 1996. Prior to that, Ms. Clarke spent 10 years in the real estate investment management business with La Salle Partners and Prudential Real Estate Investors, where her activities included asset management, portfolio management, capital raising and client service, and two years with First National Bank of Chicago. Ms. Clarke is a member of the Pension Real Estate Association. Ms. Clarke graduated from the University of California at Davis and received a master's degree in management from the J. L. Kellogg Graduate School of Management at Northwestern University.

**G. Steven Dawson.** Mr. Dawson, age 50, has served as a member of our Board of Directors since April 2004. From July 1990 to September 2003, he was Chief Financial Officer and Senior Vice President-Finance of Camden Property Trust (NYSE: CPT) and its predecessors. He is currently a private investor and serves on the boards of four other public companies (all of which are real estate investment trusts) in addition to his service for us. These other public companies are as follows: Alesco Financial Inc. (NYSE: AFN), American Campus Communities (NYSE: ACC), AmREIT, Inc. (AMEX: AMY), and Desert Capital REIT, Inc. (a non-listed public mortgage REIT). Mr. Dawson is chairman of the audit committees for American Campus and AmREIT. He is on the compensation committees of American Campus and AmREIT and is the chairman of the nominating and governance committee at Alesco. In addition to serving on its board, Mr. Dawson is also the acting chief financial officer of Desert Capital and is a partner and managing director of its outside advisor. Mr. Dawson holds a degree in business from Texas A&M University and is a member of the Real Estate Roundtable at the Mays Graduate School of Business at Texas A&M University.

**R. Steven Hamner.** Mr. Hamner, age 51, is one of our founders and has served as our Executive Vice President and Chief Financial Officer since September 2003 and as a director since February 2005. In August and September 2003, Mr. Hamner served as our Executive Vice President and Chief Accounting Officer. From October 2001 through March 2004, he was the Managing Director of Transaction Analysis LLC, a company that provided interim and

project-oriented accounting and consulting services to commercial real estate owners and their advisors. From June 1998 to September 2001, he was Vice President and Chief Financial Officer of United Investors Realty Trust, a publicly traded REIT. For the 10 years prior to becoming an officer of United Investors Realty Trust, he was employed by the accounting and consulting firm of Ernst & Young LLP and its predecessors. Mr. Hamner received a B.S. in Accounting from Louisiana State University. Mr. Hamner is a certified public accountant.

**Table of Contents**

**Robert E. Holmes, Ph.D.** Mr. Holmes, age 66, has served as a member of our Board of Directors since April 2004. Mr. Holmes, our lead independent director, is a Professor of Management and Former Dean and Wachovia Chair of Business Administration at the University of Alabama at Birmingham School of Business, positions he held since 1999. From 1995 to 1999, he was Dean of the Olin Graduate School of Business at Babson College in Wellesley, Massachusetts. Prior to that, he was Dean of the James Madison University College of Business in Harrisonburg, Virginia for 12 years. He is the co-author of four management textbooks, numerous articles, papers, and cases, and has served as a board member or consultant to a variety of business firms and non-profit organizations. He is past president of the Southern Business Administration Association, is actively engaged in AACSB International the Association to Advance Management Education, and serves on the Boards of the Entrepreneurial Center, Tech Birmingham, the Alabama Council on Economic Education, and other organizations. Mr. Holmes received a bachelor's degree from the University of Texas at Austin, an MBA from University of North Texas, and received his Ph.D. from the University of Arkansas with an emphasis on management strategy.

**Sherry A. Kellett.** Ms. Kellett, age 63, has served as a member of our Board of Directors since February 2007. Ms. Kellett was the former corporate controller and principal accounting officer at BB&T Corporation, where she was a member of their eight-person executive management team from 1998 through her retirement in 2003. She is currently a member of the board of directors of Highwoods Properties, Inc., based in Raleigh, North Carolina, where she serves on the audit committee, and MidCountry Financial Corp., based in Macon, Georgia, where she serves on the audit and compensation committees. Ms. Kellett has also served on the boards of the North Carolina School of the Arts Foundation, Piedmont Kiwanis Club, Senior Services, Inc., The Winston-Salem Foundation, the Piedmont Club, and the N.C. Center for Character Education.

**William G. McKenzie.** Mr. McKenzie, age 49, is one of our founders and has served as the Vice Chairman of our Board of Directors since September 2003. Mr. McKenzie has served as a director since our formation and served as the Executive Chairman of our Board of Directors in August and September 2003. From May 2003 to August 2003, he was an executive officer and director of our predecessor. From 1998 to the present, Mr. McKenzie has served as President, Chief Executive Officer, and a board member of Gilliard Health Services, Inc., a privately-held owner and operator of acute care hospitals. From 1996 to 1998, he was Executive Vice President and Chief Operating Officer of the Mississippi Hospital Association/Diversified Services, Inc. and the Health Insurance Exchange, a mutual company and HMO. From 1994 to 1996, Mr. McKenzie was Senior Vice President of Managed Care and Executive Vice President of Physician Solutions, Inc., a subsidiary of Vaughan HealthCare, a private healthcare company in Alabama. From 1981 to 1994, Mr. McKenzie was Hospital Administrator and Chief Financial Officer and held other management positions with Gilliard Health Services, Inc. Mr. McKenzie received a Masters of Science in Health Administration from the University of Colorado and a B.S. in Business Administration from Troy State University. He has served in numerous capacities with the Alabama Hospital Association.

**L. Glenn Orr, Jr.** Mr. Orr, age 68, has served as a member of our Board of Directors since February 2005. Mr. Orr is Chairman of Orr Holdings, LLC, previously The Orr Group, which has provided consulting services for middle-market companies since 1995. Prior to that, he was Chairman of the Board of Directors, President and Chief Executive Officer of Southern National Corporation from 1990 until its merger with Branch Banking & Trust in 1995. Mr. Orr is member of the Board of Directors, chairman of the governance/compensation committee, and a member of the executive committee of Highwoods Properties, Inc. He is also a member of the Board of Directors of General Parts, Inc. and Broyhill Management Fund, Inc. Mr. Orr previously served as President and Chief Executive Officer of Forsyth Bank and Trust Co., President of Community Bank in Greenville, South Carolina, and President of the North Carolina Bankers Association. He is a member, and the former Chairman, of the Board of Trustees of Wake Forest University.

**Board of Directors Recommendation**

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

**Table of Contents**

**CERTAIN INFORMATION REGARDING  
OUR BOARD OF DIRECTORS**

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

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

The Board of Directors holds regular meetings on a quarterly basis and on other occasions as necessary or appropriate. The Board of Directors met 10 times in 2007. The Board of Directors has four standing committees: the Audit Committee, the Compensation Committee, the Ethics, Nominating, and Corporate Governance Committee, and the Investment Committee. The Audit Committee met five times in 2007; the Ethics, Nominating, and Corporate Governance Committee met one time; the Compensation Committee met four times; and the Investment Committee met at each meeting of the Board of Directors. All directors attended at least 75% of the total number of meetings of the Board of Directors and of the committees on which he or she served in 2007.

In connection with its regular meetings, the Board of Directors meets in executive session in which management directors are not present. Mr. Holmes has been designated as the lead independent director and in that capacity presides at these executive sessions. The directors of the Company are encouraged to attend our annual meeting of stockholders absent cause. Seven directors of the Company attended the 2007 annual meeting of stockholders.

**Committees of the Board of Directors**

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

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

The Audit Committee oversees (i) our accounting and financial reporting processes, (ii) the integrity and audits of our financial statements, (iii) our compliance with legal and regulatory requirements, (iv) the qualifications and independence of our independent auditors, and (v) the performance of our internal and independent auditors. The specific functions and responsibilities of the Audit Committee are set forth in the Audit Committee Charter, a copy of which is posted on our website at [www.medicalpropertystrust.com](http://www.medicalpropertystrust.com). The information on our website is not part of this Proxy Statement. The report of the Audit Committee begins on page 12 of this Proxy Statement.

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



The principal functions of the Compensation Committee are to evaluate the performance of our executive officers; review and approve the compensation for our executive officers; review and make recommendations to the Board of Directors with respect to our incentive compensation plans and equity-based plans; and administer our equity incentive plan. The Compensation Committee also reviews and approves corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluates the Chief Executive Officer's performance in light of those goals and objectives, and establishes the Chief Executive Officer's compensation levels. The specific

**Table of Contents**

functions and responsibilities of the Compensation Committee are set forth in more detail in the Compensation Committee's Charter, a copy of which is posted on our website at [www.medicalpropertiestrust.com](http://www.medicalpropertiestrust.com). The report of the Compensation Committee begins on page 18 of this Proxy Statement.

The Compensation Committee makes all compensation decisions with respect to the Chief Executive Officer and all other executive officers. The Compensation Committee also reviews and makes recommendation to the full Board of Directors regarding the Company's incentive compensation plans and equity-based plans. In 2007 the Compensation Committee engaged SMG Advisory Group LLC, or SMG, a nationally recognized compensation consulting firm specializing in the real estate industry, to assist the committee in determining the amount and form of executive compensation and considered information presented by SMG when reviewing the appropriate types and levels for the Company's non-employee director compensation program. Information concerning the nature and scope of SMG's assignments and related disclosure is included in "Compensation Discussion and Analysis" beginning on page 14.

***The Ethics, Nominating, and Corporate Governance Committee*** is comprised of three independent directors, Meses. Clarke and Kellett and Mr. Holmes. Mr. Holmes serves as chairman of the Committee. The Ethics, Nominating and Corporate Governance Committee is responsible for, among other things, recommending the nomination of qualified individuals to become directors; recommending the composition of committees of our Board of Directors; periodically reviewing the Board of Directors performance and effectiveness as a body; recommending proposed changes to the Board of Directors; and periodically reviewing our corporate governance guidelines and policies. The specific functions and duties of the Committee are set forth in its Charter, a copy of which is posted on our website at [www.medicalpropertiestrust.com](http://www.medicalpropertiestrust.com).

The Ethics, Nominating and Corporate Governance Committee will consider all potential candidates for nomination for election as directors who are recommended by the Company's stockholders, directors, officers, and employees. All director recommendations must be made during the time periods, and must provide the information, required by Article II, Section 2.03 of the Company's Amended and Restated Bylaws. All director recommendations should be sent to the Ethics, Nominating and Corporate Governance Committee, c/o Secretary, Medical Properties Trust, Inc., 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242. The Committee will screen all potential director candidates in the same manner, regardless of the source of their recommendation. The Committee's review will typically be based on the written materials provided with respect to a potential director candidate. The Committee will evaluate and determine whether a potential candidate meets the Company's minimum qualifications and requirements, whether the candidate has the specific qualities and skills for directors, and whether requesting additional information or an interview is appropriate.

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

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

***The Investment Committee*** membership is comprised of all of our current directors. Mr. Aldag serves as chairman of the committee. The Investment Committee has the authority to, among other things, consider and take action with

respect to all acquisitions, developments, and leasing of healthcare facilities in which our aggregate investment will exceed \$10 million.

**Table of Contents**

**Governance, Ethics, and Stockholder Communications**

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

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

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

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

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

The Audit Committee of our Board of Directors has appointed KPMG LLP as independent registered public accounting firm to audit our financial statements for the fiscal year ending December 31, 2008. During fiscal 2007 KPMG served as our independent registered public accounting firm and also provided certain tax and other audit related services. KPMG has served as our independent registered public accounting firm since shortly after our formation in 2003.

**Board of Directors Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE *FOR* THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2008.**

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

The following table provides information about the beneficial ownership of our common stock as of March 31, 2008, unless otherwise indicated, by each director of the Company, each executive officer named in the Summary Compensation Table in this Proxy Statement, all directors and executive officers as a group, and each person known to management to be the beneficial owner of more than 5% of the outstanding shares of common stock.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Outstanding <sup>(1)</sup>
Directors and Executive Officers:		
Edward K. Aldag, Jr.	1,186,106 <sup>(2)</sup>	1.78%
Emmett E. McLean	413,266 <sup>(3)</sup>	*
R. Steven Hamner	471,893 <sup>(4)</sup>	*
William G. McKenzie	234,730 <sup>(5)</sup>	*
Michael G. Stewart	229,354 <sup>(6)</sup>	*
Virginia A. Clarke	61,542 <sup>(8)</sup>	*
G. Steven Dawson	81,609 <sup>(7)</sup>	*
Robert E. Holmes, Ph.D.	61,609 <sup>(7)</sup>	*
Sherry A. Kellett	16,560 <sup>(9)</sup>	*
L. Glenn Orr, Jr.	63,392 <sup>(8)</sup>	*
All directors and executive officers as a group (10 persons)	2,820,061 <sup>(10)</sup>	4.05%
Other Stockholders:		
AXA Assurances I.A.R.D. Mutuelle AXA Assurances vie Mutuelle AXA Courtage Assurance Mutuelle 26, rue Drouot 75009 Paris, France	2,467,683 <sup>(11)</sup>	3.71%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	3,177,961 <sup>(12)</sup>	4.78%
Inland American Real Estate Trust, Inc. 2901 Butterfield Road Oak Brook, IL 60523	2,551,000 <sup>(13)</sup>	3.83%
Nomura Asset Management 1-12-1, Nihonbashi, Chuo-ku. Tokyo, Japan 103-9260	2,799,031 <sup>(14)</sup>	4.21%

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

(1) Based on 66,511,876 shares of common stock outstanding as of March 31, 2008 and includes 80,000 vested common stock options and 46,302 vested deferred stock units. Shares of common stock that are deemed to be beneficially owned by a stockholder within 60 days after March 31, 2008 are deemed outstanding for purposes

of computing such stockholder's percentage ownership but are not deemed outstanding for the purpose of computing the percentage outstanding of any other stockholder. Except as otherwise indicated in the notes to this table, beneficial ownership includes sole voting and investment power.

- (2) Includes 684,960 shares of unvested restricted common stock and, as unvested restricted common stock, which the named officer has no right to sell or pledge. Of the vested shares held, 80,000 shares are pledged as security. All other vested shares are held in an account of margin privileges.
- (3) Includes 178,792 shares of unvested restricted common stock and, as unvested restricted common stock, which the named officer has no right to sell or pledge. Includes 8,400 shares in custodial accounts for children.
- (4) Includes 259,169 shares of unvested common stock and, as unvested restricted common stock, which the named officer has no right to sell or pledge. All other vested shares are held in an account of margin privileges.

**Table of Contents**

- (5) Includes 90,130 shares of unvested restricted common stock and, as unvested restricted common stock, which the named officer has no right to sell or pledge. All shares are held in an account of margin privileges.
- (6) Includes 148,610 shares of unvested restricted common stock and, as unvested restricted common stock, which the named officer has no right to sell or pledge. All other vested shares are held in an account of margin privileges.
- (7) Includes 20,000 shares of common stock issuable upon exercise of a vested stock option, 11,609 deferred stock units which may be converted into shares of common stock and 14,670 shares of unvested restricted common stock. In addition, all shares held by Mr. Dawson are held in an account of margin privileges.
- (8) Includes 20,000 shares of common stock issueable upon exercise of vested stock options, 11,542 deferred stock units which may be converted in to shares of common stock, and 14,670 shares of unvested restricted common stock. In addition, shares held by Mr. Orr includes 700 shares held in trust account and in accounts for his wife and daughter.
- (9) Includes 11,750 shares of unvested restricted common stock.
- (10) See notes (1) - (9) above.
- (11) Based on a Schedule 13G filed February 14, 2008. Includes shares of common stock held by AXA Konzern AG (German), AXA Rosenberg Investment Management LLC and AllianceBernstein L.P. AllianceBernstein L.P. is a subsidiary of AXA Financial, Inc. AXA Financial, Inc. is owned by AXA, which also holds AXA Konzern AG (German) and AXA Rosenberg Investment Management LLC. AXA is controlled by AXA Assurances I.A.R.D. Mutuelle, AXA Assurances vie Mutuelle and AXA Courtage Assurance Mutuelle as a group. AXA Konzern AG (German) and AXA Rosenberg Investment Management LLC direct the voting of 15,100 shares and 2,451,763 shares, respectively, or 0.02% and 3.69% respectively, of the shares outstanding of the Company.
- (12) Based on a Schedule 13G filed February 14, 2008. Includes shares of common stock held by Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc. Vanguard Fiduciary Trust Company directs the voting of 36,660 shares, or 0.01% of the shares outstanding of the Company, of which it is the beneficial owner as a result of its serving as investment manager of collective trust accounts.
- (13) Based on Schedule 13D filed on August 20, 2007.
- (14) Based on Schedule 13G filed on February 8, 2008.

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

Section 16(a) of the Securities Exchange Act of 1934 requires that our directors and executive officers and the beneficial owners of more than 10% of our equity securities file with the SEC initial reports of, and subsequent reports of changes in, their beneficial ownership of our equity securities. Based solely on a review of the reports furnished to us with respect to fiscal year 2007, we believe that all SEC filing requirements applicable to our directors and executive officers were satisfied.

**INDEPENDENT AUDITOR**

The Audit Committee of the Board of Directors has selected KPMG LLP as the independent auditor to perform the audit of our consolidated financial statements for 2007. KPMG has audited our consolidated financial statements since 2003. KPMG is a registered independent public accounting firm.

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

**Audit and Non-Audit Services**

The Audit Committee is directly responsible for the appointment, compensation, and oversight of our independent auditor. In addition to retaining KPMG to audit our consolidated financial statements for 2007, the Audit Committee retained KPMG to provide other auditing services in 2007. The Audit Committee understands the need for KPMG to maintain objectivity and independence in its audits of our financial statements. The Audit Committee has reviewed all non-audit services provided by KPMG in 2007 and has concluded that the provision of such services was compatible with maintaining KPMG's independence in the conduct of its auditing functions.

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



**Table of Contents**

The table below sets forth the aggregate fees billed by KPMG for audit and non-audit services for the 2007 and 2006 financial statements.

<b>Fees</b>	<b>2007</b>	<b>2006</b>
Audit Fees	\$ 367,342	\$ 410,513
Audit-Related Fees	-0-	-0-
Tax Fees	69,560	48,740
All Other Fees	-0-	-0-
<b>Total</b>	<b>\$ 436,902</b>	<b>\$ 459,253</b>

In the above table, in accordance with the SEC's definitions and rules, "audit fees" are fees for professional services for the audit of a company's financial statements included in the annual report on Form 10-K, for the review of a company's financial statements included in the quarterly reports on Form 10-Q, and for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements; "audit-related fees" are fees for assurance and related services that are reasonably related to the performance of the audit or review of a company's financial statements; "tax fees" are fees for tax compliance, tax advice, and tax planning; and "all other fees" are fees for any services not included in the first three categories.

**Audit Committee Report**

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

Management is responsible for the Company's accounting and financial reporting processes, including its internal control over financial reporting, and for preparing the Company's consolidated financial statements. KPMG LLP, the Company's independent auditor, is responsible for performing an audit of our consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board and for expressing an opinion on the conformity of the Company's audited consolidated financial statements to accounting principles generally accepted in the United States of America. In this context, the responsibility of the Audit Committee of the Board of Directors is to oversee the Company's accounting and financial reporting processes and the audits of the Company's consolidated financial statements.

In the performance of its oversight function, the Audit Committee reviewed and discussed with management and KPMG the Company's audited consolidated financial statements as of, and for the year ended, December 31, 2007. Management and KPMG represented to the Audit Committee that the Company's audited consolidated financial statements as of, and for the year ended, December 31, 2007, were prepared in accordance with accounting principles generally accepted in the United States of America. The Audit Committee also discussed with KPMG the matters required to be discussed by Statement on Auditing Standards (SAS) Nos. 89, 90, and 114 issued by the Auditing Standards Board of the American Institute of Certified Public Accountants. SAS Nos. 89, 90, and 114 set forth requirements pertaining to the independent auditor's communications with the Audit Committee regarding the conduct of the audit.

The Audit Committee received the written disclosures and the letter from KPMG required by Independence Standards Board (ISB) Standard No. 1, *Independence Discussions with Audit Committees*, as amended. ISB Standard No. 1

requires the independent auditor to disclose in writing to the Audit Committee all relationships between the auditor and the Company that, in the auditor's judgment, reasonably may be thought to bear on independence and to discuss the auditor's independence with the Audit Committee. The Audit Committee discussed with KPMG its independence and considered in advance whether the provision of any non-audit services by KPMG is compatible with maintaining their independence.

In addition, the Audit Committee obtained from KPMG a formal written statement, consistent with ISB Standard No. 1, describing all relationships between KPMG and the Company that might bear on KPMG's independence, discussed with KPMG any relationships that may impact their objectivity and independence, and satisfied itself as to their independence. When considering KPMG's independence, the committee considered

**Table of Contents**

whether their provision of services to the Company beyond those rendered in connection with their audit of the Company's consolidated financial statements and reviews of the Company's consolidated financial statements, including in the Quarterly Reports on Form 10-Q, were compatible with maintaining their independence. The Audit Committee also reviewed, among other things, the audit and non-audit services performed by, and the amount of fees paid for such services to, KPMG. The Audit Committee met five times in 2007.

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

Based on the Audit Committee's review and the meetings described above, and subject to the limitations on its role and responsibilities described above and in the Audit Committee Charter, the Audit Committee recommended to the Board of Directors (and the Board of Directors approved) that the audited financial statements as of, and for the year ended, December 31, 2007 be included in our 2007 Annual Report on Form 10-K.

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

G. Steven Dawson (Chairman)  
Sherry A. Kellett  
L. Glenn Orr, Jr.

**EXECUTIVE OFFICERS AND EXECUTIVE COMPENSATION**

**Executive Officers and Other Senior Management**

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

**Emmett E. McLean.** Emmett E. McLean, age 52, is one of our founders and has served as our Executive Vice President, Chief Operating Officer and Treasurer since September 2003. Mr. McLean has served as Assistant Secretary since April 2004. In August and September 2004, Mr. McLean also served as our Chief Financial Officer. Mr. McLean was one of our directors from September 2003 until April 2004. From June to September 2003, Mr. McLean served as Executive Vice President, Chief Financial Officer, and Treasurer, and board member of our predecessor. From 2000 to 2003, Mr. McLean was a private investor and, for part of that period, served as a consultant to a privately held company. From 1995 to 2000, Mr. McLean served as Senior Vice President Development, Secretary, Treasurer and a board member of PsychPartners, L.L.C., a healthcare services and practice management company. Prior to 1992, Mr. McLean worked in the investment banking field. Mr. McLean received an MBA from the University of Virginia and a B.A. in Economics from The University of North Carolina.

**Michael G. Stewart.** Michael G. Stewart, age 52, has served as our General Counsel since October 2004 and as our Executive Vice President and Secretary since January 2005. Prior to October 2004, Mr. Stewart worked as a private investor, healthcare consultant, and novelist. He advised physician and surgery groups on emerging healthcare issues

for four years before publishing four novels during a five-year period. From 1993 until 1995, he served as Vice President and General Counsel of Complete Health Services, Inc., a managed care company, and its successor corporation, United Healthcare of the South, a division of United Healthcare, Inc. Mr. Stewart was engaged in the private practice of law between 1988 and 1993. Mr. Stewart holds a J.D. degree from Cumberland School of Law of Samford University and a B.S. in Business Administration from Auburn University.

**Table of Contents**

**Compensation Discussion and Analysis**

*Objectives of Executive Compensation.* The primary objective of our executive compensation program is to align the interests of management with the interests of our stockholders. The executive compensation program is also intended (i) to motivate the performance of management with clearly-defined goals and measures of achievement, and (ii) to attract, retain, and reward experienced, highly-motivated executives who are capable of leading us effectively and contributing to our long-term growth and profitability.

*Total Compensation Package.* We utilize a combination of cash and equity-based compensation to provide appropriate incentives for our executives. Executive officers are eligible to receive a combination of annual base salary, annual incentive bonuses, annual restricted stock and option grants, and multi-year awards of restricted stock and other equity instruments under our Second Amended and Restated 2004 Equity Incentive Plan (the "2004 Equity Incentive Plan").

The Compensation Committee's guiding principle is that the compensation of our officers should be set so that, if the Company continues to perform at its current level, the average total compensation (including the value of restricted shares and stock options) of officers is, in general, at approximately the 75th percentile of compensation paid to comparable officers at REITs that are approximately similar in size to the Company. In 2007, the Compensation Committee engaged the services of SMG Advisory Group LLC ("SMG"), a nationally recognized compensation consulting firm specializing in the real estate industry, and we continued to use the services of SMG in 2008. We did not have any prior relationship with SMG. In 2007, the Compensation Committee directed SMG to, among other things, (1) review and assist the Compensation Committee in evaluating the Compensation Committee's compensation philosophy for our executive officers, including the portion of total compensation that is awarded in the form of salary, bonus and equity based compensation, (2) provide market analysis of competitive pay practices and the adequacy and appropriateness of our compensation arrangements, (3) assist the Company in identifying the relevant peer group(s) for such comparative purposes, (4) recommend to the Compensation Committee any modifications or additions to the Company's compensation programs that it deems advisable, and (5) assist the Compensation Committee in setting executive compensation levels, including the portion of total compensation that is awarded in the form of salary, bonus, and equity-based compensation. In 2008, SMG continued to evaluate our executive and director compensation practices in light of evolving market conditions. As such, the compensation review in 2007 by SMG compared our executive pay practices against a peer group of the following REITs (the "Peer Group":)

Alexandria Real Estate Equities, Inc.

BioMed Realty Trust

Cogdell Spencer, Inc.

Colonial Properties Trust

Corporate Office Properties Trust Inc.

Digital Realty Trust, Inc.

First Potomac Realty Trust

Health Care REIT, Inc.

Healthcare Realty Trust

Kite Realty Group Trust

LTC Properties, Inc.

Maguire Properties, Inc.

<sup>1</sup> For Mr. McKenzie, the Vice Chairman of the Company, we used for comparison the following REITs with an executive that serves solely as the chairperson or vice chairman: Digital Realty Trust, Inc., Felcor Lodging Trust Incorporated, Glimcher Realty Trust, Host Hotels & Resorts, Inc., Kite Realty Group Trust, Maguire Properties, Inc., Shurgard Storage Centers, Inc., Trizec Properties, Inc., W.P. Carey & Co. LLC, and Weingarten Realty Investors.

**Table of Contents**

Nationwide Health Properties, Inc.

Omega Healthcare Investors, Inc.

Parkway Properties, Inc.

Thomas Properties Group, Inc.

Ventas, Inc.

Washington Real Estate Investment Trust

Our current level of performance is consistent with our strategic business objectives of providing distributions to shareholders that are competitive with those of our peers (while maintaining or improving distribution pay-out ratios), developing and acquiring properties at above average yields, and achieving strong penetration in our chosen markets. Our total compensation is generally targeted at the 75th percentile to match the level of performance that we expect to achieve relative to our peer group and, in concert with our pay-for-performance model, is designed to attract and retain the best talent. In some cases the actual target for a particular officer could be more or less than the 75th percentile based on his individual performance, experience, tenure, or compensation relative to other officers. In order to set the appropriate level of compensation in accordance with this principle, the Compensation Committee has reviewed market compensation data provided by SMG.

The methodology that the Compensation Committee used in setting target compensation for 2008 was similar to what was done in 2007, which includes an analysis of the market data from the Peer Group, a review of performance goals, and a comparison of internal officer compensation.

Our compensation at the senior executive levels is established to ensure that our top officers' rewards are most focused on long-term goals, objectives, and achievements. The proportion of compensation for senior level officers is more heavily weighted in long-term equity. In accordance with SEC rules, the five named executive officers were identified based upon title (for CEO and CFO) and total compensation (as calculated in accordance with the Summary Compensation Table ) of officers who are in charge of a principal function.

*Base Salary.* The Compensation Committee establishes the base salary levels on the basis of assigned responsibilities, executive's performance, and the performance of the Company as a whole. Base salary levels are reviewed annually to better align the Company with its peer group and any increases are also contingent upon the success of the executive in developing and executing the Company's strategic plan and the success in exercising leadership and creating stockholder value, with a minimum increase equal to the increase of the Consumer Price Index. The base salary paid to each of the named executive officers in 2007 is set forth in the Summary Compensation Table on page 21 of this Proxy Statement. For 2008, the Compensation Committee has determined that the following base salaries will be paid:

Mr. Aldag	\$ 510,000
Mr. McLean	\$ 345,000
Mr. Hamner	\$ 347,000
Mr. Stewart	\$ 286,275
Mr. McKenzie	\$ 198,831

*Cash Bonus.* During the first quarter of 2007, our Compensation Committee established criteria for determination of whether any annual cash bonuses would be paid to our executive officers for the 2007 calendar year. Officers are eligible for 100% of their respective Targeted Annual Cash Bonus if our Total Shareholder Return (TSR) for calendar 2007 is equal to or greater than the 67th percentile of all U.S. Equity REITs. For each percentile point greater or less than 67, the eligible bonus amount will be increased or reduced by 3.33%, the result of which is that if our TSR is less than the 33rd percentile, there will no eligible bonus, and if our TSR is greater than the 99th percentile, the eligible bonus will be 200% of the Targeted Annual Cash Bonus. Generally, the officers' Targeted Annual Cash Bonus was 100% of their respective base salaries.



**Table of Contents**

In 2007, virtually all equity REITs produced negative returns to shareholders due to substantial declines in share prices. Our share price was not excepted and the resulting Total Shareholder Return was below the 33rd percentile. Accordingly, despite the fact that we had strong relative and absolute 2007 operational performance and, other than stock price, the Company exceeded every goal set for 2007, our executive officers received no cash bonuses for 2007 performance. The Compensation Committee has established criteria for 2008 that relies more heavily on measureable and controllable operational performance than the completely market price performance that was used in 2007. Total shareholder return will still weigh heavily on the executives' long term compensation.

A bonus deferral option plan was established by the Compensation Committee in 2005, whereby each executive may elect to receive restricted common stock at a 26% discount to the market value in lieu of some or all of the annual incentive bonus. Restricted stock granted pursuant to the bonus deferral plan vests in three years, at the rate of 25% on the date of grant, and 37.5% on January 1 in each of the following two years. Shares of restricted stock granted under the bonus deferral option plan are equivalent to 135% of the amount of cash bonus which the executive would otherwise receive. The price per share is based on the average market price per share on the date of approval of the bonuses by the Compensation Committee. Subject to limited exceptions, if the executive's employment with the Company is terminated, the unvested portion of any restricted stock received pursuant to the bonus deferral plan would be forfeited.

*Long-Term Incentive Awards.* The Compensation Committee may grant long-term, equity-based incentive awards to our executive officers under the Equity Incentive Plan. Under the Equity Incentive Plan, the Compensation Committee may grant long-term, equity-based awards in the form of incentive stock options, nonqualified stock options, restricted common stock, restricted stock units, deferred stock units, stock appreciation rights, and performance share units. Based on an assessment of competitive factors and performance, the Compensation Committee determines an award that is sufficient to both properly reward, and provide future incentive for, each executive officer. The Compensation Committee intends to closely align the interests of the executive officers with those of the stockholders generally by making incentive awards in the form of restricted stock. Restricted stock granted under the Equity Incentive Plan are designed to provide long-term performance incentives and rewards tied to the price of our common stock. To encourage retention, restricted stock awards will generally vest over periods of three to five years, valued at the average price per share of common stock on the date of grant.

For 2007, the Compensation Committee considered the Company's performance, both in the absolute terms and relative to the Peer Group, FFO growth performance, which increased almost 24% per share, the effectiveness of management, and progress on various corporate initiatives. These initiatives included growth in assets, development of new tenant relationships, improvement of our portfolio credit profile, and strengthening our balance sheet.

Based on the achievement levels described above, the actual numbers of shares of restricted stock granted to the named executive officers in 2008, with respect to performance in 2007, are set forth in the table below. The dollar value for long-term incentive awards included in the Summary Compensation Table under the Stock Awards and Option Awards columns represent the financial statement (GAAP) expense that the Company recognized in 2007, based on specific accounting standards, while the Grants of Plan-Based Awards Table sets out under All Other Stock Awards, the number of shares of restricted stock granted to the named executive officers in 2007, with respect to performance in 2006. The following table sets out the number of shares of restricted stock granted to the named executive officers on February 14, 2008, with respect to performance in 2007.

<b>Named Executive Officer</b>	<b>Number of Shares of Restricted Stock<sup>(1)</sup></b>
Mr. Aldag	167,084

Mr. McLean	62,657
Mr. Hamner	83,542
Mr. Stewart	41,771
Mr. McKenzie	16,708

- (1) The shares of restricted stock set forth in this column were granted on February 14, 2008. The shares will vest ratably over a period of five years beginning on February 14, 2009, subject to accelerated vesting (in the case of termination of employment without cause, or upon death, disability, or retirement, or upon a change in control of the Company (as defined in the Equity Incentive Plan) or forfeiture of unvested shares (in the case of termination of employment for any other reason). Dividends are payable on all vested and non-vested shares at the same rate as dividends paid on all outstanding shares of the Company's common stock.

**Table of Contents**

The Compensation Committee approved on March 8, 2007, and the stockholders approved on May 30, 2007 the general terms of a multi-year incentive program (the 2007 Program ) that is administered under our existing equity compensation plan. The 2007 Program is designed to motivate, retain, and reward the Company's senior executive officers based on the achievement of key business objectives while maintaining alignment of their interests with those of our stockholders. The 2007 Program replaced our previous long-term incentive compensation program for senior officers, although awards previously granted under existing plans remain outstanding.

The 2007 Program consists of three basic components: time-based restricted equity awards, core performance restricted equity awards, and superior performance awards. Time-based awards vest ratably over a seven-year period. Core performance awards vest over a seven-year period based on achievement by the Company of specific total return benchmarks. Cash dividends are paid on all award shares, including unvested portions.

Superior performance awards, which are intended to encourage management to create stockholder value in excess of industry expectations in a pay for performance structure, are earned based on achievement of the Company's certain stock price targets or specific total return benchmarks. If our average stock price (over 30 consecutive trading days) is equal to or greater than \$26 in 2009 or 2010, 100% of the superior performance award is earned. If our average stock price never attains \$20 in 2009 or 2010, one-third of the superior performance award is earned if our total stockholder return from March 1, 2007 through December 31, 2010 is at or above the 50th percentile of the total stockholder return of the REITs in the Morgan Stanley REIT Index. If our average stock price is between \$20 and \$26, between 33.334% and 75% of the superior performance award is earned. Once the superior performance award is earned based on our performance, it is subject to further time vesting. One-third of the superior performance awards vest on the fourth anniversary of grant and an additional third vest on each of the succeeding two anniversaries, based on continued employment. During the performance vesting period, cash dividends are paid with respect to the maximum shares or units that could be earned under the superior performance award at a rate equivalent to 20% of our normal dividend rate.

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

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

The following table sets out the awards to executives on August 17, 2007.

<b>Named Executive Officer</b>	<b>Time (Service) Based Restricted Equity Awards</b>	<b>Core Performance Restricted Equity Awards</b>	<b>Superior Performance Restricted Equity Awards</b>
Edward K. Aldag, Jr.	150,000	250,000	300,000
Emmett E. McLean	70,000	100,000 <sup>(1)</sup>	150,000 <sup>(1)</sup>
R. Steven Hamner	75,000 <sup>(1)</sup>	110,000	150,000 <sup>(1)</sup>

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

William G. McKenzie	40,000 <sup>(1)</sup>	50,000	60,000 <sup>(1)</sup>
Michael G. Stewart	35,000	45,000	60,000

(1) Represents an award in the form of a profits interest in the Company's operating partnership.

**Other Benefits.** We maintain a 401(k) Retirement Savings plan and annually match 100% of the first three percent (3%) of pay contributed, plus fifty percent (50%) of the next two percent (2%) of pay contributed, to such plan by any employee (subject to certain tax limitations). We offer medical and dental plans, a portion of the cost of which is paid by the employee. Messrs. Aldag, McLean, Hamner, Stewart, and McKenzie each have employment

## **Table of Contents**

agreements with the Company pursuant to which certain other benefits are provided to them. The financial terms of each such employment agreement are set forth in Potential Payments Upon Termination or Change-in-Control below.

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

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

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

## **Compensation Committee Report**

The Compensation Committee has reviewed and discussed with our management the Compensation Discussion and Analysis on page 14 of this Proxy Statement. Based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

\* \* \*

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

## **Compensation of Executive Officers**

***Summary Compensation Table.*** The following table sets forth the compensation paid for 2007 to the Chairman of the Board, the President and Chief Executive Officer, the Chief Financial Officer, and each of the three other named executive officers. We have employment agreements with each of the named executive officers. These employment agreements provide the following annual base salaries in 2007: Edward K. Aldag, Jr., \$485,000; Emmett E. McLean, \$330,000; R. Steven Hamner, \$330,000; Michael G. Stewart, \$275,000; and William G. McKenzie, \$191,000. On each January 1 hereafter, each of the executive officers is to receive a minimum increase in his base salary equal to the

increase in the Consumer Price Index. These agreements provide that the executive officers, other than Mr. McKenzie, agree to devote substantially all of their business time to our operation. The employment agreement for each of the named executive officers is for a three-year term which is automatically extended at the end of each year within such term for an additional one year period, unless either party gives notice of non-renewal as provided in the agreement.

**Table of Contents**

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

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

The executive employment agreements provide a monthly car allowance of \$1,000 for Mr. Aldag and \$750 for each of Messrs. McLean, Hamner, and Stewart. Messrs. Aldag, McLean, Hamner, and Stewart are also reimbursed for the cost of tax preparation and financial planning services, up to \$25,000 annually for Mr. Aldag and \$10,000 annually for each of Messrs. McLean, Hamner, and Stewart. We also reimburse each executive for the income tax he incurs on the receipt of these tax preparation and financial planning services. In addition, the employment agreements provide for annual paid vacation of six weeks for Mr. Aldag and four weeks for Messrs. McLean, Hamner, and Stewart and various other customary benefits. The employment agreements also provide that Mr. Aldag will receive up to \$22,148 per year in reimbursement for life insurance premiums, which amount is to increase annually based on the increase in the Consumer Price Index for such year, and that Messrs. McLean, Hamner, and Stewart will receive up to \$11,074 per year in reimbursement for life insurance premiums which amount is to increase annually based on the increase in the Consumer Price Index for such year. We also reimburse each executive for the income tax he incurs on the receipt of these premium reimbursements. Messrs. Aldag, McLean, Hamner, and Stewart are also reimbursed for the cost of their disability insurance premiums.

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

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

executive during the preceding three years, grossed up for taxes in the case of Mr. Aldag, and (y) the incentive bonus prorated for the year in which the termination occurred; (ii) other than for Mr. McKenzie, the cost of the executive's continued participation in the company's benefit and welfare plans (other than the 401(k) plan) for a three-year period (or for a five-year period in the case of Mr. Aldag); and (iii) certain other benefits as provided for in the employment agreement. Additionally, in the event of a termination by us for any reason other



**Table of Contents**

than cause or by the executive for good reason, all of the options and restricted stock granted to the executive will become fully vested, and the executive will have whatever period remains under the options in which to exercise all vested options.

In the event of a termination of the employment of our executives as a result of death, then, in addition to the accrued salary, bonus, and incentive payments due to them, they shall become fully vested in their options and restricted stock, and their respective beneficiaries will have whatever period remains under the options to exercise such options. In addition, the executives would be entitled to their prorated incentive bonuses.

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

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

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

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

The employment agreements provide that these named executive officers are eligible to participate in our equity incentive plan. The employment agreements also provide that the named executive officers are eligible to receive annual cash bonuses based on the bonus policy adopted by the Compensation Committee.

Table of Contents

## Summary Compensation Table

Name and principal positions	Year	Salary	Bonus	Restricted Stock Awards	Option Awards	Change in Pension Value and Nonqualified Incentive Compensation	Deferred Compensation	All Other Compensation	Total Compensation
<b>Edward K. Aldag, Jr.</b>	2007	\$ 485,000		\$ 1,480,989				\$ 68,122 <sup>(1)</sup>	\$ 2,034,111
Chairman of the Board, Chief Executive Officer and President	2006	\$ 385,000	\$ 780,000	\$ 828,001				\$ 57,984 <sup>(5)</sup>	\$ 2,050,985
<b>Emmett E. McLean</b>	2007	\$ 330,000		\$ 764,940				\$ 43,002 <sup>(2)</sup>	\$ 1,137,942
Executive Vice President, Chief Operating Officer, Treasurer and Assistant Secretary	2006	\$ 275,000	\$ 362,500	\$ 467,589				\$ 28,020 <sup>(6)</sup>	\$ 1,133,109
<b>R. Steven Hamner</b>	2007	\$ 330,000		\$ 865,086				\$ 19,295 <sup>(3)</sup>	\$ 1,214,381
Director, Executive Vice President and Chief Financial Officer	2006	\$ 275,000	\$ 507,500	\$ 559,015				\$ 25,635 <sup>(7)</sup>	\$ 1,367,150
<b>William G. McKenzie</b>	2007	\$ 191,000		\$ 359,174					\$ 550,174
Vice Chairman of the Board	2006	\$ 191,000	\$ 100,000	\$ 181,034					\$ 472,034
<b>Michael G. Stewart</b>	2007	\$ 275,000		\$ 587,257				\$ 9,000 <sup>(4)</sup>	\$ 871,257
Executive Vice President General Counsel and Secretary	2006	\$ 260,000	\$ 312,500	\$ 303,989				\$ 9,000 <sup>(4)</sup>	\$ 885,489

(1) Represents a \$12,000 automobile allowance, \$28,446 for the cost of tax preparation and financial planning services, \$3,479 for the cost of disability insurance, and \$24,197 for the cost of life insurance and includes \$25,563 to reimburse Mr. Aldag for his tax liabilities associated with such payments.

(2) Represents a \$9,000 automobile allowance, \$18,949 for the cost of tax preparation and financial planning services, \$412 for the cost of disability insurance, and \$14,641 for the cost of life insurance and includes \$14,503 to reimburse Mr. McLean for his tax liabilities associated with such payments.

(3) Represents a \$9,000 automobile allowance, \$972 for the cost of disability insurance, and \$4,883 for the cost of life insurance and includes \$4,440 to reimburse Mr. Hamner for his tax liabilities associated with such payments.

(4) Represents a \$9,000 automobile allowance.

(5) Represents a \$12,000 automobile allowance, \$24,100 for the cost of tax preparation and financial planning services, \$3,479 for the cost of disability insurance, and \$18,405 for the cost of life insurance and includes \$17,831 to reimburse Mr. Aldag for his tax liabilities associated with such payments.

- (6) Represents a \$9,000 automobile allowance, \$4,005 for the cost of tax preparation and financial planning services, \$374 for the cost of disability insurance, and \$14,641 for the cost of life insurance and includes \$7,822 to reimburse Mr. McLean for his tax liabilities associated with such payments.
- (7) Represents a \$9,000 automobile allowance, \$1,296 for the cost of disability insurance, and \$15,339 for the cost of life insurance and includes \$6,435 to reimburse Mr. Hamner for his tax liabilities associated with such payments.

**Table of Contents**

*Grants of Plan-Based Awards Table.* We have provided the following Grants of Plan-Based Awards Table to provide additional information about stock awards granted to our named executive officers during the year ended December 31, 2007.

Name (a)	Grant Date (b)	Estimated Future Payouts Under					All Other Awards or Grants			Fair Value of Stock and Option Awards
		Non-Equity Incentive Plan Awards		Equity Incentive Plan Awards <sup>(1)</sup>			Number of Shares of Stock or Units	Exercise Price of Awards (\$)	Grant Date	
		Threshold (\$)(c)	Maximum (\$)(d)	Threshold (#)(f)	Target (#)(g)	Maximum (#)(h)	(#)(i) <sup>(2)</sup>	(#)(j)	(k)	
Edward K. Aldag, Jr.	3/8/2007						50,000			\$ 748,250
	8/7/2007			121,429	450,000	450,000	250,000			\$ 5,550,250
Emmett E. McLean	3/8/2007						22,500			\$ 336,713
	8/7/2007			60,000	220,000	220,000	100,000			\$ 2,435,050
R. Steven Hamner	3/8/2007						25,000			\$ 374,125
	8/7/2007			60,714	225,000	225,000	110,000			\$ 2,605,775
William G. McKenzie	3/8/2007						15,000			\$ 224,475
	8/7/2007			25,714	100,000	100,000	50,000			\$ 1,225,700
Michael G. Stewart	3/8/2007						12,500			\$ 187,063
	8/7/2007			25,000	95,000	95,000	45,000			\$ 1,111,425

(1) The awards made in August, 2007 contain three vesting features: a service-based award which vests annually in seven equal installments beginning December 31, 2007; a performance based component based on achieving a nine percent annual return (7.5% in 2007) in each year from 2007-2013; and a performance based component which awards an increasing number of shares based on the Company achieving specified stock price targets by the December 31, 2011, or alternatively, which allows for a lower number of awards based on the Company achieving a targeted level of total shareholder return through December 31, 2011.

(2) Represent awards of restricted common stock which vest at no cost if the participant provides the requisite service.



**Table of Contents**

*Outstanding Equity Awards at December 31, 2007.* The table below shows the outstanding equity awards held by our named executive officers as of December 31, 2007.

**Outstanding Equity Awards at 2007 Fiscal Year-End Table**

Name (a)	Equity Incentive Plan Awards:		Number of Shares or Units of Stock Held That Have Not Vested (#)(g)	Market Value of Shares or Units of Stock Held That Have Not Vested (#)(h)	Equity Incentive Plan Awards:	
	Number of Securities Underlying Unexercised Options (#)(b)	Number of Securities Underlying Exercised Options (#)(c)			Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)(i) <sup>(6)</sup>	Market or payout value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(j)
Edward K. Aldag, Jr.			247,026 <sup>(1)</sup>	\$ 2,517,195	602,500	\$ 3,014,942
Emmett E. McLean			122,798 <sup>(2)</sup>	\$ 1,251,312	268,750	\$ 1,582,250
R. Steven Hamner			136,159 <sup>(3)</sup>	\$ 1,387,460	120,670	\$ 1,846,251
William G. McKenzie			62,970 <sup>(4)</sup>	\$ 641,664	112,250	\$ 513,040
Michael G. Stewart			69,287 <sup>(5)</sup>	\$ 706,035	116,250	\$ 1,021,000

(1) 54,455 shares vest in equal quarterly installments on January 1, 2008, April 1, 2008 and July 1, 2008.

14,000 shares vest in annual installments from February 14, 2008 through February 14, 2011. 50,000 shares vested in annual installments from March 8, 2008 through March 8, 2012. 128,571 shares vest in annual installments from December 31, 2008 through December 31, 2013.

(2) 23,453 shares vest in equal quarterly installments on January 1, 2008, April 1, 2008 and July 1, 2008.

5,000 shares vest in annual installments from February 14, 2008 through February 14, 2011. 22,500 shares vested in annual installments from March 8, 2008 through March 8, 2012. 60,000 shares vest in annual installments from December 31, 2008 through December 31, 2013. 11,845 shares vest on January 1, 2008.

(3)

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

31,312 shares vest in equal quarterly installments on January 1, 2008, April 1, 2008 and July 1, 2008.

5,500 shares vest in annual installments from February 14, 2008 through February 14, 2011. 25,000 shares vested in annual installments from March 8, 2008 through March 8, 2012. 64,286 LTIPs vest in annual installments from December 31, 2008 through December 31, 2013. 10,061 shares vest on January 1, 2008.

(4) 13,084 shares vest in equal quarterly installments on January 1, 2008, April 1, 2008 and July 1, 2008. 600 shares vest in annual installments from February 14, 2008 through February 14, 2011. 15,000 shares vested in annual installments from March 8, 2008 through March 8, 2012. 34,286 LTIPs vest in annual installments from December 31, 2008 through December 31, 2013.

(5) 12,506 shares vest in equal quarterly installments on January 1, 2008, April 1, 2008 and July 1, 2008. 3,000 shares vest in annual installments from February 14, 2008 through February 14, 2011. 12,500 shares vested in annual installments from March 8, 2008 through March 8, 2012. 30,000 shares vest in annual installments from December 31, 2008 through December 31, 2013. 11,281 shares vest on January 1, 2008.

(6) Vest based on total shareholder return and stock price criteria over the period 2008 - 2013.

**Table of Contents**

*Option Exercises and Stock Vested Table.* The following table sets forth the aggregate number of options to purchase shares of our common stock exercised by our named executive officers in 2007 and the aggregate number of shares of common stock that vested in 2007. The value realized on exercise is the product of (1) the fair market value of a share of common stock on the date of exercise minus the exercise price, multiplied by (2) the number of shares of common stock underlying exercised options. The value realized on vesting is the product of (1) the fair market value of a share of common stock on the vesting date, multiplied by (2) the number of shares vesting.

**Option Exercises and Stock Vested Table**

Name (a)	Options Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)(b)	Value Realized on Exercise \$(c)	Number of Shares Acquired on Vesting (#)(d)	Value Realized Upon Vesting \$(e)
Edward K. Aldag, Jr.			97,259	\$ 1,308,255
Emmett E. McLean			54,367	\$ 308,917
R. Steven Hamner			63,887	\$ 749,618
William G. McKenzie			23,313	\$ 880,726
Michael G. Stewart			33,695	\$ 474,079



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

The following table shows potential payments and benefits that will be provided to our named executive officers upon the occurrence of certain termination triggering events. The change-in-control provisions in the employment agreements are designed to align management's interests with those of our shareholders. See the discussion above under *Compensation of Executive Officers* for information about payments upon termination or change-in-control. All equity interests included in the termination and change-in-control calculations represent previously awarded stock-based awards.

Name(a)	Change in	Change in	Change in	Death	Involuntary -	Termination
	Control -	Control -	Control -		Not	
	Without	For	Without		for Cause;	for
	Termination	Cause/Without	Cause/For		Good	Cause;
		Reason	Reason		Reason;	Executive
					Permanent	without
					Disability	Good
						Reason
Edward K. Aldag, Jr.	\$ 8,656,670	\$ 12,820,095	\$ 14,308,345	\$ 9,085,095	\$ 14,308,345	\$ 368,425
Emmett E. McLean	\$ 3,989,874	\$ 6,502,374	\$ 5,838,993	\$ 4,224,154	\$ 5,838,993	\$ 198,280
R. Steven Hamner	\$ 4,247,029	\$ 7,006,142	\$ 6,289,481	\$ 4,529,642	\$ 6,289,481	\$ 246,613
William G. McKenzie	\$ 1,785,492	\$ 2,868,825	\$ 2,491,825	\$ 1,818,825	\$ 2,491,825	\$ 33,333
Michael G. Stewart	\$ 1,890,622	\$ 3,653,122	\$ 3,493,322	\$ 2,104,547	\$ 3,493,322	\$ 177,925

**Table of Contents**

**Compensation of Directors**

As compensation for serving on our Board, each independent director received an annual fee of \$30,000 in 2007, plus \$1,000 for each Board of Directors meeting and each committee meeting attended as a member. Independent committee chairmen receive an additional \$5,000 per year, except for the Audit Committee chairman who receives an additional \$10,000 per year. We also reimburse our directors for reasonable expenses incurred in attending these meetings. Our Compensation Committee may change the compensation of our independent directors in its discretion. In 2007, the Compensation Committee engaged SMG Advisory Group LLC ( SMG ), an independent compensation consultant, to assist it in conducting a competitive review of the Company's non-employee director compensation program. More specifically, SMG reviewed (1) how the use of each component of total compensation (e.g., cash retainers, meeting fees, and equity awards) compared to market practice, and (2) how the total compensation for Board and committee members compared to market practice. SMG's report presented data comparing our director compensation to market levels using a group of 123 REITs. Taking into consideration all of SMG's findings and recommendations, the Compensation Committee increased the annual fee for independent directors to \$30,000 starting in 2007.

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

Upon joining our Board of Directors, each of our current independent directors (other than Ms. Kellett) received a non-qualified option to purchase 20,000 shares of our common stock with an exercise price of \$10.00 per share. One-third of these options vested upon grant. One-half of the remaining options have vested on each of the first and second anniversaries of the date of the grant. In addition to these options to purchase stock, our current independent directors (other than Ms. Kellett) were each awarded 2,500 deferred stock units, which represent the right to receive 2,500 shares of common stock at no cost in March 2008 (in the case of Mr. Orr and Ms. Clarke) and in April 2007 (in the case of Mr. Holmes and Mr. Dawson). Each director (other than Ms. Kellett) also received a grant of 17,500 shares of restricted common stock and grants of 7,000 deferred stock units. The deferred stock units represent the right for each of the directors to receive 2,000 shares of common stock in October 2008 and 5,000 shares of common stock in May 2009. In lieu of cash dividends, deferred stock units entitle the holder to receive an equivalent number of additional deferred stock units equal to the cash dividends. The restricted shares vest over three years in equal quarterly amounts beginning October 1, 2005. Ms. Kellett joined our Board on February 15, 2007. Each director received a grant of 5,750 shares of restricted common stock in May 2007 (vesting in three equal annual installments beginning in May 2008).

**Table of Contents**

The following table summarizes the compensation earned by our non-employee directors during the year ended December 31, 2007.

**Compensation of Directors**

Name (a)	Fees earned or paid in cash \$(b)	Stock Awards (\$) (c)	Option Awards (\$)(d)	Non-Equity Incentive Plan Compensation (e)	Change in Pension Value and Nonqualified Deferred Compensation (f)	All Other Compensation (g)	Total (\$)
<b>Steve Dawson</b>	\$ 57,553	\$ 81,288					\$ 138,841
<b>Robert Holmes</b>	\$ 51,553	\$ 81,288					\$ 132,841
<b>Virginia Clarke</b>	\$ 42,553	\$ 81,288					\$ 123,841
<b>Sherry A. Kellett</b>	\$ 44,553	\$ 17,486					\$ 62,039
<b>Glenn Orr</b>	\$ 54,553	\$ 81,288					\$ 135,841

Outstanding Share Awards at December 31, 2007

	Unvested		Deferred Stock Units
	Stock	Stock Options	
Steve Dawson	10,128	20,000	11,355
Robert Holmes	10,128	20,000	11,355
Virginia Clarke	10,128	20,000	11,290
Sherry A. Kellett	5,750		
Glenn Orr	10,128	20,000	11,290

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

The table below sets forth information regarding the shares of common stock to be issued upon the exercise of the outstanding options, warrants, and rights granted under our equity compensation plans and the shares of common stock remaining available for future issuance under our equity compensation plans as of December 31, 2007. Reference is also made to Note 7 of the Notes to Consolidated Financial Statements included in the 2007 Annual Report on Form 10-K.

<b>Plan Category</b>	<b>Shares of Common Stock to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities</b>
			<b>Remaining Available for Future Issuance Under Equity Compensation Plans</b>
Equity compensation plans approved by security holders	895,290 <sup>(1)</sup>	\$ 10.80 <sup>(2)</sup>	1,781,580
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	<b>895,290</b>	<b>\$ 10.80</b>	<b>1,781,580</b>

(1) Includes 45,290 deferred stock units, stock options for 130,000 shares of common stock granted solely to the Company's independent directors and non-executive employees, and 720,000 shares of restricted common stock and profits interests in the Company's operating partnership, which will be awarded if the Company achieves certain stock and shareholder return targets by December 31, 2011.

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

**Compensation Committee Interlocks and Insider Participation**

No member of the Compensation Committee during 2007 is or was an officer or employee. In addition, no executive officer served during 2007 as a director or a member of the compensation committee of any entity that had an executive officer serving as a director or a member of the Compensation Committee of our Board of Directors.

**CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS**

All related person transactions must be reviewed and approved by a majority of the disinterested directors on our Board of Directors in advance of us or any of our subsidiaries entering into the transaction; provided that, if we or any of our subsidiaries enter into a transaction without recognizing that such transaction constitutes a related party transaction, the approval requirement will be satisfied if such transaction is ratified by a majority of the disinterested

directors on the Board promptly after we recognize that such transaction constituted a related person transaction. Disinterested directors are directors that do not have a personal financial interest in the transaction that is adverse to our financial interest or that of our stockholders. The term related person transaction refers to a transaction required to be disclosed by us pursuant to Item 404 of Regulation S-K (or any successor provision) promulgated by the SEC. For purposes of determining whether such disclosure is required, a related person will not be deemed to have a direct or indirect material interest in any transaction that is deemed to be not material (or would be deemed not material if such related person was a director) for purposes of determining director independence pursuant to standards of director independence under the NYSE rules.

#### **OTHER MATTERS**

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

**Table of Contents**

**ADDITIONAL INFORMATION**

**Solicitation of Proxies**

We will solicit proxies on behalf of the Board of Directors by mail, telephone, facsimile, or other electronic means or in person. We will pay the proxy solicitation costs. We will supply copies of the proxy solicitation materials to brokerage firms, banks, and other nominees for the purpose of soliciting proxies from the beneficial owners of the shares of common stock held of record by such nominees. We request that such brokerage firms, banks, and other nominees forward the proxy solicitation materials to the beneficial owners and will reimburse them for their reasonable expenses.

**Stockholder Proposals for Inclusion in Proxy Statement for 2009 Annual Meeting of Stockholders**

To be considered for inclusion in our proxy statement for the 2009 annual meeting of stockholders, a stockholder proposal must be received by us no later than the close of business on December 22, 2008. Stockholder proposals must be sent to Secretary, Medical Properties Trust, Inc., 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242. We will not be required to include in our proxy statement any stockholder proposal that does not meet all the requirements for such inclusion established by the SEC's proxy rules and Maryland corporate law.

**Other Stockholder Proposals**

Our Amended and Restated Bylaws provide that a stockholder who desires to propose any business at an annual meeting of stockholders must give us written notice of such stockholder's intent to bring such business before such meeting. Such notice is to be delivered to, or mailed, postage prepaid, and received by, the Secretary at Medical Properties Trust, Inc., 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242 not less than 90 days nor more than 120 days prior to the first anniversary of the date of the mailing of the notice for the preceding year's annual meeting. However, in the event that the date of the annual meeting is more than 30 days before or more than 60 days after the anniversary date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than 120 days prior to such annual meeting and not later than the later of 60 days prior to such annual meeting and 10 days following the issuance of a press release announcing the meeting date. The stockholder's written notice must set forth a brief description of the business desired to be brought before the meeting and certain other information as set forth in Section 1.02 of our Amended and Restated Bylaws. Stockholders may obtain a copy of our Amended and Restated Bylaws by writing to our Secretary at the address shown above.

**Stockholder Nominations of Directors**

Our Amended and Restated Bylaws provide that a stockholder who desires to nominate directors at a meeting of stockholders must give us written notice, within the same time period described above for a stockholder who desires to bring business before a meeting. Notice of a nomination must be delivered to, or mailed and received at, Medical Properties Trust, Inc., 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242, Attention: Secretary. As set forth in Section 2.03 of our Amended and Restated Bylaws, the notice must set forth certain information as to each person whom the stockholder proposes to nominate for election or re-election as a director and as to the stockholder giving the notice.

**Annual Report**

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

Our annual report for the fiscal year ended December 31, 2007 will be mailed to stockholders of record on or about April 25, 2008. Stockholders wishing to receive a separate copy of the 2007 Annual Report and this Proxy Statement may write or call us at: Medical Properties Trust, Inc., 1000 Urban Center Drive, Suite 501, Birmingham, AL 35242 Attention: Investor Relations (205-969-3755).

If any person who was a beneficial owner of our common stock on the record date for the Annual Meeting of Stockholders desires additional information, a copy of our Annual Report on Form 10-K will be furnished without charge upon receipt of a written request identifying the person so requesting a report as a stockholder of Medical

**Table of Contents**

Properties Trust, Inc. at such date. Requests should be directed to: Medical Properties Trust, Inc., 1000 Urban Center Drive, Suite 501, Birmingham, AL 35242 Attention: Investor Relations.

By Order of the Board of Directors,

Michael G. Stewart  
Secretary

Birmingham, Alabama  
April 25, 2008



**Table of Contents**

(RECYCLE LOGO)

Medical Properties Trust, Inc. 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242 205-969-3755  
[www.medicalproptiestrust.com](http://www.medicalproptiestrust.com)

---

**Table of Contents**

**PROXY**

**PROXY**

**MEDICAL PROPERTIES TRUST, INC.  
2008 ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 22, 2008**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The 2008 Annual Meeting of Stockholders of Medical Properties Trust, Inc. will be held at The Summit Club, 1901 6th Avenue North, Birmingham, Alabama, on May 22, 2008, beginning at 10:30 a.m. Central Time. The undersigned hereby acknowledges receipt of the combined Notice of 2008 Annual Meeting of Stockholders and Proxy Statement dated April 25, 2008, accompanying this proxy, to which reference is hereby made for further information regarding the meeting and the matters to be considered and voted on by the stockholders at the meeting.

The undersigned hereby appoints Edward K. Aldag, Jr. and R. Steven Hamner, and each of them, attorneys and agents, with full power of substitution, to vote, as the undersigned's proxy, all the shares of common stock owned of record by the undersigned as of the record date and otherwise to act on behalf of the undersigned at the meeting and any adjournment thereof, in accordance with the instructions set forth herein and with discretionary authority with respect to any other business, not known or determined at the time of the solicitation of this proxy, that properly comes before such meeting or any adjournment thereof.

The undersigned hereby revokes any proxy heretofore given and directs said attorneys and agents to vote or act as indicated on the reverse side hereof.

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

---

**Table of Contents**

**2008 ANNUAL MEETING OF STOCKHOLDERS  
OF  
MEDICAL PROPERTIES TRUST, INC.  
May 22, 2008  
PROXY VOTING INSTRUCTIONS**

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

**COMPANY NUMBER**

**ACCOUNT NUMBER**

6 Please detach along perforated line and mail in the envelope provided. 6

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE *FOR* THE PROPOSALS.  
PLEASE SIGN, DATE, AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.  
PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE. p**

1. To elect eight directors.
  - FOR ALL NOMINEES
  - WITHHOLD AUTHORITY FOR ALL NOMINEES
  - FOR ALL NOMINEES EXCEPT (See instructions below)

NOMINEES:    ;   Edward K. Aldag, Jr.  
                  ;   Virginia A. Clarke  
                  ;   G. Steven Dawson  
                  ;   R. Steven Hamner  
                  ;   Robert E. Holmes, Ph.D.  
                  ;   Sherry A. Kellett  
                  ;   William G. McKenzie  
                  ;   L. Glenn Orr, Jr.

**INSTRUCTION:** To withhold authority to vote for any individual nominee(s), mark **FOR ALL NOMINEES EXCEPT** and fill in the circle next to each nominee from whom you wish to withhold your vote as shown here: 1

2. To ratify the appointment of KPMG LLP as independent registered public accounting firm for the fiscal year ending December 31, 2008.

FOR    AGAINST    ABSTAIN

---

**Table of Contents**

With respect to any other item of business that properly comes before the meeting, the proxy holders are authorized to vote the undersigned's shares in accordance with their best judgment.

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY AND WILL BE VOTED IN ACCORDANCE WITH THE UNDERSIGNED'S INSTRUCTIONS SET FORTH HEREIN. IF NO INSTRUCTIONS ARE PROVIDED, THIS PROXY WILL BE VOTED *FOR* EACH OF THE PROPOSALS DESCRIBED ABOVE.**

To change the address on your account, please check the box at right and indicate your new address in the address space provided above. Please note that changes to the registered name(s) on the account may not be submitted via this method. o

Signature of Stockholder

Date:

Signature of Stockholder

Date:

Note: Please sign exactly as your name or names appear on this proxy. If the shares are held jointly, each holder should sign. If signing as executor, administrator, attorney, trustee or guardian, please indicate your full title as such. If the shares are held by a corporation, partnership or limited liability company, please sign the full name of the entity by the duly authorized officer, partner or member, respectively.